

## 50 PITFALLS IN LONG RANGE PLANNING

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### **Pitfalls in Getting Started**

1. Top management's assumption that it can delegate the planning function to a planner.
2. Rejecting planning because there has been success without it.
3. Rejecting formal planning because the system did not result in substantive decisions that satisfied top management.
4. Assuming that the present body of knowledge about planning is insufficient to guide fruitful comprehensive planning.
5. Assuming that a company cannot develop effective long range planning in a way appropriate to its resources and needs.
6. Assuming that comprehensive corporate planning can be introduced into a company and overnight miraculous results will appear.
7. Thinking that a successful corporate plan can be moved from one company to another without change and with equal success.
8. Assuming that a formal system can be introduced into a company without an "agonizing reappraisal" of current managerial practices and decision making processes.
9. Ignoring the power structure of a company in organizing the planning process.
10. Failure to develop a clear understanding of the long range planning procedure before the process is actually undertaken.
11. Failure to create a climate in the company which is congenial and not resistant to planning.
12. Failure to locate the corporate planner at a high enough level in the managerial hierarchy.
13. Failure to make sure that the planning staff has the necessary qualities of leadership, technical expertise and personality to discharge properly its responsibilities in making the planning system effective.

### **Pitfalls Related to a Misunderstanding of the Nature of Long Range Planning**

14. Forgetting that planning is a political, a social and an organizational, as well as a rational, process.
15. Assuming that corporate comprehensive planning is something separate from the entire management process.
16. Failure to make sure that top management and major line officers really understand the nature of long range planning and what it will accomplish for them and the company.
17. Failing to understand that systematic formal planning and intuitive (opportunistic or entrepreneurial) planning are complementary.

## **Pitfalls in Comprehensive Long Range Planning**

18. Assuming that plans can be made by staff planners for line managers to implement.
19. Ignoring the fact that planning is and should be a learning process.
20. Assuming that planning is easy.
21. Assuming that planning is hard.
22. Assuming that long range planning can get a company out of a current crisis.
23. Assuming that strategic planning is simple looking ahead at likely development of present products.

## **Pitfalls in doing long range planning**

### *Management involvement*

24. Top management becomes so engrossed in current problems that it spends insufficient time on long range planning and the process become discredited among other managers and staff.
25. Long range planning become unpopular because top management spends so much time on long range problems that it ignores short range problems.
26. Failure to assure the necessary involvement in the planning process of major line personnel.
27. Too much centralization of long range planning in the central headquarters so that divisions feel little responsibility for developing effective plans.

### *The process of Planning*

28. Failure to develop company goals suitable as a basis for formulating long range plans.
29. Assuming that equal weight should be given to all elements of planning.
30. Injecting so much formality into the system that it lacks flexibility and restrains creativity.
31. Inability to avoid over-optimism and/or over-cautiousness in committing resources.
32. Extrapolating rather than rethinking the entire process in each cycle, i.e. adding a new year to a previously developed cycle.
33. Developing such a reverence for numbers that irreverence for intuition and value judgements predominates the thinking going into planning.
34. Seeking precision of numbers throughout the planning horizon.
35. Assuming that older methods to choose from among alternatives should be discarded in favour of newer techniques.
36. Assuming that new quantitative techniques are not as useful as advertised.
37. Doing long range planning periodically and forgetting it between cycles.

## **Pitfalls in Comprehensive Long Range Planning**

### *Creditability of Results*

38. Failure to develop planning capabilities in major operating units.
39. Failure of top management and /or the planning staff to give departments and divisions sufficient information and guidance.
40. Attempting to do too much in too short a time.
41. Failure to secure that minimum of system and information to make the process and its results creditable and useful.

### *Pitfalls in using Long Range Plans*

42. Failure of top management to review with departmental and divisional heads the long range plans which they have developed.
43. Forgetting that the fundamental purpose of the exercise is to make better current decisions.
44. Assuming that plans once made are in the nature of blueprints and should be followed rigorously until changed in the next planning cycle.
45. Top management's consistently rejecting the formal planning mechanism by making intuitive decisions which conflict with the formal plans.
46. Assuming that because plans must result in current decisions, it is the short run that counts and planning efforts as well as evaluations of results should concentrate on the short run.
47. Failing to use plans as standards for measuring material performance.
48. Forgetting to apply a cost-benefit analysis to the system to make sure advantages are greater than costs.
49. Failing to encourage managers to do good long range planning by basing rewards solely on short range performance measures.
50. Failing to exploit the fact that formal planning is a managerial process which can be used to improve managerial capabilities throughout a company.