

# **UCS1704 – Management and Ethical Practices**

**UNIT – I**  
**Planning Process, Types of Plans**

**Semester – VII**

**Dr. G. Raghuraman, Associate Professor/CSE**



# Outline

## The What And Why Of Planning

- Define planning.
- Describe the purposes of planning.
- Explain what studies have shown about the relationship between planning and performance.

## Goals And Plans

- Define goals and plans.
- Describe the types of goals organizations might have.
- Describe each of the different types of plans.

# Outline (contd.)

## Setting Goals and Developing Plans

- Discuss how traditional goal setting and MBO work.
- Describe well written goals and explain how to set them.
- Discuss the contingency factors that affect planning.
- Describe the approaches to planning.

## Contemporary Issues in Planning

- Explain the criticisms of planning.
- Describe how managers can effectively plan in today's dynamic environment.

# Implementing Plans to Achieve Results



# Implementing Plans to Achieve Results

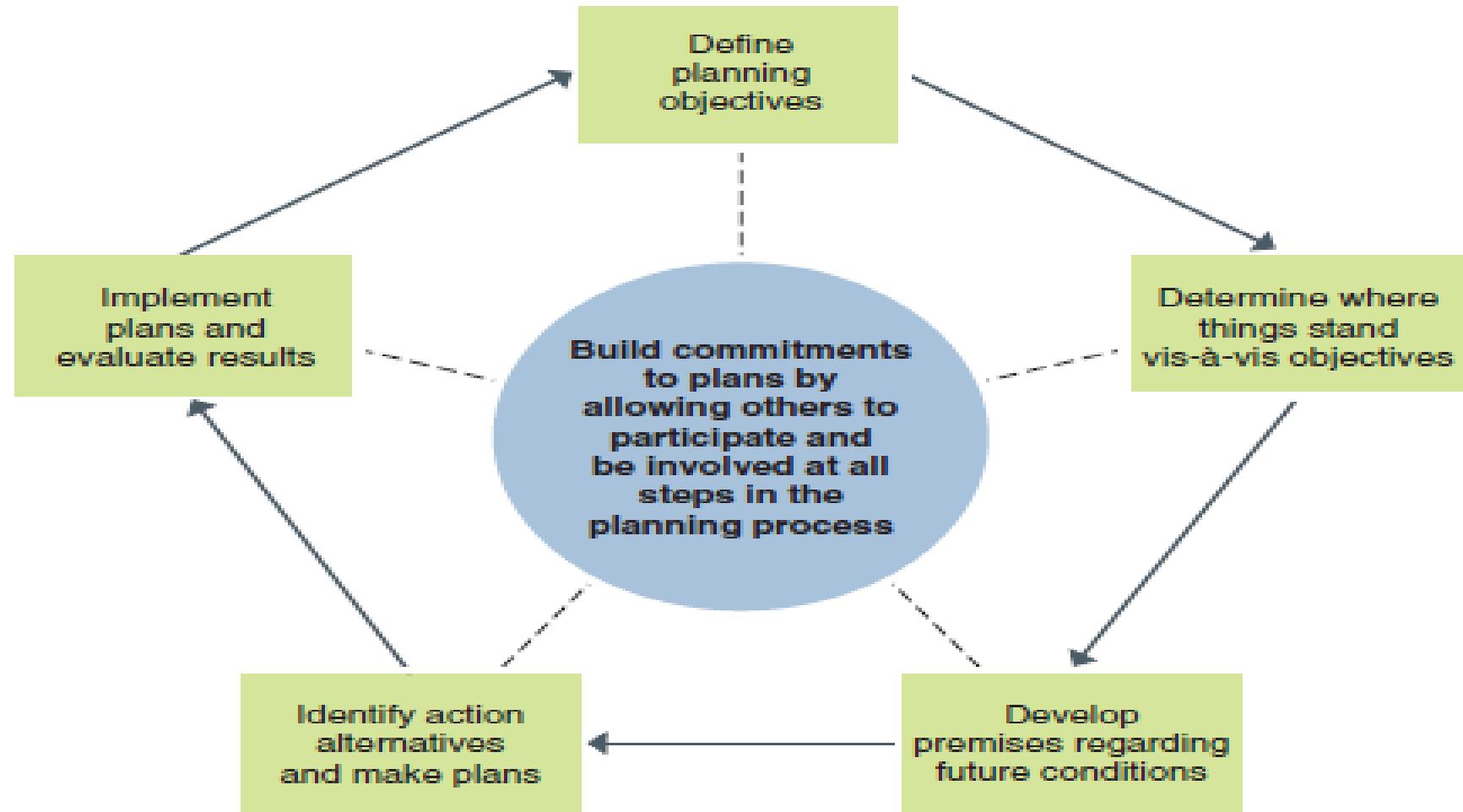
- Goal Alignment Between Team Leader and Team Member
  - Jointly plan: set objectives, set standards, choose actions
  - Individually set: perform tasks (member), provide support (leader)
  - Jointly control: review results, discuss implications, renew cycle

