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Chapter 1 : 69 â€“ A concept of Corporate Planning (Ackoff,) | Ignasi Capdevila

The concept of controls is a key part of corporate planning. The overall plan has to include measures that allow for management to exercise control of the plan's implementation. Typical controls.

Great business leaders understand that the concept of planning your business strategies, marketing and execution help create a clear roadmap for success. It is possible to succeed without in-depth planning, but for most companies, the business plan serves as the foundation of what the company will do, how it will get that done and where it will find profit. These concepts of business planning assist leaders in identifying opportunities as well as any obstacles to success. Business Plan Definition The business plan is a document describing what a business does, who the key players are in the company, the market it serves and the financial model that leads to profits. At its core, it is a roadmap about how the business will do what says it will do. It is a fluid document that needs to be adjusted for changes in key management, marketing, industry trends and demographic information. The business plan consists of key sections. The first section is the executive summary which is the overview of other sections. The other section includes a company description, management bios, marketing strategies, product descriptions, and financial estimates. High-Level Concept of Planning Business planning should always start with the high-level concepts. This means that company leaders need to identify the core product line, the most likely demographic and a mission and vision for the company. The mission is what the company will do daily to achieve success in accomplishing its future vision goals. The vision is where the company will be in the future, such as perhaps five years from now. High-level strategies rarely look at the details of operations and fulfillment. These are the concepts that are used to design the company brand, image and corporate culture. For example, a vet opening a new office provides animal care on a daily basis. But the high-level concept for his company might be to serve an exotic animal community where he works with breeders or rare species to ensure their existence. Digging Into the Details Once a business leader has the high-level concepts created, he can delve into the details of executing his plan. This includes how big his staff must be, where the resources for products will be sourced from, costs and delivery systems. Where high-level concept planning is more creative and is perhaps considered even esoteric at times, the operations planning requires looking at every detail. Business planning needs both the high-level view as well as the details that explain how to get there. A business leader must have a handle on costs, where costs can be saved and to develop a plan for scaling his business up, as the demand increases. As he sells more products, his resource costs might go down, because he can buy in bulk. That cost saving offsets the cost of hiring another sales person, who then increases revenues with sales. Details involve looking at the pennies of utilities, interest, taxes and shipping. Preparing for Plan Execution When the plan is written from its high-level concept right down to the details, then you will have a comprehensive roadmap for success. Use the plan to hire the key people who will execute the plan. Review the plan frequently, to make sure you stick to the budgets and strategies.

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Chapter 2 : Corporate Planning: Features, Process and Analysis | Management

Corporate planning is a continuous process in which a company first defines its philosophy, mission and vision in a strategic plan, and then uses that plan to direct, monitor and manage the business. Strategic planning, detailed operational planning and performance monitoring are the three components of corporate planning.

When preparing a business plan the small business owner also forecasts financial results for the upcoming year -- revenues, expenses and the resulting profit. Planning has its own terminology, concepts and techniques that must be understood in order for the business owner to be able to create a realistic plan that can be implemented successfully. Mission Statement In defining his mission statement, the small business owner states the value he wants to provide his customers, employees or society as a whole. He articulates why he decided to go into business -- what he wants to accomplish through building the company. Business Model The concept of a business model has two components: The company also has factors related to its operations that will cause it to be able to earn a profit. Lower production costs, relative to other companies in its industry, is a positive factor for the company. Goals Goals, or objectives as they are also called, describe the end result the business owner seeks to achieve. During the planning process, the business owner and his management team set numerous goals -- major goals, such as revenues and profit margin percentage, as well as goals for each department and sometimes each individual -- to ensure that all members of the organization put forth their best efforts and work as a cohesive team. Tactics are specific steps taken to implement each of the strategies, showing who is responsible for implementing them and when each step needs to be completed. Competitive Advantage Companies succeed over the long term because they create and maintain competitive advantages -- aspects of their products or service levels that deliver greater value to customers than those of competitors. The customers perceive this greater value and continue to do business with the company becoming loyal, repeat customers. Financial Forecast The forecast is created using spreadsheet software. The business owner builds revenue models that calculate the expected sales -- units and dollars. Risk Factors All businesses, including small ones, face risks -- environmental factors that may cause the company to not perform as well financially as anticipated. It is important for the small business owner to recognize these risks and plan ways to change his business strategy if necessary in response to the risks. These planned responses are called contingency plans. Exit Strategy A business owner may have a long-term goal of selling the company someday. How he intends to divest the business is termed his exit strategy. References Small Business Administration:

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Chapter 3 : A Concept of Corporate Planning | eBay

Corporate planning is the process of creating a path to profitability for the enterprise, including determining how and where to market the company's products and services. When preparing a business plan the small business owner also forecasts financial results for the upcoming year -- revenues.

