



LECTURE 5

PLANNING

By

Dr. Nisha Palagolla
09th February 2024





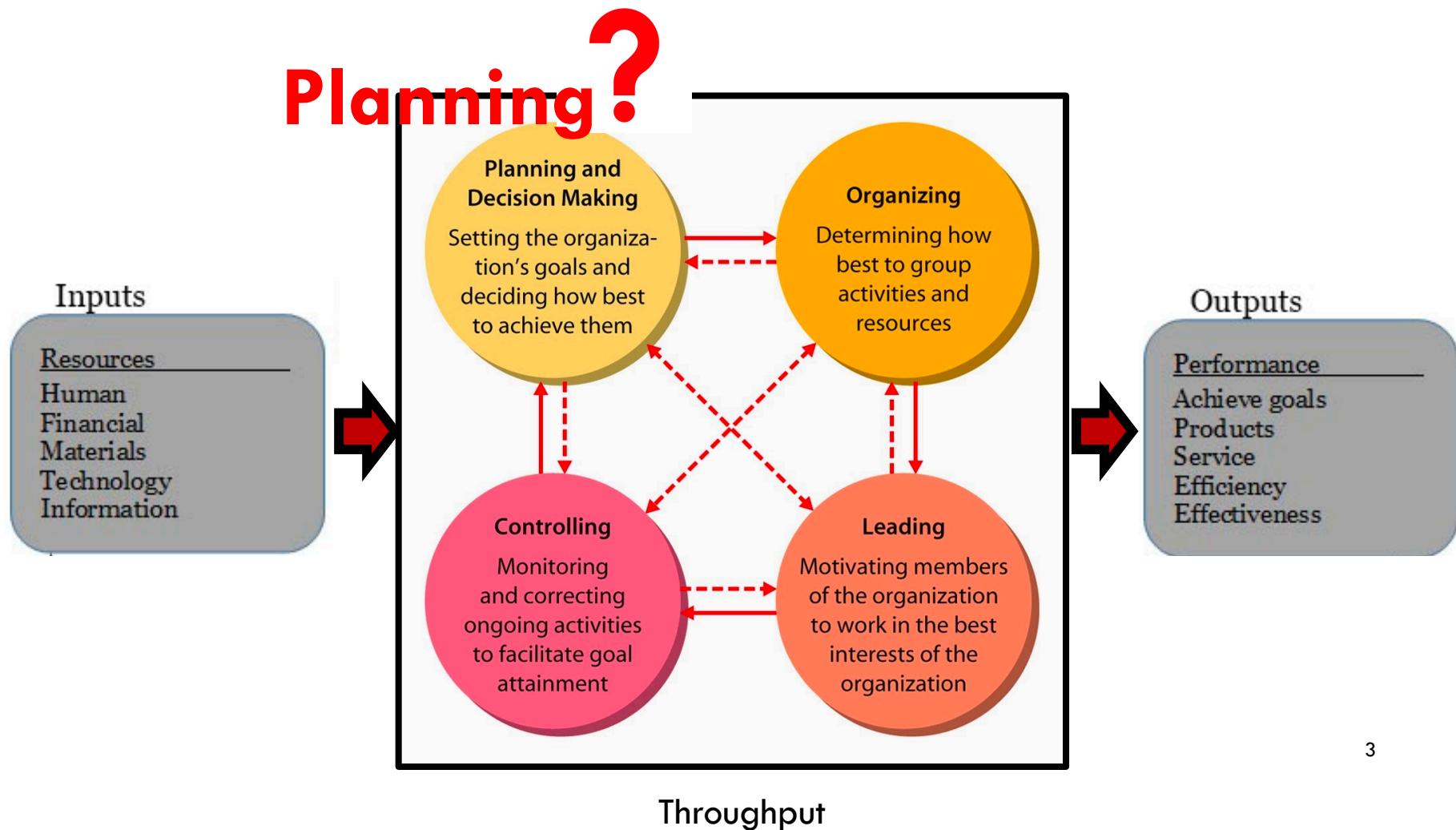
LEARNING OUTCOMES

On successful completion of this lesson, the learner will be able to:

- LO1:** Define the term “Planning” and explain why it is important for organizational success.
- LO2:** Differentiate between goals and plans.
- LO3:** Discuss organizational goal conflict and ways of resolving it.
- LO4:** Discuss the planning process and related techniques.
- LO5:** Discuss different types of planning for a turbulent environment.
- LO6:** Discuss managerial decision making process, personal decision styles, causes of bad decisions, and innovative decision making strategies.



