MANAGEMENT & ORGANIZATIONAL BEHAVIOUR

SEME

MADHUK

Part A - Principles of Manage

Module 2: **Planning and Organizing:**

- Planning: Nature of Planning, Planning Pr
  Objectives, MBO, Strategies, level of strategies, p
  methods and programs, Planning Premises, D
  making, Process of decision-making, Types of dec
  Techniques in decision-making.

- Organizing: Organization structure, Formal and in
  organizations, Principles of organizations-cha
  command, span of control, delegation, decentral
  and empowerment. Functional, divisional, geogra
  customer based and matrix organizations, tram
  structures, virtual organizations, boundary
  organizations.

CavinKare
Making Lives Happier

CHIK ADVANCED SHAMPOO

Karthika Shampoo

meera INSPIRED BY TRADITION

Nyle Naturals

Ruchi magic

Indica

Indica 10 minutes HERBAL HAIR COLOUR

Indica easy HAIR COLOUR

meera 100% PURE COCONUT OIL

meera HAIRWASH PASTE

meera HERBAL HAIR OIL

meera INSPIRED BY TRADITION

Karthika Shikakai Powder

fairever fairness cream

Spinz Talcum Powder

Spinz Perfumed Deo

Spinz BB Brightening & Beauty Talc

Cavin's Curd

Cavin's Flavoured Milk

Cavin's Milkshake So tasty, So healthy

Cavin's Pure Ghee

Cavin's Soft Panneer

Cavin's Diet Panneer

Cavin's Sweet Lassi So tasty, so healthy

Cavin's

Maa Apple

Maa

Plan

**PLANNING IS CHOOSING OF A GOAL AND DEVELOP
METHOD OR STRATEGY TO ACHIEVE THAT GOAL.**

According to KOONTZ, "Planning is deciding in adv
what to do, when to do & how to do. It bridges th
from where we are & where we want to be".

It deals with chalking out a future course of act
deciding in advance the most appropriate cou
actions for achievement of pre-determined goals.

Thus, planning is a systematic thinking about w
means for accomplishment of pre-determined goals

NATURE/FEATURES OF PLA

✓ Planning Focuses on Achieving Objectives

✓ Planning is Primary Function of Management

✓ Planning is Pervasive

✓ Planning is Continuous

✓ Planning is Futuristic

✓ Planning Involves Decision Making

✓ Planning is a Mental Exercise

PLANNING PROC

Being aware of opportunities in light of:
- The market
- Competition
- What customers need want?
- Our strenghths
- Our weaknesses

Setting the objectives or goals:
- Where we want to be?
- What we want to accomplish?
- When we want to accomplish that?

Considering the planning premises:
- In what environment we are going to work?
- The internal environment
- The external environment

Identifying the alternative courses:
What are the most promising alternative to accomplish our objectives (goals)?

Comparing alternatives i of goals sought:
Which alternative will give u best chance of meeting our at the lowest cost and highe profits?

Choosing an alternative appropriate one):
Selecting the course of actio will pursue.

Formulating the suppor plans:
Such as plans to:
- Buy equipments
- Buy materials
- Hire and train workers
- Develop a new products

Quantifying plans by ma budgets.
Develop such budgets Such
- Volumes and price of sa
- Operating experiences necessary for plans.
- Expenditures for capital equipments.

Putting the plans into a
This means implementing t plans.

TYPES OF PL

- MISSION - the basic purpose / function /tasks of an en
- OBJECTIVES/ GOALS - the end towards which the ac aimed at.
- STRATEGIES - determination of long term objectives adoption of courses of action to achieve them.
- POLICIES - General statements/ understandings that thinking in decision making.
- PROCEDURES - Plans that establish a required meth handling future activities
- RULES - specific required action/ nonaction allowing discretion.
- PROGRAMS - complex of goals, policies, procedures, and other elements necessary to carry out an action.
- BUDGETS - Statement of expected results expressed numerical terms

OBJECT

- Objectives are the important ends towards organizational and indivudual activitie directed.

- An objective needs to be verifable.

- **SMART**

S	M	A	R	T
Specific	**Measurable**	**Attainable**	**Relevant**	

Spe

- What exactly are we going to do for whom?
- Describe an observable action or achievem
  - Be precise!
- Link it to a rate, number or percentage.

Example

The phone will be answered quickly.

The phone will be answered in no more tha
rings.

Measur

- Is it quantifiable and can WE measure it?

- A system or authority has to exist which a
  for tracking and recording outcomes.

  E.g. Grades, Benchmark testing, Surveys

- The system must be reliable and ma
  already in place.

Achiev

—Can we get it done in the proposed time with the resources and support we available?

- The objective must be feasible with the ava resources, appropriately limited in scope within the program's control and influence.

- Consult with partners or stakeholders abou experiences.

Rele

- Will this objective have an effect on the d[...] goal or strategy?

- Does the objective fit in with the immediat[...] long term plans?

- Is the objective consistent with the [...] objectives?

Time Bo

- When will this objective be accomplished?

- A specified and reasonable time frame sho
  incorporated into the objective statement.

- It could be indicated as "By December 201
  program will" or "Within 6 months of receivi
  grant,..."

Now you are ready t write your own SMA outcome objectives.

HIERARCHY OF OBJECTI

Hierarchy of Objectives

Level	Objective	Management Level
1	Socio Economic purpose	Total Level Management
2	Mission	Total Level Management
3	Overall organisational objectives	Total Level Management
4	Specific Overall objectives of key areas	Middle Level Management
5	Division Objectives	Middle Level Management
6	Department and unit objectives	Lower Level Management
7	Individual objectives of performance and personal development	Lower Level Management

What is M

- Management by objectives (MBO) systematic and organized approach that management to focus on achievable goals attain the best possible results from av resources.

- It aims to increase organizational perfor by aligning goals and subordinate obj throughout the organization.

- Ideally, employees get strong input to i their objectives, time lines for completio

- MBO includes ongoing tracking and feed the process to reach objectives.

Managerial F

- MBO managers **focus on the result**
  the activity. They delegate task
  "negotiating a contract of goals"
  their subordinates without dictati
  detailed roadmap for implementatio

- Management by Objectives (MBO
  about setting **objectives** and
  breaking these down into more spe
  goals or key results.

The Five-Step MBO Pro

Organizational objectives reviewed

MBO for the next operating period begins

Employee obje

Achievers rewarded

Progress mo

Performance evaluated

BENEFITS OF

- Improvement of managing thr result oriented planning

- Classification of roles, delegatio authority according to results expe

- Encouragement of commitment personal and organizational goals.

- Development of effective controls lead to corrective actions.

DISADVANTAGES OF

- Managers unilaterally set the goals and the subordinates to accept them reservation.

- Adequate resources are not provided, lack management commitment

- Feedback is not provided to the subordin how well or poorly the individual is progress towards goals attainment

- When the goals are met, the subordinat not appropriately rewarded.

- <u>Applicable only for competent work force</u>

Strate

- The term 'Strategy' has been adapted fr
- It is being increasingly used in busir reflect broad overall objectives and policie enterprise.
- A strategy is a special kind of plan formul order to meet the challenge of the poli competitors.
- According Edmund P Learned strategy pattern of objectives, purposes or goo major policies and plans for achieving thes stated in such a way as to define what b the company is in or is to be and the company it is or is to be".

