

**UNIT**

**1**

**OVERVIEW OF  
MANAGEMENT**

# What Is Management?

- **Managerial Concerns**

- **Efficiency**

- ❖ “Doing things right”
  - Getting the most output for the least inputs

- **Effectiveness**

- ❖ “Doing the right things”
  - Attaining organizational goals



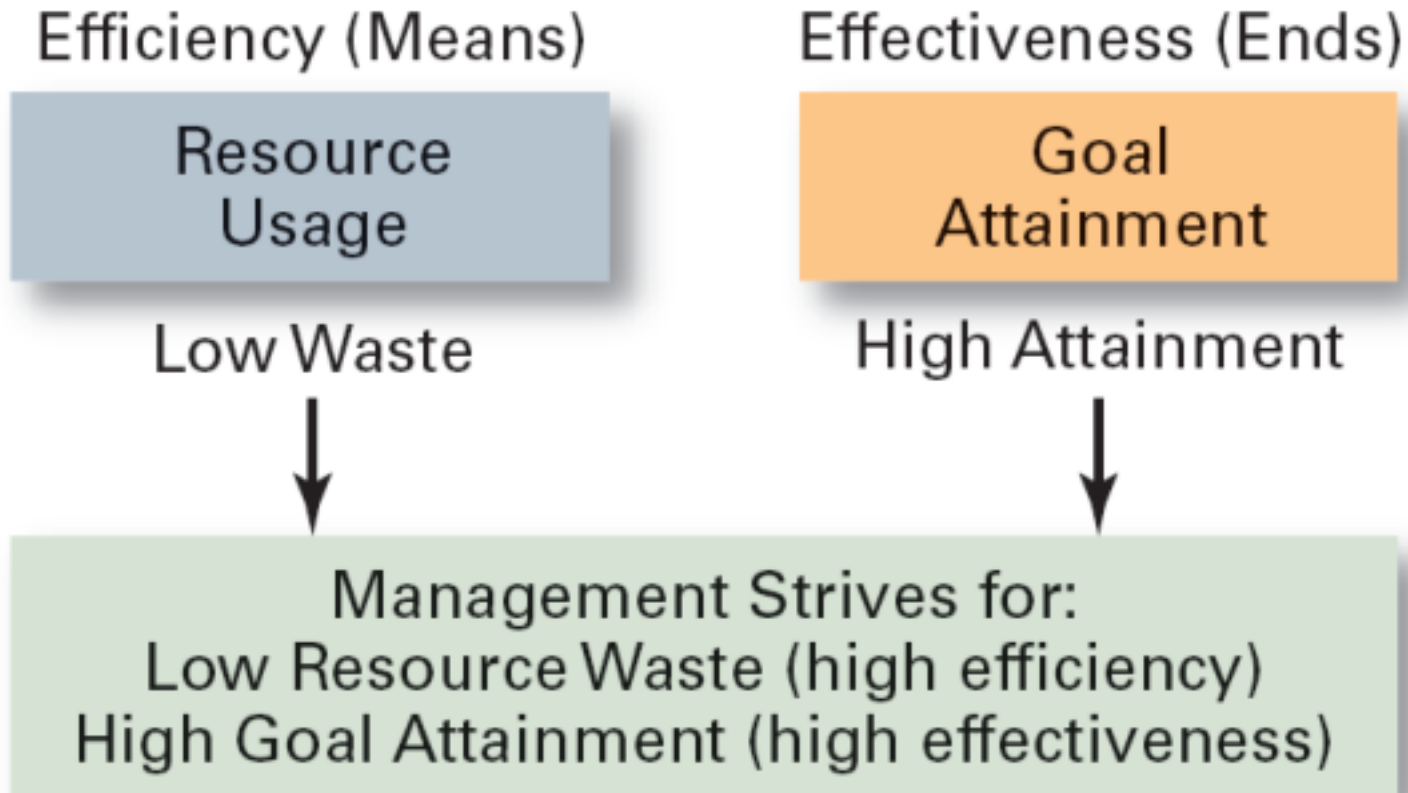
# What Is Management?

- **Management** involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.

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## Exhibit 1–3 Effectiveness and Efficiency in Management

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# Who Are Managers?

- **Manager**
  - Someone who coordinates and oversees the work of other people so that organizational goals can be accomplished.



# Classifying Managers

- **First-line Managers**
  - Individuals who manage the work of non-managerial employees.
- **Middle Managers**
  - Individuals who manage the work of first-line managers.
- **Top Managers**
  - Individuals who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

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# Managerial Levels

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# What Managers Do?

- **Three Approaches**
  - Functions they perform.
  - Roles they play.
  - Skills they need.

# Functions of Management



# Planning

Defining goals, establishing strategies to achieve goals, developing plans to integrate and coordinate activities.



# Leading

Involves motivating subordinates, influencing individuals or teams as they work, selecting the most effective communication channels

# Controlling

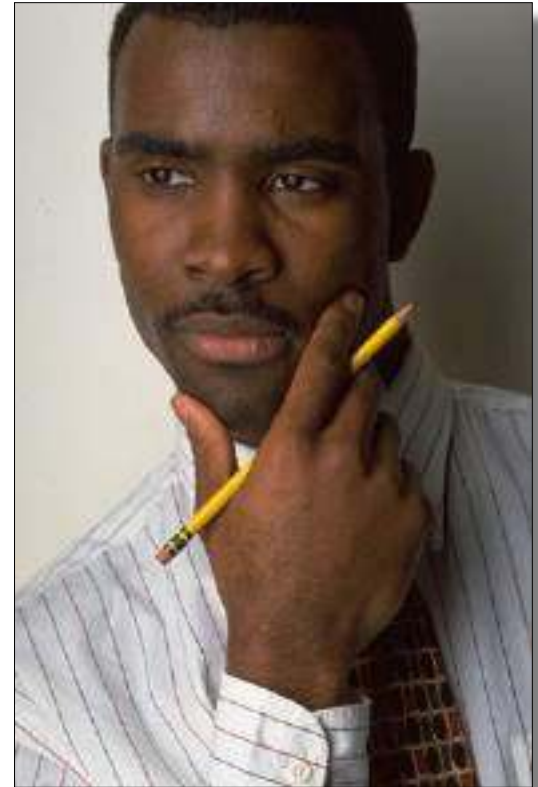
Monitoring,  
comparing, and  
correcting work.





# What Managers Do (Mintzberg)

- **Actions**
  - thoughtful thinking
  - practical doing



# Management Roles

**Interpersonal roles**



**Decisional roles**

**Informational roles**

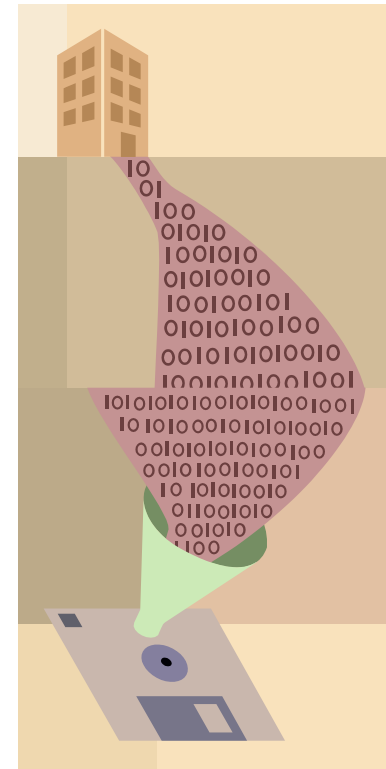
# Interpersonal Roles



- **Roles that involve** interacting with other people inside and outside **the organization**
- **Interpersonal roles:**
  - **Figureheads:** Greet visitors, Represent the company at community events
  - **Leader:** Influence, motivate, and direct others as well as strategize, plan, organize, control, and develop

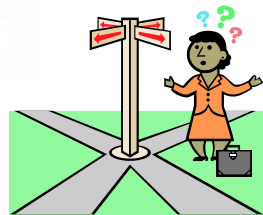
# Informational Roles

- **Collecting, Processing**
- **Roles: Monitor, and spokesperson**



# Decisional Roles

- **Whereas interpersonal roles deal with people and informational roles deal with knowledge, decisional roles deal with action**
- **Decisional roles:**
  - **Entrepreneur:** Managers must make sure their organizations innovate, change, develop, and adopt
  - **Disturbance handler:** Addressing unanticipated problems as they arise and resolving them.
  - **Resource allocator:** How best to allocate resources
  - **Negotiator:** Negotiation is continual for managers



- **interpersonal roles deal with people**
- **informational roles deal with knowledge,**
- **decisional roles deal with action**



