



Part 1: Management

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Planning

Part I: Management

Course 2

- Planning functions
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Planning functions

- Planning - *represents the process of establishing, arranging, combining and logically ordering the objectives, the necessary activities, as well as the available means for reaching the proposed aim.*
- Normally, proper planning will help reaching company's objectives, like increasing an organization profit, reducing the costs, etc.
- Proper planning - advantages:
 - ✓ Assure time availability to do all activities needed to reach the objectives
 - ✓ Optimize the use of the resources to maximum capacity
 - ✓ Avoiding waste (material or nonmaterial)
 - ✓ Overcoming future possible obstacles in activity

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Goals first. Then strategy. Then tactics.

Goal: Win the war.

Strategy: "Divide and conquer."

Tactics:

- CIA spies gather intelligence.
- Navy Seals knock out enemy communications.
- Paratroopers secure the airports.
- Armored Divisions race in and divide the opposing army's forces.
- Drone attacks take out the enemy leadership.
- An overwhelming force of infantry invade.
- Hand-to-hand combat.

A strategy is an idea... A conceptualization of how the goal could be achieved. Like "Divide and Conquer." Another possible war strategy would be "Nuke 'Em." (They call them Strategic Nuclear Weapons because they pretty much eliminate the need for any further tactics.)

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Strategic planning:

The strategic planning

A strategy takes into account the prediction of a competitive behaviour for the organization for a long term by taking notice both of the firm culture and of the contextual evolutions, it mirrors the culture of the organization.

A strategic plan establishes the type of the business at present and in the future, it helps the owner of the firm to better understand the business preparing him for the competitive challenges which he will have the moment he launches himself on the market. To anticipate the future of the business as well as possible, a strategic plan shall contain the following chapters:

- 1) The establishing of the script for the "firm mission"
- 2) The identification of the market sector where the firm is situated
- 3) The identification of the "strong" points and "weak" points of the firm
- 4) The assessment of the influence of the environment and the identification of the opportunities and/or barriers in the firm development
- 5) The establishing of the key factors for the firm success
- 6) The study of the competition
- 7) The identification of the suitable strategies
- 8) The identification of the operational plans
- 9) The identification of the suitable control methods and techniques

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Chapter 1

1) The establishing of the script for the "firm mission"

The starting point in the elaboration of the firm strategy shall be as clear as possible by defining its mission based on the detailed explaining of the relations between the management, the employees and the context.

The mission of a firm takes into account the assurance of the consensus, as far as the provided objectives are concerned, within the context of outlining and promoting some adequate policies for using the resources.

By writing a script for "firm mission" as early as its setting up, there can be obtained a greater clearness, equilibrium and harmony along the development of the activities. The script for the "firm mission" can be considered the fulcrum of the firm evolution. Starting from this script, there can be appointed the jobs, there can be established the structure of the firm, and there can already be identified a strategic plan to overcome the competition.

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Chapter 1

The drawing up of a script for the “firm mission” can be outlined by answering the following questions:

- What are the creeds, fundamental values and priority roles of the firm?
- What are the products/services of the firm ?
- Who are the customers to whom the firm addresses itself and what are their needs?
- To what extent will the firm satisfy the needs of the customers ?
- What does “value” mean for the customers of the firm ?
- To what extent will the firm satisfy value at the customer ?
- On what market will the firm enter into competition ?
- What are the strong points of the firm ?
- What are the weak points of the firm ?
- What are the constraints identified for the firm at present ?
- What is the target image of the firm ?

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Chapter 2

2) The identification of the market sector where the firm is situated

To identify the market sector where the firm is situated, the following shall be established in the strategic plan:

- The type of the offered product/service (whether it is unique or not)
- The number of the firm competitors
- The dimension of the possible custom

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Chapter 3

3) The identification of the “strong” points and “weak” points of the firm

The information for the drawing up of the strategic plan will be collected first of all from within the firm. When the entrepreneur is aware of the weak and strong points of the business, it means that he knows his business.

The most often used method for the highlighting of the “strong” points and the “weak” points for the firm is to balance them.

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Chapter 4

4) The assessment of the influence of the environment and the identification of the opportunities and/or barriers in the firm development

The external environment has a major influence upon the firm or at least upon some of its components. The most important influencing factors of the external environment are those determined by:

- **The macroenvironment:** - the important modifications of the economy, technology, the evolution and policy of the society
- **The industry environment:** - those branches that offer substitute products/services
- **The competition environment:** - the firms that offer similar products/services
- **The customer environment:** - the behaviour and the needs of the customers to whom the firm addresses itself.

To the four influencing factors from the part of the external environment there are also added the “strong” and “weak” points of the firm in order to have a general view of the influence of the external environment plus the internal environment of the firm.

The same as with the balance of the “strong” points and “weak” points, there shall be made a balance of the opportunities and restrictions of the firm that result from the analysis of the influence of the environment upon the firm.