CHARACTERISTICS OF STR

- It is the right combination of different fo

- It relates the business organisation environment.

- It is an action to meet a particular challe solve particular problems or to attain objectives.

- Strategy is a means to an end and not ar itself.

- It is formulated at the top management le

- It involves assumption of certain calculate

LEVELS OF STRAT

Corporate Level		Multi-business Corporation	
Business Level	Strategic Business Unit 1	Strategic Business Unit 2	Strategic Business Unit 3
Functional Level	Research and Development	Manufacturing	Marketing	Human Resources

LEVELS OF STR.

- Corporate-level Strategy.
  - Growth Strategy - Current Business and New Ven
  - Stability Strategy
  - Renewal strategy - Retrenchment and Renewal .

- Business-level strategy
  - Porters Generic Strategy:
    - Cost leadership strategy
    - Differentiation strategy
    - Focus strategy

- Functional Level Strategy - Finance, HR, Marketing

SITUATIONAL ANALYSIS - TOWS

	Strengths (S)	**Weaknesses**
Opportunities (O)	**SO Strategies** *Using internal strengths to take advantage of external opportunities*	**WO Strateg** *Taking advantag external opportu to offset or mitig internal weakne*
Threats (T)	**ST Strategies** *Using internal strengths to mitigate or minimize external threats*	**WT Strategi** *Strategies and ta that minimize b internal weaknes and external thr*

BLUE OCEAN STRAT

Red Ocean Strategy   **VS** Blue Ocean St

Red Ocean Strategy	Blue Ocean Strategy
Compete in **existing** market space.	Create **uncontested** marke...
Beat the competition.	Make the competition **irrel...**
Exploit **existing** demand.	Create and capture **new** de...
Make the value-cost trade-off.	**Break** the value-cost trade...
Align the whole system of a firm's activities with its **strategic choice of differentiation or low cost**.	Align the whole system of a fi... in **pursuit of differentiation a...**

BCG MA[TRIX]

	STARS	QUESTION MARKS
Market growth rate ↑	**High** market growth rate **High** relative market share	**High** market growth rate **Low** relative market share
	CASH COWS	DOGS
	Low market growth rate **High** relative market share	**Low** market growth rate **Low** relative market share

← Relative market share

BCG - APPLE

High   Growth Potential

High

Fruit Produced

Rising Stars   Life Cycle   Cash Cows

Low

Question Marks   Dogs
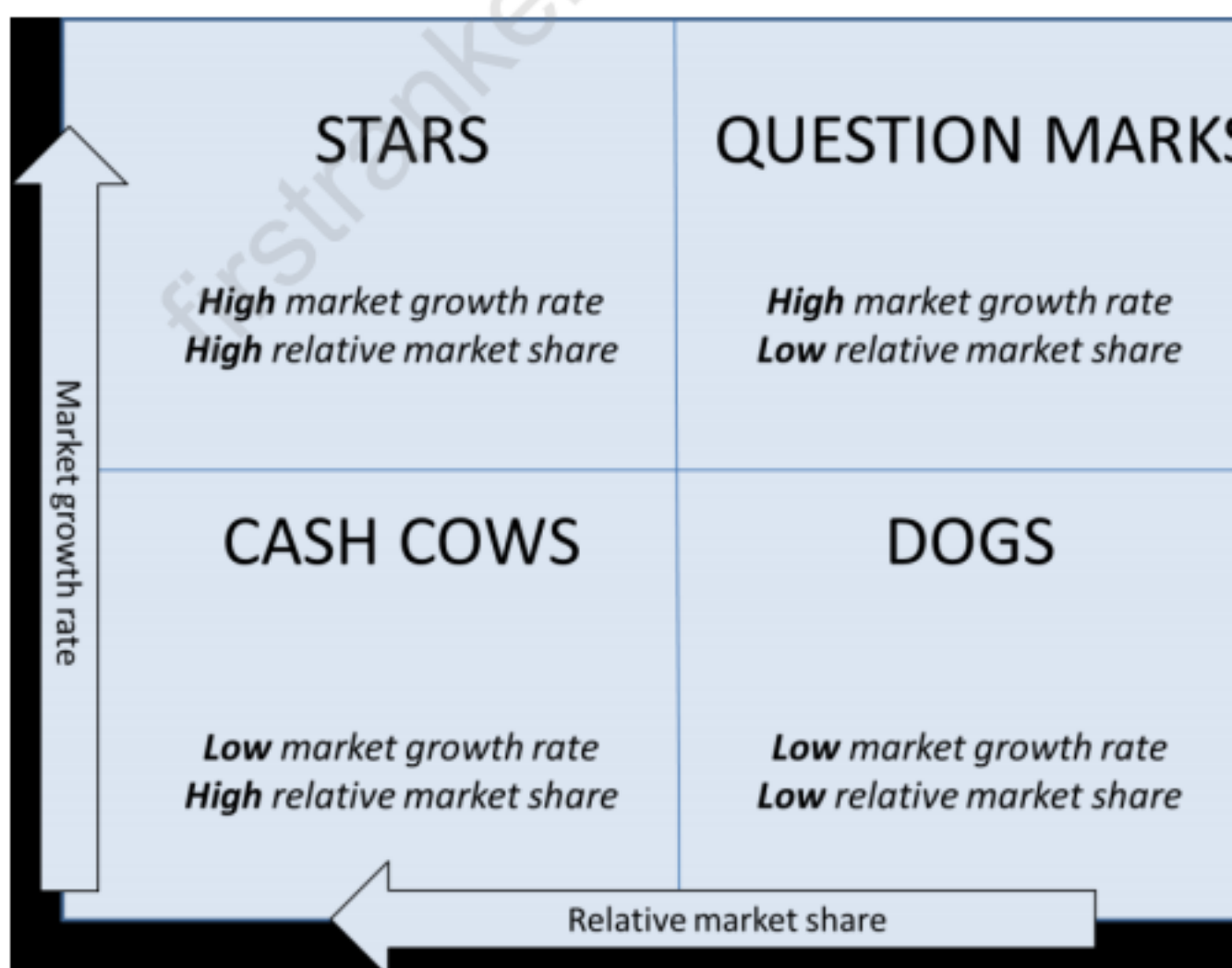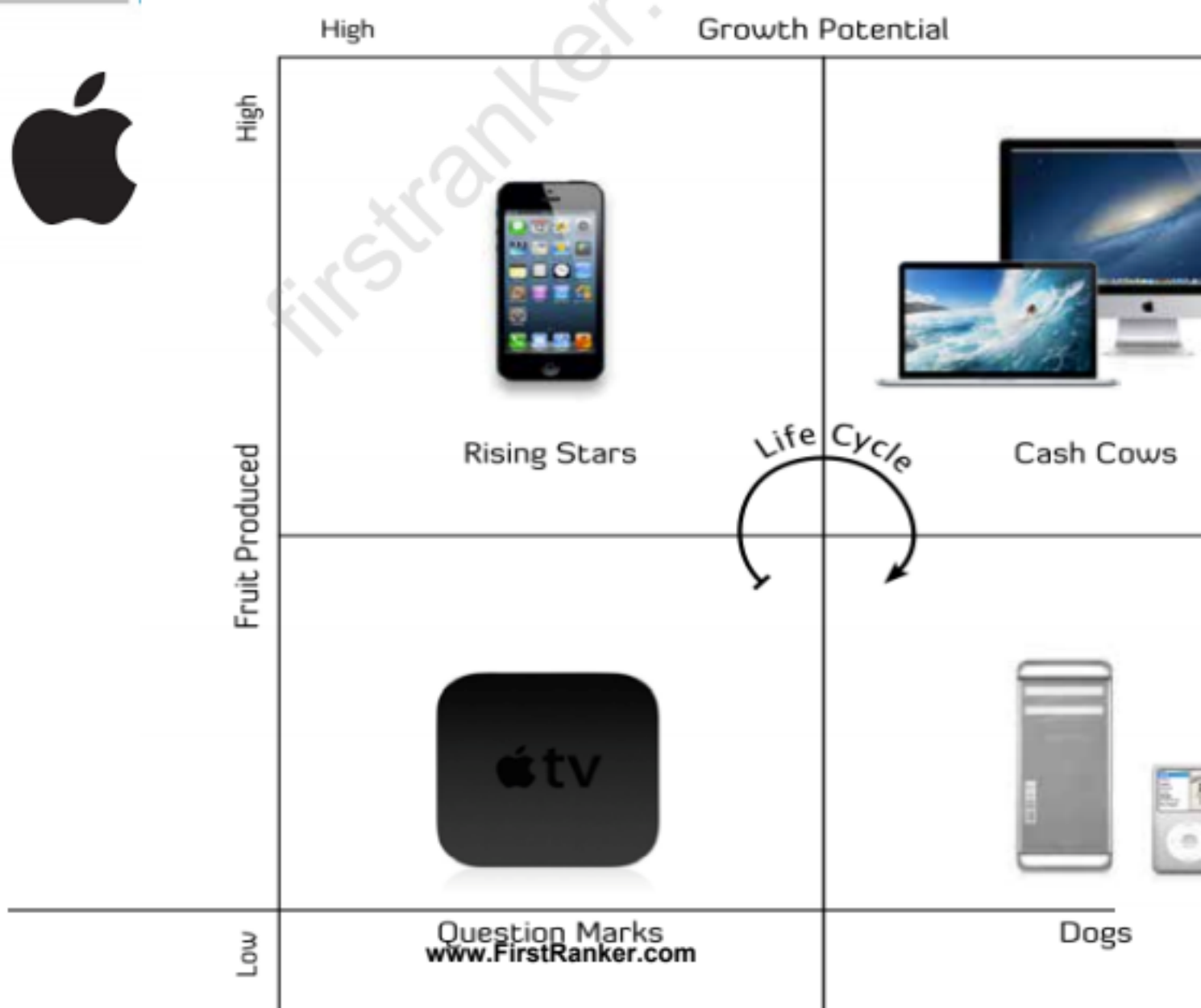
PRODUCT LIFE CY

