Short Notes

Lectures (01 to 22)

MGT503

(Please Don't Copy Make your own)

Lesson-1

Organization:-

"An entity where two or more persons work together to achieve a goal or a common purpose is called Organization."

POLCA:-

Planning

Management function that involves the process of defining goals, establishing strategies for achieving those goals and developing plans to integrate and coordinate activities.

Organizing

Management function that involves the process of determining what tasks are to be done. Who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Leading

Management function that involves motivating subordinates, influencing individuals or teams as they work, selecting the most effective communication channels, or dealing in any way with employee behavior issues.

Controlling

Management function that involves monitoring actual performance, comparing actual to standard and taking corrective action, if necessary.

Assurance

Quality function which demands from every manager that he/she ensures that prior management support and management processes are in place before POLC management functions are executed.

Lesson-2

MANAGEMENT AND MANAGERS

Who are Manager?

A manager is someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals.

What do managers do?

Planning (making things happen and meeting the competition and tends to be more important
for top-level managers.)

Organizing (how the work gets done and tends to be more important for both top and middle-level managers.)

Leading (inspiring Motivating and inspiring workers and it is more important for first-line managers.)

Controlling (monitoring progress towards goal achievement and taking corrective action when needed and it is important among all levels of the hierarchy.)

Management process:-

It is the set of ongoing decisions and work activities in which managers engage as they plan, organize, lead, and control.

Management:-

It is the process of coordinating and integrating work activities.

Lesson-3

MANAGERIAL ROLES IN ORGANIZATIONS

Role:-

It is an organized set of behaviors that is associated with a particular office or position.

- **Interpersonal roles** are roles that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles include being a figurehead, leader, and liaison.
- **Informational roles** involve receiving, collecting, and disseminating information. The three informational roles include a monitor, disseminator, and spokesperson.
- **Decisional roles** revolved around making choices. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

Lesson-4

MANAGERIAL FUNCTIONS I.E. POLCA

Efficiency:-

The difference between input and output.

Effectiveness:-

It is often described as "doing the right things" – that is, those work activities that will help the organization reach its goals.

Managers Mistakes:-

1. Insensitive to others: abrasive, intimidating, bullying style.
2. Cold, aloof, arrogant.
3. Betrayal of trust.
4. Overly ambitious: thinking of next job, playing politics.

5. Specific performance problems with the business.
6. Over managing: unable to delegate or build a team.
7. Unable to staff effectively.
8. Unable to think strategically.
9. Unable to adapt to boss with different style.
10. Over dependent on advocate or mentor.

Lesson-5

MANAGERIAL LEVELS AND SKILLS

Level of Managers in an Organization:-

First-Line Managers:

They are those managers having the least authority and are at the lowest level in the hierarchy of the organization.

Middle Mangers:

They are those managers beneath the top-levels of the hierarchy and directly supervise other managers below them.

Top Managers:-

They are those managers at the very top levels of the hierarchy who have the most authority and who are ultimately responsible for the entire organization.

Management Skills:

Managers need three types of **key skills** to perform the duties and activities

1. Technical skills:-

Technical skills include knowledge of and proficiency in a certain specialized field, such as engineering, computers, accounting, or manufacturing. These skills are more important at lower levels of management since these managers are dealing directly with employees doing the organization's work.

2. Human skills:-

Human skills are associated with a manager's ability to work well with others both as a member of a group and as a leader who gets things done through others. Because managers deal directly with people, They know how to communicate, motivate, lead, and inspire enthusiasm and trust. These skills are equally important at all levels of management.

3. Conceptual skills:-

Conceptual skills are the skills managers must have to think and to conceptualize about abstract and complex situations. Using these skills, managers must be able to see the organization as a whole, understand the relationships among various submits, and visualize how the organization fits into its broader environment.