RECAP: THE MANAGEMENT PROCESS





PLANNING?

- **Planning** is the process by which managers establish goals and specify how these goals are to be attained.

- Plans have two basic components:
 - ✓ **Outcome or goal statements** represent the end state/the targets and outcomes managers hope to attain.
 - ✓ **Action statements** reflect the *means* by which organizations move forward to attain their goals.

Planning is an intellectual activity



WHY PLANNING?

- To face uncertainty and change.
- To focus on organizational activity on a set of objectives.
- To provide a coordinated, systematic road map for future activities.
- To increase economic efficiency.
- To facilitate control by establishing standards.



WHAT'S IN A PLAN?

- What has to be done
- Who is going to do it
- How they will do it
- When they will do it

PAST

Planners think retrospectively (about past events).

PRESENT

Planners think about current organizational strengths and weaknesses

FUTURE

Planners think prospectively (about future opportunities and impending threats).



KNOW YOURSELF

➤ Are you a good planner?

	Mostly True	Mostly False
1. I have clear, specific goals in several areas of my life.	_____	_____
2. I have a definite outcome in life that I want to achieve.	_____	_____
3. I prefer general to specific goals.	_____	_____
4. I work better without specific deadlines.	_____	_____
5. I set aside time each day or week to plan my work.	_____	_____
6. I am clear about the measures that indicate when I have achieved a goal.	_____	_____
7. I work better when I set more challenging goals for myself.	_____	_____
8. I help other people clarify and define their goals.	_____	_____





GOALS AND PLANS?

➤ A GOAL:

- ✓ A desired future circumstance or condition.
- ✓ Goals define an organizational purpose to exist.
- ✓ Goals specify future ends.

➤ A PLAN:

- ✓ A **plan** is a blueprint for goal achievement.
- ✓ Plans specify the necessary resource allocations, schedules, tasks, and other actions.
- ✓ Plans specify today's means.



LEVELS OF GOALS AND PLANS

- Strategic goals/plans
- Tactical goals/plans
- Operational goals/plans



The **Mission** is the basis for the strategic (company) level of goals and plans, which in turn shapes the tactical (divisional) level and the operational (departmental) level.



STRATEGIC GOALS AND PLANS

- **Strategic Goals (Official Goals):** Broad statements describing where the organization wants to be in the future. These goals pertain to the organization as a whole rather than to specific divisions or departments.

- **Strategic Plans:** The action steps by which the company intends to attain the strategic goals. The strategic plan is the blueprint that defines the organizational activities and resource allocations required for meeting these targets.

Strategic plans are long term and that turn strategic goals into realities within that time period.



TACTICAL GOALS AND PLANS

- **Tactical Goals:** The results that major divisions and departments within the organization intend to achieve. These describe what major subunits must do for the organization to achieve its overall goals.

- **Tactical Plans:** These are designed to help execute the major strategic plans and to accomplish a specific part of the company's strategy. These have a shorter time horizon than strategic plans.

Developing tactical goals and plans is the responsibility of middle managers, such as the heads of major divisions or¹¹ functional units.



OPERATIONAL GOALS AND PLANS

- **Operational Goals:** The precise and measurable results expected from departments, work groups, and individuals.

- **Operational Plans:** The action steps toward achieving operational goals and that help meet tactical and strategic goals. The operational plan is the department manager's tool for daily and weekly operations.

Schedules are the precise time frames for the completion of each operational goal, which is an important component of operational planning.



ORGANIZATIONAL GOAL CONFLICT

- Goals are *socially constructed*, meaning they are defined by an individual or group.
- Organizations perform many activities and pursue many goals simultaneously to accomplish an overall mission, goal conflict is a common problem for many companies.

Managers can apply several approaches when goals are in conflict or when managers disagree over which goals to pursue.



