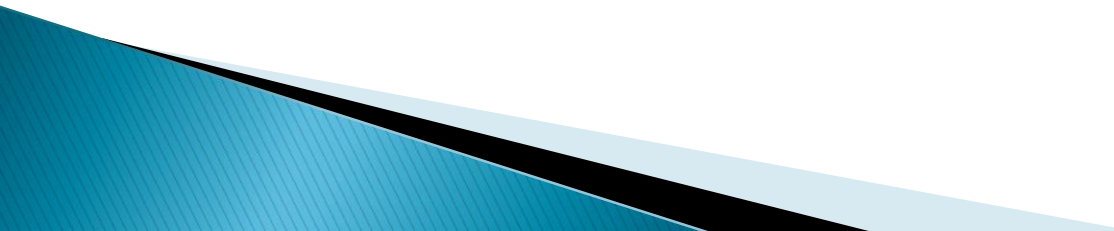


Planning And Controlling



Presented
by
M K BANDA

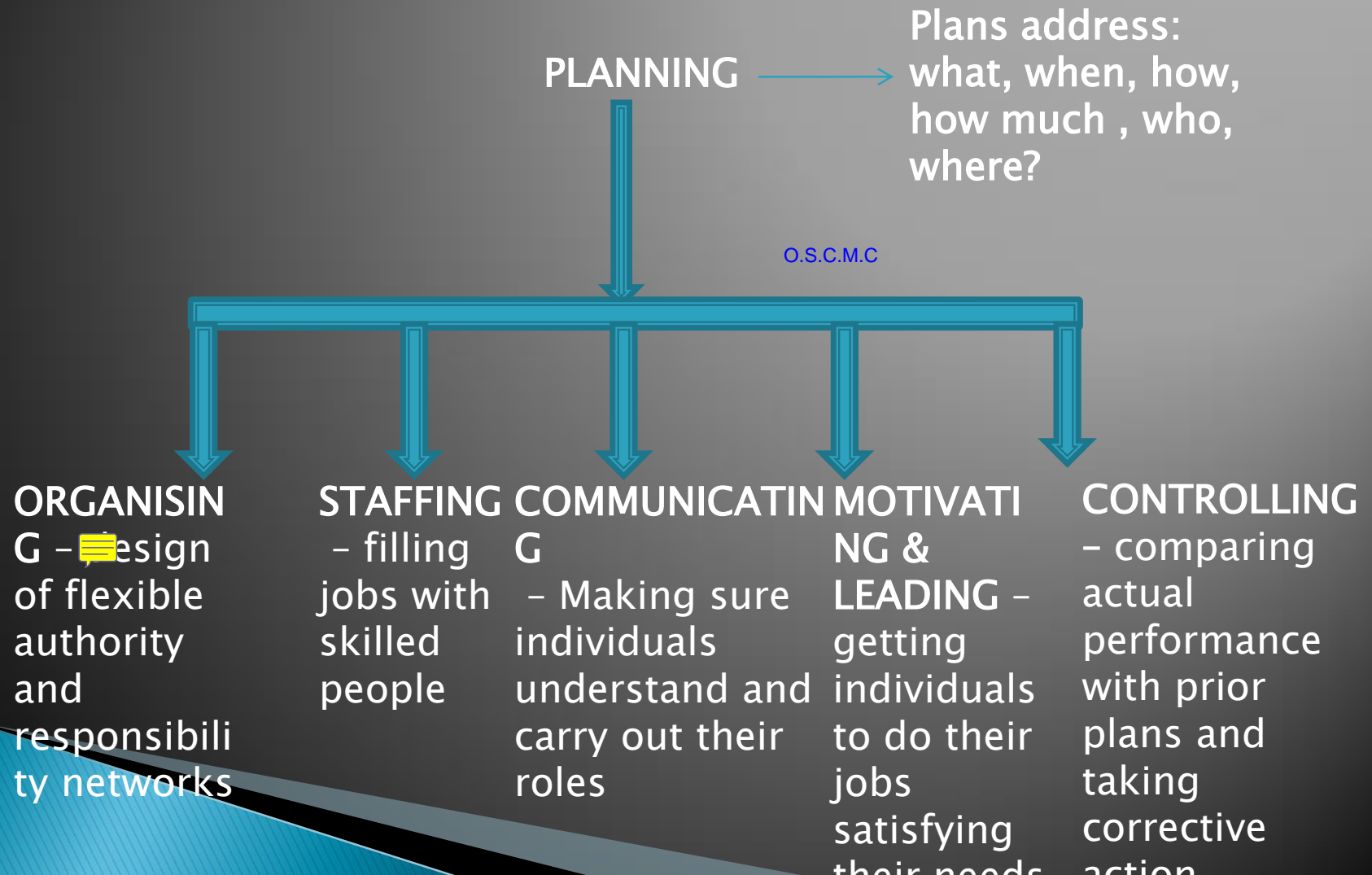
Contents

- ▶ Early Forms
 - ▶ Primary Mgt Function
 - ▶ Uncertainty
 - ▶ Essentials of Planning
 - ▶ Planning/Control Cycle
 - ▶ Feedback
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Early forms of Planning

- ▶ Emphasised orderliness of the workflow and factory cleanliness to:
 - Ensure power supply and
 - Arrangement of machinery and to
 - Reduce confusion
- ▶ Subsequent forms incorporated investments and workflows to meet business demands
- ▶ Taylor separated planning and doing – functional foremen were expected to bring expert knowledge to bear on production scheduling, workflows and production control
- ▶ Fayol identified planning as the first step in the mgt process and action
- ▶ Recent forms of planning have the prime function to maximise efficient utilisation of physical resources with a focus on enhancing satisfaction of human resource