Four trends are likely to impact managerial work in the future:-

- Changes & innovation
- Managing diversity
- global perspective
- continuous improvement

<u>Lesson-6</u>

MANAGEMENT IDEAS: YESTERDAY AND TODAY

MANAGEMENT'S CONNECTION TO OTHER FIELDS OF STUDY:-

a. **Anthropology**: study of societies (humans and their activities)
b. **Economics**: to meet unlimited demands in limited resources
c. **Philosophy**: examines nature of things (values/ethics etc)
d. **Political science**: study the behavior of individual & groups within political environment
e. **Psychology**: science that explain the behavior of humans and other animals
f. **Sociology**: study of people in relation to their fellow human beings

Pre-classical Contributors:-

1. **Robert Owen** (1771-1858) was a British factory owner who advocated concern for the working and living conditions of workers, many of them young children. Many of his contemporaries thought he was a radical for such ideas.
2. **Charles Babbage** (1792-1871) is considered to be the "**father of modern computing**."

3. **Henry E. Towne** (1844 -1924) called for the **establishment of a science of management and the development** of management principles that could be applied
across management situations.

Lesson-7

CLASSICAL VIEW OF MANAGEMENT
(SCIENTIFIC AND BUREAUCRATIC)

Classical Viewpoint is divided into three parts:-

1. Scientific management:

It is defined as the use of the scientific method to define the "one best way" for a job to be done.

Frederick W. Taylor (1856-1915) is known as the "**father" of scientific management.** The example of scientific management is his "pig iron" and "shoveling". He was the first nationally known management thinker.

Taylor's Four Principles:-

1. Study each part of the task scientifically, and develop a best method to perform it.

2. Carefully select workers and train them to perform a task using the scientifically developed method.

3. Cooperate fully with workers to ensure they use the proper method.

4. Divide work and responsibility so management is responsible for planning work methods using scientific principles and workers are responsible for executing the work accordingly.

Frank and Lillian Gilbreth (1868-1924 and 1878-1972 respectively):

- They did studies aimed at eliminating unnecessary motions and way of reducing task fatigue.
- Together they provided the first vocabulary for identifying hand, arm, and body motions used at work—which they called **"Therbligs."**
- Lillian's was published the book called **"The Psychology of Management"**.

Henry L. Gantt (1861-1919):

His interests included a graphic aide to planning, scheduling, and controlling and a unique **pay incentive** system and the social responsibility of business.

2. Bureaucratic management:

GENERAL ADMINISTRATIVE THEORISTS:-

Henri Fayol:-

He was the managing director of a large French coal-mining firm. His attention was aimed at the activities of all managers. He described the practice of management as distinct from other typical business functions.

Max Weber (1864-1920) :-

Max Weber (pronounced VAY-BAR) was a German sociologist who wrote in the early part of the 20th century. He developed a theory of authority structures and described organizational activity based on **authority** relations. He described the ideal form of organization—the **bureaucracy**, defined as a form of organization marked by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships

The major characteristics of Weber's ideal bureaucracy include:

a. Specialization of a labor

b. Formalization of rules and procedures

c. Impersonality in application of rules and sanctions

d. Formalization of lines of authority into a hierarchical structure

e. Formalization of the career advancement process to be based on merit

Lesson-8

ADMINISTRATIVE VIEW OF MANAGEMENT

3. The Administrative Management

Fayol's 14 Principles of Management:-

1. **Division of work**

Specialization increases output by making employees more efficient.

2. Authority.

Managers must be able to give order. Authority gives them this right. Along with authority, however, goes responsibility.

3. Discipline.

Employees must obey and respect the rules that govern the organization.

4. Unity of Command

An employee should receive orders from one superior only.

5. Unity of direction.

The organization should have a single plan of action to guide managers and workers.

6. Subordination of individual interests to the general interest.

The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.

7. Remuneration.

Workers must be paid a fair wage for their services.

8. Centralization.

This term refers to the degree to which subordinates are involved in decision making.

