PLANNING WORK ACTIVITIES

Management

THIRTEENTH EDITION

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8

LEARNING OBJECTIVES

▶ Define the nature and purposes of planning.

▶ Classify the types of goals organizations might have and the plans they use.

▶ Compare and contrast approaches to goal-setting and planning.

  ▶ Know how to set goals personally and create a useful, functional to-do list.

  ▶ Develop your skill at helping your employees set goals.

▶ Discuss contemporary issues in planning.

WHAT IS PLANNING?

▶ **Planning** – defining the organization's goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities.

▶ **Formal planning**

  ▶ Specific goals covering a specific time period

  ▶ Written and shared with organizational members

WHY DO MANAGERS PLAN?

▶ **Four reasons** for planning

> ▶ Provides direction
>
> ▶ Reduces uncertainty
>
> ▶ Minimizes waste and redundancy
>
> ▶ Sets the standards for controlling

A GOAL WITHOUT A PLAN IS JUST A DREAM.

-dave ramsey
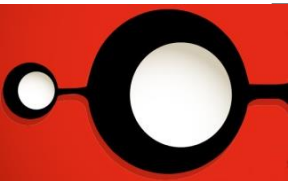
PLANNING AND PERFORMANCE

- ▶ **Formal planning** is associated with:
  - ▶ **Positive financial results** – higher profits, higher return on assets, and so forth.
  - ▶ 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.
  - ▶ The planning-performance relationship seems to be influenced by the planning time frame. Planning requires **a proportional time**.
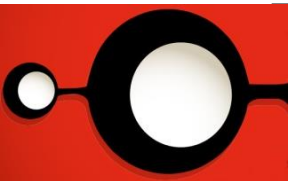
GOALS AND PLANS

▶ Goals (objectives) – desired outcomes or targets.

▶ Plans – documents that outline how goals are going to be met.
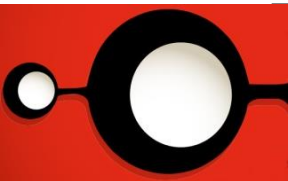
TYPES OF GOALS

▶ **Financial Goals** – related to the expected internal financial performance of the organization.

▶ **Strategic Goals** – related to the performance of the firm relative to factors in its external environment (e.g., competitors).

▶ **Stated Goals** – official statements of what an organization says, and what it wants its various stakeholders to believe its goals are.

▶ **Real goals** – goals that an organization actually pursues, as defined by the actions of its members.
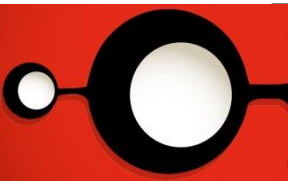
TYPES OF PLANS

- ▶ **Strategic plans** – plans that apply to the entire organization and establish the organization's overall goals.
- ▶ **Operational plans** – plans that encompass a particular operational area of the organization.
- ▶ **Single-use plan** – a one-time plan specifically designed to meet the needs of a unique situation.
- ▶ **Standing plans** – ongoing plans that provide guidance for activities performed repeatedly.

- ▶ **Long-term plans** – plans with a time frame beyond three years.
- ▶ **Short-term plans** – plans covering one year or less.
- ▶ **Specific plans** – plans that are clearly defined and leave no room for interpretation.
- ▶ **Directional plans** – plans that are flexible and set out general guidelines.
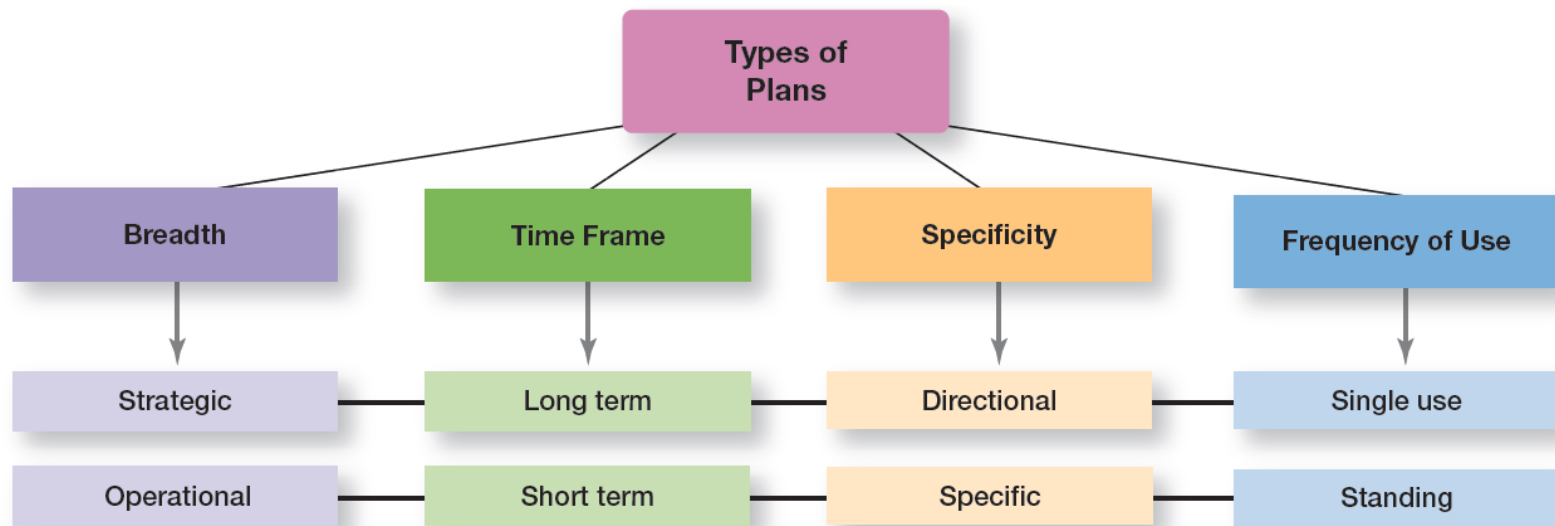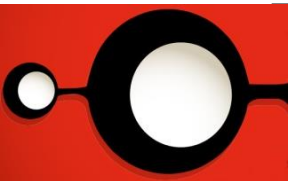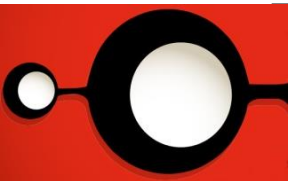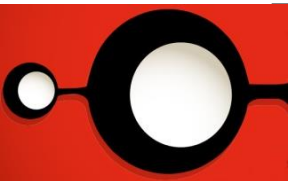
EXHIBIT 8-1
TYPES OF PLANS

