


Essentials of Management
Topic 4:
Planning




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Scope and Coverage

This topic will cover:

- The main purposes of planning
- The roles of goals and plans
- Different types of plans
- Management by objectives (MBO)
- Characteristics of well designed goals
- Planning in uncertain environments




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Learning Outcomes

By the end of this topic students will be able to:

- Define planning and its importance
- Explain the purpose of goals and plans and their impact upon organisational performance
- Understand why it is important to have well designed goals
- Discuss and explain the importance of selecting the appropriate type of plan for a specific requirement



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Definition and importance of Planning?

“A process that involves defining the organisation’s goals, establishing an overall strategy for achieving those, and developing a comprehensive set of plans to integrate and coordinate activities”

Robbins, S. P., & Judge, T. (2013).

“If you fail to plan you are planning to fail”
Benjamin Franklin

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Purposes of Planning


- Provides direction to both managers and staff
- Enables managers to look ahead, anticipate change and foresee problems
- Reduces overlapping and wasteful activities
- Establishes goals or standards that are used for control purposes
- Enables managers to reduce risks to the business

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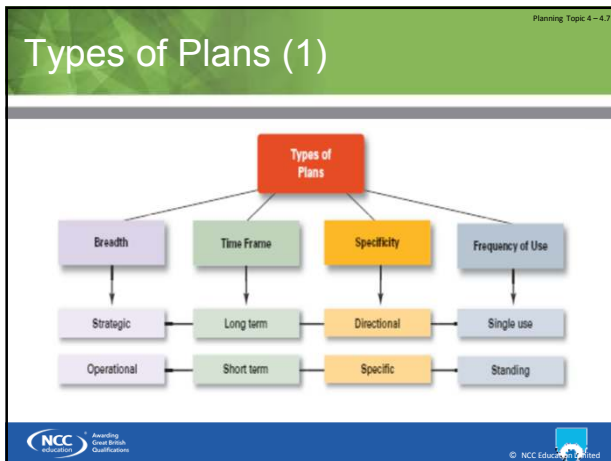
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Goals and Plans

- **Goals** – desired outcomes for individuals, groups or entire organisations
- **Plans** – documents that outline how goals are going to be met, including resource allocations and schedules



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- ## Types of Plans (2)
- **Strategic** – apply to the entire organisation and establish overall goals
 - **Operational** – specify details of how overall goals are to be achieved (team and individual objectives)
 - **Long-term** – incorporate a timeframe beyond three years
 - **Short-term** – incorporate a timeframe of less than one year
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- ## Types of Plans (3)
- **Specific** – clearly defined and leave no room for interpretation
 - **Directional** – flexible and set out general guidelines
 - **Single-use** – one time plan, specifically designed to address a unique situation (e.g. project)
 - **Standing** – ongoing plans that provide guidance for activities performed repeatedly
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Group Activity

Consider the following work activities and explain what type of plan(s) you would use

1. A new research project to develop a new product
2. A new business plan to give direction to the organisation for the next 5 years
3. Planning for the expected festive increase in retail sales and the resources needed
4. Scheduling staff holidays and workforce demands

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Traditional Goal Setting

- Goals are set at the top of the organisation
- Broken into sub-goals (objectives) for each level of the organisation

BUT...

- Goals can lose clarity and unity as they make their way down the organisation

SOLUTION...

- Management By Objectives

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Management By Objectives (MBO)



- Overall objectives and strategies are formulated
- Major objectives allocated among departments
- Unit managers set specific objectives for their units
- Action plans agreed by managers and employees, defining how objectives are to be achieved
- Action plans are implemented
- Periodic reviews to check progress, and feedback
- Successful achievement of objectives is rewarded

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Characteristics of Well Designed Goals

- Written down - in terms of outcomes rather than actions
- Measurable and quantifiable
- Clear time frame
- Challenging yet attainable
- Agreed by parties involved
- Communicated to all necessary employees





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Steps in Goal Setting

1. Review the organisation's mission
2. Evaluate available resources
3. Determine goals individually or with input from others
4. Write down and communicate goals
5. Review results and identify whether goals are being met





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Contingency Factors Affecting Planning

- Level and authority of the manager within the organisation undertaking planning activities
- Degree of environmental uncertainty
- Degree to which current plans affect future commitments – commitment concept means that plans should extend far enough to meet those commitments made today



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Criticisms of Planning

- Can create rigidity – they need to be flexible
- Can't be developed for dynamic environment
- Can't replace intuition and creativity
- Focuses attention on today's competition not tomorrow's survival
- Can provide a false sense of security ('as we are sticking to the plan!')

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Planning Effectively in Uncertain Environments

- Need to develop plans that are specific but flexible
- Plans should not be cast in stone
- Stay alert to environmental changes
- Organisational hierarchy should be flattened
- Responsibility for establishing goals and developing plans at all levels of the organisation
- Employees must have sufficient training to undertake such work

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Summary

- Planning plays a critical role in establishing the organisational goals and how to achieve these
- Plans identify how goals are to be met
- There are a variety of plans that can be adopted
- Different approaches can be taken to establishing goals, including management by objectives (MBO)
- It is important to understand the characteristics of well designed goals
- Uncertain environments require different approaches to planning

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References

- Slide 4.4: Robbins, S. P., & Judge, T. (2013). Organizational behavior (15th ed.). Boston: Pearson.
- Slide 4.7: Robbins, S.P. and Coulter, M. (2017). Management 8th ed. Pearson/Prentice-Hall: New Jersey. Pp 162

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Any Questions?

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