

Planning Lecture 4

MGM111
Principle of Management

Prepared by
Dr. Bothaina Mahmoud Fouad

www.midocean.ae

- **planning definition and its benefits**
- **Planning elements**
- **types of plans do managers use.**
- **useful planning tools and techniques.**



**Learning Outcomes of the
Lecture**



A job well planned is half done

Planning

Defining goals, establishing strategy, and developing plans to coordinate activities

Organizing

Determining what needs to be done, how it will be done, and who is to do it

Leading

Motivating, leading, and any other actions involved in dealing with people

Controlling

Monitoring activities to ensure that they are accomplished as planned

Lead to

Achieving the organization's stated purposes



Planning bridges the gap from where we are to where we want to go .

- **Planning decide in advance:**

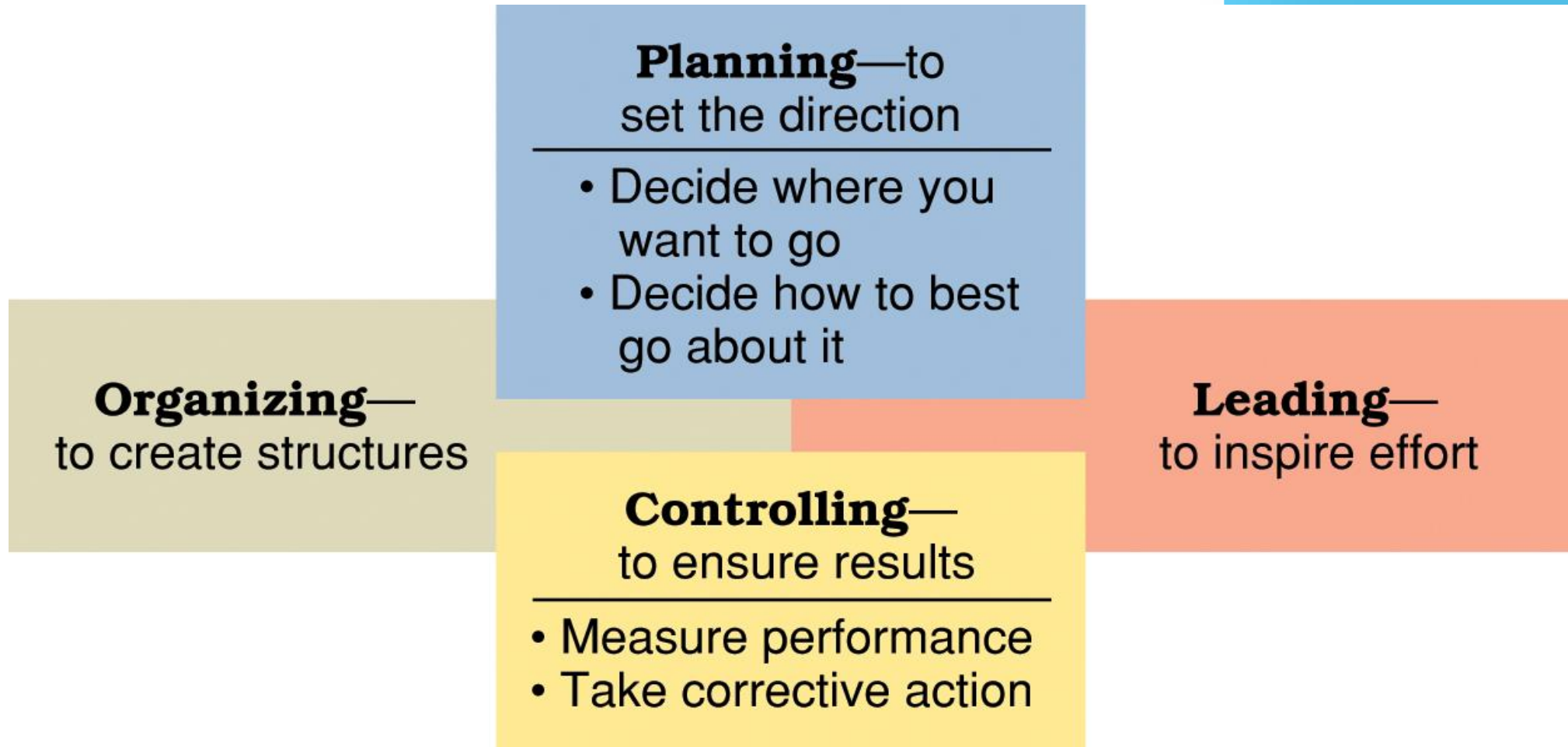
What to do, how to do

Why to do

Where to do

Who will be responsible for doing

The roles of planning and controlling in the management process.



What is planning

- **Identifying and selecting appropriate goals and courses of action for an organization.**
- **The organizational plan that results from the planning process details the goals and specifies how managers will attain those goals**



Planning is determining

the objectives and formulating the methods to achieve them.

And

how they'll be met

Before You Plan

☐ MISSION STATEMENT

