

What is Planning?

Planning involves defining the organization's goals, establishing strategies for achieving those goals, & developing plans to integrate & co-ordinate work activities.

It concerned with both ends (what) and means (how).
In formal planning, specific goals covering a specific time period are defined. These goals are written & shared with organizational members to reduce ambiguity & create a common understanding about what needs to be done.

Specific plans exist for achieving these goals.

Why do managers plan?

1. Planning provides direction to manager & non-managers.
 - When employees ^{know what} organization is trying to accomplish & what they must contribute to reach goals.
 - They can co-ordinate their activities, co-operate with each other & helps to accomplish those goals.
2. Planning reduces uncertainty.
 - It will force managers to look ahead, anticipate change, consider the impact of change & develop appropriate responses.
 - Planning will not eliminate uncertainty, managers plan to respond effectively.
3. Planning minimizes waste & redundancy.
 - When work activities are co-ordinated around plans, inefficiencies become obvious & can be corrected/eliminated.
4. Planning establishes the goals/standards used in controlling.
 - When managers plan, they develop goals & plans.
 - When they control, they see whether the plans have been carried out & the goals met.

Goals & Plans:

Planning: Defining the organization's goals, establishing strategies for achieving those goals, & developing plans to integrate & co-ordinate work activities.

Planning is often called primary management fⁿ, it establish basis for all other things.

It involves 2 important aspects.

or Goals

or Plans.

Goals are desired outcomes / targets.

- They guide management decisions & form the criterion against which work results are measured.
- The desired target / outcome ~~has to be~~ ^{should be} specified, so we can establish plans for reaching it.

Plans are documents that outline how goals are going to be met.

- They include resource allocations, schedules & other necessary actions to accomplish the goals.

Types of goals:

Most company's goals are either strategic / financial.

Financial
Strategic → to financial performance of organization.

Strategic → to all other areas of an organization performance.

Stated goals: Official statements of what an organization says, & what it wants its various stakeholders to believe, its goals are..

The stated goals in organization's charter, annual report, public relation announcements made by managers are often conflicting & influenced by stakeholders think organization should do.

Real goals: Goals that an organization actually pursues, as defined by the actions of its members. Actions defines priorities.

Types of plans:

Most popular ways to describe organizational plans are

- a) breadth (strategic v/s specific & operational).
- b) time frame (short term v/s long term).
- c) Specificity (directional v/s specific).
- d) Frequency of use (single v/s standing).

These types of plans aren't independent.

Types of Plans.

Breadth	Time frame.	Specificity	Frequency of use.
Strategic	Long term	Directional	Single use.
Operational	Short term	Specific.	Standing.

Strategic plans are plans that apply to the entire organization & establish organizations overall goals.

Operational plans that encompass a particular operational area of the organization.

Long-term plans are plans that with a time frame beyond three years.

Short-term plans are plans covering one year (or) less.

Specific plans are clearly defined & ~~has~~ leave no room for interpretation. These plans are preferable over directional. It states its objectives in a way that eliminates ambiguity & problems with misunderstanding.

Directional plans are plans that are flexible & set out general guidance. When uncertainty is high & managers need to respond to unexpected changes flexibly, directional plans are preferred.

A single use plan is a plan used one-time specifically designed to meet the needs of a unique situation.

Standing plans are ongoing plans that provide guidance for activities performed repeatedly. It includes rules & regulations & policies

Eg: Sexual harassment

Setting goals & developing Plans:

In any organization, before they start work, they need to define the goal / set the goals.

Approaches to setting goals:

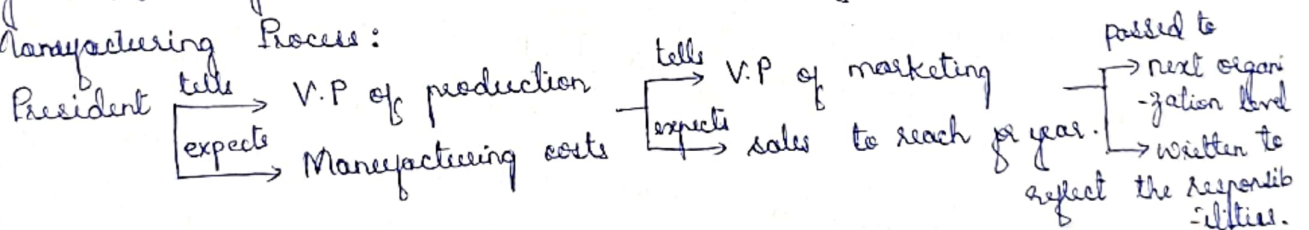
1. Goals provide the direction for all management decisions & actions & form the criterion against which actual accomplishments are measured.
2. Every member of organization should be oriented towards achieving the goal.

The goals can be set either thro' traditional process / by using management by objectives.

Traditional goal setting:

1. Goals set by top managers flow down thro' the organization & become sub-goals for each organizational area.
2. The goals passed down to each succeeding level ^{to} guide individual employees as they work to achieve assigned goals.

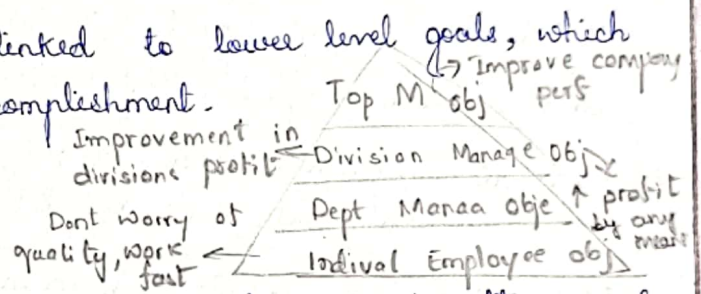
E.g.: Manufacturing Process:



later time → performance is evaluated ^{to} determine ~~set~~ assigned goals have achieved.