# What Is An Organization?

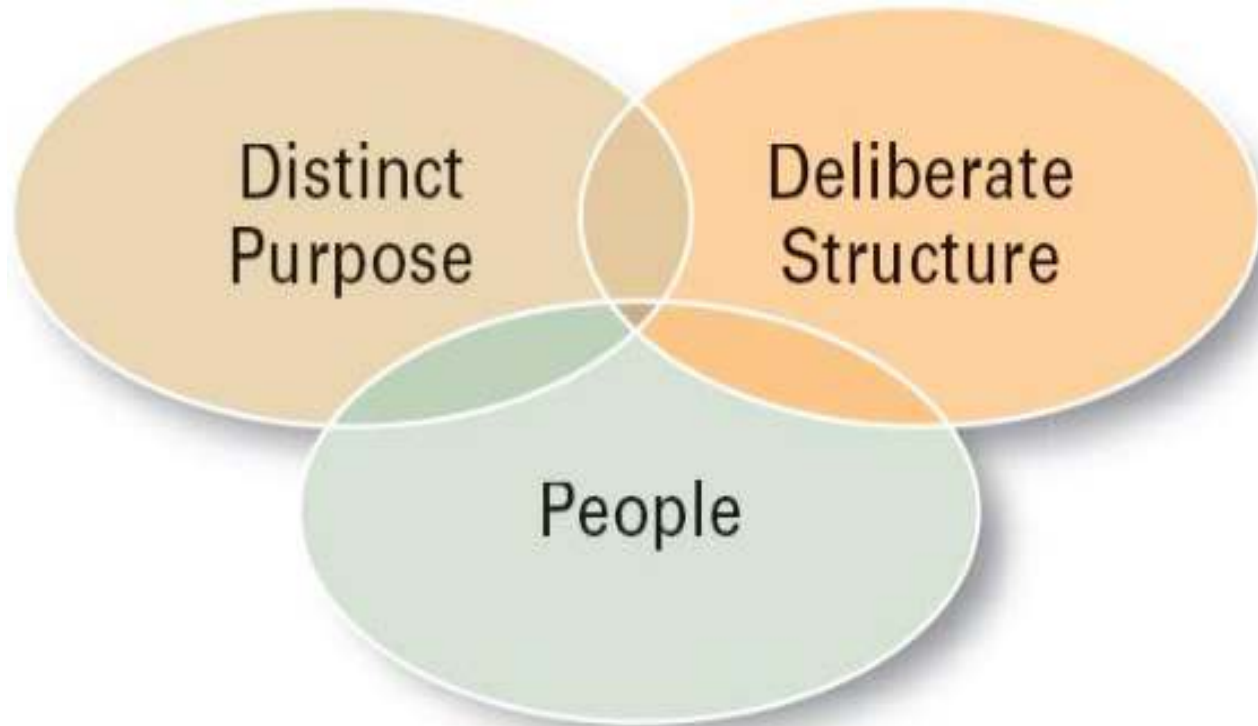
- **An Organization Defined**
  - A deliberate arrangement of people to accomplish some specific purpose (that individuals independently could not accomplish alone).
- **Common Characteristics of Organizations**
  - Have a distinct purpose (goal)
  - Composed of people
  - Have a deliberate structure



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## Exhibit 1–9 Characteristics of Organizations

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# What Managers Do?

- **Skills Managers Need**

- **Technical skills**

- ❖ Knowledge and proficiency in a specific field

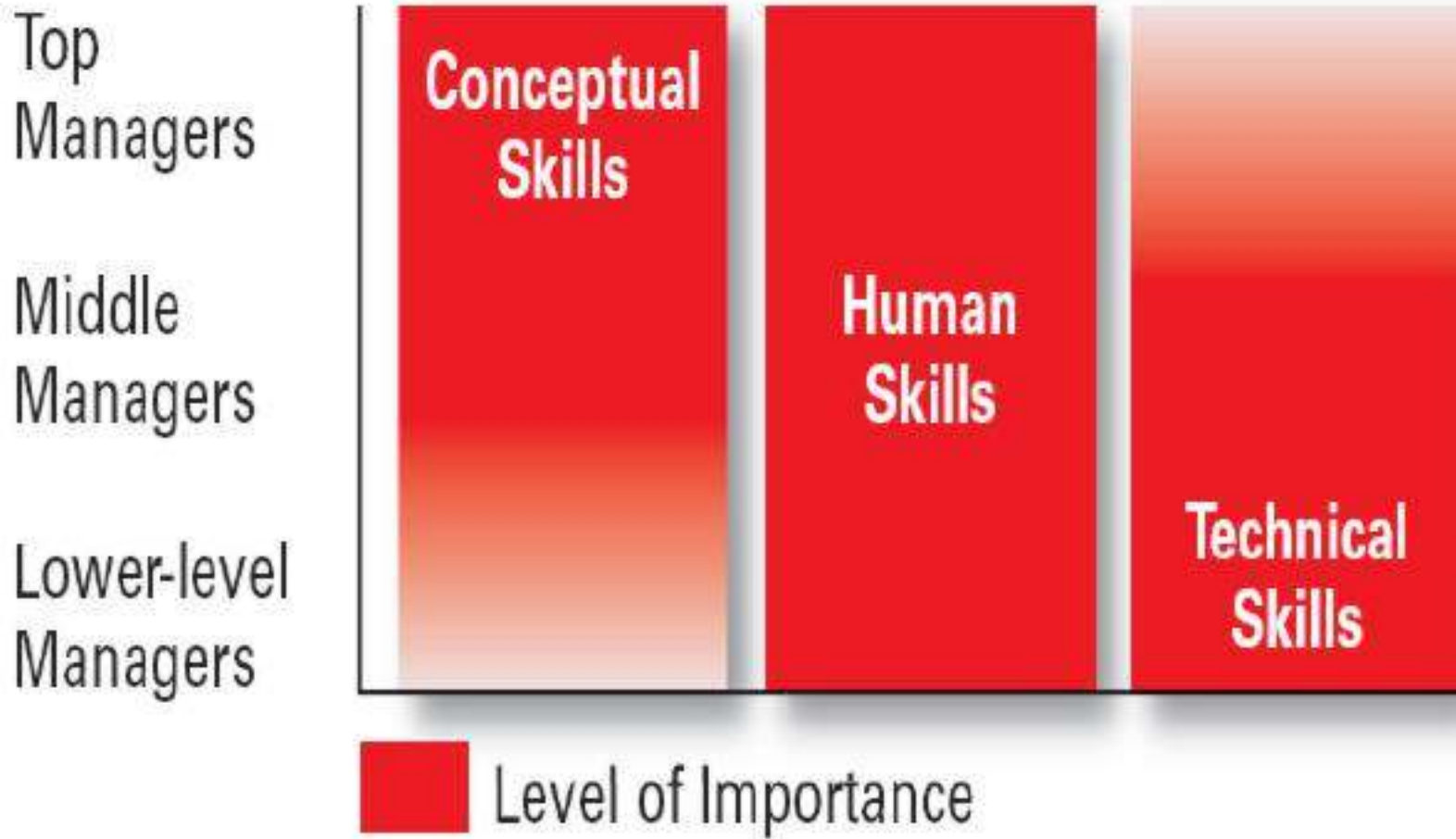
- **Human skills**

- ❖ The ability to work well with other people

- **Conceptual skills**

- ❖ The ability to think and conceptualize about abstract and complex situations concerning the organization

# Skills Needed at Different Management Levels



# How The Manager's Job Is Changing

- **The Increasing Importance of Customers**
  - **Customers:** the reason that organizations exist
    - ❖ **Managing customer relationships** is the responsibility of all managers and employees.
    - ❖ Consistent **high quality customer service** is essential for survival.
- **Innovation**
  - Doing things differently, and taking risks
    - ❖ Managers should encourage employees to be aware of and act on opportunities for innovation.

# Why Study Management?

- **The Value of Studying Management**

- **The universality of management**

- ❖ Good management is needed in all organizations.

- **The reality of work**

- ❖ Employees either manage or are managed.

- **Rewards and challenges of being a manager**

- ❖ Management offers challenging, exciting and creative opportunities for meaningful and fulfilling work.

- ❖ Successful managers receive significant monetary rewards for their efforts.

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# Universal Need for Management

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# Evolution of Management Thought

1. Scientific Management
2. Modern Operational Management Theory
3. Behavioural Sciences
4. Systems Theory
5. Modern Management Thought



