

MANAGEMENT & ORGANIZATIONAL BEHAVIOUR

SEME

MADHUK

Part A - Principles of Management

Module 2: **Planning and Organizing:**

- **Planning:** Nature of Planning, Planning Process, Objectives, MBO, Strategies, level of strategies, planning methods and programs, Planning Premises, Decision-making, Process of decision-making, Types of decision-making Techniques in decision-making.
- **Organizing:** Organization structure, Formal and informal organizations, Principles of organizations- characteristics, command, span of control, delegation, decentralization and empowerment. Functional, divisional, geographical, customer based and matrix organizations, team structures, virtual organizations, boundary spanning organizations.







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 INSPIRED BY TRADITION 100% PURE COCONUT OIL	
meera INSPIRED BY TRADITION HAIRWASH PASTE	meera INSPIRED BY TRADITION 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 Paneer	Cavin's Diet Paneer	Cavin's Sweet Lassi So tasty, so healthy	Cavin's	



Plan

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

According to KOONTZ, “Planning is deciding in advance what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”.

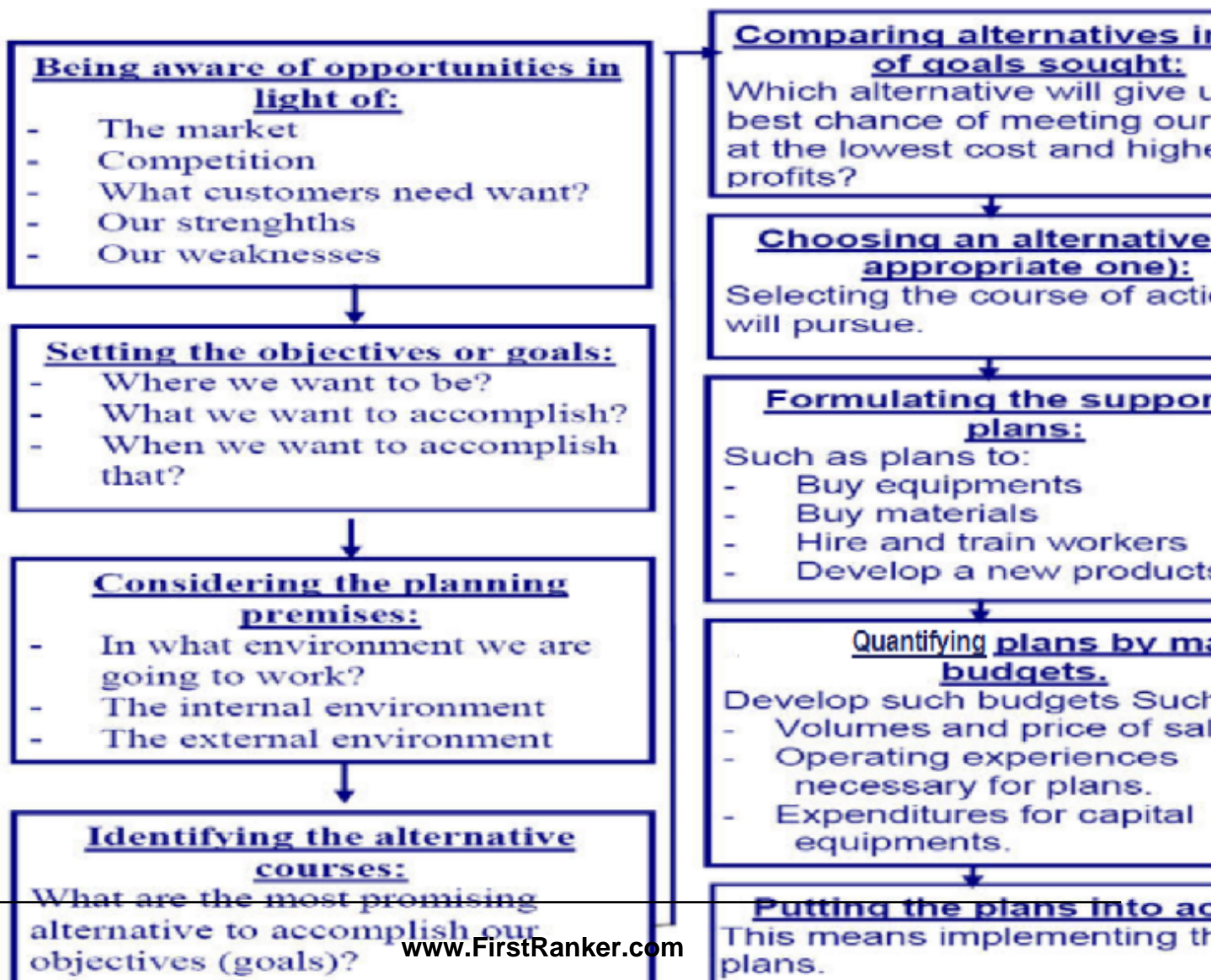
It deals with chalking out a future course of action by deciding in advance the most appropriate course of actions for achievement of pre-determined goals.

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

NATURE/FEATURES OF PLANNING

- ✓ 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



TYPES OF PL

- MISSION - the basic purpose / function /tasks of an enterprise
- OBJECTIVES/ GOALS - the end towards which the activity is aimed at.
- STRATEGIES - determination of long term objectives and adoption of courses of action to achieve them.
- POLICIES - General statements/ understandings that guide thinking in decision making.
- PROCEDURES - Plans that establish a required method for handling future activities
- RULES - specific required action/ nonaction allowing no discretion.
- PROGRAMS - complex of goals, policies, procedures, and other elements necessary to carry out an action.
- BUDGETS - Statement of expected results expressed in numerical terms

OBJECT

- Objectives are the important ends towards organizational and individual activities directed.
- An objective needs to be verifiable.
- **SMART**

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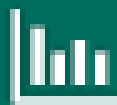
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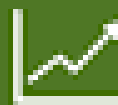
R



Specific



Measurable



Attainable



Relevant

Spe

- What exactly are we going to do for whom?
- Describe an observable action or achievement
 - 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 than
rings.

Measur

- Is it quantifiable and can WE measure it?
- A system or authority has to exist which is responsible for tracking and recording outcomes.

E.g. Grades, Benchmark testing, Surveys

- The system must be reliable and must already be 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 available resources, appropriately limited in scope within the program's control and influence.
- Consult with partners or stakeholders about experiences.

Relevance

- Will this objective have an effect on the department's goal or strategy?
- Does the objective fit in with the immediate and long term plans?
- Is the objective consistent with the other objectives?

Time Bo

- When will this objective be accomplished?
- A specified and reasonable time frame should be incorporated into the objective statement.
- It could be indicated as “By December 2011, the program will” or “Within 6 months of receiving grant,...”

Now you are ready to
write your own SMART
outcome objectives.



