

CHP 2 PLANNING

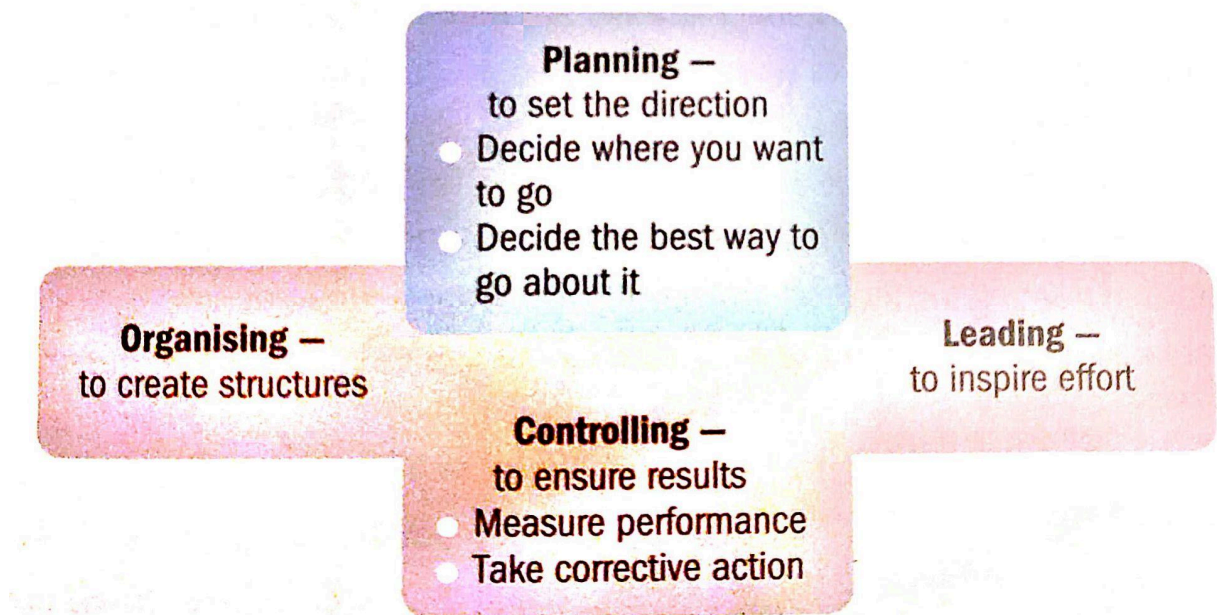
Lecture: Planning in Management: Strategies, Tools, and Techniques

Introduction:

Planning is a critical function that lays the foundation for organizational success. In this session, we'll explore how managers plan, the types of plans they use, and the useful tools, techniques, and processes involved in the planning process.

1. Understanding Planning:

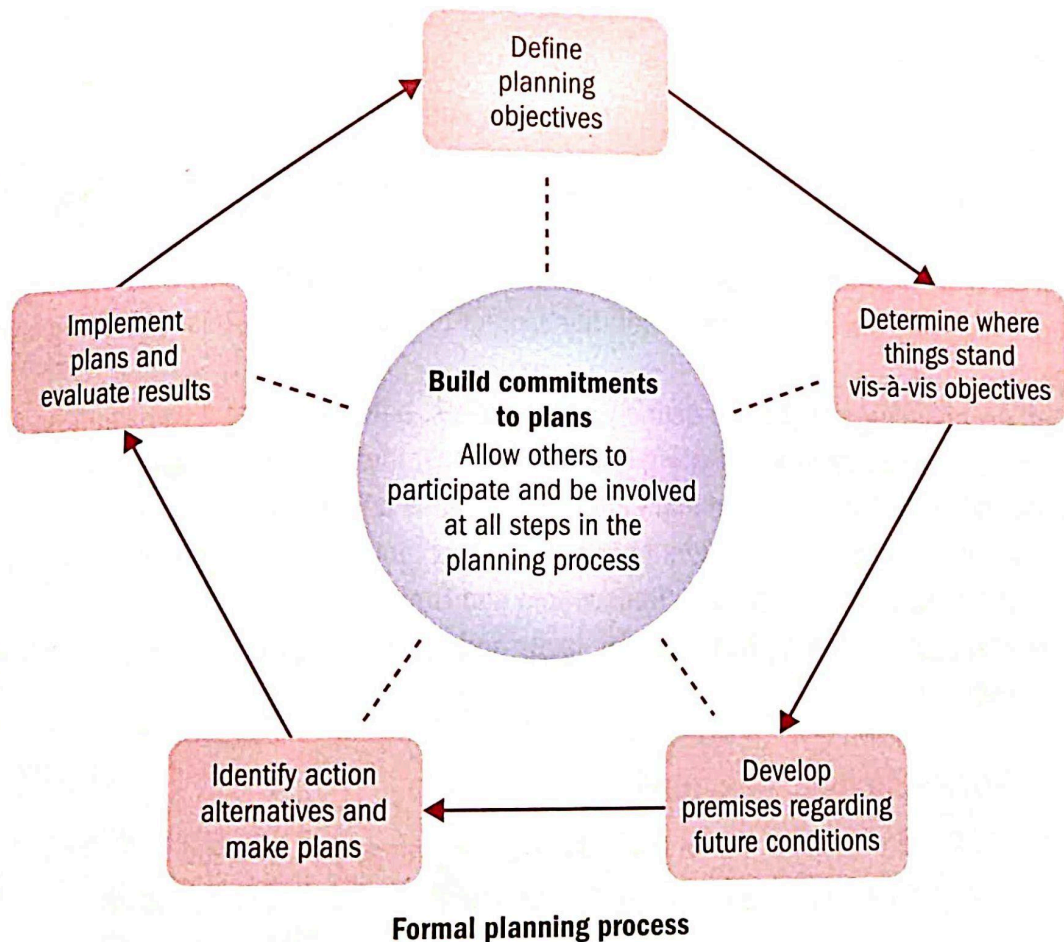
- Planning involves setting objectives, identifying actions to achieve those objectives, and allocating resources effectively.
- It provides direction, reduces uncertainty, and aligns efforts towards common goals.



