



chapter

7

Ready Notes

*Basic Elements of  
Planning and  
Decision Making*

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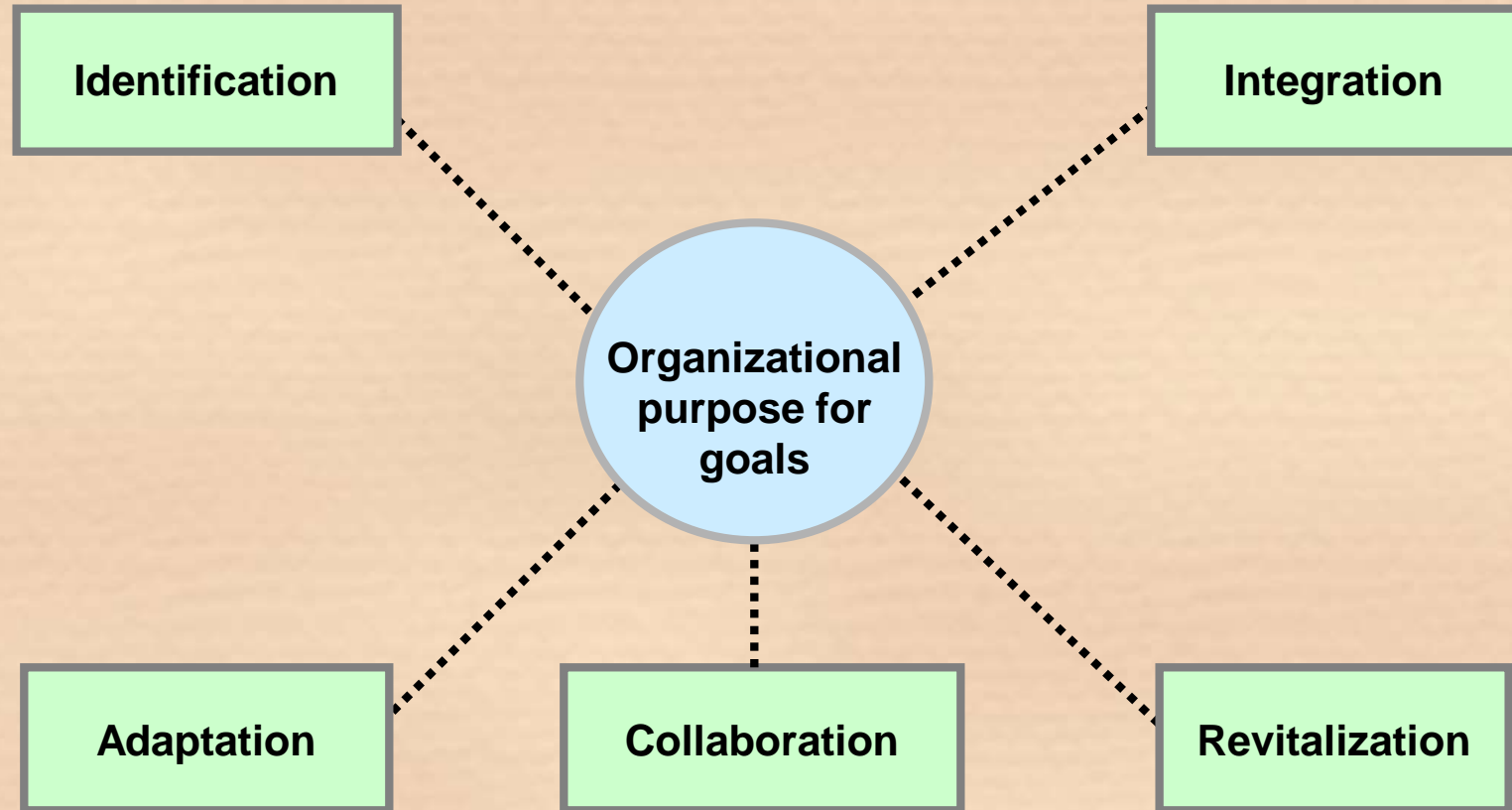
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# Organizational Goals

- Goals are critical to organizational effectiveness and serve a number of purposes.
- Purposes of goals:
  - Provide guidance.
  - Promote good planning.
  - Serve as sources of motivation.
  - Mechanism for evaluation and control.



# Organizations Have a Purpose— That Is Why They Need Goals



# Kinds of Goals

- Goals vary by level, area, and time frame.
- Mission: a statement of an organization's fundamental purpose.
- Strategic goal: a goal set by and for top management of the organization.
- Tactical goal: set by and for middle managers of the organization.
- Operational goal: set by and for lower managers of the organization.