Meaning and Concept of Planning In simple words, planning is deciding in advance what is to be done, when where, how and by whom it is to be done. Planning bridges the gap from where we are to where we want to go. It includes the selection of objectives, policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management. Definitions of Planning Different authors have given different definitions of planning from time to time. The main definitions of planning are as follows: When a manager plans, he projects a course of action for further attempting to achieve a consistent co-ordinate structure of operations aimed at the desired results. According to Billy E. Planning is an Intellectual Process Planning is an intellectual process of thinking in advance. It is a process of deciding the future on the series of events to follow. Planning is a process where a number of steps are to be taken to decide the future course of action. Managers or executives have to consider various courses of action, achieve the desired goals, go in details of the pros and cons of every course of action and then finally decide what course of action may suit them best. Planning Contributes to the Objectives Planning contributes positively in attaining the objectives of the business enterprise. Since plans are there from the very first stage of operation, the management is able to handle every problem successfully. Plan try to set everything right. A purposeful, sound and effective planning process knows how and when to tackle a problem. This leads to success. Objectives thus are easily achieved. Planning is a Primary Function of Management Planning precedes other functions in the management process. Certainly, setting of goals to be achieved and lines of action to be followed precedes the organization, direction, supervision and control. No doubt, planning precedes other functions of management. It is primary requisite before other managerial functions step in. But all functions are inter-connected. It is mixed in all managerial functions but there too it gets precedence. It thus gets primary everywhere. A continuous Process Planning is a continuous process and a never ending activity of a manager in an enterprise based upon some assumptions which may or may not come true in the future. Therefore, the manager has to go on modifying revising and adjusting plans in the light of changing circumstances. According to George R. It involves continuous collection, evaluation and selection of data, and scientific investigation and analysis of the possible alternative courses of action and the selection of the best alternative. Planning Pervades Managerial Activities From primary of planning follows pervasiveness of planning. It is the function of every managerial personnel. The character, nature and scope of planning may change fro personnel to personnel but the planning as an action remains intact. Action is required, the enterprise must operate managerial planning seeks to achieve a consistent, coordinated structure of operations focused on desired trends. Without plans, action must become merely activity producing nothing but chaos. Without planning, organisation, are subject to the winds of organizational change. Planning is one of the most important and crucial functions of management. Reduction of Uncertainty Future is always full of uncertainties. A business organisation has to function in these uncertainties. It can operate successfully if it is able to predict the uncertainties. Some of the uncertainties can be predicted by undertaking systematic. Some of the uncertainties can be predicted by undertaking systematic forecasting. Thus, planning helps in foreseeing uncertainties which may be caused by changes in technology, fashion and taste of people, government rules and regulations, etc. Better Utilization of Resources An important advantage of planning is that it makes effective and proper utilization of enterprise resources. It identifies all such available resources and makes optimum use of these resources. Increases Organizational Effectiveness Planning ensures organizational effectiveness. Effectiveness ensures that the organisation is in a position to achieve its objective due to increased efficiency of the organisation. Reduces the Cost of Performance Planning assists in reducing the cost of performance. It includes the selection of only one course of action amongst the different courses of action that would yield the best results at minimum cost. It removes hesitancy, avoids crises and chaos, eliminates false steps and protects against improper deviations. Concentration on Objectives It is a basic characteristic of planning that it is related to the organizational objectives. All the operations are planned to achieve the organizational objectives. Planning facilitates the achievement of objectives by focusing attention on them. It requires the clear definition of objectives so that most appropriate alternative courses of action are chosen. Helps in Co-ordination Good plans unify the