



Lesson 4

Planning and control

Subject: Business I

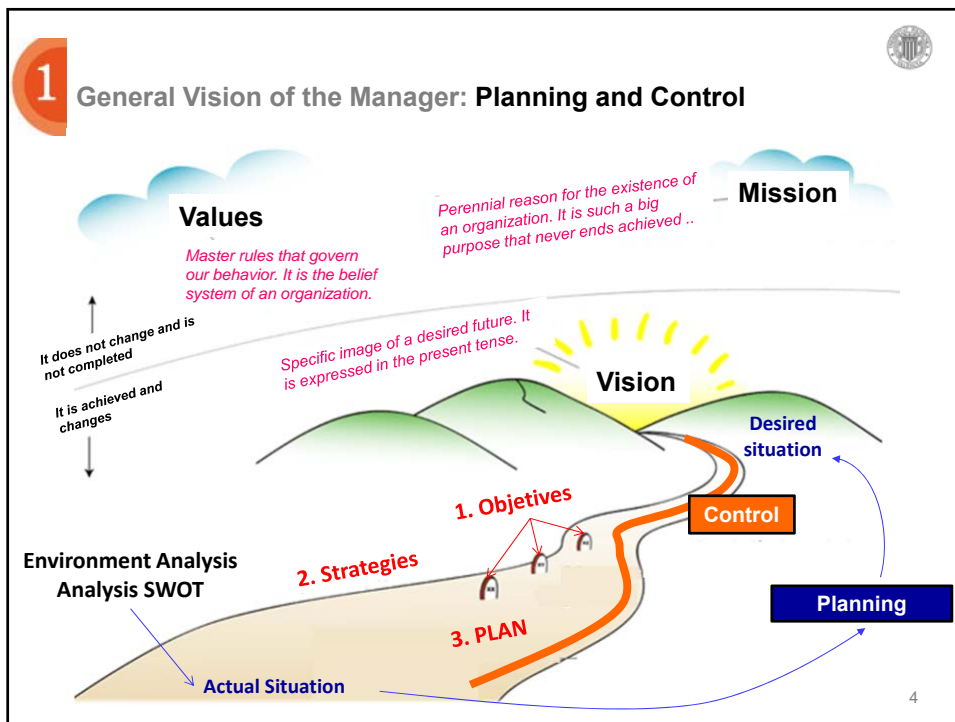
Professor: Rocío Cortés Grao

1



General Vision of the Manager	1
Planning	2
The planning process	3
Planning: <i>Objective, strategy and plan</i>	4
Control	5
Types of control	6
Control: <i>Balance Scorecard</i>	7

2





2 Definition of Planning


What is **Planning**?

Project a **desired future** and determine the **means** to achieve it.




- **Mental process** of decision.
- Union between the **current situation** and **desired**.
- **Objectives and strategies** are defined and implemented into a "PLAN".
- It affects all **levels** of the company.
- It is linked to **CONTROL**.

5



3 Process of planning




		Examples
What is to be achieved?	Objetives	<i>Increase production by 20% in 2011</i>
How will it be achieved?	Strategies	<i>One more turn, expand facilities, outsource, ...</i>
What actions am I going to follow?	PLAN	<i>Prepare expansion project, development of the work, buy a machinery, ...</i>
When do I want to achieve it?		<i>Activities schedule</i>
With whom ?		<i>Assign responsibility: top-manager and production manager</i>
With what resources ?		<i>Project description and budget</i>
How am I going to evaluate it?		<i>Unit profit, project profitability ...</i>

6

4 Planning: Objective, Strategy and Plan

Objetives

- ✓ It is a result to be achieved, a future state you want to go.
- ✓ *Concrete expression of the mission and vision of a company*



Mission: Sell quality furniture
Vision: To be leaders in sales in Spain

➔


Objective: Increase Sales 100% in 3 years in order to become leaders in Spain

7

4 Planning: Objective, Strategy and Plan

Objetives

Features of the Objectives



- Concrete
- Measurable
- Reachable
- Temporary
- Motivator
- Compatible

8



4

Planning: Objective, Strategy and Plan


Strategy

Set of **actions** that achieve the objectives of the company using its resources and capacities to adapt to the environment and are consistent with the mission and vision. The strategy is developed in the PLAN (strategic plan).