# Scientific principles

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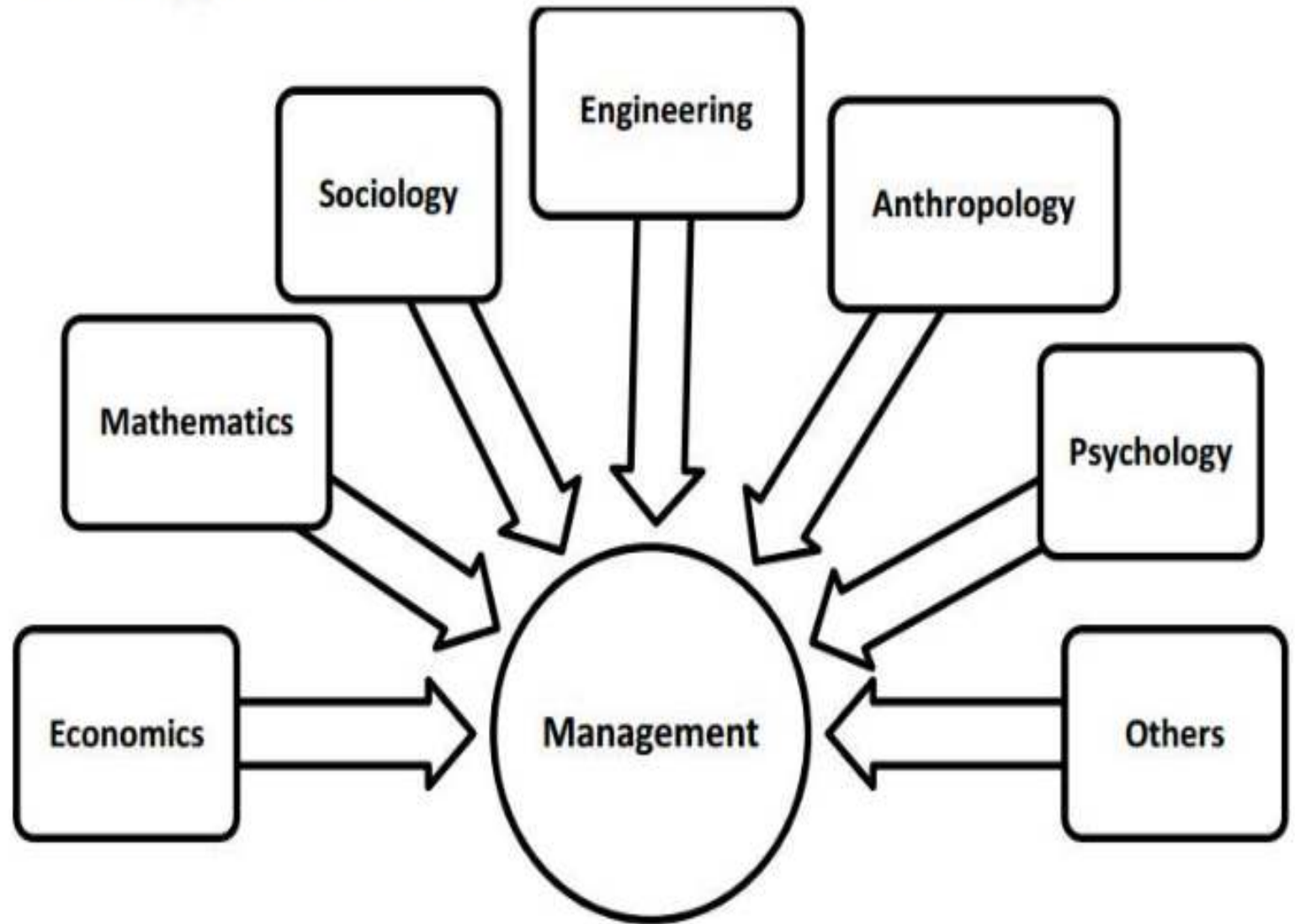
- ❑ Also called as task management
- ❑ Stated by F.W Taylor in his book called the principles of scientific management (1911).
- ❑ School of thoughts who follow taylorism.
- ❑ Taylorism can be seen as the division of labor pushed to its logical extreme, with a consequent dehumanization of the workplace.



# Principles of Scientific Management

- Replacing Rule of Thumb with science
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency.

## Management as an applied science



# Management



or



# Management as an Art

- Art refers to **creative skills** and **talent** which people require to conduct certain activities effectively.
- Art is an **Inborn talent**. However it can be refined through Learning and Practice.

# Management is an Art due to the following reasons:

## 1. INTELLIGENCE 2. INITIATIVE



## 3. INNOVATIVE



## 4. INDIVIDUAL APPROACH



## 5. APPLICATION & DEDICATION



## 6. RESULT ORIENTED



# Comparison : Management as



## As An art

- **BASED ON PRACTICE AND CREATIVITY.**
- **IT IS A THEORETICAL BODY OF KNOWLEDGE.**
- **HAS PERSONALIZED APPLICATION.**

## As a Science

- **BASED ON EXPERIMENTATION.**
- **IT IS A SYSTEMATIZED BODY OF KNOWLEDGE.**
- **HAS UNIVERSAL APPLICATION.**



# II. Modern Operational Management Theory

## 14 Principles of Henri Fayol

- DIVISION OF WORK OR SPECIALIZATION
- AUTHORITY AND RESPONSIBILITY
- DISCIPLINE
- UNITY OF COMMAND
- UNITY OF DIRECTION
- SUBORDINATION OF INDIVIDUAL TO GENERAL
- REMUNERATION
- CENTRALIZATION
- LINE OF COMMAND/SCALAR CHAIN
- ORDER
- EQUITY
- STABILITY OF TENURE
- INITIATIVE
- ESPRIT DE CORPS



# 1. DIVISION OF WORK or SPECIALIZATION

Division of work makes a man specialist. The reason is that division of work helps to specialize in an activity which **increases** the **output** with **perfection**. It also **avoids wastage of time**. Division can be applied to both technical and managerial kind of work.



## □ Authority & Responsibility.

- Managers must be able to give orders. Authority gives them this right. Note that responsibility arises wherever authority is exercised.



# □ Discipline.

- Employees must obey and respect the rules that govern the organization.



# □ **Unity of command.**

- Every employee should receive orders from only one superior.



- **Unity of direction.**
- Each group of organizational activities that have the **same objective** should be directed by **one manager using one plan.**



# Subordination of individual

- The individual should subordinate self-interest to the general good. It is incumbent upon management to reduce conflict between the individual and the general well being wherever possible.



# □ **Remuneration**

- **Workers must be paid a fair wage for their services.**
- **Means the wages and salaries paid to employee. It should be fair & must be paid on time.**
- **It satisfy both employee & employer**
- **It should be decided on-Work allotted.**
- ❖ **cost of living.**



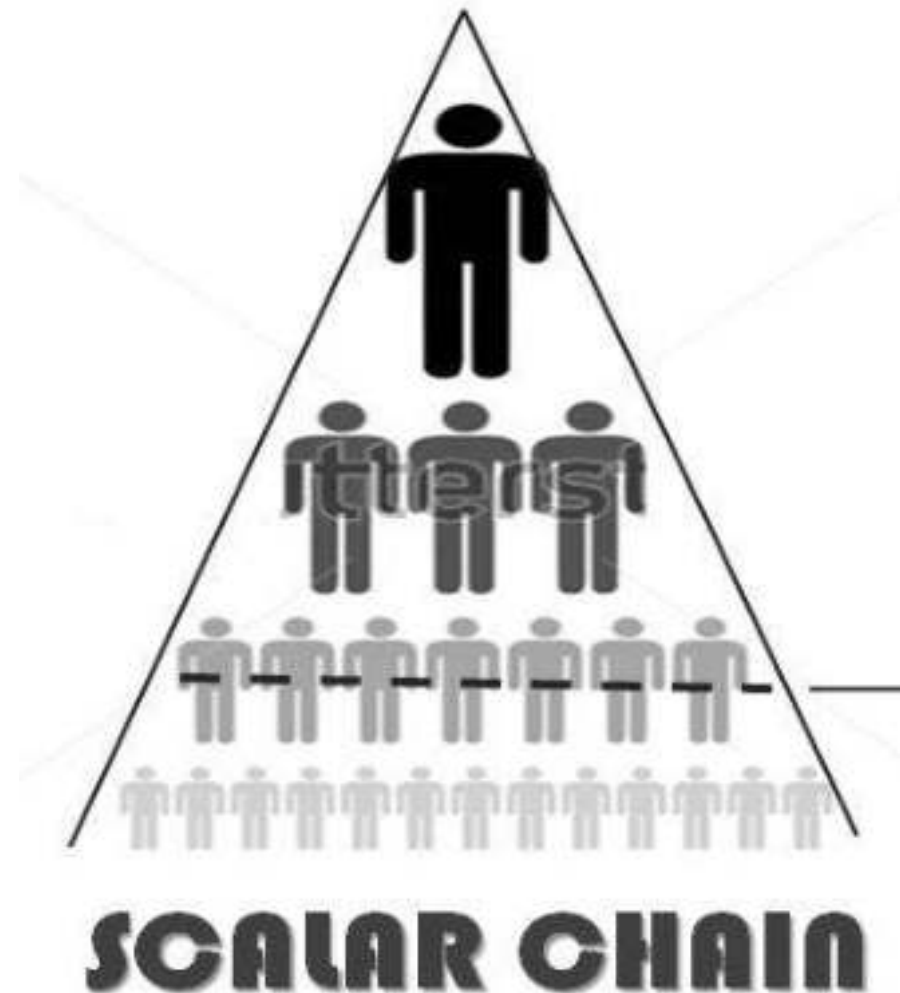
## □ CENTRALIZATION

- Fayol thought centralization of authority to be desirable, at least for overall control. Certainly, both formulation of policy and the generation of basic rules and procedures ought to be centralized



# □ Scalar chain

- The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain.



# □ Order

- People and materials should be in the right place at the right time.



# □ Equity

- Managers should be kind and fair to their subordinates.



# □ **Stability of tenure of personnel**

- High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.



## □ Initiative.

- The power of thinking out, proposing and executing. Management should encourage employees to originate and carry out plans.



## □ **Esprit de corps**

- It means that create a team spirit or union is strength.
- Developed an atmosphere of mutual trust and understanding.
- Create a sense of belonging employees
- It bring a loyalty, dedication and commitment to the group.



# Behavioral theory

# Organizational Behavior

- Human behavior in organizations is complex.
- The field of organizational behavior draws from a broad, interdisciplinary base of psychology, sociology, anthropology, economics, and medicine.
- There are two theories on how employees behave:



# Behavioral Theory on How Employees Behave Toward Work

## Theory X Assumptions:

- Employees dislike work.
- Employees are irresponsible.
- Employees lack ambition.
- Employees resist change.



