

Managerial Planning & Goal Setting

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• Planning for the Future

Most organizations are facing turbulence and growing uncertainty:

Economic, political, & social turmoil = managers wonder how to cope.

Y. U. C. A

Renewed interest in organizational planning



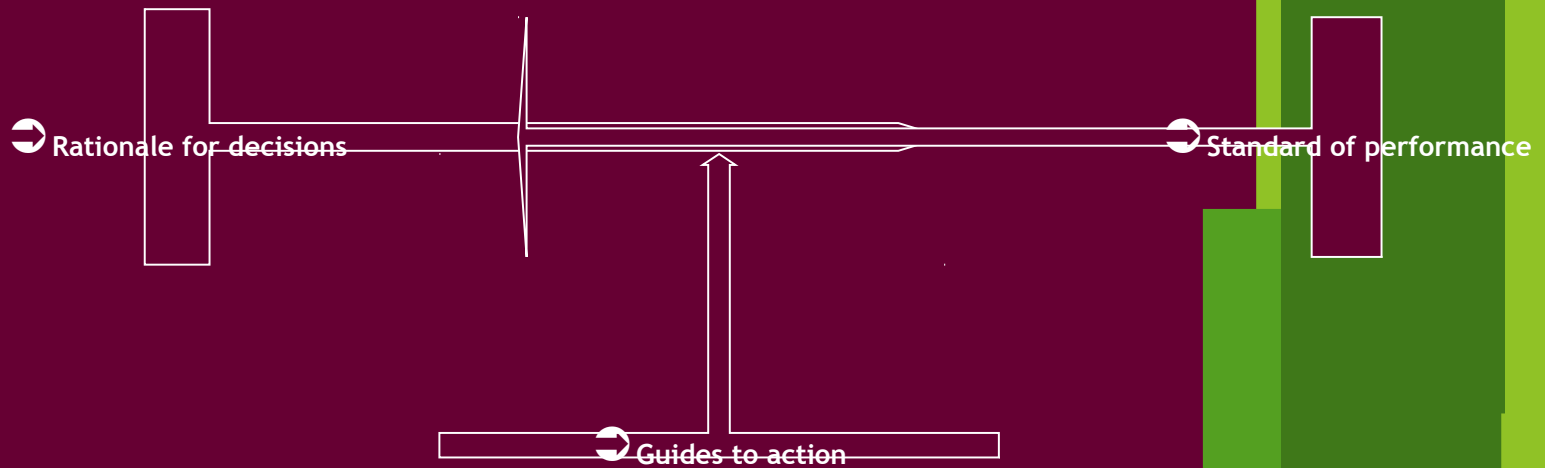
Managerial Planning and Goal Setting

Process of planning

- How managers develop effective plans
- Goal setting
- Types of plans
- New approaches to planning



- The Importance of Goals and Plans



• Goals and Plans

Goal - A desired future state that the organization attempts to realize.