9. Scalar Chain.

The line term refers to the degree to which subordinates are involved In decision making.

10. Order.

People and materials should be in the right place at the right time.

11. Equity.

Managers should be kind and fair to their subordinates.

12. Stability of tenure of personnel

Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.

13. Initiative.

Employees who are allowed to originate and carry out plans will exert high levels of effort.

14. Esprit de corps

Promoting team spirit will build harmony and unity within the organization.

Lesson-9

BEHAVIORAL THEORIES OF MANAGEMENT

Early Advocates:

Four people stand out as early advocates of the OB approach. These include **Robert Owen**, **Hugo Munsterberg**, **Mary Parker Follett**, and **Chester Barnard**.

1. R**obert Owen**, a successful **Scottish businessman**, proposed a utopian workplace.
2. **Hugo Munsterberg** created the field of **industrial psychology**
3. **Mary Parker Follett** was a **social philosopher.**
4. **Chester Barnard**, **president of New Jersey Bell Telephone Company**, saw organizations as social systems that required human cooperation.

Hugo Munsterbeg (1863-1916) is considered to be the "**father of industrial psychology**". He attempted to develop practical applications of psychology.

Mary Parker Follett (1868-1933) brought to management the perspectives of political science and social work.

She identified:

a. The **importance of the functioning of groups**, not just individuals, in organization.

b. The principle of "**power with**" rather than "**Power over**" in management employee relations.

c. Conflict resolution through integration, i.e., **finding a solution to a conflict** that would satisfy both parties.

d. The achievement of **integrative unity**,

Hawthorne studies reflected the scientific management tradition of seeking greater efficiency by

improving the tools and methods of work—

Human Relations Movement:-

This movement was an attempt to equip managers with the social skills they need.

Abraham Maslow (1908-1970) developed a theory of **motivation** that was based on three assumptions about human nature.

a. Human beings have needs that are never completely satisfied.

b. Human behavior is aimed at satisfying the needs that are yet unsatisfied at a given point in time.

c. Needs fit into a somewhat predictable hierarchy ranging from basic, lower-level needs to higher-level needs:

1) Physiological (lowest)

2) Safety

3) Belongingness or social

4) Esteem

5) Self-actualization (highest and NOT achieved by everyone)

Douglas McGregor (1906-1964) developed the **Theory X and Theory Y** about the assumptions managers make about workers and how these assumptions affect behavior.

a. **Theory X managers** tend to assume that workers are lazy, need to be forced, have little ambition, and are focused on security needs. These managers then treat their subordinates as if these assumptions were true.

b. **Theory Y managers** tend to assume that workers do not inherently dislike work, are capable of self-control, have the capacity to be creative and innovative, and generally have higher-level needs that are often not met on the job. These managers then treat their subordinates as if these assumptions were true..

The Behavioral Science Approach:

It emphasizes scientific research as the basis for developing theories about human behavior in organizations that can be used to develop practical guidelines for managers.

Lesson-10

QUANTITATIVE, CONTEMPORARY AND EMERGING VIEWS OF MANAGEMENT

Quantitative Approach:-

It involves the use of quantitative techniques to improve decision making.

Branches in the Quantitative Management Viewpoint:

1. **Management science / operations research:-**

   It is an approach aimed at increasing decision effectiveness through the use of complicated **mathematical** models and **statistical** methods.

2. **Operations Management:-**

It is the function or field of expertise that is primarily responsible for the **production and delivery** of an organization's products and services.

3. **Management information systems (MIS):-**

It is the name often given to the field of management that focuses on **designing and implementing computer-based information systems** for use by management

Contemporary viewpoints:

This **school of thought** or view point about management includes those major ideas about managing and organizations that have emerged since the 1950s.

The systems theory approach:-

It is based on the idea that organizations can be visualized as systems of interrelated parts or subsystems that operate as a whole in search of common goals.

Contingency Theory:-

It is the view that appropriate managerial action depends on the particular parameters of each situation.