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Chapter 5

5) The establishing of the key factors for the firm success

In order to ensure the success on the market segment that the firm aims at, in the strategic plan there shall be identified some of the variables of the business that can be adjusted. These variables are called key factors.

The following list is an example of a list with key factors:

- The unitary cost of the production
- The production capacity
- The potential of the sales
- Promotional expenses
- The quality of the production
- The customer's confidence

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Chapter 6

6) The study of the competition

To have a realistic image over the market segment that the firm aims at, the strategic plan shall contain the following information with reference to the competition:

- What are the competitive firms ?
- What is their image on the market, by what does each of them distinguish itself ?
- What are the costs practiced by the competitive firms ?
- What are the policies and the strategies of the competitive firms ?
- What are the "strong" points and the "weak" points of the competitive firms, what are the possibilities to exploit the weak points of the competition ?
- What are the chances of the firm in question to penetrate on the market as compared to the competitive firms ?

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Chapter 7

) The identification of the suitable strategies (management +marketing)

The firm strategy can be defined as an assembly of decisions taken by the manager to reach the mission of the firm, there being highlighted the followed up objectives and the means employed.

The strategies most often used by the small and medium size firms are as follows:

- The strategy of dominating the costs
- The strategy of differentiation
- The strategy of focusing

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Strategic advantage

STRATEGIC ADVANTAGE

	Uniqueness Perceived by the Customer	Low Cost Position
Industrywide	DIFFERENTIATION	OVERALL COST LEADERSHIP
Particular Segment Only	FOCUS	

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Strategic advantage

- **The strategy of dominating the costs**

The strategy by means of which the given firm succeeds to maintain the lowest level of the production costs.

Advantages.

- profitability greater than that of the competition
- the attraction of the customers whose buying criterion is represented by the price

Disadvantages:

- most often, the exclusive concentration over the production prices loses sight of the costs of purchasing, sale, and the indirect costs concerning profitability.

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Strategic advantage

- **The strategy of differentiation**

The firm succeeds to differentiate itself through certain things from the competition:

- “a special product with distinct features”
- “a high quality product”
- “a superior service”.

Advantages

The business gains a special competence.

Disadvantage

Generally, the price of the product is higher than that of the market.

- **The focusing strategy**

On account of the fact that the market is rather heterogeneous, in certain market sectors the customers' requirements, needs, and expectations differ from those in other sectors.

Through the focusing strategy, certain firms address themselves only to a certain market sector of own characteristics. The product/service of that firm will satisfy precisely the requirements, needs, and expectations of the customers of that segment.

Advantages

This is the ideal strategy for small and medium size firms with small capital, which want to penetrate the national market.

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Chapter 8

8) The identification of the operational plans

The strategic plan shall be further on divided into projects that will define and follow up their own aim. These projects shall identify themselves with the following:

- time
- budget

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Chapter 9

9) The identification of the suitable control methods and techniques

Generally, along the business development there permanently occur deviations from the objectives that have been elaborated. Thus, there is required a business control and assessment system in comparison with the established programs to subsequently enable the use of suitable improvement strategies.

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Tools in aid for planning (1/3):

MOST Analysis

- One of the key tools used in exploring Strategy and Strategic Planning is the MOST Analysis.
- This superior strategic planning tool helps:
 - ✓ to clarify where the business intends to go (**Mission**),
 - ✓ the key goals which will help to achieve this (**Objectives**),
 - ✓ analyses what options there are for proceeding forward (**Strategies**),
 - ✓ and how these strategies are going to be put into action (**Tactics**).
- The key is for this whole process to hang together from top to bottom and also in reverse.
- From the **top**, clarifying the mission drives the objectives which creates strategic options which forces tactical actions to be taken.
- From the **bottom**, every action at tactical level should help to make the strategies work, all strategies should help to achieve the objectives, and all the objectives should take the business towards the mission.

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Tools in aid for planning (1/3):

SWOT Analysis

"Strong" points (+)	"Weak" points (-)
<ul style="list-style-type: none"> • The specific resources of the firm • Unique knowledge • Unique skills • Unique experience • Unique qualification • Unique abilities 	<ul style="list-style-type: none"> • The lack of information about the business and customers • Gaps in qualification, skills and abilities • The lack of money resources or of other

The identification of the strong points:

- The strong points describe the positive, tangible and intangible, internal attributes of your organization. These are under the control of those from the firm. What do you do well ? What resources do you have ? What advantages do you have as compared to the competition ?

The identification of the weak points:

- The weak points are factors that are under your control and that prevent you to obtain or to maintain a competitive quality. What zones have to be improved ?