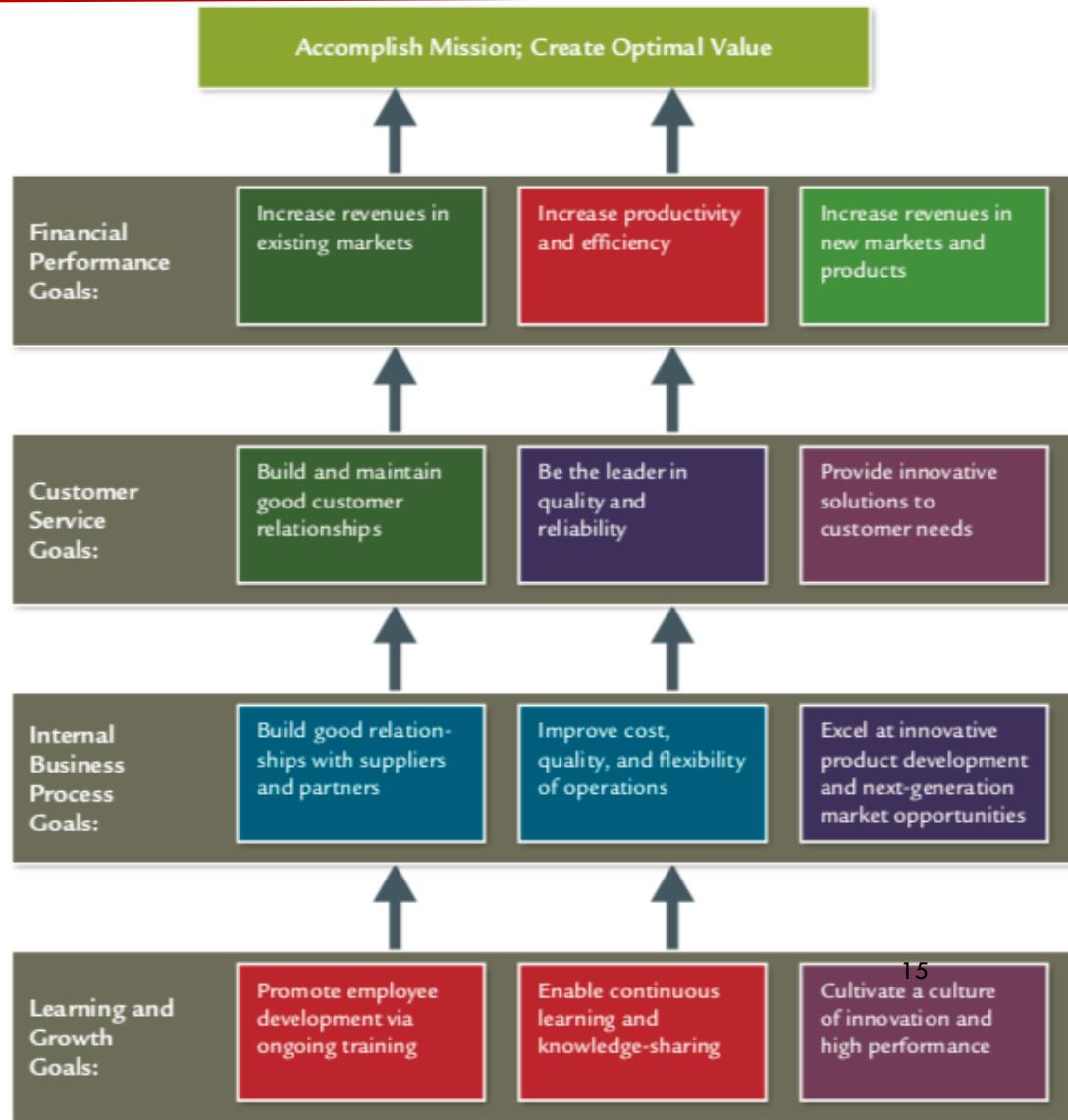
RESOLVING GOAL CONFLICT

- Goal alignment
- Build a Coalition
- Modify Goals by Time or Location
- Using Debate and Dialogue
- Break Down Barriers and Promote Cross-Silo Cooperation
- Manager Departures



A STRATEGY MAP

- A visual representation of the key drivers of an organization's success.
- An increasingly popular technique for aligning goals into a hierarchy.
- Effectively aligned goals are consistent and mutually supportive.
- The accomplishment of lower-level goals helps the organization to achieve higher-level goals.





