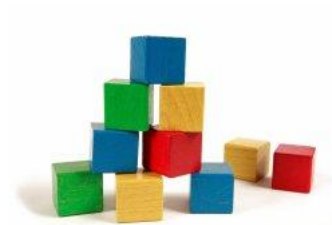




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Principles of Management



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Basic reading

The presentation has been prepared based on the book



What Is Planning?

- Planning
 - involves defining the organization's goals, establishing an overall strategy, and developing a comprehensive set of plans to integrate and coordinate organizational work
 - **informal planning** - nothing is written down
 - little or no sharing of goals
 - general and lacking in continuity
 - **formal planning** - written
 - defines specific goals
 - specific action programs exist to achieve goals

7-3

Why Do Managers Plan?

- Purposes of Planning
 - planning is the primary management function that establishes the basis for all other management functions
 - planning establishes coordinated effort
 - planning reduces uncertainty
 - planning reduces overlapping and wasteful activities
 - planning establishes goals and standards used in controlling

7-4

How Do Managers Plan?

- The Role of Goals and Plans in Planning
 - **goals** - desired outcomes
 - provide direction for all management decisions
 - represent the criteria against which actual work accomplishments can be measured
 - **plans** - outline how goals are going to be met
 - **Types of Goals**
 - all organizations have multiple objectives
 - no single measure can evaluate whether an organization is successful
 - **financial goals** - relate to financial performance
 - **strategic goals** - relate to other areas of performance

7-5

How Do Managers Plan? (cont.)

- The Role of Goals and Plans in Planning (cont.)
 - **Types of Goals** (cont.)
 - **stated goals** - official statements of the organization's goals
 - **real goals** - those goals that an organization actually pursues

7-6

How Do Managers Plan? (cont.)

- The Role of Goals and Plans in Planning (cont.)

– *Types of Plans*

- *strategic plans* - apply to the entire organization
 - establish organization's overall goals
 - seek to position the organization in terms of its environment
- *operational plans* - specify the details of how the overall goals are to be achieved
 - tend to cover short time periods

7-7

How Do Managers Plan? (cont.)

- The Role of Goals and Plans in Planning (cont.)

– *Types of Plans* (cont.)

- *long-term plans* - time frame beyond three years
 - definition of long term has changed with increasingly uncertain organizational environments
- *short-term plans* - cover one year or less
- *specific plans* - clearly defined with little room for interpretation
 - required clarity and predictability often do not exist
- *directional plans* - flexible plans that set out general guidelines
 - provide focus without limiting courses of action

7-8

How Do Managers Plan? (cont.)

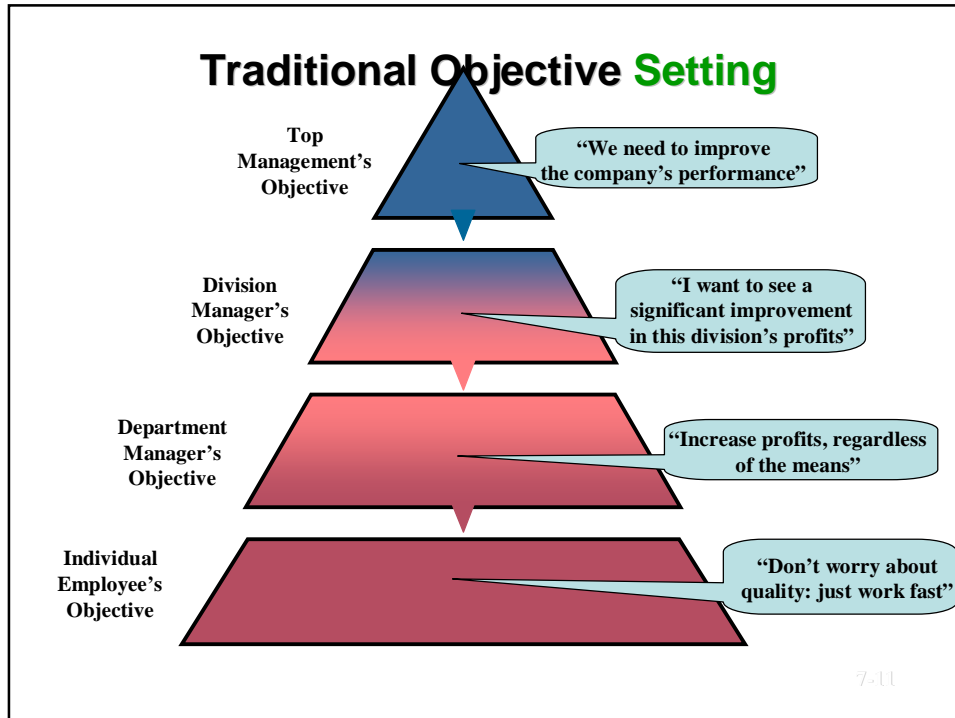
- The Role of Goals and Plans in Planning (cont.)
 - **Types of Plans** (cont.)
 - **single-use plans** - one-time plans specifically designed to meet the needs of a unique situation
 - **standing plans** - ongoing plans that provide guidance for activities performed repeatedly
 - include policies, procedures, and rules