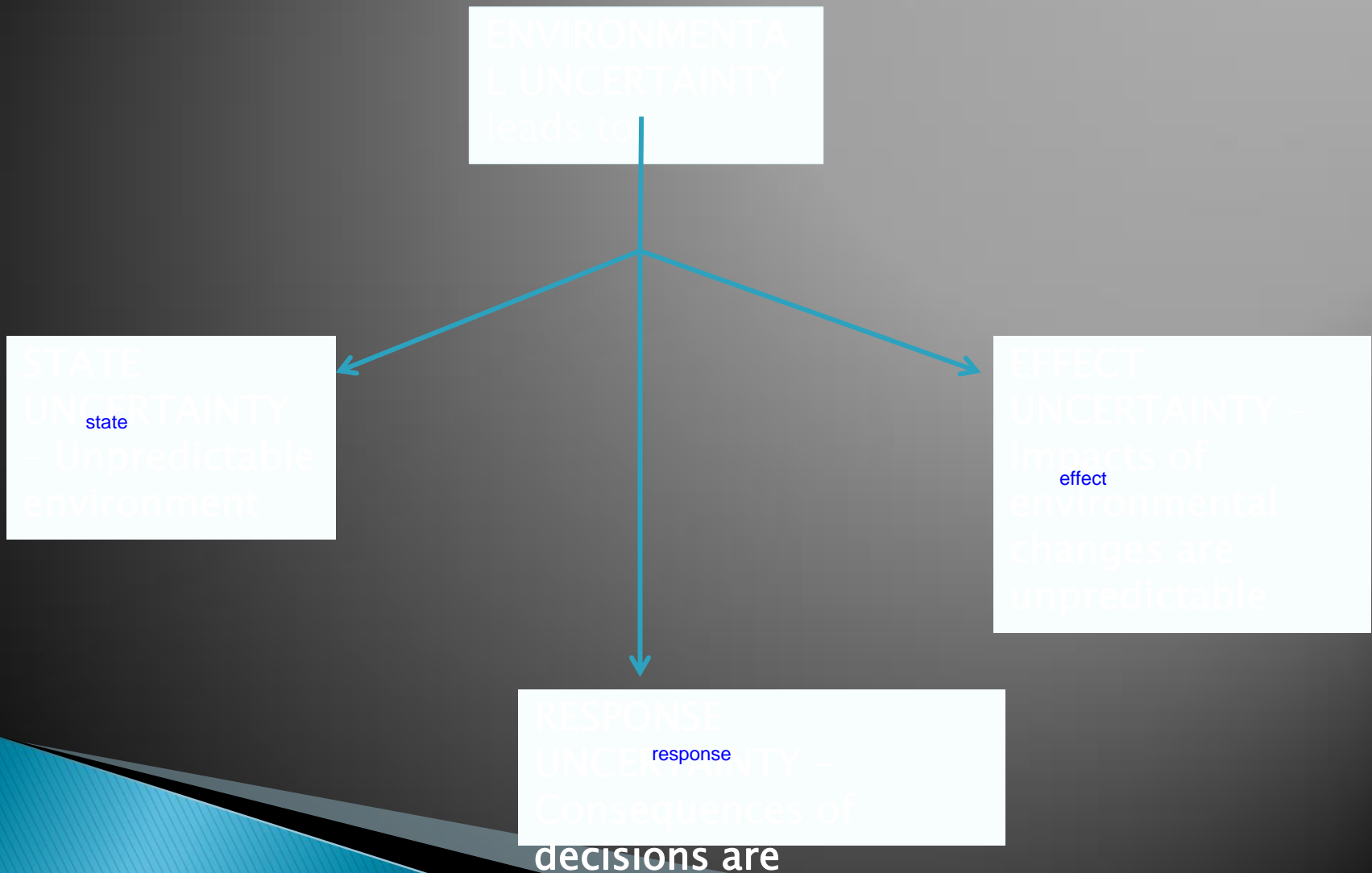
Primary Mgt Function



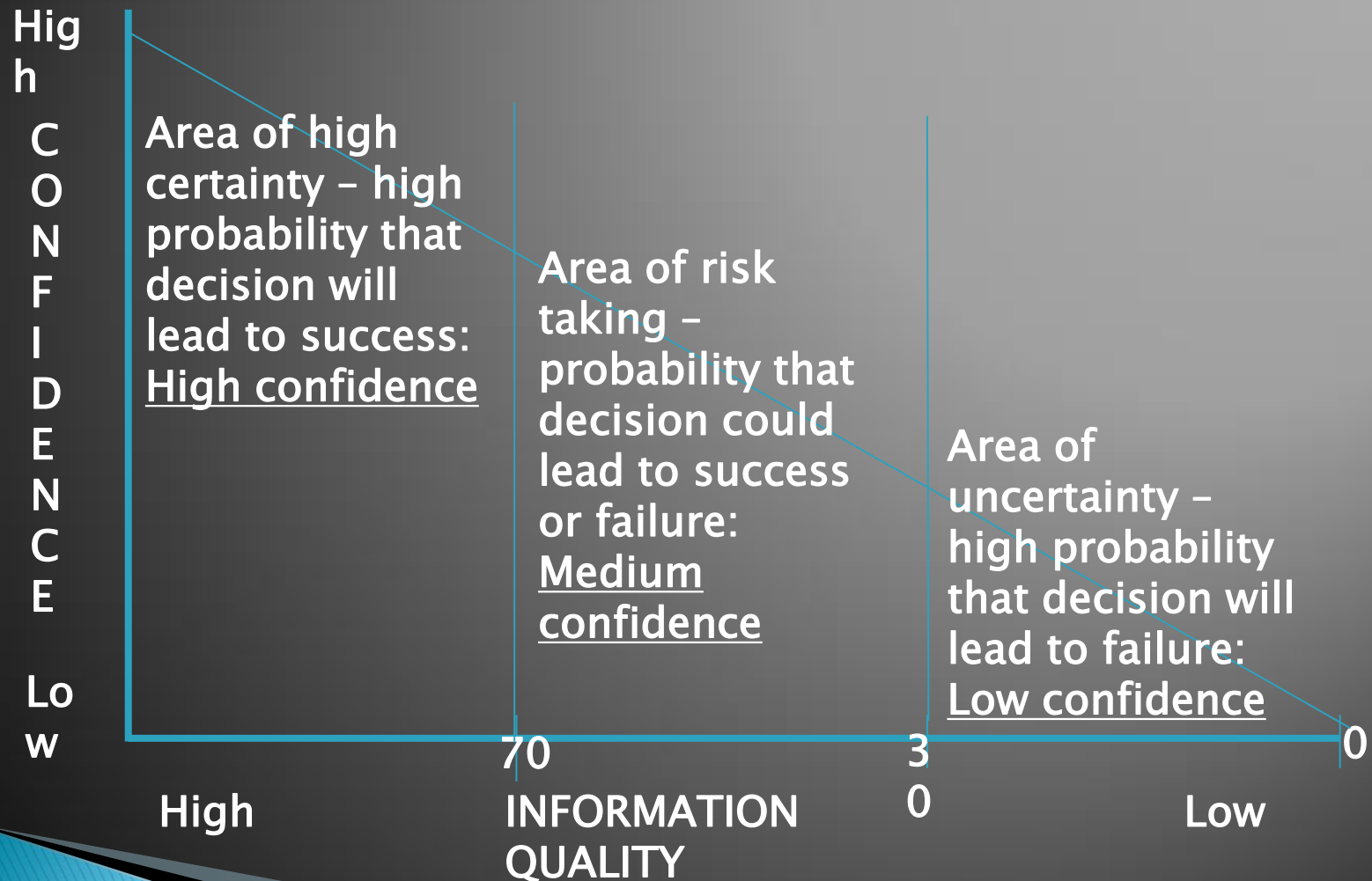
Uncertainty

- ▶ Uncertainty reduces confidence in decisions made.
- ▶ Orgs plan to cope with uncertainty in the environment.
- ▶ Consequently individuals and orgs take risks based on quality and quantity of available information

Uncertainty



Uncertainty & Decision Making



Organisational Response

- ▶ Orgs respond to environmental uncertainty in one of four ways:
- ▶ **Defenders** –
 - Highly expert at production and marketing in a narrowly defined market.
 - Opportunities beyond present market are not actively sought .