Product Life Cycle: Sales vs Profit

Sales, Profit, $

Sales

Profit

0

Losses, Investment, $

Product Development   Introduction   Growth   Maturity   Decline
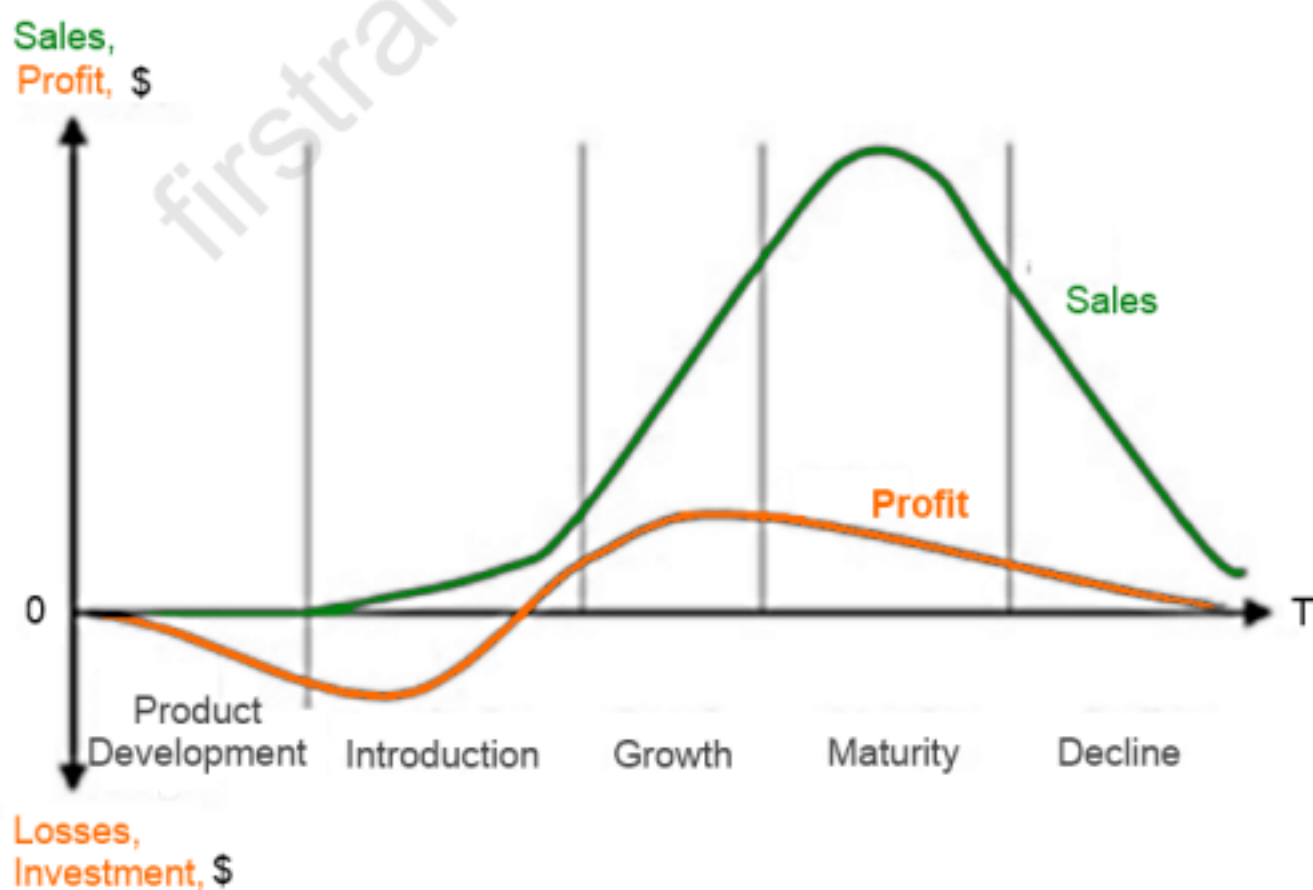
PRODUCT LIFE CY

Research and Development

Companies decide for cost of produ
problems of service. 80% of product cos
determined at this stage. Products are de
made a prototype and tested for needs of
users.

Introduction (Offer)

Large budgets must be separated for pr
because it is the first time of product –
meeting. The new product does not produce
due to costs of supply and promotion.

PRODUCT LIFE CY

Growth

Companies begin to obtain revenue. The p
the product can be the same at the beginni
can be changed. The cost of marketing sh
stable and also you have to invest for im
your product's features. Expansion of distr
lines reach to the new customers.

