5.1 (Planning and Control, Aims, Goals & Objectives, Strategic Planning)

1. An organisation needs both planning and control so that objectives can be achieved. The same people shall be involved in planning and control. Corporate planning looks at the organisation as a whole. This planning shall be flexible and allow for innovative and/or market changes. Trading organisations should aim for a particular level of profit as their long term objectives. All levels of management should participate in planning, because they are the people running the system. Overall assessment shows that having specific objectives/individuals goal does make a difference to output. Important commitment principles in planning are:

   (a) setting a time scale for plans to be fulfilled; and

   (b) convincing all levels of Management that plans are meaningful and possible;

   The planning framework consists of:

   (a) deciding who plans;

   (b) a time frame;

   (c) environmental analysis;

   (d) an organisation appraisal;

   (e) long term objectives;

   (f) long term plans;

   (g) short term operating plans; and

   (h) individual objectives.

2. Objectives should be realistic and achievable with genuine effort. All objectives should be directly related to the primary objective of achieving a particular profit. All levels of management should have objectives and understand how they are to be achieved. Qualitative and quantitative objectives are related. Never sacrifice one for the other.

3. Strategic Planning has the purpose of planning to achieve primary and secondary goal. Strategy aims to keep a company ahead of competitors although luck and intuition may play a part. Long and short term plans should be co-ordinated with short term plans being specific parts of long term plans. Key elements of strategic business management are:

(a) Stick to it;

(b) Think it through;

(c) Risk, responsibility and reward;

(d) Awake and become aware;

(e) Talk to each other;

(f) Evaluate;

(g) Get the right person; and

(h) Yes, I can do it.

Business strategy is necessary to remain ahead of competitors, outthink them and stay ahead. The main factors of a successful strategy are:

(a) Customers - satisfy their needs;

(b) Competitors – gain advantage over them; and

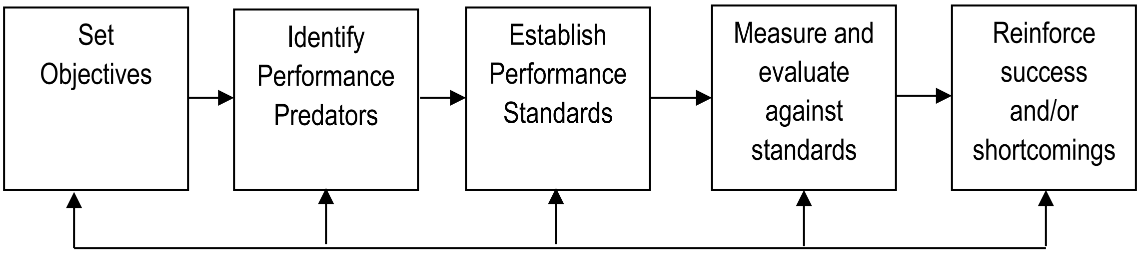
(c) Company – work to your strengths not weaknesses.

A real test of an effective strategy is making a good profit <u>and</u> also keeping your customers. Planning/Strategy in isolation can be misleading.

**(15-20%) 2** **PLANNING AND CONTROL** **PC. 2**

5.2 (Control justification, Objectives, Control Systems, Performance Appraisal, Competitive Analysis)

1. The Control Process




To get an effective control system an organisation should construct one to suit its own need. Control system should always focus on the objectives. A control system should be flexible enough for corrective action to be taken quickly and correctly. Other requirements are well designed, reliable and unbiased, cost effective and acceptable to those they affect.

2. Companies achieve better use of their resources by better planning and strategy with impact from top to base. Choosing the right objectives within a set timeframe can greatly improve resource productivity. Have the right resources in the quantities that suit the objectives.

3. Control System: Types of controls on resources are (a) Personnel and (b) Non Personnel.

Personnel controls:

(a) Correct recruitment;

(b) Meaningful induction;

(c) Effective training; and

(d) Self-control.

Non Personnel controls:

(a) Inventory at stock control;

(b) Production control;

(c) Quality control;

(d) Budgetary control;

(e) Non budgetary control eg. Balance Sheet Ratios, Interpretation of financial statements.

Each type of proper control for a company should apply to both stock and inventory control, cost control and should agree to both financial and management audit.

4. The Performance Appraisal Cycle has the four steps of:

   (i) Establish Performance Standard;

   (ii) Measure Performance;

   (iii) Compare performance against standards; and

   (iv) Evaluate performance.

   The appraisal of people should take more into account than just output and work quality.

5. Companies should look critically inside their structures to properly ascertain where their strengths and weaknesses lie.  Competitors may affect your strategy by offering customers more than you ever at a similar price.