CRITERIA FOR EFFECTIVE GOALS



Effective goal-setting facilitates effective planning

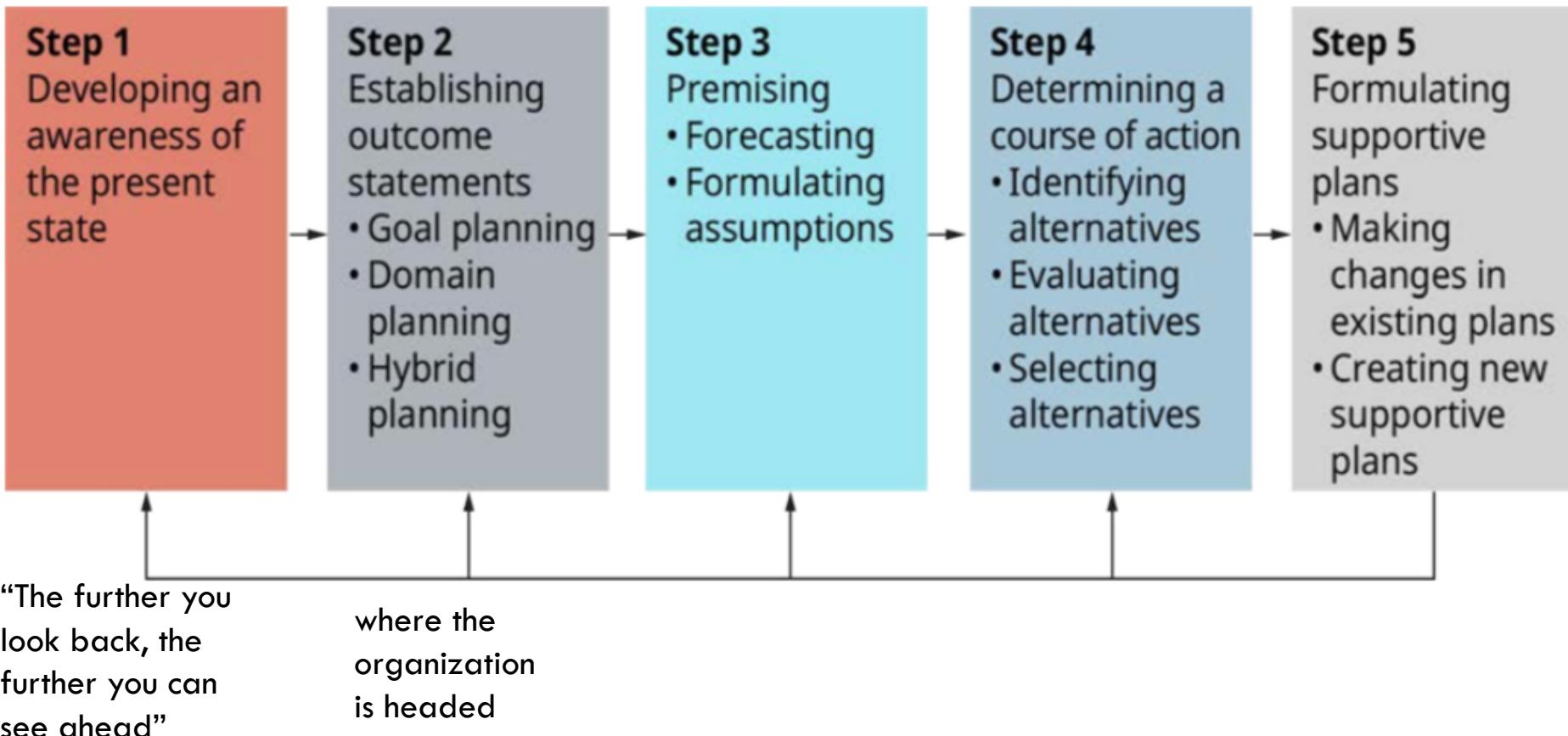


THE PLANNING PROCESS (1)



