FBB1213● Introduction to Business (Foundation in Business / IT - Semester 1)

Chapter 4
Planning and Managing Business

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Always remember „RAP"- Respect, Attitude, Performance

Topics to be discussed… (Including our Thoughts, Opinion & Research)

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• Planning, Importance of planning

• Business Plan

• Types of plans

• Planning Process

• Factors of effective planning

• Strategy and Strategic planning method – SWOT Analysis

• Communication

• Communication Models

• Importance of Communication

• Types of Communications

• Barrier to Communication

Planning

- Planning is the first function or the primary function of management.

- Planning is a management process of determining what an organization needs to do and how best to get it done.

- Planning is looking ahead. Planning helps in forecasting the future, makes the future visible to some extent.

- It bridges between where we are and where we want to go.

- Planning is important to ensure that everyone is clear of what to accomplish.

- Planning helps organization to adjust towards the environment.

- Planning is being proactive rather than reactive which can increase organization's survival rate.

Importance of planning

• Planning is the management process of determining what an organization needs to do and how best to get it done.

• Planning provides the direction and opportunity to analyze alternative courses of action and reduces uncertainties.

• Planning has three components:-

i.Determine the firm's goals.

ii.Develop a comprehensive strategy for achieving those goals.

iii.Design tactical and operational plans for implementing the strategy.

Business plan

- A business plan is a **formal statement of a set of business goals**, the reasons why they are believed attainable, and the plan for reaching those goals.
- Business plans may be internally or externally focused.
- Business plans are decision-making tools.

The sample structure of a Business Plan

- Executive Summary

- Business Description

- Plan of Operations

- Management Team

- Industry Analysis

- Competitor Analysis

- Marketing Plan

- Financial Plan

- Conclusion
- Glossary of Business
- Appendix
- References - List all your references
Terms

Types of Plans

a) **Strategic Plans**

- Plans that apply to the entire organization purpose / direction

- Strategic plans are made by the top management for the whole organization

- Strategic plans are usually done for 5 years and above

- Manager has to come out with strategic goals which are long term, organization wide goals set by top management when doing strategic planning

b) **Tactical Plans**

- Plans done by middle level management

- Tactical plans are done for a period of 1 – 5 years span

- Plans that basically focus on the problems of resources allocation

- Manager has to come out with tactical objectives which are short term goals set by middle management that has to be achieved in order to reach top management's strategic goals

Types of Plans

c) **Operational Plans**

- Plans developed by first line managers in support of tactical plans

- It is the first line manager's tools for executing daily, weekly and monthly activities

- Operational plans has 2 major categories:-

- *Single Use Plan*

- Plan made for a one time activity where an activity that does not occur again

- Once the activity is completed, the plan is no longer needed

- *Standing Plan*

- Plans that specifies how to handle continuing or recurring activities

- Once the plan is made, it is useful over many years

- For example: policies, procedures and rules

Planning Process

Step 1 : Set Objectives

• Establish the objectives and targets while taking into consideration of the mission, strategic plans / goals, environment and availability of resources

Step 2 : Analyze & Evaluate the environment

• Once the objectives are established, manager must analyze their current situations and environment (internal & external) to determine what resources are available

Step 3 : Identify Alternatives

• List or identify as many alternatives as possible to reach the goals

Step 4 : Evaluate the alternatives

• Evaluate all the alternatives to determine which one or combination of alternatives is the most effective and efficient to achieve the goals / objectives

• For each alternative, manager will look at the advantages & disadvantages

Planning Process

Step 5 : Select the best solution

• Select the course of action / alternative that gives the most advantages and fewest serious disadvantages and is within the resources available and time limit

Step 6 : Implementing the plan

• Determine who will be involved, what resources will be needed, how the plan will be evaluated and how reporting will be handed

Step 7 : Controlling & Evaluating the results

• Monitor to ensure the plan is going according to expectations and make necessary adjustment, if needed

Ways to make plans effective

1. Clearly define the mission of organization with detailed time frame and strategies

2. Organization needs to emphasis the importance of planning and to eliminate fear of change

3. Ensure there is effective communication and information flow so that there is transparency and therefore able to get cooperation from employees

4. Obtain commitment and support from top management

5. Encourage employees at all levels to provide feedback and suggestions for planning to obtain their commitment

6. Develop contingency plans and strategies

7. Must acquire facts and information that are as current and reliable as possible to be accurate in planning

8. Practice Management by Objective (MBO) which is a technique that emphasize collaboration objective setting by managers and subordinates

Strategy

• **Strategy** is the direction and scope of an organisation over the long-term, which

achieves advantage for the organisation through its configuration of resources

within a challenging environment, to meet the needs of markets and to fulfill

stakeholder expectations.

