



SNS COLLEGE OF TECHNOLOGY

Coimbatore-35

An Autonomous Institution



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DEPARTMENT OF MCA

23CAT604 – PRINCIPLES OF MANAGEMENT

I YEAR I SEM

UNIT 2 – PLANNING

TOPIC 1 – PLANNING



1. *A definition of planning and an understanding of the purposes of planning*
2. *Insights into how the major steps of the planning process are related*
3. *An understanding of the relationship between planning and organizational objectives*
4. *A knowledge of the areas in which managers should set organizational objectives*
5. *An appreciation for the potential of a management-by-objectives (MBO) program*
6. *A knowledge of how the chief executive relates to the planning process*
7. *An understanding of the qualifications and duties of planners and how planners can be evaluated*

General Characteristics of Planning



- Defining Planning

- Purposes of Planning

- Planning: Advantages and Potential Disadvantages

- Primacy of Planning

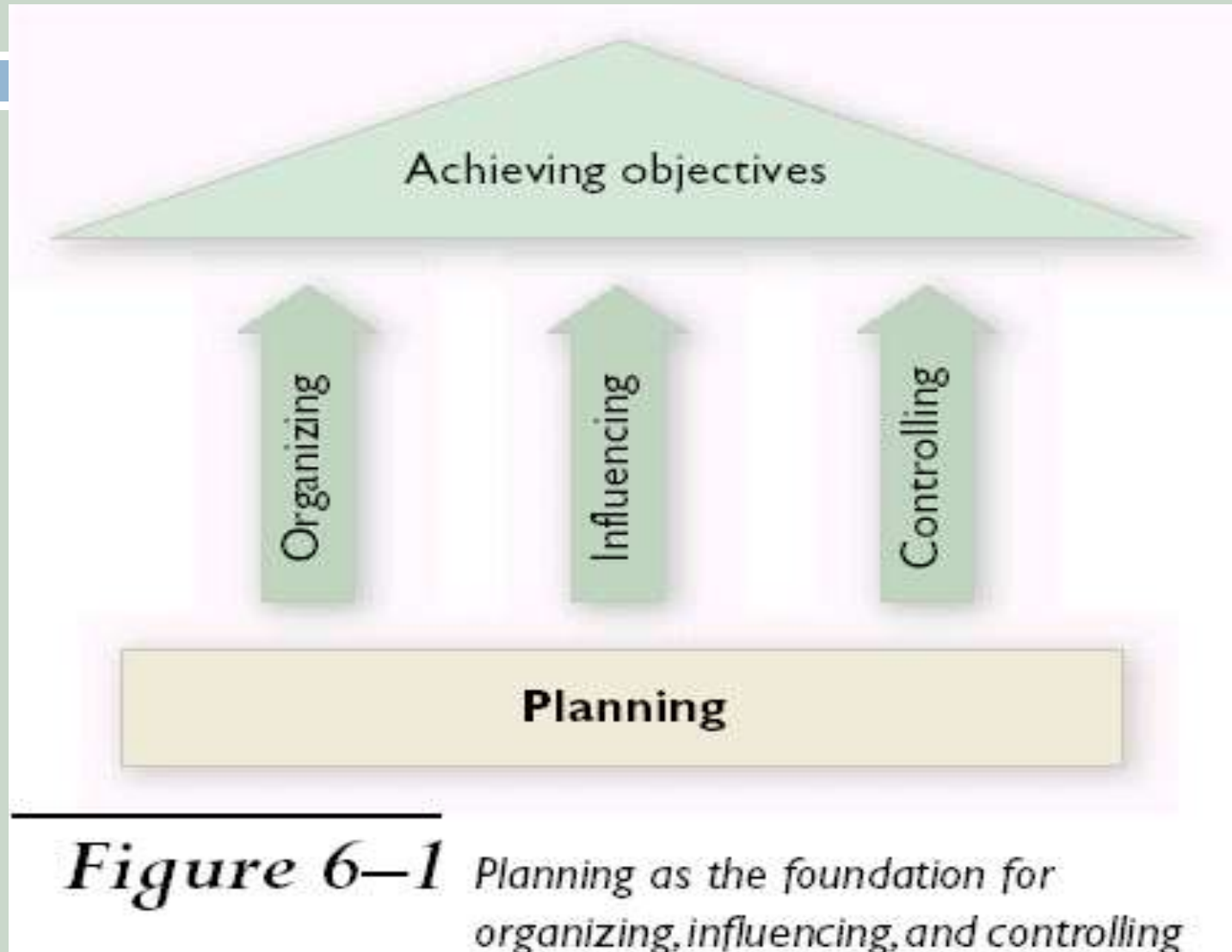


Figure 6–1 *Planning as the foundation for organizing, influencing, and controlling*