interdepartmental activity and clearly lay down the area of freedom in the development of various sub-plans. Various departments work in accordance with the overall plans of the organisation. Thus, there is harmony in the organisation, and duplication of efforts and conflict of jurisdiction are avoided. Makes Control Effective Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning helps control by furnishing standards of performance. It creates a forward-looking attitude among the managers. Increase in Competitive Strength Effective planning gives a competitive edge to the enterprise over other enterprises that do not have planning or have ineffective planning. This is because planning may involve expansion of capacity, changes in work methods, changes in quality, anticipation of tastes and fashions of people and technological changes etc. Delegation is Facilitated A good plan always facilitates delegation of authority in a better way to subordinates. Steps involved in Planning Planning is a process which embraces a number of steps to be taken. Planning is an intellectual exercise and a conscious determination of courses of action. Therefore, it requires courses of action. The planning process is valid for one organisation and for one plan, may not be valid for other organizations or for all types of plans, because various factors that go into planning process may differ from organisation to organisation or from plan to plan. For example, planning process for a large organisation may not be the same for a small organisation. However, the major steps involved in the planning process of a major organisation or enterprise are as follows: Establishing objectives The first and primary step in planning process is the establishment of planning objectives or goals. Definite objectives, in fact, speak categorically about what is to be done, where to place the initial emphasis and the things to be accomplished by the network of policies, procedures, budgets and programmes, the lack of which would invariably result in either faulty or ineffective planning. It needs mentioning in this connection that objectives must be understandable and rational to make planning effective. Because the major objective, in all enterprise, needs be translated into derivative objective, accomplishment of enterprise objective needs a concrete endeavor of all the departments. Establishment of Planning Premises Planning premises are assumptions about the future understanding of the expected situations. These are the conditions under which planning activities are to be undertaken. These premises may be internal or external. Internal premises are internal variables that affect the planning. These include organizational polices, various resources and the ability of the organisation to withstand the environmental pressure. Both internal factors should be considered in formulating plans. At the top level mainly external premises are considered. As one moves downward, internal premises gain importance. Determining Alternative Courses The next logical step in planning is to determine and evaluate alternative courses of action. It may be mentioned that there can hardly be any occasion when there are no alternatives. And it is most likely that alternatives properly assessed may prove worthy and meaningful. As a matter of fact, it is imperative that alternative courses of action must be developed before deciding upon the exact plan. Evaluation of Alternatives Having sought out the available alternatives along with their strong and weak points, planners are required to evaluate the alternatives giving due weight-age to various factors involved, for one alternative may appear to be most profitable involving heavy cash outlay whereas the other less profitable but involve least risk. Evidently, evaluation of alternative is a must to arrive at a decision. Otherwise, it would be difficult to choose the best course of action in the perspective of company needs and resources as well as objectives laid down. Selecting a Course of Action The fifth step in planning is selecting a course of action from among alternatives. In fact, it is the point of decision-making-deciding upon the plan to be adopted for accomplishing the enterprise objectives. Formulating Derivative Plans To make any planning process complete the final step is to formulate derivative plans to give effect to and support the basic plan. For example, if Indian Airlines decide to run Jumbo Jets between Delhi an Patna, obliviously, a number of derivative plans have to be framed to support the decision, e. In other words, plans do not accomplish themselves. They require to be broken down into supporting plans. Each manager and department of the organisation is to contribute to the accomplishment of the master plan on the basis of the derivative plans. Establishing Sequence of Activities Timing an sequence of activities are determined after formulating basic and derivative plans, so that plans may be put into action. Timing is an essential consideration in planning.