Maturity

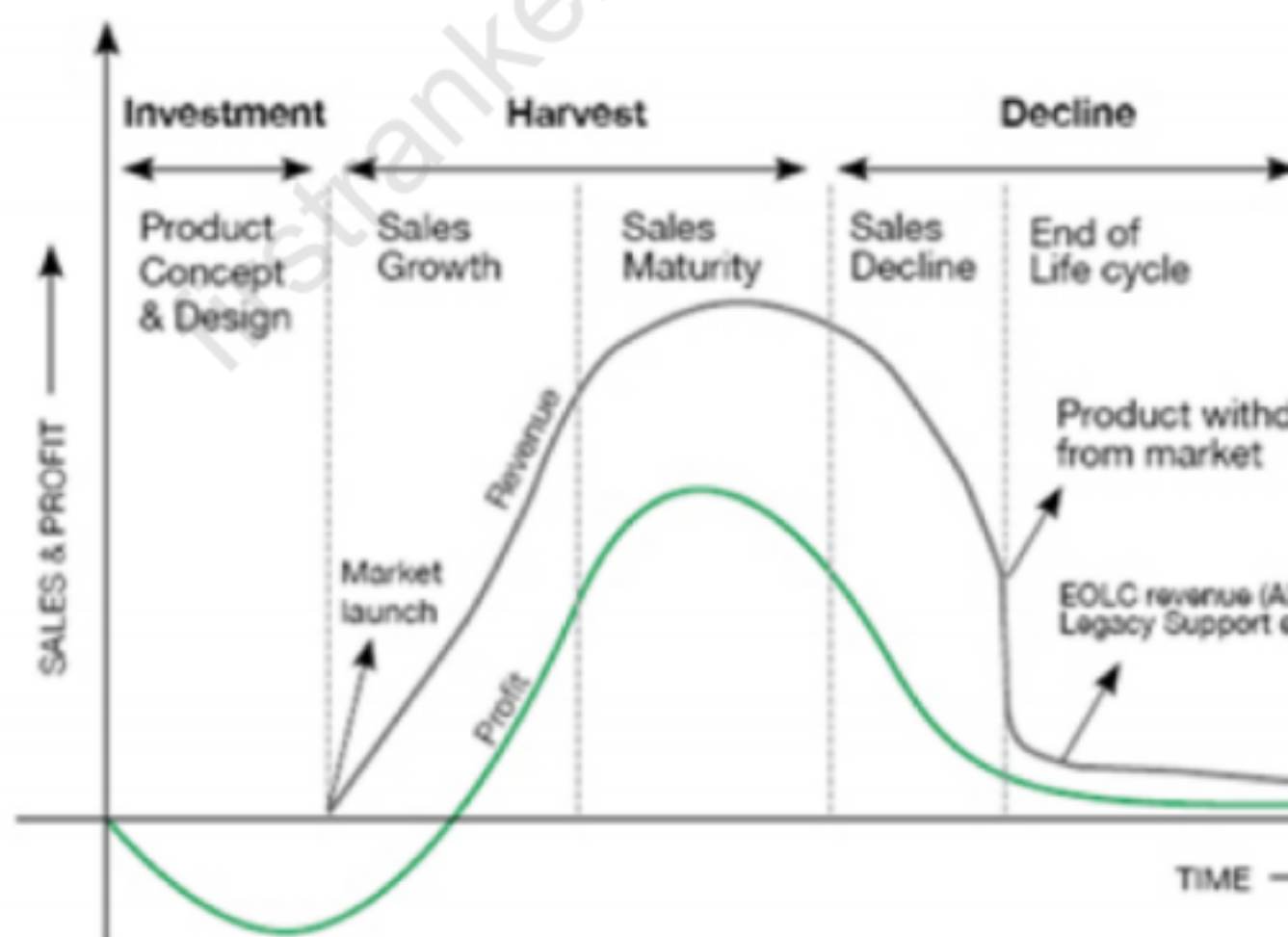This level starts from the rate of decreasi
growth. Competition increases between selle
rivals try to reduce prices while the cost of pro
is falling.

PRODUCT LIFE CY

Decline

The rate of sales reduces visibly. The reas
decline are technological developments, opp
who gain experience and strong etc. At the
this stage the companies need to know the i
customers about product. A decision pertai
the future course of action needs to be tak

PLC STRATEG

Investment | Harvest | Decline

| Product Concept & Design | Sales Growth | Sales Maturity | Sales Decline | End of Life cycle |

SALES & PROFIT

Revenue

Market launch

Profit

Product withd from market

EOLC revenue (A
Legacy Support

TIME

Product Life Cycle Phases

PLANNING PREM

- Constitute a framework within planning is done.

- Assumptions of what is likely to happ future.

- In other words, it is a prerequisi determine future settings such marketing, pricing, Government policy structure, business cycle, etc. be giving the final shape to the o business plan.
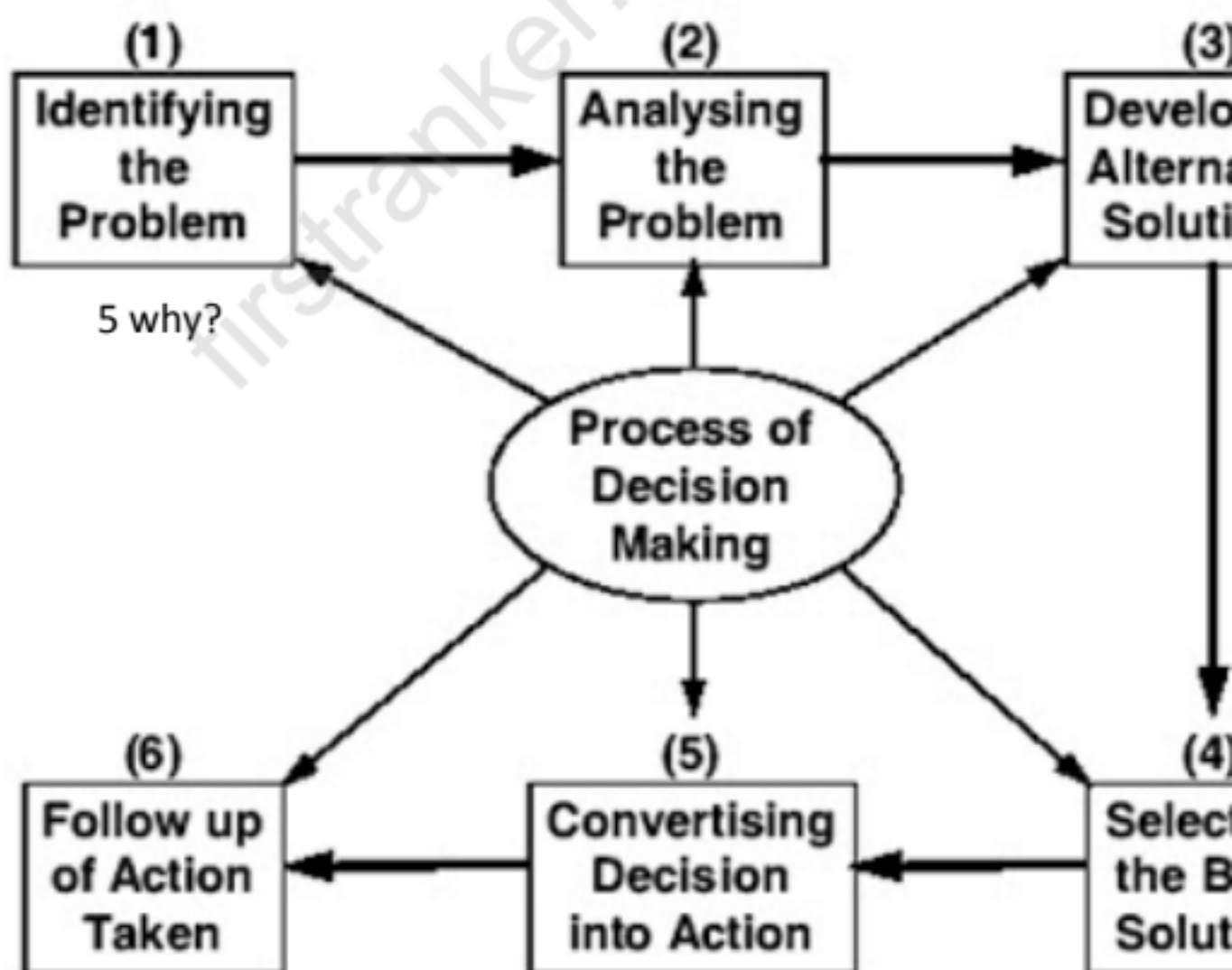
DECISION MAK