HIERARCHY OF OBJECTIVES



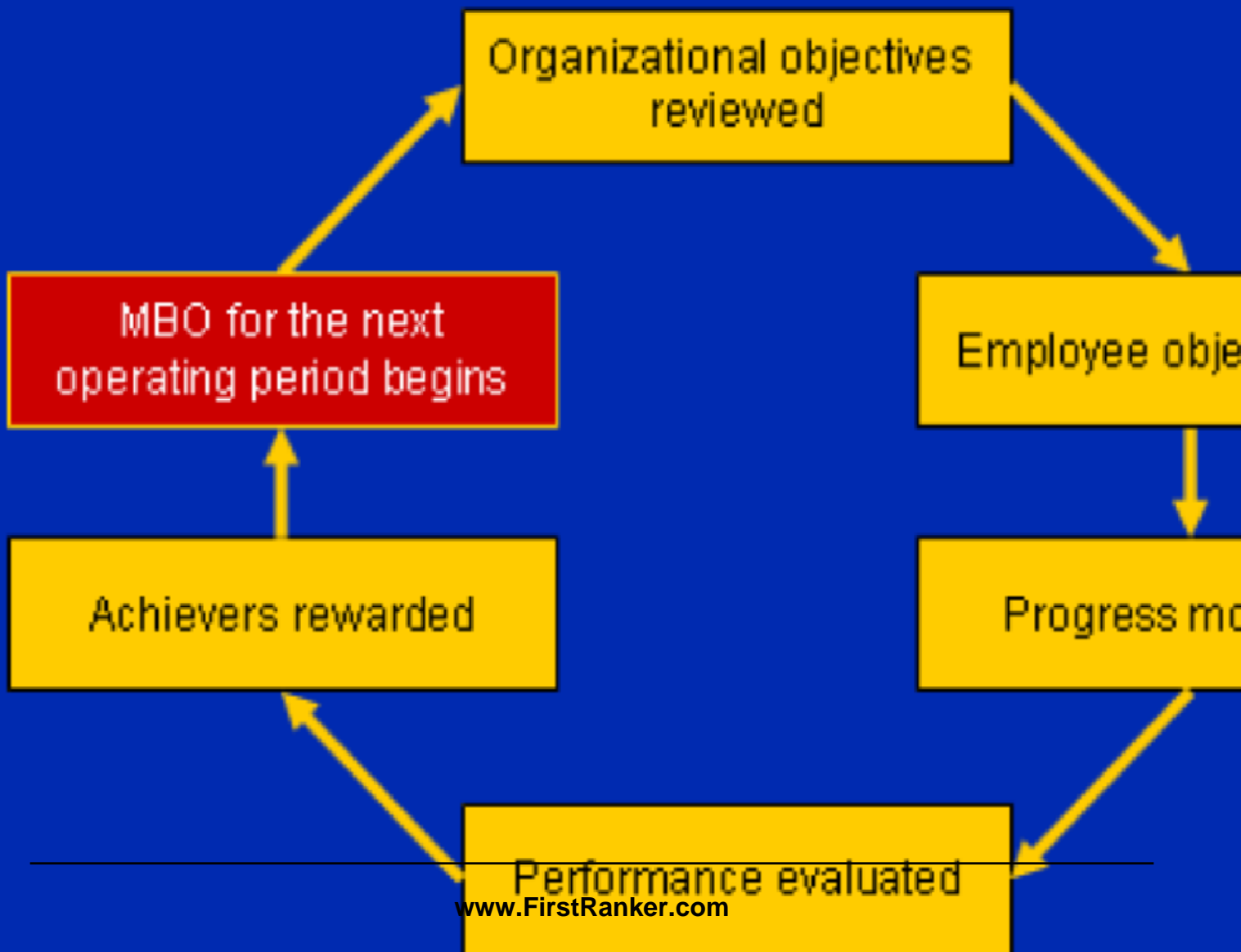
What is M

- Management by objectives (MBO) is a systematic and organized approach that enables management to focus on achievable goals and attain the best possible results from available resources.
- It aims to increase organizational performance by aligning goals and subordinate objectives throughout the organization.
- Ideally, employees get strong input to identify their objectives, time lines for completion.
- MBO includes ongoing tracking and feedback on the process to reach objectives.

Managerial F

- MBO managers focus on the results of the activity. They delegate tasks to their subordinates without dictating a detailed roadmap for implementation. "negotiating a contract of goals"
- Management by Objectives (MBO) is about setting objectives and breaking these down into more specific goals or key results.

The Five-Step MBO Process



BENEFITS OF

- Improvement of managing through result oriented planning
- Classification of roles, delegation of authority according to results expected
- Encouragement of commitment to 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 with reservation.
- Adequate resources are not provided, lack management commitment
- Feedback is not provided to the subordinates how well or poorly the individual is progress towards goals attainment
- When the goals are met, the subordinates are not appropriately rewarded.
- Applicable only for competent work force

Strate

- The term 'Strategy' has been adapted from its original meaning.
- It is being increasingly used in business to reflect broad overall objectives and policies of an enterprise.
- A strategy is a special kind of plan formulated in order to meet the challenge of the political and economic competitors.
- According to Edmund P. Learned, strategy is a "pattern of objectives, purposes or goals, major policies and plans for achieving these, stated in such a way as to define what business the company is in or is to be and the way in which the company is or is to be conducted."

CHARACTERISTICS OF STR

- It is the right combination of different factors.
- It relates the business organisation to its environment.
- It is an action to meet a particular challenge, solve particular problems or to attain specific objectives.
- Strategy is a means to an end and not an end in itself.
- It is formulated at the top management level.
- It involves assumption of certain calculable risks.

LEVELS OF STRAT



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 (W)
Opportunities (O)	SO Strategies <i>Using internal strengths to take advantage of external opportunities</i>	WO Strategies <i>Taking advantage of external opportunities to offset or mitigate internal weaknesses</i>
Threats (T)	ST Strategies <i>Using internal strengths to mitigate or minimize external threats</i>	WT Strategies <i>Strategies and tactics that minimize internal weaknesses and external threats</i>

BLUE OCEAN STRATEGY

Red Ocean Strategy

VS

Blue Ocean Strategy

Compete in **existing** market space.

Beat the competition.

Exploit **existing** demand.

Make the value-cost trade-off.

Align the whole system of a firm's activities with its **strategic choice of differentiation or low cost.**

Create **uncontested** market space.

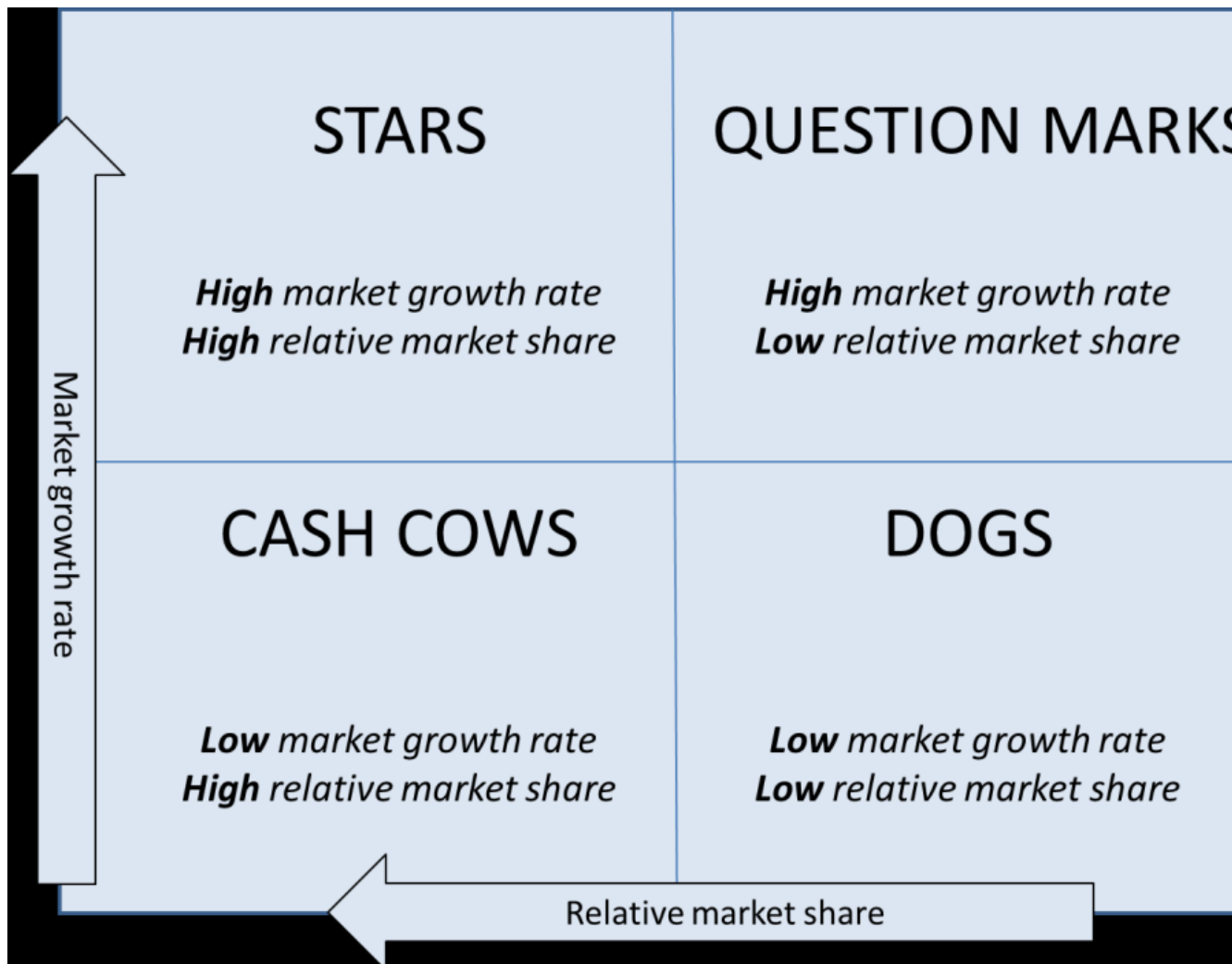
Make the competition **irrelevant**.