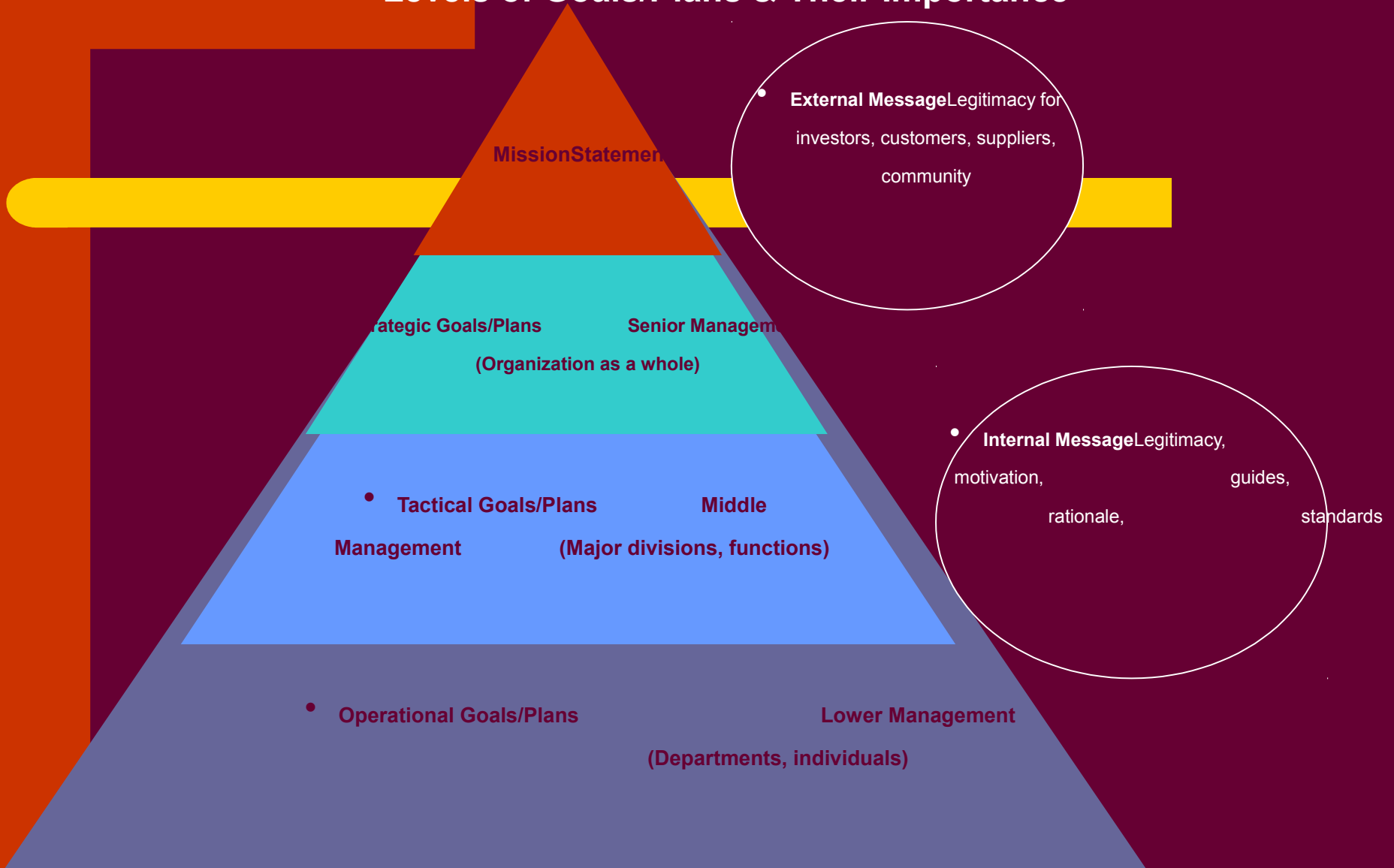
Planning - determining the organization's goals and the means for achieving them.

Blueprint specifying the resource allocations, schedules, and other actions necessary for attaining goals.

- the most fundamental management function.
- the most controversial management function.



• Levels of Goals/Plans & Their Importance



• Benefits for the Organization

• Legitimacy

What the organization stands for - reason for being

Symbolizes legitimacy

Employees identify with overall purpose

• Source of Motivation and Commitment

Employees' identification with the organization

Motivate by reducing uncertainty

• Guides to Action

Provide a sense of direction; focus attention on specific targets

Direct efforts toward important outcomes



• Benefits for the Organization

Rationale for Decisions

Learn what organization is trying to accomplish

Make decisions to ensure that internal policies, roles, performance, structure, products, and expenditures will be made in accordance with desired outcomes

Standard of Performance

Serve as performance criteria

Provide a standard of assessment



• Organizational Mission

Mission = organization's reason for existing

Mission Statement:

- Broadly states the basic business scope and operations that distinguishes it from similar types of organizations
- May include the market and customers
- Some may describe company values, product quality, attitudes toward employees



XYZ Ltd:

- **Mission Statement**

- “Our company’s mission is to extend and enhance human life by providing the highest-quality pharmaceutical and related health care products.”