Chapter 4 : Concepts of Corporate Planning | blog.quintoapp.com

The presentation explains the concept of corporate planning and about long term, medium term and short term planning. Slideshare uses cookies to improve functionality and performance, and to provide you with relevant advertising.

Features, Process and Analysis Management Article shared by: Read this article to learn about the concept, features, analysis and diagnosis of corporate planning. Features of Corporate Planning: We can define corporate planning as follows: Corporate planning is a total system of planning which involves the determination of the objectives for the company as a whole and for each department of the it; formulation of strategies for the attainment of these objectives all this being done against the background of SWOT analysis ; conversion of strategies into tactical plans or operational plans ; implementation of tactical plans and a review of the progress of tactical plans against the corporate planning objectives. Analysis of the above definition: On the basis of the above definition, we can state the following main features of corporate planning: This means that under the concept of corporate planning, no department of company is allowed to have its own independent planning. All departmental plans are a part of corporate planning, in a unified structure. Strategy formulation is the core aspect of corporate planning. This is the practical aspect of corporate planning. David Hussey Corporate Planning: Theory and Practice defines corporate planning as follows: Major steps involved in corporate planning are as follows: The first steps which is, in fact, the background step , involved in corporate planning is environmental analysis and diagnosis. A detailed account of this step is attempted subsequently, in the discussion about corporate planning. All planning starts with a determination of the objectives for the plan; and corporate planning is no exception to this generality. In corporate planning, after environmental analysis and diagnosis, the planners determine objectives for the company as a whole and for each department of it; which become the beginning point of corporate planning. All objectives of corporate planning must represent an integrated or coordinated system of objectives. In order to make corporate planning a realistic approach to attaining objectives; objective setting for corporate planning is done in the light of environmental analysis and diagnosis. Strategy is, in fact, the weapon of the planner devised for attaining objectives of corporate planning. It is easier to set objectives; it is difficult to realize them. Strategies facilitate the attainment of objectives. There is no doubt about it that success of strategies is the success of corporate planning; and vice-versa. Strategy formulation is also done in the light of environmental analysis and diagnosis. Strategies are translated into action plans called tactical plans or operational plans. Tactical plans are necessary for implementation of strategies leading to the attainment of corporate planning objectives. For example, if the strategy of a company is to develop the skills and talents of manpower for realizing objectives; then designing of suitable training programmes would amount to making tactical plans. Corporate planning and strategy formulation have a long-term perspective; while tactical plans have a short-term perspective, as the latter are to be implemented immediately, in the usual course of organisational life. Mere paper planning is no planning; unless and until it is put into practice. As such, tactical plans are put into a process of implementation, just at the right time, as decided by management. For implementation purposes, necessary communications are made to the operating staffing; who are also provided with necessary facilities to implement the tactical plans. After the tactical plans have been put into practice; a review of progress is done i. The following chart depicts the corporate planning process: Environmental Analysis and Diagnosis: SWOT analysis is a key concept in the world of corporate planning and strategy formulation. Concept and purpose of SWOT analysis: The acronym SWOT stands for the following elements of environment as shown below: Out of these four words, the first two refer to the internal environment of the company; while the last two refer to the external environment of business. The purpose of SWOT analysis is: A brief account of environmental analysis: For a better appreciation of SWOT analysis, it would be necessary to have an overview of the environmental analysis, consisting of: All that environment which is found within the business enterprise itself, may be termed as the internal environment of business. For sake of analysis, we can break-up the internal environment into the following major factors: Rules, policies and procedures of the organisation 2. Authority-responsibility relationships found in the organisation 3. Communication network iv Production environment, consisting of: Raw material availability and utilisation system 2. Technology available to the organisation 3. Plant capacity utilisation v Marketing environment, consisting of: Marketing research system and procedures 2. Training and compensation of salesmen 3. Advertising and other sales promotion techniques vi Personnel environment, consisting of: Quantity and quality of manpower 2. Systems of training, promotion and compensation of workmen 3. Type and nature of manpower planning vii Financial environment, consisting of: Working capital management 2. Capital budgeting â€” techniques and procedures 3. Financial discipline enforced in organisation. Line-staff harmony and conflicts 2.

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Chapter 5 : Concepts of Corporate Planning | Bizfluent

A Concept of Corporate Planning Russell Ackoff Professor of Statistics and Operations Research, Wharton School of Finance and Commerce, University of Pennsylvania. In this article, Professor Ackoff develops a new concept of planning, Adaptive Planningin a systematic way and attempts to exploit the management and behavioural sciences to the fullest.