- what we do; purpose of organization

☐ VISION STATEMENT

- how we want it to be; future state of organization

☐ VALUES

- what do we stand for; culture framework

☐ PRIMARY OBJECTIVES

- how to get there; translated into goals and action plans

Understanding Mission

- **Mission Statement**
 - describes what organization needs to do to achieve vision
 - will be more specific than vision statement
 - conveys to stakeholders why the organization exists
 - explains how it creates value for the market or the larger community



Understanding Vision

- **Vision Statement**
 - is a statement of organization's overarching aspirations of what it hopes to achieve
 - should inspire people
 - motivate people to want to be part of and contribute to the organization.
 - should be clear and concise, usually not longer than a short paragraph



Understanding Values

- **Values Statement**

- defines what organization believes in
- describes how people should behave
- must be reinforced at all levels of organization
- called the “code of ethics”
- provides a standard for employees to judge violations.



Planning Benefits

Planning helps identify goals

Planning Controls the organization standard

Planning provides direction and improves action orientation.

Planning involves choice

Planning Benefits, Con't

Planning improves efficiency, control and time management

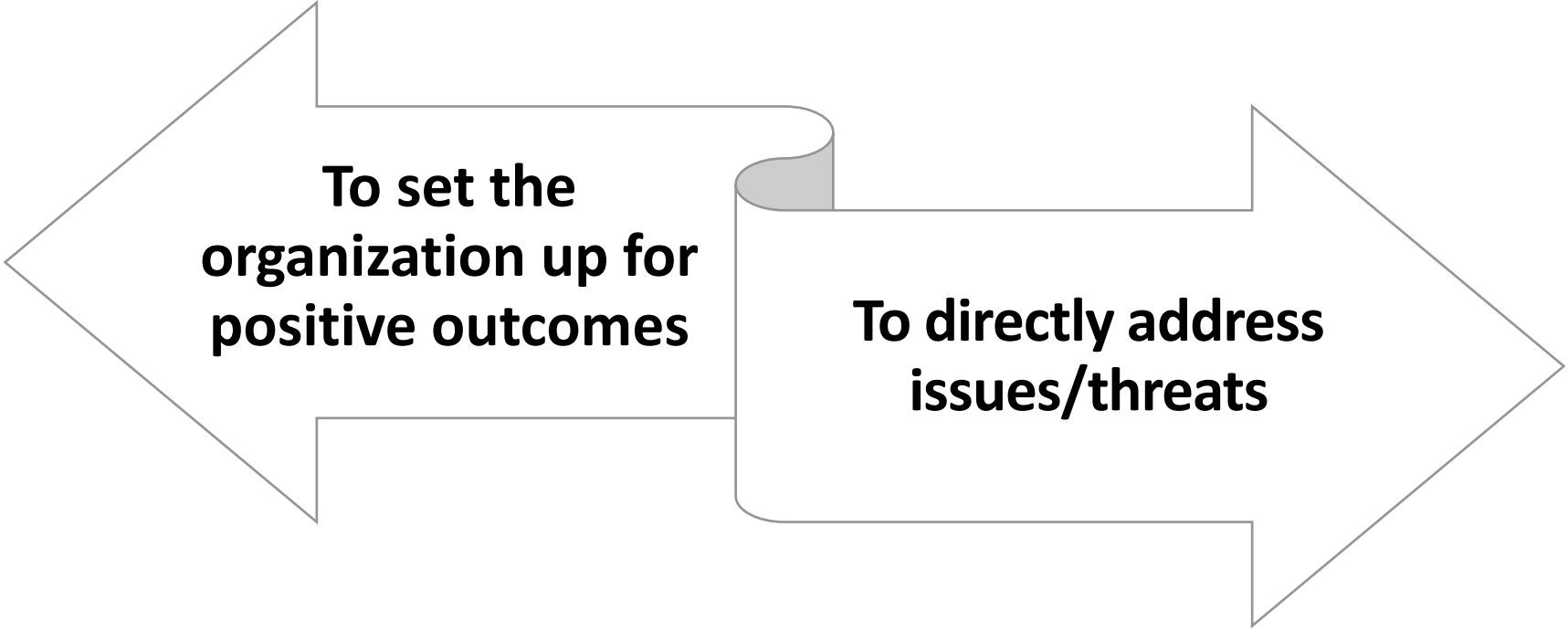
Planning allows flexibility and improve focus

