

# Week 6 Management Summary Notes

## 4.1 Discuss the nature and purposes of planning.

### What is planning?

**Planning:** a primary management function that includes defining goals, establishing strategies and developing plans to coordinate activities.

### Planning involves:

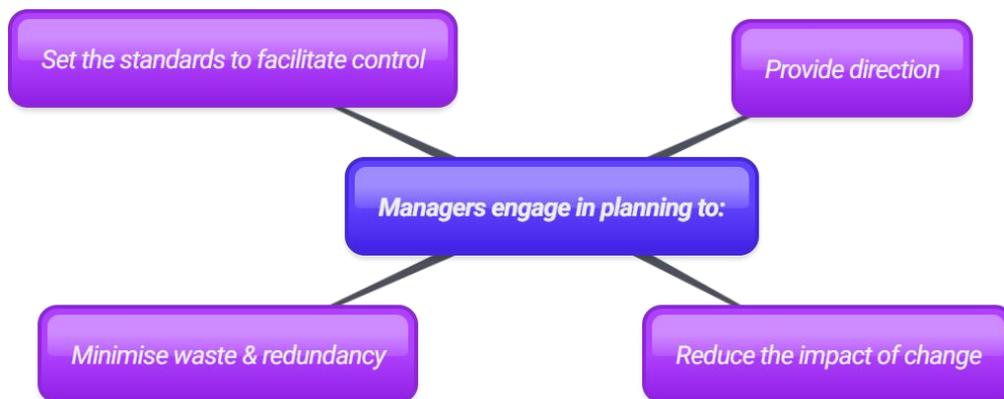
- ♥ defining the organization's objectives or goals
- ♥ establishing an overall strategy for achieving those goals
- ♥ developing a comprehensive hierarchy of plans to integrate and coordinate activities

**Informal planning** involves little writing down and is more of a mental process.

### Formal planning involves:

- ♥ Defining specific goals covering a specific time period.
- ♥ Writing down these goals and making them available to organisation members
- ♥ Using these goals to develop specific plans that clearly define the path the organisation will take to get from where it is to where it wants to be.

### Why do managers need to plan?



### Reasons for planning:

- ♥ Establishes coordinated effort
- ♥ Reduces uncertainty
- ♥ Reduces overlapping & wasteful activities
- ♥ Establishes the goals or standards that facilitate control

**EXAMPLE: McDonald's key to success is their ability to plan.**

### Involving three components:

- ♥ Operational excellence
- ♥ Being the leader in marketing
- ♥ Continual product innovation

### Does formal planning improve organisational performance?

- ♥ Higher profits
- ♥ Higher return on assets
- ♥ Improved quality of planning
- ♥ Appropriate implementation

## 4.2 Explain what managers do in the strategic management process.

### What do managers need to know about strategic management?

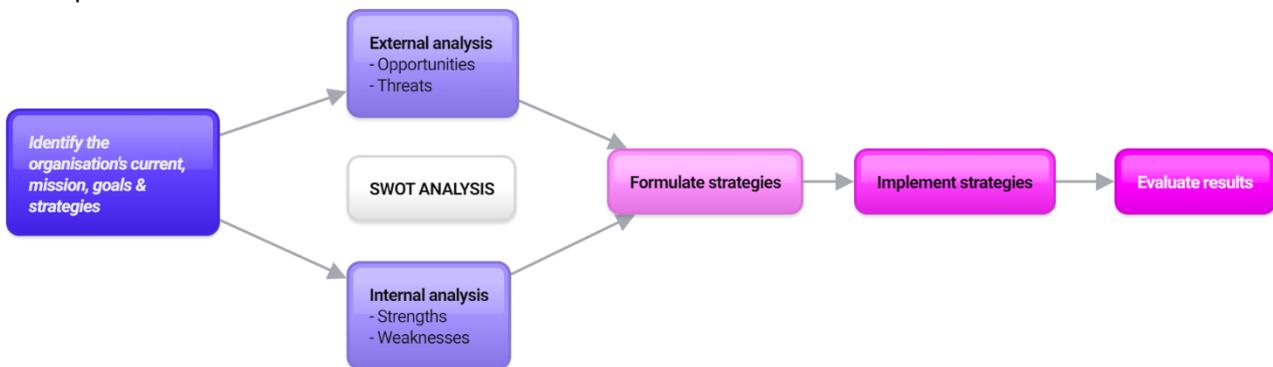
**Strategic management:** what managers do to develop an organisation's strategies.

#### Is important because:

- ♥ It can make a difference in how well an organisation performs
- ♥ Managers in organisations of all types and sizes face continually changing situations
- ♥ Organisations are complex and diverse, and each part needs to work together to achieve the organisation's goals.
- ♥ Positive impact on organizational performance
- ♥ Prepares managers to cope with changing situations
- ♥ Guides managers to examine relevant factors in planning future action

### What are the steps in the Strategic Management Process?

**Strategic management process:** a six-step process that encompasses strategy planning, implementation and evaluation.



#### STEP 1: Identifying the organisation's current mission, goals & strategies.

- ♥ Mission: statement of an organisation's purpose.
- ♥ Defines what the business is doing & working towards
- ♥ Basis for assessing what needs to be changed

#### STEP 2: Doing an external analysis.

- ♥ What is our competition doing?
- ♥ Legislation
- ♥ Labour supply
- ♥ Trends & changes
- ♥ Opportunities: positive trends in the external environment
- ♥ Threats: negative trends in the external environment

#### STEP 3: Doing an internal analysis.

- ♥ Provides info on an organisation's specific resources & capabilities
- ♥ Assets – financial, physical, human & intangible items that are used to develop, manufacture and deliver products/services.
- ♥ Capabilities: skills & abilities in working business
- ♥ Strengths: any activities the organisations does well or any unique resources it has
- ♥ Weaknesses: activities the organisation doesn't do well or resources it needs but doesn't possess.