Steps in the Planning Process



STEP 1

Stating organizational objectives



STEP 2

Listing alternative ways of reaching objectives



STEP 3

Developing premises upon which each alternative is based



STEP 4

Choosing best alternative for reaching objectives



STEP 5

Developing plans to pursue chosen alternative



STEP 6

Putting plans into action

Figure 6-2 Elements of the planning process

The Planning Subsystem

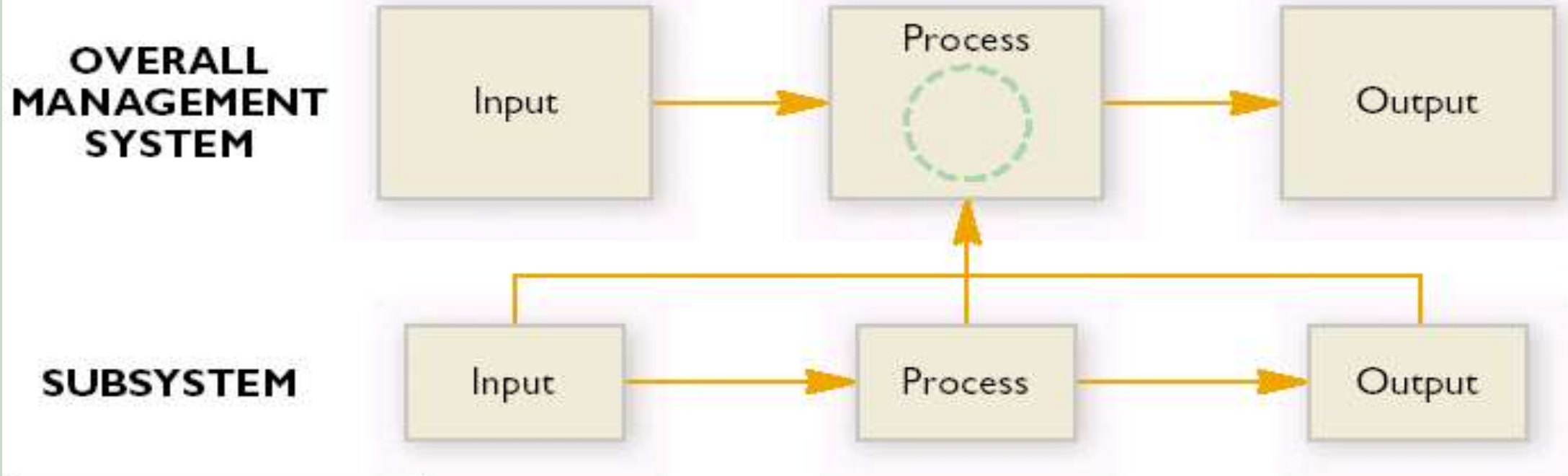