A variety of strategic planning tools described in the section below may be completed as part of strategic planning activities. What is considered "value" to the customer or constituency? Which products and services should be included or excluded from the portfolio of offerings? What is the geographic scope of the organization? What differentiates the organization from its competitors in the eyes of customers and other stakeholders? Which skills and resources should be developed within the organization? The organization may use a variety of methods of measuring and monitoring progress towards the objectives and measures established, such as a balanced scorecard or strategy map. Companies may also plan their financial statements i. The term operational budget is often used to describe the expected financial performance of an organization for the upcoming year. Capital budgets very often form the backbone of a strategic plan, especially as it increasingly relates to Information and Communications Technology ICT. Outcomes[edit] Whilst the planning process produces outputs, as described above, strategy implementation or execution of the strategic plan produces Outcomes. These outcomes will invariably differ from the strategic goals. How close they are to the strategic goals and vision will determine the success or failure of the strategic plan. There will also arise unintended Outcomes, which need to be attended to and understood for strategy development and execution to be a true learning process. Tools and approaches[edit] Video explaining the strategic plan of the Wikimedia Foundation Wikimedia Movement Strategic Plan PDF A variety of analytical tools and techniques are used in strategic planning. Responsive Evaluation , which uses a constructivist evaluation approach to identify the outcomes of objectives, which then supports future strategic planning exercises. In business, the term "financial plan" is often used to describe the expected financial performance of an organization for future periods. The term "budget" is used for a financial plan for the upcoming year. A "forecast" is typically a combination of actual performance year-to-date plus expected performance for the remainder of the year, so is generally compared against plan or budget and prior performance. The financial plans accompanying a strategic plan may include 3â€”5 years of projected performance. The four stages include: Financial planning, which is primarily about annual budgets and a functional focus, with limited regard for the environment; Forecast-based planning, which includes multi-year financial plans and more robust capital allocation across business units; Externally oriented planning, where a thorough situation analysis and competitive assessment is performed; Strategic management, where widespread strategic thinking occurs and a well-defined strategic framework is used. Categories 3 and 4 are strategic planning, while the first two categories are non-strategic or essentially financial planning. Each stage builds on the previous stages; that is, a stage 4 organization completes activities in all four categories. Sekora, Project Socrates founder in the Reagan White House, during the cold war the economically challenged Soviet Union was able to keep on western military capabilities by using technology-based planning while the U. Mintzberg argues that strategic planning can help coordinate planning efforts and measure progress on strategic goals, but that it occurs "around" the strategy formation process rather than within it. Further, strategic planning functions remote from the "front lines" or contact with the competitive environment i.

Chapter 6 : Strategic Planning : Concept and Process | Business Management

The long-range planning is more concerned about the business as a whole and deals with the subject like the growth and the rate of growth, the direction of the business, establishing some position in the business world by way of a corporate image, a business share and so on.

Concept and Process Business Management Article shared by: Read this article to learn about Strategic Planning in an Organisation. After reading this article you will learn about: Concept of Strategic Planning 2. Process of Strategic Planning. Concept of Strategic Planning: Planning is related with future. A planning process involves different degrees of futurity. Some parts of the organisation require planning for many years into the future while others require planning over a short period only. For instance, capital expenditure is related to long- term period while budget for a year is of short-term nature. The former is called strategic planning or long-range planning. Examples of strategic planning in an organisation areâ€”diversification of business into new lines, planned growth rate in sales, type of products to be offered, etc. Strategic planning encompasses all the functional areas of business and is affected within the existing and long- term framework of economic, technological, social and political factors. It also involves the analysis of various environmental factorsâ€"particularly with regard to how an organisation relates to its environment. Generally, for most of the organisations, strategic planning period ranges between three to five years. Process of Strategic Planning: The process of strategic planning consists of the following steps: Determination of Mission and Objectives: Strategic planning starts with the determination of the mission for the organisation. The principal objectives for which the organisation has been set up should be clearly defined. So, the business mission should be fixed in terms of social impact of the organisation. In order to identify the opportunities and threats, the external environment of the organisation is analysed. In the next step, the strengths and weaknesses of the organisation are analysed. Such an analysis will enable the enterprise to capitalize on its strengths and to minimise its weaknesses. The enterprise can utilise the external opportunities by concentrating on its internal capacity. By matching its strengths with the environmental opportunities, an enterprise can face competition and achieve growth. Strategic alternatives are then generated and evaluated. After that, a strategic choice is made to reduce the performance gap. The organisation must select the alternative that is best suited to its capabilities. For instance, in order to grow, an enterprise may enter into new markets or develop new products or sell more in the present markets. Strategy Implementation and Control: Once the strategy is determined, it must be translated into tactical operational plans. Programmes and budgets are developed for each function. Short term operational plans are prepared to use the resources. Control should be developed to evaluate performance as the strategy is put into use. Wherever actual results are below the expectation, the strategy should be reviewed or reappraised. It must be modified and adapted to the changes in the external environment.