Emerging views:

A. Globalization.:-

Managers in all types and sizes of organizations are faced with the opportunities and challenges of globalization.

B. Entrepreneurship:-

It refers to the process whereby an individual or a group of individuals uses organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness.

C. Managing in an E-Business World:-

1. **E-business** (electronic business)
2. **E-commerce** (electronic commerce)

D. Need for Innovation and Flexibility.

E. Quality Management Systems.

1. **Total quality management:-**

It is a philosophy of management that is driven by customer needs and expectations and focuses on continual improvement in work processes

F. Learning Organizations and Knowledge Management.

1. A **learning organization** is one that has developed the capacity to continuously adapt and change.
2. **Knowledge management** involves cultivating a learning culture where organizational members systematically gather knowledge and share it with others to achieve better performance.

G. Theory Z : William Ouchi's:-

Theory Z combines positive aspects of American and Japanese management into a modified approach aimed at increasing managerial effectiveness.

<u>Lesson-11</u>

SYSTEM'S VIEW OF MANAGEMENT AND ORGANIZATION

System:-

A **system** is a set of organized and co-dependent parts arranged in a manner that produces a unified whole.

Closed systems do not interact with their environment.

Open systems dynamically interact with their environment.

The major components of a system are:

a. Inputs

b. Transformation processes

c. Outputs

d. Feedback

Negative entropy:-

It is the ability of open systems to bring in new energy in the form of inputs and feedback from the environment in order for the organization to delay.

Synergy:-

It is the ability of the whole to equal more than the sum of its parts.

c. The systems viewpoint suggests that managers are likely to be more successful if they attempt to operate their units as open systems rather than as closed system.

Lesson-12

ANALYZING ORGANIZATIONAL ENVIRONMENT AND UNDERSTANDING ORGANIZATIONAL CULTURE

THE ENVIRONMENT:-

It is defined as outside institutions and forces outside the organization that potentially
affect an organization's performance.

<u>Types of Environment</u>:

1) External Environment

2) Internal Environment

<u>External Environment</u>:-

'Major forces outside the organisation with potential to influence significantly a product or
service's likely success is called its external environment.'

<u>Types of external environments</u>:

1) The Mega Environment

2) The Task Environment

<u>The Mega Environment</u>:-

The segment of the **external environment** that reflects the broad conditions and trends in the societies within which an organization operates.

<u>Major Elements of the Mega Environment</u>:-

1.**Technological element**

2. **Economic element**

3. **Legal-political element**

4. **Socio-cultural element**

5. **International element**

The Task Environment:-

The segment of the external environment made up of specific outside elements (usually organizations) with which an organization interfaces in the course of conducting its business.

Elements of the Task Environment:

1. **customers and clients**
2. **competitors**
3. **suppliers**
4. **labor supply**
5. **Government agencies**

THE ORGANIZATION'S CULTURE:

It is a system of shared meaning and beliefs within an organization that determines,

in large degree, how employees act.

Lesson-13

21st Century Management Trends

Classical view:-

Is the view that management's only social responsibility is to maximize profits.

Socioeconomic vew:-

Is the view that management's social responsibility goes well beyond the making of profits to include protecting and improving society's welfare.

Social responsibility:-

Is an obligation, beyond that required by the law and economics, for a firm to pursue long-term goals that are good for society.

Social obligation:-

Is the obligation of business to meet its economice and legal responsibilities.

Social responsiveness:-

Is the capacity of a firm to adapt to changing societal conditions.

Ethics:-

Refers to the rules and principles that define right and wrong conduct.

4 Views of Ethics:-

1. **Utilitarian view**:-

   stated that decisions are made solely On the basis of their outcomes or consequences.

2. **Right view**:-

   It says that ethical decisions are concerned with respecting and protecting individual liberties and privileges such as rights of privacy, freedom etc

3. **Justice view**:-

   stated that decision makers seek to impose and enforce rules fairly and impartially.

