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MGC1010: Introduction to Management

Week 5: Planning, Organising, Leading, and Controlling

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OVERVIEW OF TODAY'S LECTURE

■ Functions of Management

- Planning
- Organising
- Leading
- Controlling



HENRI FAYOL – FUNCTIONS OF MANAGEMENT

- Henri Fayol proposed that there are five functions of management:
 - Planning
 - Organizing
 - Leading
 - Controlling
 - Staffing
- Management scholars have condensed them to four.
- These forms the basis of the functions of management

PLANNING

"I arise in the morning
torn between a desire to
improve the world and a
desire to enjoy the world.
This makes it hard to
plan the day."

- E.B. White

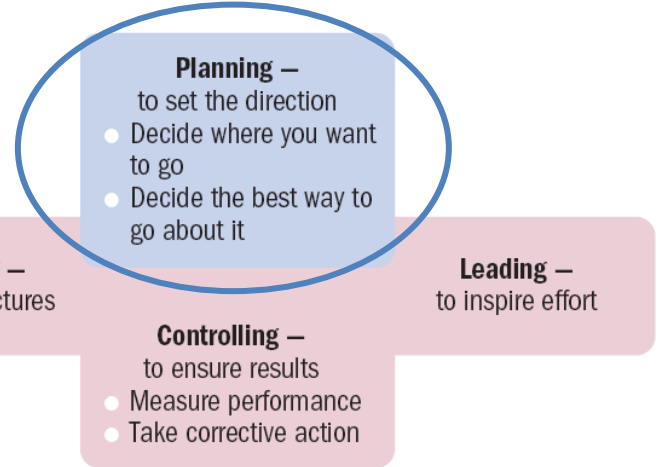
"Failing to plan is
planning to fail."

- Alan Lakein

Plans are nothing;
planning is everything.

Dwight D. Eisenhower

BrainyQuote®



PLANNING

- A **plan** is a statement of intended means for accomplishing objectives.
- **Planning:** process of setting objectives and determining how to accomplish them.
- **Objectives:** specific results usually expressed in measurable indices that someone wishes to achieve and may relate to the individual, a group or the whole organisation

Five step process of planning

1. Define objectives
2. Determine where you stand in relation to objectives
3. Develop scenarios of future conditions
4. Analyse and choose an alternative
5. Implement the plan and evaluate the results

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Objectives:

- Our goal is to deliver sustainable, satisfactory returns to shareholders.
- Our aim is to deliver a sustainable business that outperforms our competitors.

Our strategic priorities are:

- Maintaining balance sheet strength so that we remain a strong, viable business.
- Accelerating our efficiency, quality and service agenda
- Investing in our people, culture and reputation
- Continue to develop our portfolio of businesses

1. Define objectives
2. Determine where you stand in relation to objectives
3. Develop scenarios of future conditions
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Objectives:

- Our vision is to be Australia and New Zealand's most respected bank.

The three objectives by which we measure our performance are:

1. Our customers are advocates
 - We will achieve our objectives by delivering a great customer experience and deepening relationships in our priority segments of small and medium businesses, homeowners and investors.
2. Engaging our people
 - We will do this while reshaping our business to perform and be known for great leadership, talent and people. Our five values of passion for customers, will to win, being bold, respect for people and doing the right thing will underpin everything we do.
3. Generating attractive returns
 - Supporting our actions are our foundations of a strong balance sheet and a non-negotiable focus on managing risk and technology.

S.M.A.R.T. MODEL FOR ESTABLISHING OBJECTIVES

S SPECIFIC
M MEASURABLE
A ACTIONABLE
R REASONABLE
T TIMETABLED

CHARACTERISTIC	EXPLANATION
S Specific	Objectives need to be clearly defined so that it easy to understand what is to be achieved and what will be considered successful.
M Measurable	The exact measure must be stated and the objective must be able to be measured through some means.
A Actionable	An organisation needs to ensure that its business-unit managers have the authority and resources to take the actions necessary to attempt to achieve the objectives that are set.
R Reasonable	There is no point setting unrealistic objectives. Unrealistic objectives are a disincentive for both managers and their employees.
T Timetabled	Objectives should have milestone dates or deadlines at which progress towards achieving them will be measured.

WHAT ARE PLANS?