7-9

How Do Managers Plan? (cont.)

- Establishing Goals
 - **Approaches to Establishing Goals**
 - **traditional goal setting** - overall goals established at the top of the organization
 - overall goals broken down into subgoals for each level of the organization
 - » higher-level goals must be made more specific at lower levels
 - » network of goals creates a **means-ends** chain
 - subgoals constrain subordinates' behavior
 - » assumes that top managers know what is best for the organization

7-10



- ## How Do Managers Plan? (cont.)
- Establishing Goals (cont.)
 - **Approaches to Establishing Goals** (cont.)
 - **management by objectives (MBO)** - specific performance goals are jointly determined by employees and their managers
 - progress toward accomplishing these goals is periodically reviewed
 - rewards are allocated on the basis of this progress
 - MBO consists of four elements
 - » goal specificity
 - » participative decision making
 - » explicit time period
 - » performance feedback
- 7-12

How Do Managers Plan? (cont.)

- Establishing Goals (cont.)
 - **Approaches to Establishing Goals** (cont.)
 - **management by objectives** (cont.)
 - increases employee performance and organizational productivity
 - » depends on support of top managers for MBO
 - problems with MBO
 - » can be useless in times of dynamic change
 - » overemphasis on personal rather than organizational goals
 - » may be viewed simply as an annual exercise in paperwork

7-13

Goals should be SMART

- Specific** to avoid differing expectations
- Measurable** to monitor and evaluate progress
- Appropriate** to the problems, goal & organisation
- Realistic** achievable, challenging & meaningful
- Time-bound** with a specific time for achievement

How Do Managers Plan? (cont.)

- Establishing Goals (cont.)
 - **Characteristics of Well-Designed Goals**
 - should be written in terms of outcomes
 - should be measurable and quantifiable
 - should be clear as to a time frame
 - should be challenging but attainable
 - should be written down
 - should be communicated to all organization members who need to know the goals

7-15

How Do Managers Plan? (cont.)

- Establishing Goals (cont.)
 - **Steps in Goal Setting**
 - 1 - Review the organization's mission
 - 2 - Evaluate available resources
 - 3 - Determine the goals individually or with input from others
 - should be congruent with the organizational mission and goals in other organizational areas
 - 4 - Write down the goals and communicate them to all who need to know them
 - 5 - Review results and whether goals are being met

7-16

Contemporary Issues In Planning

- Criticisms of Planning
 - 1. **Planning may create rigidity**
 - unwise to force a course of action when the environment is fluid
 - 2. **Plans can't be developed for a dynamic environment**
 - flexibility required in a dynamic environment
 - can't be tied to a formal plan
 - 3. **Formal plans can't replace intuition and creativity**
 - mechanical analysis reduces the vision to some type of programmed routine

7-17

Contemporary Issues In Planning (cont.)

