Planning and Organizing

Objective: To familiarize students with the planning and organizing and identify their emerging issues in ICT enterprises

6 hrs

2.1 Planning

A plan is defined as " a document stating the goals, outlining the action oriented strategies to attain these goals, and assigning organizational resources to attain them."

Characteristics of organizational planning:

- Planning is goal oriented
- Planning is future oriented
- Planning deals with the uncertainty of upcoming future
- Planning is a thinking process
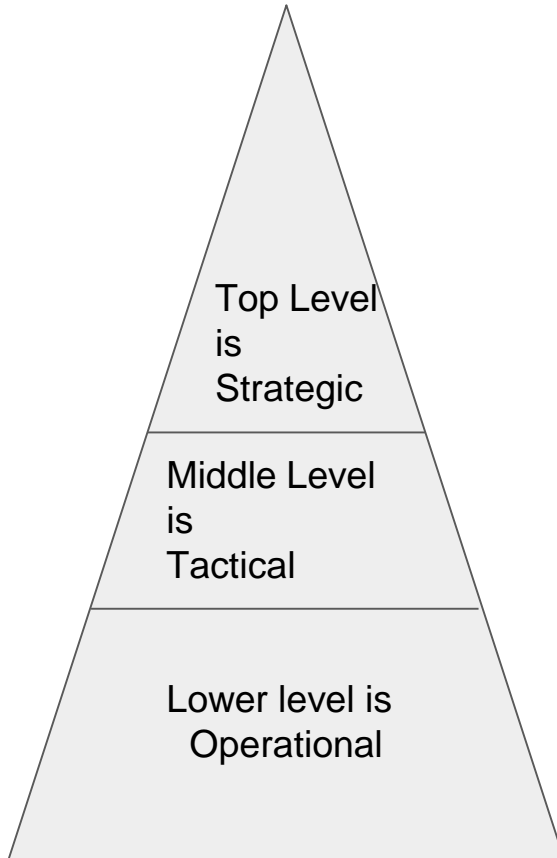- Planning is action oriented

A Planning Model

Planning System

Input	→	Process	→	Output
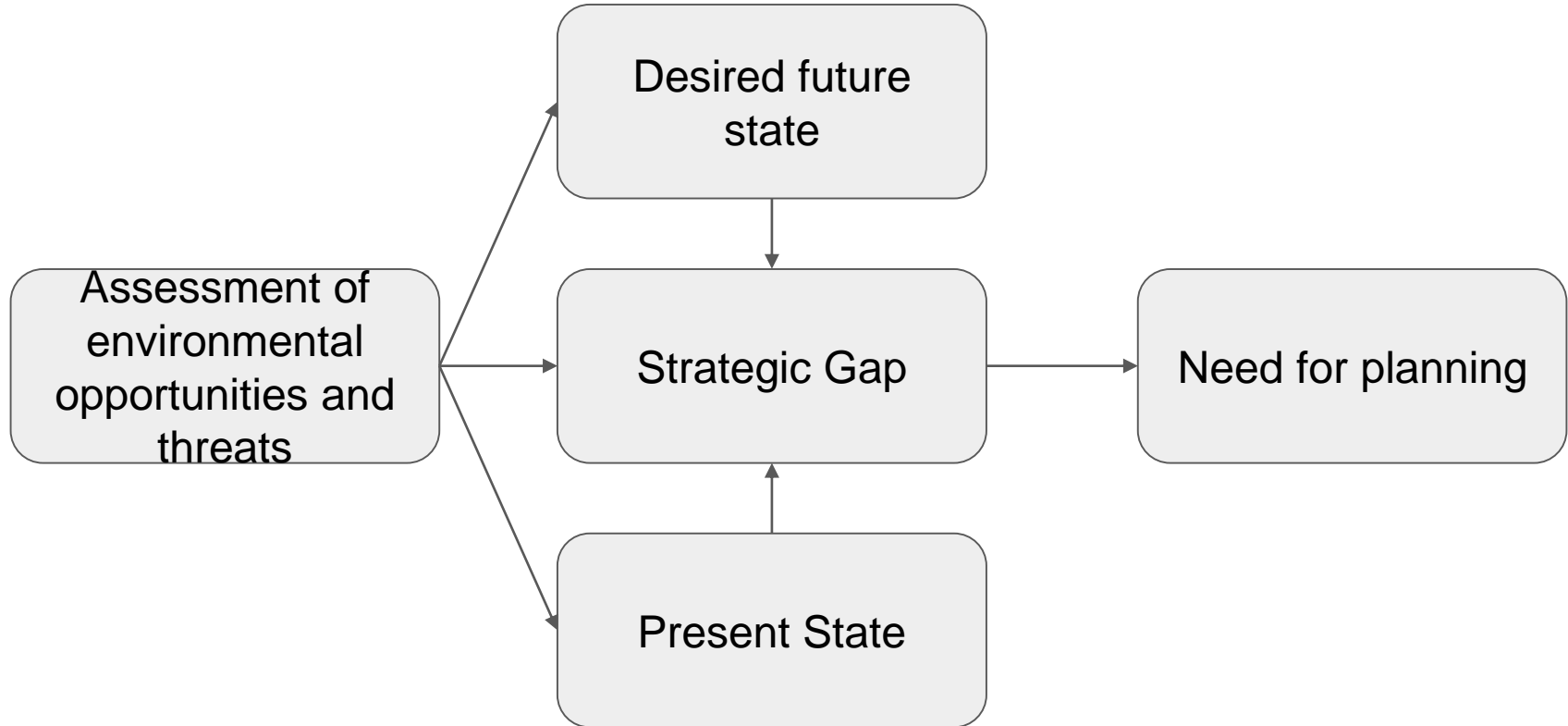
Expected output after planning are intertwined and arranged as