Contingency **Daily** Directions **Financial** Hierarchy
Horizons Human Resources **Integrated**
Intermediate-term **Long-term** Marketing
Objectives Operational **Opportunities**
Organisation-wide **Problems** Production
Resources Scenarios **Short-term** Strategic
Tactical

Strategic Plans

Long Range Plans (>3 years)

Tactical Plans

Intermediate Plans (1 – 2 years)

Operational Plans

Short Range Plans (<1 years)

STANDING PLANS

- **Standing Plans**

- Standing plans are plans that are unchanged and can be used over and over again, because they focus on recurring situations

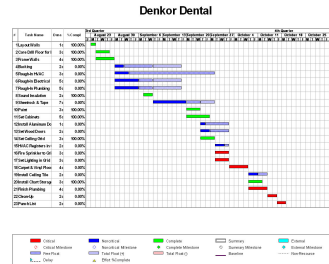


- **Policies:** communicate broad guidelines for decisions and actions
- **Procedures:** describe actions to be taken in specific situations; recommends sequence of actions needed to accomplish goals
- **Rules:** indicates acceptable behaviour and consequences

SINGLE-USE PLANS

- **Single-use Plans**

- Single-use plans are used only once or a few times at most, as they focus on unique or rare situations



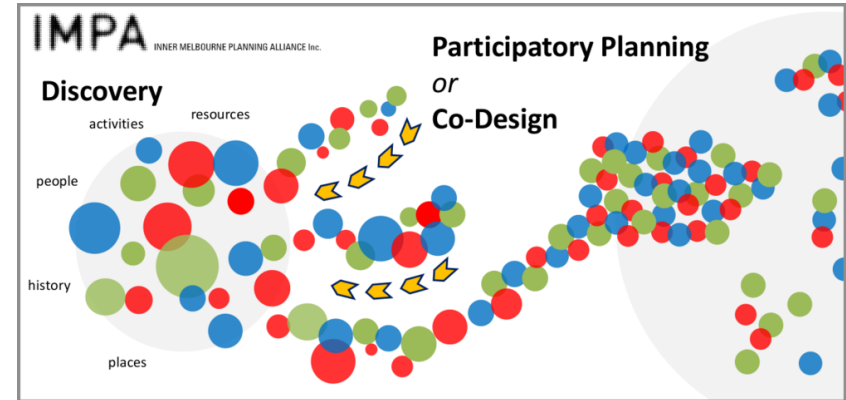
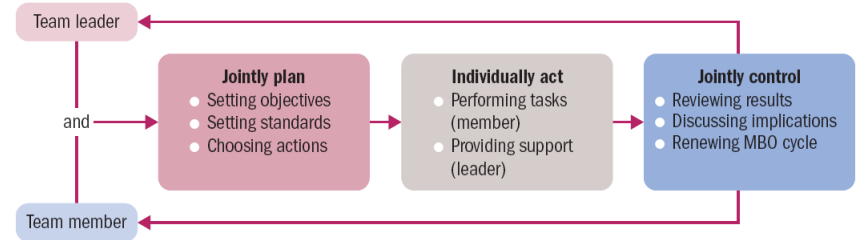
- **Budgets:** plans that commit resources to projects or activities
- **Project schedules:** single-use plans for accomplishing a specific major project
- **Forecast:** an attempt to predict what will happen in the future
- **Contingency planning:** plans that identify alternative courses of actions for use if circumstances change with time

CONTEMPORARY PLANNING ACTIVITIES

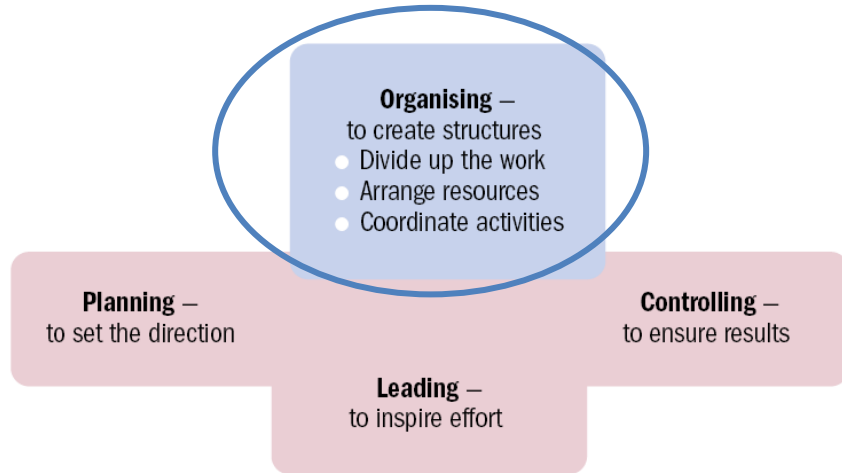
- Benchmarking
- Management by Objectives
- Participation and involvement

CONTEMPORARY PLANNING ACTIVITIES

- **Benchmarking:** a technique that makes use of external comparisons to better evaluate an organisation's current performance and identify possible actions for the future
- **Management by Objectives (MBO):** a process of joint-objective setting between a manager and staff members
- **Participatory planning:** genuinely involving people who will be affected by plans.