• Strategic Goals and Plans

Strategic Goals:

- Where the organization wants to be in the future
- Pertain to the organization as a whole

Strategic Plans:

- Action Steps used to attain strategic goals
- Blueprint that defines the organizational activities and resource allocations
- Tends to be long term



- **Tactical Goals and Plans**

- **Tactical Goals**

- Apply to middle management
- Goals that define the outcomes that major divisions and departments must achieve

- **Tactical Plans**

- Plans designed to help execute major strategic plans
- Shorter than time frame than strategic plans

• Operational Goals and Plans

Operational Goals

- Specific, measurable results
- Expected from departments, work groups, and individuals

• Operational Plans

- Organization's lower levels that specify action steps toward achieving operational goals
- Tool for daily and weekly operations
- Schedules are an important component

• Goal Attainment

Means - end Chain

- Attainment of goals at lower levels permits the attainment of high-level goals

Traditional organizational responsibility:

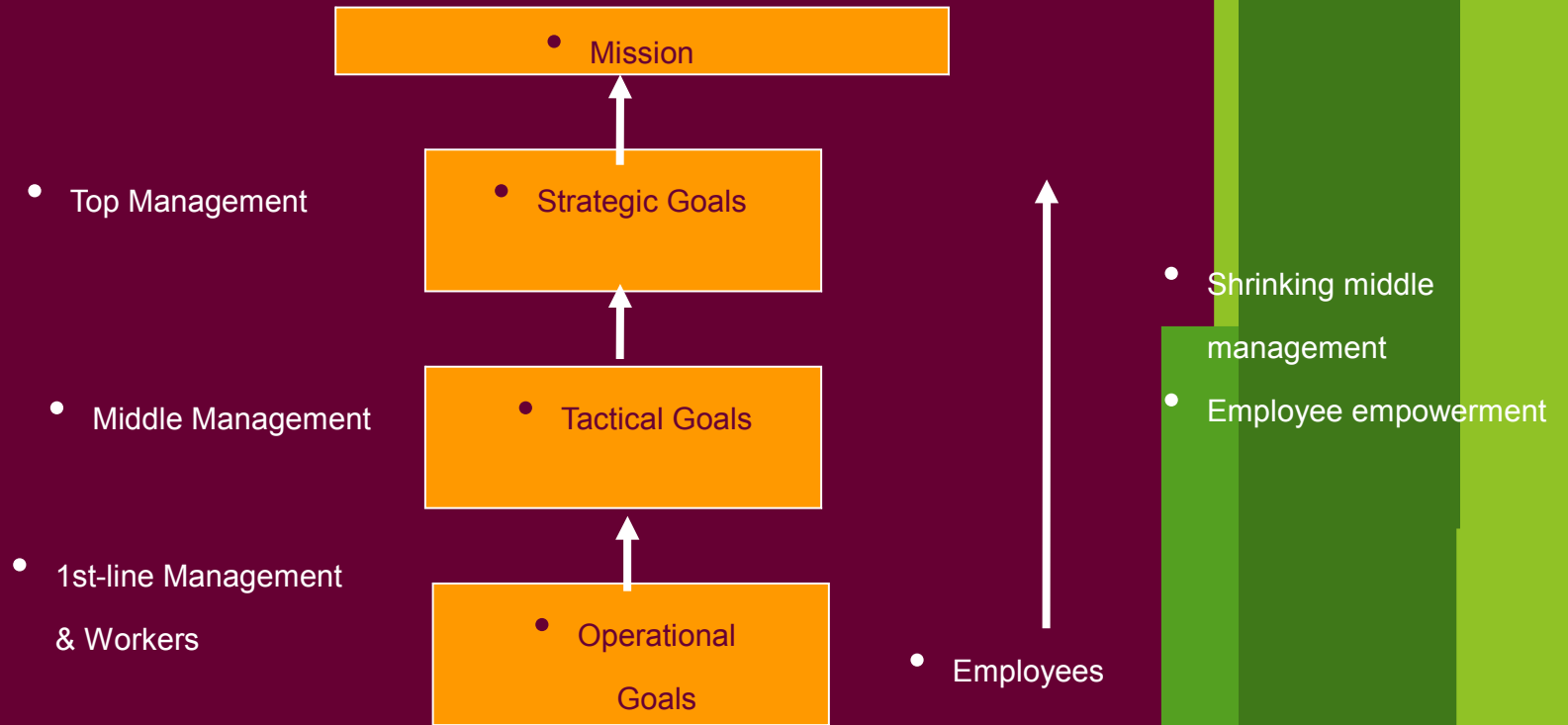
Strategic = top management

Tactical - middle management

Operational = 1st line management & workers



• Hierarchy of Goals



Characteristics of Effective Goal Setting

Specific and measurable

Challenging but realistic

Defined time period

Linked to rewards

S.M.A.R.T



S: SPECIFIC

M: MEASURABLE

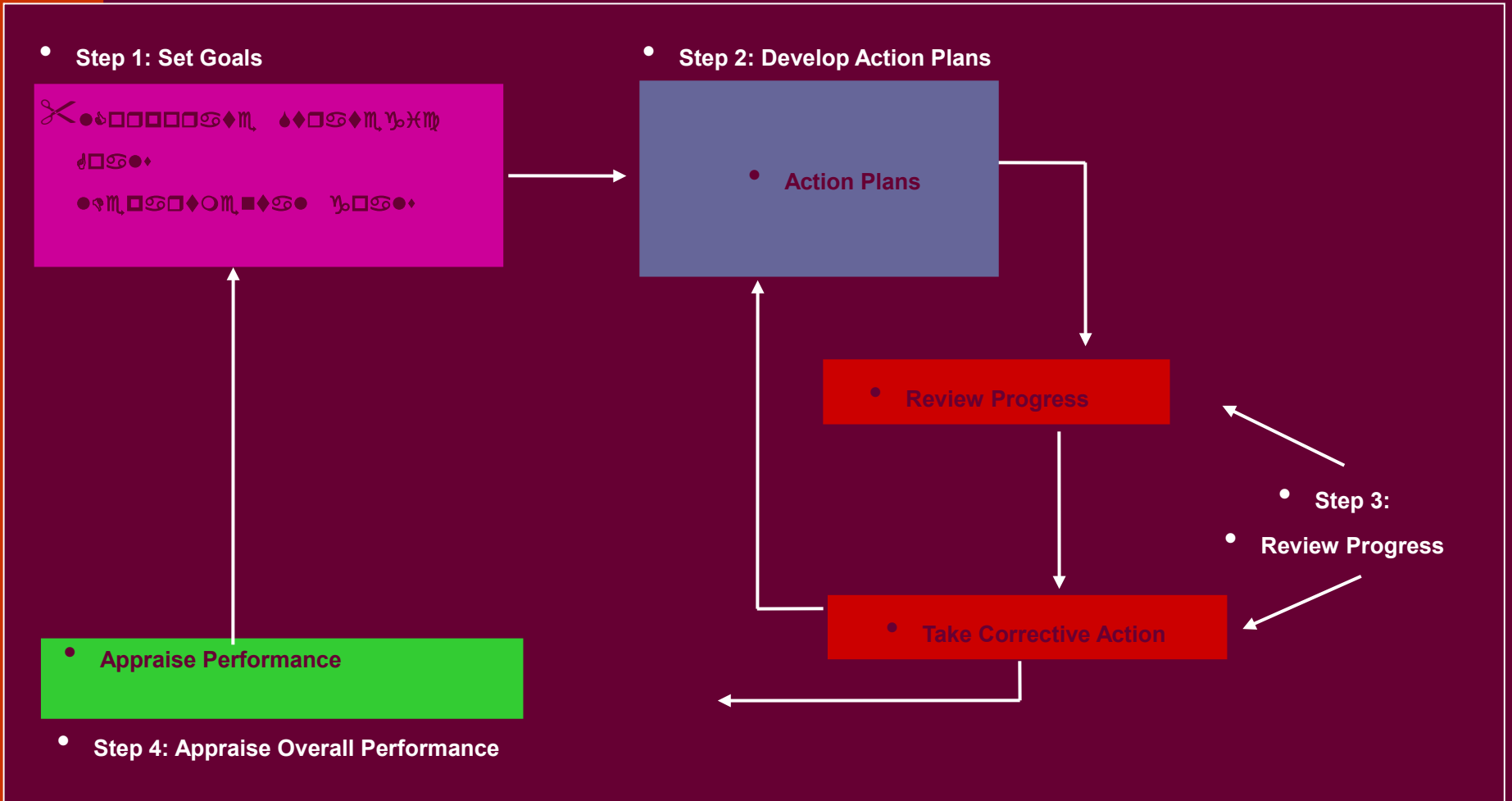
A: ATTAINABLE

R: REALISTIC

T: TIME BOUND



- Model of the MBO Process



- MBO Benefits and Problems

- **Benefits of MBO**

- Manager and employee efforts are focused on activities that will lead to goal attainment
- Performance can be improved at all company levels
- Employees are motivated
- Departmental and individual goals are aligned with company goals

- **Problems with MBO**

- Constant change prevents MBO from taking hold
- An environment of poor employer-employee relations reduces MBO effectiveness
- Strategic goals may be displaced by operational goals
- Mechanistic organizations and values that discourage participation can harm the MBO process
- Too much paperwork saps MBO energy

