

Planning

- Purposes and contents of plans
- Steps in making a plan
- Information for planning
- Setting objectives
- Planning the steps to meet objectives

Why study planning?

- Changes in external forces create uncertainty, and planning offers a systematic way to cope with that, and adapt to new conditions.
- It enables people to set objectives, to specify and coordinate actions to achieve them, and to monitor progress.
- It is concerned with:
 - What to do
 - How to do

Why study planning?

- planning is the primary management function that establishes the basis for **all other management functions**
- planning establishes **coordinated effort**
- planning **reduces uncertainty**
- planning **reduces overlapping and wasteful activities**
- planning **establishes goals and standards** used in controlling

Purposes of planning

- Clarify direction
 - How best to contribute, cope with unexpected
 - Motivate
 - Knowing the wider picture helps commitment
- Use resources effectively
 - To reduce overlap, co-ordinate required tasks
- To measure progress
 - Goals, targets, times enable monitoring
- As a ritual
 - Gives rationality

Content of plans

Plans can be

- Corporate or business unit
- Strategic or operational
- Long- or short-term
- Specific or directional
- Special purpose or standing

- The Role of Goals and Plans in Planning
 - **goals** - desired outcomes
 - provide direction for all management decisions
 - represent the criteria against which actual work accomplishments can be measured
 - **plans** - outline how goals are going to be met

– *Types of Goals*

- all organizations have multiple objectives
- no single measure can evaluate whether an organization is successful
- *financial goals* - relate to financial performance
- *strategic goals* - relate to other areas of performance

How Do Managers Plan? (cont.)

- The Role of Goals and Plans in Planning
 - *Types of Goals*
 - *stated goals* - official statements of the organization's goals
 - *real goals* - those goals that an organization actually pursues

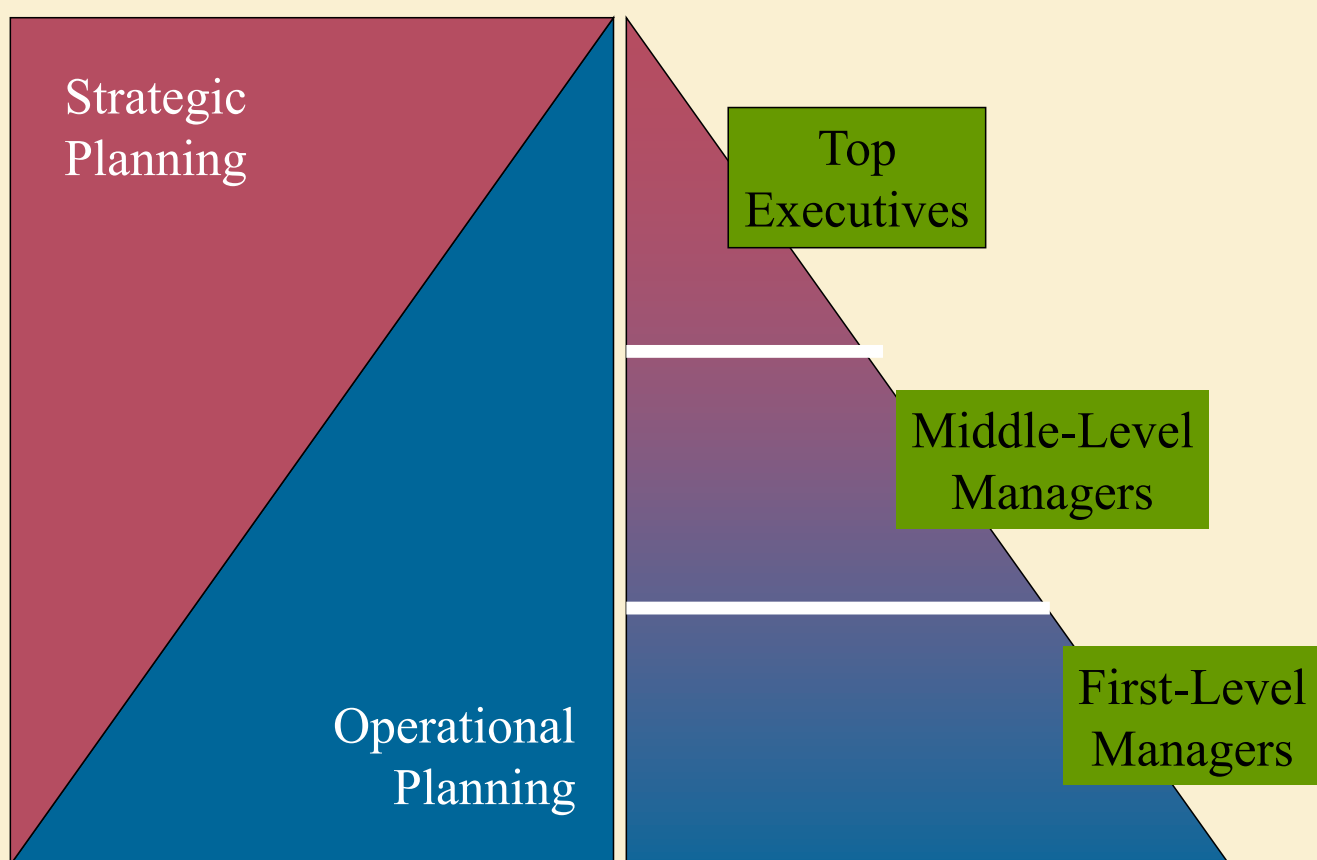
How Do Managers Plan? (cont.)