Create and capture **new demand.**

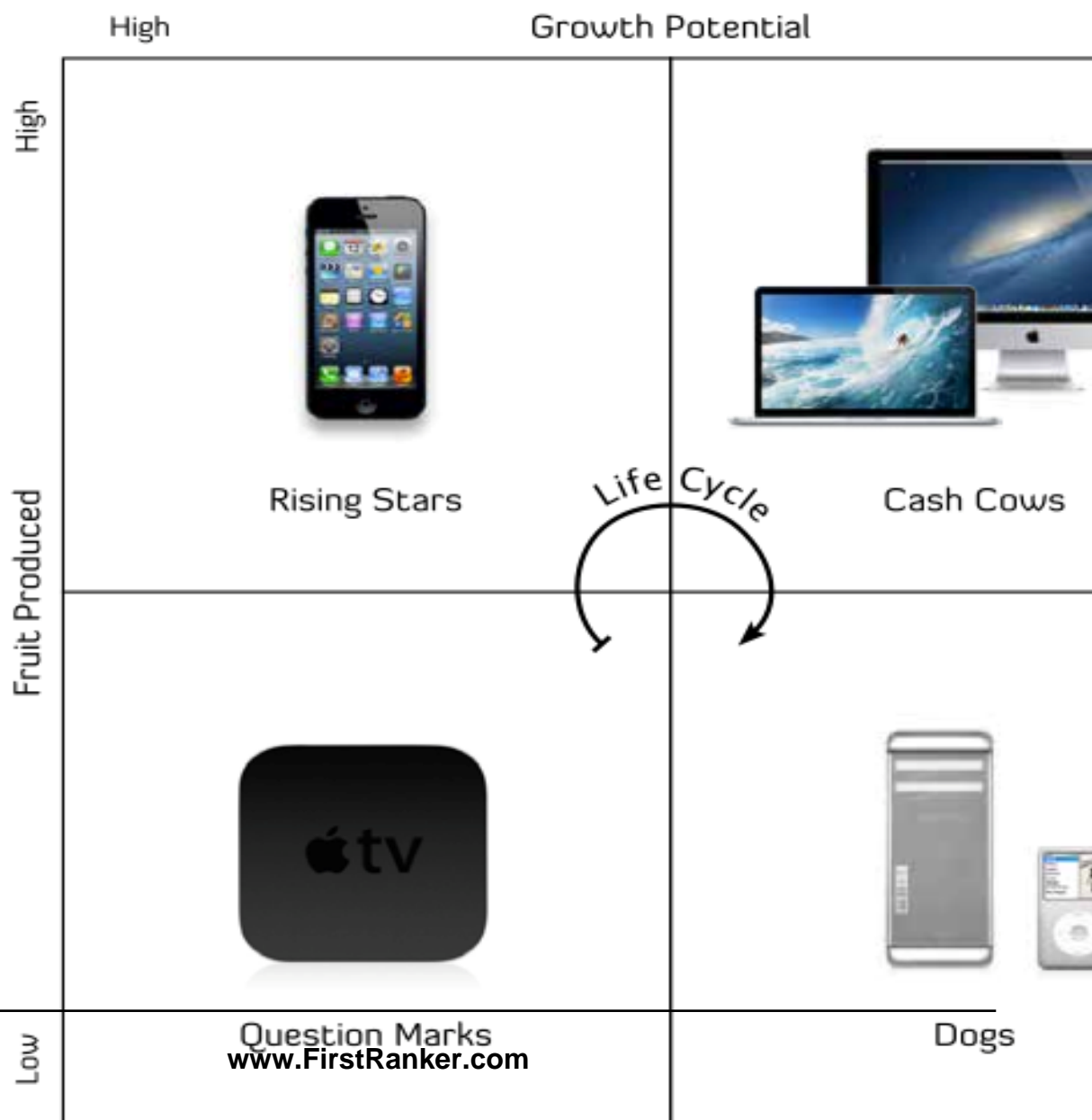
Break the value-cost trade-off.

Align the whole system of a firm's activities in **pursuit of differentiation and low cost.**

