

Activity 6.1 What is 'planning'?

Before reading this chapter, write some notes on what you understand by the term 'planning'.

Choose the organisation or people who may be able help you to learn about the topic. You may find it helpful to discuss it with a manager you know, or use an activity you have managed.

- Identify a planning issue you can use for this activity, and make a brief note about it.
- What types of plan do managers in the company make?
- How do they typically develop their plans – can they describe their planning process?
- Can they explain some of the planning techniques they use?

Keep these notes as you will be able to use them later.

6.1

Introduction

Crossrail is an example of a major project which managers can only achieve by doing a great deal of planning. From the early political processes to secure support from many interested parties – some in favour of the project, some against – through raising capital and securing public consent, managers have been planning what to do. That continues, as completing the project depends on the ever more detailed planning required to drive a new railway through a crowded capital city. The case will illustrate how Crossrail's managers deal with these challenges, some of which are unforeseen.

Perhaps paradoxically, as business conditions become more unstable, companies plan more, not less. Change creates uncertainty, and planning helps people adapt to this by clarifying objectives, specifying how to achieve them and monitoring progress. Plans include both ends (what to do) and means (how to do it).

Informal plans (not written down, nor widely shared) work perfectly well in many situations – but as the number of people involved in an activity increases they need something more to guide them. That is the focus here – on more formal plans, which record the goals of a business or unit, and who will do what to achieve them. When senior managers at Hiscox, a small but rapidly growing insurance company, decided to add an online service to its traditional way of doing business through insurance brokers, it needed a plan for the website AND a plan to reassure the brokers they still had a role. When two entrepreneurs decided to create the City Inn hotel chain they planned in detail the kind of hotels they would be – contemporary, city centre, newly built, 'active and open' atmosphere and a consistent room design across the group.

Figure 6.1 provides an overview of the themes. At the centre are seven generic tasks in planning – but people vary the order and how much attention they give to each. The chapter outlines the benefits of planning and their content. Later sections describe the process of planning and outlines some of the techniques that people use to create a plan which will help them achieve their objectives.

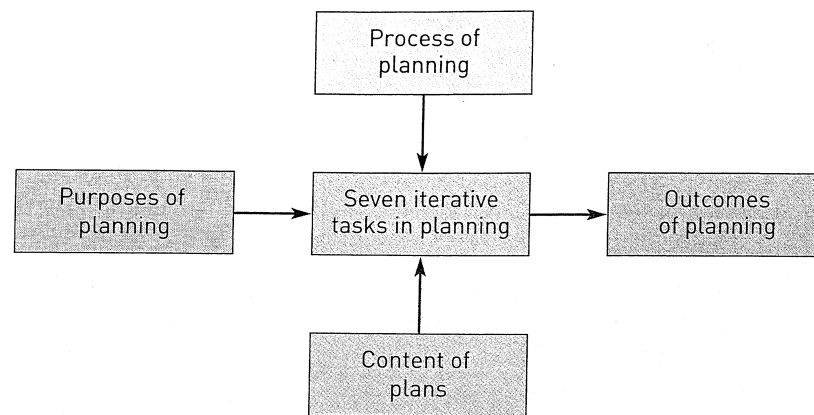


Figure 6.1
An overview
of the chapter

6.2 Purposes of planning

Planning is the iterative task of setting goals, specifying how to achieve them, implementing the plan and evaluating the results.

A **goal (or objective)** is a desired future state for an activity or organisational unit.

A planner is an individual contemplating future actions: the activity of **planning** involves establishing the **goals (or objectives)** for the task, specifying how to achieve them, implementing the plan and evaluating the results. Goals are the desired future state of an activity or organisational unit, and planning to meet them typically includes allocating resources and specifying what people need to do to meet the goals.

If people plan well it helps them to:

- clarify direction;
- motivate people;
- use resources efficiently; and
- increase control, as they can measure progress against goals.

The act of planning may in itself add value, by ensuring that people base decisions on a wider range of evidence than if there was no planning system. Giraudeau (2008) shows how the planning process in one of Renault's divisions enhanced debate among managers, and stimulated their strategic imagination. By observing the company's planners as they developed their plan to build a plant in Brazil, the author shows how providing detailed draft plans to other managers (many of whom were unfamiliar with that country) led them to see opportunities they had not considered. If done badly, planning has the opposite effect, leading to confusion and waste.

Good plans give direction to the people whose work contributes to their achievement. If everyone knows the purpose of an activity and how their task contributes, they work more effectively. They adjust their work to the plan (or vice versa), and co-operate and co-ordinate with others. It helps them cope with uncertainty: if they know the end result they can respond to unexpected changes, without waiting to be told. People like to know how their task fits the bigger picture, as it adds interest and enables them to take more responsibility.

Management in practice

Maersk – planning key to strategy www.maersk.com

Maersk is the world's largest container operator, and depends on planning. Mark Cornwall, Operations Manager, explains:

Maersk operates 470 container ships with 1.9 million individual containers that are all travelling around the world, and our job is to build efficiencies into the system – moving the cargo to the customer on time.

