

Chapter 4: Planning and Decision Making

Benefits and Pitfalls of Planning

Benefits of Planning

Planning: involves choosing a goal and developing methods to achieve that goal

- Intensified effort, persistence, direction, and creation of task strategies.
- Managers and employees put forth greater effort when following a plan.
- Leads to persistence, that is, working hard for long periods
- Encourages persistence even when there may be little chance of short-term success.
- Is direction
- Encourage managers and employees to direct their persistent efforts *toward* activities that help accomplish their goals and *away from* activities that don't.
- Encourages the development of task strategies.
- Encourages people to work hard for extended periods and to engage in behaviors directly related to goal accomplishment
- Encourages them to think of better ways to do their jobs.
- Managers will get together at an offsite location for a couple of days

Benefits and Pitfalls of Planning

Benefits

- Intensified effort
- Persistence
- Direction
- Creation of task strategies

Pitfall

- Impedes change and prevents or slows adaptation
- Creates a false sense of certainty
- Detachment of planners

Pitfalls of Planning

- Impedes change and prevents or slows adaptation
 - Companies b so committed to achieving the goals set forth in their plans, or on following the strategies and tactics spelled out in them, that they fail to see that their plans aren't working or that their goals need to change
- Creates a false sense of certainty
 - Planners sometimes feel that they know exactly what the future holds for their competitors, their suppliers, and their companies.
 - If, however, their assumptions about the future are wrong, then the plans, which are based on the assumptions, will only lead to failure.
- Detachment of planners
 - In theory, strategic planners and top-level managers are supposed to focus on the big picture and not concern themselves with the details of implementation (i.e., carrying out the plan).
 - According to management professor Henry Mintzberg, detachment leads planners to plan for things they don't understand.

How to Make a Plan that Works

Setting Goals

- S.M.A.R.T Goals
 - Specific
 - Measurable
 - Attainable
 - Realistic
 - Timely



Developing Commitment to Goals

- Just because a company sets a goal doesn't mean that people will try to accomplish it.
- If workers don't care about a goal, that goal won't encourage them to work harder or smarter
 - Goal commitment
 - The determination to achieve a goal
 - Manager and workers must choose to commit themselves to a goal
 - Set goals collectively
 - Rather than assigning goals to workers, managers and employees choose goals together
 - Make the goal public
 - Obtain top management's support
 - . Top management can show support for a plan or program by providing funds, speaking publicly about the plan, or participating in the plan itself.

Developing Effective Action Plan

- Action Plan
 - The specific steps (how), people (who), and resources (what), and time period (when) to accomplish a goal

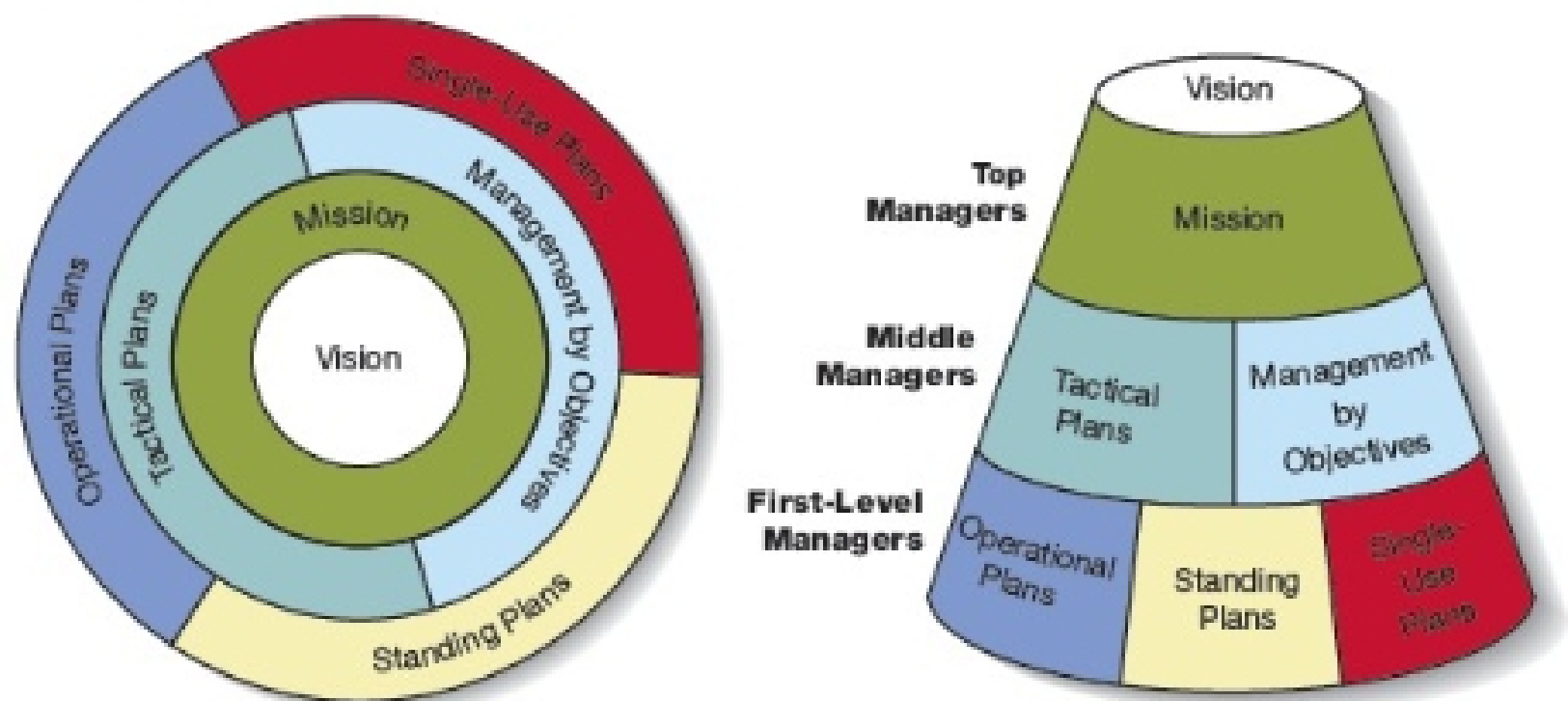
Track Progress

- Gather and provide performance feedback.
- Regular, frequent performance feedback allows workers and managers to track their progress toward goal achievement and make adjustments in effort, direction, and strategies.
- Proper action on performance feedback can keep you from failing to adapt, one of the pitfalls of planning.
 - Proximal goals
 - Short term goals or sub-goals
 - Achieving them may be more motivating and rewarding than waiting to reach far-off distal goals
 - less intimidating and more attainable than distal goals, which often feel like biting off more than you can chew
 - Enable you to achieve a distal goal one little piece at a time.
 - Distal goals
 - Long term or primary goals

Maintaining Flexibility

- Options-based planning
 - Keep options open by making, small simultaneous investments in many alternative plans
- Slack resource
 - A cushion of resources, like extra time or money, that can be used to address and adapt to unanticipated changes

Planning from Top to Bottom



Planning works best when the goals and action plans at the bottom and middle of the organization support the goals and action plans at the top of the organization