



Stanford eCorner

Planning Is Guessing

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Long-term planning, strategic planning, tactical planning -- all of these types of planning are really funny for a start-up, chuckles David Heinemeier Hansson, partner at 37signals. The punch line, he delivers, is that a start-up doesn't even know if it will be doing business in five years, let alone five months. These types of planning suit a stable business, like McDonald's in Northern Illinois. But a new business in a new industry has no clue what it will need long-term. In fact, he adds, most decisions for a start-up are incredibly temporary. What does matter more than planning? Simply starting.



Transcript

I tell you the second biggest thing is probably realizing that planning is guessing. And all of those techniques that you've been taught are mostly about planning. Long term planning, strategic planning, tactical planning. All sorts of planning that leads to really, really funny things like start-ups that have five-year growth plans. What? You don't even have anything yet and you're theorizing about how it's going to look in year five? How do you know? You don't. That sort of long term planning is fine again for big stable corporations. Like if you're running sector five of McDonald's in Northern Illinois, I'm sure you can apply a five year plan to how many burgers you need in Year 3 because it's a pretty stable business. When you're starting your own business, especially if you're trying to do anything new, if you're trying to do anything in a new industry or if you're trying to tear up existing industries, or come up with something else that's not already there, you have no clue. And the sooner you realize that the better because planning is not just guessing, it's harmful guessing because it's a waste of time. All the time you spent doing your five year plans, you could worry about tomorrow.

That's usually the timeline you need to worry about. 37signals has been around for 10 years. Do you know how long we usually worry about? Two weeks. Sometimes when it gets really crazy, we worry about 2 months. We absolutely do not worry about what next year is going to look like because it has very little impact on what we do today. So, realize that most planning is guessing. And that's putting it 'friendly'. The guessing usually leads to a whole lot of other crap around it that comes up and wastes your time and sucks your energy away from worrying about what you really need to be worrying about which is today and tomorrow and next week. All right. And final thing of that is realizing that most decisions in a small business are incredibly temporary.

You are not Intel. You are not building a billion dollar factory in India that's going to be done in five years. Those guys, that's not a temporary decision. You better be right about the market and whatever they need to worry about, to build a factory in five years somewhere that's going to cost a billion dollars. When you're starting out on your own, with your own ideas, with your own sweat and blood, the vast majority of all decisions are temporary. And what matters most is starting. It doesn't really matter what the decision is as long as there is one. Just get going.