

EFFECTIVE PLANNING

**FEAFFA-EARA TRAINING
MODULE FOR C&F CERTIFICATE
COURSE**

OBJECTIVES

At the end of the course you will be able to:

- Define planning and distinguish between formal and functional plans
- Appreciate the importance of action plans
- Differentiate between strategic and operational planning

Definition

Planning is the process used by managers to identify and select goals and courses of action for the organization.

Planning defined

- Management is a process consisting of four main functions that are interrelated: planning, organising, directing and controlling the activities of an organisation to achieve specific objectives
- Planning means deciding what you want to do, setting objectives, determining strategy and selecting alternative courses of action

Planning defined

- Planning is a primary management function
- It enables an organisation affect rather than passively accept the future
- Without planning, an organisation will go into crisis mode

Types of plans

- Formal plan: a written, documented plan developed through an identifiable process
- Functional plan: plans that originate from the functional areas of an organisation, e.g. sales plan, marketing plan

Categories of planning

- Strategic (Corporate) planning
- Operational planning

Strategic planning:

- Addresses long-term critical issues facing the organisation
- Deals with the future in terms of strategy, long-term objectives and the integrated programs for accomplishing those objectives

Categories of planning

- Primary responsibility for developing strategic plans rests with upper management

Operational planning

- Clearly defines what a unit or organisation intends to accomplish, how and when this will take place, and who will be accountable
- Is a means by which an organisation's strategic plan is implemented

Categories of planning

- Every manager and key employee must understand the operational plan and determine the specific results for which he/she will be held accountable
- Operational plans are usually interlinked horizontally and vertically with interfacing units

Objectives of an operational plan

- To achieve short-term operating results
- To ensure that all parts of the organisation are pulling together (individual unit plans must not be in conflict with each other)

“The purpose of planning is not to produce plans, but results”

Approaches to planning

There are three broad approaches to planning:

- Top-down planning
- Bottom-up planning
- Integrated planning

Top-down planning

- Refers to unit operational plans developed initially at executive level and communicated down for review, refinement and additional input
- Also refers to operational plans in major organisational segments such as departments, divisions or large geographical centers developed in support of that of the total organisation

Bottom-up planning

- Refers to the development of unit operational plans following upper management guidelines that reflect unit issues and needs
- The plans are then submitted upwards for review, modification and consolidation into higher level plans

Integrated planning

- Combination of top-down and bottom-up plans
- Critical operational issues at top level are communicated downward prior to development of plans
- Offers a sense of direction for unit planning
- Encourages creativity within established guidelines

Integrated planning

- Integrated planning may take longer than the top-down approach
 - Upper management may assume that subordinates are conversant with planning process, which may not be the case

Results in the most productive approach to operational planning where there is flexibility and open communication

Integrated planning

- Integrated planning is the most effective approach to developing operational plans
- It ensures that there is organisation-wide involvement

Setting goals

- A goal is a long-range aim for a specific period.
- It must be specific and realistic
- It is an outcome of strategic road mapping and planning.
- Goal setting is based on an organisation's vision and mission statements
- Long-range goals set through strategic planning are translated into activities that will ensure reaching the goal through operational planning

Setting objectives

- An objective is a specific step or milestone that enables you accomplish a goal
- It is a statement outlining what the company is trying to achieve.
- It gives the company and its staff direction and purpose
- Setting objectives involves continuous research and decision making

Setting objectives

- It is the first step to operational planning
- Setting right objectives is critical for effective performance management
- Knowledge of yourself and your unit is a vital starting point in setting objectives

Setting objectives

ASSESS YOURSELF

1. What are my strengths
2. Who am I
3. How do I work?
4. Where do I belong?
5. What is my contribution?

ASSESS YOUR UNIT

1. What is my role
2. What are its resources?
3. How does it function?
4. What is my function within it?
5. What are the functions of others?

Setting objectives

Objectives must be **SMART**

- **Specific:** objectives must specify what they want to achieve
- **Measurable:** measure if you are meeting the objectives
- **Achievable:** objectives must be achievable
- **Realistic:** can they be achieved with the resources available?
- **Time:** when do you want to achieve the set objectives?

Setting objectives

In setting goals it is pertinent to:

1. Identify suggested actions in response to the following questions:
 - What do you want to achieve (objective)
 - What activities or results are likely to contribute to the accomplishment of the objective?
 - What specific problems, obstacles, or issues need to be resolved in order to achieve this objective?

Setting objectives

- What is the sequence of events required to resolve these problems?
 - What are the various ways within which the objective can be broken down (such as period, responsibility level, etc)
2. Reach agreement on what combination of these actions is most appropriate for accomplishing this objective

Setting objectives

3. Translate these actions into five to ten major steps with each step focusing on a specific result that may become an objective for an individual or unit

Allocating resources

“Resource allocation is the efficient allocation of people, materials and equipment to meet the demand requirements of the operating system”

1. Materials needed must be determined and ordered
2. Work must be distributed to different work stations

Allocating resources

- Personnel must be allocated and time allotments must be set at each stage of the process
- Identify resources needed at each stage of the process

How to achieve set objectives

- Conduct a SWOT analysis
- SWOT analysis provides a general overview of an organisation's strategic situation
- An organisation's strengths and weaknesses are identified by conducting an internal analysis of the organisation

Allocating resources

- Threats and opportunities presented by the environment are identified by assessing the organisation's external environment

Exercise: Identify the SWOT of your organisation

Plan implementation

- Involves everything that must be done to put the plan in motion successfully
- Involves determining and implementing the most appropriate organisational structures, availing resources, and identifying what should be achieved in the short and long run

Evaluation of the plan

- Important in continuous monitoring of the organisation's progress towards its long range objectives and mission
- Evaluation should be conducted on both internal and environmental changes continuously

Review questions

- Define planning. What questions does planning answer?
- Why is it necessary to plan?
- What is the difference between strategic and operational planning?
- What does SWOT analysis stand for?