

Foundations of Planning



Begin with the end in mind

If you don't know where you are going, any road will take you there.



OUR PLANS WILL.....

Set standards/goals
by which to monitor progress

Provides direction to everyone
for a coordinated effort

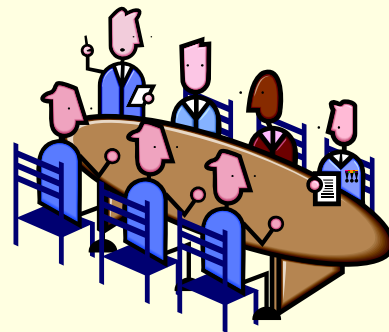
Reduce overlapping, wasteful
efforts

BUT OUR PLANS COULD.....

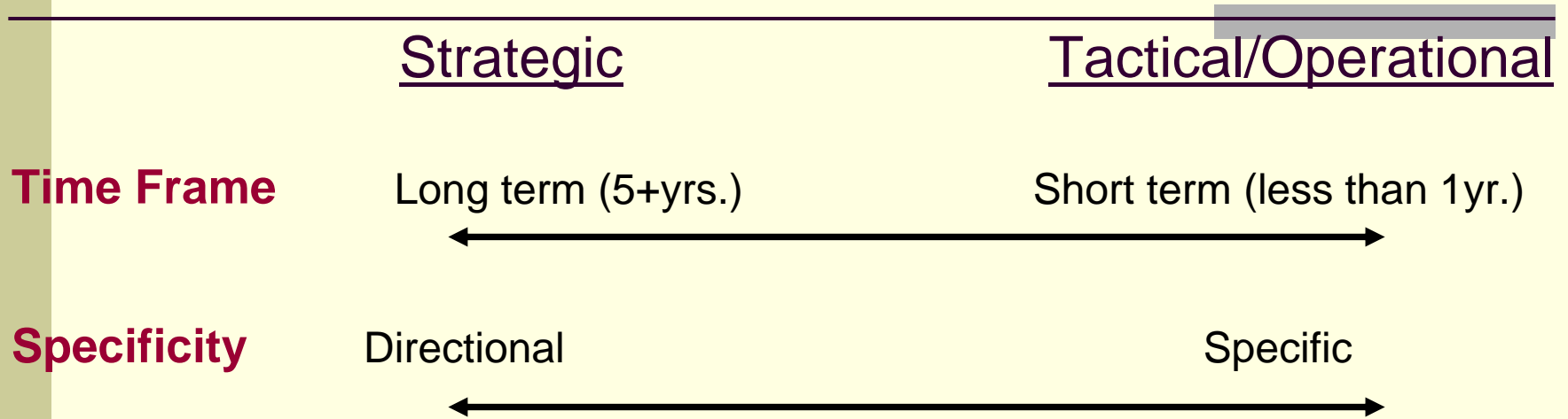
Cause rigidity of action?

Become outdated if the
environment alters?

