



Common Planning Concerns

Addressed

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1

“It takes too much time”

- » Communicate deadlines early, with all parties and stick to them.
- » Create ranges with both the bottom-up and the top-down to have a higher chance of overlap.
- » Have an efficient consolidation and alignment process (may require a planning system)

2

“It doesn’t help me run my business”

- » The Business teams need to lead bottom-up planning
- » Assumptions are documented with enough detail to be useful for in-year analysis
- » During the following year, conduct a thorough root cause analysis of variances to enable organizational learning.



3

“It’s out of date before it’s even finished”

- » Keep the planning process short (under two months).
- » Reduce time to consolidate via process improvement / planning system.
- » Have a short window once a week (or month) for updates to balance between the number of iterations and keeping it up to date.

4

“Too much game playing”

- » Iteration between top-down and bottom-up results removes bias.
- » Trust and transparency in assumptions reduce the need to play games.
- » Have separate (stretch) targets. The Plan should be realistic (meaning 50/50 chance of being too high or low).

5

“Too many iterations”

- » Create ranges with both the bottom-up and the top-down to have a higher chance of overlap.
- » Get expectations from senior stakeholders as soon as possible
- » Avoid having too many review meetings (second guessing issues)

6

“The Plan is cast in stone although business conditions are always changing”

- » The Plan isn't a forecast, it's a commitment.
- » Monthly rolling forecasts have the role of showing the latest view.
- » If there is a major change to the environment: consider restating the Plan once mid-year



“It involves too many people.”

- » Be clear upfront about who owns what
- » For each metric or P&L line assign one owner for:
 - Bottom-up Plan (business dept head)
 - Top-down Plan (CFO)
 - Final decision (CEO)



“It Includes allocations that I can’t control”

- » Allocations are necessary due to accounting rules and profit attribution
- » Make the Plan and in-year tracking (!) detailed enough to show elements without allocations. That way you can keep people accountable to what they own.



9

“By the time it’s done I don’t even recognize my own numbers”

- » Keep stakeholders informed on a regular basis.
- » Explain why changes were made
- » Document and share underlying assumptions

10

“It doesn’t match the objectives to which I’m held accountable”

- » Ensure target setting and planning processes are not disconnected
- » Targets should naturally evolve from the Plan - either they match or by adding stretch.