Strategic planning method SWOT Analysis

- **SWOT-------**   **S**trengths

    Weaknesses

    Opportunities

    Threats

- **SWOT analysis** is a strategic planning method used to evaluate the **S**trengths,

Weaknesses, **O**pportunities, and **T**hreats involved in a project or in a business.

Communications

• Communication is defined as, "It is a transfer of information from one communicator to another through the use of symbols".

• The parties involve in the communication is Sender and Receiver.

• Communication is the activity of conveying meaningful information.

• Communication requires a sender, a message, and an intended recipient, although the receiver need not be present or aware of the sender's intent to communicate at the time of communication; thus communication can occur across vast distances in time and space.

• Communication requires that the communicating parties share an area of communicative commonality.

• The communication process is complete once the receiver has understood the message of the sender.
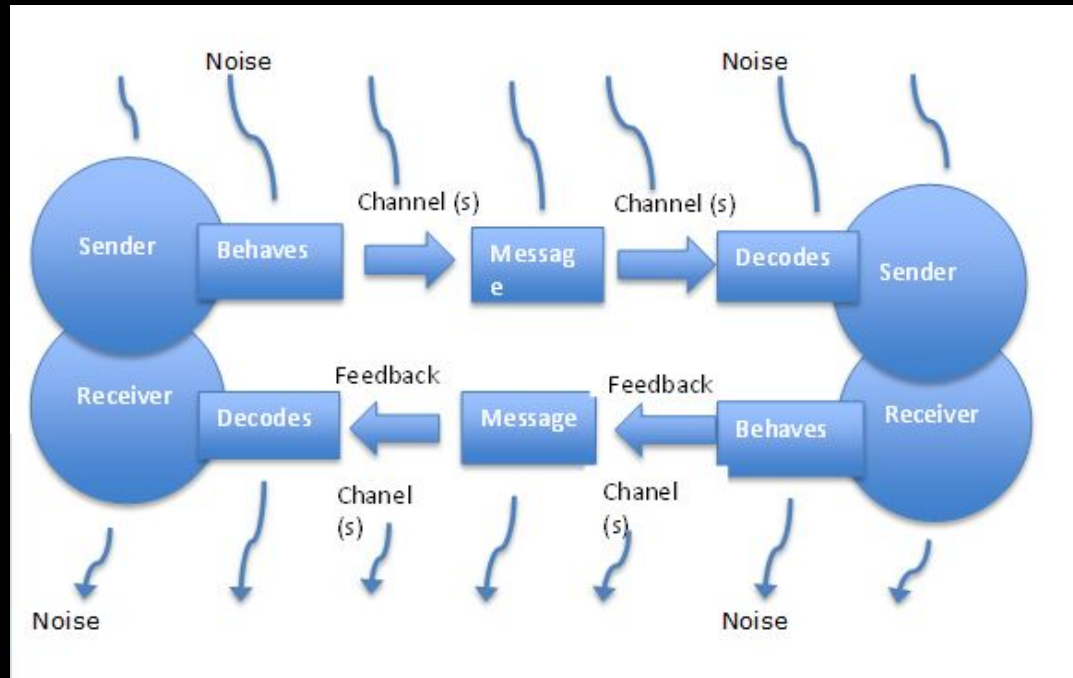
Communications Model
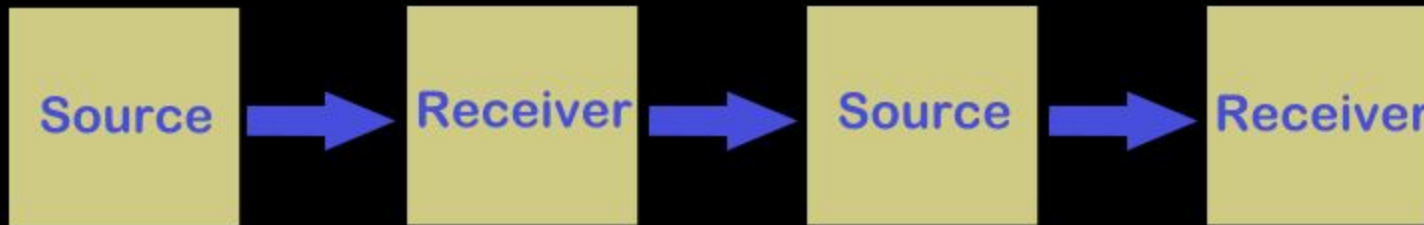
1. Information