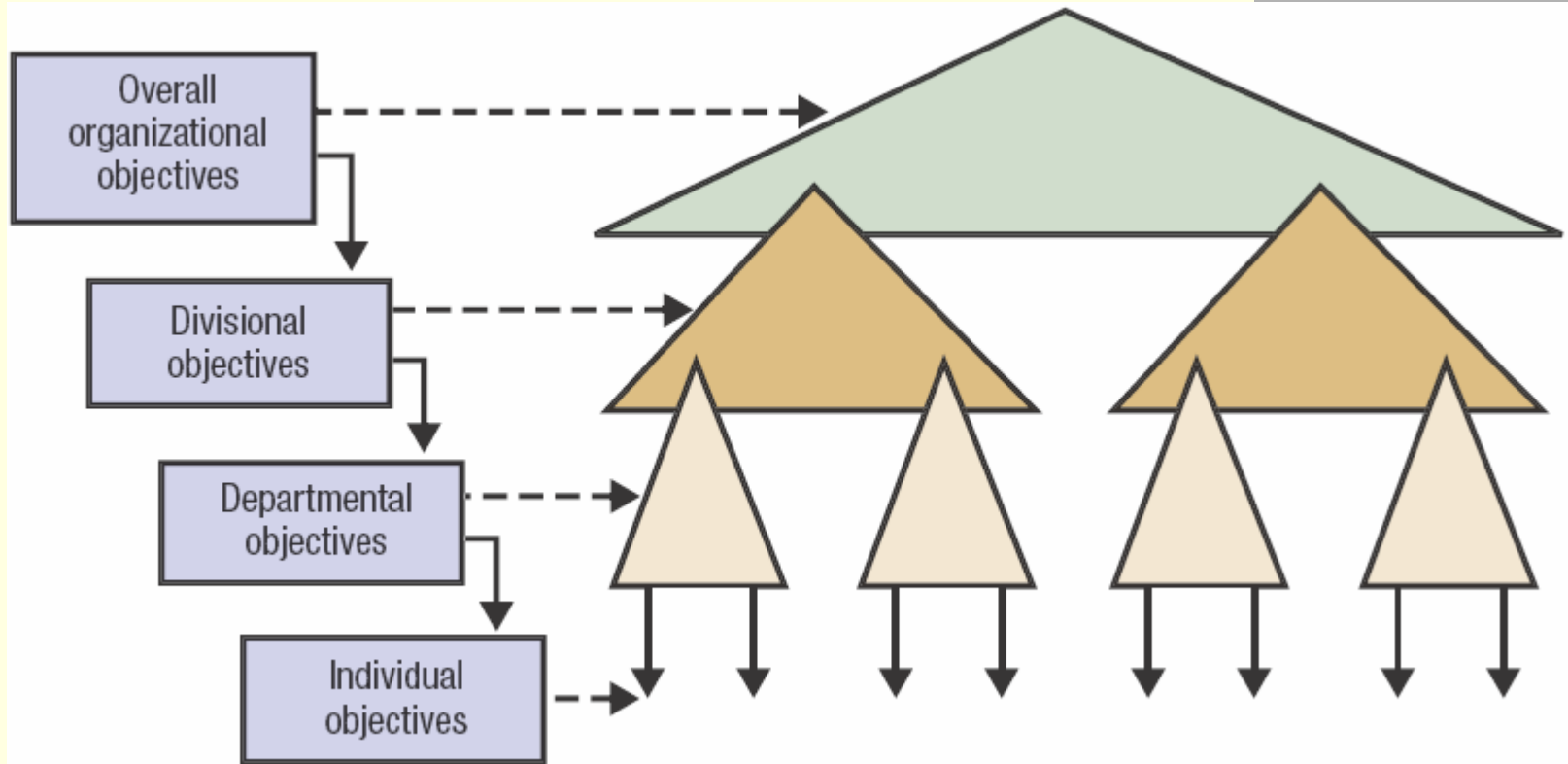
Prevent us from relying on
our own creativity and
intuition?



Types of Plans



Cascading of Objectives



The “trickle down” of HP’s goals



The “trickle down” of Starbucks goals



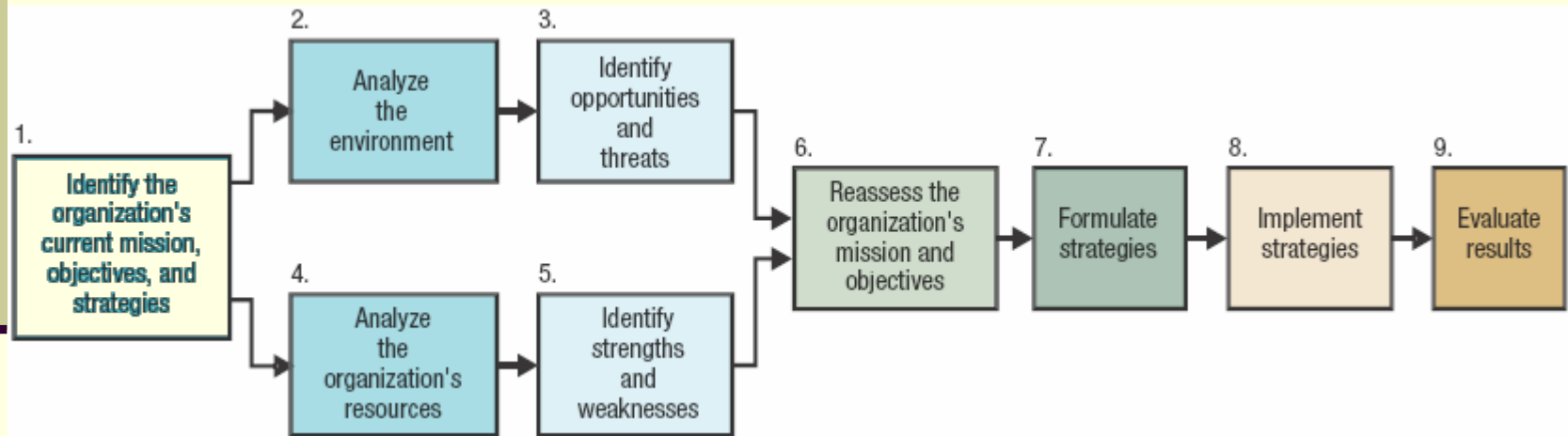
MBO (Management by Objectives)

