PLANNING

PLANNING

Definition

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?

1

PLANNING

BENEFITS OF PLANNING

Direction: The plan sets the direction for the business by identifying the objectives,
Coordination: The plan is used to coordinate the activities of the different departments,
Control: Management can compare the actual results to the planned targets.
Finance: A plan can be used when approaching potential investors for money
Awareness: An organisation that plans by consulting all relevant stakeholders

2

PLANNING

THE PLANNING PROCESS

Analyse the situation – Conduct a SWOT analysis, Forecast future needs
Identify the goals - should Be SMART Communicate the organisation goals, Use to write a mission statement
Draft the Plan – It should consist of the following plans Strategic, tactical and contingency
Implement the plan – By putting policies in place

3

PLANNING

TYPES OF PLANS

1. Strategic
2. Tactical
3. Contingency
4. Operational
5. Business

4

PLANNING

STRATEGIC PLANS

Definition

These are long term plans over 5 years. It provides a guide for the business. Senior management usually develop these plans

For Example - Launch 17 new products in the next 5 years

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PLANNING

TACTICAL PLANS

Definition

These are short term plans over 1-2 years. This is where strategic plans are broken into smaller more manageable plans Middle management

For Example – Increase marker share by 10% in 2 years

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PLANNING

CONTIGENCY PLANS

Definition

These are back-up plan for an unforeseen event. It prevents disruption to the business.

For Example – A supplier of raw materials goes bankrupt – the business has a second supplier

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PLANNING

OPERATIONAL PLANS

Definition

These are short term plans for a specific purpose. It set out target for a week or month

For Example – Set out the number of products to be made in a week

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PLANNING

BUSINESS PLANS

Definition

This is a document that sets out the following. - who set up the business ,what they are selling, how will it be produced

For Example – Business plan when looking for a loan

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PLANNING

QUALITIES OF A PLAN

Specific - The plan must be precise about what has to be done who is going to do it and how it will be done
Measurable - 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

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PLANNING

IMPORTANCE OF PLANNING

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

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ORGANISING

ORGANISING

Definition

This means bringing people and resources together to achieve a common objective. This is done by building a structure or organisational chart

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ORGANISING

IMPORTANCE OF ORGANISING

It's important because it
1. Identifies work to be done
2. Creates a suitable organisation structure
3. Identify who will do what task
4. Maintain a clear chain of command
5. Smooth flow of Communication

13

ORGANISING

ORGANISATIONAL STRUCTURES (CHARTS)

Definition

This means identifying the different departments and management functions in an organisation.

14

ORGANISING

TYPES OF ORGANISATIONAL STRUCTURES

1. Functional
2. Product
3. Geographic
4. Matrix

15

ORGANISING

FUNCTIONAL STRUCTURE

Definition

This divides a business according to management functions at senior, middle management and junior levels. It is the simplest organisation chart

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ORGANISING

EXPLAIN THE FUNCTIONAL STRUCTURE

1. There are different layers of management in this chart: top, middle, and junior management.
2. It indicates where authority and responsibility have been delegated.
3. It illustrates the chain of command, i.e., who is answerable to whom.
4. It shows the managing director's span of control (the number of people reporting directly to a manager).

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ORGANISING

FUNCTIONAL STRUCTURE

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ORGANISING

BENEFITS OF FUNCTIONAL ORGANISAIONAL STRUCTURES

Specialisation – each department concentrate on one function
Efficiencies – things get done quickly and to a high standard
Chain of command – Clear line of authority & who to report to
Clear communication channels – Upward, downward and horizontal
Economics of Scale – Wide span of control
Clear Promotional Paths

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ORGANISING

DRAWBACKS OF FUNCTIONAL ORGANISATIONAL STRUCTURES

1. Employees get focus on own department goals and not the overall business mission

2. Communications between departments can be slow

20

ORGANISING

PRODUCT ORGANIONAL STRUCTURE

Definition

This organises a business on the basis of the product it makes. Each product has its own set of specialist management functions