 - Few adjustments in technology, org structure and methods of operations because of narrow focus.
 - Primary attention is devoted to efficiency of current operations.
 - Typical of bureaucratic orgs.

Organisational Response

▶ Prospectors

- Primary attention devoted to searching for new market opportunities.
- Frequent development and testing new products and services.
- Create change and uncertainty for competitors.
- Loss of efficiency because focus is on continual production and market innovation.
- Typical of organic organisations

Organisational Response

► Analyzers

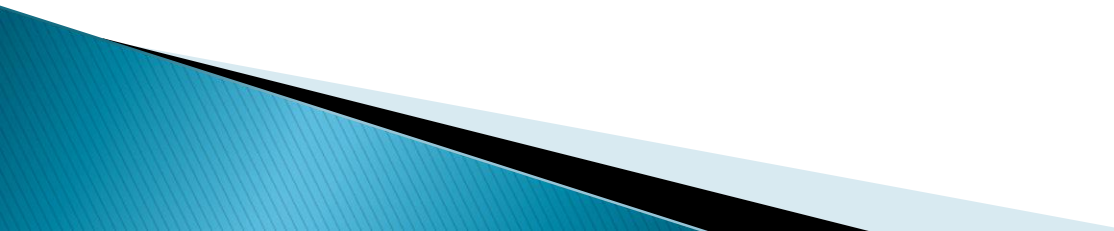
- Operate simultaneously in stable and changing product market domain.
- In stable environment, emphasis is on formal structures and processes to achieve routine and efficient operations.
- In changing environment, emphasis is on detecting and copying competitor's most promising ideas.
- Typical of imitators in electronic gadgets such as smart phones industry.

Organisational Response

▶ Reactors

- Frequently unable to respond quickly to perceived changes in environment.
- Adjustments made only when forced to do so by environmental pressures.
- Typical of government agencies.