3. Turning broad strategic goals into departmental, team & individual goals can be difficult & frustrating process.
4. The clarity is lost as the goals make their way down from the top of organization to lower levels.
5. To improve employees & managers performance work efforts around the goals, a "thermostat" is described.
6. A thermostat is a 3-part by 4-part metric indicator. It communicates with employees, what factory performance is at any given time & where attention is needed.

7. This technique is implemented at Carrier-Carlyle Compressor Facility (17)
8. When the hierarchy of organization goals are clearly defined, it forms an integrated n/w of goals / means-ends chain.
9. Means-ends chain - An integrated n/w of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, (or) ends at next level.
10. Higher level goals (or) ends are linked to lower level goals, which serve as the means of their accomplishment.



Management by Objective: (MBO)

A process of setting mutually agreed-upon goals & using those goals to evaluate employee performance.

MBO has 4 elements:

- a) Goal specificity.
- b) Participative decision making.
- c) Explicit time period.
- d) Performance feedback.

MBO uses goals to motivate them, rather than just setting-the goal.

Steps in MBO:

1. Organization's overall objectives & strategies are formulated.
2. Major objectives are allocated among ~~individual~~ divisional & departmental units.
3. Unit managers collaboratively set specific objectives for their units with their managers.
4. Specific objectives are collaboratively set with all dept members.
5. Action plans, defining how objectives are to be achieved, are specified & agreed upon by managers & employees.
6. The action plans are implemented.
7. Progress toward objectives is periodically reviewed & feedback is provided.

8. Successful achievement of objectives is reinforced by performance-based rewards.

Steps in goal setting:

Managers should follow 5 steps when setting goals:

1. Review the organization's mission:

A mission is a broad statement of organization's purpose that provides an overall guide to what members think is important. Goals should reflect that mission.

2. Evaluate available resources:

Goals should be set for given available resources

3. Determine the goals individually / with i/p from others:

Goals must be measurable, specific & include a time frame for accomplishment.

4. Write down the goals & communicate them to all who need to know.
Written goals become visible evidence of importance of working toward something.

5. Review results & whether goals are being met:

If goals aren't being met, change them as needed.

Once goals established, written down & communicated, a manager ready to develop plans for pursuing the goals.

Characteristics of well-written goals:

a) Written in terms of outcomes rather than actions.

b) Measurable & quantifiable.

c) Clear as to a time frame.

d) Challenging yet attainable.

e) Written down.

f) Communicated to all necessary organizational members.

Developing Plans:

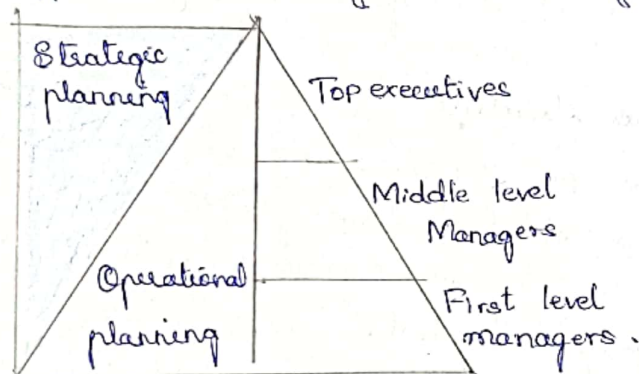
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The process of developing plans have 3 contingency factors.

- a) Organizational level.
- b) Degree of environmental uncertainty.
- c) Length of future commitments.

Organizational level:

Most part of planning, lower level managers do operational planning while upper level managers do strategic planning.



Degree of environmental uncertainty

- When uncertainty is high, plans should be specific but flexible.
- Managers must be prepared to change (or) amend plans, at times even have to abandon the plans.

Length of future commitments:

It is related to time frame of plans. The commitment concept says that plans should extend far enough to meet those commitments made plans were developed.

Planning for too long (or) too short a time period is inefficient & in-effective.

Approaches to planning:

- In the traditional approach, planning is done by top-level managers who often are assisted by a formal planning department.
- The top-down approach to planning is used by many organizations. It can be effective only if managers understand the importance of documents, which should be actually used by members, not just impressive document not being used.

- Another approach involve more organization members in the process.
- Plans aren't handed down from one-level to next; but they are developed by members at various level & in various work units to meet their specific needs.
- By this approach, the plans are used in directing & co-ordinating work.

Organizing

Arranging & structuring work to accomplish the organizations goals.

Designing organizational structure:

Organization is an important process during which managers design an organization's structure. Organization structure is the formal arrangement of jobs within an organization. This can be shown visually in an organizational chart.

When managers create (or) change that structure, they are engaged in Organizational design.

A process that involves 6 key elements-

- Work specialization
- Departmentalization
- Chain of command
- Span of control
- Centralization & de-centralization
- Formalization.

Purposes of organization:

- Divide work to be done into specific jobs & dept's.
- Assign task & responsibilities associated with individual jobs.
- Co-ordinate diverse organizational tasks.
- Cluster jobs into units.
- Establishes relationships among individuals, groups & dept's.
- " formal lines of authority.
- Allocate & deploys organizational resources.