

**DEPARTMENT OF BUSINESS ADMINISTRATION
PLANNER**

BUS 440 Strategic Management

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"IT IS CRITICAL THAT YOU UNDERSTAND YOUR MARKET. IF YOU DON'T, IT WILL BE DIFFICULT, IF NOT IMPOSSIBLE, TO DEFINE A MISSION, MUCH LESS DEVELOP GOALS AND STRATEGIES THAT WILL LEAD TO ANY MEANINGFUL RESULTS."

BUSINESS PLANNING. In most organizations, the planning process consists of STRATEGIC and OPERATIONAL planning.

Strategic planning is usually defined as long-range planning (strategic plans tend to vary, but many range from one to five years) and is normally initiated by top- and mid-level managers or team leaders within the organization.

Strategic plans are also very broad based, are derived from the company's MISSION statement, and usually impact on all operating units within the organization.

Operational planning is usually defined as short-range planning and normally ranges between a few months to a year. From the company's long-range strategic plans, operational GOALS are usually established for each operating unit within the organization. Goals established for operating units are then usually broken down to specific OBJECTIVES.

Objectives are subcomponents of goals and are usually accomplished by employee groups/teams or individuals within each of the company's operating units.

The following diagram will be helpful in understanding the dynamics of the strategic planning process.

STATEMENT OF THE BUSINESS MISSION

Broad but brief statement of what the business is about. The philosophy of the business owner, the products and services the business offers, and the market and customers the business will serve.

STRATEGIC PLANS: A general long-range blueprint or road map that shows how the company will accomplish its BUSINESS MISSION.

GOALS: Established from the company's STRATEGIC PLANS. Usually a series of broad operational goals that are set for each operating unit within the company.

OBJECTIVES: Established from each operating unit's GOALS. Specific operational objectives are usually established for employee groups/teams or individuals within each of the company's operating units.

OPERATIONAL PLANNING: Operational planning is normally defined as short-term planning and is usually conducted within the context of the company's strategic plan. Thus, as a result of the strategic planning process, broad goals are being established for each of the key operating units within the company. Operational planning is usually conducted by first-level leaders of units within the organization. The leaders of each unit begin the process of operational planning by dividing those broad goals into smaller component parts, commonly referred to as OBJECTIVES. Within the context of the operational planning process, objectives are usually referred to as subcomponents of goals and have some common characteristics. Objectives need to be specific; employees need to know exactly WHAT they are expected to accomplish. Objectives need to be timely; employees need to know exactly WHEN they are expected to accomplish their objectives. Objectives need to be measurable; employees need to know that their performance on objectives will be monitored and MEASURED.

OBJECTIVES: Must be specific. Must be timely. Must be measurable.

- - - Applying the Planning Function - - -

A CASE EXAMPLE: It is critically important that organizations routinely conduct a formal and informal environmental analysis of trends in their industry. This analysis means regular monitoring, to include reviewing trade/business publications, interviewing professionals and customers, attending industry conventions/trade shows, and other data gathering. As a result of monitoring industry trends, let's assume that the company has identified a new business opportunity. After consultation with key stakeholders and constituencies and as a result of a SWOT analysis, the company has concluded that this new business opportunity fits well within the company's MISSION. However, to take advantage of this new business opportunity, the company will have to expand its product base. After careful study, the conclusion is reached that it will take three years for the company to design, engineer, manufacture, and market this new medical device

to potential customers in its industry. This study will require the development of a STRATEGIC PLAN. A strategic plan is essentially an internal road map pointing out how and when the organization will capitalize on this business opportunity. Actual implementation of the strategic plan will require that operating units within the company be assigned a series of operational GOALS that specify the responsibility of each department/unit in terms of its role within the context of the strategic plan. In this planning example, several key operating units within the company (design, engineering, manufacturing, marketing, and accounting/finance) will be impacted by the decision to pursue this new business opportunity. Individuals or teams within each operating unit will be assigned OBJECTIVES that are tied to the operating units' GOALS. Careful and consistent monitoring and measuring of progress toward accomplishing unit GOALS and individual/team OBJECTIVES is imperative. **SUCCESSFUL PLANNING WORKS BY TEACHING THE GOALS THROUGH THE ACCOMPLISHMENT OF OBJECTIVES.**

LEARNING ACTIVITY: In the space below, indicate why you agree with the following statement: "ALL ACTIVITIES OF AN ORGANIZATION MUST BE 'TESTED' AGAINST THE BENCHMARK OF WHETHER OR NOT THEY SUPPORT THE COMPANY MISSION." _____

Please write your answer to the following questions:

1. In the preceding case example, if the new business opportunity was not consistent with the MISSION of the company, what problems can you foresee? _____
2. Write an example of a company MISSION. _____
3. How should that MISSION be supported? _____
4. Explain the difference between STRATEGIC and OPERATIONAL planning. _____
5. Explain the difference between GOALS and OBJECTIVES. _____
6. List the major components of an OBJECTIVE. _____