Planning Enhances cooperation and coordination

Planning Optimizes resource allocation and improves resource utilization

Planning gives Effective results

Why Should We Plan?



**To set the
organization up for
positive outcomes**

**To directly address
issues/threats**

Why Should We Plan?, Con't

- Better leadership and Gives the organization a sense of direction
- A clearly defined mission, vision, and strategy
- A clear picture of trends which may impact the organization now and in the future
- Identification of short- and long-term “attention” areas
- Specific plans to improve performance and to anticipate future change
- Consistent, sustained success, as opposed to marginal success
- ❖ Involve staff in decision making and more cohesive team
- ❖ Helps coordinate the different functions and departments
- ❖ Facilitate control and demonstrate accountability
- ❖ Want to plan change, not become a victim of change

Elements of Planning

Goals (also Objectives)

Desired outcomes for individuals, groups, or entire organizations
Provide direction and evaluation performance criteria

Plans

Documents that outline how goals are to be accomplished
Describe how resources are to be allocated and establish activity schedules

Types of Goals



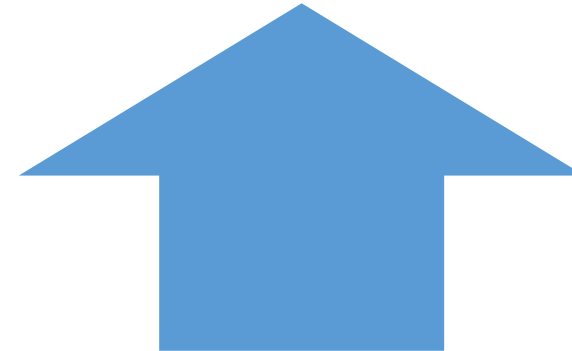
Financial Goals

related to the expected internal financial performance of the organization.



Strategic Goals

related to the performance of the firm relative to factors in its external environment (e.g., competitors).



Managers have to follow six steps when setting goals

- 1. Review the organization's mission and the employee's key job tasks.**
- 2. Evaluate available resources.**
- 3. Determine the goals individually or with input of others.**
- 4. Make sure goals are well-written and then communicate them to all who need to know.**
- 5. Build in feedback mechanisms to assess goal progress.**
- 6. Link rewards to goal attainment.**

Remember you should have Well-Written Goals

To have well-written goals, you have to take in your consideration :

- 1.Written in terms of outcomes rather than actions**
- 2.Measurable and quantifiable**
- 3.Clear as to time frame**
- 4.Challenging yet attainable**
- 5.Communicated to all necessary organizational members**

Managers plan

Planning

The process of setting objectives and determining how to best accomplish them.