# Other Goals

- Area: organizations also set goals for different areas.
- Time frame: organizations also set goals across different time frames.



# Responsibilities for Setting Goals

## Who sets goals?

- All managers should be involved in the goal setting process.
- Each manager has responsibilities for setting goals that correspond to their level.



# Managing Multiple Goals

- When setting goals organizations sometimes experience conflicts (An open clash between two opposing groups )  
or contradictions among goals.
- Conflicts are addressed through the use of the Optimizing concept:
  - Optimizing: balancing and reconciling possible conflicts among goals.



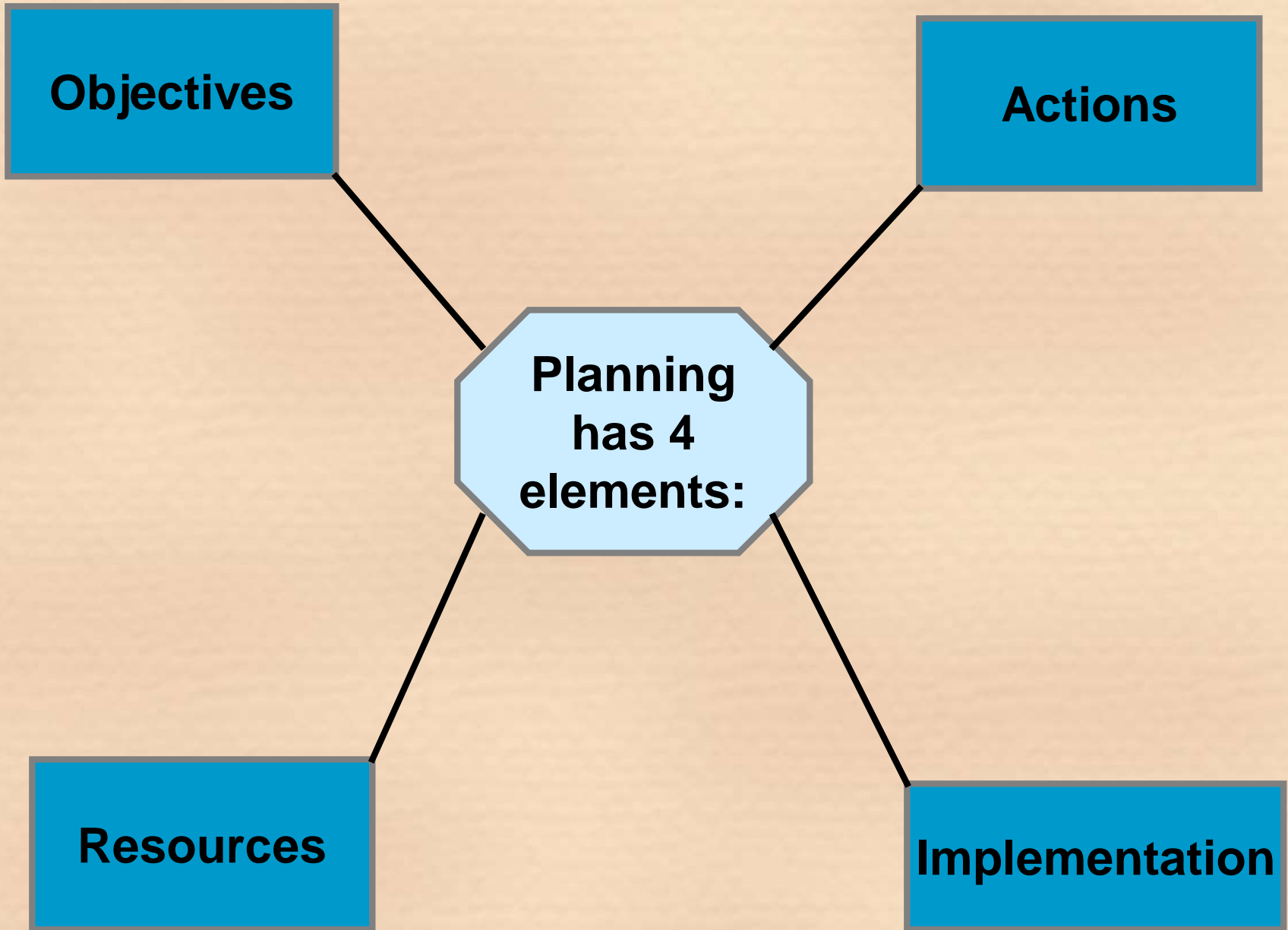
**What is to be accomplished?**

**The planning function consists of:**

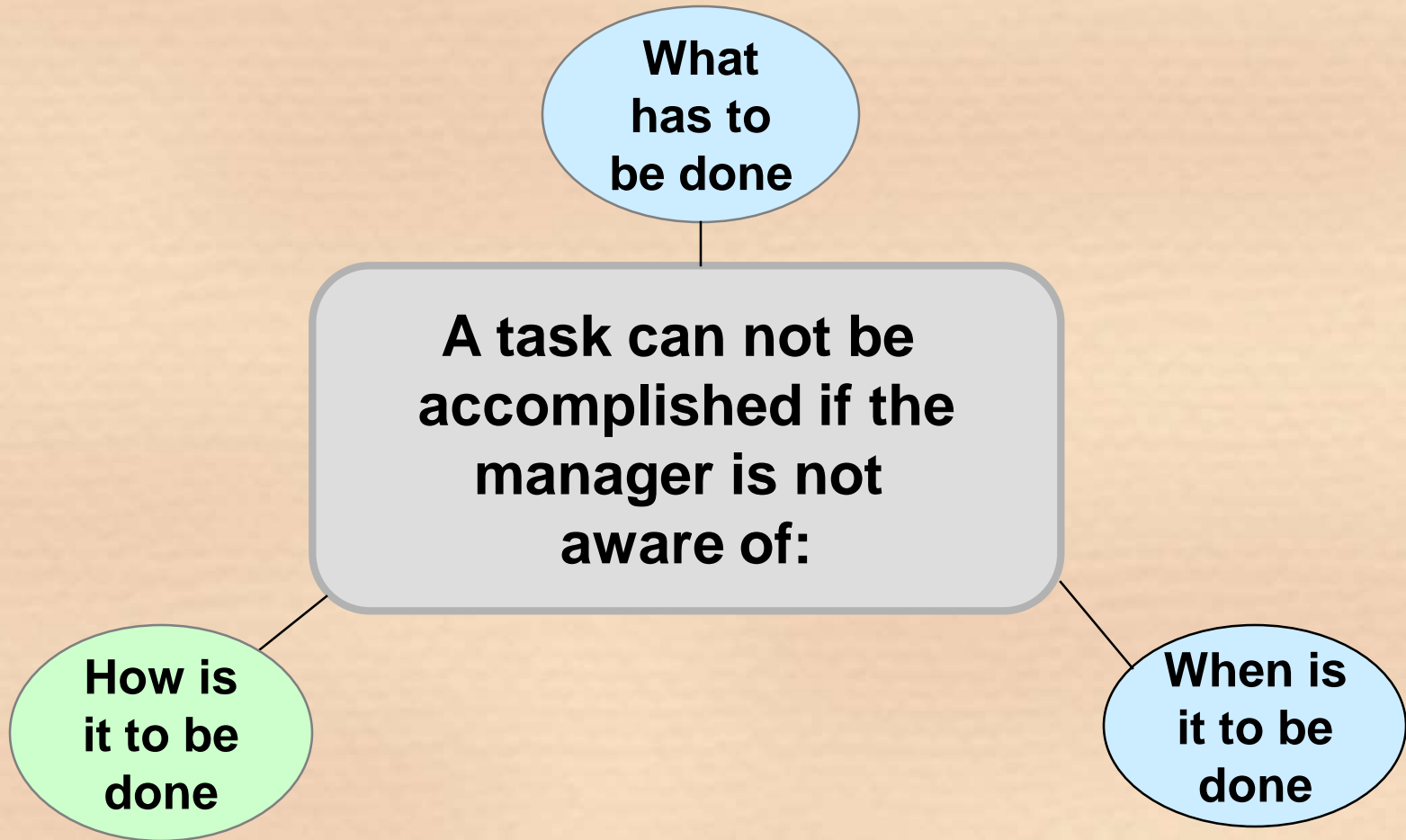
**How is it to be accomplished?**







# Why Is Planning Important?



# Organizational Planning

## Kinds of organizational plans:

- Strategic plan: a general plan outlining decisions of allocation, priorities, and action steps necessary to reach strategic goals.



# Tactical Plans

- A plan aimed at achieving tactical and developed to implement specific parts of a strategic plan.
- Operational plan: a plan that focuses on carrying out tactical plans to achieve operational goals.