Part of our strategy is to deliver unmatched reliability, and operations is key to that. From the top of the company right down to the clerks on the desk, everybody's focused on meeting deadlines and the

Case study**Crossrail** www.crossrail.co.uk

Crossrail is a new railway for London and the south east of England which will connect the City, Canary Wharf, the West End and Heathrow Airport to commuter areas east and west of the capital. It aims to be a world-class, affordable railway, with high frequency, convenient and accessible services across the capital. The plans are intended to:

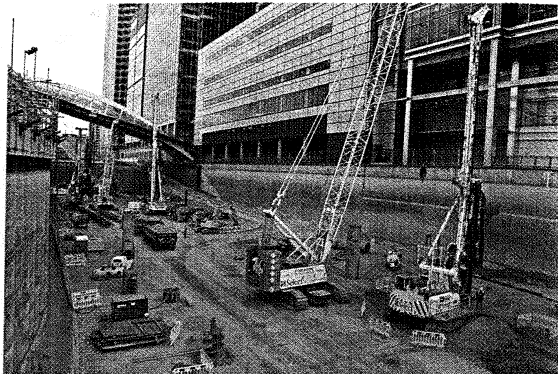
- relieve congestion on many Underground and rail lines;
- provide new connections and new services;
- bring modern trains; and
- provide six new stations in central London.

It will add 10 per cent to London's overall transport capacity and provide 40 per cent of the extra rail capacity London needs. Main construction of the railway began in 2010, with services commencing in 2018. Crossrail will make travelling in the area easier and quicker and reduce crowding on London's transport network. It will operate with main line size trains, each carrying more than 1500 passengers.

It is the largest civil engineering project in the UK and the largest single addition to the London transport network for over 50 years. It will run 118 km from Maidenhead and Heathrow in the west, through new twin-bore, 21 km tunnels under Central London out to Shenfield and Abbey Wood in the east, joining the Great Western and Great Eastern railway networks.

The project has a long history – it was first proposed in 1990, but amidst considerable opposition from other players it was cancelled in 1996. Support for building the line continued to grow, as many saw it a major contribution to solving London's transport problems: the company had wide support from businesses and from business organisations such as the CBI, London First and London Chamber of Commerce and Industry.

Political conditions changed again, and Royal Assent was given to the Crossrail Act in July 2008, giving the company authority to build the railway, and in December 2008 the Government and the Mayor of London signed the key funding agreements for Crossrail. The cost (estimated at £14.8 billion) will be met by UK Government, Transport for London and London businesses. Passengers will contribute towards the debt raised during construction by Transport for London and Network Rail will pay for using the line to run train services. Other beneficiaries will also contribute to the cost, including The City of



By kind permission, Crossrail.

London Corporation, British Airports Authority and property developers such as Canary Wharf Group.

By March 2010, the plan began to turn into reality as many of the smaller elements were implemented. For example, the company announced the award of contracts for what it calls enabling work such as various pieces of complex demolition work at several stations and their surrounding area. The company also announced that the Learning & Skills Council had agreed to provide £5 million towards the cost of a new tunnelling and underground construction academy. A senior manager said:

This is great news for the programme and great news for the tunnelling and underground construction industry. This decision means we can now progress our plans to build this fantastic training facility, which the industry so urgently needs. (private communication)

In 2009, the company published its outline plans for the station building and tunnelling work to be done – making it clear that as detailed design and development of the scheme progressed there would be increasing certainty over the exact times that works will start and finish at each location.

The two 21 km tunnels will present a particular challenge as they run at depths of up to 36m below the busy streets of London. In doing so, they will weave between existing underground railway tunnels, sewers and building foundations. In early 2011, the company indicated that the choice of tunnelling boring machines to use would depend on local circumstances. They estimated that the tunnelling work and the excavation of new stations would create 6 million tonnes of material: they plan to remove

most of this by moving it along the tunnels to disposal sites, so avoiding as far as possible the need for lorry movements through central London.

At some locations, enabling works (such as the diversion of utilities like gas mains and demolition of existing buildings) will need to take place before main works. The sites may also be required after main works, for example to support fitting out of stations and tunnels. Enabling works for the station at Tottenham Court Road were planned to start in January 2009, construction in early 2010, and the works would be completed in 2016.

Work on stations and tracks on the existing surface railway to be served by Crossrail will be carried out by Network Rail.

Meanwhile, work was progressing on the timetable for the services to be offered. The unusual complexity of this task arises because the new services will, for much of their routes, run on the existing railway lines, so they will need to fit into the existing timetables. Crossrail is therefore working closely with Network Rail and freight and passenger companies

to create a timetable for the new services. They have carried out extensive simulation of future services on the railway, showing that a high level of punctuality can be achieved with at least 24 trains an hour running in each direction at peak times.

Source: Company website and other published sources.

Questions

Visit the Crossrail website (see above).

- 1 What are the main items of recent news about the progress of the project?
- 2 What types of plan is the company likely to have made? (See Section 6.3.)
- 3 What planning processes will it probably have used? (Refer to Section 6.4.)
- 4 Which of the planning tools mentioned in Sections 6.5, 6.6 and 6.7 are they likely to have used?