Objectives

Identify the specific results or desired outcomes that one intends to achieve.

Plan

A statement of action steps to be taken in order to accomplish the objectives.

Planning is a process consisting of several steps.



Planning is a process consisting of several steps.

1. **Understand the Mission and Vision** - The mission and vision identify the values and purpose of the organization. They will drive the development of goals and objectives. These objectives will serve as benchmarks as to whether you are furthering the companies mission and moving toward its vision.
2. **Identify Objective** - These are the things that a company wishes to achieve.
3. **Courses of Action** - What are the alternative courses of action for achieving the desired objectives.



Planning is a process consisting of several steps, Con't

4. Evaluate Alternatives - Evaluate the various alternatives to identify characteristics, requirements, and likely outcomes.

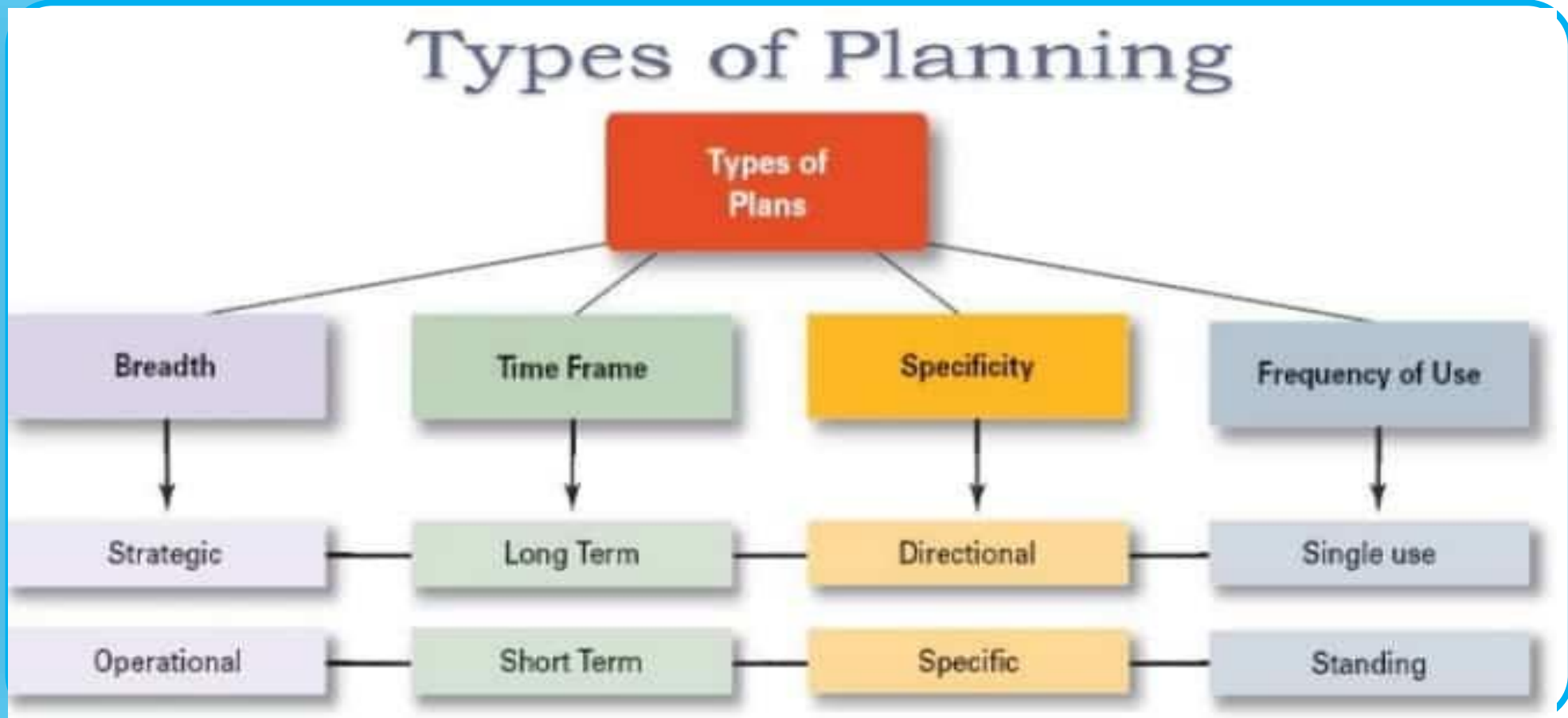
5. Choosing a Course of Action - Based on the characteristics of each alternative, the planner must make decisions about the best courses of action for achieving objectives.