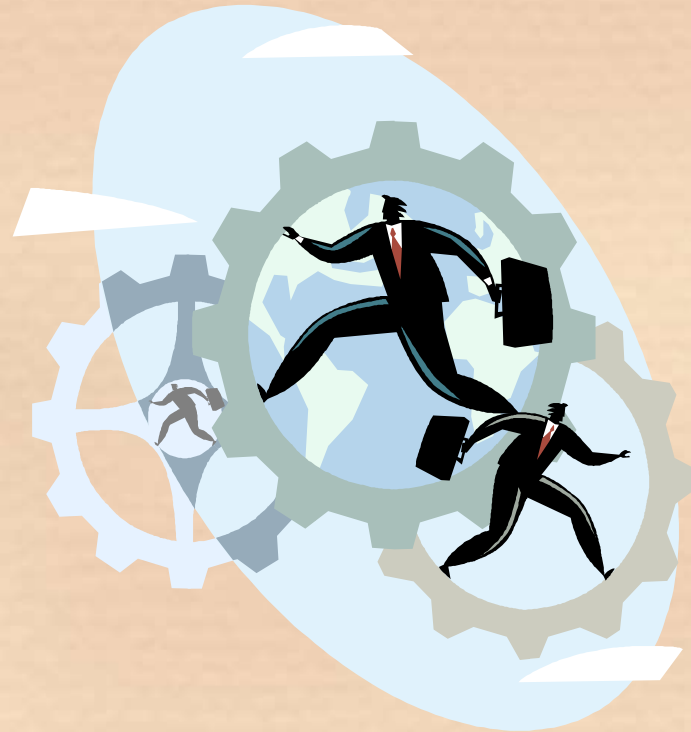
# Time Frames for Plans

- Long-range plan: covers many years, perhaps even decades; common long-range plans are for five years or more.
- Intermediate plan: usually covers periods from one to five years.
- Short-range plan: generally covers a span of one year or less.



# More Types of Plans

- Action plan: used to put into operation any other kind of plan.
- Reaction plan: designed to allow the company to react to an unforeseen circumstance.



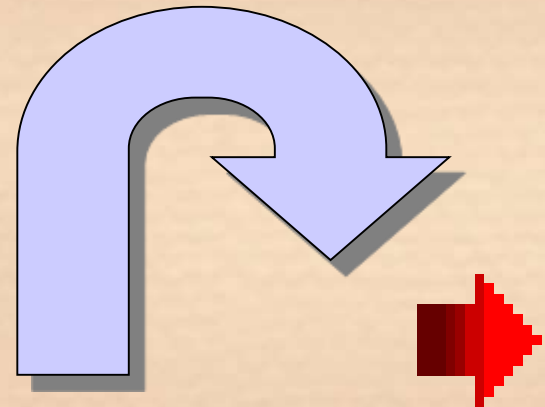
# Responsibilities for Planning

- Planning staff: some large organizations develop a professional planning staff.
- Planning task force: often comprised of line managers with special interest in the relevant area of planning.
- Board of directors: establish the corporate mission and strategy, and in some companies take part in the planning process.



# Contingency Planning

- The determination of alternative courses of action to be taken if an intended plan of action is unexpectedly disrupted or rendered inappropriate.





# Crisis Management

- The set of procedures the organization uses in the event of a disaster or other unexpected calamity.
- A related concept is the set of procedures the organization uses in the event of a disaster or other unexpected calamity.



# Tactical Planning

The development and executing of tactical plans:

- Tactical plans are used to accomplish specific parts of a strategic plan. Each strategic plan is generally implemented through several tactical plans. Effective tactical planning involves both development and execution.



# Tactical Plan Development and Execution

## Development:

- Recognize and understand overarching strategic plans and tactical goals.
- Specify relevant resource and time issues.
- Identify and articulate human resource commitments.

## Execution:

- Evaluate each course of action in light of its goals.
- Obtain and distribute information and resources.
- Monitor horizontal and vertical communication and integration of activities.
- Monitor ongoing activities for goal achievement.



# Types of Operational Planning

- Single-use plan: developed to carry out a course of action not likely to be repeated in the future.
- For a program, a plan for a large set of activities.
- For a project, a plan of less scope and complexity than a program.



# Standing Plan

- Developed for activities that recur regularly over a period of time:
  - For a policy, a standing plan specifying the organization's general response to a designated problem or situation.
  - Standard operating procedure: a standing plan outlining steps to be followed in particular circumstances.
  - Rules and regulations: standing plans describing exactly how specific activities are to be carried out.



# Barriers to Goal Setting and Planning

## Major Barriers

- Inappropriate goals.
- Improper reward system.
- Dynamic and complex environment.
- Reluctance to establish goals.
- Resistance to change.
- Constraints.

## Overcoming Barriers

- Understanding the purposes of goals and planning.
- Communication and participation.
- Consistency, revision, and updating.
- Effective reward system.