2. Sender

3. Transmitting the information

4. Noises or disturbance

5. Receiver

6. Feedback from receiver

SMCR Model of Communication
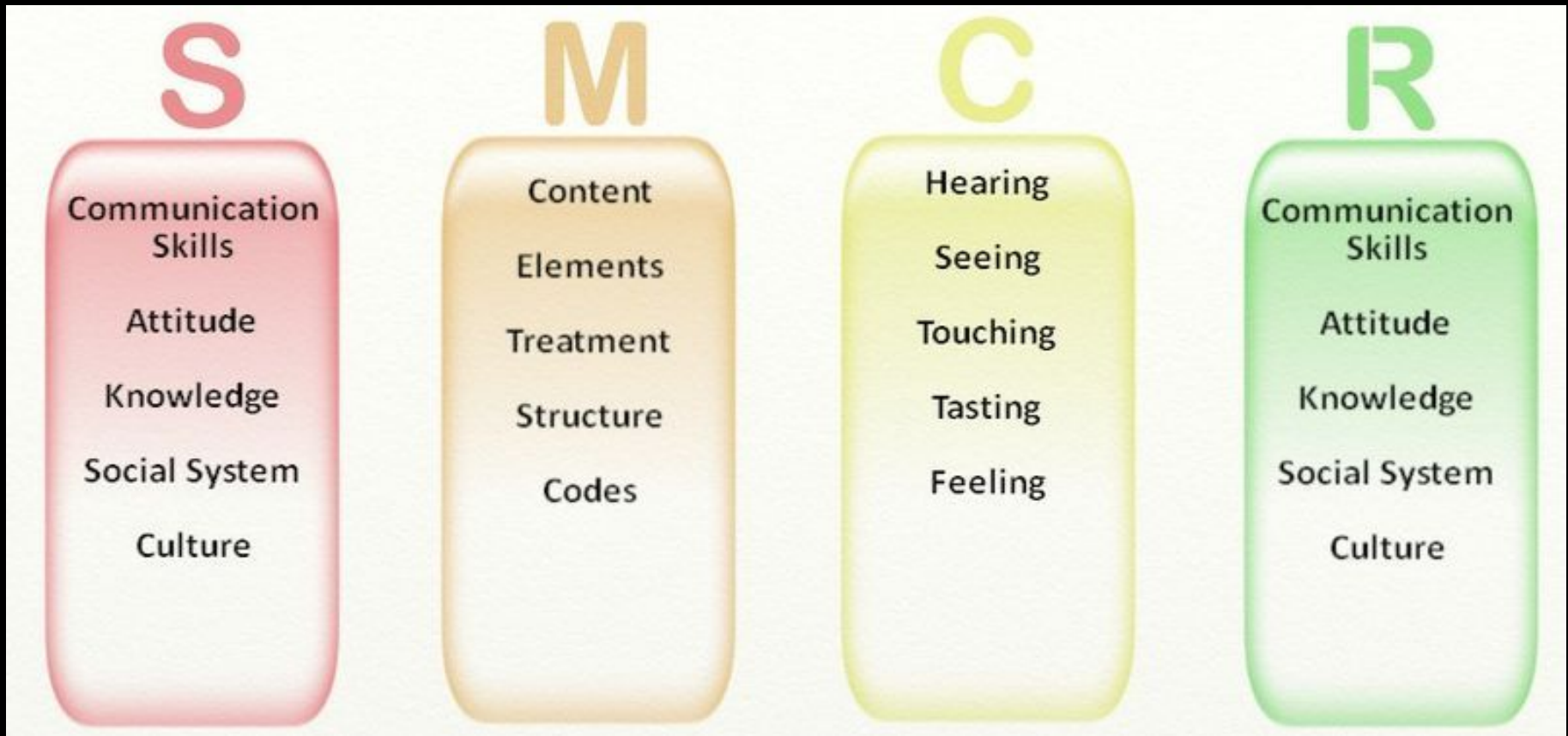
The Interactive Model

Thought: First, information exists in the mind of the sender. This can be a concept, idea, information, or feelings.

Encoding: Next, a message is sent to a receiver in words or other symbols.

Decoding: Lastly, the receiver translates the words or symbols into a concept or information that he or she can understand.

Importance of Communications

- Communication is important to influence people to put effort to do work effectively.

- It helps employees and customers to transfer their emotions or feelings.

- For information to be transferred, communication is important.

- To ensure consistent controlling, information is required.

Types of Communications

Communication can be categorized into different type of depending upon the level at which it takes place.