- The word decision has been derived from t word "decidere" which means "cutting off decision involves cutting off of alter between those that are desirable and tho are not desirable.

- According to Haynes and Massie, 'Decision is a process of selection from a set of alt courses of action which is thought to fu objective of the decision-problem satisfactorily than others'.

DECISION MAKING CHARACTERI

- It is a human process involving to a grea the application of intellectual abilities.

- It is always related to the environment.

- It involves a time dimension.

- It always has a purpose. Keeping this in vie may just be a decision not to decide.

- Decision making involves a certain commit decision results into the commitment of r and reputation of the organisation.

DECISION MAKING PROC

(1)
Identifying the Problem

5 why?

(2)
Analysing the Problem

(3)
Develo
Alterna
Soluti

Process of Decision Making

(6)
Follow up of Action Taken

(5)
Convertising Decision into Action

(4)
Select
the B
Solut

Decision-making Process

TYPES OF DECISI

- Organisational and Personal Decisio

- Routine and Strategic Decisions.

- Programmed   and   Non-program

  decisions.

- Policy and Operating Decisions.

TOOLS /TECHNIQUES OF DECISION

(1) Qualitative Techniques
a) Brainstorming
b) Synectics
c) Nominal Grouping

(2) Quantitative Techniques:
a) Stochastic Methods
b) Payoff Table
c) Simulation Techniques
d) Breakeven Analysis

Qualitative Techni

Brainstorming

This is carried out in a group where men are presented with a problem and are ask develop as many as potential solution possible. The member of the group ma experts, may be from other organization the members should be around six to eight duration of the session may be aroun minutes to 55 minutes. The premis brainstorming is that when people interac free and exhibited atmosphere, they generate creative ideas.

Syne

- This technique was developed by William Gordon. It is recently formalized to creative thinking. The word Synectics Greek word, meaning the fitting togeth diverse elements. It is a problem-s technique which seeks to promote cre thinking, typically among small group people of diverse expertise.

Nominal Grou

Stage-I : Around seven to ten participant
different background and training are se
familiarized with a selected problem lik
alternatives are available for achieving a
objective.

Stage-2: Each member is asked to prepare a
ideas in response to the identified p
individually for achieving a set of objective.

Stage -3: After ten minutes, the member
ideas, one at a time, in a round-robin mann
group facilitator records the ideas on a blac
or flip chart for all to see.

Nominal Grou

Stage-4: Each group member then op discusses and evaluates each reco ideas. At this point, it may be rewar combined, added or deleted.

Stage-5: Each member votes ranking ideas privately.

Quantitative Techn

Simulation Techniques

Often, when a management problem is complex to be answered by series mathematical equations, it is possibl simulate the probable outcomes before action. In this way, the manager may rapid out on paper (or with a computer) the resu proposed actions before the actions are t By trying out several policies, it is possib determine which one has the best chan providing the optimum result.

Quantitative Techni

Breakeven Analysis

The simplest approach for showing the relati
of revenue to cost is the breakeven chart. Re
and cost can be studied by directing attenti
(i) total revenue and total cost, (ii) average re
and average cost per unit of output, an
changes in revenue and cost.   Breakeven an
implies that at some point in the operations
revenue equals total cost-the breakeven point
analysis can be handled algebraically or graph
however, in all cases, the first step is to cl
costs into at least two types-fixed and variab

Merits of Decision Ma

- Decision making helps to adopt best cour action.

- Optimum use of resources

- It helps to find a solution

- It helps to promote efficiency.

- It helps to resolve conflicts.

De-merits of Decision Ma

- Decision maker is unaware of the alterna available.

- Indecisiveness.

- Quick decision.

- Resistance

ORGANIS

- **According to Sheldon** "Organization is the proce combining the work which individuals or groups perform with facilities necessary for its execut the duties so performed provide the best char efficient, systematic, positive and coordinated ap of available effort."

- **In the words of Chester I Bernard**, "Organiza system of co-operative activities of two or more

- **MC Ferland** has defined Organisation as, "an ide group of people contributing their efforts tow attainment of goals".

- **According to Louis A Allen,** "Organisation is the of identifying and grouping the work to be per defining and delegating responsibility and autho establishing Relationships for the purpose of people to work most effectively together in accor objectives.

Nature /Characteristics of orga

- Common Purpose
- Division of Labour
- Chain of command
- People
- Communication
- Coordination
- Environment
- Rules and Regulations

Principles of Organiz

- Division of work
- Attention to objectives
- Span of management
- Unity of command
- Flexibility
- Proper balance
- Management by exception

- Decentralizati
- Departmentali
- Efficiency
- Scalar princip
- Continuity
- Coordination
- Authority and responsibility

Steps / Process of Organ

| Defining Organizational Goals | → | Identifying Activities | → | Grouping of Activities |

| Delegating Authority | ← | Defining Authority | ← | Assigning duties |

| Establishing Relationships | → | Providing resources | → | Coordination |

Organisation Struc

- An organisation structure shows the auth and responsibility relationships betwee various positions in the organisatio showing who reports to whom.

- The structure of an organisation is gen shown on an organisation chart.

- It shows the authority and respons relationships between various positions organization

Significance of Organis... Struc...

- Improve teamwork and productivit... providing a framework within which the ... can work together most effectively.

- Determines the location of decision-ma... the organisation.

- Facilitates growth of enterprise by incr... its capacity to handle increased lev... authority.

- Provides the pattern of communicatio... coordination.

- Helps a member to know what his role ... how it relates to other roles.

Formal and Informal Organiz

- **Formal Organisation** - "a system consciously coordinated activities or for two or more persons".

- Structure of well-defined jobs, each bea definite measure of authority, respons and accountability.

- Bound by rules, regulations and procedur

- A formal organisation is delibe impersonal.

Informal Organis

- Informal organisation arises from personal and social relations of people.

- Informal organisation refers to relationship between people in organisation based on personal attit emotions, prejudices, likes, dislikes etc.

- The inter-relations amongst the people informal organisation cannot be shown organisation chart.

Forms of Organisation Struc

- LINE ORGANISATION
  - Represents the structure in a c vertical relationship through authority flows.
  - Line organisation is the oldest typ organisation.
  - It is also known as scalar or mi organisation.
  - In this type of organisation, there vertical line of authority running fror top to bottom of organisation.