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ORGANISING

BENEFITS OF PRODUCUT ORGANISATIONAL STRUCTURE

1. Improves communication

2. Allows business to adapt different product and meet customers' needs

3. Allows each division to focus on its own customers

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ORGANISING

DRAWBACKS OF PRODUCUT ORGANISATIONAL STRUCTURE

1. Duplication of resources

2. Wasteful competition for the same customer between different products

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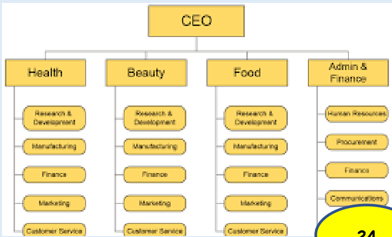
ORGANISING

PRODUCT ORGANISATIONAL STRUCTURE



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ORGANISING

GEOGROPHICAL ORGANISATIONAL STRUCTURE

Definition

This is where the organisation is divided according to the geographical markets it serves

25

ORGANISING

BENEFITS GEOGROPHICAL ORGANISATIONAL STRUCTURE

1. Staff are able to meet local needs

2. Encourages healthy competition

26

ORGANISING

DRAWBACKS GEOGROPHICAL ORGANISATIONAL STRUCTURE

1. Duplication of resources

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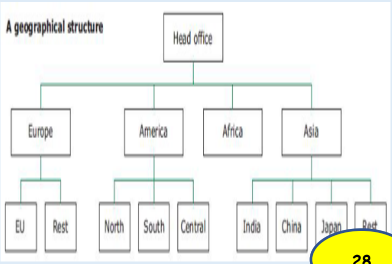
ORGANISING

GEOGRAPHICAL ORGANISATIONAL STRUCTURE



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ORGANISING

MATRIX STRUCTURE

Definition

This is when staff are brought together into teams to achieve a clearly stated team goals – launching a new product.
Teams are made up of staff with skills in different specialist areas.
It is also known as a tean structure

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ORGANISING

CHARACTERISTICE OF A MATRIX STRUCTURE

1. Self-managed – Each team is responsible for running its own affairs with little external input

2. Responsibilities Delegated

3. Input into decision making

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ORGANISING

BENEFITS MATRIX ORGANISATIONAL STRUCTURE

1. Synergies – 2+2=5
2. Efficiencies – departments working together
3. Better relationships between departments
4. Motivation – employees are more motivated

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ORGANISING

DRAWBACKS MATRIX ORGANISATIONAL STRUCTURE

1.Conflict and personality Classes (Storming)
2.Two Managers
3.Slow Decisions -agreement
4.Need to improve Communication Skills

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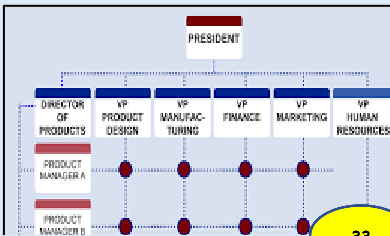
ORGANISING

MATRIX ORGANISATIONAL STRUCTURE



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ORGANISING

ORGANISATIONAL CHART

Definition

This are diagrams that visually communicate the type of organisation structure, the chain of command and the span of control in an origination

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ORGANISING

CHAIN OF COMMAND

Definition

This is how decision flow from the top of an organisational down through the layers to the bottom

35

ORGANISING

SPAN OF CONTROL

Definition

This refers to the number of people reporting directly to a manager.

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ORGANISING

PURPOSE OF AN ORGANISATIONAL STRUCTURE (CHART)

1. Identifies the chain of command
2. Identifies the span of control
3. Identifies the promotional path
4. Identifies the communicational path

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ORGANISING

FACTORS THAT INFLUENCE ORGANISATIONAL CHOICE

1. As simple as possible
2. Allow easy communication
3. Use a narrow span of control (important jobs, tight control)
4. Use a wide span of control – to encourage staff empowerment, intrapreneurship and creativity
5. Be cost effective

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ORGANISING

IMPORTANCE OF ORGANISATIONAL STRUCTURES

1. Creates a suitable organising structure

2. Establishes a chain of command

3. Smooth flow of communication

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CONTROL

CONTROLLING

Definition

This refers to the monitoring and checking of results to see that they agree with the targets set out in the plan.
It is the continuous monitoring to make sure goals and target will be meet