# Another Theory on How Employees Behave

## Theory Y Assumptions:

- Employees are willing to work.
- Employees are self directed.
- They accept responsibility.
- Employees are creative.
- They are self-controlled.



# **Difference between Administration and Management**

# Objectives

## Management

- Stated as broad strategic aims

## Administration

- Stated in general terms and reviewed or changed infrequently

# Success Criteria

## Management

- Performance mostly measurable

## Administration

- Mistake avoiding
- Performance difficult to measure

# Ressource Use

## Management

- Primary task

## Administration

- Secondary task

# Decision Making

## Management

- Many decisions
- Decisions affect few
- Decisions must be made quickly

## Administration

- Few decisions
- Decisions affect many
- Decisions take time to be made

# **BUSINESS ORGANIZATION**



# BUSINESS

- A **business** (also called a **company**, **enterprise** or **firm**) is a *legally recognized organization* designed to *provide goods and/or services* to **consumers**.

# Forms of Business Organization

- sole proprietorship or sole trader
- partnership
- corporation
- share of stock
- board of directors
- dividends

# Sole Proprietorship/ sole trader

- It is a type of business entity which is owned and run by **one individual**



# Advantages of a Sole Proprietorship



# Disadvantages of Sole proprietorships

# Partnership

- a business owned by two or more people



**Business Partnership**



# Disadvantages of a partnership:

- Responsibilities, profits, and losses are shared
- can be held liable for errors of partners
- unlimited liability for business expenses
- responsible for all money or services owned.
- business income is taxed as personal income

# Advantages of a partnership :

- easy to establish
- multiple sources of capital
- risks are spread among partners



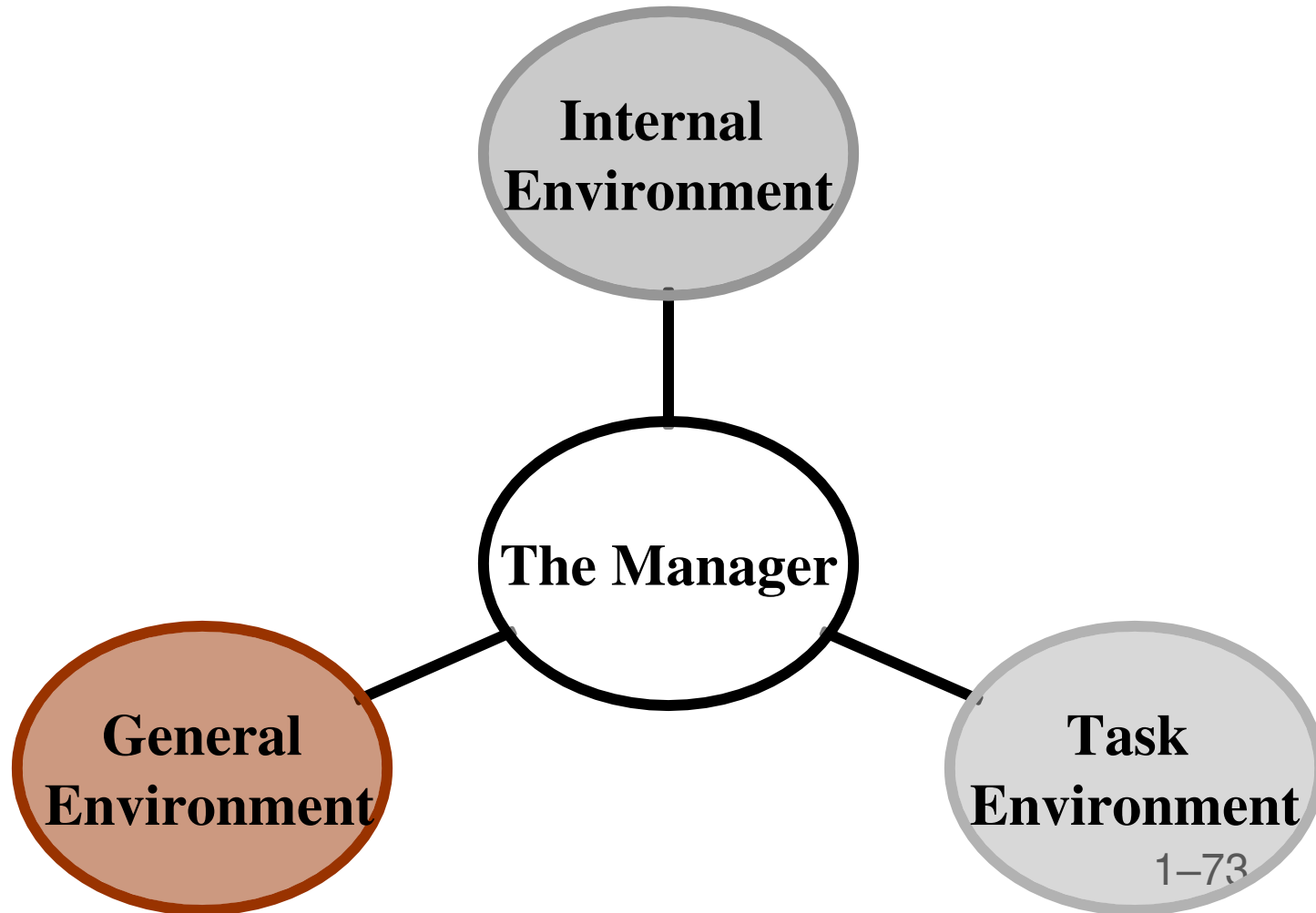
# Corporation

- a business that has the legal rights of a person but is independent of its owners



# Organization & the environmental factors

# External and Internal Environment



# The External Environment



# Internal & External Environment classification:

## Internal Environment

1. Resources
2. Capabilities
3. Culture

## External Environment:

### 1. specific environment

a. Customers

b. Suppliers

c. Competitors

d. Pressure Groups

### 2. General Environment

a. Economic conditions

b. Political/Legal Conditions

c. Socio-cultural Conditions

d. Demographic Conditions

e. Technological Conditions

f. Global conditions

# External environment

- **External environment** refers to force and institutions outside organization that potentially affect an organizations performance
- General and Specific Environment

# External environment- *Specific Environment*

- *Specific Environment* that is directly relevant to achievement of an org's goal
- Customers, competitors, suppliers, pressure groups
- Economic conditions, political/legal conditions, socio cultural conditions, demographic conditions, technological and Global conditions

# Specific Environment

## Customers

**Customers:** customers who absorb organizational outputs

They represent potential uncertainty to an organization, Their **taste can change**, they can become **dissatisfied** with organization's **product or service**



# Specific Environment

## Competitors:

- **Competitors:** Organizations cannot afford to ignore its competitors.

Managers must be prepared to respond to **competitors policies regarding pricing new products, services offered** and other incentives it is giving to customers

# Specific Environment- **Suppliers**

- **Suppliers:** Any party that provides input for the business. E.g financial institutions are provider of money, colleges are suppliers of human resources
- Managers need to have steady and and reliable flow of inputs to meet the goals

# Specific Environment- **Pressure groups**

- **Pressure groups:** Managers must recognize the **special interest groups** that attempt to influence organization

# General Environment

## Economic conditions:

- **Economic conditions:** It includes the impact of economic factors like Interest rates, changes in disposable income and the stage of general business cycle
- e.g : when consumer's incomes fall their confidence about job security declines, they will **postpone purchasing** any thing that is not necessary

# General Environment

## **Political/legal conditions:**

- **Political/legal conditions:**  
Federal, state and local government influence what org can and cannot do
- Managers must adapt their practices to the changing expectations of the society and their life style

# General Environment

## Demographic Conditions:

- **Demographic Conditions:** Trends in the physical characteristics of population such as gender, age, level of education, income, geographical location
- Technological: It is changing the ways the org are operating, so businesses must address this issue and its impact on performance of org.

# General Environment- Socio-cultural Conditions

- Managers must adapt their practices to the changing expectations of the society in which they operate.

# General Environment- Technological Conditions

- The whole area of technology is radically changing the fundamental ways that organizations are structured and the way that managers manage.



# General Environment-

## Global conditions

- Globalization is one of the major factors affecting managers and organizations

# TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO

- Workforce diversity
- Changing employee expectation
- International environment
- Building organizational capabilities
- Job design & organizational structure
- Changing psycho-social system
- Technological advance
- Management of human relations
- Changes in legal environment
- Expanding globalisation

# 1. Workforce diversity

## Changing the Way You Do Business

- It refers to the way in which people in a workplace are similar & different from one another. In addition to the characteristics protected by law, other similarities & differences commonly cited include background, education, language skills, personality & work role.

# Advantages of Workforce diversity

- IMPROVE DECISION MAKING
- IMPROVE TEAM PERFORMANCE
- BETTER CONSUMER SERVICES
- ENHANCE COMMUNICATION SKILLS
- CREATIVITY & INNOVATION

## 2.Changing employee expectation

- The managers has then to redraw new methods of motivation such as job design.
- Ex: motivation of workers to deliver their contribution towards the accomplishment of organizational goals.