- Vision (Non specified directional and motivational guidance)
- Mission (Purpose and philosophy that drives in long run)
- Goals (Goals are there to achieve mission that provides direction to the activities)
- Objectives (Specific statement to be done to achieve goals) SMART
  - Specific, Measurable, attainable, Rewarding and TImed
- Plans (Action or means to achieve the intended goals)
- Programmes, Budgets, and Priorities

2.1.1 Levels of planning: strategic, tactical and operational

Top Level
is
Strategic

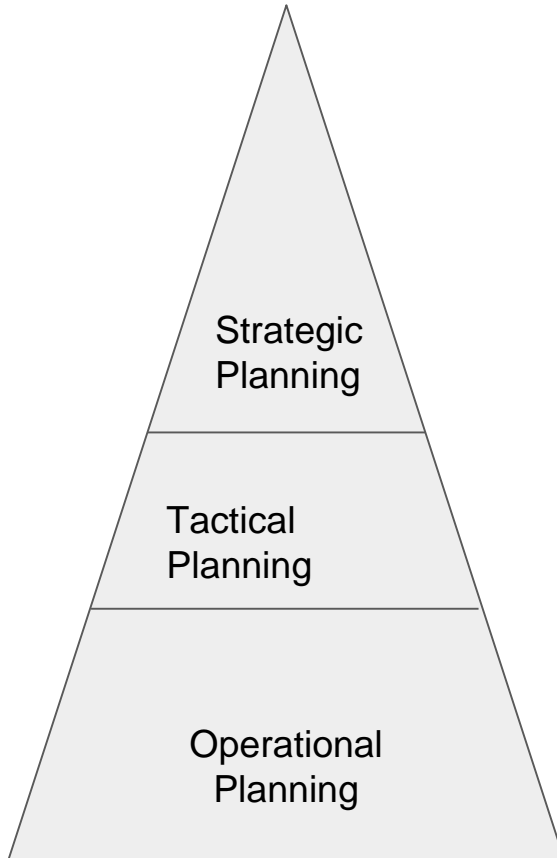Middle Level
is
Tactical

Lower level is
Operational

Top down planning is centralized

Bottom up planning is decentralized

Composite planning is a combination of two

Team planning is a cross functional team of experienced managers

2.1.1 Levels of planning: strategic, tactical and operational

Strategic Planning
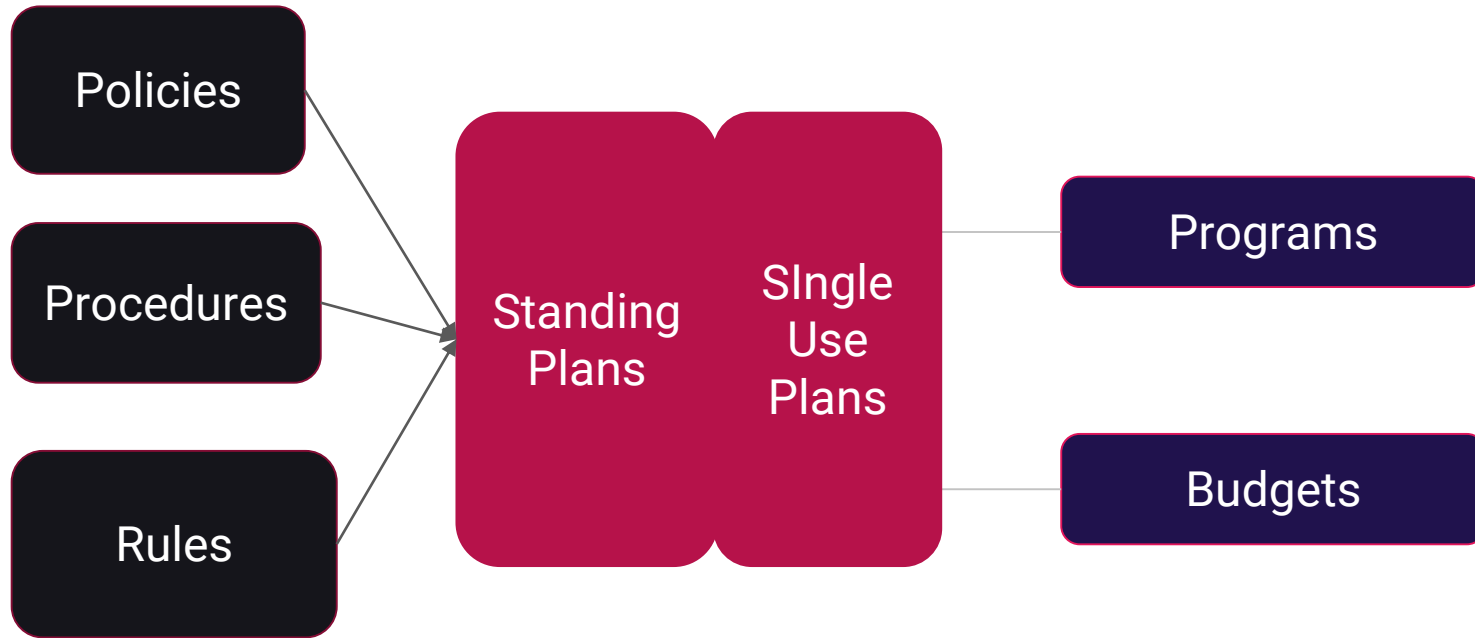
Tactical Planning

Operational Planning

Strategic Plans are grand plans based on SWOT

Tactical planning is done to convert the broad strategic goals and plans into specific goals
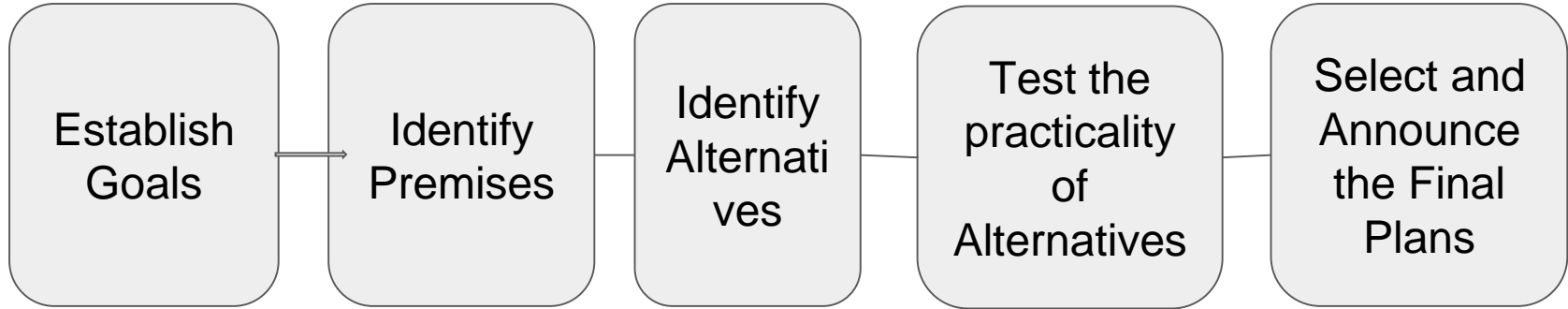
Operational planning is to identify the specific procedures and processes required at lower level

Managerial Hierarchy and the Planning System

Steps in Planning

There are five steps in planning Process

| Establish Goals | → | Identify Premises | Identify Alternatives | Test the practicality of Alternatives | Select and Announce the Final Plans |

2.1.3 Tools for planning

- Tools of Planning are based on concept of strategic planning
- For developing strategic plan manager need to assess the organizational situation with the five basic questions:
1. Where are we now? **(The situation)**
2. How did we get there? **(Momentum)**
3. Where are we going? **(The Direction)**
4. Where should we be going? **(Desired Direction)**
5. How will we get there? **(The Strategic Plan)**

Tools to aid strategic planning

1. Forecasting
   a. Qualitative
      i. Informed Judgements
      ii. Scenario Analysis
      iii. Delphi Method
   b. Quantitative
      i. Single Projection method
      ii. Extrapolation method
      iii. Moving Average Method
      iv. Time Series Analysis

Tools to aid strategic planning

2. Network Techniques

    a. CPM (Critical Path Method)
    b. PERT (Program Evaluation and Review Technique)