# Implementing Plans to Achieve Results

- **Participatory Planning**

- Unlocks the motivational potential of goal setting
- Management by objectives (MBO) promotes participation
- When participation is not possible, workers will respond positively if supervisory trust and support exist

# How participation and involvement help build commitment to plans



# Goals vs Objectives

Although the terms “goals” and “objectives” are often used interchangeably, there is difference between them.

- **Goals**

- General
- Intangible
- Broad
- Abstract
- Strategic

- **Objectives**

- Specific
- Measurable
- Narrow
- Concrete
- Tactical

# Setting Goals and Developing Plans

- **Management By Objectives (MBO)**
  - Specific performance goals are jointly determined by employees and managers.
  - Progress toward accomplishing goals is periodically reviewed.
  - Rewards are allocated on the basis of progress towards the goals.
  - Key elements of MBO:
    - ❖ Goal specificity, participative decision making, an explicit performance/evaluation period, 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 managers.
4. Specific objectives are collaboratively set with *all department members*.
5. *Action plans*, defining how objectives are to be achieved, are specified and agreed upon by managers and employees.
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*.

# Does MBO Work?

- Reason for MBO Success
  - Top management commitment and involvement
- Potential Problems with MBO Programs
  - Not as effective in dynamic environments that require constant resetting of goals.
  - Overemphasis on individual accomplishment may create problems with teamwork.
  - Allowing the MBO program to become an annual paperwork shuffle.

# MBO's Strengths and Limitations

## Strengths

- MBO blends planning and control into a rational system of management.
- MBO forces an organization to develop a top-to-bottom hierarchy of objectives.
- MBO emphasizes end results rather than good intentions or personalities.
- MBO encourages self-management and personal commitment through employee participation in setting objectives.

## Limitations

- MBO is too often sold as a cure-all.
- MBO is easily stalled by authoritarian (Theory X) managers and inflexible bureaucratic policies and rules.
- MBO takes too much time and effort and generates too much paperwork.
- MBO's emphasis on measurable objectives can be used as a threat by overzealous managers.

# Well-Written Goals

---

- Written in terms of outcomes, not actions
  - Focuses on the ends, not the means.
- Measurable and quantifiable
  - Specifically defines how the outcome is to be measured and how much is expected.
- Clear as to time frame
  - How long before measuring accomplishment.
- Challenging yet attainable
  - Low goals do not motivate.
  - High goals motivate if they can be achieved.
- Written down
  - Focuses, defines, and makes goals visible.
- Communicated to all necessary organizational members
  - Puts everybody “on the same page.”

# **Steps in Goal Setting**

- 1. Review the organization's mission statement.**  
Do goals reflect the mission?
- 2. Evaluate available resources.**  
Are resources sufficient to accomplish the mission?
- 3. Determine goals individually or with others.**  
Are goals specific, measurable, and timely?
- 4. Write down the goals and communicate them.**  
Is everybody on the same page?
- 5. Review results and whether goals are being met.**  
What changes are needed in mission, resources, or goals?