40

CONTROL

PRINCIPALS OF CONTROL

1. Setting targets
2. Measuring performance against the targets
3. Investigating any variance
4. Correcting problems
5. Preventing differences by anticipating problems

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CONTROL

TYPES OF CONTROL

1. Stock
2. Credit
3. Quality
4. Financial

42

CONTROL

STOCK CONTROL

Definition

This is making sure that the firms has the right quantity and type of goods in stock at the right time without incurring stockholding costs such as insurance, security and rent

43

CONTROL

BUFFER STOCK

Definition

This refers to the minimum level of stock that should be held once stock falls below this level more stock should be ordered.

44

CONTROL

JUST IN TIME

Definition

This is a type of stock control system in which stocks of raw materials or finished products are delivered when they are just needed and no sooner

45

CONTROL

PROPER STOCK CONTROL RESULTS IN

1. Improved profitability – Because there are less errors happening
2. Improved cash flow – Because customers are paying on time, so the business has more money
3. Frees up storage space – the company only has the stock or raw material that they need at the right time

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CONTROL

QUALITY

Definition

This Means that the quality standards expected by customers are meet

47

CONTROL

GOOD QUALITY CAN LEAD TO

1. Reduce waste and costs

2. Increase customer satisfaction

3. Help promote a quality image

4. Meet legal responsibilities

48

CONTROL

QUALITY CONTROL CAN BE ACHIEVED BY

1. Regular inspections of goods (random sampling, 100% sampling, Continuous Sampling)
2. Recruiting and training
3. Facilitating teamwork
4. Quality circles

49

CONTROL

QUALITY CIRCLES

Definition

These are discussion groups made up of employees who meet regularly to discuss and resolve quality issues

For Examples - ISO (International Standards Office) 9000 and the Q marks

50

CONTROL

CREDIT

Definition

Credit means buying goods now but paying for them later.

51

CONTROL

CREDIT CONTROL

Definition

This tries to minimum the risk of bad debts form customers who can't pay. It means monitoring which customer are given credit and for how long.

52

CONTROL

CREDIT CONTROLER

Definition

This is the person responsible for managing credit given to debtors and collecting payment on time

53

CONTROL

BAD DEBTS

Definition

These are the customers who bought on credit but and not able to pay their bill. They may be bankrupt.

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CONTROL

IMPROVE CREDIT CONTROL (PREVENT BAD DEBTS)

1. Offering discounts
2. Taking out insurance against bad debts
3. Researching the credit background of customers
4. Refusing to give credit
5. Cash only

55

CONTROL

FINANICAL CONTROL

Definition

This is used to monitor the financial affairs of the business to ensure it is profitable and always has enough money to pay its bills

56

CONTROL

GOOD FINANCIAL CONTROL CAN BE ACHIEVED BY

1. Cash flow budgets – monitor income and expenses
2. Ration analysis – monitor financial performances
3. Cost control – cost do not rise above a certain level
4. Break even analysis – The min level of sales to make a profit

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CONTROL

IMPORTANCE OF CONTROL

1. **Correction:** Good control systems allows mgt to detect and correct problems.
2. **Quality:** The control system will ensure service to the customer's remains at the highest level.
3. **Efficiency:** Waste is reduced in all areas of the organisation
4. **Profits:** Should increase due to a reduction waste and Sales revenue increase
5. **Keeps bad debts to a minimum**
6. **Control:** Deviating from plans.

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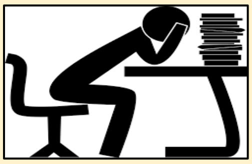
POC



IMPLICATION FORM CHANGING FROM FUNCTIONAL TO MATRIX STRUCTURE

1. Training required
2. Duplication of Duties
3. Greater complexity in the chain of command (2 Manager)
4. Staff conflicts
5. Increased intrapreneurship
6. Better Staff Relations

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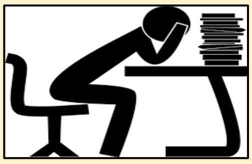
POC



