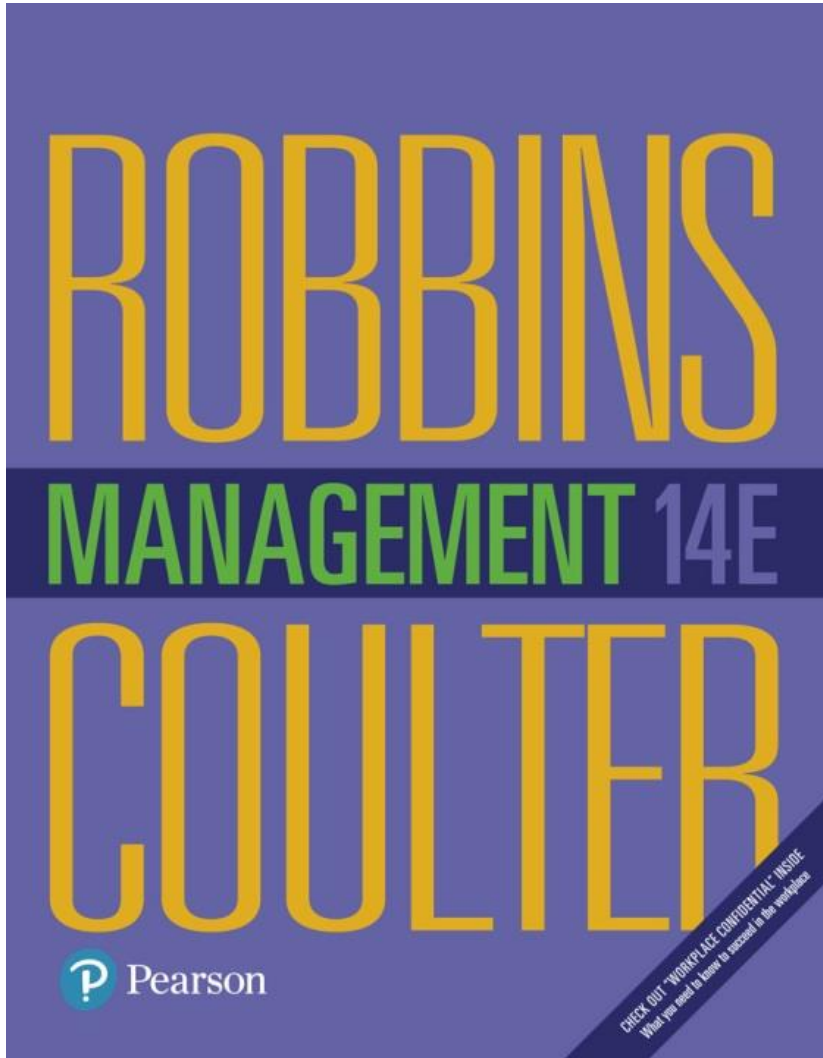


Management

Fourteenth Edition



Chapter 8

Planning Work Activities

What is Planning?

- **Planning:** management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities
- Formal planning
 - Specific, time-oriented goals
 - Goals written and shared (reduce ambiguity and create common understanding)

Why Do Managers Plan?

- Provides direction (cross-purpose, less efficient to achieve goals)
- Reduces uncertainty (look ahead, anticipate change, develop appropriate response)
- Minimizes waste and redundancy (work activities coordinated around plans, inefficiencies corrected)
- Establishes the goals and standards for controlling

Planning and Performance

- Formal planning is associated with positive financial results
- Quality of planning/implementation more important than the extent of it
- External factors can reduce the impact of planning on performance
- Planning-performance relationship seems to be influenced by the planning time frame

Goals and Plans

- **Goals (objectives):** desired outcomes or targets
- **Plans:** documents that outline how goals are going to be met

Types of Goals

- Financial goals
- Strategic goals
- **Stated goals:** official statements of what an organization says, and what it wants its various stakeholders to believe, its goals are
- **Real goals:** goals that an organization actually pursues, as defined by the actions of its members