Now let me think....
How do I Set Employee
Objectives, what are
the specific steps in
MBO again?



Strategic Management

- Strategic Management Process
 - A process that involves strategic planning, implementation, and evaluation



An Organization's Environment

What's the labor supply?

Is the dollar strong or weak?

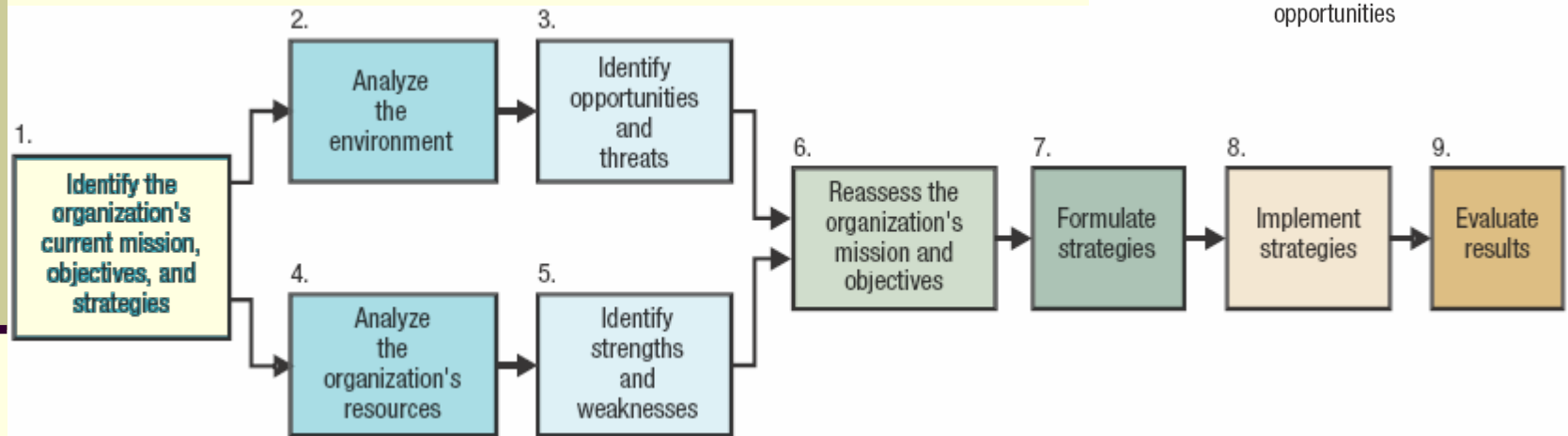
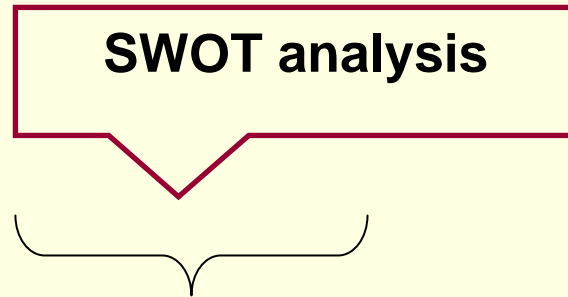
Is there a supplier we can count on?