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Great business leaders understand that the concept of planning your business strategies, marketing and execution help create a clear roadmap for success. It is possible to succeed without in-depth.

They use basic planning concepts to determine how the future may be different from the past, and make choices about the courses of action that will yield the most valuable advantages. They set priorities and evaluate opportunities. They put in place plans that exploit the most promising opportunities while controlling risk. At the completion of the activities in the plan, the company will be in a stronger position. Goals and Targets The idea of developing plans to reach defined goals is a basic planning concept. The first step is to establish or identify overall goals. These are divided into specific, individual targets that the company must achieve. In addition to measurable values, plans with goals and targets usually have a deadline and a cost framework. Situational Analysis To reach goals, the business must have a clear idea of the starting point. Such a SWOT analysis looks at current factors and points the way forward. The company chooses the path that leads to the greatest benefits. Strategies and Tactics Strategies are the action plans that lead to the desired results in terms of the overall goals and targets. Tactics characterize the actions that lead to successful implementation of the strategies. If the goal is to double sales and the SWOT analysis shows that a competitor has cost advantages, an effective strategy might be to emphasize product features or quality. Corresponding tactics are to advertise the product characteristics, obtain expert endorsements and offer samples to key media personalities. Plan for Execution Once the strategies and tactics are clear, planners must develop the concept for the implementation of the strategies. They have to plan for assignment of personnel, use of resources and create a schedule. Each action and tactic has to fit into an integrated plan. Controls and Reporting The concept of controls is a key part of corporate planning. Typical controls are signing rules and spending limits. Accurate reporting of variables and performance indicators is necessary for the effective operation of the controls. Evaluation The overall plan has to provide for an evaluation of the initiative once it is complete. Typical planning calls for a comparison of the targets with the actual values. The concept of an evaluation of the effectiveness of the overall plan leads to learning and an improvement in future planning activities.

Chapter 8 : Concepts of Corporate Planning | Your Business

Concept of Corporate Planning Corporate planning is a continuous process in which a company Defines its philosophy, mission and vision in a strategic plan, Uses that plan to direct, monitor and manage the business.