# 3.INTERNATIONAL ENVIRONMENT

- The Environment which includes all the factors and forces which are external to the Business organization such as economic, socio-cultural, legal demographic etc. are known as International environment.



- In simple word International Environment means the growth and expansion of business to a larger extent.

i.e. global all over the world.



# 4. Building organizational capabilities

- To acquire new skills, knowledge & to evaluate environmental changes to evaluate business strategies.

# 5. Job design & organizational structure

- Design with foreign concepts ex: quality circle, TQM etc
  - i. Task Approach
  - ii. People Approach

# 6.Changing Psycho-Social System

- Management designed to perform its work function.
- But in future Human Participation will be required.

# 7. Technological Advance

- New jobs will be created and many old jobs will become redundant

# 8. Management of human relations

- New generation of workforce comprising educated will ask for higher degree of participation.

# 9.CHANGING IN LEGAL ENVIRONMENT

- Increases changes in legal environment necessary adjustments have to be made.

# 10. Expanding Globalisation

# Strategies for International Business



# International Management

- Focuses on the operations of international firms in host countries.
- International businesses engage in transactional across national boundaries.

# Multinational Corporation (MNC)

- Multinational Corporations have their headquarters in one country but operate in many countries.

# Orientations

- **Ethnocentric Orientation** – The style of the foreign operations is based on that of the parent company.
- **Polycentric Orientation** – The foreign subsidiaries are given a great deal of managerial freedom.
- **Regiocentric Orientation** – The foreign operations are staffed on a regional basis.
- **Geocentric Orientation** – The entire organization is viewed as an interdependent system operating in many countries.

# Strategies

- Multinational corporations must give weightage to two important factors
  - The need to make optimum economic decisions on a global basis
  - Responsive to host country differences

In order to fulfil the above two criteria the MNCs may opt for any of the four strategy

- Worldwide integration / Globalisation Strategy
- National responsiveness strategy
- Regional responsiveness strategy
- Multifocal strategy

# Forms of International Business

**Exportation** – Exportation of goods and services from parent country to host country.

**Licensing agreement** – Licensing agreement for producing goods in another country.

**Management contracts** – The company can engage in management contracts for operating in foreign companies.

## **Joint Venture and Strategic Alliances**

- o One form of interaction is a joint venture with the firm in the host country.

# Wholly Owned Subsidiaries

- o A wholly owned subsidiary is an operation on foreign soil that is totally owned and controlled by a company with headquarters outside the host country.
- o In wholly owned subsidiary, the production facilities are totally owned by one company.

# Challenges of Management in Global Scenario

Language barriers

Selling and Marketing in foreign markets

Attitudes of host governments

Communication and coordination between subsidiaries



**UNIT**

**2**

**PLANNING**



# What is Planning?

- Deciding in advance what to do, how to do it , when to do it and who has to do it.
- Planning is the pre-selection of objectives and outlines the action before starting any business.
- **Planning is decision making in advance.**
- **Choosing the alternatives and making the decision is called planning.**

# Nature of Planning

- **Goal oriented:** Every plan must contribute in some positive way towards the accomplishment of objectives.
- **Primacy of Planning:** Planning is the first of the managerial functions
- **Efficiency, Economy and Accuracy**
- **Co-ordination**
- **Limiting Factors:** money, manpower etc
- **Flexibility**
- **Planning is an intellectual process:** The quality of planning will vary according to the quality of the mind of the manager.

# Importance of Planning

- Provides direction
- Leads to economical utilization of resources
- Reduces the risks
- Facilitates decision making
- Encourages Innovation & Creativity
- Improves morale
- Facilitates control

# **Planning Process (or) Steps in Planning**

# Steps in planning

**Being Aware of opportunities**

Market, competition, Customers, Strengths Weakness

**Establishing objectives**

Where we want to be, what to achieve and when

**Developing premises**

In what environment ( I & E), scenarios

**Determining alternative courses**

How many and which are most promising

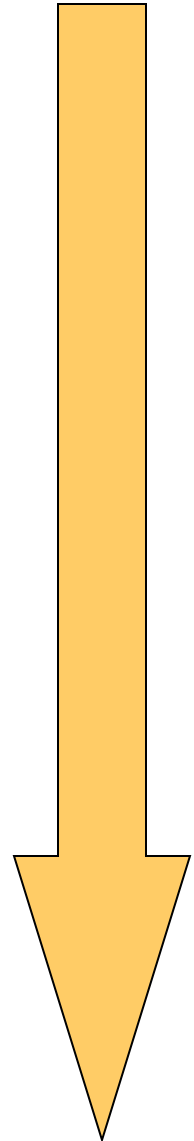
**Evaluating alternative courses**

In the light of objectives

**Selecting a course**

**Formulating derivative plans**

**Quantifying plans by budgeting**



# 1. Being aware of opportunities

- All managers should take look at **future opportunities** and see them clearly and completely.
- They should know their **strengths** and **weakness**, understand what problems they wish to solve and why, and know what they expect to **gain**.
- Setting realistic objectives depends on
  - (i) About market
  - (ii) About expected competition
  - (iii) What customers wants

## 2. SETTING OBJECTIVES

- The second step in planning is to establish or set objectives
- Objectives specify the expected results and indicate the end points of
  - (i) What is to be done
  - (ii) Where the primary emphasis is to be placed
  - (iii) What is to be accomplished by the strategies, policies, procedures, rules, budgets and programs.



### 3. DEVELOPING PREMISES

- It is important for all the managers involved in planning to agree on the premises.
- Forecasting is important in premising:  
What kind of markets will be there?  
What volume of sales? What prices? What products? What technical developments?  
What cost? Etc

## 4. IDENTIFYING ALTERNATIVE COURSES OF ACTION

- to search and examined alternative courses of actions.
- The planner must usually make preliminary examination alternative courses to accomplish the goal.

## 5. EVALUATING ALTERNATIVE COURSES

- After determining alternative courses and examining their strong and weak points, the next step is to evaluate the alternatives.

# 6.SELECTING A COURSE

- Selecting an alternative is the real point of decision making. This is the point at which the plan is adopted.
- the manager has to decide one best alternative or several alternative courses of action.

## 7.FORMULATING DERIVATIVE PLANS

- The seventh step in planning is formulating derivative plans.
- When a decision is made next step is to formulate a supporting plan, such as to buy equipment, materials, hire and train workers and develop a new product.

## 8. Quantifying Plans by Budgeting

- the final step in planning is to quantify them by converting them into budgets.
- The overall budgets of an enterprise represent the sum total of income and expenses with resulting profit.

# Types of Plans

- Long range Vs Short range
- Strategic Vs Operational
- Corporate Vs Functional
- Proactive Vs Reactive
- Standing Vs Single Use

# Long range Vs Short range

<b>Long range plan</b>	<b>Point of distinction</b>	<b>Short range plan</b>
<b>Covers many years &amp; affects many departments of an organization</b>	<b>Meaning</b>	<b>Covers less than one year and is more specific &amp; detail</b>
<b>5 yrs or more</b>	<b>Time</b>	<b>Up to one year</b>
<b>Mission ,long term goals and strategies</b>	<b>Deals with</b>	<b>Current operations of organization</b>
<b>Top management</b>	<b>Prepared by</b>	<b>Lower level executives</b>



# Strategic Vs Operational

<b>Strategic Plan</b>	<b>Point of distinction</b>	<b>Operational Plan</b>
5 years or more	Time horizon	Under one year
Adapt to external environment based on internal strengths	Purpose	Implement internal goals
Top management	Level involved	Middle & lower level
Primarily judgmental	Basis for planning	Exact data & Standards used

# Corporate Vs Functional

- Corporate Plan:
  - A comprehensive plan that outlines the broad objectives of a company as a whole and develops plans to achieve those objectives
  - Focus on organizational performance
- Functional Plan:
  - Is unit planning and deals with different departments.
  - Focus on departmental performance

# Proactive Vs Reactive

- **Proactive Planning:**
  - Managers challenge the future, anticipating future contingencies
- **Reactive Planning:**
  - Organizations react to events as and when they arise

# Standing Vs Single Use

- **Standing Plans**

- Developed for activities that recur regularly over a period of time

- Ex:

- Objectives, Policies, Procedures, Methods, Rules

- **Single Use plans**

- Developed to carry out a course of action that is not likely to be repeated in future

- Ex:

- Programmes, Schedules, Projects, Budgets

# Types of Plans – Key Point

- **Strategic Plans**

- Apply to the **entire organization**.

- **Operational Plans**

- Specify the details of how the **overall goals are to be achieved**.

# Types of Plans – Key Point

- **Long-Term Plans**
  - Plans with time frames extending **5 years**
- **Short-Term Plans**
  - Plans with time frames of **one year or less**
- **Specific Plans**
  - Plans that are **clearly defined** and leave no room for interpretation
- **Directional Plans**
  - Flexible plans that set out **general guidelines** and provide focus,

# Types of Plans – Key Point

- **Single-Use Plan**

- **one-time plan** specifically designed to meet the need of a unique situation.

- **Standing Plans**

- **Ongoing plans** that provide guidance for activities performed repeatedly.