6. Implement Plan - The planner must now execute the chosen course of action.

7. Determine tracking and Evaluate Results - After implementing the plan, planners must continually evaluate the success of their plans and take corrective action when necessary.



Types of Planning

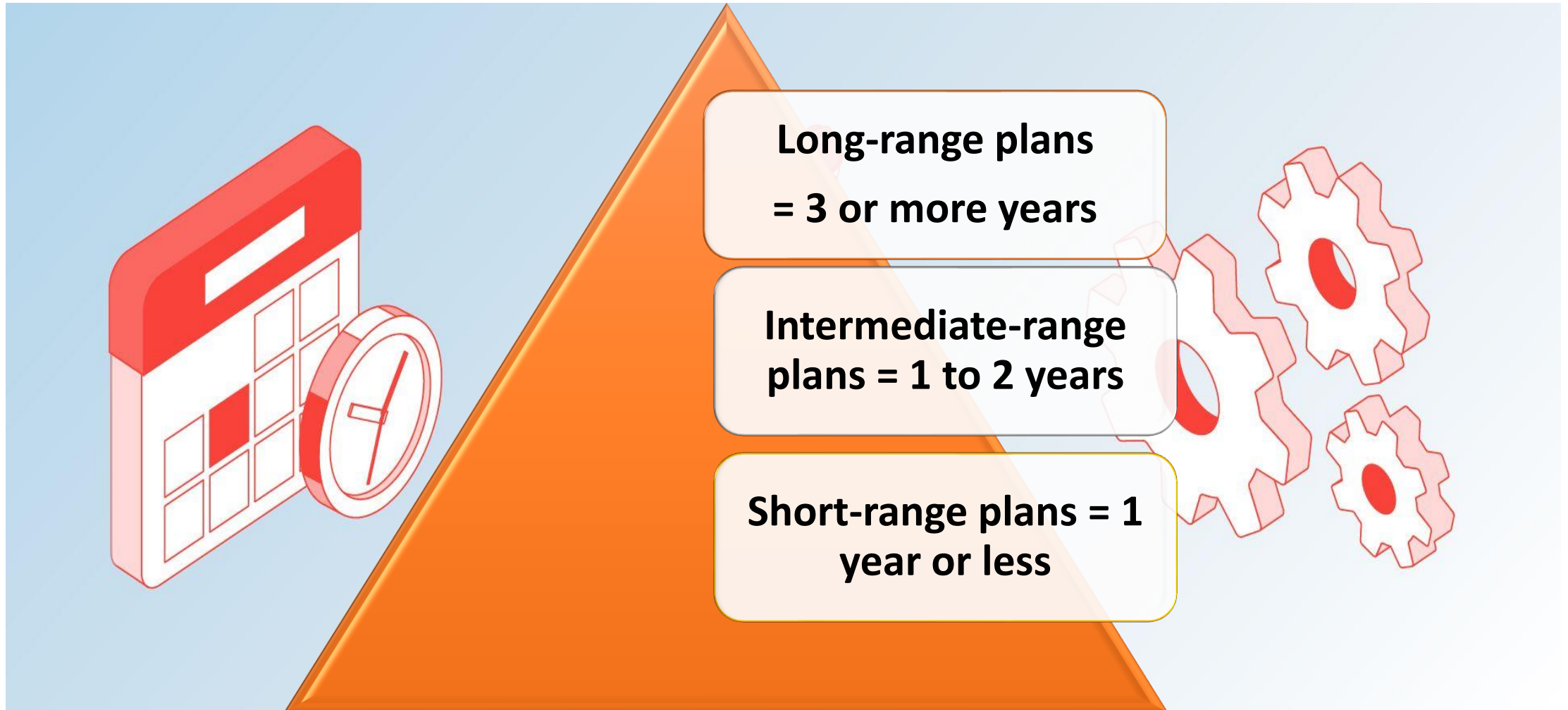


Essential Aspects of the Planning Cycle

- **Maintaining organizational focus**
Defining specific goals to consider the vision, mission, and values of the organization
- **Encouraging diverse participation**
Provides opportunity for input
Establish planning committees that intentionally include people from diverse backgrounds
- **Empowering and motivating employees**
Empowers people to contribute
Motivates them to support outcomes

What types of plans do managers use(by time frame)?

- **Short, Intermediate and long-range plans:**
 - Short-range plans = 1 year or less**
 - Intermediate-range plans = 1 to 2 years**
 - Long-range plans = 3 or more years**
- **People vary in their capability to deal effectively with different time horizons.**
- **Higher management levels focus on longer time horizons.**



What types of plans do managers use?

