

Advantages of objectives

- They provide basis of planning and for developing policies, budgets and procedures.
- Act as motivators.
- Basis for managerial control.
- They facilitate better management of the enterprise by providing the basis for leading, guiding, directing and controlling.
- Reduces conflict.



Strategies

- In competitive situation, it is not enough to build plans logically from goals unless the plans take into account the environmental opportunities, threats and the organizational strength and weakness. Two important activities involved in strategy formulation are environmental appraisal and corporate appraisal.
- Environmental appraisal: key environmental factors are:
 - Political and legal factors
 - Economic factors.
 - competitive factors.
 - social and cultural factors.

Corporate appraisal

- This involves an analysis of company's strength and weakness. Company's strength may lie in its outstanding leadership, excellent product design, low cost manufacturing skill, efficient distribution, efficient customer relations, efficient transport and logistics, effective sale promotions, ownership of low cost raw materials.
- The essence of a strategy is being different i.e., in combining activities in such a way that they deliver a unique mix of values that are different from their rivals.
- Strategy is optimum only for a particular point in time. Hence its time horizon should be carefully chosen. To formulate a strategy consistent with rapidly changing environment

Advantages of policies



- Policy provides uniformity of action across various department in an organization.
- Policies speeds up decisions at lower levels.
- Policies enable higher management to delegate work to lower levels.
- Policies provides road map for implementing the objectives
- Types of policies :originated policy, appealed policy, implied policy, externally imposed policy. Classification based on the function ex, marketing, financial, recruitment policies.



You



Guidelines for effective policy making



- It should be in writing.
- Should reflect the objectives of the organization.
- Reasonable balance between stability and flexibility.
- Different policies in the organization should not pull it in different directions.
- It should not be detrimental to the interest of society.
- It should be comprehensive and should be reviewed periodically

Procedures

- Policies are general guidelines to both thinking and actions of managers at the higher levels. Procedures are general guidelines for actions for managers at the lower levels.
- Policies are defined to implement the objectives of the organization, procedures are for implementing the policies.
- Policies are generally broad in nature, procedures are specific.
- Policies may be established without any study or analysis, procedures require proper study and analysis.

Methods

- A method is a prescribed way in which one step of a procedure is to be performed.
- Methods help in increasing the effectiveness and usefulness of the procedure.
- RULES.
- Rules are detailed and recorded instructions that a specific actions must or must not be performed.

Single use plans programs

- Programs are precise plans or definite steps in proper sequence which need to be taken to achieve a given task. The essential ingredients of every program are time phasing and budgeting.
- Budgets
- Budgets are plans for future period of time containing statements of expected results in numerical terms.
- The important budgets are sales budget, production budget, cash budget, and revenue and expenditure budget
- Budgets facilitate comparison of actual results with the planned ones, serve as control device and yardstick for measuring performance.

Internal and external premises

General business and economic environment

Government policies and regulations

Political stability

Demand for industry product

Technological changes

Population growth

Sociological factors



You