# TYPES OF PLANS/ Hierarchy of Plans

- Mission or purposes
- Objectives or goals
- Strategies
- Policies
- Procedures
- Rules
- Programs
- Budgets



## **Mission or purpose**

The **basic** purpose or function or tasks of an enterprise or agency or any part of it

## **Objectives or goals**

The end towards which activity is aimed

## Strategies

The determination of the basic **long term objectives** of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals

## Policies

General statements or understanding that guide or channel thinking in decision making

## **Procedures**

Plans that establish a required method of handling future activities

## **Rules**

Rules spell out specific required actions or non actions allowing no discretion

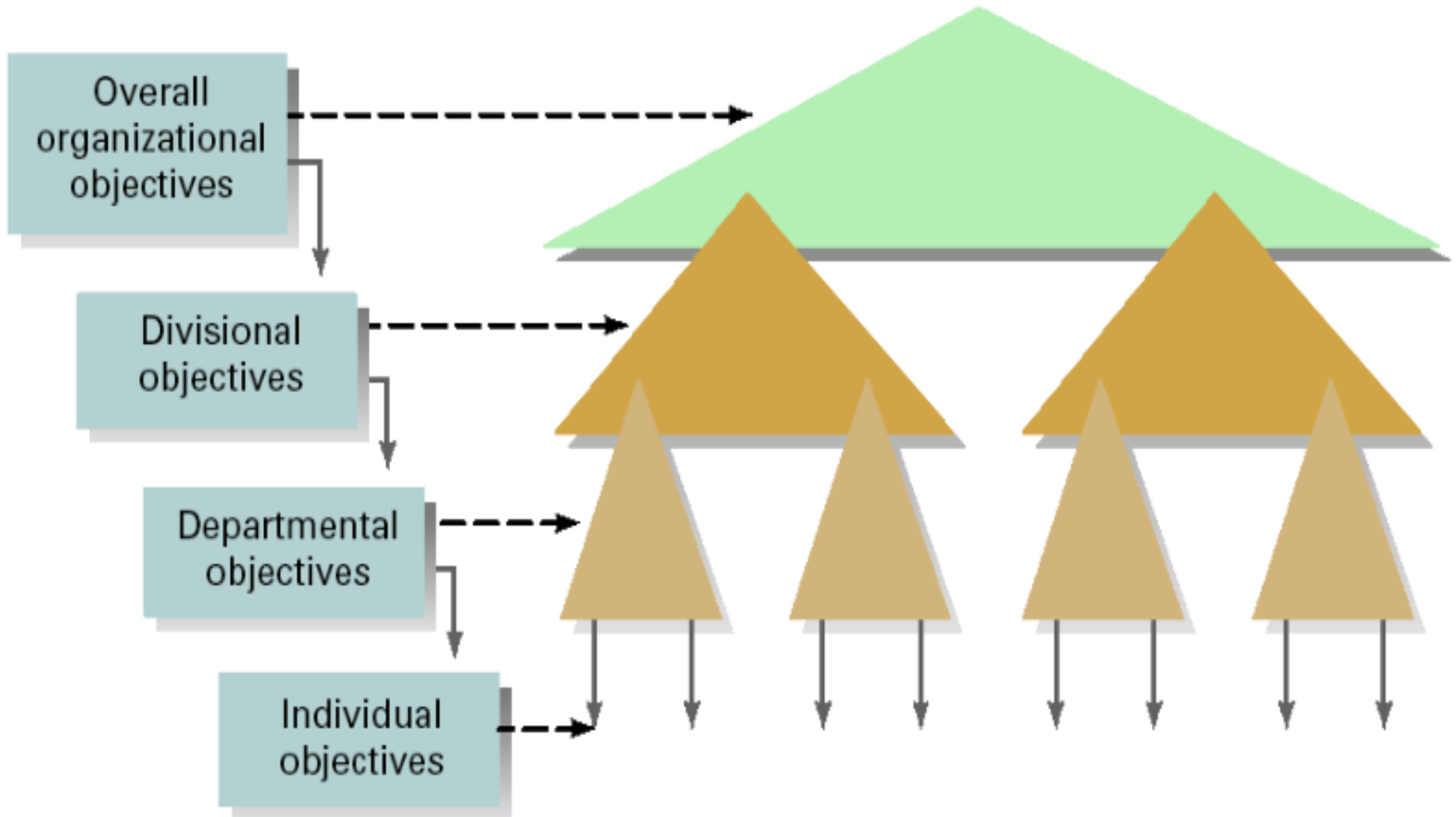
## **Programs**

A complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action

## **Budgets**

A statement of **expected results** expressed in numerical terms

# Cascading of Objectives



# Management by Objectives (MBO)



# Management by Objectives (MBO)

- Is a method whereby managers and employees define goals for every department, project, and person and use them to monitor subsequent performance.