Indicates the path to be followed in order to achieve a goal

9




4

Planning: Objective, Strategy and Plan

Plan

Includes certain actions stated in the planning in order to achieve the objectives.



Types of Plans	Range	Temporality	Level
<input type="checkbox"/> Strategic	Business	Long Term (3 to 5 years)	Top-level Managers
<input type="checkbox"/> Tactical	Division or department	Mid Term (1 to 3 years)	Mid Managers
<input type="checkbox"/> Operating	Department or section	Short Term (1 year)	Supervisors Managers

*Is the most important of a **Business Plan**.*

10




4 Planning: Objective, Strategy and Plan

Examples






11




4 Planning: Objective, Strategy and Plan

Examples




What is to be achieved?	OBJETIVES	Increase the number of sales to become the leader Air company most used.
How do you want to achieve it?	STRATEGIES	Get the cheapest rates on the market.
What actions I will follow?	PLAN	<ul style="list-style-type: none"> • Second line airports • Many daily flights by plane • Suppression of the business class • Elimination of on-board services such as meals and newspapers. • Close unprofitable routes. • Online Sale. • Buy planes without blinds, reduces the price per aircraft, the repair costs and maintenance.
When do I want to achieve it?		
With whom ?		
With what resources ?		
How am I going to evaluate it?		

12




4 Planning: Objective, Strategy and Plan





OBJETIVES	Increase sales after the collapse of September 2008.
STRATEGIES	Keep on the shelves only those references that have a high turnover, leaving out many products of external brands and giving more space to the own brand.
PLAN	<ul style="list-style-type: none"> <input type="checkbox"/> Reduce references, between 600 and 800 references left the linear chain in terms of their rotation. <input type="checkbox"/> Remove numerous duplications, such as crackers or fresh cheese, because sometimes the same product is present in two different formats. <input type="checkbox"/> Changes in packaging and formats. It will go in a cheaper package such as different milk cartons and larger formats to encourage savings. <input type="checkbox"/> The fruit will be sold in bulk <input type="checkbox"/> Impact on lowering prices of raw materials. It has already dropped an average of 13% of the price of bread.

13



4 Planning: Objective, Strategy and Plan. Exercise 1.







Manuel Palma
Palma Group Manager

http://www.youtube.com/watch?v=Tr5-1_9apsE


Define the 2 periods of his live and say what his objectives, strategies and actions for each period are.



14



4 Planning: Objective, Strategy and Plan. Exercise 1.



Manuel Palma
Palma Group Manager

Objective: When I'll be 30 years old I will have more millions than years.

Strategy 1: Work in a company and then sell cars in the afternoon as bonus.

Actions: Job search


Control and Evaluation: Result not finding employment


Strategy 2: Keep buying and selling cars

Actions:

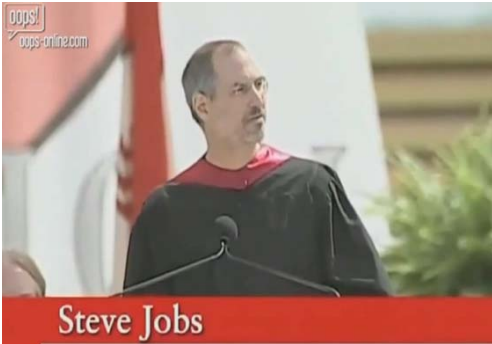
- Palma assembles cars.
- Warranty on parts and labor.
- Workshops open 365 days a year.

Control and Evaluation: Resulted in a business group that earns more than 100 Mil € the year. Achieved its target.






4 Planning: Objective, Strategy and Plan. Exercise 2.



<https://www.youtube.com/watch?v=ZF0Omp2rFM>


Define the 3 periods of his life and say what his objectives, strategies and actions for each period are.