BCG MA

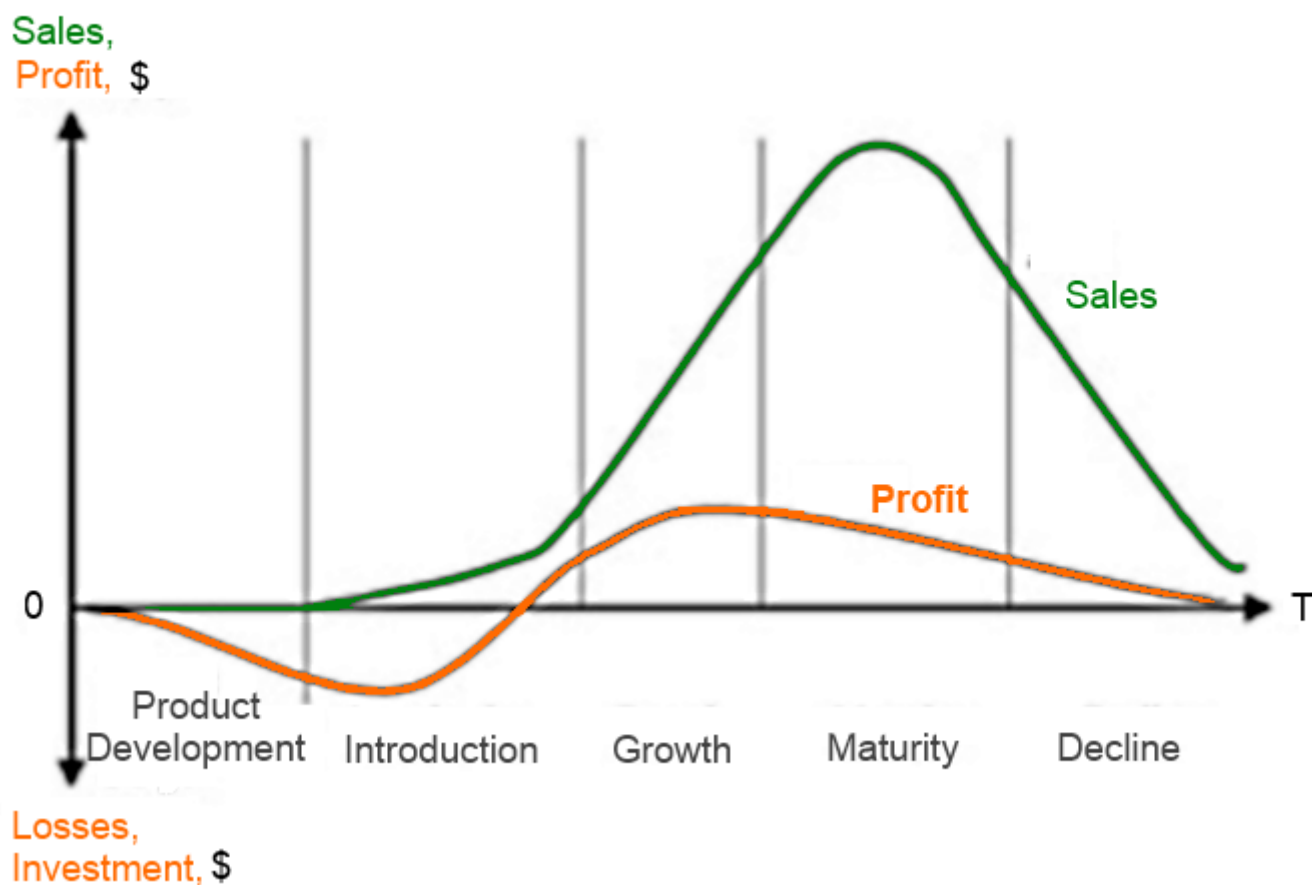


BCG - APPLE



PRODUCT LIFE CYCLE

Product Life Cycle: Sales vs Profit



PRODUCT LIFE CYCLE

Research and Development

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

Introduction (Offer)

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

PRODUCT LIFE CYCLE

Growth

Companies begin to obtain revenue. The product can be the same at the beginning or it can be changed. The cost of marketing should be stable and also you have to invest for improving your product's features. Expansion of distribution lines reach to the new customers.

Maturity

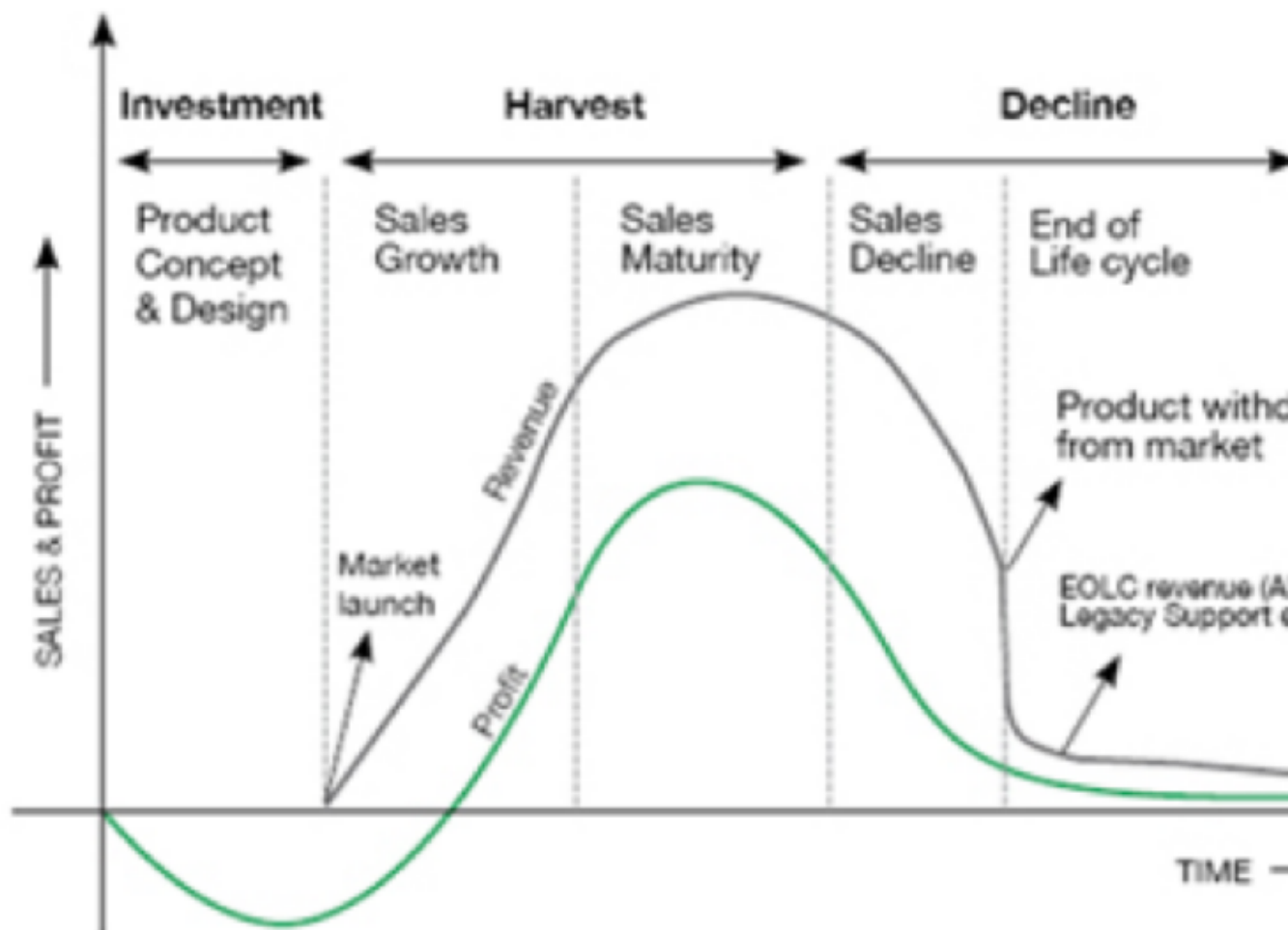
This level starts from the rate of decreasing growth. Competition increases between sellers. Rivals try to reduce prices while the cost of production is falling.

PRODUCT LIFE CYCLE

Decline

The rate of sales reduces visibly. The reasons for decline are technological developments, opportunities for competitors who gain experience and strength etc. At the end of this stage the companies need to know the preferences of customers about product. A decision pertaining to the future course of action needs to be taken.

PLC STRATEGY



Product Life Cycle Phases

PLANNING PREMISES

- Constitute a framework within which planning is done.
- Assumptions of what is likely to happen in the future.
- In other words, it is a prerequisite for determining future settings such as marketing, pricing, Government policy, business structure, business cycle, etc. by giving the final shape to the overall business plan.

