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MANAGEMENT
12th Edition

Chapter 8

Fundamentals of
Planning

Planning Ahead — Chapter 8 Study Questions

1. Why and how do managers plan?
2. What types of plans do managers use?
3. What are the useful planning tools and techniques?
4. How can plans be well implemented?

Chapter 8 Learning Dashboard

1. Why and How Managers Plan

1. Importance of planning
2. The planning process
3. Benefits of planning

2. Types of Plans Used by Managers

1. Long-range and short-range plans
2. Strategic and tactical plans
3. Operational plans

Chapter 8 Learning Dashboard

3. Planning Tools and Techniques

1. Forecasting
2. Contingency planning
3. Scenario planning
4. Benchmarking
5. Use of staff planners

4. Implementing Plans to Achieve Results

1. Goal setting
2. Goal alignment
3. Participation and involvement

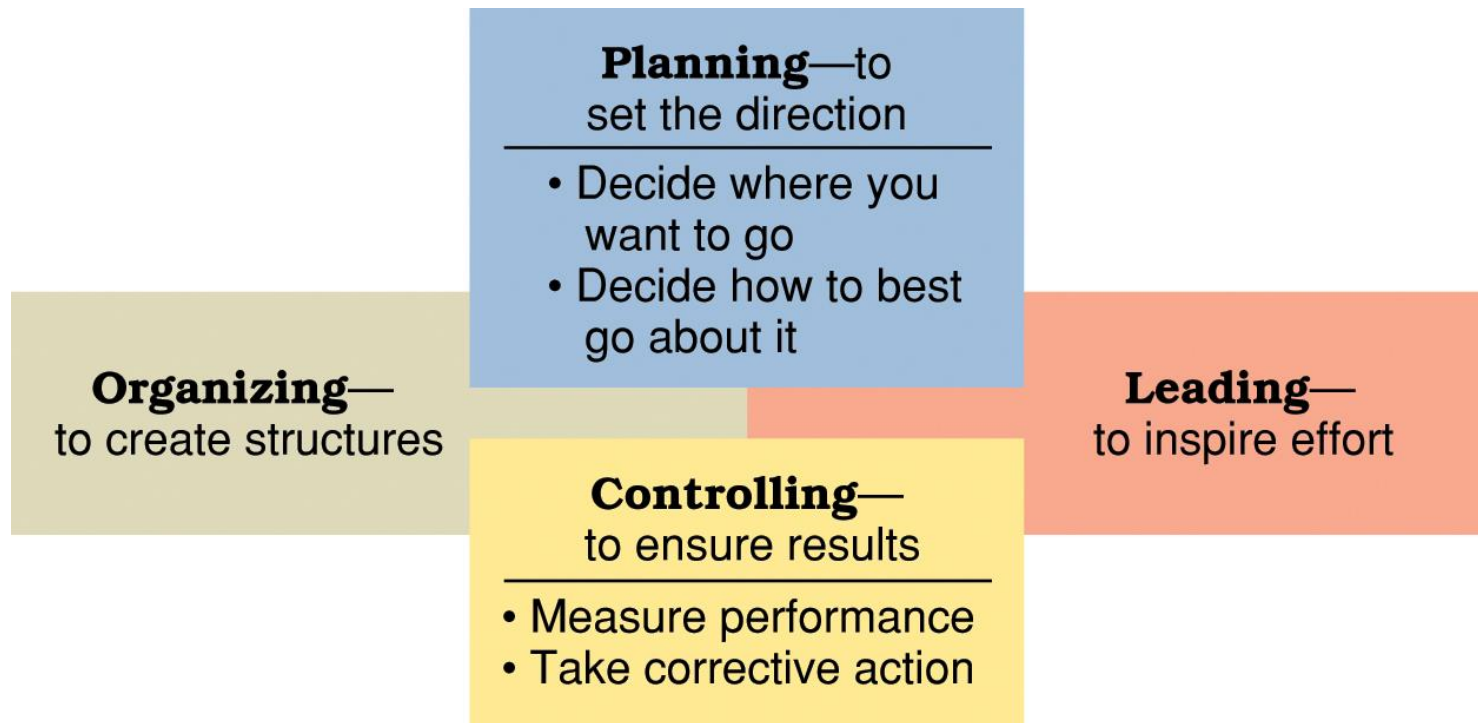
Takeaway 1: Why and How Managers Plan

- Planning
 - The process of setting objectives and determining how to accomplish them
- Objectives and goals
 - Identify the specific results or desired outcomes that one intends to achieve
- Plan
 - A statement of action steps to be taken in order to accomplish the objectives

Takeaway 1: Why and How Managers Plan

- Steps in the planning process:
 - Define your objectives
 - Determine where you stand vis-à-vis objectives
 - Develop premises regarding future conditions
 - Analyze alternatives and make a plan
 - Implement the plan and evaluate results

Figure 8.1 The roles of planning and controlling in the management process



Takeaway 1: Why and How Managers Plan

- Benefits of planning:
 - Improves focus and flexibility
 - Improves action orientation
 - Improves coordination and control
 - Improves time management

Takeaway 1: Why and How Managers Plan

- Personal time management tips:
 - DO say “no” to requests that distract from what you should be doing
 - DON’T get bogged down in details that can be addressed later
 - DO screen telephone calls, emails, and meeting requests