A plan is a predetermined course of action to be taken in the future. It is a document containing the details of how the action will be executed and it is made on a timescale. The goals and the objective that a plan is supposed to achieve are the prerequisites of a plan. The setting of the goals and the objective is the primary task of the Management without which planning cannot begin. What is the Concept of Corporate Planning? Planning means taking a deep look into the future and assessing the likely events in the total business environment and taking a suitable action to meet any eventuality. It further means generating the courses of action to meet the most likely eventuality. Planning is a dynamic process. As the future becomes the present reality, the course of action decided earlier may require a change. Planning, therefore, calls for a continuous assessment of the predetermined course of action versus the current requirements of the environment. The essence of planning is to see the opportunities and the threats in the future and predetermine the course of action to convert the opportunity into a business gain and to meet the threat to avoid any business loss. Planning involves a chain of decisions, one dependent on the other since it deals with a long-term period. A successful implementation of a plan means the execution of these decisions in a right manner one after another. Planning, in terms of future, can be long-range or short-range. Long-range planning is for a period of five years or more, while short-range planning is for one year at the most. The long-range planning is more concerned about the business as a whole and deals with the subject like the growth and the rate of growth, the direction of the business, establishing some position in the business world by way of a corporate image, a business share and so on. On the other hand, short-range planning is more concerned with the attainment of the business results of the year. It could also be in terms of action by certain business tasks, such as the launching of a new product, starting a manufacturing facility, completing the project, achieving intermediate milestones on the way to the attainment of goals. The goals relate to long-term planning and the objective related to the short-term planning. There is a hierarchy of objectives which together take the company to the attainment of goals. The plans, therefore, relate to the objectives when they are short-range and to goals when they are the long-range. Long-range planning deals with resource selection, its acquisition, and allocation. It deals with the technology and not with the methods or the procedures. It talks about the strategy of achieving the goals. The right strategy improves the chance of success tremendously. At the same time, a wrong strategy means a failure in achieving the goals. What is My Goal Orientation? Corporate business planning deals with the corporate business goals and objectives. The business may be a manufacturing or a service; it may deal with the industry or trade; may operate in a public or a private sector; may be a national or an international business. Corporate business planning is a necessity in all cases. Though the corporate business planning deals with a company, its universe is beyond the company. The corporate business plan considers the world trends in the business, the industry, the technology, the international markets, the national priorities, the competitors, the business plans, the corporate strengths and the weaknesses for preparing a corporate plan. Planning, therefore, is a complex exercise of steering the company through the complexities, the difficulties, the inhibitions and the uncertainties towards the attainment of goals and objective. The corporate business plan has five dimensions. These are time, entity, organization, elements and characteristics. The plan may either be long-range or short-range, but the execution of the plan is, year after year. The plan is made on a rolling basis where every year it is extended by one year, keeping the plan period for the next five years. The rolling plan provides an opportunity to correct or revise the plan in the light of any new information the planner may receive. The planning entity is the thing on which the plan is focused. The entity could be the production in terms of quantity or it could be a new product. It could be about the finance, the marketing, the capacity, the manpower or the research and development. The goals and the objectives would be stated in terms of these entities. A corporate plan may have several entities. The corporate plan would deal with the company as a whole, but it has to be broken down for its subsidiaries, if any, such as the functional groups, the divisions, the product groups and the projects. The breaking of the corporate business plan into smaller organizational units helps to fix the responsibility for execution. The corporate plan, therefore, would be a master plan and it would comprise several subsidiary plans. The plan is made out of several elements. The plan begins with the mission and goal which the organization would like to achieve. It may provide a vision statement for all to understand as also the purpose, focus, and direction the organization would like to move towards. It would at the outset, place certain policy statements emerging out of management s business philosophy, culture and style of functioning followed by policy statements. Next, it would declare the strategies in various business functions, which would enable the organization to achieve the business objectives and targets. It would spell out a program of execution of plan and achievements. It provides support for rules, procedures, and methods of plan implementation, wherever necessary. One important element of the plan is a budget stipulated for achieving certain goals and business targets. The budgets are provided for sales, production, stocks, resources, expenses which are monitored for the time in execution period. The budgets and performance provide meaningful measure about success and failure of the plan designed to achieve certain goals. There are no definite characteristics of a corporate plan. The choice of characteristics is a matter of convenience helping to communicate to everybody concerned in the organization and for an easy understanding in execution. The features of a plan could be several and could have several parts. The plan is a confidential written document subject to the charge and known to a limited few in the organization. It is described in the quantitative and qualitative terms. The long-term plan is normally flexible while the short-term one is generally not. The plan is based on the rational assumptions about the future and gives weight age to the past achievements and corporate strength and weal messes. The typical characteristics of a corporate plan are the goals, the resources, the important milestones, the investment details and a variety of schedules. Concepts of Corporate Planning: When preparing a business plan the small business owner also forecasts financial results for the upcoming year â€” revenues, expenses and the resulting profit. Planning has its own terminology, concepts, and techniques that must be understood in order for the business owner to be able to create a realistic plan that can be implemented successfully. In defining his mission statement , the small business owner states the value he wants to provide his customers, employees or society as a whole. He articulates why he decided to go into business â€" what he wants to accomplish through building the company. The concept of a business model has two components: The company also has factors related to its operations that will cause it to be able to earn a profit. Lower production costs, relative to other companies in its industry, is a positive factor for the company. Goals , or objectives as they are also called, describe the end result the business owner seeks to achieve. During the planning process , the business owner and his management team set numerous goals â€" major goals , such as revenues and profit margin percentage, as well as goals for each department and sometimes each individual â€" to ensure that all members of the organization put forth their best efforts and work as a cohesive team. Tactics are specific steps taken to implement each of the strategies, showing who is responsible for implementing them and when each step needs to be completed. Companies succeed over the long term because they create and maintain competitive advantages â€" aspects of their products or service levels that deliver greater value to customers than those of competitors. The customers perceive this greater value and continue to do business with the company becoming loyal, repeat customers. The forecast is created using spreadsheet software. The business owner builds revenue models that calculate the expected sales â€" units and dollars. All businesses, including small ones, face risks â€" environmental factors that may cause the company to not perform as well financially as anticipated. It is important for the small business owner to recognize these risks and plan ways to change his business strategy if necessary in response to the risks. These planned responses are called contingency plans. A business owner may have a long-term goal of selling the company someday. How he intends to divest the business is termed his exit strategy.

