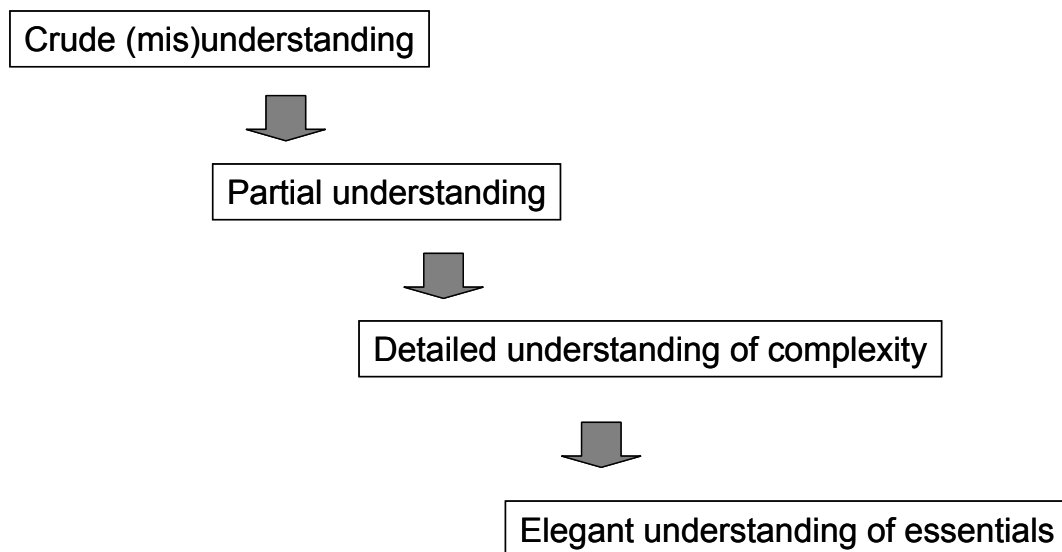


1. The Intellectual Challenge of Re-designing Planning

One of the points that we discuss in the book is that several leaders in planning have emphasized the thinking process required to improve it, including Shigeo Shingo and Eli Goldratt. Indeed, Goldratt's method of Evaporating Clouds is an extremely useful intellectual device for problem solving generally.

But what can we say about how to address planning redesign. As shown in the figure below, the nature of the solution we come up with is likely to depend on where we are on the scale presented.

Topic 1; Figure 1: Levels of Knowledge



Misunderstandings and partial understandings. A neophyte in planning is likely to be at the level of misunderstanding the challenge or understanding only part of it. Let us consider the example of a practitioner who has recently studied for and taken a certification exam, but is really familiar with only the ERP environment of his employer. If he tries to re-design his processes and systems, he is largely dependent on incremental changes to improve existing processes, or likely to jump at a better approach offered by a software provider. If he has, for example, just returned from a week's

training on Lean, he may feel that he has all the answers and be quick to jump at a solution consistent with that training.

All the complexity. A practitioner who has worked in this space for 10 years and implemented three or four systems will have seen more aspects of the planning challenge exposed, and more partial successes and partial failures from various attempts. He will likely understand certain hard planning problems, for example the challenge of coupling manufacturing planning to distribution planning, in greater detail. When he is faced with the challenge of creating a new planning approach, he has the background to sort through existing and needed business processes, and to generate voluminous requirements for new software to meet the known business needs. This level of understanding tends to create a lot of pressure for large, expensive projects – because an elaborate solution is needed to address all the planning problems that he understands. Unfortunately, this tendency to address all the complexities of the challenge with explicit processes and systems support generates a great deal of overhead, and may result in ponderous, slow re-planning and questions about whether the enterprise is really drawing value from all the resources being expended.

Elegant essentials. With a few experiences at this level, the seasoned practitioner may come to the conclusion that business (and life) shouldn't really be that hard, that maybe there is a smarter way: by focusing on the essentials, and trying to simplify planning problems. It was this kind of thinking that led to the approach discussed in the book of focusing not on planning techniques, but on the decisions that actually have to be made – and then on preaching the gospel of as simple a planning approach as will let the enterprise optimize the core decisions it must make well. The Backbone Diagram is a way of getting at those core decisions and focusing attention on designing, given available technology, the simplest, most elegant way to address them. If, for example, one planning process can simultaneously master schedule production and deploy inventory to distribution locations, then it may be a uniquely valuable way for an enterprise to plan.

Focusing on the core decisions is also a way to save time: design time, implementation time, and, most importantly, process execution time for planners and the users of plans. Numerous organizations have discovered that they have institutionalized planning processes that were too complex and required too much time each week or each day to actually do. Human time is the ultimate resource to be conserved in most business contexts.

Reasonable expectations. If you don't feel you have all the knowledge necessary to go forward, don't hesitate to get outside help. Of course, you still have to retain responsibility for evaluating the knowledge and relevance of the outside help. It is also worth admitting that you will make mistakes in designing a new planning approach. That is one of the reasons we talk about continuing to evolve planning: to fix solutions that we did not really get

right on the previous iteration. As planning software continues to mature, packaged software solutions will provide more and more knowledge built into them, and you will have better luck implementing what seems to be the appropriate processes for a given software tool. But beware: your business is surely unique in some respect relative to the software capabilities, and you will have to create some unique approaches to address its peculiarities.