3. Flow Charts

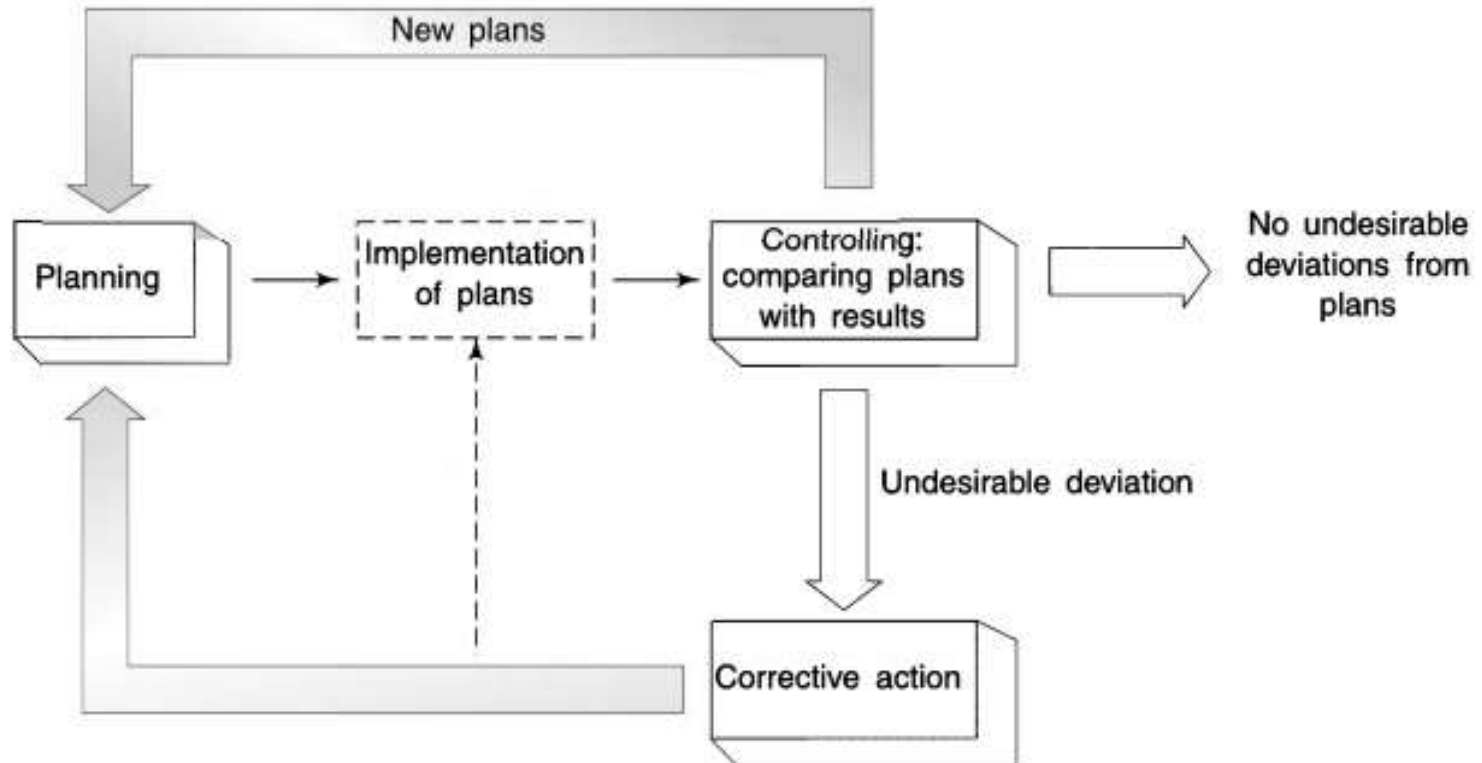4. Gantt Chart

5. Break Even Analysis

       BEP = FC/(P-VC)

Where, BEP = Break Even Point, FC = Fixed Cost, VC = Variable Cost, P = Price

2.1.4 Importance of planning

Close Relationship of Planning and Controlling.

2.1.4 Importance of planning

1. **Goal Clarity** – Defines clear objectives and direction for all departments and employees.

2. **Efficient Resource Use** – Ensures optimal allocation and utilization of time, money, and manpower.

3. **Risk Reduction** – Anticipates challenges and prepares strategies to minimize potential risks.

4. **Improved Decision-Making** – Provides a framework for making consistent, informed, and strategic choices.

5. **Coordination & Control** – Aligns activities across the organization and facilitates monitoring and corrective actions.

2.2 Organizing

The Logic of Organizing:

- Establishing enterprise objectives
- Formulating supporting objectives, policies, and plans
- Identifying, analyzing, and classifying the activities necessary to accomplish these objectives
- Grouping these activities in light of the human and material resources available and the best way, under the circumstances, of using them
- Delegating to the head of each group the authority necessary to perform the activities
- Tying the groups together horizontally and vertically, through authority relationships and information flows

The Organizing Process.

Feasibility Studies and Feedback

1. Enterprise objectives

2. Supporting objectives, policies, and plans

3. Identification and classification of required activities

4. Grouping of activities in light of resources and situations

5. Delegation of authority

6. Horizontal and vertical coordination of authority and information relationships

7. Staffing

8. Leading

9. Controlling

Part 2 (planning)

Part 3 (organizing)

Parts 4, 5, 6 (other functions)

Some Misconceptions

1. Organizing does not imply any extreme occupational specialization
2. To say that tasks should be specific is not to say they must be limited and mechanical
3. In any organization, jobs can be defined to allow little or no personal leeway
4. One must not forget that there is no best way to organize and that the application of structural organization theory must take into account the situation

Basic Questions for Effective Organizing

1. What determines the span of management and hence the levels of organization? (answered in this chapter)
2. What determines the basic framework of departmentation, and what are the strengths and weaknesses of the basic forms? (answered in Chapter 8)
3. What kinds of authority relationships exist in organizations? (answered in Chapter 9)
4. How should authority be dispersed throughout the organization structure, and what determines the extent of this dispersion? (answered in Chapter 9)
5. How should the manager make organization theory work in practice? (answered in Chapter 10)

Six key elements in organizational design.

- Work specialization

- Departmentalization

- Chain of command

- Span of control

- Centralization/decentralization

- Formalization

2.2.2 Organization structure

Departmentalization

- Grouping activities in accordance with the functions of an enterprise functional departmentation embodies what enterprises typically do
- Because all enterprises undertake the creation of something useful and desired by others, the basic enterprise functions are:
- production (creating utility or adding utility to a product or service)
- selling (finding customers, patients, clients, students, or members who will agree to accept the product or service at a price or for a cost)
- financing (raising and collecting, safeguarding, and expending the funds of the enterprise).

Departmentation

- By Enterprise Function

- By Territory or Geography

- By Customer Group

- By Product

- By Process

Assignment: Draw the organization structure of various enterprises based on the types of departmentation types and write down their advantages and disadvantages

