BASIC ELEMENTS OF PLANNING AND DECISION MAKING

BOOKS COVERED: MANAGEMENT BY GRIFFIN

A generic representation of the planning process that organization may follow

Goals

➢ **PURPOSE OF GOALS-**

    ➢ They provide guidance and unified direction to the people of the organization

    ➢ Goal effects planning

    ➢ Goal can serve as a source of motivation for the employees

    ➢ Goal provide mechanism for evaluation and control

➢ **KINDS OF GOALS**

    ➢ Strategic goals are set by and for top management of the organization. The HP 2016 Sustainability report details how HP is looking to cut greenhouse gas emissions from its global operations by 25 per cent by 2025.

    ➢ Tactical goals are for middle managers to focus on the actions necessary to achieve goals.

    ➢ Operational goals are for lower-level managers to tackle shorter-term issues
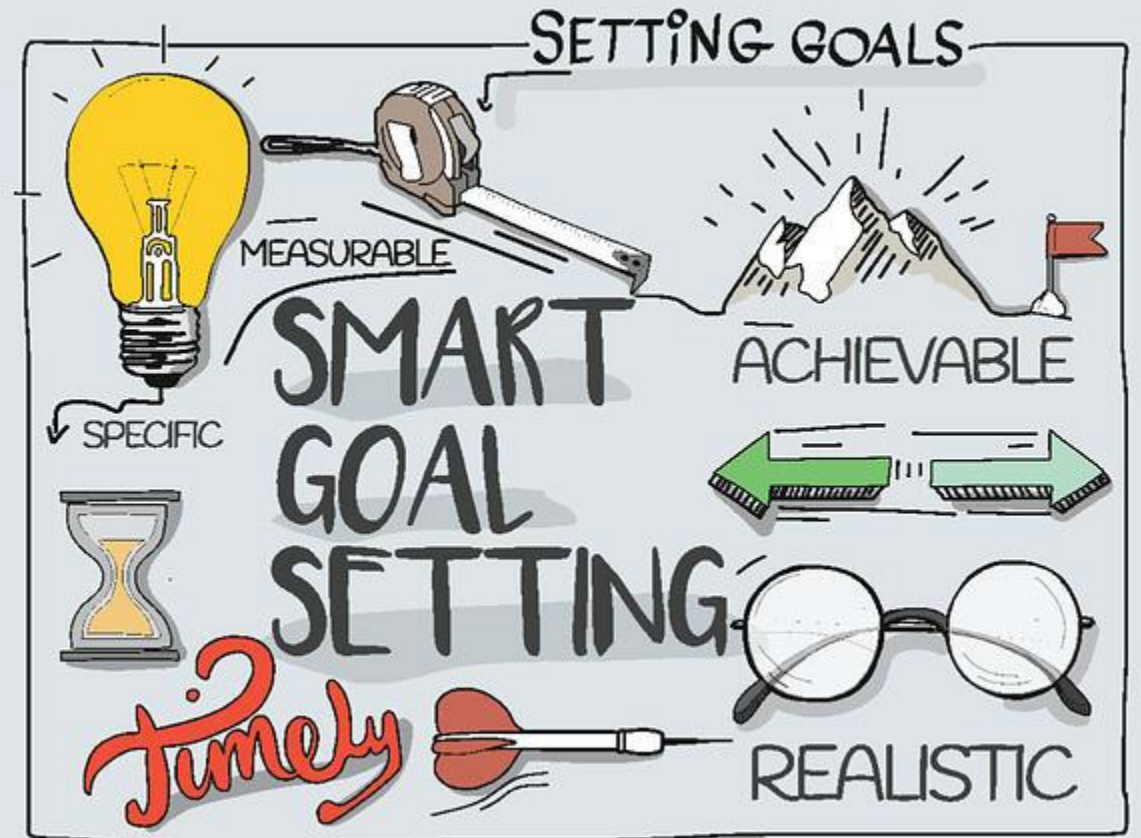
➢ **AREA**

➢ **TIME FRAME**

Managing multiple goals

OPTIMIZING- Balancing and reconciling possible conflicts among goals.

Like- They want to get 7 hours of sleep, but also want to get up early to make a morning strength training class. They want to cook meals at home, but want to spend more time with their kids, and meal planning and grocery shopping take up precious time.