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Tools in aid for planning (1/3):

SWOT Analysis

Opportunities (+)	Barriers (-)
<ul style="list-style-type: none"> There shall be taken into account 2-3 significant factors of the firm that have resulted as strong points of the firm following the study of the influence of the environment. There shall be highlighted the important trends of the firm and the potential market. 	<ul style="list-style-type: none"> There shall be precisely highlighted the influence of the competition, the barriers due to governmental regulations, bank interests, economic recession.

The identification of the opportunities

- Opportunities assess the attractive external factors which represent the reason of the existence and prosperity of your business. These are the external factors of your business. What opportunities are there in your market sector or around you out of which you may hope to benefit ?

The identification of the threats

- What factors represent potential threats for you ? The threats include factors out of your control which might put your market strategy and even your business in a risk position. These are external factors – you do not have any control over them, you can only anticipate them if you have an emergency plan that may prevent and solve these problems.

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Tools in aid for planning (3/3):



VRIO Model



Value: You must possess valuable resources and capabilities in order to execute your strategy successfully.



Rarity: Your resources and capabilities must be rare among your competitors.



Imitability: It must be harder for your competitors (and even you) to understand your advantage and must be hard to copy.



Organization: Your organization must be skilled at exploiting the all above advantages you have.

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SMART Objectives



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Time management

A categorization scheme for time management approaches :

- **First generation:** reminders based on clocks and watches, but with computer implementation possible; can be used to alert a person when a task is to be done.
- **Second generation:** planning and preparation based on calendar and appointment books; includes setting goals.
- **Third generation:** planning, prioritizing, controlling (using a personal organizer, other paper-based objects, or computer or PDA-based systems) activities on a daily basis. This approach implies spending some time in clarifying values and priorities.
- **Fourth generation:** being efficient and proactive using any of the above tools; places goals and roles as the controlling element of the system and favors importance over urgency.

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Time management

Time management literature can be paraphrased as follows:

- "Get Organized" - paperwork and task triage
- "Protect Your Time" - insulate, isolate, delegate
- "Set gravitational goals" - that attract actions automatically
- "Achieve through Goal management Goal Focus" - motivational emphasis
- "Work in Priority Order" - set goals and prioritize
- "Use Magical Tools to Get More Out of Your Time" - depends on when written
- "Master the Skills of Time Management" – get things done, easy – faster – better
- "Go with the Flow" - natural rhythms, Eastern philosophy
- "Recover from Bad Time Habits" – reorganize your life

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or...

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"I'd like to schedule a time-management seminar on my calendar...as soon as I can find time to buy a calendar!"

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Time management - Questionnaire

Score yourself on the following questions; 2 for "always", 1 for "sometimes", 0 for "never" and tally your score at the bottom of the column.

- 1) ____ I do things in order of priority.
- 2) ____ I accomplish what needs to be done during the day.
- 3) ____ I always get assignments done on time.
- 4) ____ I feel I use my time effectively.
- 5) ____ I tackle difficult or unpleasant tasks without procrastinating.
- 6) ____ I force myself to make time for planning.
- 7) ____ I am spending enough time planning.
- 8) ____ I prepare a daily or weekly "to do" list.
- 9) ____ I prioritize my list in order of importance, not urgency.
- 10) ____ I am able to meet deadlines without rushing at the last minute.
- 11) ____ I keep up-to-date on my reading and homework assignments.
- 12) ____ I prevent interruptions from distracting me from high priority tasks.
- 13) ____ I avoid spending too much time on trivial matters.
- 14) ____ I am spending enough time on academic matters.

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Time management - Questionnaire

Score yourself on the following questions; 2 for "always", 1 for "sometimes", 0 for "never" and tally your score at the bottom of the column.

- 15) ____ I plan time to relax and be with friends in my weekly schedule.
- 16) ____ I have a weekly schedule on which I record fixed commitments such as classes and work hours.
- 17) ____ I try to do the most important tasks during my most energetic periods of the day.
- 18) ____ I make constructive use of my commuting time.
- 19) ____ I periodically re-assess my activities in relation to my goals.
- 20) ____ I have discontinued any wasteful or unprofitable activities or routines.
- 21) ____ I screen and group my telephone calls to allow for control over telephone interruptions.
- 22) ____ I judge myself by task accomplishment rather than by amount of activity/"busy-ness".
- 23) ____ My actions are determined primarily by me, not by circumstances or by other peoples.
- 24) ____ I have a clear idea of what I want to accomplish during the coming semester.
- 25) ____ I am satisfied with the way I use my time.

____ Score

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Time management - Questionnaire

Results interpretation:

45 - 50 points: You're on your way to becoming manager of a major corporation!

38 - 44 points: You probably own an agenda and have organized your work.

31 - 37 points: You are managing your time fairly well, but sometimes feel overwhelmed.

25 - 30 points: Your college career is likely to be stressful and less than satisfying unless you take steps to begin to manage your time more effectively.

less than 25 points: Your life is one long roller coaster ride, out of control.