Exhibit 8-1

Types of Plans

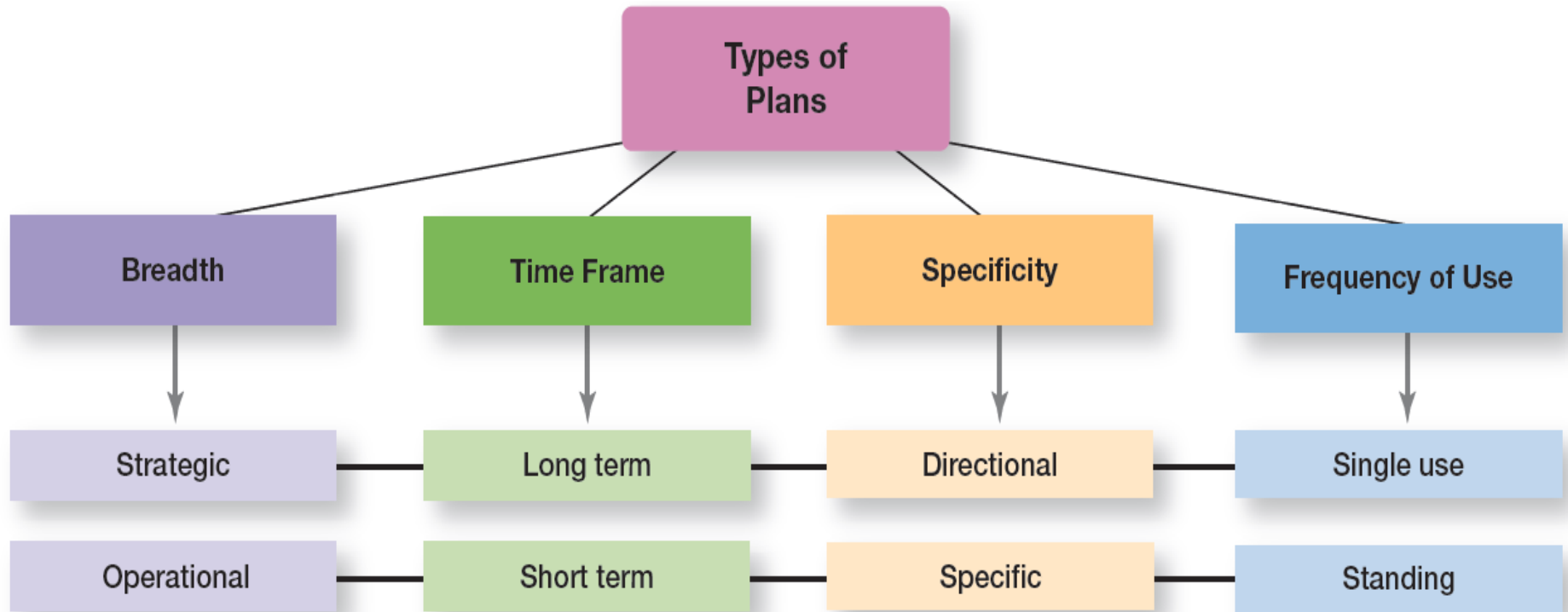


Exhibit 8-1 shows the most popular ways to describe organizational plans.

Strategic and Operational Plans

- **Strategic plans:** plans that apply to the entire organization and establish the organization's overall goals
- **Operational plans:** plans that encompass a particular operational area of the organization

Long-term and Short-term Plans

- **Long-term plans:** plans with a time frame beyond three years
- **Short-term plans:** plans covering one year or less

Specific and Directional Plans

- **Specific plans:** plans that are clearly defined and leave no room for interpretation
- **Directional plans:** plans that are flexible and set out general guidelines

Single-use and Standing Plans

- **Specific plans:** a one-time plan specifically designed to meet the needs of a unique situation
- **Directional plans:** ongoing plans that provide guidance for activities performed repeatedly

Approaches to Setting Goals

- **Traditional goal-setting:** an approach to setting goals in which top managers set goals that then flow down through the organization and become subgoals for each organizational area

Exhibit 8-2

The Downside of Traditional Goal-Setting



Exhibit 8-2 illustrates what can happen as the goals make their way down from the top of the organization to lower levels.

Means-Ends Chain and MBO

- **Means-ends chain:** an integrated network of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, or ends, at the next level
- **Management by objectives (MBO):** a process of setting mutually agreed upon goals and using those goals to evaluate employee performance

Exhibit 8-3

Steps in MBO

Step

Step 1: The organization's **overall objectives** and **strategies** are formulated.

Step 2: Major objectives are allocated among **divisional and departmental units**.

Step 3: Unit managers **collaboratively set specific objectives** for their units with their managers.

Step 4: Specific objectives are collaboratively set with **all department members**.

Step 5: **Action plans**, defining how objectives are to be achieved, are specified and agreed upon by managers and employees.

Step 6: The action plans are **implemented**.

Step 7: Progress toward objectives is **periodically reviewed**, and **feedback is provided**.

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

Exhibit 8-4

Well-Written Goals

Characteristics

Written in terms of outcomes rather than actions

Measurable and quantifiable

Clear as to a time frame

Challenging yet attainable

Written down

Communicated to all necessary organizational members

Steps in Goal-Setting

1. Review the organization's **mission**, or purpose.
2. Evaluate available resources.
3. Determine the goals individually or with input from others.
4. Write down the goals and communicate them to all who need to know.
5. Review results and whether goals are being met.

Developing Plans

- Contingency factors in planning:
 - Organizational level
 - Degree of environmental uncertainty
 - Length of future commitments

Exhibit 8-5

Planning and Organizational Level



Exhibit 8-5 shows the relationship between a manager's level in the organization and the type of planning done.

Environmental Uncertainty

- When uncertainty is high, plans should be specific, but flexible.

Length of Future Commitments

- **Commitment concept:** plans should extend far enough to meet those commitments made when the plans were developed

Approaches to Planning

- **Formal planning department:** a group of planning specialists whose sole responsibility is helping to write organizational plans

Contemporary Issues in Planning:

How Can Managers Plan Effectively in Dynamic Environments?

- Develop plans that are specific but flexible
- Keep planning even when the environment is uncertain
- Allow lower organizational levels to set goals and develop plans

How Can Managers Use Environmental Scanning?

- **Environmental scanning:** screening information to detect emerging trends
- **Competitor intelligence:** gathering information about competitors that allows managers to anticipate competitors' actions rather than merely react to them

Digital Tools

- **Business intelligence:** data that managers can use to make more effective strategic decisions
- **Digital tools:** technology, systems, or software that allow the user to collect, visualize, understand, or analyze data:
 - **Cloud computing:** refers to storing and accessing data on the Internet rather than on a computer's hard drive or a company's network
 - **Internet of things:** allows everyday “things” to generate and store and share data across the Internet

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