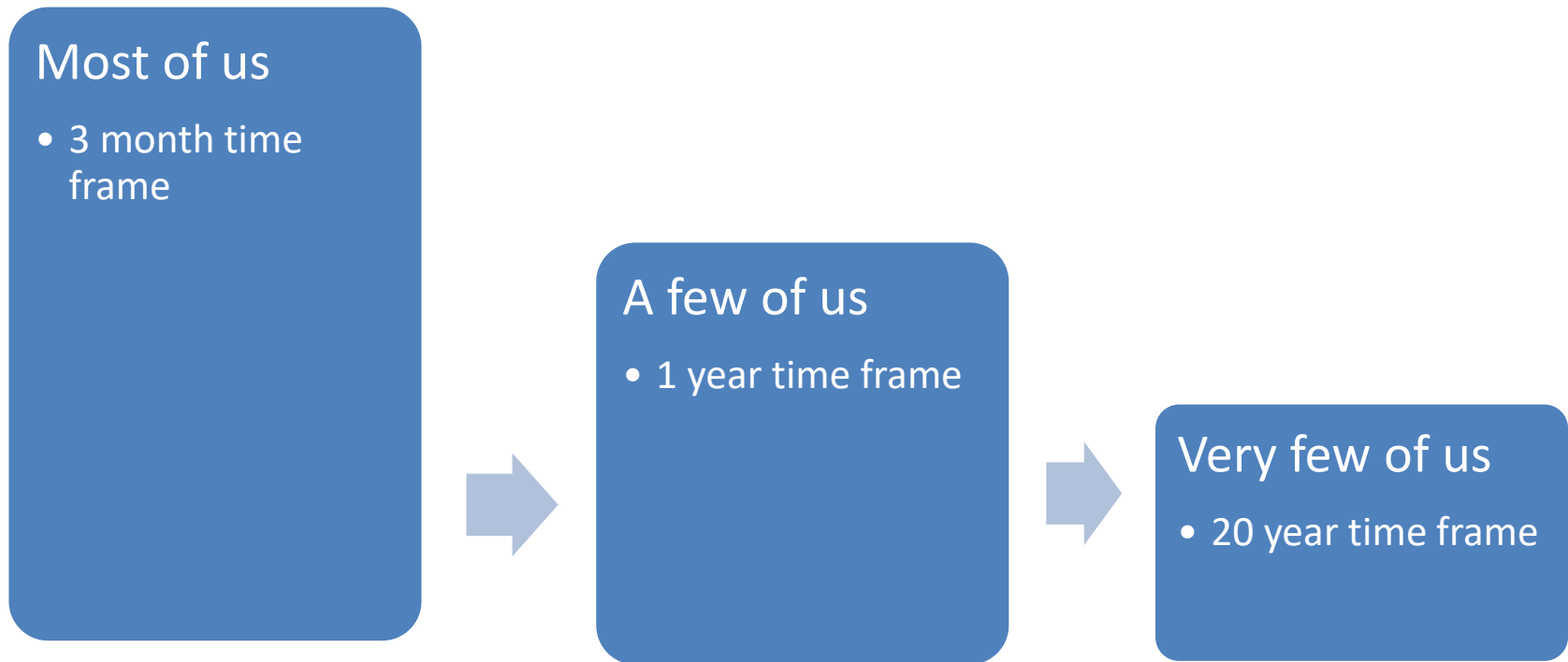
Takeaway 1: Why and How Managers Plan

- More personal time management tips:
 - DON'T let drop-in visitors instant messaging use up your time
 - DO prioritize your important and urgent work
 - DON'T become calendar bound by letting others control your schedule
 - DO follow priorities; do most important and urgent work first

Takeaway 2: Types of Plans Used by Managers

- Types of plans
 - Long-term plans look three or more years into the future
 - Short-term plans typically cover one year or less

Takeaway 2: Types of Plans Used by Managers



Takeaway 2: Types of Plans Used by Managers

- Strategic plans — set broad, comprehensive, and longer-term action directions for the entire organization
- Vision – clarifies purpose of the organization and what it hopes to be in the future

Takeaway 2: Types of Plans Used by Managers

- Tactical plan – helps to implement all or parts of the strategic plan
- Functional plans – indicate how different operations within the organization will help accomplish the overall strategy
 - Production plans
 - Financial plans
 - Facilities plans
 - Logistics plans
 - Marketing plans
 - Human resource plans

Takeaway 2: Types of Plans Used by Managers

- Operational plans — identify short-term activities to implement strategic plans
 - Policies are standing plans that communicate guidelines for decisions
 - Procedures are rules that describe actions to be taken in specific situations
 - Budgets are plans that commit resources to projects or activities
 - Zero based budgets allocate resources as if each budget were brand new

Takeaway 3: Planning Tools and Techniques

- Forecasting
 - Attempts to predict the future
 - Qualitative forecasting uses expert opinions
 - Quantitative forecasting uses mathematical models and statistical analysis of historical data and surveys

Takeaway 3: Planning Tools and Techniques

- Contingency planning
 - Identifying alternative courses of action to take when things go wrong
 - Contingency plans anticipate changing conditions
 - Contingency plans contain trigger points

Takeaway 3: Planning Tools and Techniques

- Scenario planning
 - A long-term version of contingency planning
 - Identifying alternative future scenarios
 - Plans made for each future scenario
 - Increases organization's flexibility and preparation for future shocks