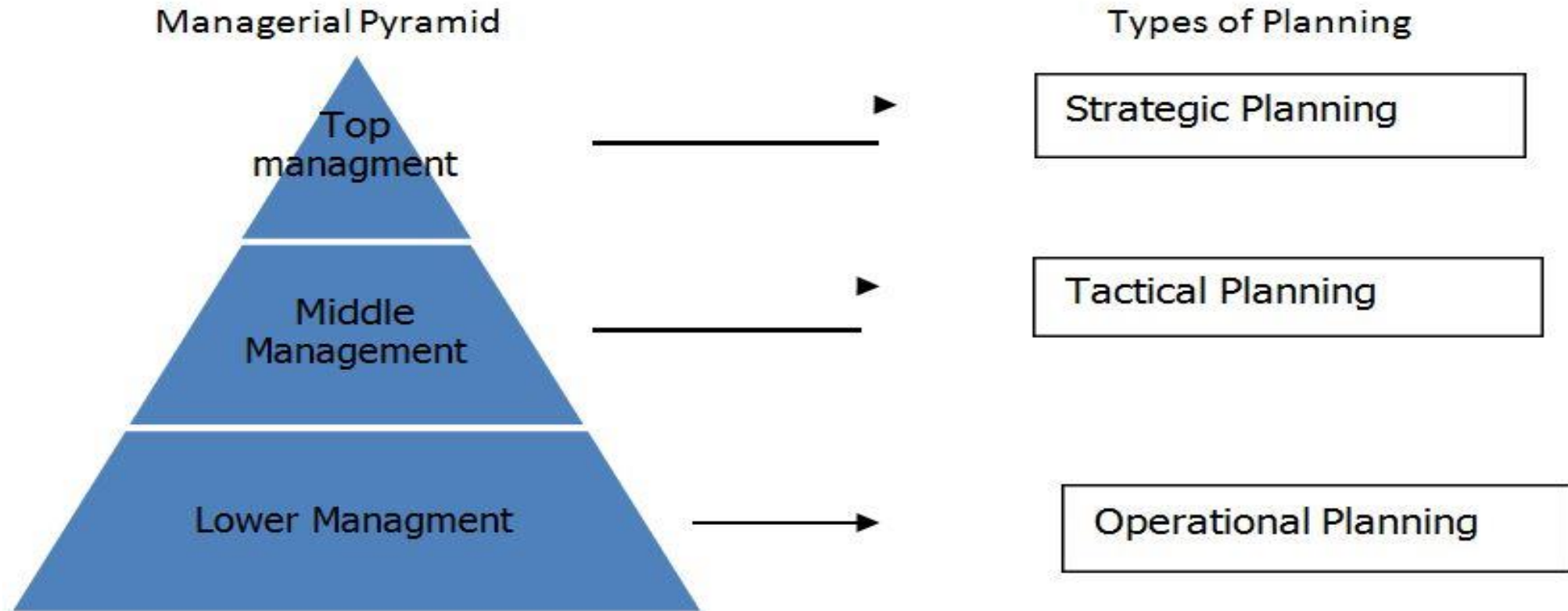
Strategic plans

operational plans

Policies and procedures

Budgets and project schedules

Managerial Hierarchy and planning system



Managerial Hierarchy and planning system

1.Strategic Plan:

- Strategic plan is also **called grand plan**.
- It has a strong external orientation and covers the total organization.
- It begins by asking question regarding the purpose or mission and the operation to which an organization is devoted.
- Senior executives are responsible for the development of these plans.

Remember

There is a difference between

Strategic planning

- A set of procedures for making decisions about the organization's long-term goals and strategies