FUNCTIONAL DEPARTMENTALIZATION—Groups Jobs According to Function

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                        ┌─────────────────┐
                        │  Plant Manager  │
                        └─────────────────┘
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Manager, Engineering	Manager, Accounting	Manager, Manufacturing	Manager, Human Resources	Manager, Purchasing
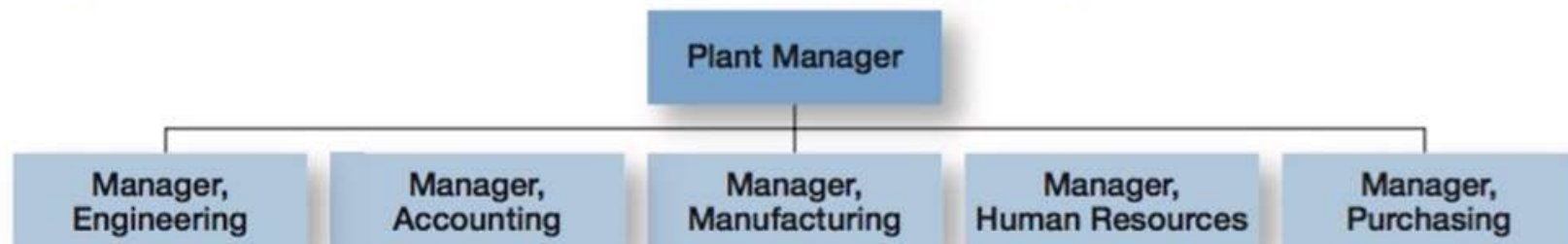
+ Efficiencies from putting together similar specialties and people with common skills, knowledge, and orientations
+ Coordination within functional area
+ In-depth specialization
− Poor communication across functional areas
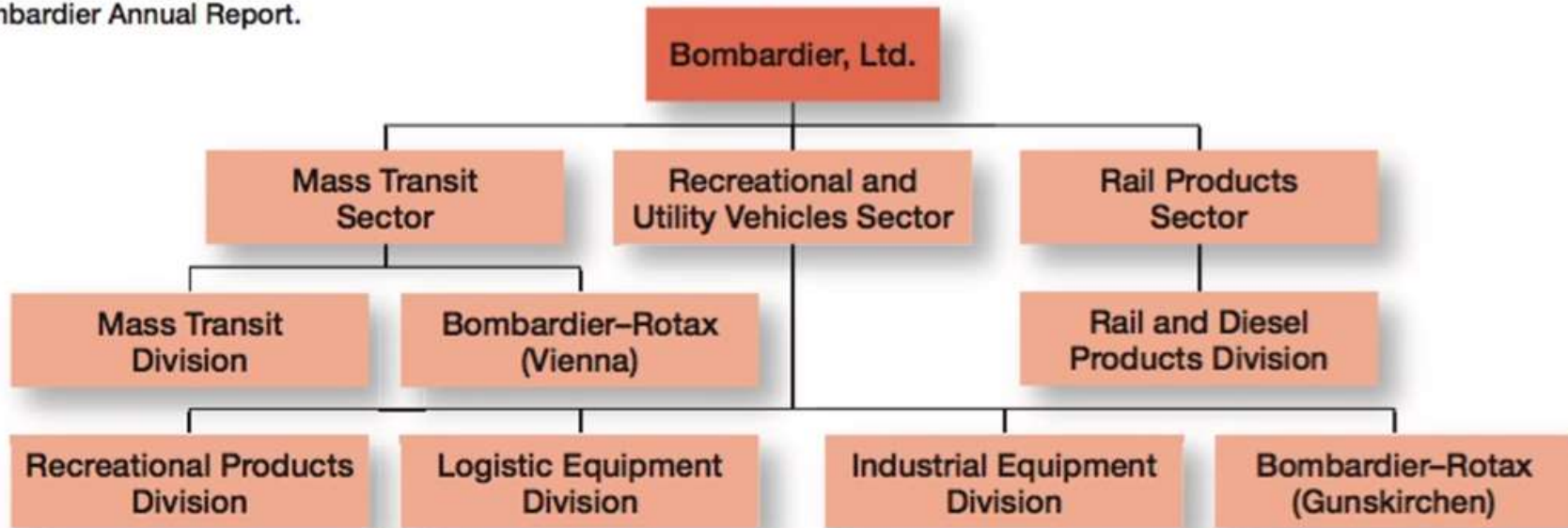− Limited view of organizational goals

GEOGRAPHICAL DEPARTMENTALIZATION—Groups Jobs According to Geographic Region

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                        ┌─────────────────┐
                        │ Vice President  │
                        │   for Sales     │
                        └─────────────────┘
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Sales Director, Western Region	Sales Director, Southern Region	Sales Director, Midwestern Region	Sales Director, Eastern Region

+ More effective and efficient handling of specific regional issues that arise
+ Serve needs of unique geographic markets better
− Duplication of functions
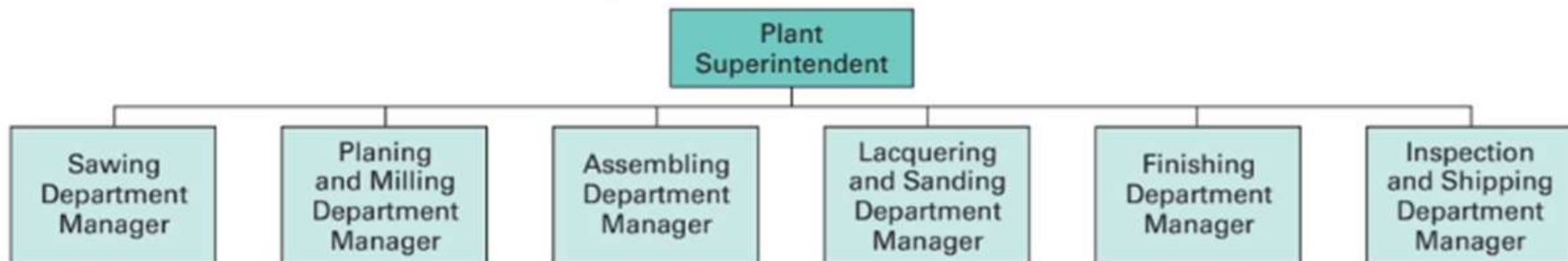− Can feel isolated from other organizational areas

PRODUCT DEPARTMENTALIZATION—Groups Jobs by Product Line

Source: Bombardier Annual Report.

