

Strategic Planning and Market Visioning in a Turbulent Economy

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We all know that history repeats itself, but why does it often seem that only the bad stuff is repeated? I think it's because our brains are hardwired in a way that pain is more easily remembered than pleasure, perhaps with the idea that by learning from pain we won't repeat our mistakes. While this works for some situations (Oh... that's why I shouldn't touch the glowing orange end of an automobile cigarette lighter!), it doesn't seem to work for more complex behaviors stretched over years or decades.

Take strategic planning, a challenging task regardless of whether the economy is soaring or sinking. You might think planning is easy when the revenue comes easily, but it's precisely that attitude that leaves strategic plans collecting e-dust on the e-shelf because "We don't need to plan when what we're doing is working so well." No need to review or update the plan when your customers and markets are the same-old-same-old and your products fly out the door. Of course, the historic lesson that is forgotten is that economic soaring is not a permanent physical state of the Universe, so the pain that occurred during that last sinking economy has long been forgotten as the good times rolled. I lived through that attitude when working at IBM in the late 1980's and early 1990's. I'll never forget one of our branch office managers declaring during a meeting that "IBM deserves 100% of the market because we're IBM." Which is why IBM suffered through the end of its decades-long "no layoffs" policy.

It's the dark economic times that force a painful re-evaluation of that dusty strategy just when there doesn't seem to be the time to slow down and catch your breath and adjust your strategy. The wise companies make the time, the other companies simply take fall-back hunker-down positions thinking they can return to their old strategy when the good times return.

The irony of strategic planning is that "strategic" is long-term, yet the longer the timeframe the more useless the plan, especially if it isn't regularly updated. Have you considered what this means for your carefully conceived business development plan? Successful business development assumes you know your markets, but what happens when those markets are obliterated and don't quite recover as you expect? Time to define and create new markets, which is a helluva lot harder than simply selling to markets you've known forever. Big deal. Entrepreneurs do this all the time.

I work with entrepreneurs in the emerging entrepreneurial space industry (NewSpace), and to a large extent they are creating an industry, associated markets, and new customers as they go along (The Indiana Jones method). A traditional too-long-term strategic plan can be counterproductive because so much of this industry is still being created.

On the other hand, established firms often get locked into narrow strategic thinking based on their previous successes and current customer base. They could learn how to create flexible strategic plans by observing some NewSpace companies. Or not. As the late management guru W. Edwards Deming said, "Continuous improvement is not a requirement. Survival is not mandatory."

Does history repeat itself if nobody is watching?