

# Complex and dynamic business world

Business



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“ The business world has become more complex and more dynamic. Planning tools are designed for stable environments. Therefore, planning should be abandoned. Please, comment on this statement. ”

## **Introduction**

In today’s increasingly dynamic and complex business world, it is important to decide whether to use and trust in planning tools or if one should abandon them because they are made for more stable environments. This essay will give an overview of the planning tools and techniques that exist for assessing the environment. It will discuss the use of planning tools in a complex and dynamic business world.

The statement that planning should be abandoned in a complex and dynamic business world will be discussed in the following.

## **Main Body**

“ A plan describes the chosen solution to a problem and lists what has to be done to achieve the goal” (Landau, 2012). We can categorize planning into three parts. During the first part goals have to be defined. In the second part the corresponding strategies have to be established. The third part focuses on finalising the plans. “ Managers use planning tools and techniques to help their organizations be more efficient and effective. (Robbins & Coulter, 2009) In a volatile and dynamic environment managers should not rely on planning. They should use planning as an indicator of what could potentially happen in the future and consequently try to restructure their organization in order to cope with market uncertainty. To do so, the managerial establishment has developed several techniques. One technique to assess

the business environment is environmental scanning, which fundamentally consists of competitor intelligence and global scanning. Environmental scanning helps to foresee and decode changes in the environment via screening a lot of information.

By applying this technique organizations are more likely to predict issues and concerns that could affect their current or planned activities right. Research results show that organizations that use this technique have a higher performance (according to Robbins & Coulter, 2011, pp. 276f. ). One part of the environmental scanning is competitor intelligence. In this process organizations gather information concerning their competitors. The information will be compiled by asking questions about their competitors such as “ Who are they? ”, “ What are they doing? and “ How will what they are doing affect us? ”. “ Competitor intelligence experts suggest that 80 percent of what managers need to know about competitors can be found out from their own employees, suppliers, and customers. ” (Robbins & Coulter, 2011, p. 277) Although this statistic indicates that collecting competitor intelligence can be achieved through the utilization of an organisation’s extended network, competitor intelligence can be seen as a problematic subject as it often features a fine line between ethical and unethical.

Another part of environmental scanning is global scanning, which is important for organizations with global activities. In a complex and dynamic environment managers broaden their view to gather global information. “ For instance, they can subscribe to information clipping services that review world newspapers and business periodicals and provide summaries of desired information (Robbins & Coulter, 2011, p. 277). One can say that this

technique is very suitable for an unstable and dynamic environment, because it helps to foresee the environment and consequentially helps to realign, if necessary, the organizational goals and plans.

On the other hand, gathered information can be interpreted wrongly, which can trigger a chain-reaction from wrong forecasting to wrong goals and plans. A second technique to evaluate the environment is forecasting. Forecasting is a prediction of outcomes, which will help to identify events that will happen in the future. The common consent about this method is that is effective and time efficient. The ultimate goal of forecasting is to facilitate decision making through gathering information. There are two different forecasting techniques.

One is quantitative forecasting, which is preferred when sufficient and hard data is given. It is based on historical data and tries to predict outcomes. The other one is qualitative forecasting, which uses personal judgment and knowledge to predict outcomes. This technique is used when hard data is limited or hard to gather. “ First, it’s important to understand that forecasting techniques are most accurate when the environment is not rapidly changing. The more dynamic the environment, the more likely managers are to forecast ineffectively. ” (Robbins & Coulter, 2011, p. 79) 4 However, forecasting lacks the ability to effectively predict events like recessions or the actions of competitors. That leads to the assumption that organizations shouldn’t rely on a single forecasting method, but should use several models to be on the safer side. But the challenge for managers is to interpret and then implement the information into the planning decisions. Finally organizations must remember that forecasting, as a marginal skill,

can be trained and improved. A third technique to assess the environment is benchmarking.

Benchmarking is a tool to improve an organizations performance by adapting outstanding practices from the top organizations within the environment. Studies verify the statement, “ that users have achieved 69 percent faster growth and 45 percent greater productivity” (Robbins & Coulter, 2011, p. 279) when using benchmarking. Benchmarking can be seen as a four step approach. It starts with the forming of a benchmarking planning team. The second step continues with the gathering of information and external data. Thirdly, when all data is gathered the analysis to identify performance gaps takes place.

The last step is the preparing and implementing of an action plan. (Based on Y. K. Shetty, “ Aiming high: Competitive Benchmarking for Superior Performance,” Long Range Planning, February 1993, p. 42) Managers use benchmarking as a tool to approach the leading position of their competitors without overtaking them. And if all organizations work inefficiently it won't be revealed. So this technique should not be followed in a dynamic environment, because it increases the likelihood that a manager will ‘ copy’ the mistakes others make.

So one can say “ Plans serve as a road map, although the destination may change due to dynamic market conditions” (Robbins & Coulter, 2009, p. 170).

## Conclusion

To sum up, one can say that planning is very helpful and necessary but it can be misleading. No matter how many planning tools managers use, they can only plan effectively if they understand how planning in dynamic environment works. They have to keep in mind that planning should only be used as an indicator of what could potentially happen in the future.

I believe that planning should not be abandoned, but improved.

## References

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