## 4 major activities:

1. Set goals
2. Develop action plans
3. Review progress
4. Appraise overall performance

## Step 1: Set Goals

- Corporate Strategic Goals
- Departmental Goals
- Individual Goals

## Step 2: Develop Action Plans

**Action Plans**

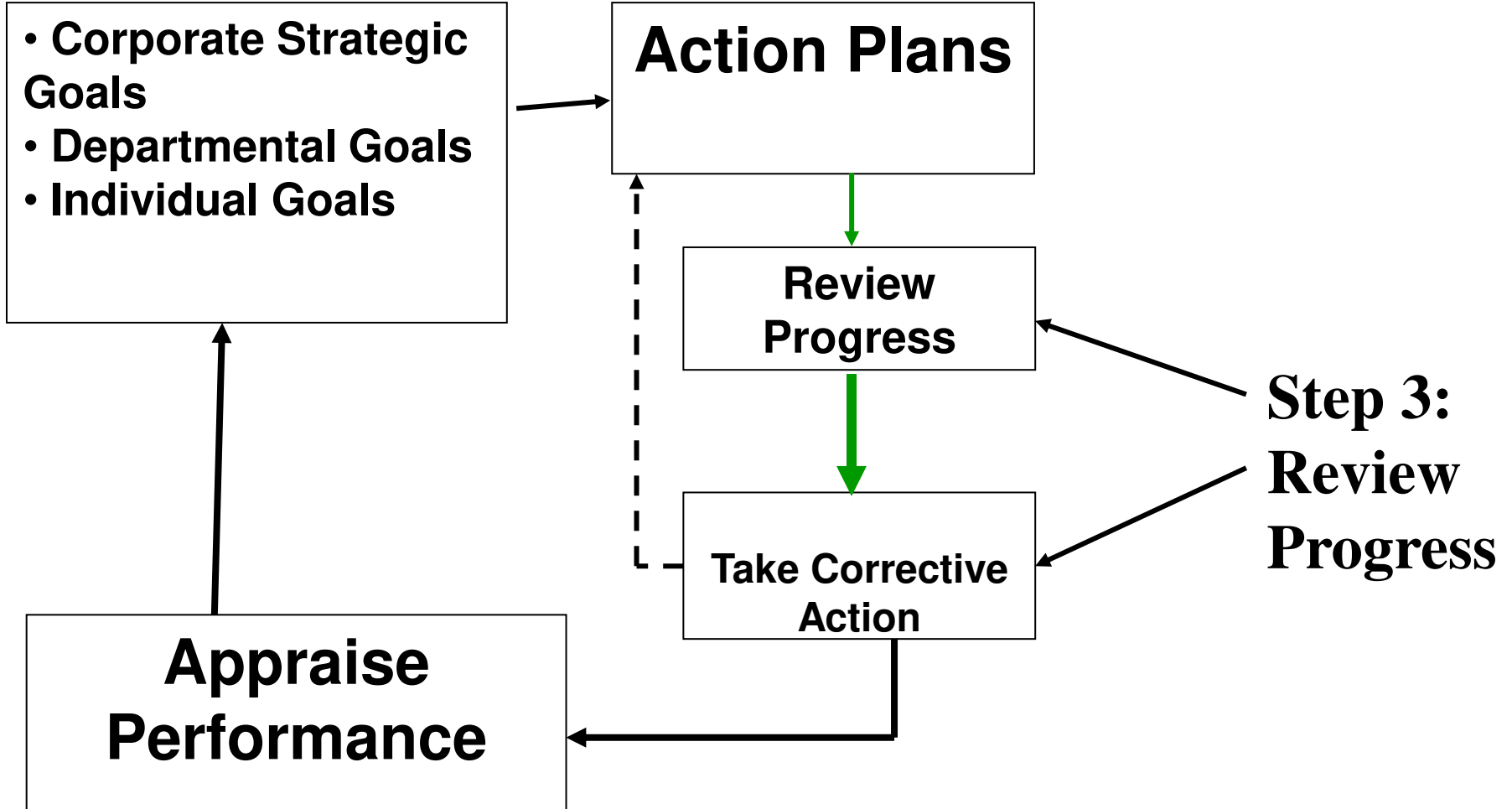
**Review Progress**

**Take Corrective Action**

**Step 3:  
Review Progress**

**Appraise Performance**

**Step 4: Appraise Overall Performance**





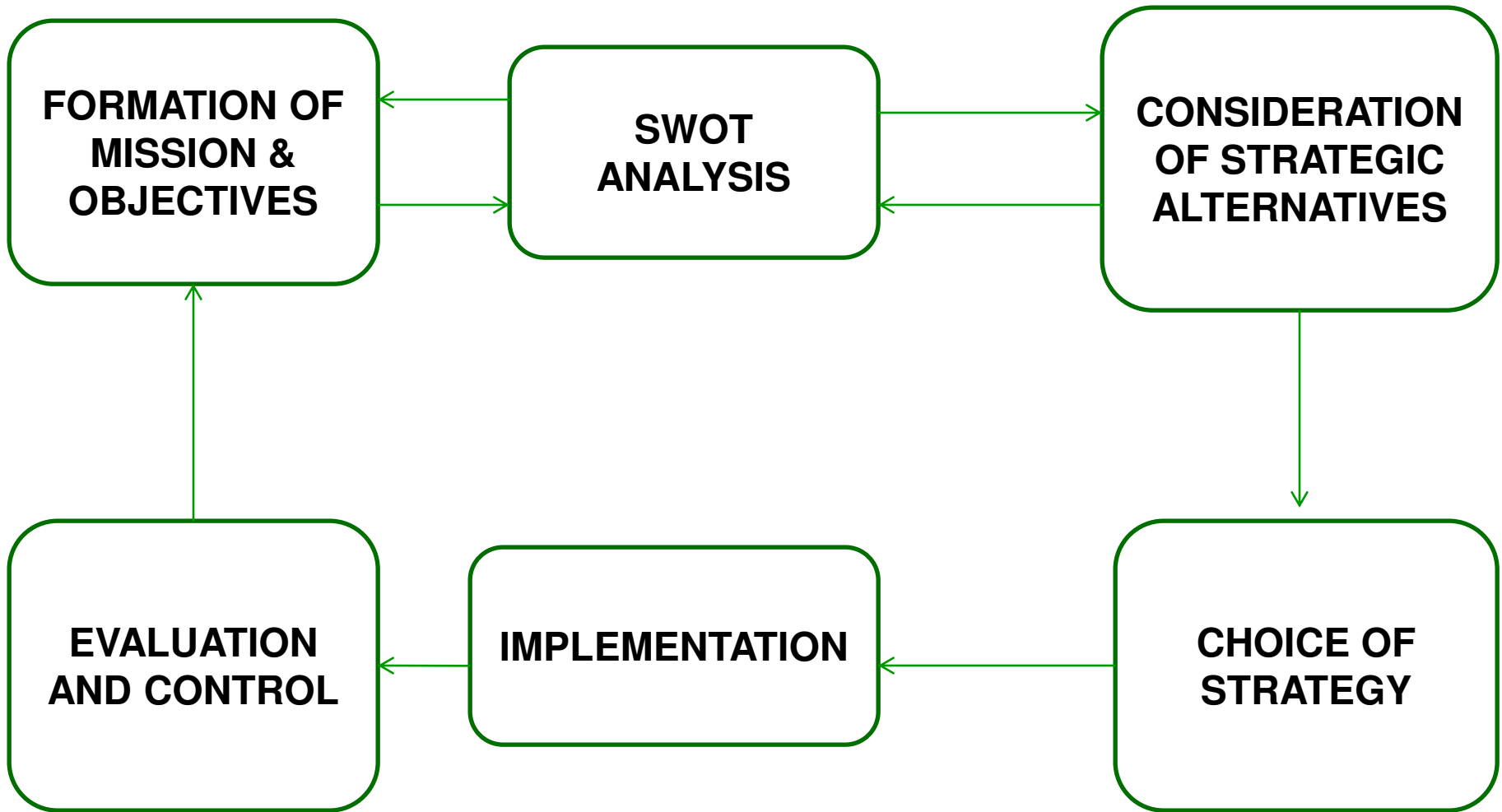
<b>Benefits of MBO</b>	<b>Problems with MBO</b>
1. Improvement of management	1. Danger of inflexibility
2. Performance can be improved at all company levels.	2. An environment of <b>poor employer-employee relations</b> reduces MBO effectiveness.
3. Employees are motivated.	3. Strategic goals may be displaced by operational goals.
4. Departmental and individual goals are aligned with company goals.	4. Mechanistic organizations and values that <b>discourage participation</b> can harm the MBO process.
	5. Too much paperwork saps MBO energy.

# Strategic Management

The set of managerial decisions and actions that determines the long-run performance of an organization.

# Strategic management process

a six-step process that encompasses strategic planning, implementation, and evaluation.



## **STRATEGIC MANAGEMENT PROCESS**

# 1. Mission and Goals

- **Mission**
  - a statement of the purpose of an organization
- **Major goals**
  - the foundation for further planning
- **Secondary goals**
  - Are objectives to be attained that lead to superior performance.



# 2.SWOT (Identifying Organizational Opportunities)



Strengths



Weaknesses



Opportunities

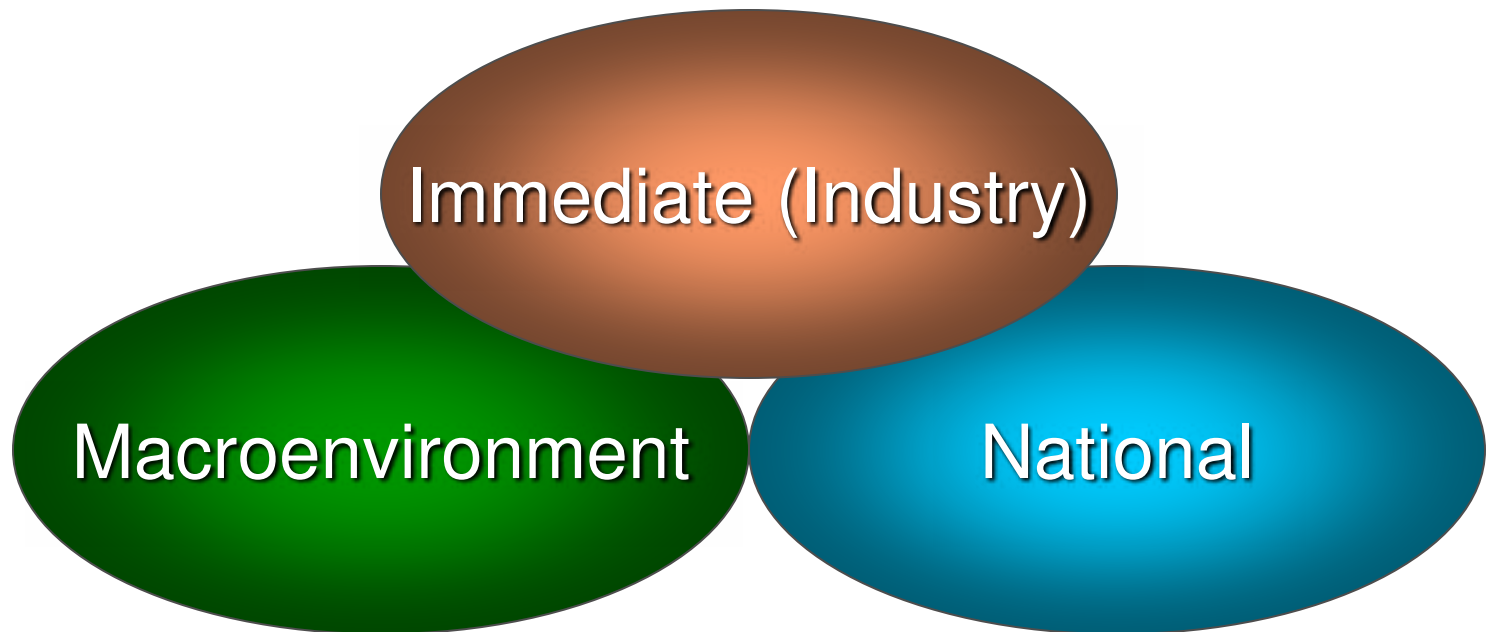


Threats

- a. External Analysis
- b. Internal Analysis

## a. External Analysis

- Identify strategic opportunities and threats in the operating environment.



## b. Internal Analysis

- **Identify strengths**
  - Quality and quantity of resources available
  - Distinctive competencies
- **Identify weaknesses**
  - Inadequate resources
  - Managerial and organizational deficiencies





## Step 4: Formulating strategies

- Develop and evaluate strategic alternatives
- Select appropriate strategies for all levels in the organization that provide relative advantage over competitors
- Match organizational strengths to environmental opportunities
- Correct weaknesses and guard against threats

- **Step 5: Implementing strategies**

- **Implementation:** effectively fitting organizational structure and activities to the environment.
- The environment dictates the chosen strategy; effective strategy implementation requires an organizational structure matched to its requirements.

- **Step 6: Evaluating results**

- How effective have strategies been?
- What adjustments, if any, are necessary?

