Operation Excellence

April 11, 2012

P.O.O.P. is a good thing!

In the early work that was done by the Avraham Y. Goldratt Institute, a new term was coined – POOGI. I'm not sure if Eli Goldratt came up with it or it might have been Tracey Burton (or someone else), but it stood for **P**rocess **O**f **O**n**G**oing **I**mprovement. The subject was debated for hours if that was a more meaningful term than Continuous Improvement. The gists of the arguments were that: Improvement never happens at a constant or continuous rate – improvement is more of a stair step function. You change something, the improvement happens, a new equilibrium develops and your task is then to find the next constraint in the process and repeat the 5 focusing steps.

Well, I'm going to borrow and modify the POOGI terminology and apply it to PLANNING. **P**rocess **O**f **O**ngoing **P**lanning (P.O.O.P.) is a good thing. Typically in more closely held firms I see either no planning at all or a process that is on an annual cycle. Like the old communists in the USSR, a company may have a 5 year plan (strategic) and then an annual plan for the current year (more tactical). I'm sure that many folks who have worked with large Fortune 500 firms have seen the 5 year and 1 year planning process… it was a long time favorite of many of the large consulting firms and became a standard process.

In today's environment … that long established planning process isn't good enough anymore… you have to have a P.O.O.P.! Planning has to be an Ongoing Process. Unless your business is truly on a seasonal basis (Christmas, seasonal recreation, some agriculture), the old annual planning cycle is too long. Competition, market opportunity, product life cycles, all are changing much more quickly and as a result, the most successful companies are adapting and instituting a planning process that is non-calendar based. The value of a plan that is based on an annual planning cycle starts to diminish the minute that it is finalized. If you are measuring your firm's results to a plan that was compiled and based on assumptions that may have been valid 9 months ago, there is a high probability that those assumptions maybe totally unreasonable today. If so, measuring your results against those assumptions is a waste!

By now many companies have completed the first quarter of the 2012 year (some may be on a fiscal year, but most are on a calendar year basis). I would suggest that it is time to take a hard look at that plan that you MAY HAVE put together for 2012 and adjust it if necessary. Or if you didn't put that plan together last fall for 2012, you certainly don't have to wait until this fall to put a plan together to measure your firm's results against. You can have a P.O.O.P. and have a much healthier organization as a result! ☺

If you need assistance in reviewing your planning process, we can certainly help you. Planning is important. Planning is a major effort. Planning is best done as an ongoing process and we would be most willing to assist you.

All the best!

Jim

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