LINE ORGANISATION STRU


```
                  ┌──────────────────────┐
                  │  Board of Directors  │
                  └──────────┬───────────┘
                             ↓
        ┌──────────────────────────────────────────┐
        │   Managing Director/General Manager       │
        └──────────────────────┬────────────────────┘
                               ↓
   ┌──────────┬────────────────┼──────────────────┬─────────┐
   ↓          ↓                 ↓                   ↑         ↓
┌──────────────┐  ┌──────────────────────┐  ┌────────────────┐
│Marketing     │  │     Production       │  │ Finance Manager│
│Manager       │  └──────────┬───────────┘  └────────────────┘
└──────────────┘             ↓
  A                  ┌──────────────────┐              R
  U                  │  Works Manager   │              E
  T                  └────────┬─────────┘              S
  H                           ↓                        P
  O                  ┌──────────────────┐              O
  R                  │     Foreman      │              N
  I                  └────────┬─────────┘              S
  T                           ↓                        I
  Y                  ┌──────────────────┐              B
                     │   Supervisor     │              I
                     └────────┬─────────┘              L
                              ↓                        I
                     ┌──────────────────┐              T
                     │    Workmen       │              Y
                     └──────────────────┘
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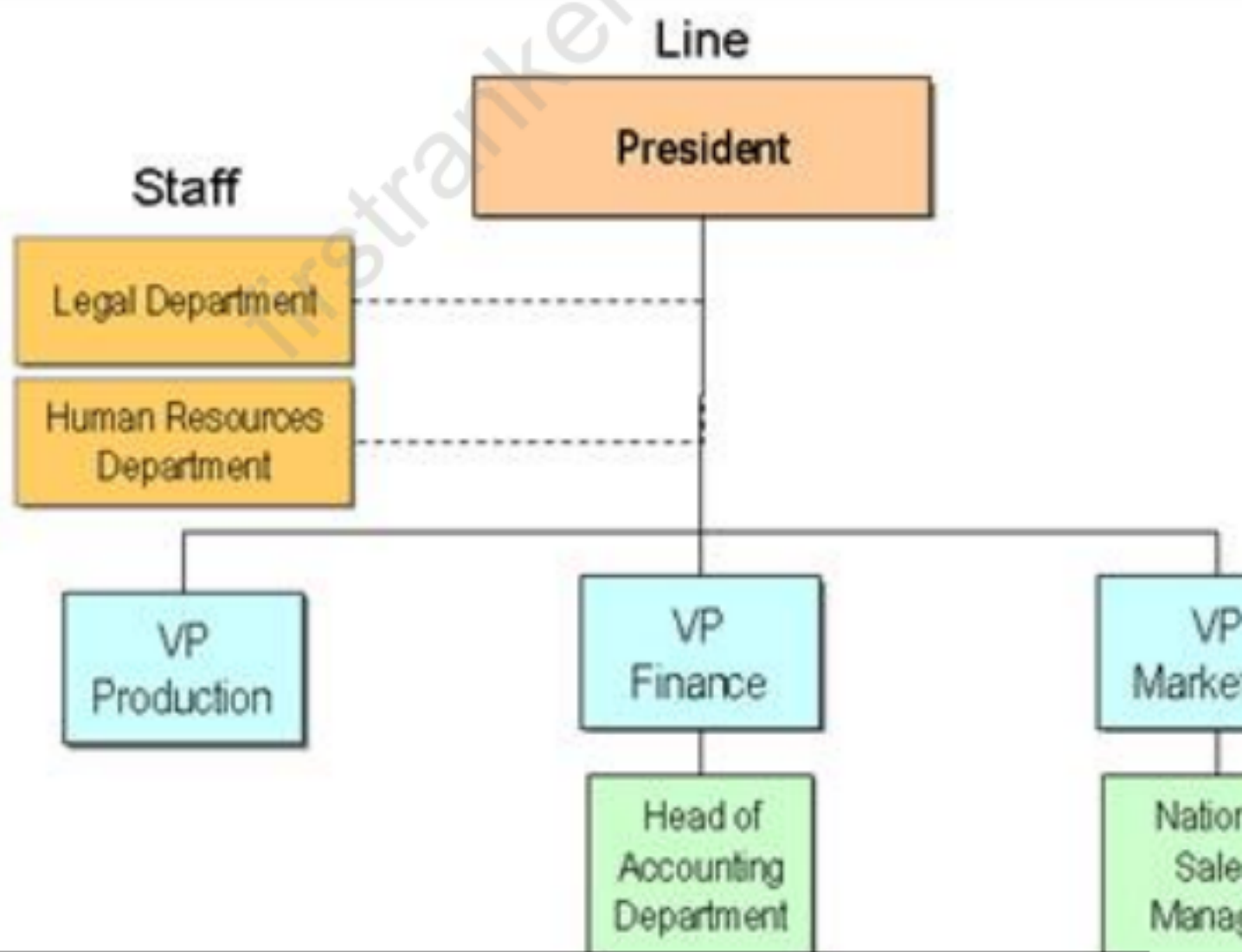
AUTHORITY

RESPONSIBILITY

Line Organisation Structure
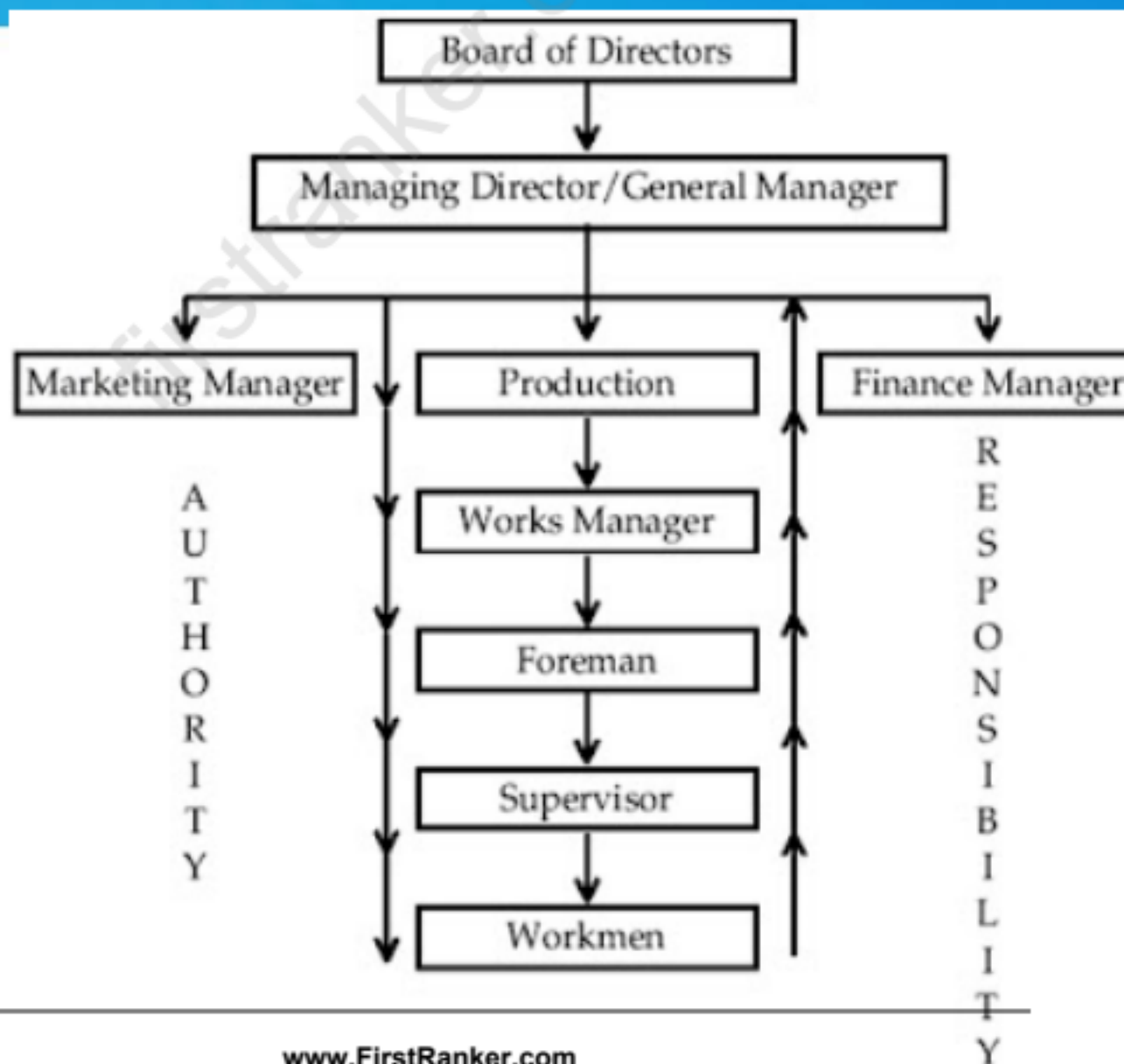
Line and Staff Organis
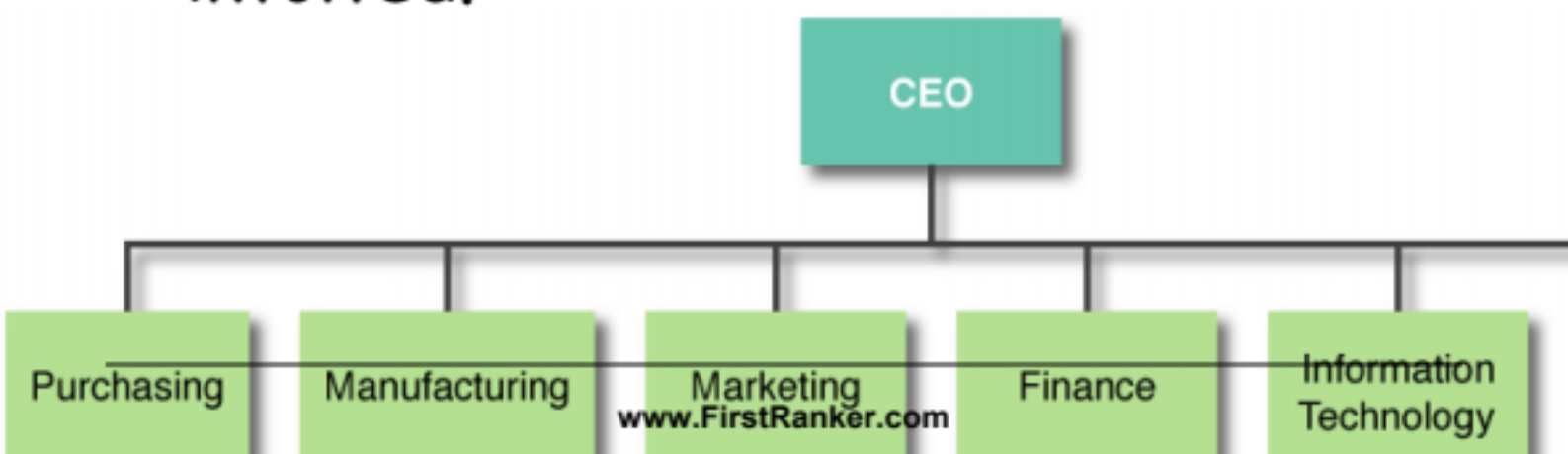
- Line authority flows in a vertical line i same manner as in the line organisation.

- In addition, staff specialists are attach line positions to advise them on impo matters.

- These specialists do not have powe command over subordinates in departments.

Line and Staff Organis

Functional Organis

- The organisation is divided into a num functional areas.
- Each function is managed by an expert area.
- Every functional area serves all other the organisation.
- As the name implies, the whole management and direction of subor should be divided according to the type involved.