HOW PLANS CONTRIBUTE TO BUSINESS SUCCESS

Strategic – Long term 5 years, Provide a guide, prepared by senior management (long term existence)
Tactical – short term 2 years, achieve strategic plans which is broken down into manageable plans
Operational – Daily weekly monthly plans,
Mission statement – vision, outline the purpose of the business

60

CONTROL

DELEGATION

Definition

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

61

CONTROL

BENEFITS OF DELEGATION

1. Manager has mor time for strategic planning
2. Project completed to a higher level (Accountability)
3. Increased employee motivation
4. Higher skilled workforce

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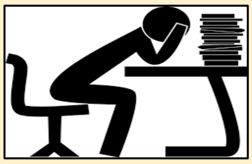
POC



FEATURES OF A MATRIX STRUCTURE

1. Team based – Expertise from each department
2. Project Leader – Members are answerable to the project leader
3. Specific Projects – Used for development of new project
4. Decision making – All member are involved in the decision making
5. Synergy-
6. Two managers – Team leader and department manager

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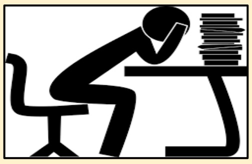

EXPLAIN THE TERM SPAN OF CONTROL & FACTORS AFFECT THE WIDTH

This refers to the number of employees reporting directly to a manager in a hierarchy

Factors that affect the width

1. **Skill of a manger** – Confident manger can have a wide span
2. **Skill of workforce** – Trusted motivate employees = wide span
3. **Type of product/service** – if work needs high level of expertise narrow span i

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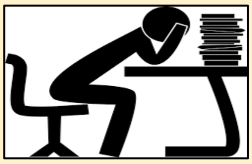
POC



REASON TO CHANGE AN ORGANISATION STRUCTURE

1. **Size** – The Business has grown, more expertise needed
2. **Limited Liability** –
3. **Finance** – help to raise more capital
4. **Marketing** – Expansion
5. **Opportunity** – Diversify into other markets

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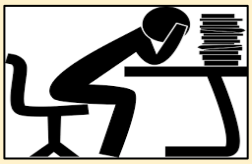
POC



EXPLAIN HOW DIFFERENT PLANS CONTRIBUTE TO BUSINES SUCCESS

Strategic – Long term 5 years, Provide a guide, prepared by senior management (long term existence)
Tactical – short term 2 years, achieve strategic plans which is broken down into manageable plans
Operational – Daily weekly monthly plans,
Mission statement – vision, outline the purpose of the business

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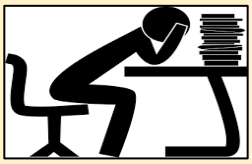
POC



EXPLAIN THE TERM SPAN OF CONTROL & WHERE A NARROW SPAN OF CONTROL MAY BE APPROPRIATE

This is the number of employees that report directly to a manager in a hierarchy

It would suit when the work involves a high level of expertise or where worker lack experience

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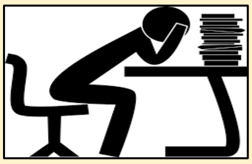
POC



EXPLAIN SWOT (CONDUCT A SWOT)

Strength – Internal, advantage Over competition
Weakness – Internal, doe poorly, needs improvement
Opportunities – External, should Be exploited
Threats – External Defended against

NEED TO HAVE AN EXAMPLE OF A SWOT ANAYLSIS OF A BUSINESS

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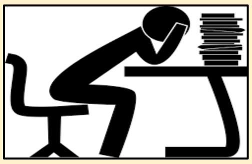
POC



ANALYSE THE CONTRIBUTION STRATEGIC PLANNING MAKES TOA BUSIENSS

Strategic

1. Long term, senior management
2. Define the business purpose
3. Benchmarking
4. Identify Opportunities

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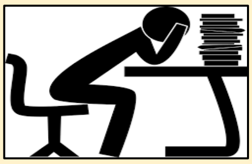
POC



ANALYSE THE CONTRIBUTION TATICAL PLANNING MAKES TOA BUSIENSS

Tactical

1. Short term, middle Mgt.
2. Deal with the now
3. Outline a set of actions
4. Helps achieve objectives

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