ORGANISING



- **Organising** is the process of arranging people and other resources to work together to accomplish a goal.
- It involves **creating a division of labour** for task performance and coordinating results to achieve a common purpose.
- Given a clear mission, core values, objectives and strategy, organising **begins the process of implementation** by clarifying jobs and working relationships.

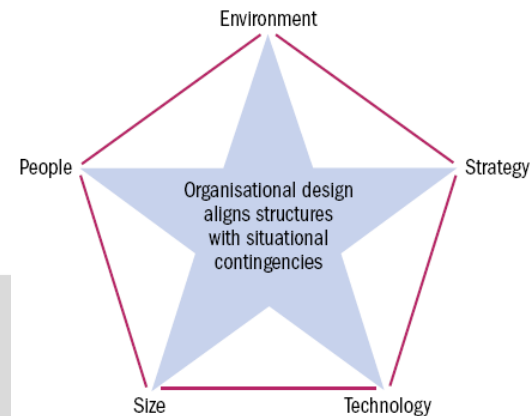
HOW DO MANAGERS ORGANISE?

Organisational Structure

- The way in which various parts of an organisation are formally arranged
(Schermerhorn et al., 2014)
- The vertical and horizontal configuration of departments, authority, and jobs within a company (Williams & McWilliams, 2014)
- Good structures will have an **allocation of task assignments** through a division of labour, and provide for the **coordination of performance results**.

Organisational Design

- The process of creating structures that best serve a company's mission and objectives.
- The ultimate purpose of organisational design is to **create an alignment** between **supporting structures** with situational contingencies.
- There is no universal design or a one-size fits all approach.



ORGANISATIONAL STRUCTURE

- Organisation structure **designates formal reporting relationships**:
 - The number of levels in the hierarchy and;
 - The span of control of managers and supervision
 - Organisation structure identifies:
 - The grouping together of individuals into departments and;
 - Departments into the total organisation
 - Organisation structure includes:
 - The design systems to ensure effective communication, coordination and integration of effort across departments
- **Formal organisational structures:**
 - Describes the arrangement of work positions within an organisation
 - Identifies various positions and job titles, as well as the lines of authority and communication between them.
 - **Informal organisational structures:**
 - A 'shadow' organisation made up of the unofficial, but often critical, working relationships between organisational members

TRADITIONAL ORGANISATIONAL STRUCTURE

Functional

- Strategy, marketing, etc

Divisional

- Product
- Geographical
- Customer
- Process

Matrix

- Hybrid models that include divisional and functional elements
- People may be 'encased' in two structures



Functional Structure



Strengths

- Small to medium-sized firms with limited product diversification
- Specialisation of functional knowledge
- Less duplication of functional resources
- Facilitates coordination within functional areas

Weaknesses

- Weak coordination across functional groups
- Restricted view of overall organisational goals
- Limits customer attention
- Slower response to market changes
- Burdens chief executives with decisions

Functional Structure



Strengths

- Reduced functional duplication
- Customer focus can increase
- Cross-product coordination is eased
- Cross-regional coordination is often eased

Weaknesses

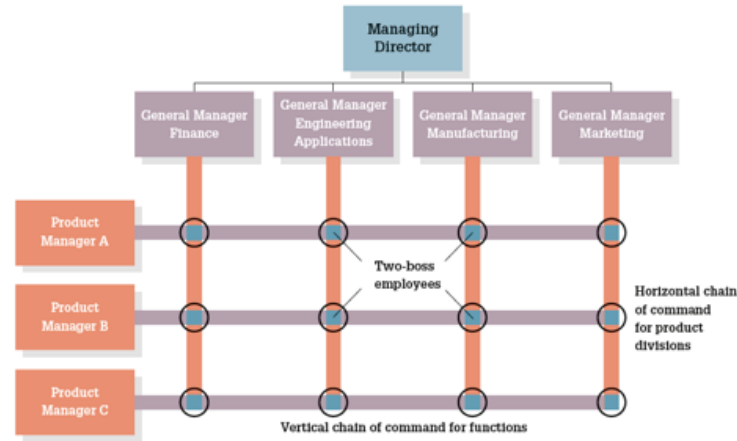
- Most appropriate only for diversified, large companies with many products and product families
- May inhibit cross-division coordination
- Coordination difficulties between division and corporate objectives

EXAMPLE: COCA COLA



- Coca-Cola is an MNC where its domestic operations are very similar to its international operations.
- Regardless of the country or region, Coca-Cola operates the same way and sells the same brand and type of soft drink.
- The company has tight control over its operations from head office.

