

Chapter 5

>Planning

- Setting goals and deciding how to achieve them
- Coping with uncertainty by formatting future course of action to achieve specific results
- A plan is a blueprint for action that describes what you need to do to realize your goals
 - a. *Strategic planning*- done by top managers
 - b. *Tactical planning*- middle managers
 - c. *Operation planning*- done by first-line managers
- Planning and strategic management derive from an organization's mission and vision about itself.

>Why not plan?

1. Planning requires you to set aside the time to do it.
 - Planning means that you must involve the subordinates you manage to determine resources, opportunities and goals
 - During the process, one may need to go outside the work unit for information about products, competitors, markets and the like.
2. You may have to make some decisions without a lot of time or information
 - While you should not shoot from the hip when making decisions, often you may have to make a plan that is perhaps only $\frac{3}{4}$ complete

>How Planning helps you

1. Helps you check on your progress
 - In order to see how well work is going in an organization, you must check your progress and have some expectations of what you're supposed to do
2. Helps you coordinate activities
 - A plan defines the responsibilities of various departments and coordinates their achievement of a common goal
3. Helps you think ahead
 - Services or products will probably reach maturity, and sales will begin to fall, thus it is important to look ahead, beyond or present phase of work to try to be sure you'll be one of the quick rather than one of the dead.
4. Helps us cope with uncertainty
5. Helps you reduce risk

>4 basic strategy types

1. **Defenders**- “Let’s stick with whatever we do best, avoid other involvements”
 - Experts at producing and selling narrowly defined products or services
 - Do not tend to seek opportunities outside their present markets
 - Devote most of their attention to making refinements in their existing operations
 - Ex. slashing prices
2. **Prospects**- “Let’s create our own opportunities, not wait for them to happen”
 - Focus on developing new product or service and in seeking out new markets, rather than waiting for things to happen
 - Looking for new ways of doing things
 - May suffer a loss of efficiency
3. **Analyzers**- “Let others take the risk of innovating and we’ll imitate what works best”
 - Not trendsetters, take a “me too” response to the world
 - Let other organizations take the risks of product development and marketing, and then imitate what seems to work best
4. **Reactors**- “Let’s wait until a crisis, then we’ll react”
 - opposite of prospects
 - make adjustments only when finally forced to by environmental pressures
 - worst cases, so incapable of acting fast enough that they suffer massive sales losses and may even be driven out of business

>Mission/ Vision

- o **Mission**- “what is our reason for being”
 - Done by top management and board of directors
 - Mission statement*- expresses the purpose of the organization
 - Identifies the goods or services the organ provides or will provide
- o **Vision**- “what do you want to become”
 - Long-term goal describes what an organization wants to become
 - Clear sense of the future and actions needed to get achieve the goals
 - Vision statement*- where it wants to go strategically

>3 Types of Planning

- o The purpose of planning is to set a goal and then formulate an action plan

1. Strategic planning

- Top managers determine what are the organization’s long-term goal should be for the next 1-5 years

- Requires visionary and directional thinking
- Should communicate general goals about growth and benefits but also ways to achieve them
- Pay attention to the environment outside the organization, be future oriented, deal with uncertainty and high competitive conditions.

2. Tactical planning

- Middle management must determine what contributions their departments or similar work units can make with their given resources during the following 6-24 months
- Strategic priorities and policies are based down to middle managers who must implement tactical planning.
- Supervise and coordinate activities of first-line managers below, make decisions without the base of clearly defined information procedures.
- Set by top management

3. Operational planning

- First-line management must determine how to accomplish specific tasks with available resources within the next 1-52 weeks
- Directed daily tasks of nonmanagerial personnel, decisions often predictable, following well-defined set of routine procedures.

> Goals

- o An objective--specific commitment to achieve a measurable result within a stated period of time
- o Strategic- set by and for top management and focuses on objectives for the organizations
- o Tactical- set by and for middle managers and focuses on the actions needed to achieve strategic goals.
- o Operational- set by and for first-time managers and are concerned with short-term matters associated with realizing tactic goals.

>SMART Goals

- o 5 characteristics of a good goal
 - Specific- rather than vague
 - Measurable- whenever possible, or quantifiable-- some way to measure the degree to which the goal has been reached
 - Attainable- should be both challenging and realistic
 - Achievable with the scope of the time, equipment and financial support available
 - Results- oriented- they should support the organization's vision
 - Target dates- should specify deadline dates when they are to be attained