Bombardier, Ltd.

- **Mass Transit Sector**
- **Recreational and Utility Vehicles Sector**
- **Rail Products Sector**

- **Mass Transit Division**
- **Bombardier–Rotax (Vienna)**
- **Rail and Diesel Products Division**

- **Recreational Products Division**
- **Logistic Equipment Division**
- **Industrial Equipment Division**
- **Bombardier–Rotax (Gunskirchen)**

+ Allows specialization in particular products and services
+ Managers can become experts in their industry
+ Closer to customers
− Duplication of functions
− Limited view of organizational goals

PROCESS DEPARTMENTALIZATION—Groups Jobs on the Basis of Product or Customer Flow

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                          ┌──────────────────┐
                          │      Plant       │
                          │  Superintendent  │
                          └──────────────────┘
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Sawing Department Manager	Planing and Milling Department Manager	Assembling Department Manager	Lacquering and Sanding Department Manager	Finishing Department Manager	Inspection and Shipping Department Manager

+ More efficient flow of work activities
− Can only be used with certain types of products

CUSTOMER DEPARTMENTALIZATION—Groups Jobs on the Basis of Specific and Unique Customers Who Have Common Needs

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                          ┌──────────────────┐
                          │     Director     │
                          │     of Sales     │
                          └──────────────────┘
```

Manager, Retail Accounts	Manager, Wholesale Accounts	Manager, Government Accounts

+ Customers' needs and problems can be met by specialists
− Duplication of functions
− Limited view of organizational goals

More Centralization	More Decentralization
Environment is stable.	Environment is complex, uncertain.
Lower-level managers are not as capable or experienced at making decisions as upper-level managers.	Lower-level managers are capable and experienced at making decisions.
Lower-level managers do not want a say in decisions.	Lower-level managers want a voice in decisions.
Decisions are relatively minor.	Decisions are significant.
Organization is facing a crisis or the risk of company failure.	Corporate culture is open to allowing managers a say in what happens.
Company is large.	Company is geographically dispersed.
Effective implementation of company strategies depends on managers retaining say over what happens.	Effective implementation of company strategies depends on managers having involvement and flexibility to make decisions.

2.2.3 Types of organization structure

1. Line Structure	Simple, direct chain of command from top to bottom. Authority flows in a straight line.
2. Line and Staff Structure	Adds specialists (staff) to assist line managers in planning and decision-making.
3. Functional Structure	Groups employees based on functions (e.g., engineering, marketing, HR). Encourages specialization.
4. Divisional Structure	Organizes departments based on products, services, customers, or regions. Each division has its own resources.
5. Matrix Structure	Hybrid of functional and project structures; employees report to both functional and project managers.

2.2.3 Types of organization structure

