

# Lesson 2 – Planning

EN 5106 – Fundamentals of Management & Entrepreneurship

**Level III - Semester 5**

# Intended Learning Outcomes

At the end of this lesson, you will be able to:

- Have an overview of planning
- Identify levels of plans
- Describe the organizational planning process
- Identify benefits and limitations of planning

# An Overview of Planning

Planning involves *determining the organization's goals and defining the means for achieving them*

A goal is *a desired future state* that the organization attempts to realize

A plan is *a blueprint* for goal achievement and specifies the necessary resource allocations, schedules, tasks, and other actions

# Levels of Plans



# The Organizational Planning Process



# Develop the Plan

## Define Mission

Mission – *the organization's reason for existence*

It describes the organization's values, aspirations, and reason for being

A well-defined mission is the basis for development of all subsequent goals and plans

*Our mission is to add Vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people look good, feel good and get more out of life (Unilever)*

# Develop the Plan.....

## Set Goals

**Strategic Goals/Official Goals** – are broad statements describing where the organization wants to be in the future. They pertain to the organization as a whole rather than to specific divisions or departments

**Tactical Goals** – are the results that major divisions and departments within the organization intend to achieve. They apply to middle management and describe what major subunits must do for the organization to achieve its overall goals

**Operational Goals** – the results expected from departments, work groups, and individuals are the operational goals. They are precise and measurable

# Translate the Plan

## Define Tactical Plans

**Tactical Plans** – are designed to help execute the major strategic plans and to accomplish a specific part of the company's strategy

## Develop Strategy Map

**Strategy Map** – is a visual representation of the key drivers of an organization's success. Learning and growth, internal processes, customer service, and financial performance are four key areas that contribute to a firm's long-term success



# Translate the Plan.....

## Define Contingency Plans

**Contingency Plans** – define company responses to be taken in the case of emergencies, setbacks, or unexpected conditions. Managers identify important factors in the environment, such as possible economic downturns, declining markets, increase in cost of supplies, new technological developments, or safety accidents

# Plan Operations

## Define Operational Plans

**Operational Plans** – are developed at the lower levels of the organization to specify action steps toward achieving operational goals and to support tactical plans. Schedules are an important component of operational planning

## Select Measures and Targets

**Measures and Targets** – first and foremost, goals need to be specific and measurable. Not all goals can be expressed in numerical terms, but vague goals have little motivating power for employees

# Execute the Plan

## 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

- **Set Goals** – setting goals involving employees at all levels and looks beyond day-to-day activities to answer the questions (SMART Goals)
- **Develop Action Plans**- defines the course of action needed to achieve the stated goals
- **Review progress** – a periodic progress review is important to ensure that action plans are working
- **Appraise Overall Performance** – to carefully evaluate whether annual goals have been achieved for both individuals and Depts.

# Execute the Plan.....

## Model of the MBO Process

### Step 1: Set Goals

- Corporate Strategic Goals
- Departmental Goals
- Individual Goals

### Step 2: Develop Action Plans

Action Plans

### Step 4: Appraise Overall Performance

Appraise Performance

Review Progress

Take Corrective Actions

Step 3: Review Progress

# Execute the Plan.....

## Single-Use Plans and Standing Plans

**Single-Use Plans** – are developed to achieve a set of goals that are not likely to be repeated in the future (e.g., programs and projects)

**Standing Plans** – are ongoing plans that provide guidance for tasks or situations that occur repeatedly within the organization (e.g., policies, rules, and procedures)

# Benefits and Limitations of Planning

## Some Benefits

- Goals and plans provide a source of motivation and commitment
- Goals and plans guide resource allocation
- Goals and plans are a guide to action
- Goals and plans set a standard of performance

# Benefits and Limitations of Planning .....

## Some Limitations

- Goals and plans can create a false sense of certainty
- Goals and plans may cause rigidity in a turbulent environment
- Goals and plans can get in the way of intuition and creativity

# **Questions and Answers ??//**

**Thank you very much!**