```
                    ┌──────────┐
                    │   CEO    │
                    └────┬─────┘
    ┌──────────┬────────┼────────┬────────────┐
┌────────┐ ┌──────────┐ ┌────────┐ ┌────────┐ ┌────────────┐
│Purchasing│ │Manufacturing│ │Marketing│ │ Finance│ │Information │
└────────┘ └──────────┘ └────────┘ └────────┘ │ Technology │
                                               └────────────┘
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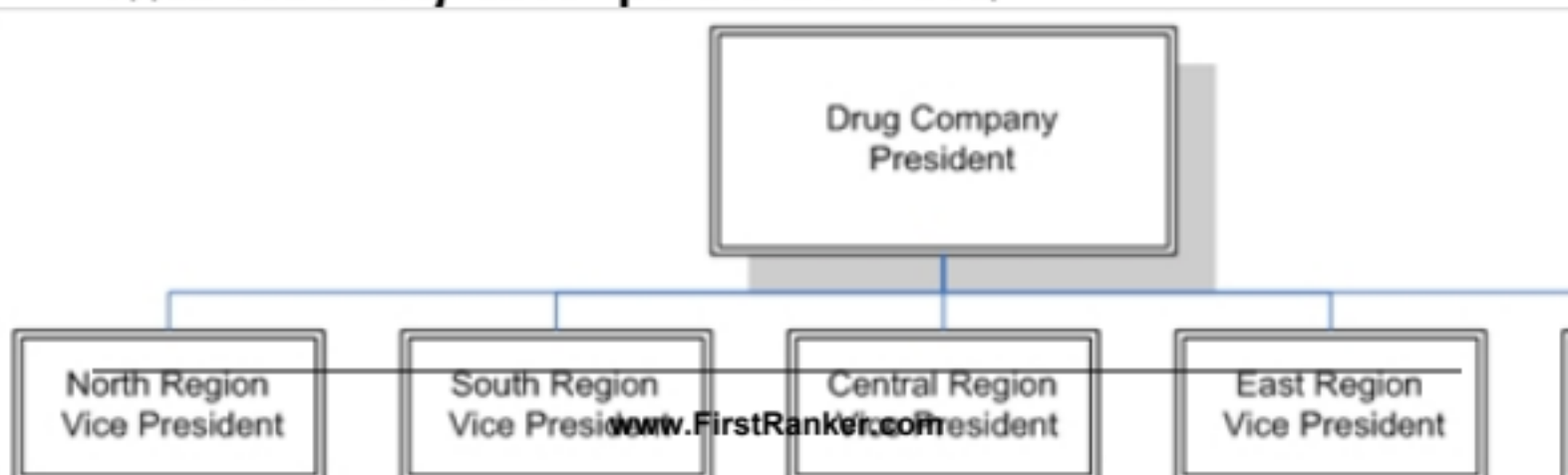
Divisional Organizational Stru

- These types of organizations divide functional areas of the organizatio divisions.

