

Formal Organizational Planning in Practice

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WHAT'S COVERED

In this lesson, you will learn how planning occurs in today's organizations. Specifically, this lesson will cover:

1. Encouraging Preplanning
2. Does Planning Really Pay Off?
3. The Location of the Planning Activity
4. Planning Specialists

1. Encouraging Preplanning

In spite of the advantages to be gained by planning, many managers resist it. Some feel that there is not enough time to plan or that it is too complicated and costs too much. Others worry about the possible consequences of failing to reach the goals they set. Instead of preplanning, sometimes referred to as blueprint planning (that is, formulating outcome and action statements before moving forward), many managers simply fail to plan or at best engage in in-process planning (they read events and think about the next step just before acting). In-process planning works extremely well when individuals have a sense of what it is that they want to achieve and can improvise as they move forward in a sea of uncertainty and turbulence. This is much like skilled hockey players relying on their instincts, reading the defense, and improvising as they move up the ice and toward the opponent's net. This process often works better than attempting to implement a detailed preplan, as often characterizes plays in football.

In situations where we want to encourage preplanning, certain techniques facilitate the process:

- Develop an organizational climate that encourages planning.
- Top managers support lower-level managers' planning activities—for example, by providing such resources as personnel, computers, and funds—and serve as role models through their own planning activities.
- Train people in planning.

- Create a reward system that encourages and supports planning activity and carefully avoids punishment for failure to achieve newly set goals.
- Use plans once they are created.



BIG IDEA

In order for managers to invest the time and energy needed to overcome resistance to planning, they must be convinced that planning does in fact pay off.

2. Does Planning Really Pay Off?

Managers of organizations in complex and unstable environments may find it difficult to develop meaningful plans, yet it is precisely conditions of environmental complexity and instability that produce the greatest need for a good set of organizational plans. Yet the question remains, does planning really pay off?

We know from our earlier discussion that setting goals is an important part of the planning process. Today, much is known about what characterizes effective individual goals. Although group and organizational goals have been studied less, it is probably safe to assume that most of our knowledge about individual goals also applies to group and organizational goals. The research suggests that effective organizational goals should (1) be difficult but reachable with effort, (2) be specific and clearly identify what is desired, (3) be accepted by and have the commitment of those who will help achieve them, (4) be developed by employees if such participation will improve the quality of the goals and their acceptance, and (5) be monitored for progress regularly.

While the evidence is not abundant, studies suggest that firms that engage in planning are more financially successful than those that do not (*Broadwayworld.com*, 2017).



BIG IDEA

Although planning clearly has observable benefits, it can be expensive. The financial commitment can be large for organizations with a formal planning staff. Even so, research suggests that planning is warranted.

3. The Location of the Planning Activity

Classical management thinking advocates a separation of “planning” and “doing.” According to this school of thought, managers plan for technical core employees and formulate most of the plans for the upper levels of the organization, with little participation from lower-level managers and workers. In contrast, behavioral management theorists suggest involving organization members in drawing up plans that affect them. Implementation of a management-by-objectives program, for example, is one means by which this participative planning can be realized. Researchers at the Tavistock Institute in England promote the idea of self-managed work groups as a means of expanding the level of employee involvement.



KEY CONCEPT

According to their socio-technical model, work groups assume a major role in planning (as well as in organizing, directing, and controlling) the work assigned to them.

Many organizations—for example, the John Lewis Partnership, Volvo, and Motorola—have had successful experiences with employee involvement in planning and controlling activities (Taylor, 2018).

4. Planning Specialists

To keep pace with organizational complexity, technological sophistication, and environmental uncertainty, many organizations use planning specialists. Professional planners develop organizational plans and help managers plan. Boeing and Ford are among the many organizations with professional planning staffs. Planning specialists at United Airlines developed United's crisis management plan.

Organizations have planning specialists and planning departments in place for a variety of reasons. These specialized roles have emerged because planning is time-consuming and complex and requires more attention than line managers can provide. In rapidly changing environments, planning becomes even more complex and often necessitates the development of contingency plans, once again demanding time for research and special planning skills. At times, effective planning requires an objectivity that managers and employees with vested interests in a particular set of organizational activities cannot provide.

A planning staff's goals are varied. Their primary responsibility is to serve as planning advisors to top management and to assist lower-level line managers in developing plans for achieving their many and varied organizational objectives. Frequently, they coordinate the complex array of plans created for the various levels within an organization. Finally, a planning staff provides encouragement, support, and skill for developing formal organizational plans.



REFLECT

1. How do today's organizations approach planning?
2. Does planning pay off for today's organizations?
3. Which people in the organization should be involved in planning, and what are their roles?



SUMMARY

In this lesson, you learned how planning occurs in today's organizations. You learned that despite the advantages of planning, many managers resist it; instead of preplanning, they simply fail to plan or engage in in-process planning. However, as you learned, there are several techniques that can be used to **encourage preplanning**. You also learned that in order for managers to invest the time and energy needed to overcome resistance to planning, they must answer the question, "**Does planning really pay off?**" According to research, the answer is yes; studies suggest that firms that engage in planning are more financially successful than those that do not. You learned that there are different schools of thought regarding **the location of the planning activity**, although many organizations have had successful experiences with employee involvement in planning and controlling activities. Lastly, you learned that to keep pace with organizational complexity, technological sophistication, and

environmental uncertainty, many organizations use **planning specialists** to coordinate the complex array of plans created for the various levels within an organization.

Best of luck in your learning!

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REFERENCES

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