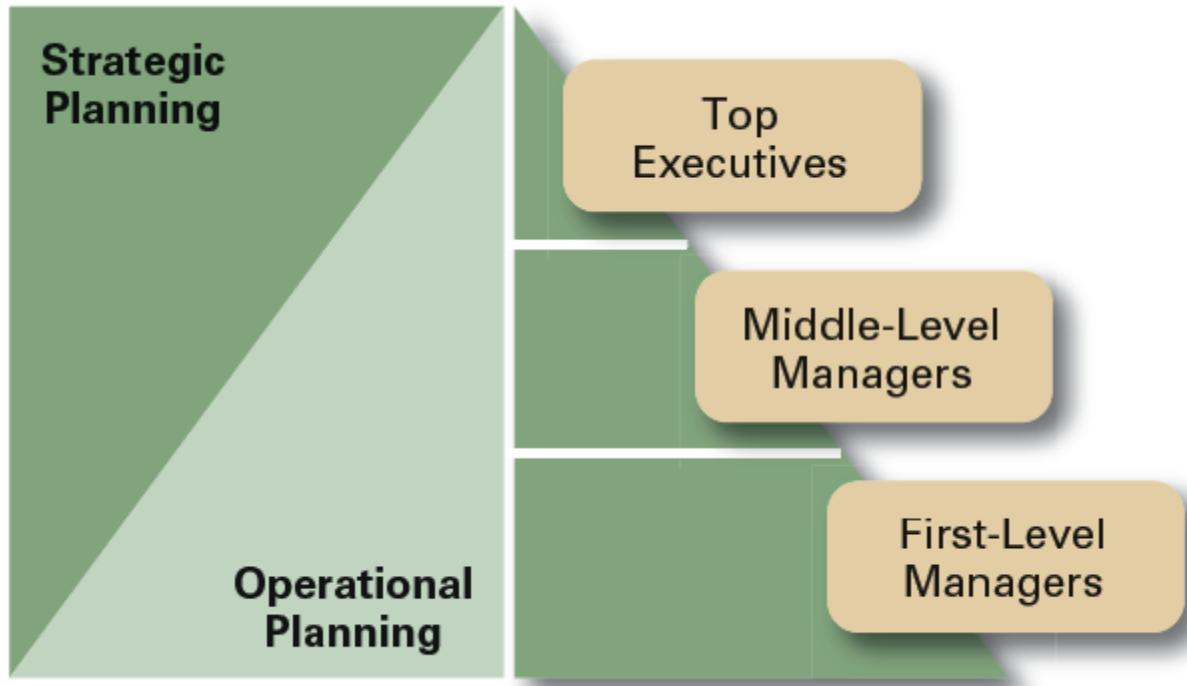
# Developing Plans

- Contingency Factors in a Manager's Planning

- Manager's level in the organization
  - ❖ Strategic plans at higher levels
  - ❖ Operational plans at lower levels
- Degree of environmental uncertainty
  - ❖ Stable environment: specific plans
  - ❖ Dynamic environment: specific but flexible plans
- Length of future commitments
  - ❖ **Commitment Concept:** current plans affecting future commitments must be sufficiently long-term to meet those commitments.

# Planning in the Hierarchy of Organizations

---



# Approaches to Planning

- Establishing a formal planning department
  - A group of planning specialists who *help* managers write organizational plans.
  - Planning is a function of management; it should never become the sole responsibility of planners.
- Involving organizational members in the process
  - Plans are developed by members of organizational units at various levels and then coordinated with other units across the organization.

# Contemporary Issues in Planning

## • Criticisms of Planning

- Planning may create rigidity.
- Plans cannot be developed for dynamic environments.
- Formal plans cannot replace intuition and creativity.
- Planning focuses managers' attention on today's competition not tomorrow's survival.
- Formal planning reinforces today's success, which may lead to tomorrow's failure.
- Just planning isn't enough.

# Contemporary Issues in Planning (cont'd)

- Effective Planning in Dynamic Environments
  - Develop plans that are specific but flexible.
  - Understand that planning is an ongoing process.
  - Change plans when conditions warrant.
  - Persistence in planning eventually pay off.
  - Flatten the organizational hierarchy to foster the development of planning skills at all organizational levels.

# Planning and Performance

- The Relationship Between Planning and Performance
  - Formal planning is associated with:
    - ❖ Higher profits and returns on assets.
    - ❖ Positive financial results.
  - The quality of planning and implementation affects performance more than the extent of planning.
  - The external environment can reduce the impact of planning on performance.
  - Formal planning must be used for several years before planning begins to affect performance.