Functional Structure



Strengths

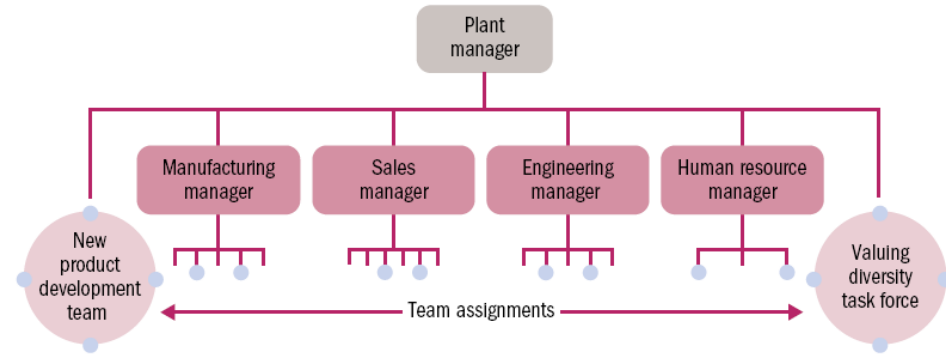
- More efficient use of resources than single hierarchy
- Flexible, adaptable to changing environment
- Develop generalists and specialists
- Interdisciplinary cooperation, expertise available to all divisions
- Enlarged tasks for employees

Weaknesses

- Frustration and confusion from dual chain of command
- High conflict between two sides of matrix
- Many meetings, more discussion than action
- Human relations training needed
- Power dominance by one side of matrix

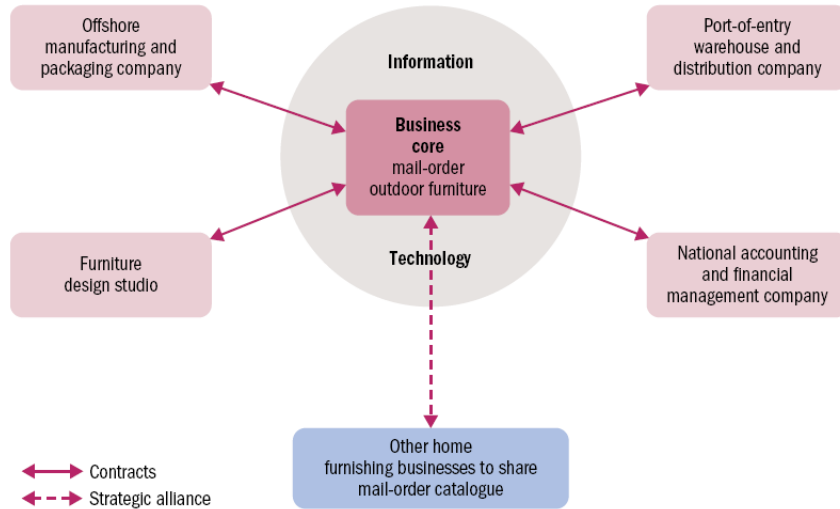
CONTEMPORARY DEVELOPMENTS IN ORG STRUCTURES

- **Team structures** as the building blocks
- **Cross-functional teams** bring together members from different functional departments.
- **Project teams** are convened for a particular task or project and disbanded once it is completed.