Figure 6–3 Relationship between overall management system and subsystem

The Planning Subsystem

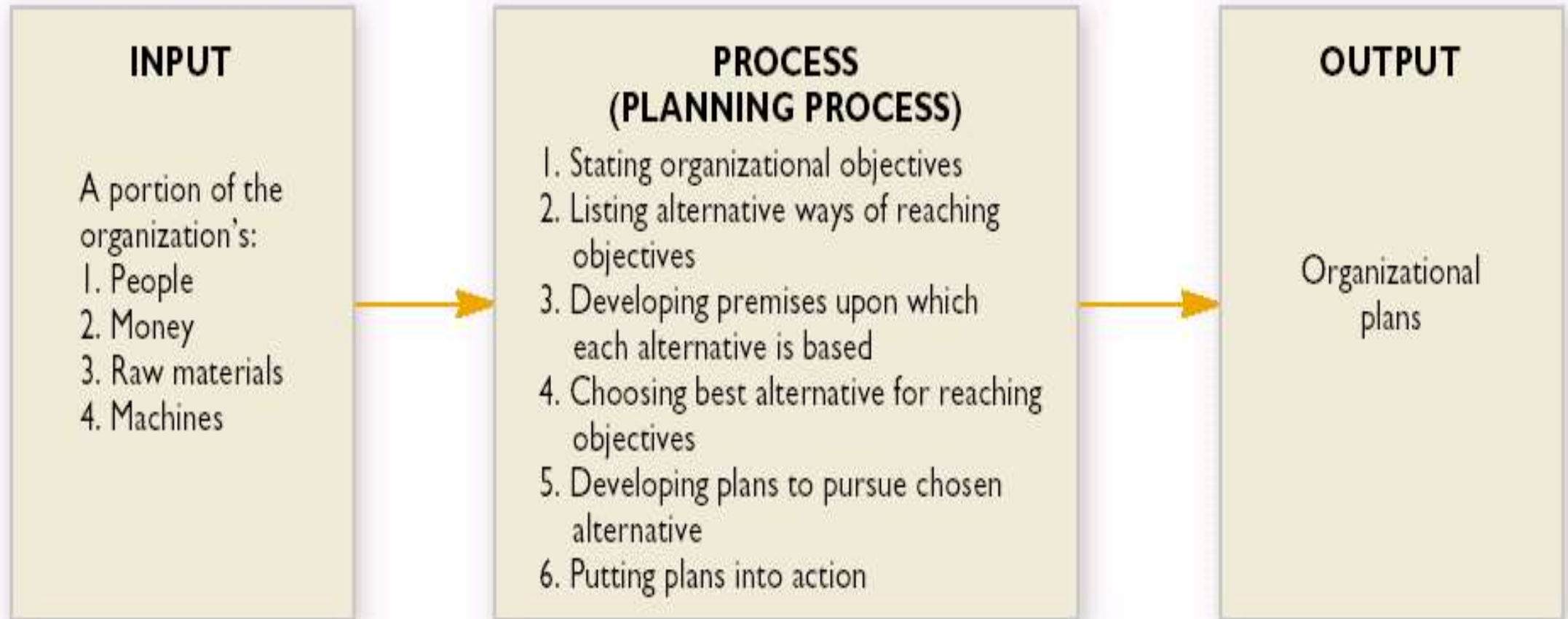


Figure 6–4 The planning subsystem

Organizational Objectives: Planning's Foundation

- Definition of Organizational Objectives

Summary of organizational objectives for businesses:

1. Profit is the motivating force for managers
2. Service to customers justifies the existence of the business
3. Managers have social responsibilities