16

4 Planning: Objective, Strategy and Plan. Exercise 3.

The Coach



Rafael Nadal

The coach has its roots in sport.

A coach is a trainer of either sport, business, executive, business ... and aims to **improve and assist in the purpose by which he has been hired.**

Business Coach

The Coach Business operates similar to normal coach, but it must be applied to the company.

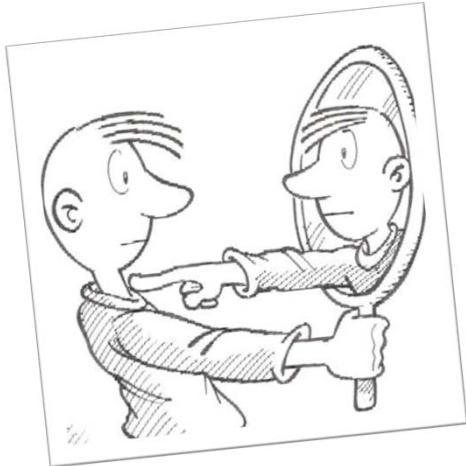
- Objectives: Identify the problem, search and provide solutions
- Skills and qualities: empathic, creative, knowledge of business, intuition and know the company well

17

4 Planning: Objective, Strategy and Plan. Exercise 3

KNOW YOURSELF

Your Objective, Strategy, Plan



18

4

Planning: Objective, Strategy and Plan



Your Objective, Strategy, Plan

Objetives

Which is your BIG DREAM?

How do you imagine yourself in 10 years?

How do you imagine yourself in 3 years?

STRATEGIC

TACTICAL

OPERATIONAL

Strategy

What decisions will you have to take in each moment?

PLAN
(Actions)


What actions will you have to take in each moment?



19

5

Definition of Control




Control

Consists in **measuring** the expected results and compare them in order to identify current deviations and correct them.

Steps of the control process:

- Establish **standards** and measurement method.
- Measurement and **comparison** with standards.
- Correction of the **deviations**.



"Quality means doing the right thing when no one is watching "

- Henry Ford-

20

6 Types of control

Depending on when it is performed:

Proactive	Interactive	Reactive
Preliminary-Preventive	Concurrent	Feedback
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Verification of input material • Develop Buying Budget 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Monitoring managers task • Process parameter measurement 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Preparation of the balance sheet and income statement • Verification of the finished product

21


7 Control: Balanced Scorecard

OBJETIVE	INDICATOR	GOAL	EVOLUTION			
			T1	T2	T3	T4
Increase sales	Net sales	+20%				
Increase market share	Market Share	+3%				
Reduce process duration	Cycle Times	-12%				
Improve products quality	Defects Rate	-7%				

It is a **summary** of important information for the management of the company. Allows to view the **evolution** in order to monitor the business.

Contains **objectives, indicators** (magnitude that shows the status of a process) and **goals** (values that are to be achieved by the indicator).

22



Business Plan – 2nd Delivery. Exercises Units 3, 4, 5 and 6

Do this exercise for your company

3. Strategic Diagnostic

3.1 Strategic values

Mission, viision and values (see Unit 3)

3.2 Strategies Formulation

At this point we will make the analysis and the choice of strategies, based on objective information we extract from the SWOT and consistent with your mission, vision and values. Formulate objectives, strategies and plans or actions of your company in order to achieve competitive advantage. In relation to the previous mission, make at least two goals, strategies and plans that you would put into practice in order to achieve these competitive advantages.



Objetive	Strategy	Plan
1.		
2.		

3.3 Monitoring the accomplishment of strategies

Elaborate an example of Balanced Scorecard with the above objectives, determining at least two indicators for each objective with its corresponding goals and that will allow us to see the tracked evolution.

Objetive	Indicators	Goals
1.	1.	
	2.	
2.	1.	
	2.	

23

**Thank you very much
for your attention**

24