

PLANNING, DECISION MAKING & ORGANISING

PLANNING

Importance of Planning

- Planning clarifies the objectives of the organization
- Planning economizes operations
- Planning precedes control
- Planning provides for the future
- Planning increases the efficiency of all managerial functions

Limitations of Planning

- Planning premises may be wrong
- Rapidity of change
- Time and cost constraints
- Planning may limit new ideas
- Capital investment constraint
- Lack of control over external factors

Components of Planning

- Policy
- Procedures
- Strategy

DECISION MAKING

Process of Decision Making

- Identification of Decision
- Collection of Information
- Identification of Alternatives
- Evaluation of Alternatives
- Selection of Alternative
- Implementation of Decision
- Review of Decision

Errors in Decision Making

- Indecisiveness
- Postponing the decision until the last moment
- A failure to isolate the root cause of the problem
- A failure to assess the reliability of informational sources
- The method for analysing the information may not be the sound one
- Lack of Proper review system

ORGANISING

Important Steps in Organizing

- One can enumerate the important steps in organizing as:
 - Enumeration and grouping of activities of the enterprise consistent with its objectives
 - Assignment of activities to different executives
 - Delegation of authority and placing of responsibility for carrying out the assigned duties
 - Making provision for effective coordination between employees and establishment of definite lines of supervision

Benefits of Organizing

- Facilitating management
- Encouraging growth
- Optimum use of technological improvement
- Facilitating a humane work environment
- Stimulating creativity
- Coordination and control

Types of Organizations

- Closed Systems
- Open Systems

Types of Organisational Structures

- Machine bureaucracy (standardized structure)
- Professional bureaucracy
- Adhocracy or innovative forms
- Simple or entrepreneurial forms
- Divisional forms

Modern Types of Organisational Structures

- Functional structure
- Divisional structure
- Hybrid structure
- Matrix structure

Developing an Organization Structure or Design

- Clearly define the objectives
- Identify the activities and group them into convenient classes
- Determine the structure
- Revise the system

Principles of Departmentation

- Specialization
- Control
- Coordination
- Balance
- Duplication of sections
- Reduction of cost

Patterns Used in Departmentation

- Departmentation by functions
- *Departmentation by locations or territories*
- Departmentation by customers