CONTEMPORARY DEVELOPMENTS IN ORG STRUCTURES

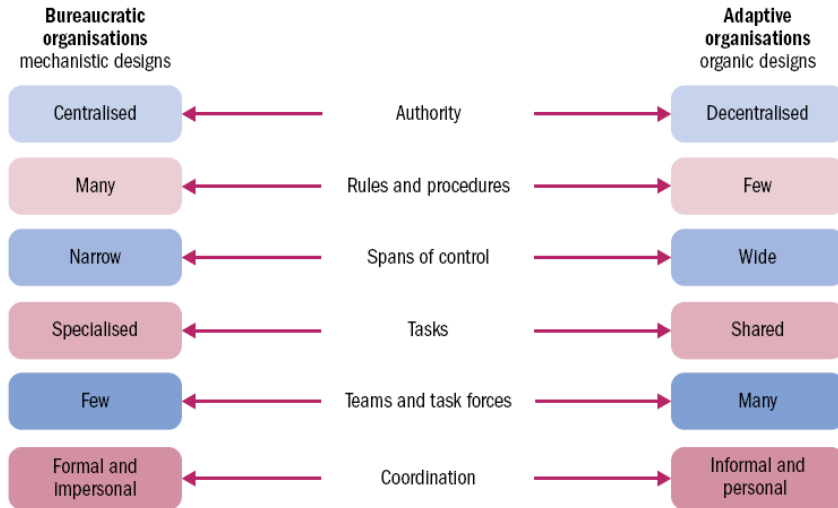
NETWORK STRUCTURES



SUBSYSTEM DESIGN

- Subsystems
 - Smaller components of a larger system.
- Differentiation
 - The degree of difference that exists between the internal components of an organisation.
- Sources of subsystems differentiation
 - Planning and action horizons vary.
 - Objectives vary due to task variation.
 - Interpersonal orientation varies relations.
 - Formal structure affects behaviours

ORGANISING: ORGANISATIONAL DESIGN



Adaptive organisations:

- Minimum of bureaucratic features; encourage worker empowerment and teamwork.

Organic designs

- Decentralised, with fewer rules and procedures, open divisions of labour, wide spans of control and more personal coordination.

Learning organisation

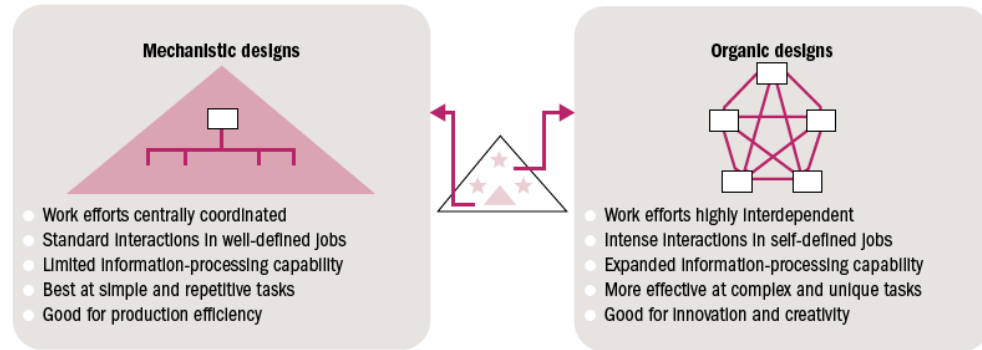
- Continuously changes and improves using the lessons of experience.

Virtual organisations:

- shifting networks of strategic alliances linked by technology, with very little physical infrastructure, that are engaged as needed.

ORGANISATION LIFE CYCLE

- Throughout its life cycle, an organisation passes through different stages from birth to maturity which may require the use of different organisational designs.



ORGANISING TRENDS

- **Upside-down pyramid**

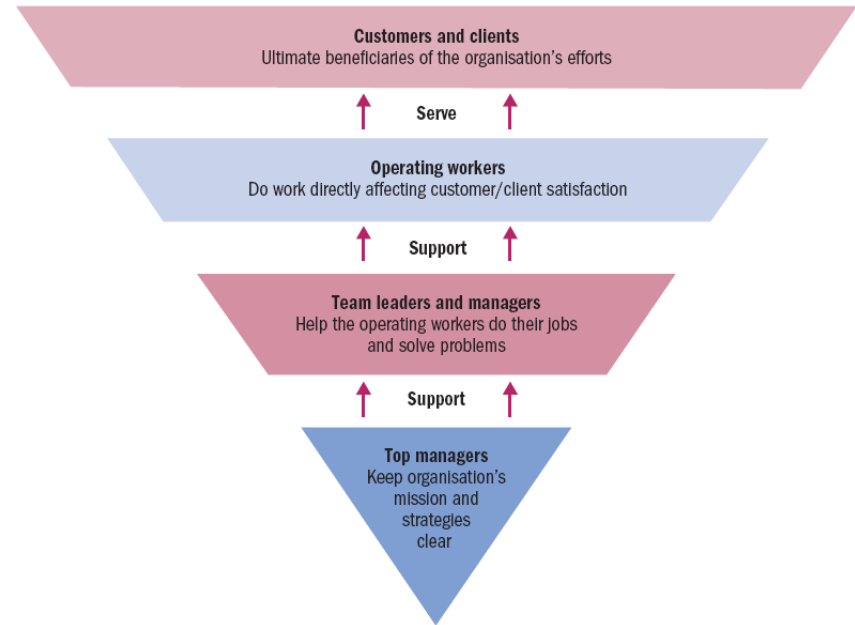
- puts customers at the top, served by workers at the middle, whose managers support them at the bottom.