Strategic goals

- major targets or end results that relate to the long-term survival, value, and growth of the organization.

Managerial Hierarchy and planning system

2. Tactical plan:

- Tactical plans translate broad strategic goals and plans into specific goals and plans.
- It mainly focuses on functional areas of the organization.
- Middle level managers who are responsible for major division or branches in an organization develop the tactical plan.
- Tactical plans focus on the major actions that a unit must take to fulfill its parts of the strategic plan.

Managerial Hierarchy and planning system

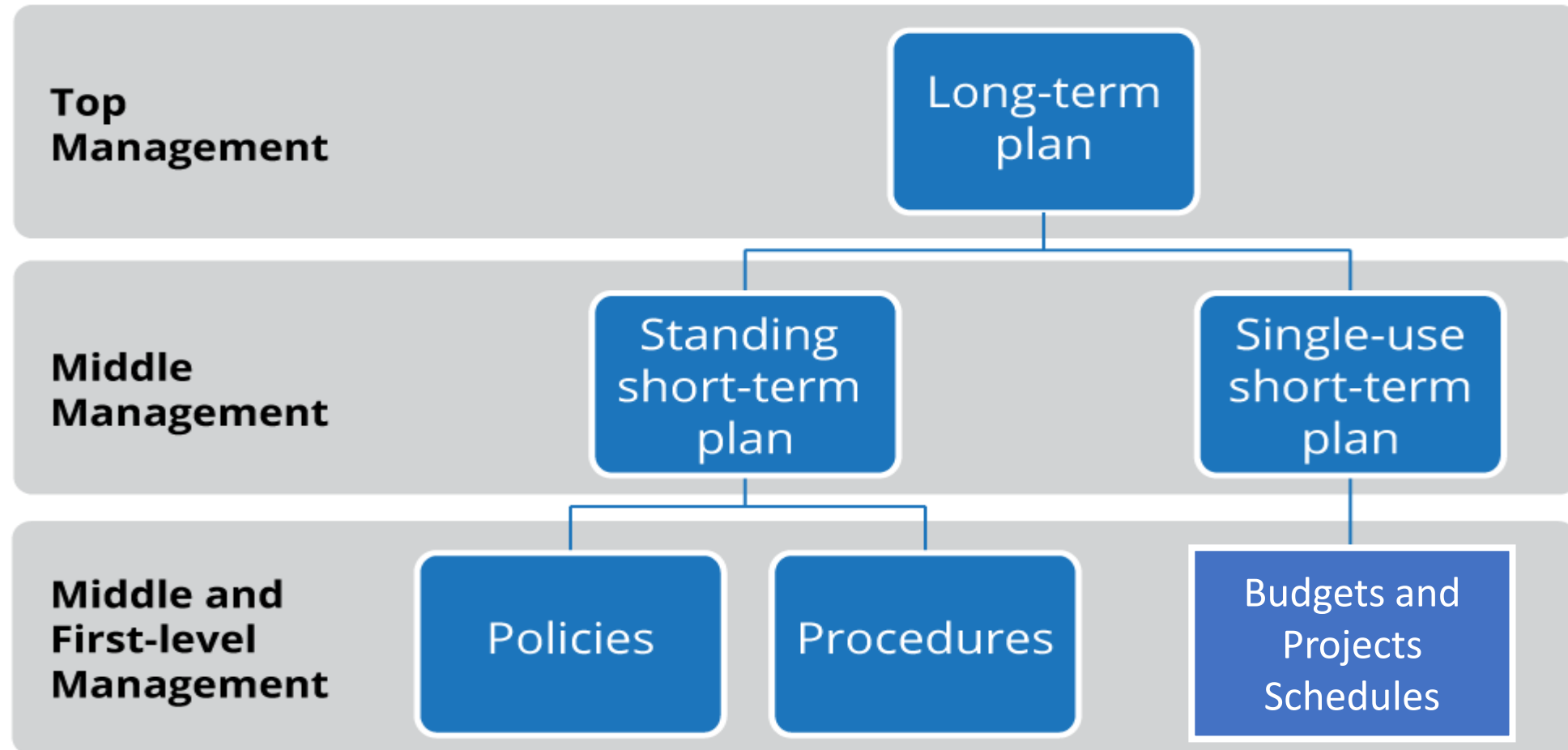
3. Operational plan:

