A new business planning paradigm is inherent in the "total quality management" school of thought. This new approach has several advantages. Principal among them is that it helps bridge the gap between plan creation and plan execution. Most business planning resources for small business have not yet recognized the new business planning paradigm. This paper compares the traditional business plan paradigm to the new. It describes three shortcomings of the traditional approach and five strengths of the new approach. It explains how the strengths of the new approach can be used to overcome the shortcomings of the traditional approach and yield stronger business plans. Simple examples illustrate how to create and execute business plans using New-Paradigm business planning.

INTRODUCTION

Dr. W. Edwards Deming and other leaders of the total quality movement challenge our traditional business practices (Deming (1986); Schonberger (1990); Tribus (1988); Walton (1986)). They encourage American business leaders to radically redefine the role of the company in our free enterprise system and adopt a new philosophy of quality, innovation and continuous improvement. A new business planning paradigm is inherent to this "total quality management" school of thought (Berry (1991); King (1987); Schultes (1988)). This new approach has several advantages. Principal among them is that it helps bridge the gap between plan creation and plan execution.

The new business planning paradigm links the strategic planning process to day-to-day operations. Properly used, it eliminates the creation of business plans that "gather dust on the shelf" while the business owner is overwhelmed by the realities of dynamic markets.

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Most business planning resources for small business have not yet recognized the new business planning paradigm (e.g., Megginson (1994); Tate (1992)). They still describe traditional business plan formats and follow conventional approaches to strategic and operational planning (Gilmore (1971)). It is time to recognize the new paradigm and employ its strengths to cope with the shortcomings of traditional small business planning. The resulting "alloy," or "New-Paradigm" approach, will yield stronger business plans.

This paper compares the traditional business plan paradigm to the new. It describes three shortcomings of the traditional approach and five strengths of the new paradigm. It explains how the strengths of the new paradigm can be used to overcome the shortcomings of the traditional approach and yield stronger business plans. Simple examples illustrate how to create and execute business plans using New-Paradigm business planning.

COMPARING THE TRADITIONAL NEW PARADIGMS

Traditional business planning models suffer from three shortcomings that the New-Paradigm addresses well. They are: a "functional" approach to business planning, a limited view of the processes that speed investment turnover, and "physical asset myopia."

Traditional discussions of business planning describe the planning process as a management function, along with organizing, staffing, leading, and controlling. The table of contents of the business plan includes sections that echo the functional departments of a business school. Typical section titles are: company description (background, mission, competitive edge), market analysis and marketing plan, technology and research and development (optional), organization, and financial analysis. The company is presented as a pyramid-shaped organization chart. This leaves the business owner with a fragmented view of business operations and little guidance concerning how to link the functional activities to plan a pathway to success.

A second shortcoming of the traditional business planning paradigm is that it takes a limited view of the processes required to speed investment turnover. The total cycle of work is not encompassed by traditional plans — vendor selection, materials acquisition, internal operations, logistics, customer service, customer payment, and reinvestment. Instead the traditional paradigm assumes the company will achieve the tight synchronization required for rapid investment turnover. Further, the cycle of work is not viewed as an improvement process. Product franchises and company infrastructure are seen as depreciating assets. They are not used as springboards for the achievement of breakthroughs — breakthroughs needed to achieve the high rates of investment turnover associated with comparative advantage.

The third shortcoming of traditional business planning is physical asset myopia. The company's infrastructure is seen as physical plant, equipment, and the trucks used for distribution. The traditional paradigm does not consider other core elements required for efficient and effective operations to be part of the infrastructure: people, teams, work structures, mechanisms for improvement, and leadership. According to the traditional paradigm, these are variable costs, not fixed costs, and do not receive the same consideration as "capital" items. As a result, plans to develop them remain obscure. As budget items they are low priority, underfunded and expendable.

The total quality management school of thought views the company as a step-by-step flow of work or "chain of customers. " Each cycle of work progresses through the entire chain and offers experiences, which create opportunities for improvement. Links in the chain are
codependent. To achieve a win-win business relationship, they must work together to maximize benefits and minimize costs for the present work cycle. There must be ongoing efforts to learn how to achieve greater benefits and lower costs in the next work cycle. If these imperatives are not met, the company will lose out in a highly competitive world.

The New-Paradigm approach to business planning implied by total quality management is flow-oriented, recognizes the total cycle of work, and acknowledges codependencies. It values strategic alliances, partnering, teamwork, and continuous improvement. Further, the New-Paradigm places high value on infrastructure elements which are undervalued by traditional paradigms: people, teams, work structures, mechanisms for improvement, and leadership. Strategic and operational considerations are linked so that continuous improvement and rapid investment turnover become a way of life.

