

Managerial Planning (1st function)

Plan; blueprint specifying resource allocations, schedules, other actions necessary for attaining goal/s

Goal; desired future state that organisation attempts to realise

WHY PLAN?

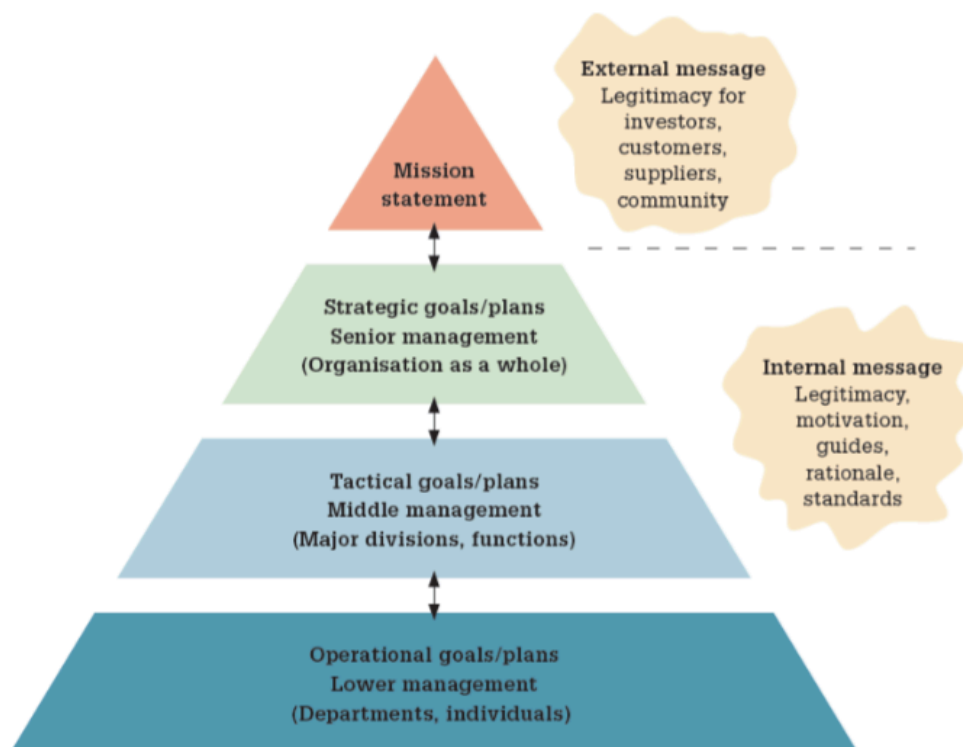
- Forces long-term thinking, beyond immediate task
- Help coordinate activities, marshal your forces
- Helps you see your progress (what is/ isn't working)
- If you fail to plan, you plan to fail

Benefits of Goals/ Plans	Limitations of Goals/ Plans
Source of motivation, commitment	Can create false sense security/ certainty
Guide resource allocation	Cause inflexibility in turbulent times
Guide to action	Limits benefits of intuition, creativity
Set standard or performance	

Characteristics of Effective Goals

- Specific & measurable
- Defined time period
- Cover key result areas
- Challenging but realistic
- Linked to rewards

Levels of Goals/ Plans



- **Mission/ Vision statement;** long-term, highest level, external stakeholders, internally for motivation and vision. What is purpose, where do you want to go? For organisation as a whole.
 - *External message;* legitimacy for stakeholders
 - *Internal message;* legitimacy, motivation, guides, rationale, standards
- **Strategic goals/ plans;** developed by senior management, set overall direction for organisation (internal & external), more specific than mission, 1-5 year timeframe
- **Tactical goals/ plans;** implementing policies/ plans from top/ strategy, 6-24 months, how to implement strategy
- **Operational level;** 1-52 weeks, lower management/ front line individuals/ departments, daily tasks of non-managerial personnel, predictable, routine

Generic Planning Process

1. Develop the plan
2. Translate the plan (into something meaningful)
3. Plan operations (little milestones, crisis planning)
4. Execute the plan (performance dashboard)
5. Monitor and learn

Types of Planning

Centralised (traditional approach)

- Group of planning specialists develop plan for organisation as whole, its major divisions/ departments, report to CEO

Decentralised (modern approach)

- Group planning specialists assigned to major departments/ divisions to help managers develop own strategic plans

Innovative Approach

- Involve everyone in organisation
- Set *stretch goals* (motivate and pull people along)

Planning In a Turbulent Environment

Scenario Planning

- Forecasting technique; predict multiple futures, prepare for multiple and potential outcomes
- Possible scenarios, extrapolating from current trends, considering future discontinuities
- Do not plan specific events but what these events *could* trigger

Contingency Planning

- Response to specific situations, emergencies, setbacks, unexpected conditions
- Strategies to counter impacts
- i.e. Fire, tornado, main supplier goes bankrupt, etc.

Crisis Planning

- Events causing death/ injury
- Plan to mitigate effects of sudden and devastating events
- *Three stages of crisis management;*

1. Prevention
2. Preparation
3. Containment

Decision-Making

Advocacy Approach; competitive within team, pressured situation, different people advocating for & holding their positions

Inquiry approach; measured, analytical, open to alternatives, look at bigger picture, discuss different perspectives/ ideas

Management By Objectives (MBO) (individual level planning)

Manager and employee jointly set goals, 4 major activities:

1. Set goals/ objectives
2. Develop action plans
3. Review progress (take corrective action)
4. Appraise overall performance

MBO Benefits

- Focus manager and employee efforts on activities leading to goal attainment
- Improve performance at all levels
- Improve employee motivation
- Align individuals and departmental company goals

MBO Problems

- Can occur when MBO used inappropriately
- Over emphasis on goal attainment, lead to cutting corners
- Choose goals that are over/ under ambitious

Managerial Decision Making

Classical Model

- Rational
- Based on 4 economic assumptions:
 1. Goals known and agreed on (problems *clearly defined*) – **clear-cut problems and goals**
 2. Decision maker strives for *certainty* (condition of certainty)
 3. Criteria for evaluating alternatives *known*, full information about alternatives and their outcomes
 4. Decision-maker is *rational* and logical being, rational choice by individual for maximising outcome

Administrative Model (Herbert A. Simon)

- Vague problem and goals, condition of uncertainty
- Limited information about alternatives and their outcomes, satisficing choice for resolving problem using intuition
- Recognises limitations of decision maker and environment
- *Bounded rationality*; **recognises human limits/ boundaries**, only have time and cognitive ability to process limited amount of information to make decisions with.

- *Satisficing*; decision makers choose first solution alternative that satisfies minimal decision criteria
- Using intuition

Political Model

- Pluralistic; conflicting goals – condition of uncertainty/ ambiguity
- Inconsistent viewpoints; ambiguous & limited information
- Bargaining and discussion among coalition members
- Build coalition with other managers who support specific goal
- Recognise importance of interests, control, power, politics

Managerial Decision Making Process

1. Recognition of decision requirement
2. Diagnosis and analysis of causes
3. Development of alternatives
4. Selection of desired alternatives
5. Implementation of chosen alternative
6. Evaluation and Feedback