- The Role of Goals and Plans in Planning
 - *Types of Plans*
 - *strategic plans* - apply to the entire organization
 - establish organization's overall goals
 - seek to position the organization in terms of its environment
 - *operational plans* - specify the details of how the overall goals are to be achieved
 - tend to cover short time periods

Types Of Plans

<u>Breadth</u>	<u>Time Frame</u>	<u>Specificity</u>	<u>Frequency of Use</u>
Strategic	Long term	Directional	Single use
Operational	Short term	Specific	Standing

Planning In The Hierarchy Of Organizations



The process of planning

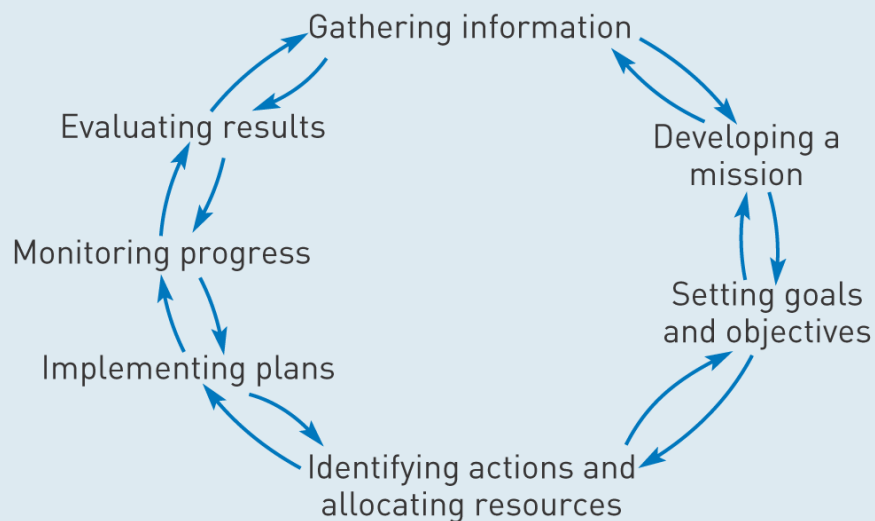


Figure 6.3 Seven iterative tasks in making a plan

Gathering information

- On competitive and general environments (Chapter 3)
 - Competitive - five forces analysis
 - General – PESTEL analysis
- Linked to organisational analysis – SWOT

SWOT analysis

Comprehensive picture of an organisation's
Strengths and **W**eaknesses (internal)
and the
Opportunities and **T**hreats (external)
it faces.