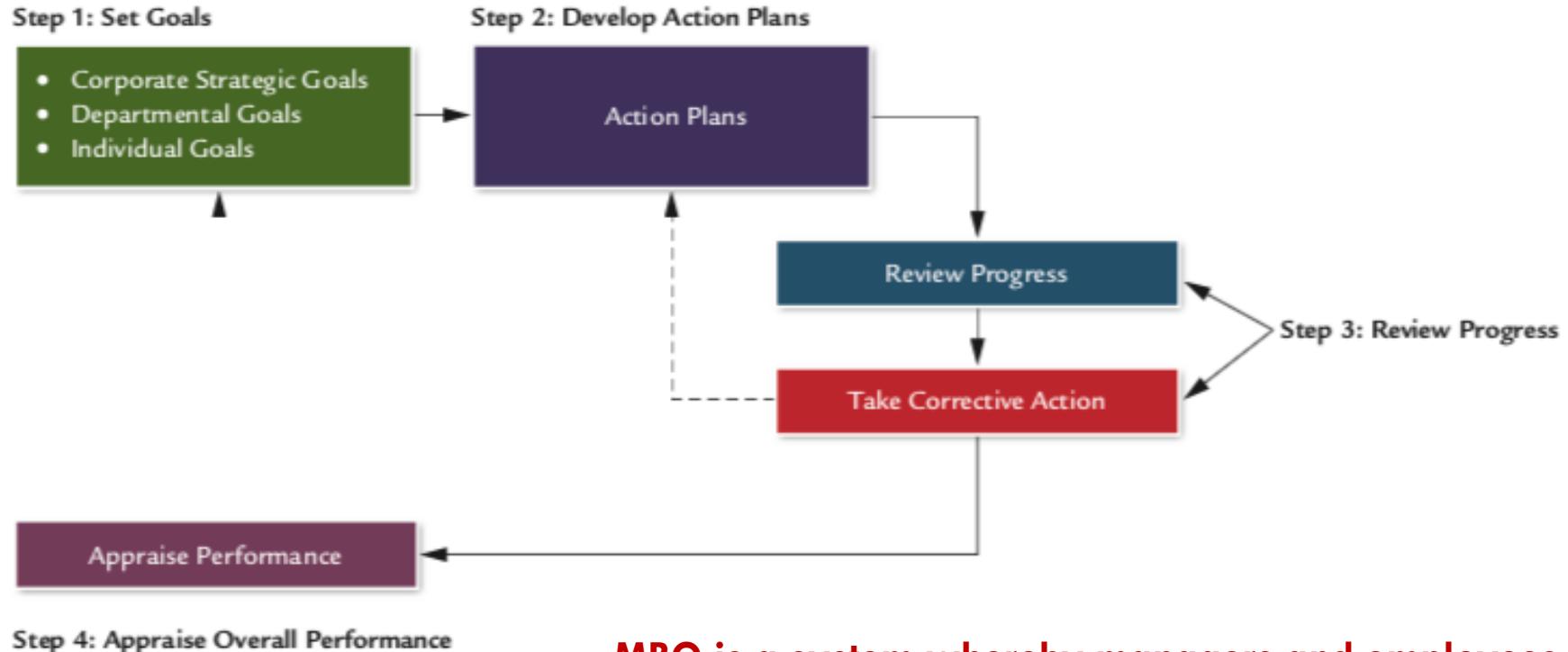


THE PLANNING PROCESS (2)





MANAGEMENT BY OBJECTIVES (MBO)