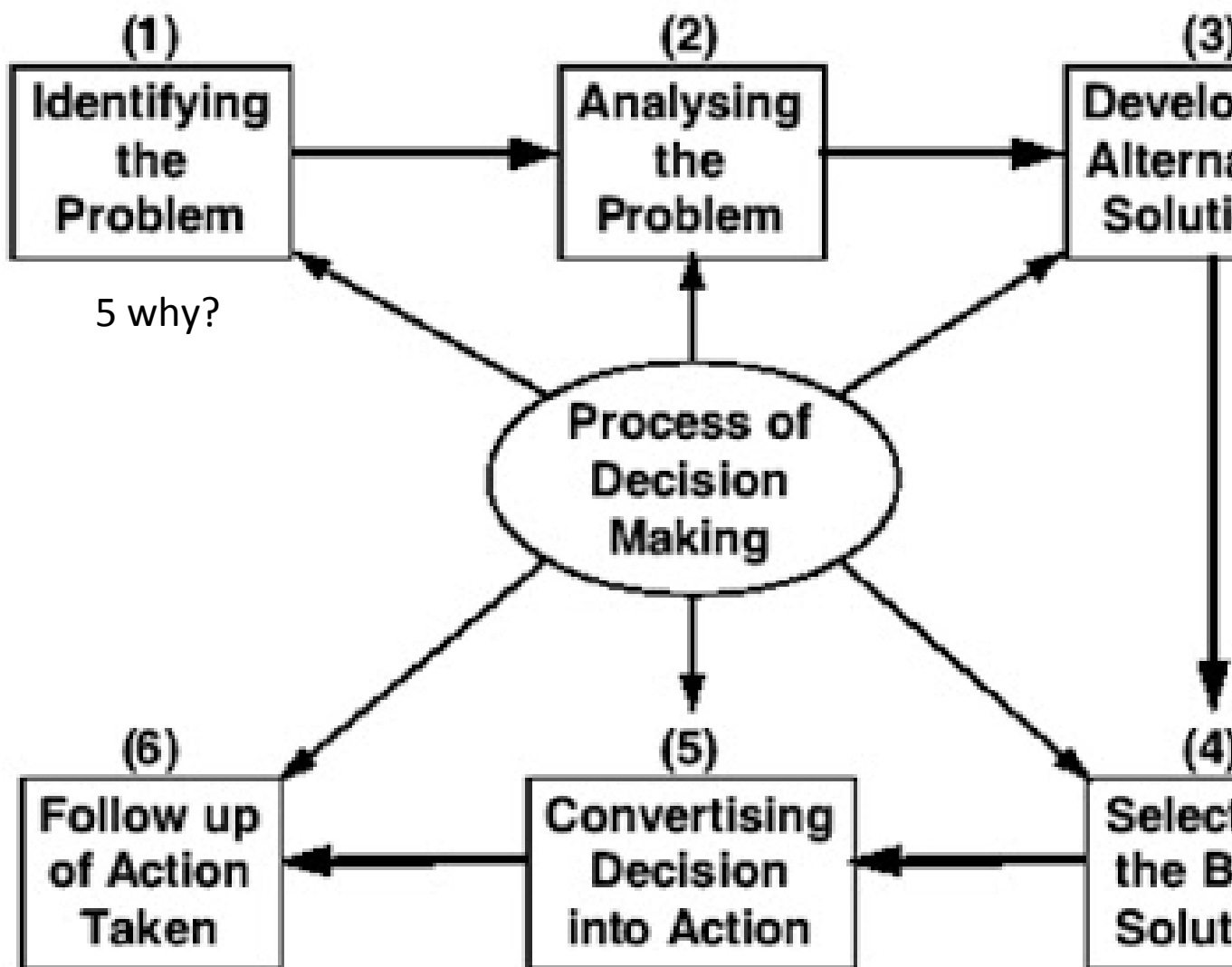
DECISION MAK

- The word decision has been derived from the word "decidere" which means "cutting off". Decision involves cutting off of alternatives between those that are desirable and those that are not desirable.
- According to Haynes and Massie, 'Decision is a process of selection from a set of alternative courses of action which is thought to fulfil the objective of the decision-problem satisfactorily than others'.

DECISION MAKING CHARACTERISTICS

- It is a human process involving to a great extent 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 view, not deciding may just be a decision not to decide.
- Decision making involves a certain commitment. Every decision results into the commitment of resources and reputation of the organisation.

DECISION MAKING PROCESS



TYPES OF DECISIONS

- Organisational and Personal Decisions
- Routine and Strategic Decisions.
- Programmed and Non-programmed 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 Techn

Brainstorming

This is carried out in a group where members are presented with a problem and are asked to develop as many as potential solutions as possible. The members of the group may be experts, may be from other organizations. The members should be around six to eight. The duration of the session may be around 30 minutes to 55 minutes. The premise of brainstorming is that when people interact in a 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 is a Greek word, meaning the fitting together of diverse elements. It is a problem-solving technique which seeks to promote creative thinking, typically among small groups of people of diverse expertise.

Nominal Group

Stage-I : Around seven to ten participants from different background and training are selected and familiarized with a selected problem like alternatives are available for achieving a specific objective.

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

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

Nominal Group

Stage-4: Each group member then openly discusses and evaluates each recorded idea. At this point, it may be rewarded, 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 of mathematical equations, it is possible to simulate the probable outcomes before taking any action. In this way, the manager may rapidly work out on paper (or with a computer) the results of proposed actions before the actions are taken. By trying out several policies, it is possible to determine which one has the best chance of providing the optimum result.

Quantitative Techn

Breakeven Analysis

The simplest approach for showing the relation of revenue to cost is the breakeven chart. Revenue and cost can be studied by directing attention to (i) total revenue and total cost, (ii) average revenue and average cost per unit of output, and (iii) changes in revenue and cost. Breakeven analysis implies that at some point in the operations revenue equals total cost-the breakeven point. Breakeven analysis can be handled algebraically or graphically; however, in all cases, the first step is to classify costs into at least two types-fixed and variable.

Merits of Decision Making

- Decision making helps to adopt best course of 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 Making

- Decision maker is unaware of the alternatives available.
- Indecisiveness.
- Quick decision.
- Resistance

ORGANIS

- **According to Sheldon** "Organization is the process of combining the work which individuals or groups perform with facilities necessary for its execution so that the duties so performed provide the best character of work, efficient, systematic, positive and coordinated application of available effort."
- **In the words of Chester I Bernard**, "Organization is a system of co-operative activities of two or more individuals."
- **MC Ferland** has defined Organisation as, "an idea or a group of people contributing their efforts towards the attainment of goals".
- **According to Louis A Allen**, "Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing Relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