What are Plans?

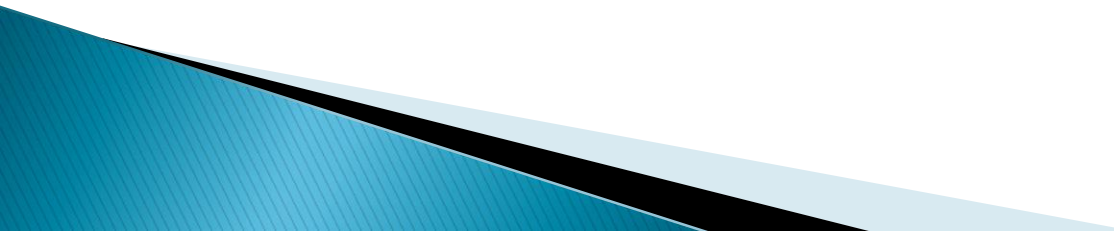
- ▶ Planning is an ever present feature of life
 - ▶ Plans can be formal or informal
 - ▶ Plans give purpose to life
 - ▶ Formalised plans enable managers to mobilise their intentions to accomplish org purposes
 - ▶ A plan is a specific, documented intention consisting of an objective and an action statement.
 - ▶ Plans are working documents by which managers manage business.
 - ▶ Plans tell what when, and how something is to be done.
- 

Essentials of Planning

- ▶ Essentials of planning comprise common denominators:
- ▶ **Org Mission:**
 - Provides cornerstone of any planning system that guides the org through uncertain times
 - Specifies key org values and
 - Helps define org's niche in the economy or culture.
 - Provides a focal point for entire planning process.
- ▶ Plans can be of strategic, tactical and operational nature with different time horizons

Essentials of Planning

▶ Objectives –

- Used interchangeably with goals
 - Goal is the ultimate and ever changing achievement
 - Objective is a measurable achievement/result within a given time frame. It is a subset of a goal
 - Objectives are SMART
- ▶ Good objectives indicate **what** and **when** is to be achieved and can the intended result be **measured**
- ▶ Objectives are important from standpoint of planning by:
- **serving as targets** – assist in coordinating decisions
 - **measuring sticks** – assist in evaluating performance against standards
 - **fostering commitment** – encourage individual commitment to collective ends
 - **enhancing motivation** – present challenges which feel good on achievement and attendant rewards.
- 

Prioritisation

- ▶ Defined as ranking of goals or activities in order of importance.
- ▶ Listing priorities enables managers to allocate appropriate resources in terms of limited time, talent, finances and materials.
- ▶ Establishment of priorities is a key factor in managerial and org effectiveness.
- ▶ Establishing priorities is normally subjective but following the ABC priority system reduces subjectivity.

Assignment: Discuss the need for strategic planning in ones life relating to success!
-12 pages
-1.5 spacing
Due: 20 March

-difficulties,
introduction,main body(4 parts),conclusion

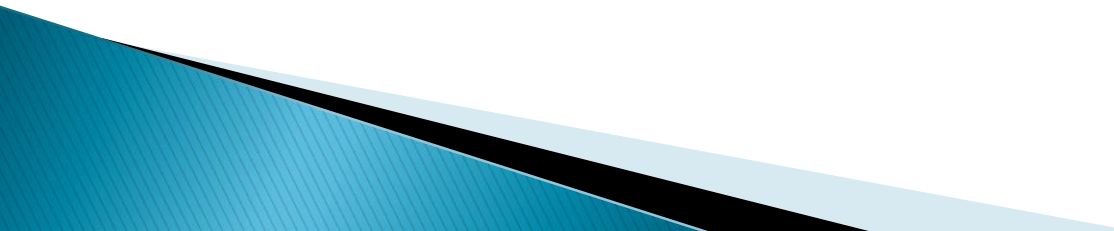
ABC System

- ▶ **A – “must do” objectives:** critical to successful performance in response to top mgt or external demands
- ▶ **B – “should do” objectives:** necessary for improved performance – vital but can be postponed to later if necessary
- ▶ **C – “nice to do” objectives:** desirable for improved performance but not critical to survival or improved performance – can be eliminated or postponed to achieve higher priority objective
- ▶ Other priority setting systems include:
 - 80/20 principles (Pareto Analysis)
 - Learning to manage time
 - Learning to discern unimportant demands