2. How Do Managers Plan?

- **Setting Objectives:** Managers establish clear, specific, and measurable goals that guide organizational activities.
- **Identifying Alternatives:** They explore various courses of action to achieve objectives and evaluate their feasibility and potential outcomes.
- **Selecting Courses of Action:** Managers choose the most suitable strategies and tactics to accomplish goals based on available resources and constraints.

- **Implementing Plans:** Plans are put into action through delegation, coordination, and monitoring of activities.
- **Reviewing and Adjusting:** Managers regularly review progress, assess performance, and make necessary adjustments to plans to stay on track.



3. Types of Plans Used by Managers:

- **Strategic Plans:** Long-term plans that define the organization's overall objectives and strategies for achieving them.

Example: Imagine a multinational retail corporation aiming to expand its market share globally over the next five years. In this case, the strategic plan would outline the company's overarching objectives, such as increasing revenue by 20%, entering new markets in Asia and South America, and launching an e-commerce platform. It would also detail the strategies for achieving these objectives, such

as aggressive marketing campaigns, partnerships with local distributors, and investment in technology infrastructure.

- **Tactical Plans:** Tactical planning is the step taken after a business or team creates a strategic plan to break that plan into smaller objectives and goals. A tactical plan is used to define goals and determine how they will be achieved through actions and steps. Most tactical plans outline specific steps or actions that will be taken to meet the goals of the larger strategic plan.

Example: Continuing with the multinational retail corporation example, suppose one of the strategic objectives is to increase market share in Asia. A tactical plan would specify the actions needed to implement this strategy within a shorter timeframe, typically spanning one to three years. This could include opening new stores in key cities, establishing distribution centers, launching localized marketing campaigns, and hiring bilingual staff to cater to diverse customer needs.

- **Operational Plans:** Short-term plans that focus on day-to-day tasks and activities required to support tactical plans and achieve operational goals.

Example: Within the tactical plan for expanding market share in Asia, operational plans would focus on the day-to-day activities required to support the tactical initiatives. For instance, operational plans might include hiring and training store managers and staff, setting inventory levels for each store, coordinating shipments from distribution centers, implementing customer service protocols, and managing promotional events.

- **Contingency Plans:** Plans designed to address unforeseen events or emergencies and minimize disruptions to operations.

Example: Despite careful planning, unforeseen events such as natural disasters, economic downturns, or supply chain disruptions can occur. A contingency plan for our multinational retail corporation would outline specific measures to be taken in response to such emergencies to minimize disruptions to operations and mitigate potential losses. This could involve establishing alternative supply sources, creating emergency response teams, developing communication protocols, and securing insurance coverage for business interruption.

appropriate training'. Good planning helps ensure that the team leader's hard work in this example will make a positive contribution to the corporate-level quality objective.