- Operational plans identify the specific procedures and process required at the lower level of the organization.
- These plans are prepared by frontline managers and supervisors. It mainly focuses on daily activities and routine jobs.
- They translate the tactical objectives into specific operational activities to be assigned to individual or groups

Operational Plans Examples

- **Production plans**
- **Financial plans**
- **Facilities plans**
- **Marketing plans**
- **Human resource plans**

Long-Term & Short-Term Plans and its relation with the management levels



Standing plans

are plans designed to be used again and again. Examples include policies, procedures, and regulations.

Single-use plans

The obvious advantage of a single-use plan is that it can be very specific in how it addresses the needs of a particular situation.

Policies, Procedures, and Regulations,

These plans are usually published and handed out to new hires or posted on the organization's employee website for easy reference.

useful planning tools and techniques

1- Forecasting

2- Contingency planning

3- Scenario planning

4- Benchmarking

5- Use of staff planners

Forecasting

Making assumptions about what will happen in the future.

Qualitative forecasting uses expert opinions.

Quantitative forecasting uses mathematical and statistical analysis.

All forecasts rely on human judgment.

Planning involves deciding on how to deal with the implications of a forecast.

Contingency planning

Identifying alternative courses of action that can be implemented to meet the needs of changing circumstances.

Contingency plans anticipate changing conditions.

Contingency plans contain trigger points.

Scenario planning

A long-term version of contingency planning.

Identifying alternative future scenarios.

Plans made for each future scenario.

Increases organization's flexibility and preparation for future shocks.

Benchmarking

Use of external comparisons to better evaluate current performance and identify possible actions for the future.

Adopting best practices of other organizations that achieve superior performance.

Use of staff planners

Coordinating the planning function for the total organization or one of its major components.

Possible communication gaps between staff planners and line management.

“If you don’t know where you’re going, any road will get you there?”

“If you don’t know where you’re going, how will you know when you get there?”

Strategic planning solves these problems.

Planning in a Dynamic Environment

- ☐ Plans need to be specific and flexible
- ☐ Planning should be an ongoing process
- ☐ Managers need to stay alert to environmental changes
- ☐ Make the organizational hierarchy flatter



Thank You