Mechanisms – Achieving Plans

- ▶ Org structures represent a major mechanism through which plans are achieved
- ▶ Two types of structures: functional or divisional:
- ▶ **Functional orgs** (separate departments for finance, marketing etc) **tend to be highly centralised:**
 - Major decisions are made by top mgrs, lower mgrs carry them out.
 - In such orgs both planning system and process are relatively simple –top mgrs dictate objectives and how they can be attained.
- ▶ **System appropriate under two conditions:**
 - When there is low degree of external uncertainty
 - Org produces only one product or a few related products
- ▶ **Divisional orgs** (separate plants/factories) **tend to be decentralised.**
 - Decisions are made by local mgt.
 - Planning heavily influenced by surrounding local and external environments.
 - Top mgrs establish independence and produce for target market segment.

Missions and Objectives

- ▶ **Missions help to focus business efforts –**
statements must be updated periodically so that org can continue to be properly focused
 - ▶ **Objectives can be of any of the following:**
 - Profitability
 - Sales growth
 - Increased market share
 - Quality improvement
- 

Objectives

- ▶ Objectives should not be specified too precisely under the following conditions:
 - Before identification of mission
 - When experiencing unstable external env
 - When lack of trust among org members
- ▶ Objectives should be precisely specified under following conditions
 - Top mgrs narrowing focus of org
 - When stable env prevails
 - Where severe limits on time and resources
- ▶ Planning is contingent on the nature of external env

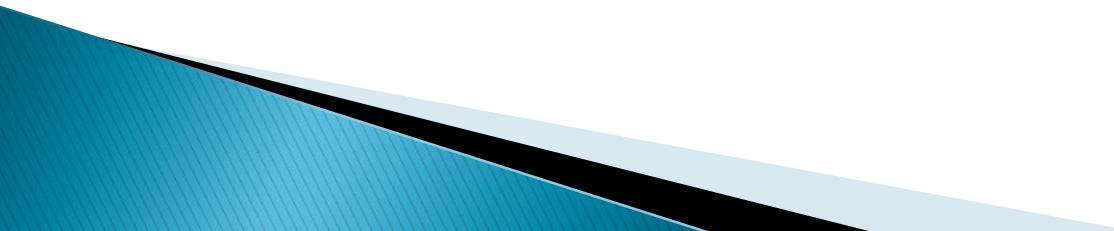
Strategic Planning

- ▶ Begins with:
- ▶ 1 SWOT analysis followed by
- ▶ 2 Organisational assessment:
 - Product life cycle phases in product sales through time: at which phase is the orgs product?
 - Growth share matrix: where is the org's product in the matrix?
- ▶ 3 Mission Statement – examination of:
 - What bsn in 5 years?
 - Grow or not?