3. **Integrative social contracts theory**:-

proposes that ethical decisions should be based on empirical and normative factors.

Code of Ethics:-

Is a formal statement of an organization's primary values and the ethical rules it expects employees to follow.

Entrepreneurship:-

Is the process whereby and individual or a group of indivisuals uses organized effort and means to pursue opportunities to create valur and froe by fulfilling wants and needs through innovation and uniqueness.

E-business(electronic business):-

Is a comprehensive term describing the way an organization does its work by using electronic(internal-based) linkages with its key constituencies (employees, managers, customers, suppliers and partners)in order to efficiently and effectively achieve its goals.

E-commerce(electronic commerce):-

Is any form of business exchange or transaction in which the parties interact electronically.

EU (European Union):-

Is a union of 15 European nations created to eliminate national barriers to travel employment, investment and trade.

NAFTA (North American Free Trade Agreement):-

Is an agreement among the mexican, Canadian, and U>S government in which all barriers to free trade will eventually be eliminated.

ASEAN (Association pf Southeast Asian Nations):-

Is a trading alliance of 10 Asian nations.

SAARC (South Asian Alliance for Regional Cooperation body)

WTO (World Trade Organization):-

Is an international body of which more than 100 countries are members..

PLANNING:-

It is in fact the advance decision making by managers.

Purposes of planning:-

1. Planning gives direction to the organization.
2. Planning reduces the impact of changes.
3. Planning establishes a coordinated effort.
4. Planning reduces uncertainty.
5. Planning reduces overlapping and wasteful activities.
6. Planning establishes objectives or standards.

Decision:-

Is a choice made from two or more alternatives.

Decision making:-

Is defined as a set of different steps that begins with identifying a problem and decision criteria

Is the process through which managers identify organizational problems and attempt to resolve them

Decision makers face three types of problems:-

1. A **crisis problem** is a serious difficulty requiring immediate action.
2. A **non-crisis problem** is an issue that requires resolution, but does not simultaneously have the importance and immediacy characteristics of crises.
3. An **Opportunity problem** is a situation that offers a strong potential for significant organizational gain if appropriate actions are taken.

Models of decision Making:-

1. **Rational Model:-**

   According to rational model of decision making, managers engage in completely rational decision processes, ultimately make optimal decisions, and understand all information relevant to their decisions at the time they make them.

Programmed Decisions:-

Are those made in routine, repetitive, well-structures situations through the use of predetermined decision rules.

Nor programmed Decisions:-

Are those for which predetermined decision rules are impractical because the situations are novel and/ or ill-structured.

Types of problems and decisions:-

1. **Well-structured problems:-**

   Are straight forward, familiar and easily defined. In this situation, a manager can use a **programmed decision**.

   1. Procedure

2. Rule
3. Policy

2. Poorly structures problems:-

Are new and unusual problems in which information is ambiguous or incomplete. In this situation, a manager can user a **non-programmed decision**.

Decision making styles:-

a. Analytic style (High tolerance for ambiguity and ration way of thinking)
b. Directive style (Low tolerance for ambiguity and ration way of thinking)
c. Conceptual style (High tolerance and intuitive way of thinking)
d. Behavioral style (Low tolerance and intuitive way of thinking)

2. Non Rational Model:-

Of managerial decision making suggest that information-gathering and processing limitations make it difficult for managers to make optimal decisions.

Bounded rationality:-

It means that the ability of managers to be perfectly rational in making decision is limited by such factors as cognitive capacity and time constraints.

Incremental Model:-

It holds that managers make the smallest response possible that will reduce the problem to at least a tolerable level.

Garbage-can Model:-

It holds that managers behave in virtually a random pattern in making non-programmed decisions.

Two tactics are available to avoid group-think

a. **Devil's advocates** are individuals who are assigned the role of making sure than the negative aspects of any attractive decision alternatives are considered.
b. **Dialectical inequity** is a procedure in which a decision situation is approached from two apposite points of view.