Organizational planning

1. **Strategic planning-** strategic plan is the company's big picture. It defines the company's goals for a set period of time, whether that's one year or ten, and ensures that those goals align with the company's mission, vision, and values. Strategic planning usually involves top managers. These types of planning may be made for 5 years to 10 years.

2. **Tactical planning-**The tactical planning describes how a company will implement its strategic plan. A tactical plan is composed of several short-term goals, typically carried out within one year, that support the strategic plan. Generally, it's the responsibility of middle managers to set and oversee tactical strategies, like planning and executing a marketing campaign.

3. **Operational planning-**Operational plans encompass what needs to happen continually, on a day-to-day basis, in order to execute tactical plans. Operational plans could include work schedules, policies, rules, or regulations that set standards for employees, as well as specific task assignments that relate to goals within the tactical strategy, such as a protocol for documenting and addressing work absences.

What is Strategic Planning?

Strategic planning is the art of creating specific business strategies, implementing them, and evaluating the results of executing the plan, in regard to a company's overall long-term goals or desires. It is a concept that focuses on integrating various departments (such as accounting and finance, marketing, and human resources) within a company to accomplish its strategic goals. The term strategic planning is essentially synonymous with strategic management.

More details are available on: https://corporatefinanceinstitute.com/resources/knowledge/strategy/strategic-planning/

Tactical planning

- Strategy focuses on resources, environment and mission, while tactics focus primarily on people and action.

- Coca Cola's top level managers developed a strategic plan for cementing the firm's dominance of the soft drink industry. Now, to support this strategic planning, Coca-Cola is considering whether or not to attempt expansion into Argentina. Using international census data, Coca-Cola's tactical planners determine that the country's population is 41 million. Coca-Cola would then hire a local marketing agency to conduct detailed customer surveys to determine what percentage of the population consumes Coca-Cola's soda on a regular basis.

- From the agency Coca Cola finds 24.6 million people in Argentina who do not drink Coca-Cola are heavy purchasers of Pepsi. In this case, Coca-Cola must attempt to steal market share from Pepsi by highlighting the product features that make Coca-Cola superior.

- Again, the company would rely upon local customer surveys to determine what characteristics are most important in determining a soft drink purchase. If most customers say taste is the most important factor, Coca-Cola could run a series of advertisements highlighting the company's unique product formula that delivers superior taste to Pepsi.

- If convenience of purchase is most important, Coca-Cola will likely expand its distribution so that Coca-Cola products are available in a larger number of locations. On the other hand, suppose that the 16.4 million non-users do not drink soda of any kind. In this case, Coca-Cola would focus on expanding customer acceptance of the soda category by running advertisements highlighting the refreshing nature of soda versus other beverages.
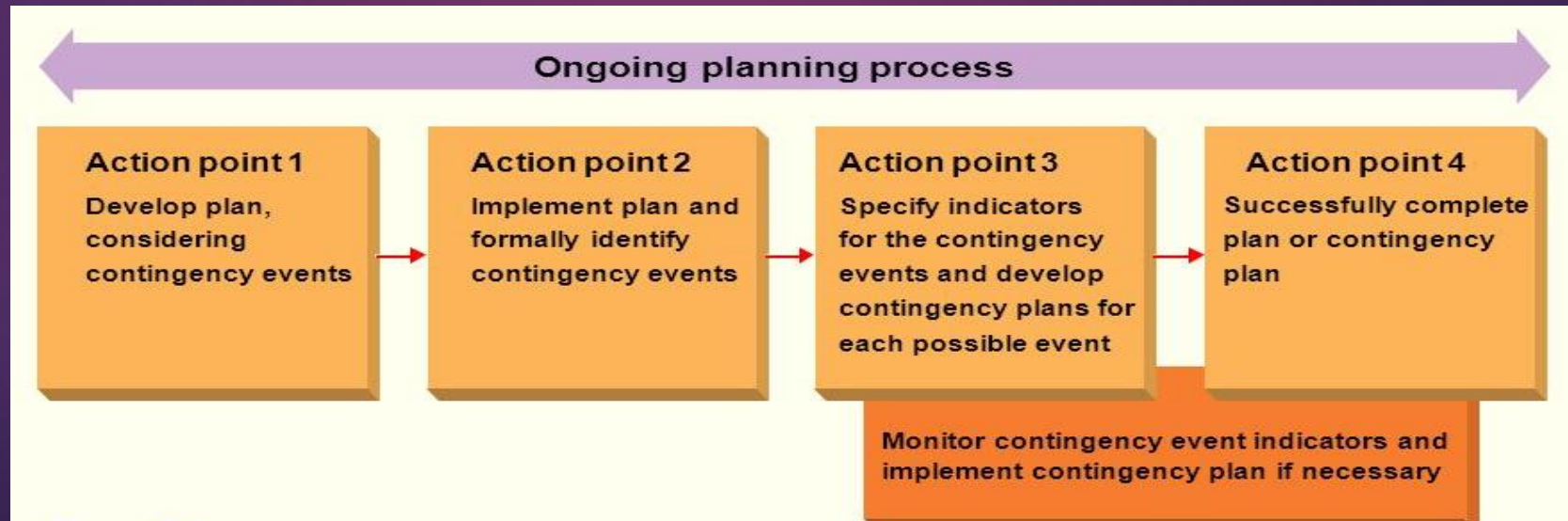
Operational planning