- **Chain of command**

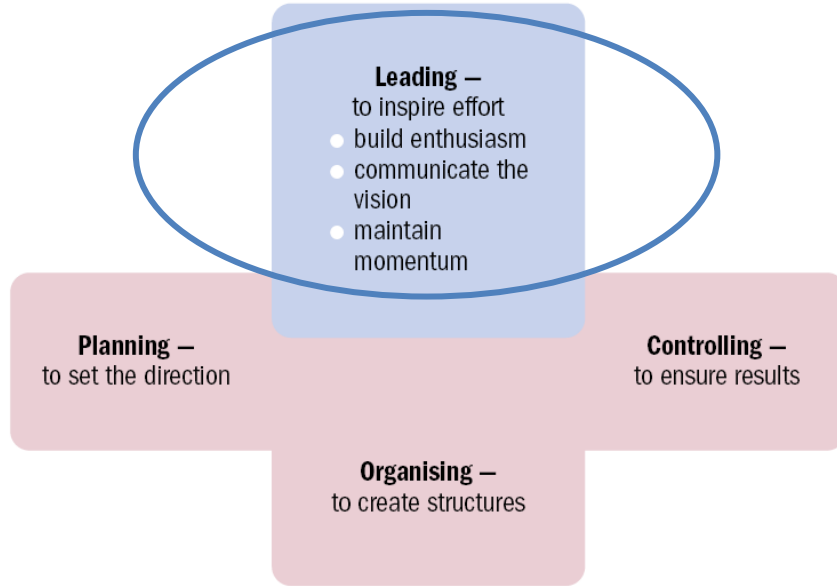
- links all persons with successively higher levels of authority.
- 'streamlining' – flatter more horizontal structures being viewed as a competitive advantage.

- **Less unity-of-command**

- each person reports to one and only one supervisor.



LEADING



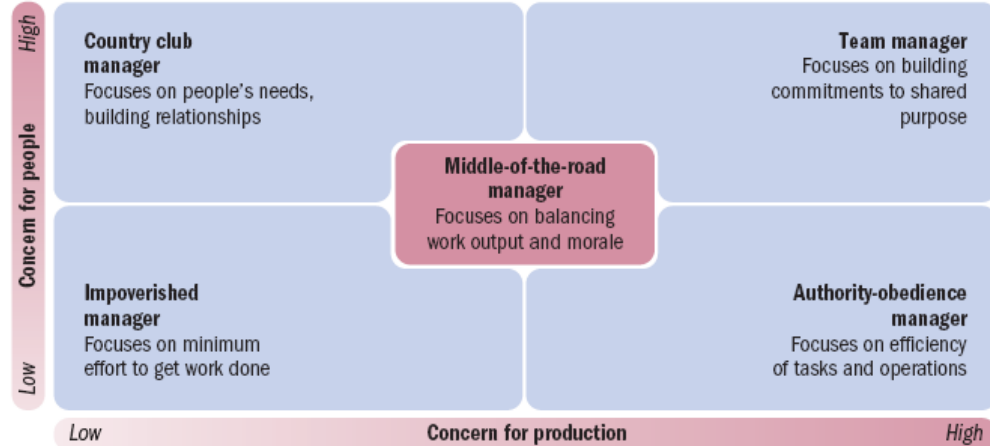
- Leading is the process of arousing enthusiasm and directing efforts towards organisational goals.
- Leadership draws upon the power bases

LEADING: TRAIT THEORY

- **Trait theories**
 - Maintains the view that leaders have distinct, innate qualities and characteristics that non-leaders do not.
 - Leaders are born, not made
 - Intellectual traits
 - Personality traits
 - Physical traits
- **Criticisms:**
 - Useful ideas, but no clearly identifiable traits recognized
- **Key Study Findings:**
 - certain traits are repeatedly found to characterize leaders and distinguish them from non-leaders
 - the importance of each trait are highly dependent on the situation