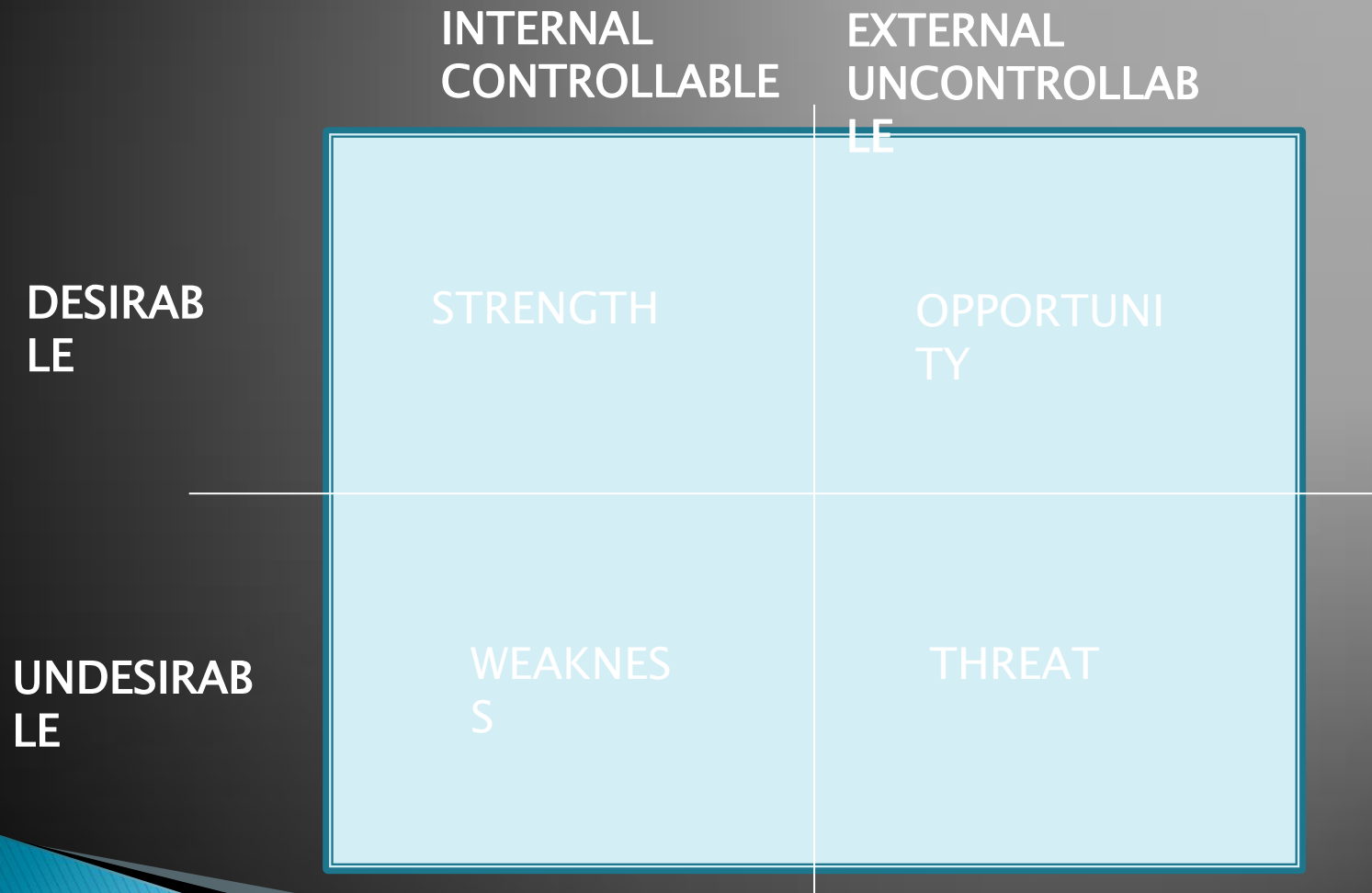
Strategic Planning

- ▶ **4 Strategic alternative:** examine growth, retrenchment or stability? Decide which one is more viable
- ▶ **5 Strategic choice of alternative and** – develop plans to focus on :
 - external environment
 - risk taking,
 - power rels and
 - org structure
- ▶ **6 Implementation** – addresses:
 - Specific decisions at different times during life of strategic plan
 - Specific actions to be taken at different times during life of strategic plan
- ▶ **7 Evaluation** – based on feedback information from process

