CHAPTER SEVENTEEN

# Organizational Planning and Controlling

# 17.1 Understand the importance of planning and why organizations need to plan and control.

**Plans** contain both outcome goal statements and action statements and take into account past experience, future opportunities and threats, and organizational strengths and weaknesses. Planning is an ongoing process, part of a manager’s routine tasks, and is continually monitored because conditions often change.

* Give a real-world example scenario for each of the five abstract reasons to plan.
  + To offset uncertainty and change
  + To focus organizational activity on a set of objectives
  + To provide a coordinated, systematic road map for future activities
  + To increase economic efficiency
  + To facilitate control by establishing a standard for later activity.
* How can good planning offset absenteeism?
* What kinds of crisis plans should businesses have?

# 17.2 Outline the planning and controlling processes.

**The** **planning process** ideally is future oriented, comprehensive, systematic, integrated, and negotiated.

* Explain these five aspects in your own words.

**Step-by-step**: Planning can be broken into five steps: developing an awareness of the present state, establishing outcome statements, premising, determining a course of action, and formulating supportive plans.

* What types of activities and tasks are involved in each of the five steps?
  + Developing an awareness of the present state
  + Establishing outcome statements
    - Compare and contrast goal vs. domain/directional planning. Why is a using hybrid often a good solution?
  + Premising
  + Determining a course of action
  + Formulating supportive plans

**Monitoring**: After a plan is in place, it must be regularly monitored.

* Contrast controlling with planning. What tasks make up controlling?
* What are the dangers of not periodically reviewing long-term plans, such as crisis plans? Give an example.

**The Deming cycle** is made up of four parts: plan, do, check, and act.

* What is the difference between the “do” and “act” steps?

# 17.3 Identify different types of plans and control systems employed by organizations.

**Types of plans** include: hierarchical, frequency-of-use (repetitiveness), time-frame, organizational scope, and contingency.

* In what kinds of instances do the three types of hierarchical plans apply? Give an example to explain their use.
  + Strategic
  + Administrative
  + Operating
* Discuss uses for different types of frequency-of-use plans, and give an example of their use.
  + Standing plans
  + Single-use plans
* Discuss the uses of and contrast the different types of time-frame plans. What are the time frames involved in each type?
* Discuss the uses of and contrast the different types of organizational scope plans.
* How often should companies review contingency plans? What kinds of things can become outdated?

# 17.4 Explain the individual and organizational effects associated with goal setting and planning.

**Goals**: When planning, companies set official and operational goals.

* Compare and contrast official and operational goals. Give examples.
* Discuss the importance of goals by the functions they serve.

**Multitasking**: Companies pursue multiple goals simultaneously, which can be put into five categories (or more, depending on how they’re broken up): market standing, innovation, productivity, profitability; physical and financial resources; manager performance and development; employee performance and attitude; and public responsibility.

* How are goals both interrelated and also hierarchical?

# 17.5 Understand how planning occurs in today’s organizations.

**Big-picture**: More companies today have an employee engaged in long-range planning than in past decades. Nearly all companies with sales over $100 million do.

* Why do you think that so few companies had long-range planners in the 1960s? What’s different now?

**Payoff**: Studies find a return on investment for long-range planning, but it can be expensive if it uses a lot of staff time.

**Employee involvement**: There are varying schools of thought as to whether employees should be involved in the planning process.

* What do you think about employee involvement in planning? Give reasons to support your answer. Does your answer change when considering large companies with dedicated planning staff?

# 17.6 Discuss the impact that control has on organizational members.

**Goal theory** concerns how goals affect employee motivation. It’s important that the goals are difficult, specific, and accepted by the employee, and they must be met with feedback.

* Why are these four aspects important? How do they work together? Mention each in your answer.
* Why does an easy goal result in less productivity than having no goal at all?

**Negatives** around goals include tunnel vision, a loss of morale if a goal is seen as impossible, and a loss of the opportunity for creative problem solving if a goal is too specific.

* Give examples of negatives associated with working toward goals in these or other categories. How can negatives be mitigated?

**Satisfaction**: The relationship between goal setting, planning, and job satisfaction is complex.

* Discuss level of performance vs. level of aspiration and how goals and job satisfaction interact.
* Why does feedback need to be constructive/actionable?

**Controlling** involves monitoring and making recommendations in order to stay the course or improve. Companies with stable external environments don’t need to do as much monitoring as those with complex, ever-changing environments.

**The traditional control model** contains these steps: establish standards, monitor ongoing organizational behavior and results, compare actual behavior and results against standards, and evaluate and take action.

* Give an example of the traditional control model in action, and denote each step when it occurs in the situation.

**Control systems** vary in the amount of attention that they need.

* Compare and contrast cybernetic and noncybernetic control systems, with concrete examples to explain the concepts.

**When**: Controls can happen prior to, during, or after a task is performed. Often controls take place at all three in order to prepare for, guide the process, and evaluate results.

* Compare and contrast precontrols, concurrent controls, and postaction controls. Give examples.

**Effective** controls are adequate for their task and continual in their use to monitor and evaluate the work. Information must be accurate, objective, timely, and distributed to all those who need it. Systems must be practical and flexible.

* Explain the importance of these aspects and others. What are potential problems when one aspect or another is missing?
* What are some positives and negatives of control systems on members of the organization?

**Self-determination**: Managers need to have controls in place to ensure goals are met, but individual employees also need to have a perceived measure of control over their work—and ability to bring about change.

* Why do employees need to know that their input matters? How does this relate to job satisfaction?

**Learned helplessness** occurs when employees attempt to gain personal control over their work environment but fail to do so. It results in low productivity, dissatisfaction, and eventually turnover. Learned helplessness is very difficult to reverse.

* Explain this concept using a situational example. If something changes in the worker’s environment that gives him or her more control, why doesn’t learned helplessness dissipate?
* Why is it so tricky to find the balance between the personal control employees desire and the amount of control that the organization needs?

# 17.7 Describe management by objectives as a philosophy and as a management tool/technique; describe its effects.

**Management by objectives (MBO)** concerns the relationship between employee involvement and job satisfaction. The employee’s involvement leads the person to experience work as more meaningful because he or she satisfies higher-order personal needs. This, in turn, results in increased motivation and performance. It is used in a collaborative work environment. Employees monitor their own performance and set course corrections if they are not reaching the goals they and their manager agreed to.

* Why does the level of commitment from management to the process correlate with its success? How does this level of commitment (on the managements side) exhibit itself to employees?

**Effectiveness criteria**: MBO tends to be more effective in the short term, in the private sector, and in organizations that don’t have direct contact with customers.

* Why would the effectiveness vary between this type of company and dissimilar organizations?

# 17.8 Differentiate between the execution of the planning and controlling activities under control- and involvement-oriented management practices.

**Contol-oriented and involvement-oriented** approaches to management differ in the ways their planning and control functions are carried out.

* Compare and contrast the approaches.

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| **Aspect** | **Control-oriented** | **Involvement-oriented** |
| **Level of hierarchy** |  |  |
| **Participation in planning** |  |  |
| **Participation in control** |  |  |
| **Role of management** |  |  |
| **Level of input of employees** |  |  |
| **Use of MBO systems** |  |  |
| **Amount of autonomy of employees** |  |  |
| **Performance failures** |  |  |
| **Presence of plan specialists** |  |  |