Descriptive decision-making models:-

Attempt to prescribe how managers actually do make decisions.

Normative decision-making models:-

Attempt to prescribe how managers should process.

Certainty:-

Is a situation in which a manager can make accurate decisions because the outcome of every alternative is known.

Uncertainly:-

Is a condition in which the decision maker chooses a course of action without complete knowledge of the consequences that will follow implementation.

Risk:-

Is the possibility that a chosen action could lead to losses rather than the intended results.

Problem:-

It is defined as a discrepancy between an existing and a desired state of affairs.

Lesson-19

GROUP DECISION MAKING AND CREATIVITY

Group Decision making:-

1. Some **advantages** of group decision making include

    a) Groups bring more **diverse information and knowledge** to bear on the question under consideration.

    b) An increased **number of alternatives can be developed**.

    c) Greater **understanding and acceptance** of the final decision are likely.

    d) Members **develop knowledge and skill** for future use.

2. Group decision making has several **disadvantages** when compared to individual decision making.

    a) Group decision making is **more time consuming.**

    b) Disagreements may **delay decisions** and cause hard feelings.

    c) The discussion may be **dominated** by one or a few group members.

Creativity:-

It is the ability to combine ideas in a unique way or to make unusual associations between ideas.

Innovation:-

It is the process of taking a creative idea and turning it into a useful product, service, or method of operation.

Convergent thinking:-

It is the effort to solve problems by beginning with a problem and attempting to move logically to a solution.

Divergent thinking:-

It is the effort to solve problems by generating new ways of viewing a problem and seeking novel alternatives.

Domain-relevant:-

The skills are those associated with expertise in the relevant field.

Creativity-relevant:-

The skills include a cognitive style, or method of thinking that is oriented to exploring new directions, knowledge of approaches that can be used for generating novel ideas, and a work style that is conducive to developing creative ideas.

Brainstorming:-

It is a means of enhancing creativity that encourages group members to generate as many novel ideas as possible on a given topic without evaluating them.

Nominal Group Technique (NGT):-

It is a means of enhancing creativity and decision making that integrates both individual work and group interaction within certain ground rules.

Other Decision Making Methods

1. Delphi Method:

The Delphi method is a structured approach to gain the judgments of a number of experts on a specific issue relating to the future.

2. Scenario Analysis:

The **Scenario analysis,** developed in France, approach addresses a variety of possible futures by evaluating major environmental variables,

Scenarios:-

Scenarios are outlines of possible future conditions, including possible paths the organization could take that would likely lead to these conditions.

Lesson-20

PLANNING AND DECISION AIDS-I

1. <u>TECHNIQUES FOR ASSESSING THE ENVIRONMENT</u>

Several techniques have been developed to assist managers in assessing the organization's environment.

Environmental scanning:

Environmental scanning is the screening of large amounts of information to anticipate and interpret changes in the environment.

SWOT analysis:

It is an analysis of an organization's strengths, weaknesses, opportunities, and threats.

Competitor intelligence:

It is an environmental scanning activity that seeks to identify who competitors are, what they are doing, and how their actions will affect the organization.

1. There are three categories of forecasting techniques.

a. **Quantitative forecasting --** applies a set of mathematical rules to a series of past data to predict outcomes.

b. **Qualitative forecasting --**uses the judgment and opinions of knowledgeable individuals to predict outcomes.

c. **Judgmental forecasting**

Forecasting:

Forecasting is the process of predicting changing conditions and future events that may significantly affect the business of an organization.

Methods of Forecasting

A. Quantitative forecasting:-

It relies on numerical data and mathematical model to predict future conditions.

There are two types of quantitative forecasting most frequently used.

1. **Time-series methods** used historical data to develop forecasts of the future.
2. **Explanatory** or **causal models** attempt to identify the major variables that are related to or have caused particular past conditions and then use current measures of those variables (predictors) to predict future conditions.