▶ Two basic types of operational planning includes-

▶ Single use plan-that is not likely to be repeated in the future.

1. Programs-for a larger set of activities. Like opening a new outlet.

2. Projects- it has less scope and complexity than a program. Like introducing a product to the market.

▶ Standing plans-

1. Policies-specifies the organization's general response to a designated problem.

2. Standard operating procedures- it outlines the steps to be followed in particular circumstances. Also describes exactly how activities need to carried out.

3. Rules and regulations – Guidelines for various activities to ensure governance and consistency

Contingency planning and crisis management

▶ A **business crisis** is an event that has the potential to threaten the success and health of a company by tarnishing its reputation, damaging its business operations, negatively impacting its finances, or harming its employees.

▶ A business crisis can be caused by something internally or externally.

▶ Crisis management is the set of procedures the organization uses in the event of a disaster or unexpected calamity.

▶ https://hbr.org/1967/11/crises-in-a-developing-organization

▶ Contingency planning- the determination of alternative courses of action to be taken if an intended plan of action is unexpectedly disrupted or rendered inappropriate.

Ongoing planning process

Action point 1
Develop plan, considering contingency events

Action point 2
Implement plan and formally identify contingency events

Action point 3
Specify indicators for the contingency events and develop contingency plans for each possible event

Action point 4
Successfully complete plan or contingency plan

Monitor contingency event indicators and implement contingency plan if necessary

Contingency Plan - Solar Energy Conference

Risk	Preparation	Response
Disaster or severe weather event	Include the right to cancel without refund in the event of a disaster or severe weather event.	Communicate cancellation in a timely manner.
Facility closure	Include penalties in contract with vendor. Include the possibility of facility problems in insurance coverage.	Reschedule event at a comparable facility. If the dates need to be changed offer the choice of a refund.
Event host or keynote speaker cancels at the last moment.	Develop a deep list of potential guest speakers who could fill in.	Ask a guest speaker to fill in.
Catering fails to show up / deliver	Develop a list of local restaurants that can provide acceptable food for the event on a pickup basis on short notice.	Substitute by picking up food and beverages from multiple local restaurants.
Network Failure	Make it a requirement that facilities provide two separate wifi networks on two different backbones.	Switch to secondary network.

Simplicable

Contingency Plan - Business Continuity

Scenario	Impact	Preparation	Response
West data center goes down.	Low. May lose a small amount of data and experience a business disruption of several minutes.	Synchronization of data between East and West data centers.	Switch all operations to East data center.
East data center goes down.	Low. May lose a small amount of data and experience a business disruption of several minutes.	Synchronization of data between East and West data centers.	Switch all operations to West data center.
Both East and West data centers go down for an extended period of time.	High. Expect an outage of a day or more.	Cold backups to third party cloud providers.	Communicate extended outage to stakeholders. Restore limited functionality from cold standby site at New York office.
New York office, East and West data centers are unavailable for an extended period.	Very High. Expect an outage of a week or more.	Cold backups to third party cloud providers.	Communicate extended outage to stakeholders. Use emergency communication tools to organize employees from home and plan a response. May have to build new environments from cold backups.

Simplicable