

# Chapter 7 – Management Activities

## PAST MANAGEMENT ACTIVITIES - PLANNING - QUESTIONS

<p><b>2018 - CONTINGENCY PLAN &amp; IMPORTANCE OF PLANNING</b></p> <p><b>Strategic</b> - Long Term, prepare by senior management, involve mission Statement,  <b>Tactical</b> - Strategic plan broken down, middle management, make strategic plan possible  <b>Manpower</b> - HR resources, no. of staff required, right no. of people in the right place at the right time with the right skills to achieve goals</p>	<p><b>2016 EVALUATE HOW DIFFERENT PLANS CONTRIBUTE TO BUSINESS SUCCESS</b></p> <p><b>Strategic</b> - Long term 5 years, Provide a guide, prepared by senior management (long term existence)  <b>Tactical</b> - short term 2 years, achieve strategic plans which is broken down into manageable plans  <b>Operational</b> - Daily weekly monthly plans,  <b>Mission statement</b> - vision, outline the purpose of the business</p>	<p><b>2015 (ABQ) - DEFINE THE TERM PLANNING, EXPLAIN SWOT (CONDUCT A SWOT)</b></p> <p>This Involves selecting organisational goals and finding ways to achieve them. It important because it Means deciding on 1. Who will do what, 2. When it will be done and 3. How it will be done?  Strength - Internal, advantage  Weakness - Internal, does Over competition poorly, needs improvement  Opportunities - External, should  Threats - External Re exploited Defended against</p>														
<p><b>2013 - DISCUSS THE IMPORTANCE OF PLANNING</b></p> <ol style="list-style-type: none"> <li>1.Set out specific goals and objectives</li> <li>2.Reduces risk of uncertainty</li> <li>3.Conduct a SWOT analysis</li> <li>4.Develops a Mission statement</li> <li>5.Strategic Planning</li> <li>6.Tactical Planning</li> <li>7.Contingency Planning</li> </ol>	<p><b>2012 - DEFINE THE TERM DELEGATION &amp; BENEFITS OF DELEGATION</b></p> <p>Involves assigning of authority and power to another person. It is usually from a manager to an employee to undertake a specific piece of work. The accountability is also assigned</p> <ol style="list-style-type: none"> <li>1.Manager has mor time for strategic planning</li> <li>2.Project completed to a higher level (Accountability)</li> <li>3.Increased employee motivation</li> <li>4.Higher skilled workforce</li> </ol>	<p><b>2012 - DEFINE THE TERM DELEGATION &amp; BENEFITS OF DELEGATION</b></p> <p>Involves assigning of authority and power to another person. It is usually from a manager to an employee to undertake a specific piece of work. The accountability is also assigned</p> <ol style="list-style-type: none"> <li>1.Manager has mor time for strategic planning</li> <li>2.Project completed to a higher level (Accountability)</li> <li>3.Increased employee motivation</li> <li>4.Higher skilled workforce</li> </ol>														
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## PAST MANAGEMENT ACTIVITIES - PLANNING - ONE PAGE SUMMARY

### Types of Plans

Strategic	Tactical	Business	Operational	Contingency
<ul style="list-style-type: none"> <li>• Long term plans over 5 years</li> <li>• Provide a guide for the business</li> <li>• Senior management long term profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Short term plans 1-2 years</li> <li>• strategic plan broken into smaller manageable plans</li> <li>• Middle management</li> </ul>	<ul style="list-style-type: none"> <li>• Document that sets out the following</li> <li>• who set up the business</li> <li>• What they are selling</li> <li>• How will it be produced</li> </ul>	<ul style="list-style-type: none"> <li>• Short term plan for a specific purpose</li> <li>• Set out target for a week or month</li> </ul>	<ul style="list-style-type: none"> <li>• Back up plan for an unforeseen event</li> <li>• it prevents disruption to the business</li> </ul>

### Benefits of planning

**Direction:** The plan sets the direction for the business by clearly identifying the objectives, e.g., to expand (Ryanair has announced plans to open up new routes and to buy new jets).

**Coordination:** The plan is used to coordinate the activities of the different departments, e.g., the sales department must not take orders that the production department is unable to meet.

**Control:** Management can compare the actual results to the planned targets. Good performance can be rewarded (bonuses) and failure to meet targets should be investigated.

**Finance:** A plan can be used when approaching potential investors for money as it demonstrates how the money will be used and how funds will be generated for repayment.

**Awareness:** An organisation that plans by consulting all relevant stakeholders becomes aware of its Strengths, Weaknesses, Opportunities and Threats (SWOT) and is therefore more adaptable to change.

### Qualities of a good plan

**Specific** - This means that the plan must be precise about what has to be done who is going to do it and how it will be done

**Measurable** - This means that it must be easy to measure if you are achieving the objectives of the plan

**Agreed/Achievable** - The plan should be agreed by all in the business

**Realistic** - It must be possible to achieve the objectives and not too far-fetched.

**Timed** - Time must be given to implement the plan

### Planning process

Analyse the situation	Identify the goals	Draft the Plan	Implement the plan
<ul style="list-style-type: none"> <li>• Conduct a SWOT analysis</li> <li>• Forecast future needs</li> </ul>	<ul style="list-style-type: none"> <li>• should Be SMART</li> <li>• Communicate the organisation goals</li> <li>• Use to write a mission statement</li> </ul>	<ul style="list-style-type: none"> <li>• It should consist of the following plans</li> <li>• Strategic</li> <li>• Tactical</li> <li>• Contingency</li> </ul>	<ul style="list-style-type: none"> <li>• By putting policies in place</li> <li>• Sets out how the goal will be achieved</li> </ul>

### Key Words

**Planning** - This involves selecting organisational goals and finding ways to achieve them. It is important because it means deciding on 1. Who will do what, 2. When it will be done and 3. How it will be done?

**Mission Statement** - These are short but precise one or two sentence statements used by companies to summarise 'Who we are, what we do and where we are headed'

**Strategic Plan** - These are long term plans and are usually over 5 years. They are more precise, For Example, a method of increasing profit over first 10 months of the year.

**Tactical plans** - These are shorter plans operational plans. It breaks up the strategic plan into more manageable smaller plans. They usually last for 1-2 years. For Example, company launching a new product, Cadbury's launching new white chocolate flake.

**Operational Plans** - This is short term plans which are designed to meet specific objectives. They usually set out target for weeks or months ahead. A firm introducing a new internal telephone system.

**Business Plans** - This is a document that sets out who is setting up the business, what they will be selling or producing, how will it be produced and promoted, where the finance will come from and how much profits they expect to make.

**Contingency Plan** - This is a Plan B. They are special plans to cope with emergencies. It is used if something is stopping the main plan being implemented. For example, the main supplier of your raw material can't supply the material that you want.

### Why planning is important

1. Helps identify internal strengths, internal weakness, new opportunities and identify treats
2. Set out clear targets
3. Assists leadership and motivation (gives direction and purpose)
4. Provides necessary information to investors