What's going on with that Federal legislation on trade?

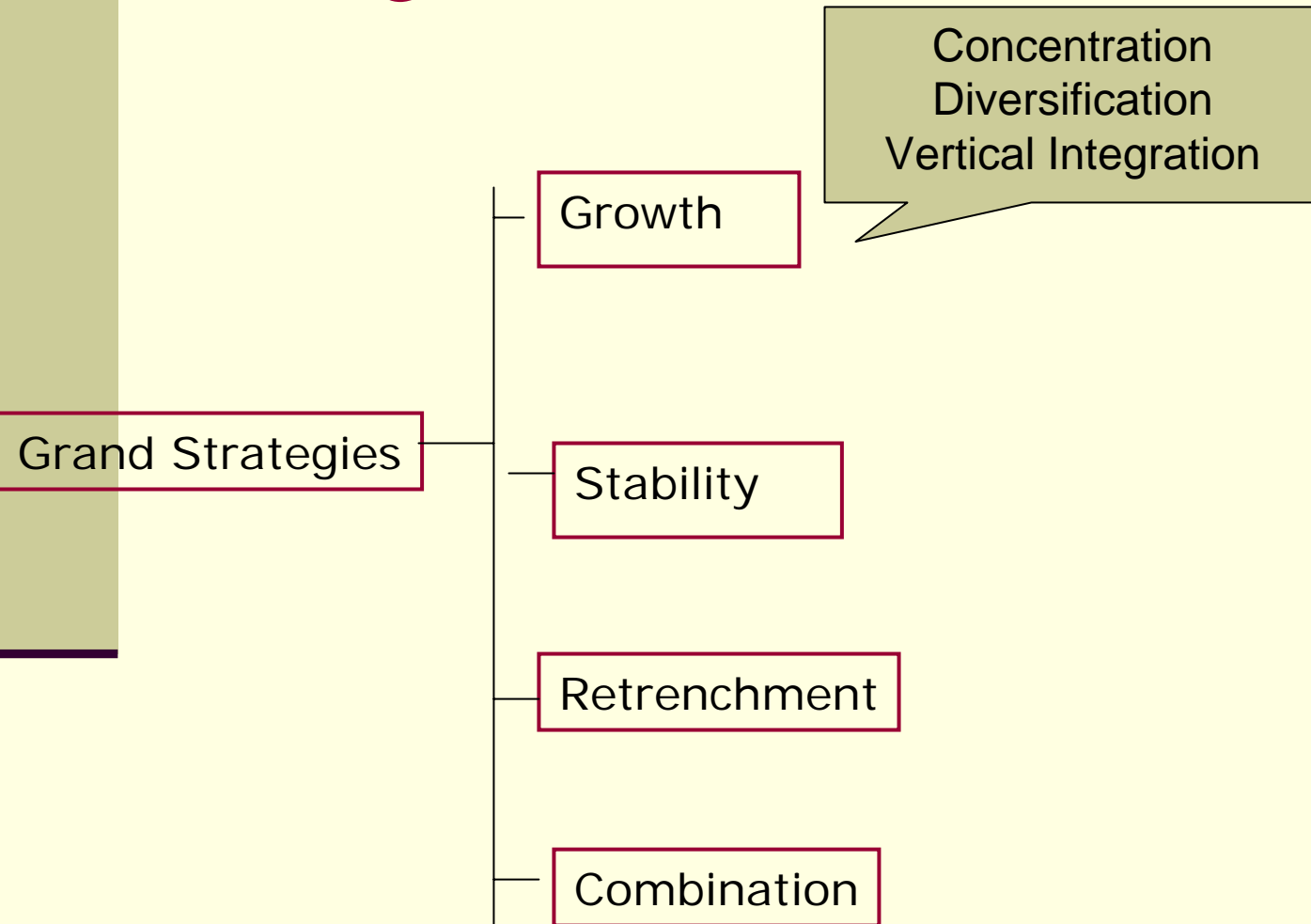
What do our customers want these days?.....