# How Do Managers Plan?

- **Elements of Planning**

- Goals (also Objectives)

- ❖ Desired outcomes for individuals, groups, or entire organizations
    - ❖ Provide direction and evaluation performance criteria

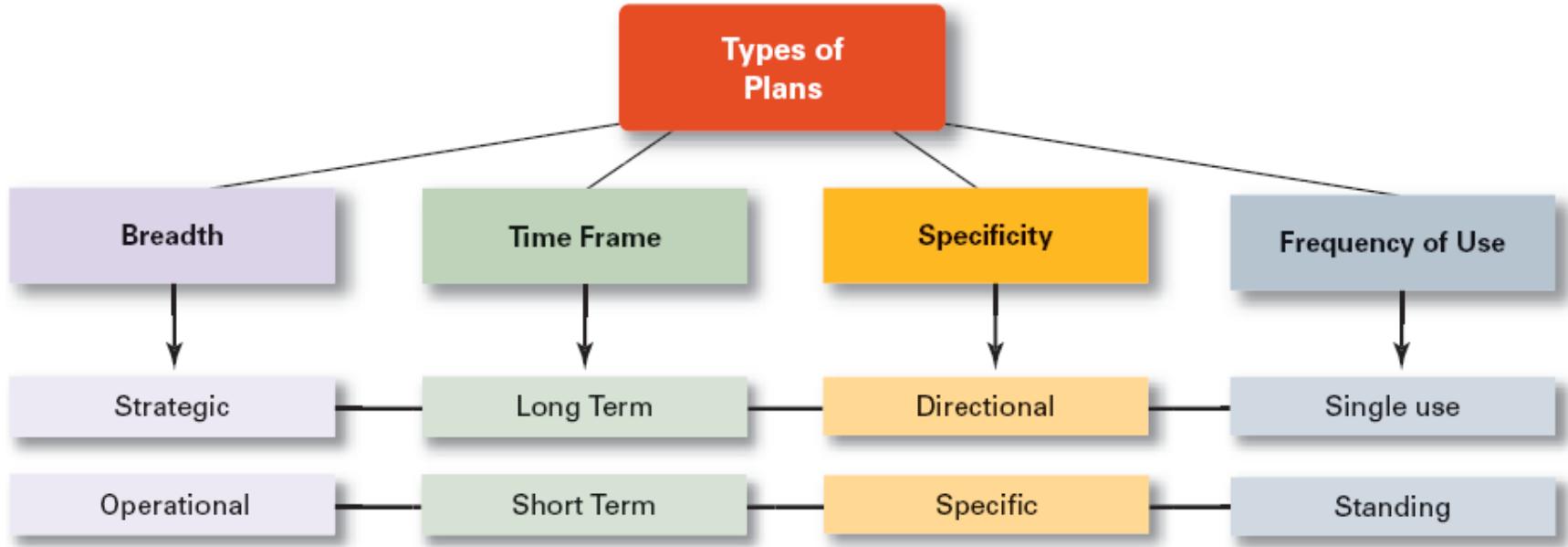
- Plans

- ❖ Documents that outline how goals are to be accomplished
    - ❖ Describe how resources are to be allocated and establish activity schedules

# Types of Goals

- **Financial Goals**
  - Are related to the expected internal financial performance of the organization.
- **Strategic Goals**
  - Are related to the performance of the firm relative to factors in its **external environment** (e.g., competitors).
- **Stated Goals versus Real Goals**
  - Broadly-worded official statements of the organization (intended for public consumption) that may be irrelevant to its real goals (what actually goes on in the organization).

# Types of Plans



# **Types of Plans**

- **Strategic Plans**

- Apply to the entire organization.
- Establish the organization's overall goals.
- Seek to position the organization in terms of its environment.
- Cover extended periods of time.

- **Operational Plans**

- Specify the details of how the overall goals are to be achieved.
- Cover a short time period.

# Types of Plans

- Long-Term Plans
  - Plans with time frames extending beyond three years
- Short-Term Plans
  - Plans with time frames of one year or less
- Specific Plans
  - Plans that are clearly defined and leave no room for interpretation
- Directional Plans
  - Flexible plans that set out general guidelines and provide focus, yet allow discretion in implementation

# Types of Plans

- Single-Use Plan
  - A one-time plan specifically designed to meet the need of a unique situation.
- Standing Plans
  - Ongoing plans that provide guidance for activities performed repeatedly.

# Setting Goals and Developing Plans

- Traditional Goal Setting

- Broad goals are set at the top of the organization.
- Goals are then broken into sub-goals for each organizational level.
- Assumes that top management knows best because they can see the “big picture.”
- Goals are intended to direct, guide, and constrain from above.
- Goals lose clarity and focus as lower-level managers attempt to interpret and define the goals for their areas of responsibility.