LEADING: BEHAVIOURAL THEORY

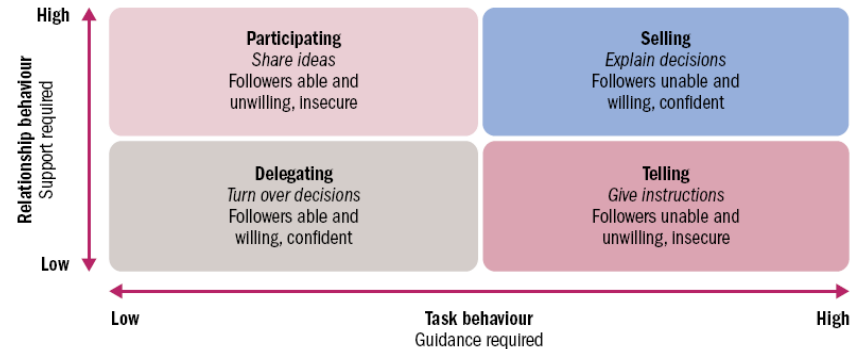
	People-Oriented	Task-Oriented
Ohio State University	Consideration	Initiating Structure
University of Michigan	Employee-Centered	Job-Centered
University of Texas	Concern for People	Concern for Production



- Useful ideas but NO ideal style of leadership was recognised
- Explanations based on behaviour also ignore situational factors

LEADING: CONTINGENCY THEORIES

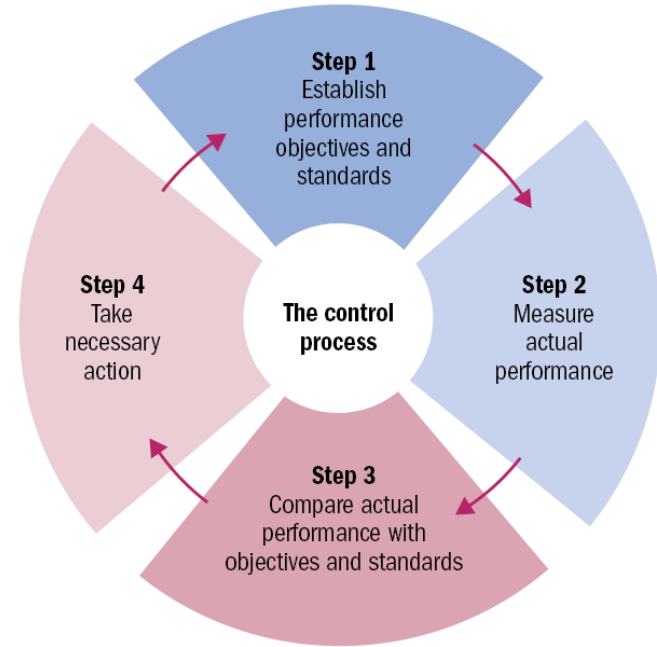
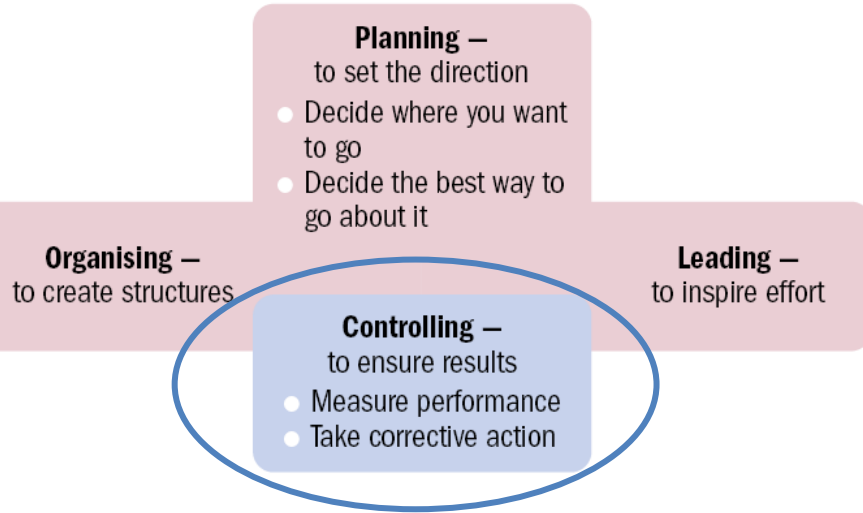
- **Contingency theories** help to understand leadership success in widely varying situations (sometimes called *Situational theories*).



LEADING: CONTEMPORARY THEORIES

- Transformational Leadership
- Authentic Leadership
- Ethical Leadership
- Servant Leadership

CONTROLLING



STEPS IN THE CONTROL PROCESS

Step 1: Establish objectives and standards

- Performance objectives should represent key results to be achieved.
- Output standards measure performance results in terms of quantity, quality, cost or time.
- Input standards measure work efforts that go into a performance task.

Step 2: Measure actual performance

- The goal here is to accurately measure the performance results (output standards) and/or the performance efforts (input standards).
- A common management failure in this regard is an unwillingness or inability to measure the performance of people at work.