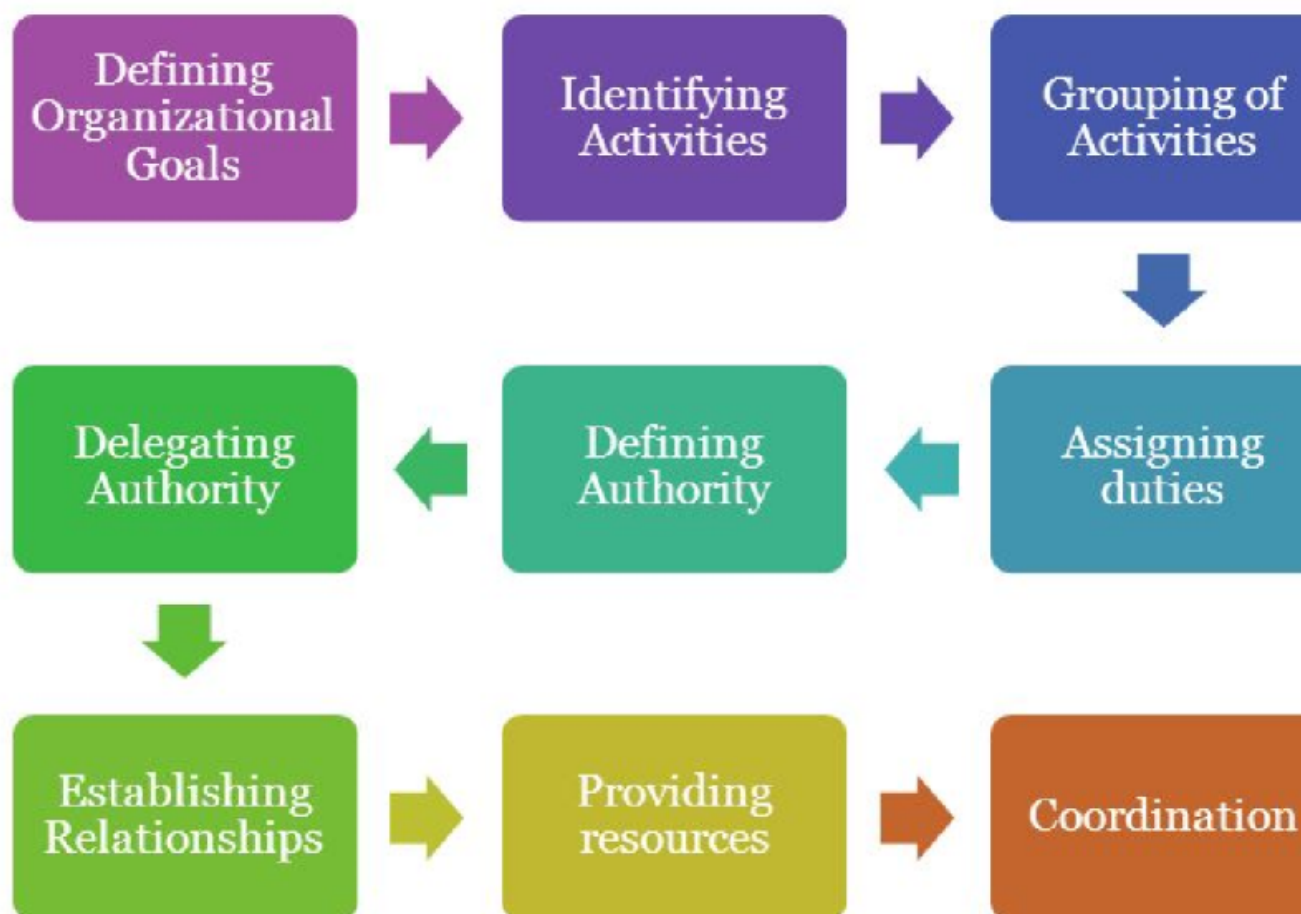
Nature / Characteristics of organ

- 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
 - Decentralization
 - Departmentalization
 - Efficiency
 - Scalar principle
 - Continuity
 - Coordination
 - Authority and responsibility
-

Steps / Process of Organ



Organisation Structure

- An organisation structure shows the authority and responsibility relationships between various positions in the organisation showing who reports to whom.
- The structure of an organisation is generally shown on an organisation chart.
- It shows the authority and responsibility relationships between various positions in organization

Significance of Organisational Structure

- Improve teamwork and productivity providing a framework within which the can work together most effectively.
- Determines the location of decision-making in the organisation.
- Facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
- Provides the pattern of communication and coordination.
- Helps a member to know what his role is and how it relates to other roles.

Formal and Informal Organization

- Formal Organisation - "a system of consciously coordinated activities or forces of two or more persons".
- Structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.
- Bound by rules, regulations and procedures.
- A formal organisation is deliberately impersonal.

Informal Organisation

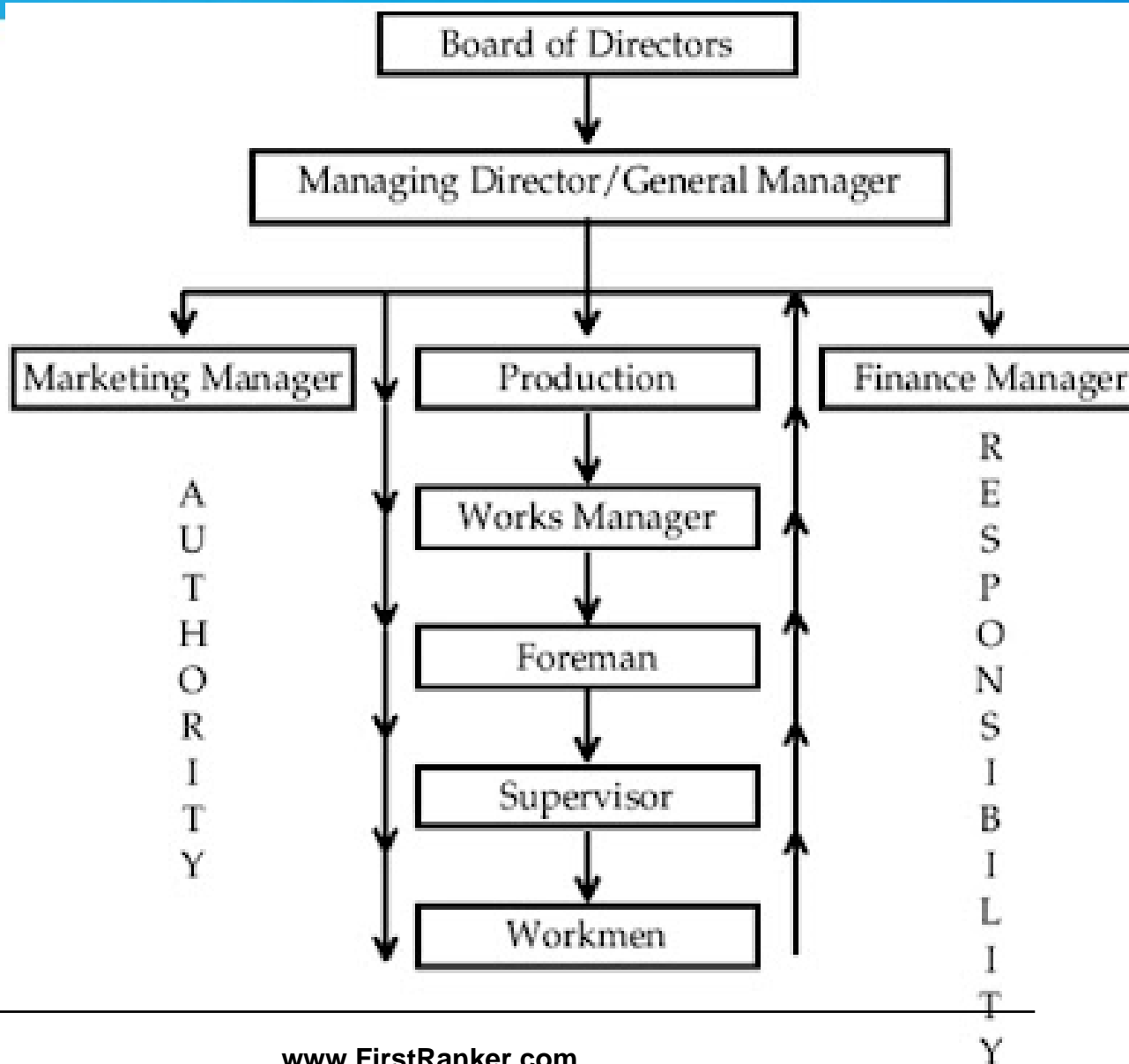
- Informal organisation arises from personal and social relations of people.
- Informal organisation refers to relationship between people in organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc.
- The inter-relations amongst the people in informal organisation cannot be shown in an organisation chart.

Forms of Organisation Structure

- **LINE ORGANISATION**

- Represents the structure in a vertical relationship through which authority flows.
- Line organisation is the oldest type of organisation.
- It is also known as scalar or military organisation.
- In this type of organisation, there is a vertical line of authority running from top to bottom of organisation.