Strategic Management



Formulating Corporate-level strategies



Growth Strategy - seeking to increase an org's. level of operations

- What can a company do if it wishes to grow?

You are the owner of a small pet store that caters to suburban families. You wish it to grow. What are some ways you could accomplish this?



Growth Strategy

1. CONCENTRATION

- **Market penetration:** same product to same market/customer

Offer promotion, advertising, free pet food w/ purchase.....

- **Market development:** same product to new market(s)

Open store in downtown area, college campuses

- **Product development:** new product to same market/customer

Offer new line of tropical fish, or line of pet clothing

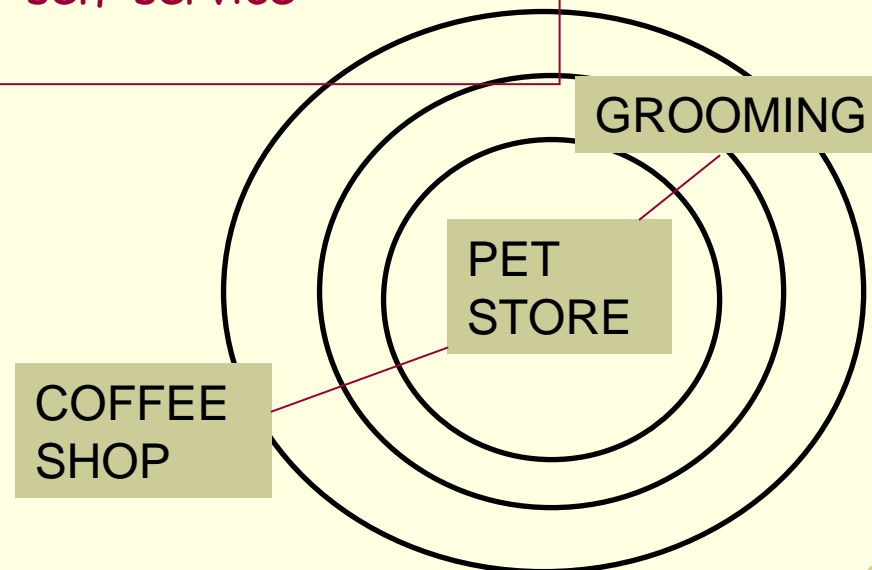


Growth Strategy

2. DIVERSIFICATION = growth through **new products** in **new markets**

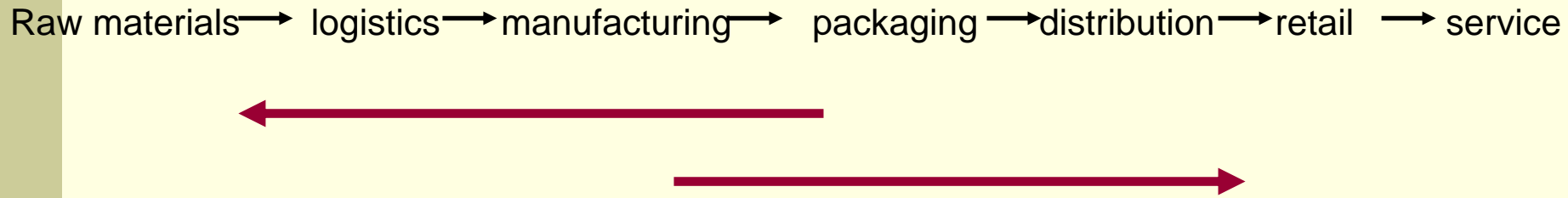
Expand into Veterinarian or Grooming Services

Open a coffee stand or self-service laundry next door



Growth Strategy

3. **VERTICAL INTEGRATION** = growth through taking over some additional piece of a firm's value chain



Competitive Strategies

- Strategies that position an organization in such a way that it will have a distinct advantage over its competition:
 - **Cost-leadership strategy**
 - Becoming the lowest-cost producer in an industry.
 - **Differentiation strategy**
 - Attempting to be unique in an industry within a broad market.
 - **Focus strategy**
 - Attempting to establish an advantage (such as cost or differentiation) in a narrow market segment.