- Each division is equipped with its resources in order to function independe

- Divisions can be defined based on geographical basis, products/services or any other measurement.
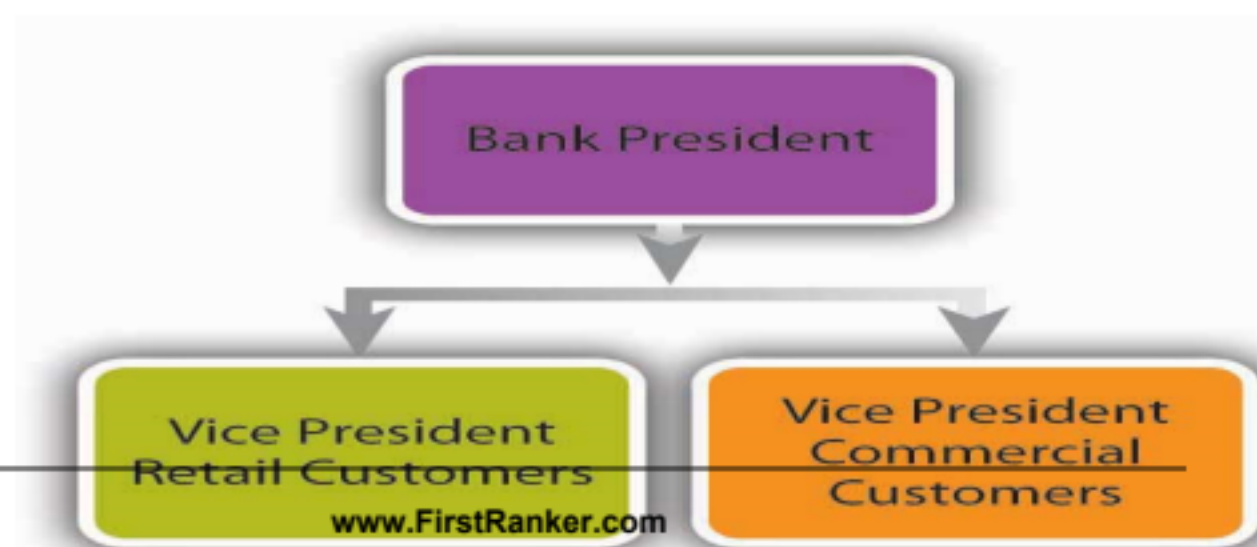
Divisional Organizational Stru
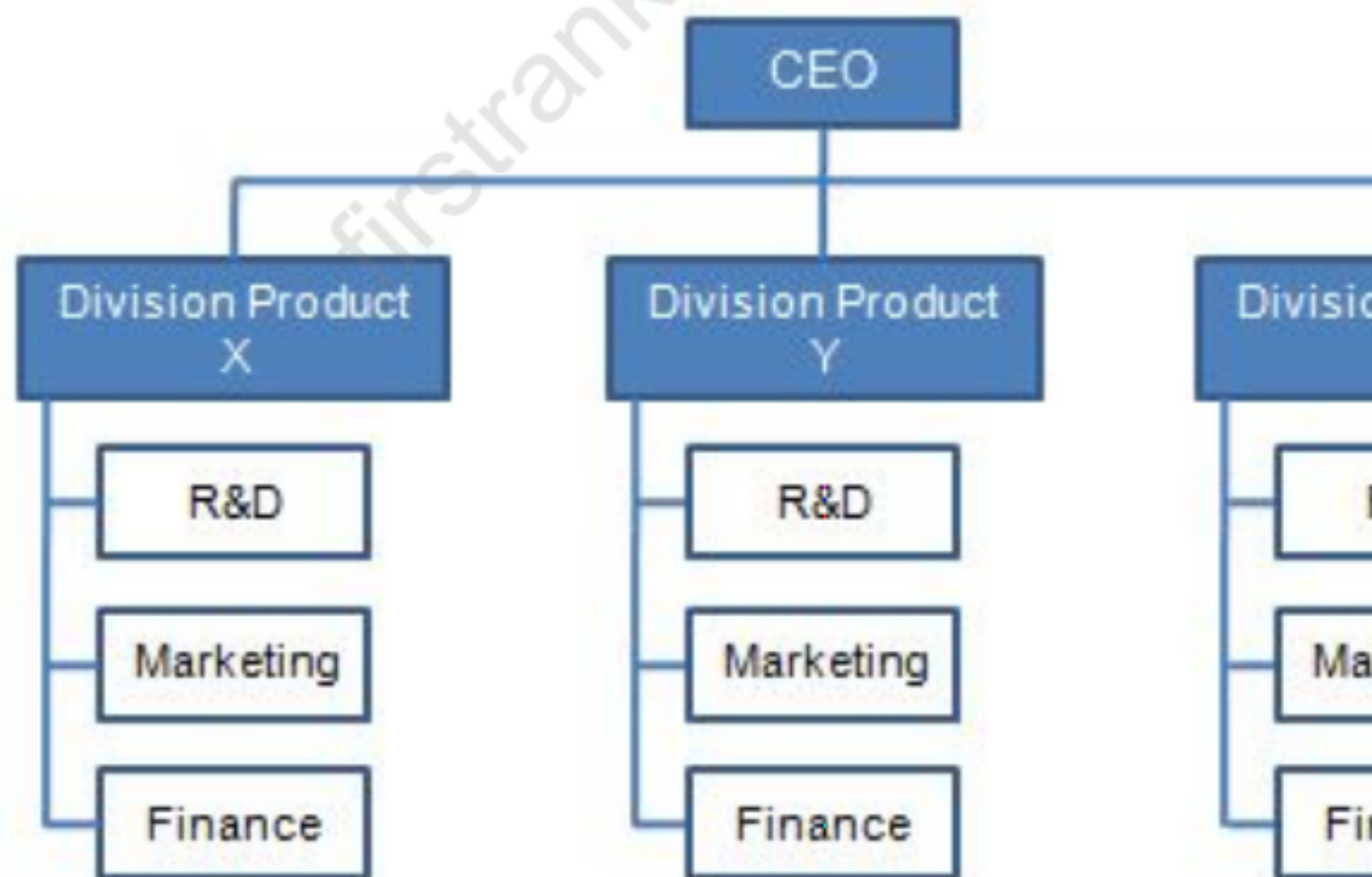
Geographical Organization Str

- Geographic organizational structure allo each business unit or office to operate as entity based on where it's located.

- This particular structure brings workers t in geographical divisions.

- Each division operates as if it is a com itself, complete with the personnel to c various business functions such as marketing and production.

Drug Company President

| North Region Vice President | South Region Vice President | Central Region Vice President | East Region Vice President |

Customer based Organiz...
Struc...

- Certain industries will organize by custo...
- This is done in an effort to ensure ...
  customer expectations are met by a cus...
  service approach.
- In this case organization structure ...
  based on type of Customers.

Bank President

Vice President Retail Customers

Vice President Commercial Customers

Matrix Organizational Struc

- A matrix structure provides for rep levels both horizontally as well as ver Employees may be part of a functional but may serve on a team that suppor product development.

- A matrix organizational structure is a c structure in which the reporting relatio are set up as a grid, or matrix, rather the traditional hierarchy.

- In other words, employees have dual rep relationships - generally to both a fur manager and a product manager.

Matrix Organizational Struc