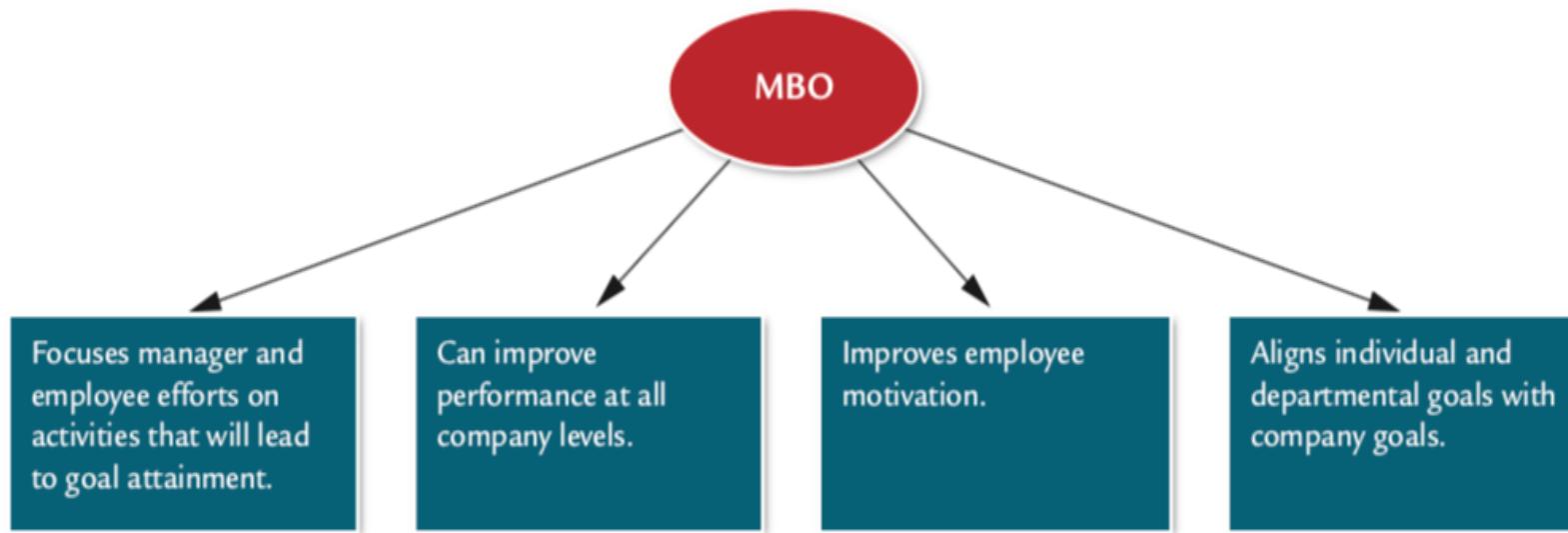


MBO is a system whereby managers and employees define goals for every department, project, and person and use them to monitor subsequent performance.

Peter Drucker in his 1954 book *The Practice of Management*



BENEFITS OF MBO



Are there any limitations of MBO?



MANAGEMENT BY MEANS (MBM)

- A recently emerged systematic approach to goal achievement.
- MBM focuses attention on the methods and processes used to achieve goals.
- MBM is based on the idea that when managers pursue their activities in the right way, positive outcomes will result.
- MBM focuses people on considering the means rather than just on reaching the goals.

Is MBM better than MBO?



PLANNING FOR A TURBULENT ENVIRONMENT – CONTINGENCY PLANNING

- A plan that identifies important factors in the environment and defines a range of alternative responses to be taken in the case of emergencies, setbacks, or unexpected conditions.

- Useful when organizations are operating in a highly uncertain environment or dealing with long time horizons.

- In these cases, managers can develop multiple future alternatives to help them form more adaptive plans.



PLANNING FOR A TURBULENT ENVIRONMENT – SCENARIO BUILDING

- An extension of contingency planning is a forecasting technique known as *scenario building*.
- It involves looking at current trends and discontinuities and visualizing future possibilities.
- Some of the top events for which managers might need scenario plans include:
 - ✓ Extreme weather
 - ✓ Loss of IT systems
 - ✓ Loss of key employees
 - ✓ Loss of offices or plants
 - ✓ Failure of communications systems
 - ✓ Supply chain disruptions