Organizational Objectives: Planning's Foundation

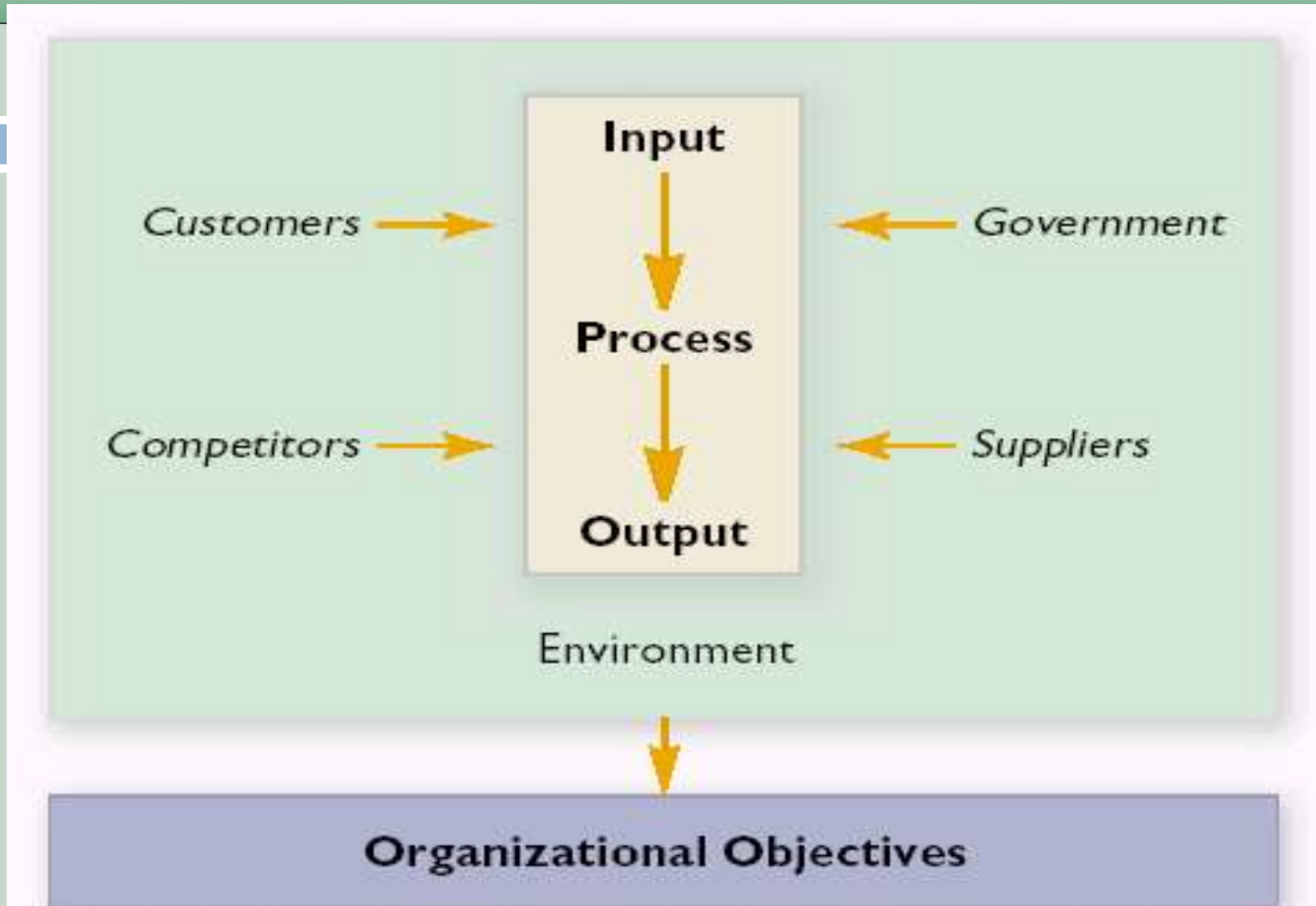


Figure 6–5 How an open management system operates to reach organizational objectives



Organizational Objectives: Planning's Foundation

TABLE 6.1

Examples of Statements of Organizational Purpose

DuPont	DuPont is a multinational, high-technology company that manufactures and markets chemically related products. It services a diversified group of markets in which proprietary technology provides the competing edge.
Polaroid	Polaroid manufactures and sells photographic products based on its inventions in the field of one-step instant photography and light-polarizing products. Utilizing its inventions in the field of polarized light, the company considers itself to be engaged in one line of business.
eBay	To provide a global trading platform where practically anyone can trade practically anything.
Microsoft	To enable people and businesses throughout the world to realize their full potential.

Areas for Organizational Objectives



Key areas to set management system objectives:

1. Market standing
2. Innovation
3. Productivity
4. Physical and financial resources
5. Profitability
6. Managerial performance and development
7. Worker performance and attitude
8. Public Responsibility

Working with Organizational Objectives



An organization should set three types of objectives:

1. Short-term

2. Intermediate-term

3. Long-term

- Developing a Hierarchy of Objectives

Working with Organizational Objectives

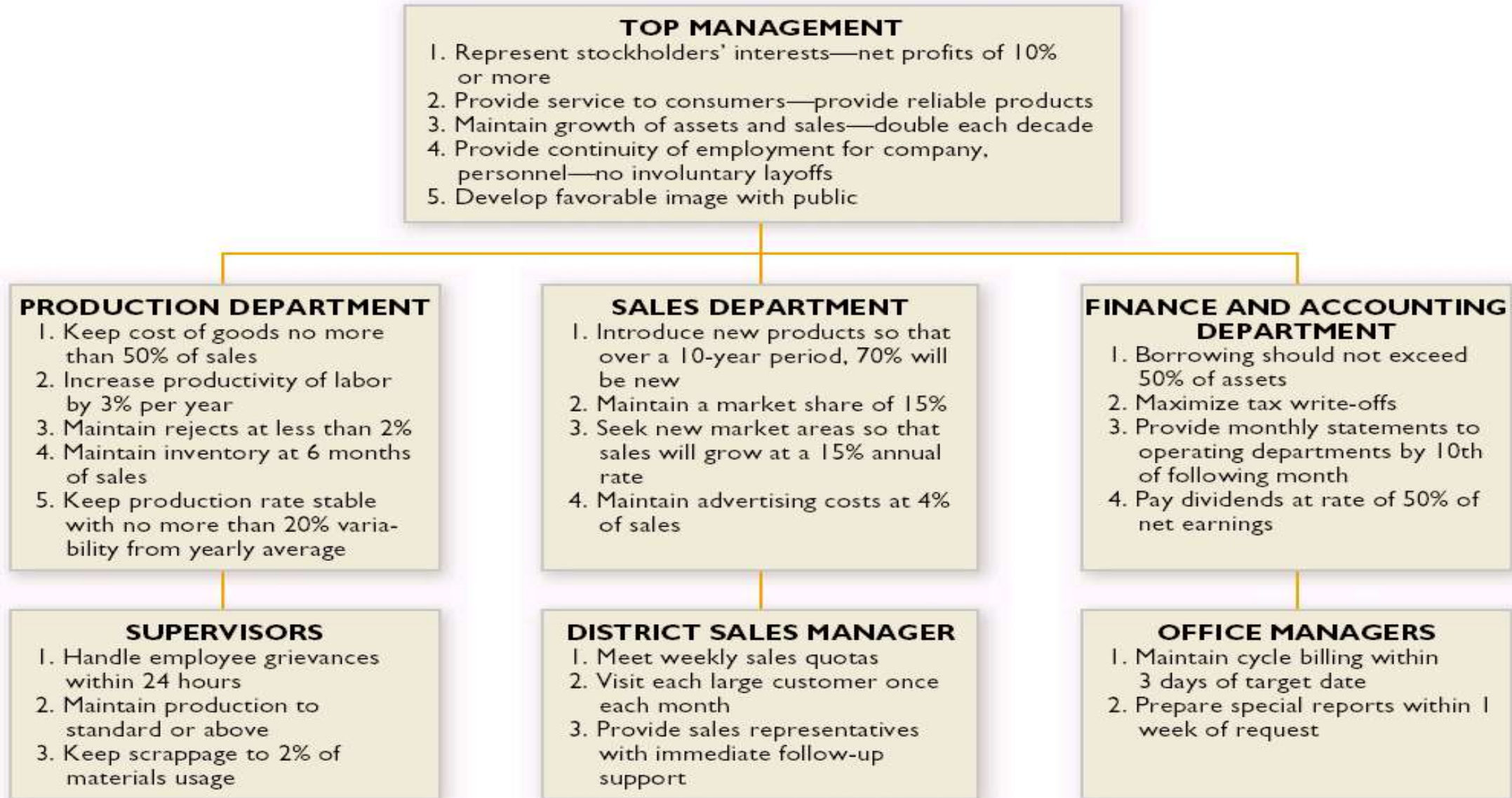


Figure 6–6 Hierarchy of objectives for a medium-sized organization



- Guidelines for Establishing Quality Objectives

1. Let those responsible for attaining objectives have voice in setting them
2. State objectives as specifically as possible
3. Relate objectives to specific actions whenever necessary
4. Pinpoint expected results
5. Set goals high enough that employees have to strive to meet them
6. Specify when goals are expected to be achieved
7. Set objectives only in relation to other organizational objectives
8. State objectives clearly and simply



The MBO strategy:

1. All individuals are assigned a specialized set of objectives
2. Performance reviews are conducted periodically
3. Rewards are given to individuals

The MBO process:

1. Review organizational objectives
2. Set worker objectives
3. Monitor progress
4. Evaluate performance
5. Give rewards

Management by Objectives (MBO)



Figure 6–7 The MBO process



● Factors Necessary for a Successful MBO Program

- 1) Top management must be committed and set appropriate objectives
- 2) Managers and subordinates must develop and agree on individual's goals
- 3) Employee performance should be evaluated against established objectives
- 4) Management must follow through on employee performance evaluations



● MBO Programs: Advantages and Disadvantages

Advantages:

- 1) Continually emphasize how to achieve organizational goals
- 2) Secures employee commitment to attaining goals

Disadvantages:

- 1) Development of objectives can be time consuming
- 2) Increase the volume of paperwork in an organization

Most managers find MBO programs beneficial



- Final Responsibility

As planners, chief executives ask:

1. In what direction should the organization be going?
2. In what direction is the organization going now?
3. Should something be done to change this direction?
4. Is the organization continuing in an appropriate direction?