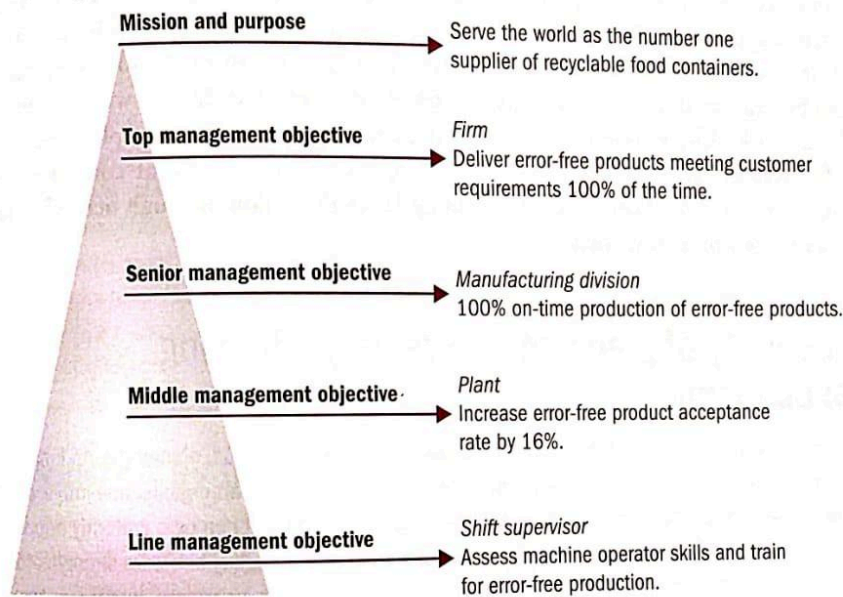


FIGURE 8.2 A sample hierarchy of objectives for total quality management

4. Useful Planning Tools, Techniques, and Processes:

- **SWOT Analysis:** A tool for assessing the organization's Strengths, Weaknesses, Opportunities, and Threats to inform strategic planning.
- **PESTLE Analysis:** Evaluates external factors such as Political, Economic, Social, Technological, Legal, and Environmental influences on business operations.
- **SMART Goals:** A technique for setting goals that are Specific, Measurable, Achievable, Relevant, and Time-bound to enhance clarity and accountability.

TABLE 8.1 The SMART model of establishing effective organisational objectives

CHARACTERISTIC	EXPLANATION
S Specific	Objectives need to be clearly defined so that it easy to understand what is to be achieved and what will be considered successful.
M Measurable	The exact measure must be stated and the objective must be able to be measured through some means.
A Actionable	An organisation needs to ensure that its business-unit managers have the authority and resources to take the actions necessary to attempt to achieve the objectives that are set.
R Reasonable	There is no point setting unrealistic objectives. Unrealistic objectives are a disincentive for both managers and their employees.
T Timetabled	Objectives should have milestone dates or deadlines at which progress towards achieving them will be measured.

- **Gantt Charts:** Visual representations of project schedules that help managers plan, coordinate, and track progress over time.
- **Budgeting:** The process of allocating financial resources to various activities and initiatives based on priorities and expected outcomes.
- **Scenario Planning:** Technique for exploring multiple future scenarios and developing strategies to respond effectively to each possibility.
- **Benchmarking:** Comparing organizational performance with industry standards or best practices to identify areas for improvement and set targets.

SUMMARY

How do managers plan?

- Planning is the process of setting performance objectives and determining what should be done to accomplish them.
- A plan is a set of intended actions for accomplishing important objectives.
- Scenario planning sets the stage for the other management functions — organising, leading and controlling.
- The steps in the planning process are: define your objectives; determine where you stand vis-à-vis objectives; develop your premises regarding future conditions; identify and choose among alternative ways of accomplishing objectives; and implement action plans and evaluate results.
- The SMART Model is an approach to determining effective organisational objectives that requires that they be Specific, Measurable, Actionable, Reasonable and Timetabled
- The benefits of scenario planning include better focus and flexibility, action orientation, coordination, control and time management.

What types of plans do managers use?

- Short-range plans tend to cover a year or less, whereas long-range plans extend up to five years or more.
- Strategic plans set critical long-range directions; operational plans are designed to implement strategic plans.
- Organisational policies, such as a sexual harassment policy, are plans that set guidelines for the behaviour of an organisation's members.
- Organisational procedures and rules are plans that describe actions to be taken in specific situations, such as the steps to be taken when people believe they have been sexually harassed or victimised, or have witnessed unethical or corrupt practices.
- Organisational budgets are plans that allocate resources to activities, projects or programs.

What are the useful planning tools, techniques and processes?

- Forecasting, which attempts to predict what might happen in the future, is a planning aid but not a planning substitute.
- Contingency planning identifies alternative courses of action that can be implemented if and when circumstances change in certain ways over time.
- Scenario planning, through the use of alternative versions of the future, is a useful form of contingency planning.
- Planning through benchmarking uses external comparisons to identify desirable action directions.
- Management by objectives is a process of joint objective-setting between a manager and a staff member.
- Participation and involvement open the planning process to valuable inputs from people whose efforts are essential to the effective implementation of plans.

Conclusion:

In conclusion, planning is a fundamental aspect of effective management. By understanding how managers plan, the types of plans they use, and the tools and techniques available, organizations can enhance their ability to achieve their goals and adapt to changing circumstances.