# The Downside of Traditional Goal Setting

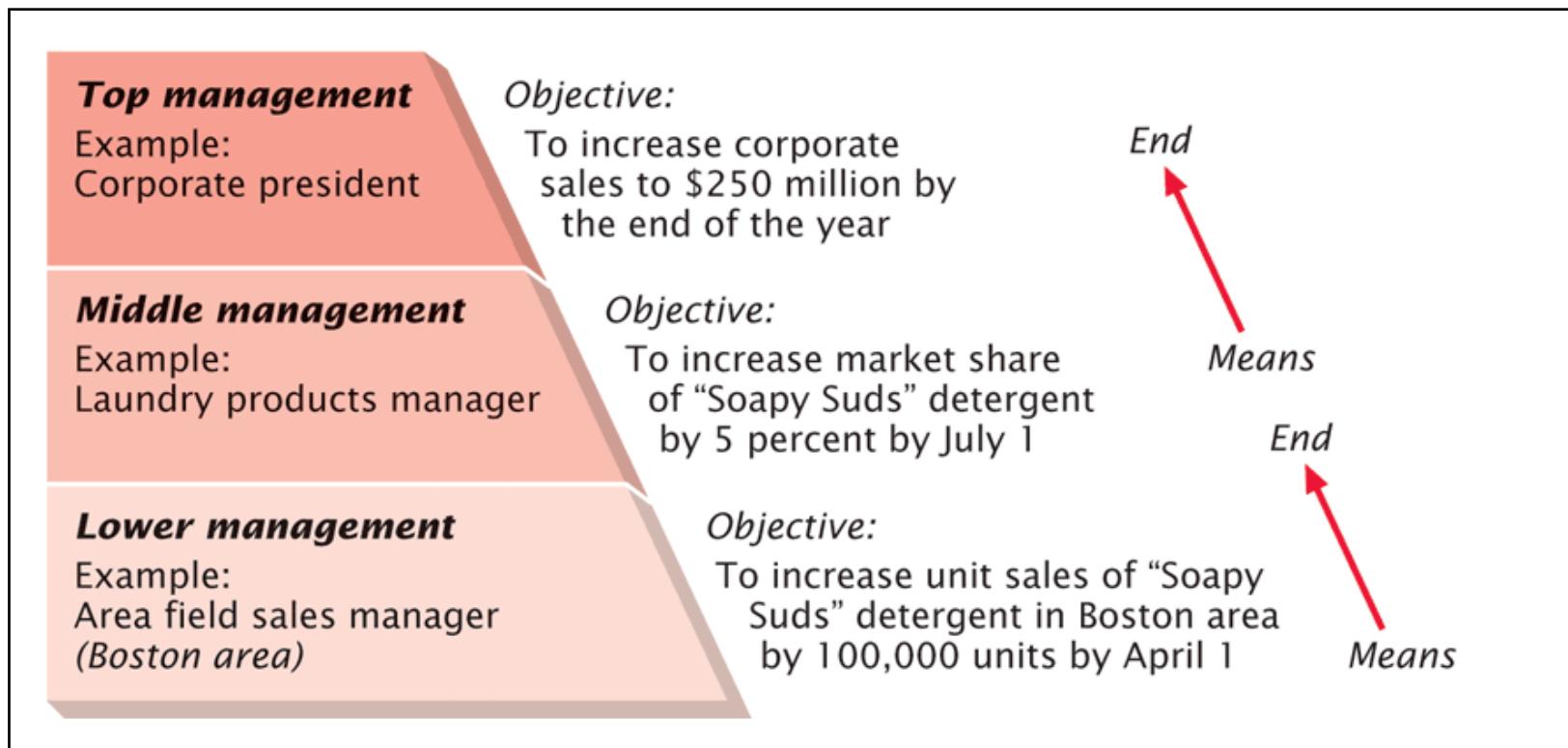


# Setting Goals and Developing Plans

- Maintaining the Hierarchy of Goals

- Means–Ends Chain

- ❖ The integrated network of goals that results from establishing a clearly-defined hierarchy of organizational goals.
- ❖ Achievement of lower-level goals is the means by which to reach higher-level goals (ends).



# Discussion

- Production plans
- Financial plans
- Facilities plans
- Logistics plans
- Marketing plans
- Human resource plans
- Forecasting
- Contingency planning
- Scenario Planning
- Benchmarking

# Questions?