Chapter 9 : Russell L. Ackoff - Wikipedia

â€¢ The more that corporate planning is pushed from satisficign toward adaptizing, the greater the requirement for scientific methods, techniques, and tools.- p21 â€¢ Optimizing planning requires more understanding of an organization's behavior than dies satisficing.

Biography[edit] Russell L. After graduation, he taught at Penn for one year as an assistant instructor in philosophy. From to , he served in the U. He returned to study at the University of Pennsylvania, where he received his doctorate in philosophy of science in as C. From to Ackoff was assistant professor in philosophy and mathematics at the Wayne State University. He was associate professor and professor of operations research at Case Institute of Technology from to In and he was also visiting professor of operational research at the University of Birmingham. From to he was professor of systems sciences and professor of management science at the Wharton School at the University of Pennsylvania. Nicholson and Myers report that, in the s and s, the Social Systems Sciences Program at the Wharton School was "noted for combining theory and practice, escaping disciplinary bounds, and driving students toward independent thought and action. The learning environment was fostered by distinguished standing and visiting faculty such as Eric Trist , C. Cowan, and Fred Emery ". From to , Ackoff was professor emeritus of the Wharton School , and chairman of Interact, the Institute for Interactive Management. From to he was visiting professor of marketing at Washington University in St. Other honors came from the Washington University in St. Ackoff married Alexandra Makar on July 17, Ackoff died unexpectedly Thursday, October 29, , after complications of hip replacement surgery. Operations research[edit] Russell Ackoff started his career in operations research at the end of the s. His book Introduction to Operations Research, co-authored with C. West Churchman and Leonard Arnoff, was one of the first publications that helped define the field. The influence of this work, according to Kirby and Rosenhead , "on the early development of the discipline in the USA and in Britain in the s and s is hard to over-estimate". His critiques, according to Kirby and Rosenhead , "had little resonance within the USA, but were picked up both in Britain, where they helped to stimulate the growth of Problem Structuring Methods , and in the systems community world-wide", [2] such as soft systems methodology from Peter Checkland. Purposeful systems[edit] In Ackoff wrote a book with Frederick Edmund Emery about purposeful systems, [5] which focused on the question how systems thinking relates to human behaviour. The Machine Age, bequeathed by the Industrial Revolution , was underpinned by two concepts â€" reductionism everything can in the end be decomposed into indivisible parts and mechanism cause-effect relationships ". Addison and Sally Bibb. They developed the term f-Law to describe a series of over distilled observations of bad leadership and the misplaced wisdom that often surrounds management in organizations. A collection of subversive epigrams published in two volumes by Triarchy Press , these f-Laws expose the common flaws in both the practice of leadership and in the established beliefs that surround it. Drucker acknowledged the early, critical contribution Ackoff made to his work â€" and the world of management in general â€" in the following letter, which was delivered to Ackoff by former General Motors V. We had successfully solved several major production and technical problems for these companiesâ€"and my clients were highly satisfied. It demands it, thoughâ€"but does not replace it. A Systems Approach to Societal Problems. Cowan, Peter Davis ed. Illustrations by Karen B. Finnel and Jamshid Gharajedaghi. Irreverent Reflections on Business and Bureaucracy. Upper Saddle River, NJ. Triarchy Press, Devon, UK.