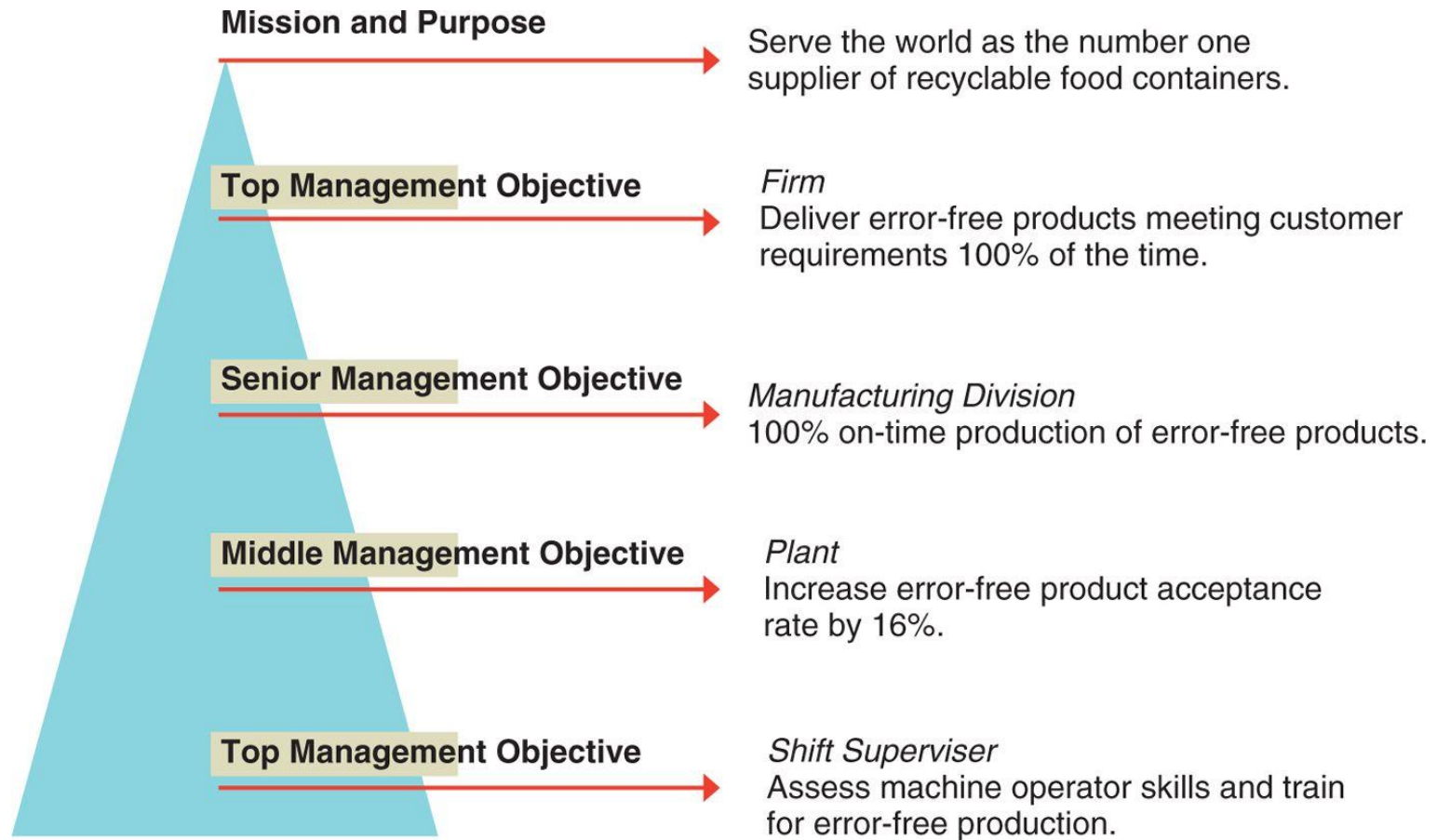
Takeaway 3: Planning Tools and Techniques

- Benchmarking
 - Use of external and internal comparisons to plan for future improvements
 - Adopting best practices: things people and organizations do that lead to superior performance
 - Staff planners assist in all steps of the planning process

Takeaway 4: Implementing Plans to Achieve Results



Figure 8.2 A sample hierarchy



Takeaway 4: Implementing Plans to Achieve Results

- Goal Alignment Between Team Leader and Team Member
 - Jointly plan: set objectives, set standards, choose actions
 - Individually set: perform tasks (member), provide support (leader)
 - Jointly control: review results, discuss implications, renew cycle

Takeaway 4: Implementing Plans to Achieve Results

- Participatory Planning
 - unlocks the motivational potential of goal setting
 - management by objectives (MBO) promotes participation
 - when participation is not possible, workers will respond positively if supervisory trust and support exist

Figure 8.3 How participation and involvement help build commitment to plans