A subjective interpretation
not
an objective reality

Other planning techniques

- Critical success factors analysis
 - What we must do well to satisfy customers
- Forecasting
 - Using past to predict future: (assumptions?)
- Sensitivity analysis
 - To test effects of change in a variable (e.g. tax rates)

Mission

- A **mission statement** is a formal short written statement of the purpose of a company or organization. The mission statement should guide the actions of the organization, spell out its overall goal, provide a sense of direction, and guide decision-making. It provides "the framework or context within which the company's strategies are formulated."[\[](#)

Mission

- Mission statements often contain the following:
 - Purpose and aim of the organization
 - The organization's primary stakeholders: clients, stockholders, congregation, etc.
 - Responsibilities of the organization toward these stakeholders
 - Products and services offered

Vision

- The **vision** of an organization is a statement that defines success. It is the organization's "picture of the future".

Example, Bill Gates visions.

Goals

- Goals turn the generalities of mission statements into specific commitments
- A goal is a future target or end result that an organization wishes to achieve

Goals

- Balancing multiple goals
 - E.g. profits, quality, sustainability
- Criteria for assessing goals - SMART
 - **S**pecific, **M**easurable, **A**ttainable, **R**ewarded, **T**imed
- Ensuring goals are motivational
 - Difficult, specific, participative, feedback

- Implement Goals
 - ***Approaches to Establishing Goals*** (cont.)
 - ***management by objectives (MBO) Peter Drucker***
 - specific performance goals are jointly determined by employees and their managers
 - progress toward accomplishing these goals is periodically reviewed

- **Implement Goals**

- rewards are allocated on the basis of this progress
- MBO (Management by Objective) consists of four elements
 - » goal specificity
 - » participative decision making
 - » explicit time period
 - » performance feedback

Steps in a Typical MBO Program

1. The organization's overall objectives and strategies are formulated.
2. Major objectives are allocated among divisional and departmental units.
3. Unit managers collaboratively set specific objectives for their units with their superiors.
4. Specific objectives are collaboratively set for all department members.
5. Action plans, defining how objectives are to be achieved, are specified and agreed upon by managers and subordinates.
6. The action plans are implemented.
7. Progress toward objectives is periodically reviewed, and feedback is provided.
8. Successful achievement of objectives is reinforced by performance-based rewards.

How Do Managers Plan?

- Establishing Goals (cont.)
 - *Approaches to Establishing Goals*
 - *management by objectives*
 - increases employee performance and organizational productivity
 - » depends on support of top managers for MBO
 - problems with MBO
 - » can be useless in times of dynamic change
 - » overemphasis on personal rather than organizational goals
 - » may be viewed simply as an annual exercise in paperwork

How Do Managers Plan?

- Establishing Goals (cont.)
 - ***Characteristics of Well-Designed Goals***
 - should be written in terms of outcomes
 - should be measurable and quantifiable
 - should be clear as to a time frame
 - should be challenging but attainable
 - should be written down
 - should be communicated to all organization members who need to know the goals

How Do Managers Plan?

- Establishing Goals (cont.)
 - *Steps in Goal Setting*
 - 1 - Review the organization's mission
 - 2 - Evaluate available resources
 - 3 - Determine the goals individually or with input from others
 - should be congruent with the organizational mission and goals in other organizational areas
 - 4 - Write down the goals and communicate them to all who need to know them
 - 5 - Review results and whether goals are being met

Implementing plans and monitoring results

- Implementing the plan tests the accuracy of the assumptions and methods
- Implementation depends on
 - managers' experience of the issue
 - readiness of the organization to change
- Monitoring progress also critical