6. Project-Based Structure	Organized around specific projects. Teams are temporary and disband after project completion.
7. Team-Based Structure	Emphasizes collaboration through cross-functional teams working together on goals.
8. Network Structure	Central organization outsources major business functions; highly flexible and adaptable.
9. Circular Structure	Leadership is at the center, with outward circles representing levels of responsibility and communication.
10. Hybrid Structure	Combines elements from various structures to meet specific organizational needs.

STRENGTHS		WEAKNESSES

Simple Structure

STRENGTHS
- Fast
- Flexible
- Inexpensive to maintain
- Clear accountability

WEAKNESSES
- Not appropriate as organization grows
- Reliance on one person is risky

Functional Structure

STRENGTHS
- Cost-saving advantages from specialization (economies of scale, minimal duplication of people and equipment)
- Employees are grouped with others who have similar tasks
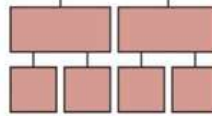
WEAKNESSES
- Pursuit of functional goals can cause managers to lose sight of what's best for the overall organization
- Functional specialists become insulated and have little understanding of what other units are doing
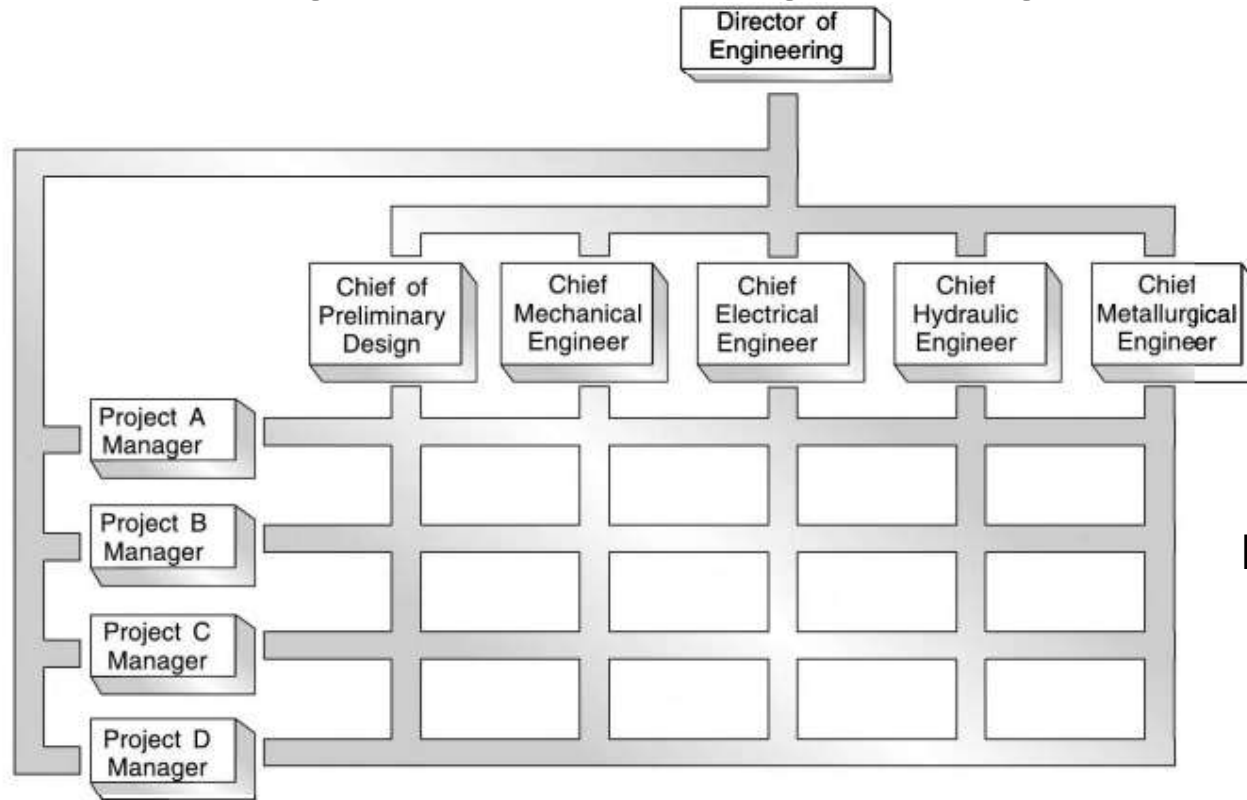
Divisional Structure

STRENGTHS

Focuses on results—division managers are responsible for what happens to their products and services.

WEAKNESSES
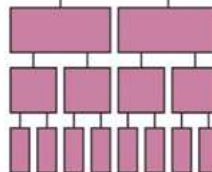
Duplication of activities and resources increases costs and reduces efficiency.

Matrix Organization in Engineering

Advantages:

- Oriented toward end results
- Professional identification is maintained
- Pinpoints product-profit responsibility

Disadvantages:

- Conflict in authority
- Possibility of disunity
- Requires manager effective in human relations

Guidelines for Making Matrix Management Effective

Matrix management can be made more effective by following these guidelines:

- Define the objectives of the project or task
- Clarify the roles, authority, and responsibilities of managers and team members
- Ensure that influence is based on knowledge and information, rather than on rank
- Balance the power of functional and project managers
- Select an experienced manager for the project who can provide leadership
- Undertake organization and team development
- Install appropriate cost, time, and quality controls that report deviations from standards in a timely manner
- Reward project managers and team members fairly

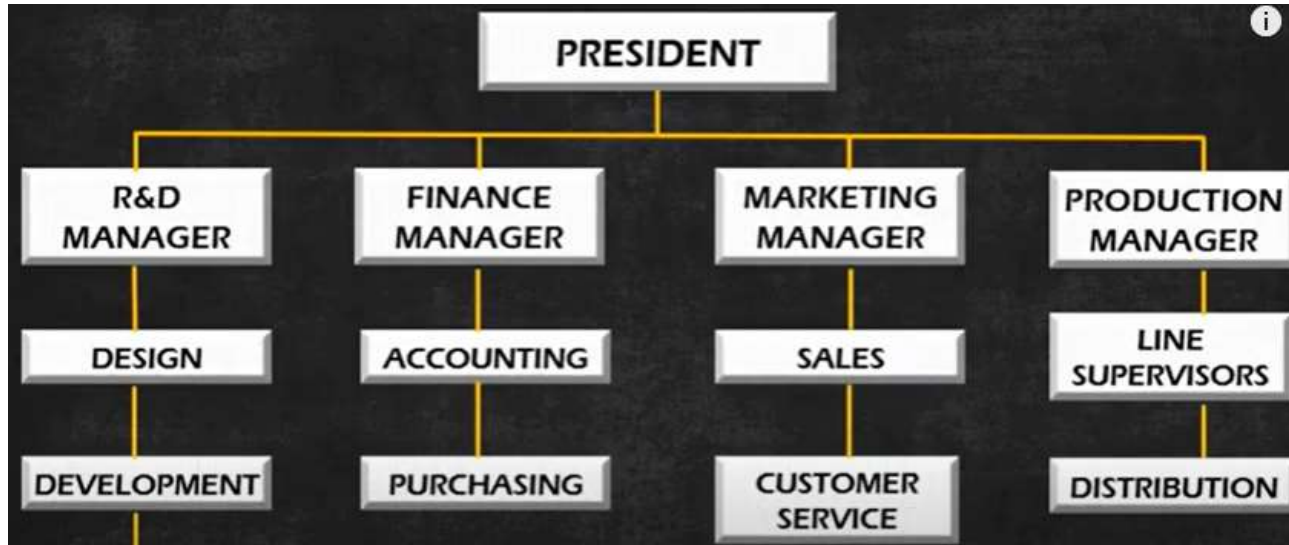# 2.2.2.1 Traditional structure: line and functional
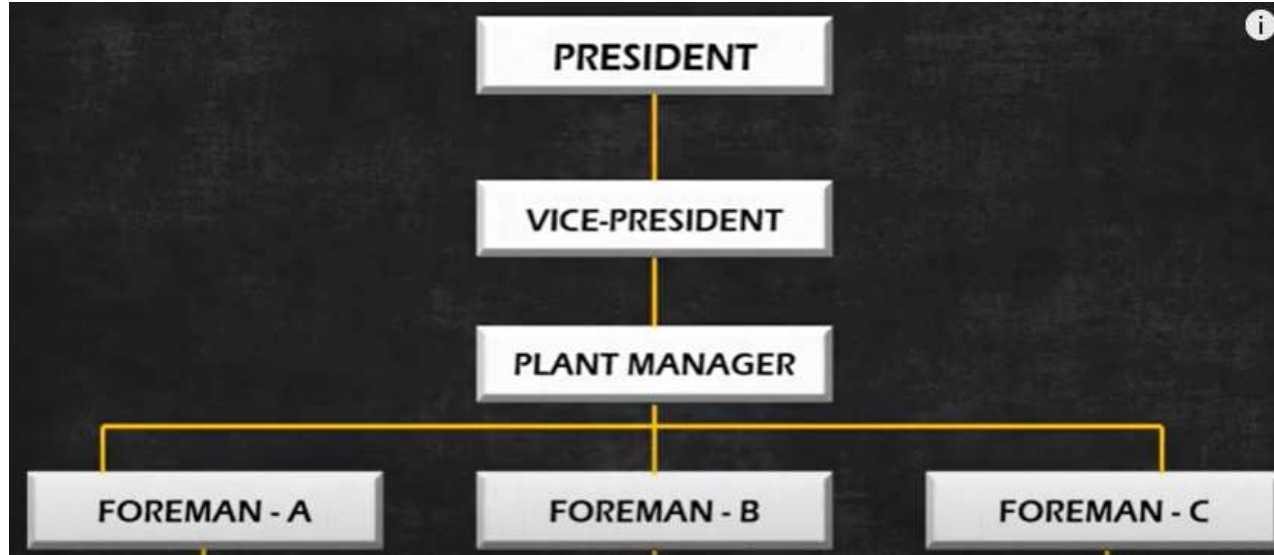
Advantages
- Direct Supervision
- Chain of Command
- Oldest and Simplest
- Unified Control
- Fixed Responsibilities
- Prompt Decision

Disadvantages
- Inadequate simplex communication
- Less effective coordination
- Misuse of authority

2.2.2.1 Traditional structure: line and functional

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                    PRESIDENT
                         |
    ┌──────────┬──────────┬──────────┐
 R&D        FINANCE    MARKETING   PRODUCTION
 MANAGER    MANAGER    MANAGER     MANAGER
    |          |          |          |
 DESIGN    ACCOUNTING   SALES      LINE
                                   SUPERVISORS
    |          |          |          |
 DEVELOPMENT PURCHASING CUSTOMER   DISTRIBUTION
                        SERVICE
```