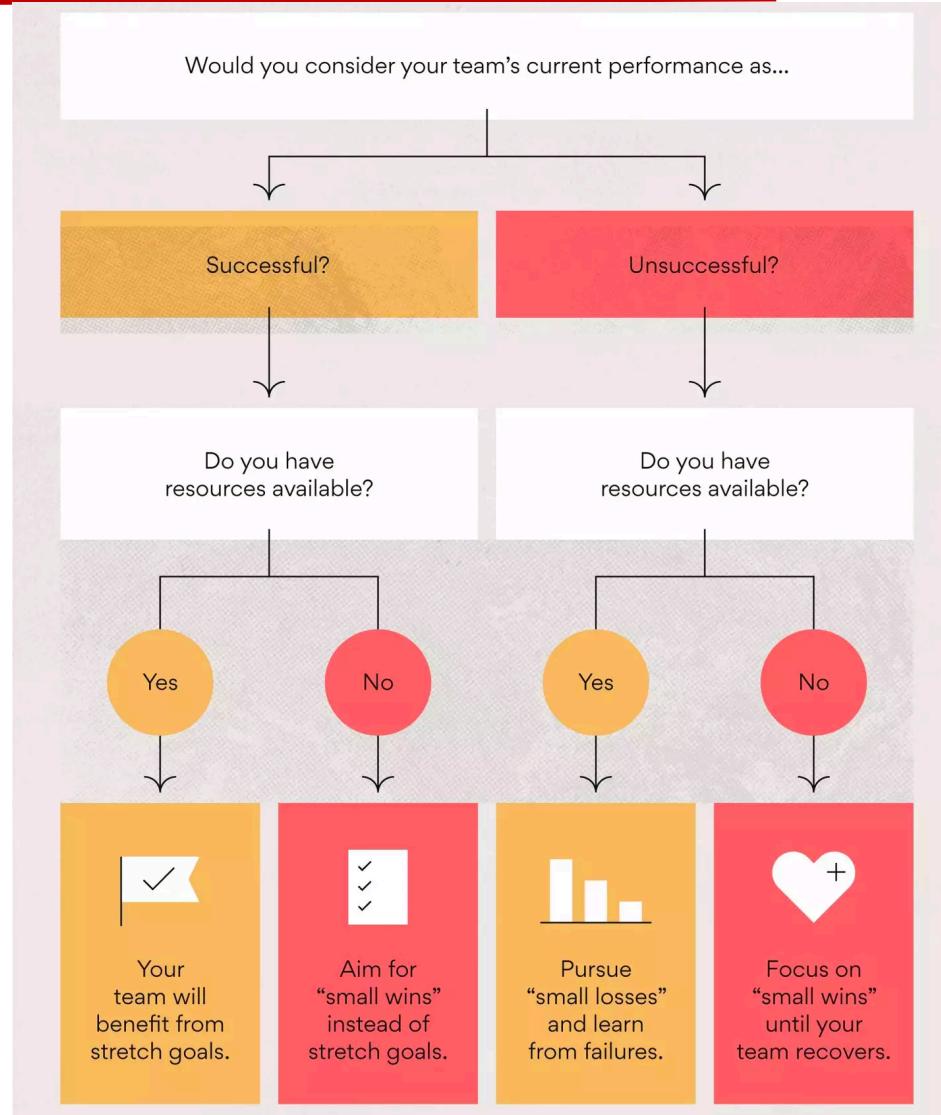


PLANNING FOR A TURBULENT ENVIRONMENT – SETTING STRETCH GOALS

- Stretch goals are reasonable yet highly ambitious and compelling goals, characterized by both extreme difficulty and extreme novelty, that energize people and inspire excellence.

EXAMPLES

?