- Criticisms of Planning (cont.)
 - 4. **Planning focuses managers' attention on today's competition, not on tomorrow's survival**
 - plans concentrate on capitalizing on existing business opportunities
 - hinders managers who consider creating or reinventing an industry
 - 5. **Formal planning reinforces success, which may lead to failure**
 - success may breed failure in an uncertain environment

7-18

Contemporary Issues In Planning (cont.)

- **Effective Planning in Dynamic Environments**
 - develop plans that are specific, but flexible
 - recognize that planning is an ongoing process
 - change directions if environmental conditions warrant
 - stay alert to environmental changes

7-19

What is a Logframe?

A logical framework (or logframe) is a management tool that assists in project design by clearly stating the key components, how the project is expected to work and how success will be measured

What is in a logframe?

A logframe is presented as a matrix with:

- The project structure
(goal, purpose, outputs and activities)
- Indicators of performance
- Means of verifying the indicators
- Important risks and assumptions

The Logframe Matrix

Project Structure	Indicators of performance	Source of verification	Risks and Assumptions
Goal			
Purpose			
Outputs			
Activities			

Check the *If/Then* Logic

<u>Project Structure</u>	
Goal	<i>then</i>
Purpose	<i>then</i> <i>if</i> ↑
Outputs	<i>then</i> <i>if</i> ↑
Activities	↑ <i>if</i>

Check the *If/And/Then* Logic

	Project Structure	Indicators of performance	Means of verification	Risks and Assumptions
Goal				
Purpose				
Outputs				
Activities	<i>if</i>			<i>and</i>

A Hierarchy of Objectives

Goal – *greater why*

The long-term impact of the project

Purpose – *why*

What we hope to achieve – the immediate impact of the project

Outputs – *what*

Specific results produced by activities. The TOR & deliverables

Activities – *how*

Units of work undertaken to produce outputs

Defining the Goal

This is the rationale for the project and will have been defined when the Project Identification Brief (PIB) was prepared

Check that the goal is:

- Referring to the focal problem identified in the problem analysis phase
- Specific to the stakeholder/client group concerned
- Written in clear, appropriate terminology

Define the Purpose

What is the intended direct impact and effect of the project on:

- The clients or stakeholders?
- The capacity of the staff?
- The service(s) provided by the agency?
- The agencies operating systems or work methods?

Identify the Outputs

- This is a summary of the expected accomplishments of the project
Note: the outputs will already have been outlined in the Project Identification Brief
- Outputs are a set of necessary conditions that must exist or products that have been created to achieve the Purpose of the project

Choosing the Activities

- Activities are linked to specific outputs
- The activities are what needs to be done to achieve the output
- Activities are usually specific tasks that are allocated to individuals or groups
- Activities should be designed having regard to the skills and expertise of the agency and stakeholders
- Activities should be listed in chronological order under each output in the logframe

Characteristics of Good Indicators

1. **Valid:** they should actually measure what they are supposed to measure
2. **Reliable:** conclusions based on them should be the same if measured by different people at different times i.e. they are repeatable
3. **Relevant:** they should be relevant to the project objectives.

Characteristics of Good Indicators (continued)

5. **Sensitive**: they should be sensitive to the situation under measurement
6. **Cost effective**: the results should be worth the money, time and effort needed to apply them
7. **Timely**: data should be able to be collected quickly
8. **Targeted**: they should be specific in terms of quantity, quality, target group time & location

Steps in defining the indicators

1. Identify indicator/target group
“Improve accuracy of Samoan travel documents”
2. Set **quantity**
“Reduce processing errors in Samoan travel documents by 95%”
3. Set **quality**
“Ensure the error rate in Samoan travel documents is less than 1 in 100 documents”
4. Set **time**
“By the end of 2006 reduce the processing errors in Samoan travel documents by 95% to ensure the error rate is less than 1 in 100”

Define the means of verification

What are the sources of information/data to verify outcomes and accomplishments?

These may include:

- Publications;
- Surveys;
- Project notes, minutes, reports and records;
- Photographs, tapes, videos etc.