- Planning Assistance



- Qualifications of Planners

Primary qualifications:

- 1) Considerable practical experience within organization
- 2) Know how all parts of the organization function and interrelate
- 3) Define trends and determine how organization reacts to trends
- 4) Ability to work well with others

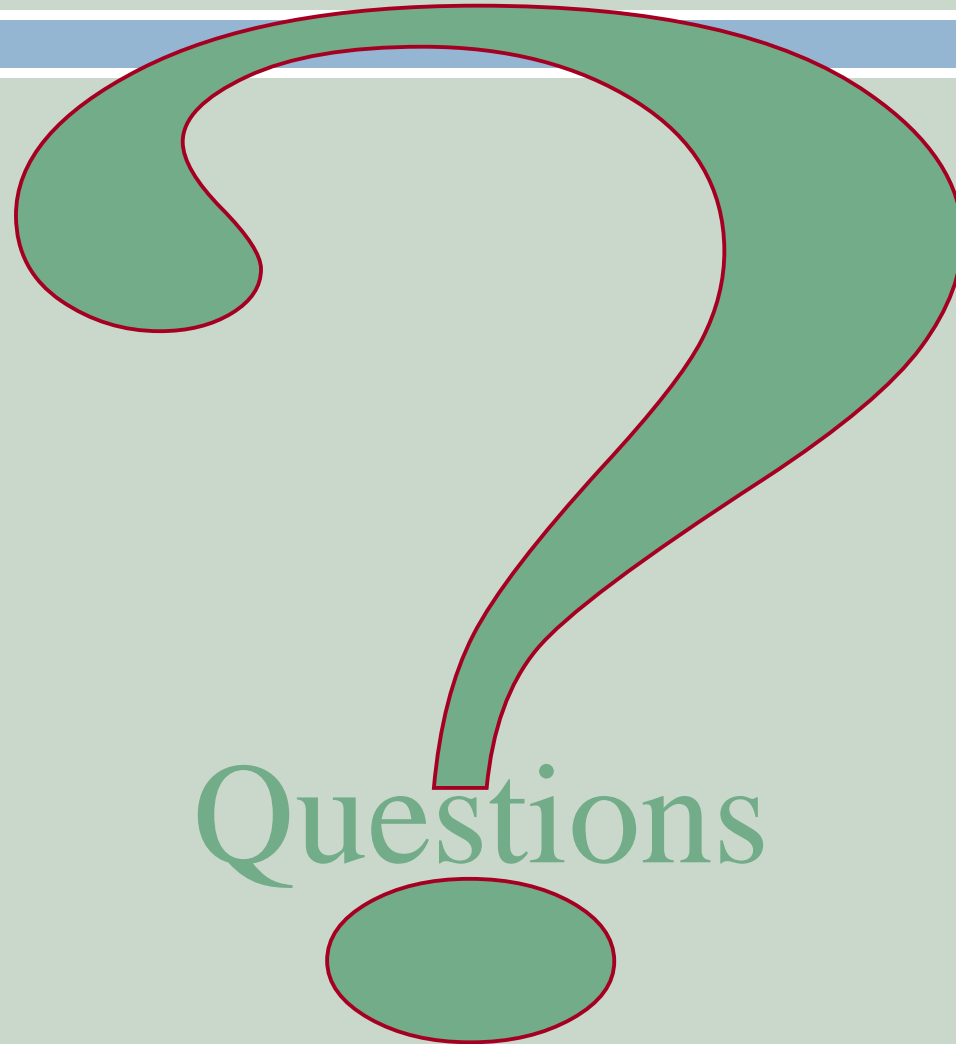


- Evaluation of Planners

- Objective Indicators

Guidelines for evaluating the planners' performance:

1. Organizational plan is in writing
2. Plan is the result of all elements of management team working together
3. Plan defines present and possible future business of the organization
4. Plan specifically mentions organizational objectives
5. Plan identifies opportunities and suggests how to take advantage of them
6. Plan emphasizes both internal and external environments
7. Plan describes the attainment of objectives in operational terms
8. Plan includes both long- and short-term recommendations



Questions