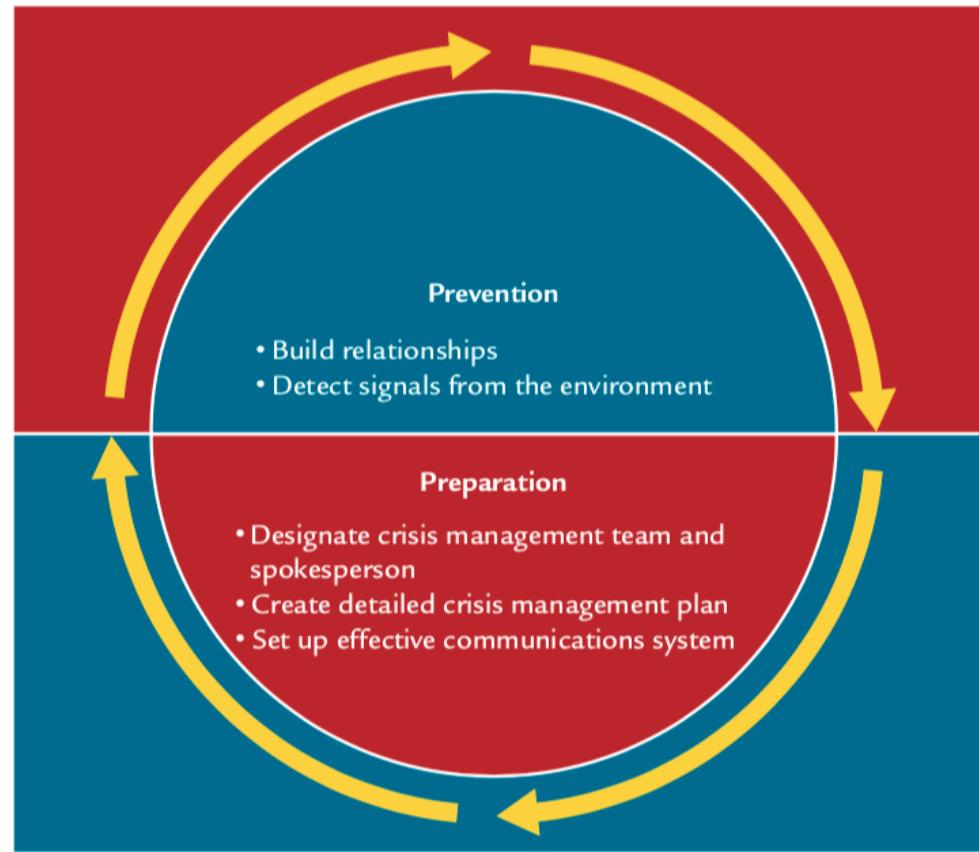




PLANNING FOR A TURBULENT ENVIRONMENT – CRISIS PLANNING

- **Crisis prevention:** This stage involves activities that managers undertake to prevent crises and to detect warning signs of potential crises.

- **Crisis preparation:** This stage includes all the detailed planning to handle a crisis when it occurs.





MANAGERIAL DECISION MAKING

- Managers need to make a decision when they either confront a problem or see an opportunity.
- **A problem** is a situation in which organizational accomplishments have failed to meet established goals.
- **An opportunity** is a situation in which managers see the potential for organizational accomplishments to exceed current goals.





PERSONAL DECISION STYLES

Personal decision styles refer to distinctions among people with respect to how they evaluate problems, generate alternatives, and make choices.

- **Directive style:** used by people who prefer simple, clear-cut solutions to problems.
- **Analytical style:** used by people who like to consider complex solutions based on as much data as they can gather.
- **Conceptual style:** used by people who like to consider a broad amount of information. However, they are more socially oriented.
- **Behavioral style:** adopted by managers having a deep concern for others as individuals.



CAUSES OF BAD DECISIONS

- Being influenced by initial impressions
- Fearing failure or loss.
- Seeing what you want to see.
- Perpetuating the status quo.
- Being influenced by emotions.
- Being overconfident.

Including but not limited to



INNOVATIVE DECISION MAKING

- Start with brainstorming
- Use hard evidence
- Engage in rigorous debate
- Avoid group think
- Know when to bail
- Do a premortem and postmortem



SUMMARY

- What is planning & why
- Goal Vs plans
- Goal conflict and ways to resolve it
- A strategy map
- The planning process
- MBO & MBM
- Contingency planning, scenario planning, setting stretch goals, crisis planning
- The decision making process and decision styles
- Causes of bad decisions
- Innovative decision making tactics



REFERENCES

- Richard L. Daft, *Management* (USA: Cengage, Boston, 2021), pp.3-29.
- Openstax. *Principles of Management* (Texas: Rice University, Houston), pp. 16-28. <http://cnx.org/content/col28330/1.8>
- <https://asana.com/resources/stretch-goals>

Q & A