Advantages
- Specialization
- Operational Efficiency
- Clear Hierarchy
- Career Development
- Economies of Scale
- Focused supervision
- Enhanced Performance

Disadvantages
- Poor interdepartmental communication
- Conflict of Interest
- Slow Decision Making with limited flexibility

2.2.2.2 Modern structure: matrix, network, hybrid

Matrix: Project-heavy organizations (e.g., construction, aerospace, R&D) needing dual focus on function and projects

Network: Agile, tech-driven firms focusing on innovation, outsourcing, or partnerships (e.g., start-ups, software, consulting)

Hybrid: Large, diversified firms needing a balance between control and flexibility (e.g., multinational corporations)

2.4 Emerging planning and organizing issues for ICT enterprises

1. Rapid Technological Change

- Need for continuous **technology forecasting** and agile strategic planning.

- Constant updating of infrastructure and platforms (e.g., cloud, AI, blockchain).

2. Cybersecurity and Data Privacy

- Strategic planning must account for robust **cybersecurity frameworks**.

- Adherence to global data regulations like **GDPR**, **HIPAA**, etc.

2.4 Emerging planning and organizing issues for ICT enterprises

3. Talent Management & Skill Gaps

- Shortage of skilled professionals in AI, data science, cybersecurity, etc.

- Need for **continuous learning systems** and **remote talent integration**.

4. Agile and Lean Structures

- Shift from traditional hierarchies to **agile, flat, and cross-functional teams**.

- Emphasis on **DevOps** and **Scrum** practices for flexible organizing.

2.4 Emerging planning and organizing issues for ICT enterprises

5. Globalization & Virtual Workforces

- Organizing across **time zones**, **cultures**, and **legal systems**.
- Greater reliance on **remote collaboration tools** and distributed teams.

6. Sustainability and Green IT

- Planning for **eco-friendly** data centers, energy-efficient devices, and **e-waste management**.
- Growing pressure to meet **ESG (Environmental, Social, Governance)** targets.

2.4 Emerging planning and organizing issues for ICT enterprises

7. Innovation and Disruption Management

- Strategic focus on **R&D**, **innovation hubs**, and **partnership ecosystems**.
- Managing the threat of **disruptive startups** and **platform-based competitors**.

8. Regulatory Compliance & Ethics

- Need to adapt to **rapid changes in ICT-related regulations**.
- Ethical concerns around AI bias, surveillance, and automation must be planned for.

2.4 Emerging planning and organizing issues for ICT enterprises

9. Scalability and Cloud Infrastructure

● Organizing around **cloud-first** strategies and **hybrid cloud models**. Planning for **scalable digital infrastructure** to support growth.

10. Customer-Centric Planning

● Shift towards **UX/UI design**, **customer analytics**, and **personalization**. Integration of **customer feedback loops** into planning cycles.