Single-Use Plans

- For Goals Not Likely To Be Repeated

A program is a complex set of objectives and plans to achieve an important, one-time organizational goal

A project is similar to a program, but generally smaller in scope and complexity



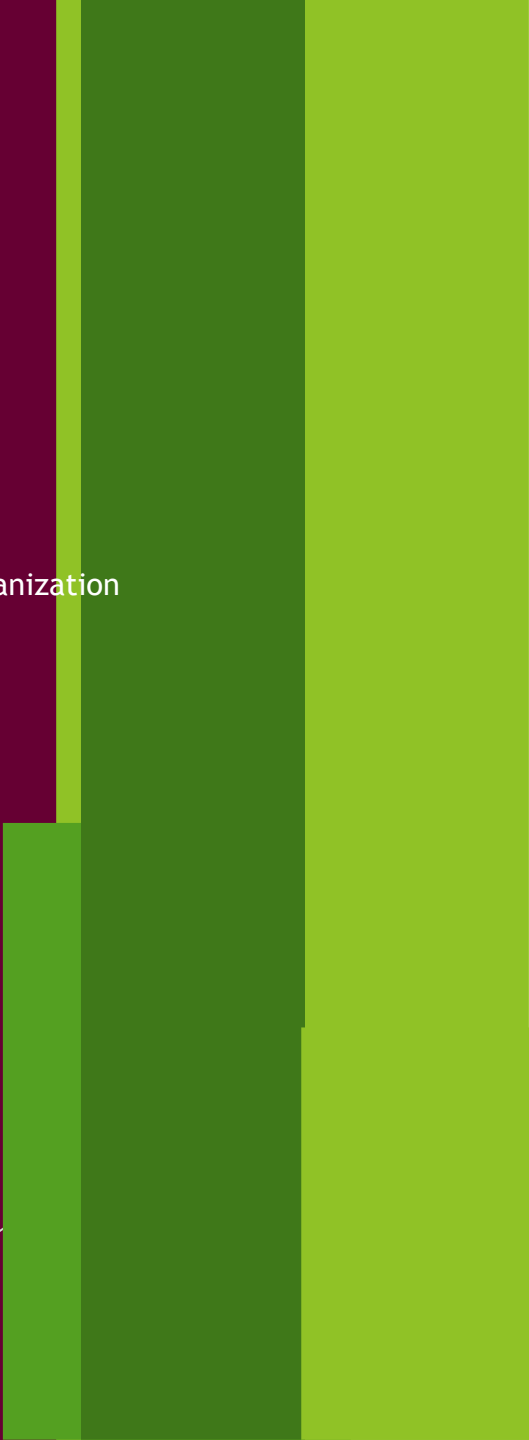
Standing Plans

- **For Tasks Performed Repeatedly**

A policy is a general guide to action and provides direction for people within the organization

Rules describe how a specific action is to be performed

Procedures define a precise series of steps to be used in achieving a specific job



Contingency Plans

- Specific Situations - unexpected conditions

Identify Uncontrollable Factors

- Economic turndowns
- Declining markets
- Increases in costs of supplies
- Technological developments
- Safety accidents

Minimize Impact of Uncontrollable Factors

Forecast a range of alternative responses to most-likely high-impact contingencies



- **Building Scenarios**

Looking at trends and discontinuities and imagining possible alternative futures to build a framework within which unexpected future events can be managed

- Forces managers to rehearse mentally what they would do if their best-laid plans were to collapse



Crisis Management Planning

- Sudden - Devastating –Require Immediate Response

Prevention

- Build trusting relationship with key stakeholders
- Open communication

Preparation

- Crisis Management Team
- Crisis Management Plan
- Establish an Effective Communications system

Containment



- **Planning for High Performance**

Central Planning = Traditional Department Group of planning specialists who develop plans for the organization as a whole and its major divisions

Decentralized Planning=High-Performance

Managers work with planning experts to develop their own goals and plans



• Planning In The New Workplace

- Have a strong mission statement and vision
 - Set stretch goals for excellence
 - Establish a culture that encourages learning
 - Embrace event-driven planning
 - Utilize temporary task forces
 - Planning still starts and stops at the top
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- Planning comes alive when employees are involved in setting goals and determining the means to reach them