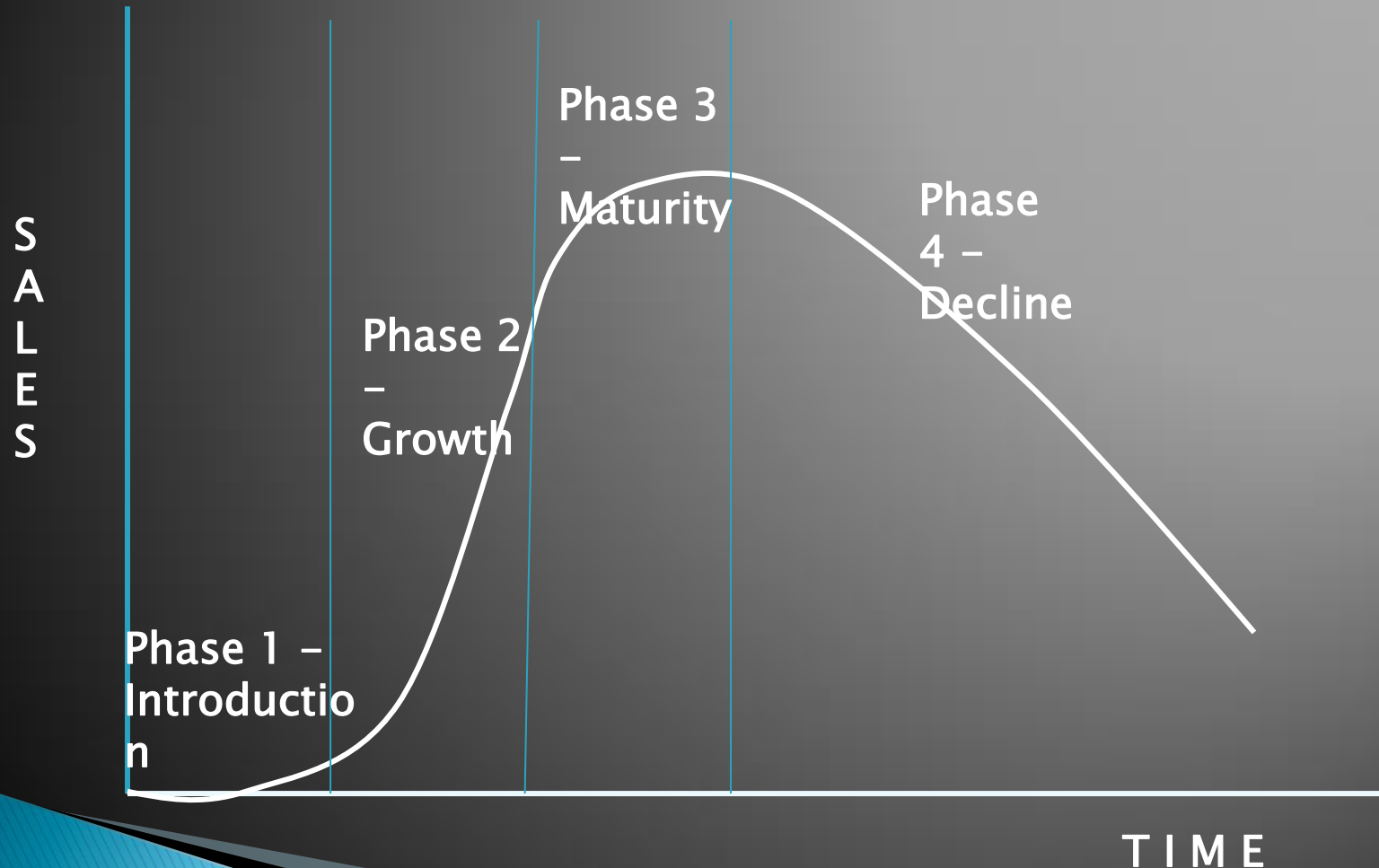
SWOT Analysis

- ▶ **SWOT** analysis examines strengths, weaknesses, opportunities and threats of an org or any business concern
 - ▶ Includes systematic investigation of data, examination of industry trends, and a review of any relevant information
 - ▶ Managers use their judgment and intuition to establish relative importance of identified strengths, weaknesses, opportunities and weaknesses
 - ▶ Threats and opportunities are external environmental factors over which orgs have no control
 - ▶ Strengths and weaknesses are internal org factors over which orgs have some control
- 

SWOT Analysis



Product Life Cycle



Growth Share Matrix