**STRENGTHS OF THE NEW PARADIGM**

The New-Paradigm for business planning offers ways to cope with the three shortcomings of traditional business planning models. These are strengths that improve both strategic and operational plans:

1. The New-Paradigm's flow-orientation relates all resources to the flow of work (operations) implied by the company's core strategies. Resources that will not contribute are easily identified because the structure of the organization is designed to hasten and improve the flow. Redundant resources simply do not "fit in." Omissions are also easily recognized. Missing resources create gaps or "holes" in the plan which cause visible "leaks" in the flow.

2. The flow orientation allows strategists (business owners) to remain focused. The operating system is designed to directly reflect the strategy. It is easier to trace cost overruns and unexpected windfalls to source activities. The lessons offered by experience are more visible. Business owners can absorb what is learned to improve the quality level of operations and refine strategy.

3. The New-Paradigm makes clear the codependencies that exist in the synchronized choreography of any successful enterprise. Many business owners start their own businesses because they desire independence. They are loath to admit codependencies and do not plan adequately to orchestrate successful business relationships. The new approach to planning makes it clear when planning for codependency is the best way to achieve financial independence.

4. The New-Paradigm clarifies that certain "variable" expenditures are actually fixed costs. Study of the flow of work makes it clear that the company must "make the payments" on certain assets (people, teams, work structures, mechanisms for improvement, leadership). If it goes into arrears and the assets suffer from neglect, work processes will stall and investment turnover will slow. This will cause a flight of financial and human capital from the company.

5. Finally, the New-Paradigm helps potential business owners and investors understand that "easy entry" businesses — those which appear to have low start-up costs — may not be. They may require heavy investments in the "soft" elements of infrastructure to achieve smooth work flows and satisfactory investment turnover.
Melding the strengths of the New-Paradigm into traditional business planning procedures helps small business owners create stronger, New-Paradigm business plans. The next section illustrates how to do this.

**CREATION AND EXECUTION OF “NEW-PARADIGM” BUSINESS PLANS**

Creation and execution of New-Paradigm business plans require a different perspective, not a completely new approach. New-Paradigm business planning is an alloy of traditional and new paradigm thinking. Existing planning tools and skills take on new meaning under the New-Paradigm approach. Advocates of the total quality management school of thought have developed new tools for analysis. Under the New-Paradigm approach, certain of these can be used in combination with traditional planning techniques, like SWOT analysis, to develop stronger business plans — strategic and operational.

Both traditional planning processes and the New-Paradigm approach attempt to translate strategic vision into step-by-step game plans. James Ball reminds us of the basic intent of all planning processes, traditional and New-Paradigm:

You will know your goals are complete and working to your advantage when they possess these elements:

**Goals must be:**
1. Written
2. Visual
3. Prioritized
4. Specific

**Goals must have:**
5. Deadlines
6. Commitments
7. Plans

Many individuals see their goals end up on a pile of passing fantasies because they were in one or more of the listed ways. You will have an excellent chance of achieving of your goals if they possess these seven basic elements (Ball, (1992), pp. 88-89).

What Ball says applies equally well to traditional and New-Paradigm business planning. The advantages of the New-Paradigm come from the integration of strategic and operational planning to design a complete, orchestrated flow of work that yields rapid investment turnover.

A simple example, created by Myron Tribus, illustrates how to bridge the gap between plan creation and execution under the New-Paradigm (Tribus, (1988), p. 170). Figure 1 depicts the work necessary to publish a daily newspaper. Figure 1 is a “deployment chart” — a New-Paradigm planning tool. Note the differences between this deployment chart and the traditional, pyramid-shaped organization chart usually included in a business plan. Figure 1 shows many things not included in an organization chart. The sequence of tasks in the flow of work, and elapsed time, run from top to bottom. The symbols under each position title show the nature of involvement required from each team member. Both the deployment chart and the traditional
organization chart list the people in the organization. However, the deployment chart de-
emphasizes the relative authority of the participants and stresses how they must work together
to accomplish the flow of work. Everyone knows what they must do, when they must do it, and
how what they are doing fits into the general flow of work. Figure 1 is a "mid-level" flow chart.
It does not list partners and allies outside the organization — as one might list on a "top-level,"
strategic deployment chart. It does not go into the detailed steps of each job — as one might show
on a "low-level," operational deployment chart. However, the orientation is the same at all levels.
Deployment charts emphasize the study of work flow, synchronizing it, perfecting it, and
achieving high rates of investment turnover. Ideally, all the charts, at all levels of planning, link
with each other to form a tightly choreographed flow of work.

Figure 1. Flow Chart for Putting Out a Newspaper (Tribus, (1988), p. 170)
Table 1 is a step-by-step illustration of the planning process required to make this ideal a reality — bridging the gap between plan creation and plan execution. The legend at the top of Table 1 briefly describes tools used for New-Paradigm business planning. (For more complete discussions of New-Paradigm planning tools see King (1987); Schultes (1988) and Walton (1986)). The ten steps show how these tools are used to improve operations and align day-to-day activities with company strategy.