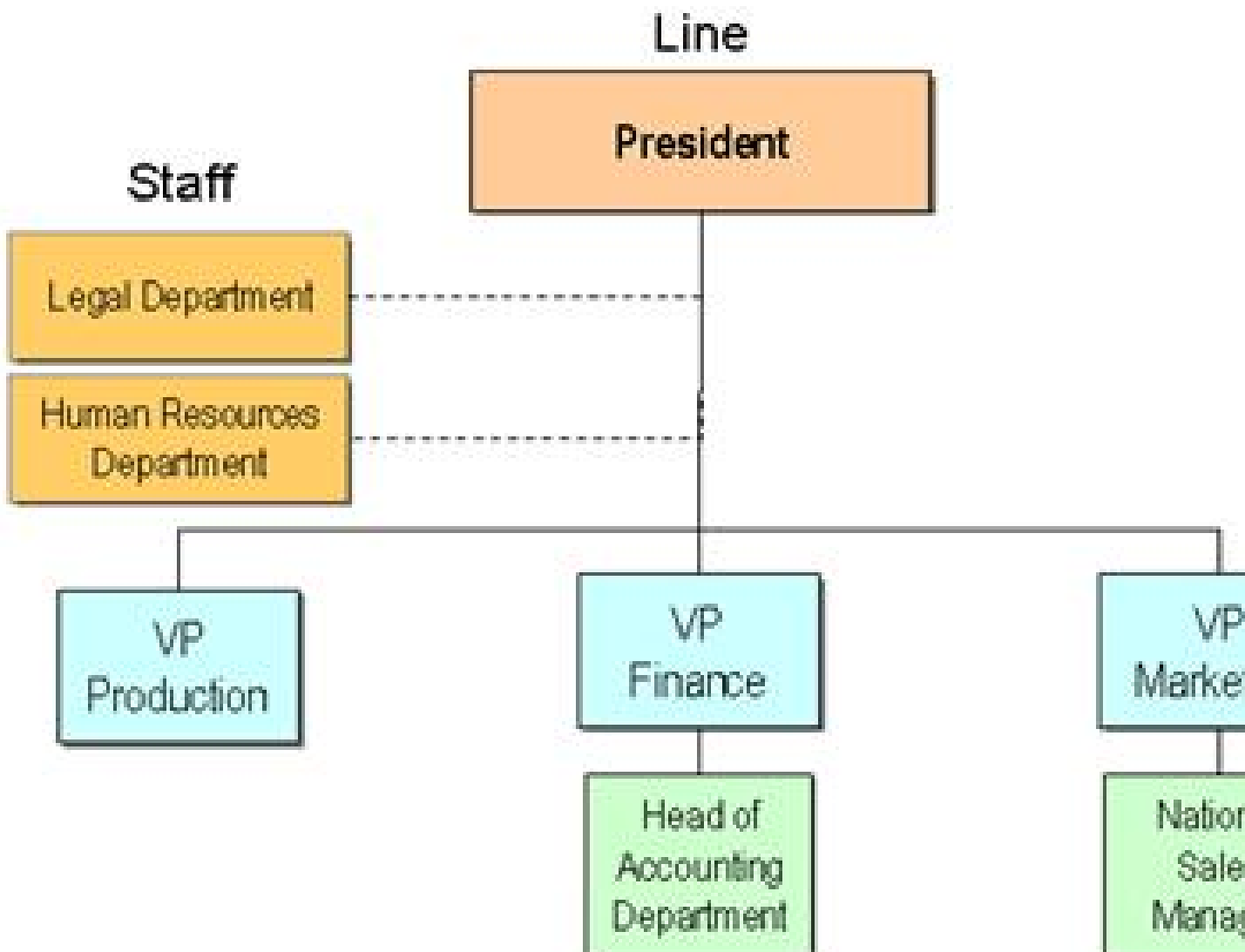
LINE ORGANISATION STRU



Line and Staff Organisations

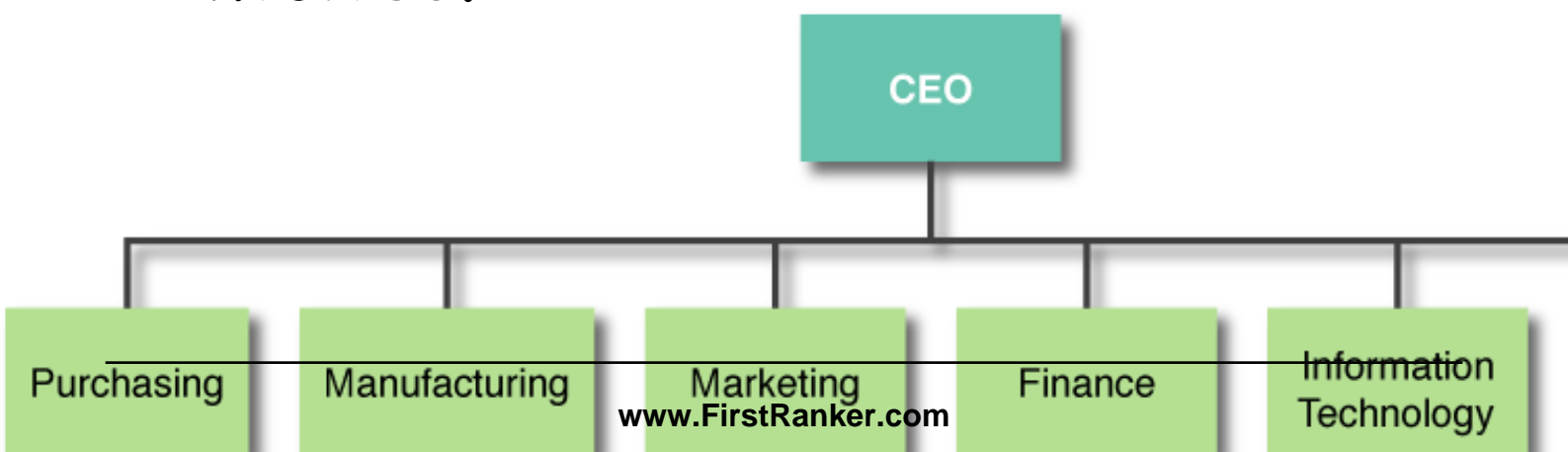
- Line authority flows in a vertical line in the same manner as in the line organisation.
- In addition, staff specialists are attached to line positions to advise them on important matters.
- These specialists do not have power of command over subordinates in departments.