B. Technological, or **Qualitative, Forecasting:-**

It is aimed primarily at predicting long-term trends in technology and other important aspects of the environment.

C. Judgmental Forecasting:-

It relies mainly on individual judgments or committee agreements regarding future conditions.

1. **Quantitative forecasting** methods:

a. have a short-to-medium time horizon

b. require a short period of time if a method is developed

c. often have high development costs

d. are high in accuracy in identifying patterns

e. are low in accuracy in predicting turning points for time series, but medium for other methods.

f. Are difficult to understand

2. **Technological forecasting** methods:

a. have a medium-to-long time horizon

b. require a medium-to-long time

c. have medium development costs

d. are of medium accuracy in identifying patterns

e. are of medium accuracy in predicting turning points

f. are easily understood.

3. **Judgmental forecasting** methods:

a. have a short-to-long time horizon

b. require a short time

c. have low development costs

d. are of medium-to-high accuracy in identifying patterns

e. are of low accuracy in predicting turning points

f. are easily understood

Benchmarking:-

It is the search for the best practices among competitors or no competitors that lead to their superior performance.

Lesson-20

PLANNING AND DECISION AIDS-I

Explanatory or **causal models** attempt to identify the major variables that are related to or have caused particular past conditions and then use current measures of those variables (predictors) to predict future conditions.

Regression model:-

Are equations that express the fluctuations in the variable being forecasted in terms of fluctuations among one or more other variables.

Econometric models:-

Are systems of simultaneous multiple regression equations involving several predictor variables used to identify and measure relationships or interrelationships that exist in the economy.

Leading indicators:-

Are variables that tend to be correlate with the phenomenon of major interest but also tend to occur in advance of the phenomenon.

Sales-force composite is a means of forecasting that is used mainly to predict future sales and typically involves obtaining the views of various salespeople, sales managers, and/or distributors regarding the sales outlook

The choice of which forecasting method to use depends upon the needs within particular forecasting situations.

Lesson-22

PLANNING: FUNCTIONS & BENEFITS

Planning involves defining the organization's goals, establishing an overall strategy for achieving thesegoals, and developing a comprehensive set of plans to integrate and coordinate organizational work.

Purposes of Planning:-

Planning is important and serves many significant purposes.

1. Planning gives direction to the organization.
2. Planning reduces the impact of change.
3. Planning establishes a coordinated effort.
4. Planning reduces uncertainty.
5. Planning reduces overlapping and wasteful activities.
6. Planning establishes objectives or standards that are used in controlling.

The Role of Goals and Plans in Planning:-

Goals—desired outcomes for individuals, groups, or entire organizations.

1) **Stated goals** are official statements of what an organization says, and what it wants its various stakeholders to believe, its goals are.
2) **Real goals** are those that an organization actually purses.

1. **Strategic goals** are broadly defined targets or future end results set by top management.
2. **Tactical goals** are the targets or future end results usually set by middle management for specific departments or units.
3. **Operational goals** are those targets or future end results set by lower management that address specific, measurable outcomes required from the lower levels.

1. **Strategic plans** are detailed action steps mapped out to reach strategic goals.
2. **Tactical plans** are the means charted to support implementation of the strategic plan and achievement of tactical goals.

3. **Operational plans** are the means devised to support implementation of tactical plans and achievement of operational goals.

A **program** is a comprehensive plan that coordinates a complex set of activities related to a major non-recurring goal.

A **project** is a plan that coordinates a set of limited-scope activities that do not need to be divided into several major projects in order to reach a major non-recurring goal. Programs are broader than projects.

Standing plans are plans that provide ongoing guidance for performing recurring activities.

A **policy** is a general guide that specifies the broad parameters within which organization members are expected to operate in pursuit of organizational goals.

A **procedure** is a prescribed series of related steps to be taken under certain recurring circumstances.