

**PLANNING PROCESS AND GOAL LEVELS**

**The overall planning process**

- A. **Planning** is a two-part function—setting goals and determining how to try to achieve the goals.
  - 1. A **goal** (often used interchangeably with “objective”) is a future target or end result that an organization wishes to achieve.
  - 2. A **plan** is the means devised for attempting to reach a goal.
  
- B. An organization’s **mission** is the organization’s purpose or fundamental reason for existence.
  - 1. A **mission statement** is a broad declaration of the basic, unique purpose and scope of operations that distinguishes the organization from others of this type.
  - 2. A mission statement serves a variety of purposes.
    - a. For managers, a mission statement can be a benchmark against which to evaluate success.
    - b. For employees, mission statements define a common purpose, nurture organizational loyalty, and help foster a sense of community among members.
    - c. For external groups, mission statements help provide unique insights into an organization’s values and future directions.
  - 3. The mission statement typically defines the organization in terms of the important attributes of the organization. Answers to many of these questions are answered using information and processes described in the two previous chapters in the text.
    - a. Customers: Who are the organization’s customers?
    - b. Products or services: What are the organization’s major products or services?
    - c. Location: Where does the organization compete?
    - d. Technology: What is the firms’ basic technology?
    - e. Philosophy: What are the basic beliefs, values, aspirations, and philosophical priorities of the organization?
    - f. Self-concept: What are the organization’s major strengths and competitive advantages?
    - g. Concern for public image: what are the organization’s public responsibilities and what image is desired?
    - h. Concern for employees: What is the organization’s attitude toward its employees?

**Types of Plans**

Plans can be described by their breadth, time frame, specificity, and frequency of use.

- a. Breadth: strategic versus operational plans. **Strategic plans** are those that are organization wide, establish overall objectives, and position an organization in terms of its environment. **Operational plans** are plans that specify details on how overall objectives are to be achieved.
- b. Time frame: short-term versus long-term plans. **Short-term plans** are plans that cover one year or less. **Long-term plans** are those that extend beyond three years.

- c. Specificity: specific versus directional plans. **Specific plans** are those that are clearly defined and leave no room for interpretation. **Directional plans** are flexible plans that set out general guidelines.

### The Nature of organizational Goals

- A. The use of goals has several benefits.
1. **Performance** can be improved.
  2. **Expectations** can be improved.
  3. The **Controlling function** can be facilitated so that progress can be assessed and corrective action taken.
  4. Meeting goals can increase **motivation**.
- B. The three levels of goals within an organization form a hierarchy of goals, with lower-level goals forming a mean-end chain with the next level of goals.
4. **Strategic goals** are broadly defined targets or future end results set by top management.
  5. **Tactical goals** are the targets or future end results usually set by middle management for specific departments or units.
  6. **Operational goals** are those targets or future end results set by lower management that address specific, measurable outcomes required from the lower levels.

### How Goals Facilitate Performance

The content of goals should meet five criteria.

1. **Challenging** goals usually lead to higher performance from individuals and groups.
2. **Attainable** goals, not impossible demands, are more likely to improve performance.
3. **Specific and measurable** goals are needed so that it is clear when they have been achieved.
4. **Time-limited** goals give them meaning.
5. **Relevant** goals enable employees to see the purpose of the goals and to devise ways of meeting them.
6. **Measurable** means the performance and targets can be measured after an interval of time.

**Goal commitment** is one's attachment to, or determination to reach, a goal. Without commitment goals have little impact on performance. Managers can help foster commitments in a number of ways.

1. **Supervisory authority** should serve to motivate employees to meet their goals.
2. **Peer and group pressure** may serve as motivation.
3. **Expectations of success** can be improved by managerial coaching and instruction.
4. **Incentives** are offered during the goal-setting process; rewards occur upon goal achievement.
5. **Participation** in the goal setting process may be effective in engendering goals commitment.

Work behavior may be affected by four factors influenced by goals content and goal commitment.

1. Goals provide **Direction** by channeling attention and action toward

- activities related to those goals, rather than to other activities.
- 2. Goals to which we are **committed** boost effort by mobilizing energy.
- 3. **Persistence** involves maintaining direction and effort on behalf of a goal until it is reached.
- 4. Goal setting leads to **planning** if the goals are appropriately challenging.

The impact of goals on performance of any specific job can be influenced by a number of other process components.

- 1. **Job knowledge and ability** are likely to affect an individual's work behavior and prospects for reaching goals.
- 2. The **complexity** of the task may affect the degree to which goal-directed work behaviors influence job performance.
- 3. **Situation constraints** include such things as having the proper tools, materials, and equipment.
- 4. **Knowledge of results** or feedback about progress enables individuals to gauge their progress toward goal attainment.

Strategic plans typically involve time periods of 5 years or more, but the time frame is dependent upon the stability of the industry in question.

The planning process can be used to promote **innovation** in organizations.

- 3. The organizational mission statement can be a primary means of encouraging innovation.
- 4. The goals component can translate the mission in a way supporting innovation.
- 5. The plans component can provide actual plans for achieving innovative outcomes.

**Obstacles to planning** exist, but may be countered by organizations.

- 1. Obstacles to planning threaten the ability of organizations to develop effective plans.
  - a. Plans in a rapidly changing environment require frequent revisions. Manager may resist formalized planning if they believe planning is unnecessary. The pressure of day-to-day responsibilities may keep managers from planning. Managers may be poorly prepared. Staff specialists may come to dominate the planning process
- 2. Organizations can take steps to reduce the obstacles to planning.
  - a. Top-level managers may demonstrate their support of the planning process.
  - b. A **planning staff** is a small group of individuals who assist top-level managers in developing the various components of the planning process. This staff should focus on helping rather than taking over the planning process.
  - c. **Contingency planning** is the development of alternative plans for use in the event that environmental conditions evolve differently than anticipated, rendering original plans unwise or unfeasible.