Table 1.

**Bridging the Gap Between Plan Creation and Plan Execution: How to Sort Out What Needs to be Done to Improve a Company**

Legend: **brainstorming** (a group technique for generating a large number of creative ideas on a subject), **affinity chart** (a display that groups related ideas), **interrelationship digraph** (a graphing technique that shows causal relationships between pairs of ideas), **cause and effect diagram** (a graphing technique that shows cause and effect relationships of diverse factors which impact a goal), **tree diagrams** (a “goes into” chart that shows components to be assembled into a larger system), **Pareto analysis** (analysis of data to rank problems or their causes), **SWOT analysis** (enumeration of strengths, weaknesses, opportunities and threats), **quality table** (a matrix that compares and scores consumer demands, performance characteristics, company capabilities, and the capabilities of competitors), **top-down flow chart** (shows the most basic steps in a process/project, and the major sub steps for each step), **deployment chart** (shows the flow of a process, which people are involved at each step, and the timeline) (King, 1987; Schultes, 1988; Walton, 1986).

To develop/improve an operational plan to accomplish your vision for your company, try the following steps:

**Step 1:** Select your most challenging goal

What do you want to accomplish?
Is the goal written, visual, prioritized compared with your other goals, and specific?
Have you established deadlines, made the necessary resource commitments and developed step-by-step operational plans (work flows)?

**Step 2:** Review what has happened to date. **Brainstorm** all factors which might affect your ability to accomplish your goals. Do this with your key constituents (key staff members, partners, investors, allies, suppliers, customers, etc.).

**Step 3:** Sort the factors. First sort them into related groups using **affinity charts**. Then sort them into cause-effect sequences using **interrelationship digraphs**, **cause and effect diagrams**, and **tree diagrams**. Do this with your key constituents.

**Step 4:** Do a first cut **Pareto analysis**. Study the cause and effect diagram (or the tree diagram). Guess which branch is the one that will have the most influence on whether you will reach your goal. Which twig on the branch will have the most influence on the branch? Write down your guesses.
Table 1. (Cont.)

Bridging the Gap Between Plan Creation and Plan Execution: How to Sort Out What Needs to be Done to Improve a Company

Step 5: Do a quick SWOT analysis and/or prepare a quality table on the branch/twig identified in Step 4. What can your company do to use its strengths and overcome its weaknesses? How can it capitalize on the opportunities it has and overcome the threats it faces? What can it do to provide product and service characteristics that brand the company? (i.e. what do you think should be done about the branch/twig identified as top priority in Step 4?) Write down your guesses.

Step 6. What else do you need to know before you act on your initial guesses? Write down the list of what you need to know about the top priority branch/twig you have isolated.

Step 7: Review the background, strengths and weaknesses of each person available to you. What can each of you contribute to strengthening the branch/twig you have isolated?

Step 8: Select someone to work on the branch/twig you have isolated. Of course, others can help and give guidance. The person selected will have primary responsibility for improvement of the branch. As the first branch is assigned, work with the person taking it on. Prepare a down a top-down flow chart covering the major steps of what is to be done. Next prepare a deployment chart describing who will do it, and tentative checkpoints and deadlines. Compare these charts to your "top level" flow charts to make sure they fit in. Leave the detailed work flow analysis to the person assigned to the branch, but make sure it gets done. At this point you will have operationalized the most important element of the most important goal of your strategic plan.

Step 9: Once the first branch is assigned, return to Step 4, and pick the most important remaining branch/twig. Keep cycling through Steps 4 through 8. Do this until all the major aspects of your most important goal are being addressed, or until everyone appears to have a reasonable workload. If you run out of staff time, figure out how to get more help (training, selection, partners, alliances, consultants, advisors, etc.). Nothing is impossible if you can find the right people to help you do it.

Step 10: Once you are on the path to achieving your most important goal, return to Step 1, pick your next most challenging goal and continue the planning process.

CONCLUSION

The total quality management movement offers us a new business planning paradigm that can be used by small business owners to integrate strategic planning and operational planning. This New-Paradigm approach to business planning aids both plan creation and plan execution. It can be implemented by using simple planning tools. The New-Paradigm approach helps keep the planning process focused on strategic goals and makes it more understandable and more effective.

Most business planning resources for small business have not yet recognized the New-Paradigm approach. They still describe traditional business plan formats and follow conventional approaches to strategic and operational planning. The traditional approach has shortcomings that the New-Paradigm handles well. It is time to rethink our business planning paradigms to include what we have learned over the past fifteen years about total quality management. We must meld traditional approaches with new approaches. We need to update the resources we use to guide small business owners through the planning process.
REFERENCES