Line and Staff Organisations



Functional Organisation

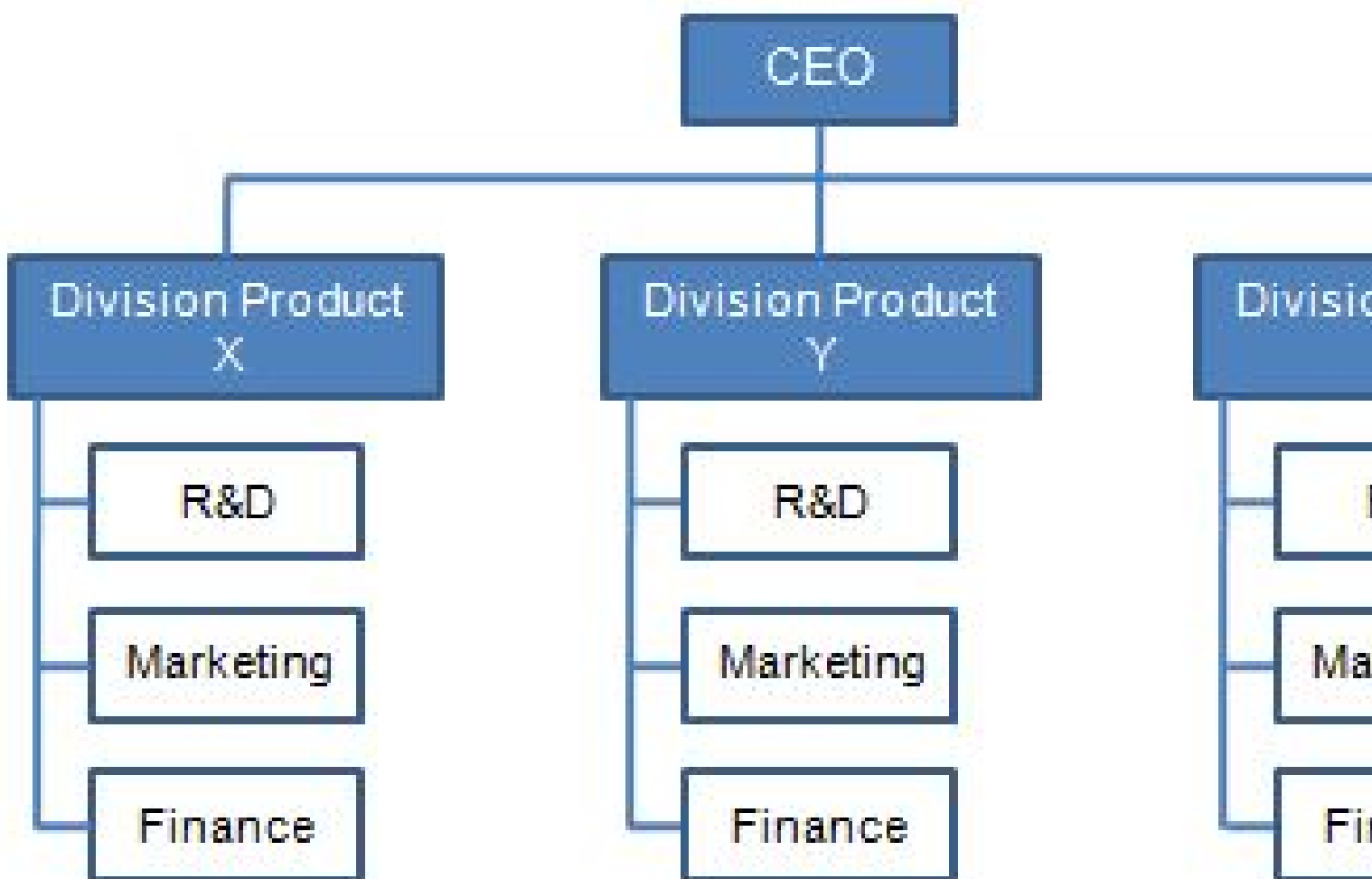
- The organisation is divided into a number of functional areas.
- Each function is managed by an expert in that area.
- Every functional area serves all other parts of the organisation.
- As the name implies, the whole of the organisation's management and direction of subordinates should be divided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



Divisional Organizational Structure

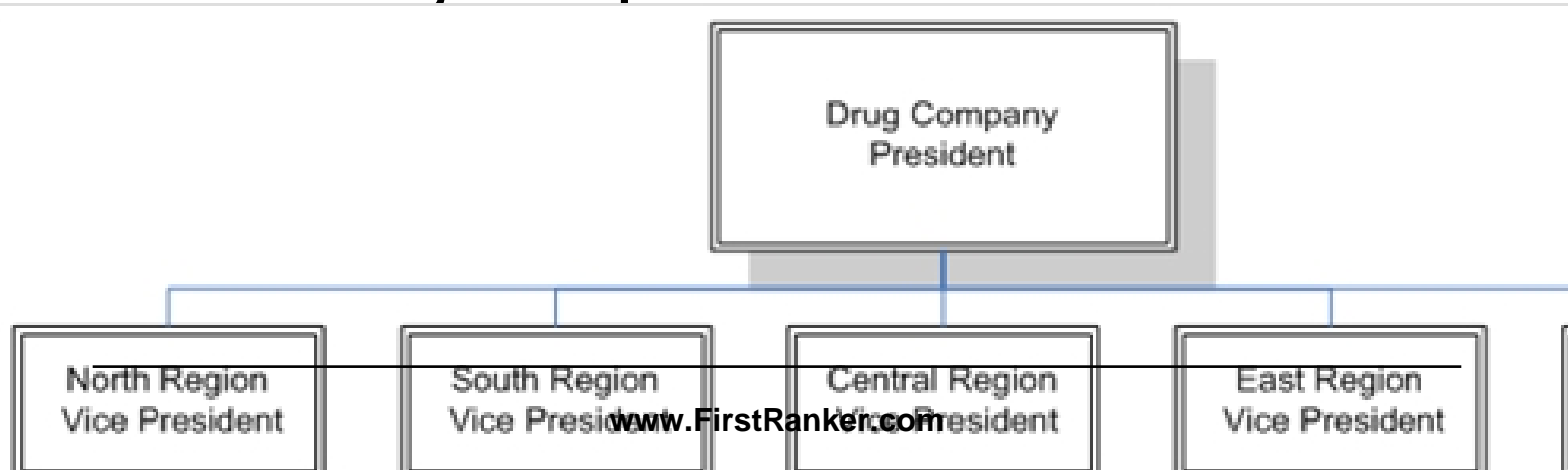
- These types of organizations divide functional areas of the organization into divisions.
- Each division is equipped with its own resources in order to function independently.
- Divisions can be defined based on geographical basis, products/services or any other measurement.

Divisional Organizational Structure



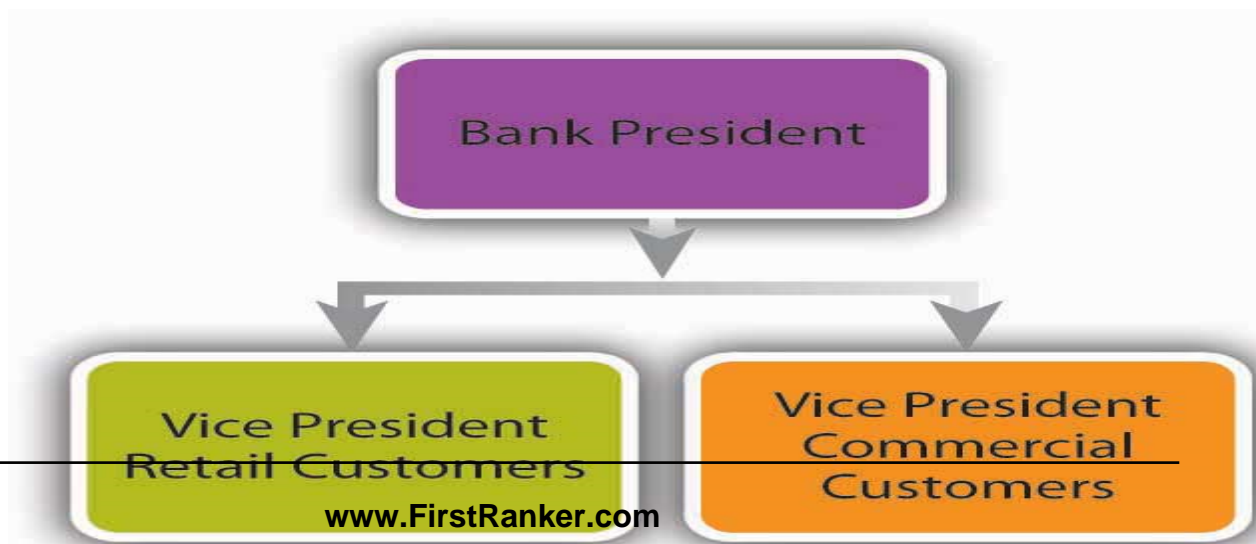
Geographical Organization Structure

- Geographic organizational structure allows each business unit or office to operate as an entity based on where it's located.
- This particular structure brings workers together in geographical divisions.
- Each division operates as if it is a company in itself, complete with the personnel to carry out various business functions such as marketing and production.



Customer based Organization Structure

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



Matrix Organizational Structure

- A matrix structure provides for reporting levels both horizontally as well as vertically. Employees may be part of a functional department but may serve on a team that supports product development.
- A matrix organizational structure is a combination structure in which the reporting relationships are set up as a grid, or matrix, rather than the traditional hierarchy.
- In other words, employees have dual reporting relationships - generally to both a functional manager and a product manager.

Matrix Organizational Structure