APPROACHES TO SETTING GOALS

▶ **Traditional goal-setting** – an approach to setting goals in which top managers set goals that then flow down through the organization and become sub goals for each organizational area.

▶ **Means-ends chain** – an integrated network of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, or ends, at the next level.

EXHIBIT 8-2
THE DOWNSIDE OF TRADITIONAL GOAL-SETTING

APPROACHES TO SETTING GOALS (CONT.)

▶ **Management by objectives (MBO)** – a process of setting mutually agreed upon goals and using those goals to evaluate employee performance.

EXHIBIT 8-3
STEPS IN MBO

Step 1: The organization's *overall objectives* and *strategies* are formulated.

Step 2: Major objectives are allocated among *divisional and departmental units.*

Step 3: Unit managers *collaboratively set specific objectives* for their units with their managers.

Step 4: Specific objectives are collaboratively set with *all department members.*

Step 5: *Action plans,* defining how objectives are to be achieved, are specified and agreed upon by managers and employees.

Step 6: The action plans are *implemented.*

Step 7: Progress toward objectives is *periodically reviewed,* and *feedback is provided.*

Step 8: Successful achievement of objectives is reinforced by *performance-based rewards.*

STEPS IN GOAL-SETTING

1. Review the organization's mission, or purpose.

2. Evaluate available resources.

3. Determine the goals individually or with input from others.

4. Write down the goals and communicate them to all who need to know.

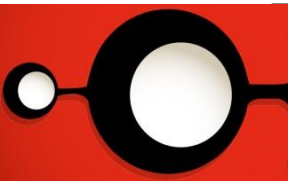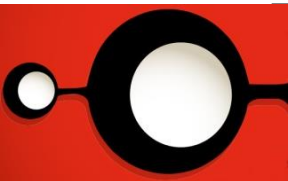5. Review results and whether goals are being met.

EXHIBIT 8-4
WELL-WRITTEN GOALS

- Written in terms of outcomes rather than actions
- Measurable and quantifiable
- Clear as to a time frame
- Challenging yet attainable
- Written down
- Communicated to all necessary organizational members

CONTINGENCY FACTORS IN PLANNING

▶ Organizational level (see next slide)

▶ Uncertainty

  ▶ When uncertainty is high, plans should be specific, but flexible.

  ▶ Managers must be prepared to change or amend plans as they're implemented.

  ▶ At times, they may even have to abandon the plans.

▶ Length of future commitments

  ▶ Commitment Concept: Current plans affecting future commitments must be sufficiently long-term in order to meet those commitments.
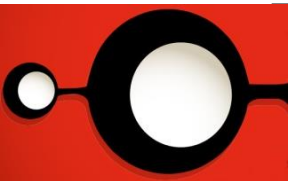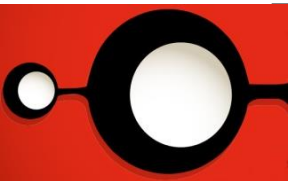
EXHIBIT 8-5
PLANNING AND ORGANIZATIONAL LEVEL

APPROACHES TO PLANNING

▶ In the traditional approach, planning is done entirely by top-level managers, often assisted by a formal planning department.

  ▶ Formal planning department – a group of planning specialists whose sole responsibility is helping to write organizational plans.

CONTEMPORARY ISSUES IN PLANNING

▶ **How Can Managers Plan Effectively in Dynamic Environments?**

- ▶ In an uncertain environment, managers should develop plans that are specific, but flexible.
- ▶ Managers need to recognize that planning is an ongoing process.

▶ **How Can Managers Use Environmental Scanning?**

- ▶ Environmental scanning – screening information to detect emerging trends.
- ▶ Competitor intelligence – gathering information about competitors that allows managers to anticipate competitors' actions rather than merely reacting to them.