Step 3: Compare results with objectives and standards

- Need for action = desired performance – actual performance
- Historical comparison uses past performance as a benchmark for evaluation.
- Relative comparison uses the performance achievements of others as the evaluation standard.
- Engineering comparison uses standards that are set scientifically.

Step 4: Take corrective action

- Management by exception focuses managerial attention on substantial differences between actual and desired performance.
- Two types of exceptions may be encountered: problem situations and opportunity situations.
- An after-action review formally examines results to identify lessons learned in a completed project or special operation.

Work inputs

Feedforward controls

Ensure the right directions are set and the right resource inputs are available

Work throughputs

Concurrent controls

Ensure the right things are being done as part of work-flow operations

Work outputs

Feedback controls

Ensure that final results are up to desired standards

Provide MGC1010 students with assessment outline, marking rubric, guides/handouts, skills workshops and question opportunities. Regular communication between assessors and library colleagues. Collaborative development of marking resources.

Students access resources as needed, review drafts, cross-check work with task requirements, ask questions, anticipate delays and submit on time. Regular communication between assessors.

Students receive feedback on annotated bibliographies to improve skills and techniques which can then be re-applied to the essay task. Assessors discuss submissions, review results, adapt resources for 2017.

INTERNAL & EXTERNAL CONTROLS

- **Internal control**

- Self-discipline and self-control, relies on motivated individuals

- **Trends**

- Employees expected to have internal controls

- **External control**

- Occurs through direct supervision or administrative systems such as rules and procedures
- **Bureaucratic control**
- **Clan control**
- **Market control**

EXTERNAL CONTROL

Bureaucratic control

- Uses authority, policies, procedures, job descriptions, budgets, and day-to-day supervision to make sure that people's behaviour is consistent with organisational interests.

Clan control

- Influences behaviour through norms and expectations set by the organisational culture.
- The power of collective identity, in which persons who share values and identify strongly with one another tend to behave in ways that are consistent with one another's expectations.

Market control

- The influence of market competition on the behaviour of organisations and their members.
- Businesses show the influence of market control in the way they adjust products, pricing, promotions and other practices in response to customer feedback and what competitors are doing.



CONTEMPORARY ISSUES IN MANAGERIAL CONTROLS

- Adjusting controls for cross-cultural differences
- Workplace privacy
- Employee theft
- Workplace violence
- Controlling customer interactions
- Corporate governance/due diligence
- **Invasive:** drug, alcohol and genetic-testing
- **Non-invasive:** internet, social networking, GPS, micro-chips, smart devices, video surveillance

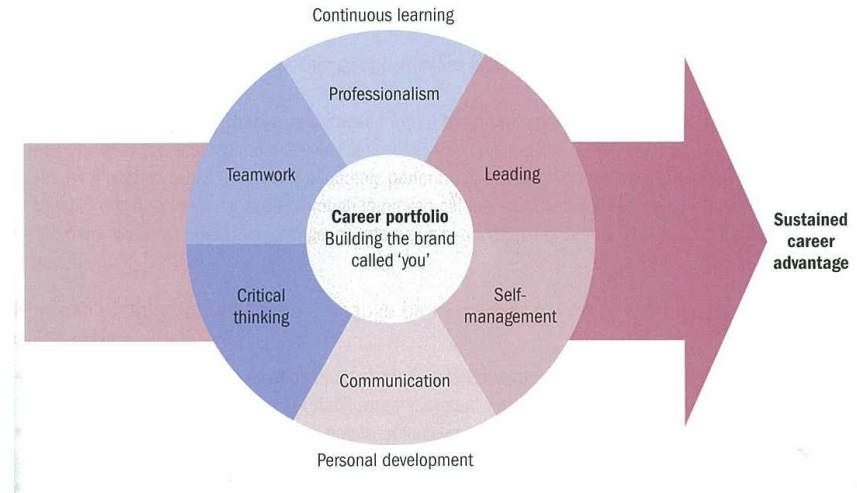


FOUR FUNCTIONS OF MANAGEMENT

- **Planning** sets the directions and allocates resources.
- **Organising** brings people and material resources together in working combinations.
- **Leading** inspires people to best use these resources.
- **Controlling** sees to it that the right things happen, in the right way, and at the right time.

SO...WHAT DOES THIS MEAN FOR YOU?

- *What does this mean for you as a consumer?*
- *What does this mean for you as a new graduate entering the contemporary workplace?*
- *What does this mean for you as a potential manager?*





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NEXT WEEK: DECISIONS, DECISIONS,
DECISIONS!