1. Personal communication and business communication

2. Internal communication and external communication

3. Upward communication and downward communication

4. Formal communication and informal communication

5. Verbal and Nonverbal communication

6. Mass communication

7. Global communication

8. Lateral communication

9. Interactive communication

10. Social communication

Nonverbal Behaviours of Communication

Eye contact: This helps to regulate the flow of communication. It signals interest in others and increases the speaker's credibility. People who make eye contact open the flow of communication and convey interest, concern, warmth, and credibility.

Facial Expressions: Smiling is a powerful cue that transmits happiness, friendliness, warmth, and liking. So, if you smile frequently you will be perceived as more likable, friendly, warm and approachable. Smiling is often contagious and people will react favourably. They will be more comfortable around you and will want to listen more.

Gestures: If you fail to gesture while speaking you may be perceived as boring and stiff. A lively speaking style captures the listener's attention, makes the conversation more interesting, and facilitates understanding.
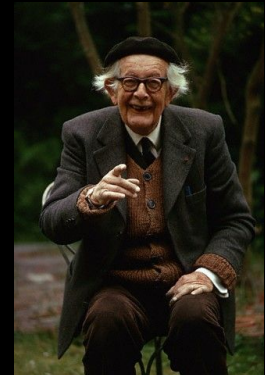
Nonverbal Behaviours of Communication

Posture and body orientation: You communicate numerous messages by the way you talk and move. Standing erect and leaning forward communicates to listeners that you are approachable, receptive and friendly. Interpersonal closeness results when you and the listener face each other. Speaking with your back turned or looking at the floor or ceiling should be avoided as it communicates disinterest.

Proximity: Cultural norms dictate a comfortable distance for interaction with others. You should look for signals of discomfort caused by invading the other person's space. Some of these are: rocking, leg swinging, tapping, and gaze aversion.

Vocal: Speaking can signal nonverbal communication when you include such vocal elements as: tone, pitch, rhythm, timbre, loudness, and inflection. For maximum teaching effectiveness, learn to vary these six elements of your voice. One of the major criticisms of many speakers is that they speak in a monotone voice. Listeners perceive this type of speaker as boring and dull.

Barriers to Communication

Culture, background, and bias — We allow our past experiences to change the meaning of the message. Our culture, background, and bias can be good as they allow us to use our past experiences to understand something new, it is when they change the meaning of the message that they interfere with the communication process.

Noise — Equipment or environmental noise impedes clear communication. The sender and the receiver must both be able to concentrate on the messages being sent to each other.

Ourselves — Focusing on ourselves, rather than the other person can lead to confusion and conflict. The "Me Generation" is out when it comes to effective communication. Some of the factors that cause this are defensiveness (we feel someone is attacking us), superiority (we feel we know more that the other), and ego (we feel we are the center of the activity).

Perception — If we feel the person is talking too fast, not fluently, does not articulate clearly, etc., we may dismiss the person. Also our preconceived attitudes affect our ability to listen. We listen uncritically to persons of high status and dismiss those of low status.

Barriers to Communication

Message — Distractions happen when we focus on the facts rather than the idea. Our educational institutions reinforce this with tests and questions. Semantic distractions occur when a word is used differently than you prefer. For example, the word chairman instead of chairperson, may cause you to focus on the word and not the message.

Environmental — Bright lights, an attractive person, unusual sights, or any other stimulus provides a potential distraction.

Smothering — We take it for granted that the impulse to send useful information is automatic. Not true! Too often we believe that certain information has no value to others or they are already aware of the facts.

Stress — People do not see things the same way when under stress. What we see and believe at a given moment is influenced by our psychological frames of references — our beliefs, values, knowledge, experiences, and goals.

Speaking Hints

- When speaking or trying to explain something, ask the listeners if they are following you.

- Ensure the receiver has a chance to comment or ask questions.

- Try to put yourself in the other person's shoes — consider the feelings of the receiver.

- Do not be vague, but on the other hand, do not complicate what you are saying with too much detail.

- Make sure your words match your tone and body language (nonverbal behaviours).

- Be clear about what you say.

- Look at the receiver.

- Vary your tone and pace.

- Do not ignore signs of confusion.

Think & React

"He who fails to plan, plans to fail"- proverb

"Well planned is half done"- proverb

COMMUNICATION
The only thing that keeps you from losing the slight amount of job satisfaction you do have is the fact that you don't really know what is going on.

Think & React

"Planning is bringing the future into the present so that you can do something about it now"- Alan Lakein

"There is always a better strategy than the one you have; you just haven't thought of it yet"- Sir Brian Pitman