# Strategic Managers for All Levels

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## Corporate Level

CEO, board of directors,  
and corporate staff



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## Business Level

Divisional managers  
and staff



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## Functional Level

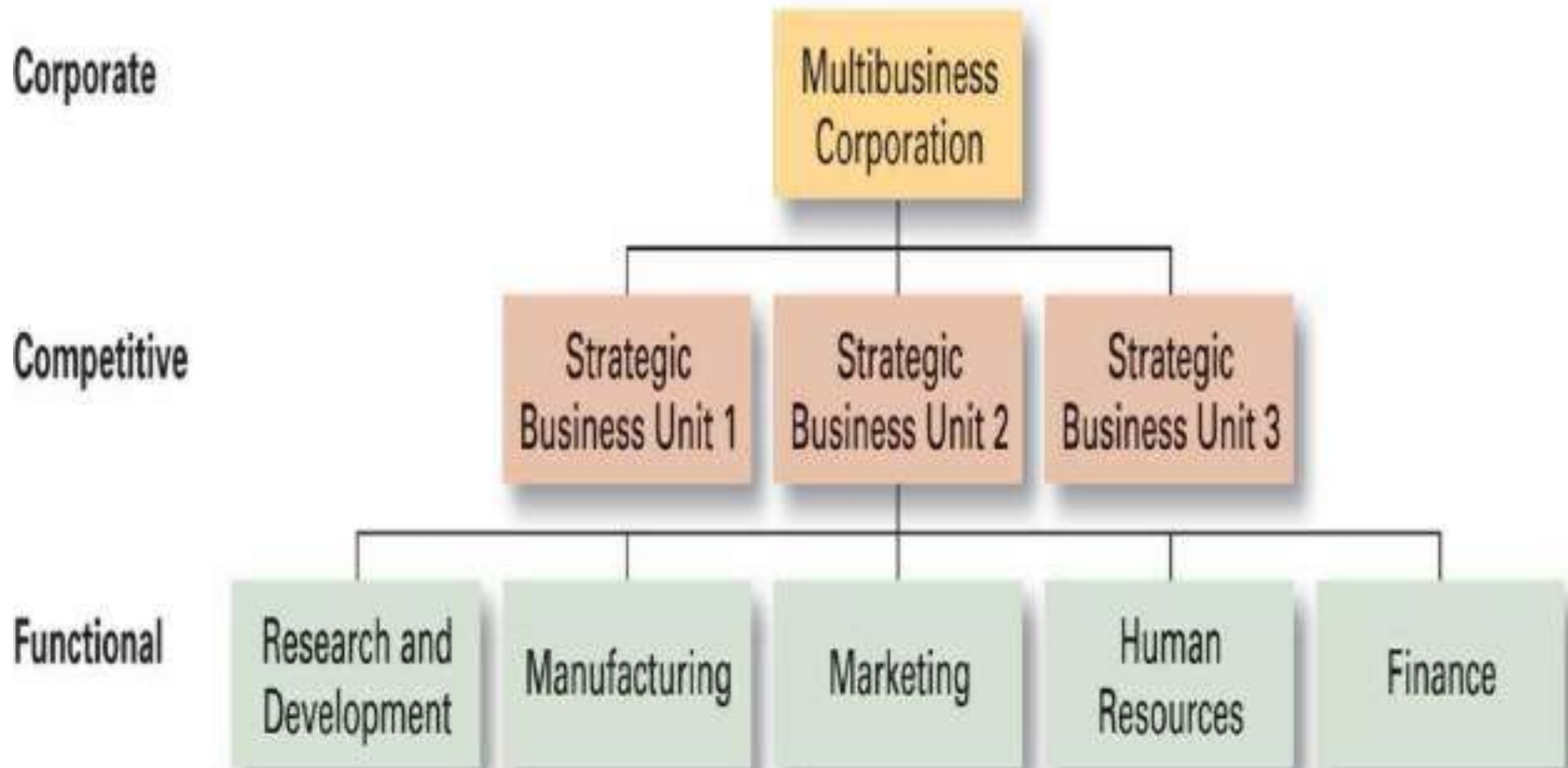
Functional managers



# LEVELS OF STRATEGIC MANAGEMENT

- **Corporate-Level Managers**
  - ✓ Oversee development of strategies for whole organization
  - ✓ CEO is principle general manager who consults with other senior executives
- **Business-Level Managers**
  - ✓ Responsible for business unit that provides product/service to particular market
- **Functional-Managers**
  - ✓ Supervise particular function/operation (e.g. marketing, operations, accounting, human resources)

# Types of Organizational Strategies



# 1. Corporate Strategies

- **Corporate Strategies**

- Top management's overall plan for the entire organization and its strategic business units

- **Types of Corporate Strategies**

- **Growth:** expansion into new products and markets

- **Stability:** maintenance of the status quo

- **Renewal:** examination of organizational weaknesses that are leading to performance declines

## **a. Growth Strategy**

- Seeking to **increase the organization's business** by expansion into new products and markets.

### **• Types of Growth Strategies**

- Concentration
- Vertical integration
- Horizontal integration
- Diversification

## a. i. Concentration

- Focusing on a primary line of business.

## a. ii. Vertical Integration

attempting to gain control of inputs (become a self-supplier).

attempting to gain control of output through control of the distribution channel or provide customer service activities (eliminating intermediaries).



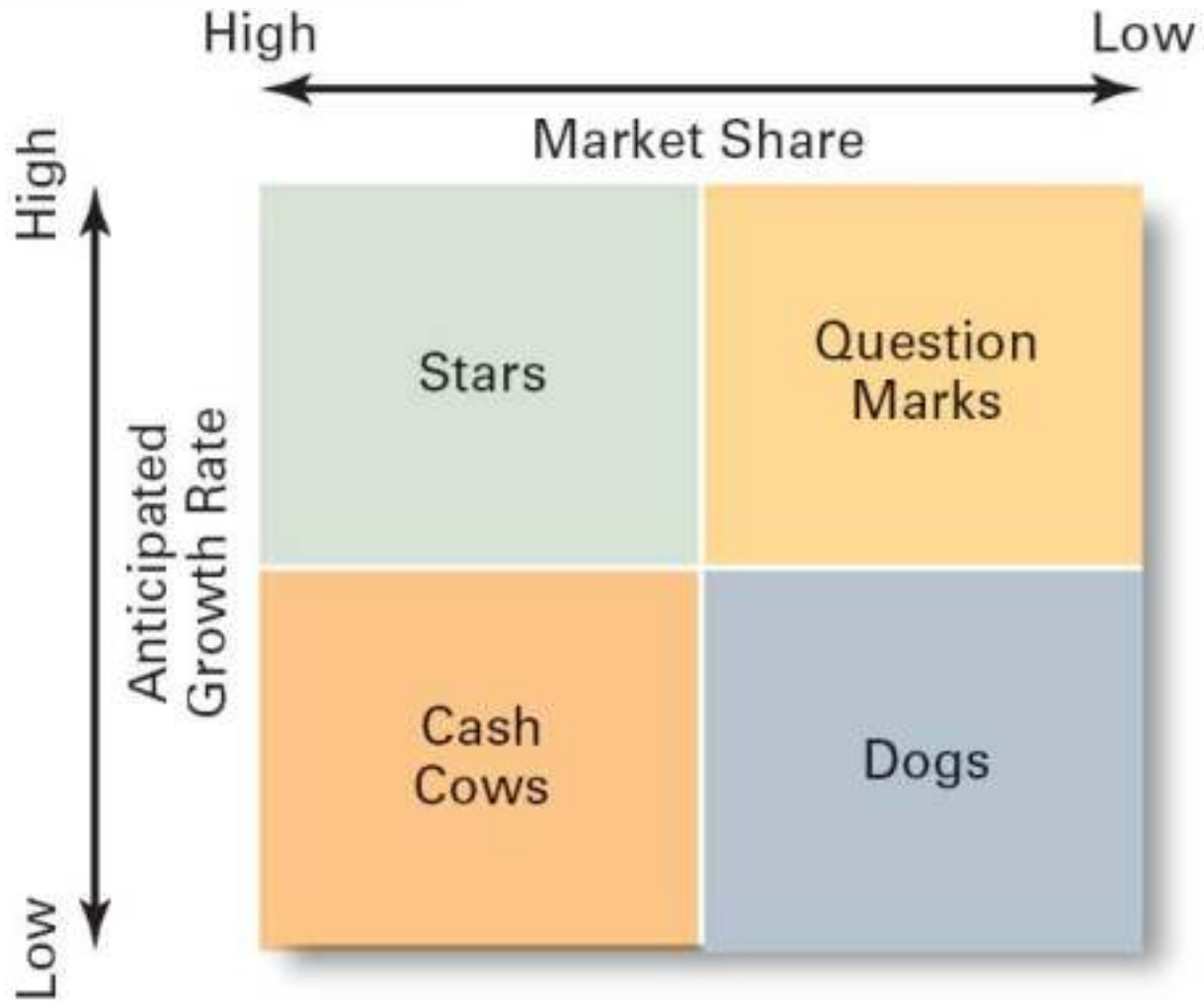
### iii. Horizontal Integration

- Combining operations with another competitor in the same industry to increase competitive strengths and lower competition among industry rivals.

### iv. Diversification

- Expanding by combining with firms in different, but related to field of operation

# The BCG Matrix



- **Renewal Strategies(re-establish)**
  - Developing strategies to counter organization weaknesses that are leading to performance declines.

# 2. Competitive Strategies

- **Competitive Strategy**
  - A strategy focused on how an organization will compete in each of its SBUs (strategic business units).



# DECISION MAKING PROCESS



# Decisions and Decision Making

- **Decision** = choice made from available alternatives
- **Decision Making** = process of identifying problems and opportunities and resolving them

# Six Steps in Decision Making

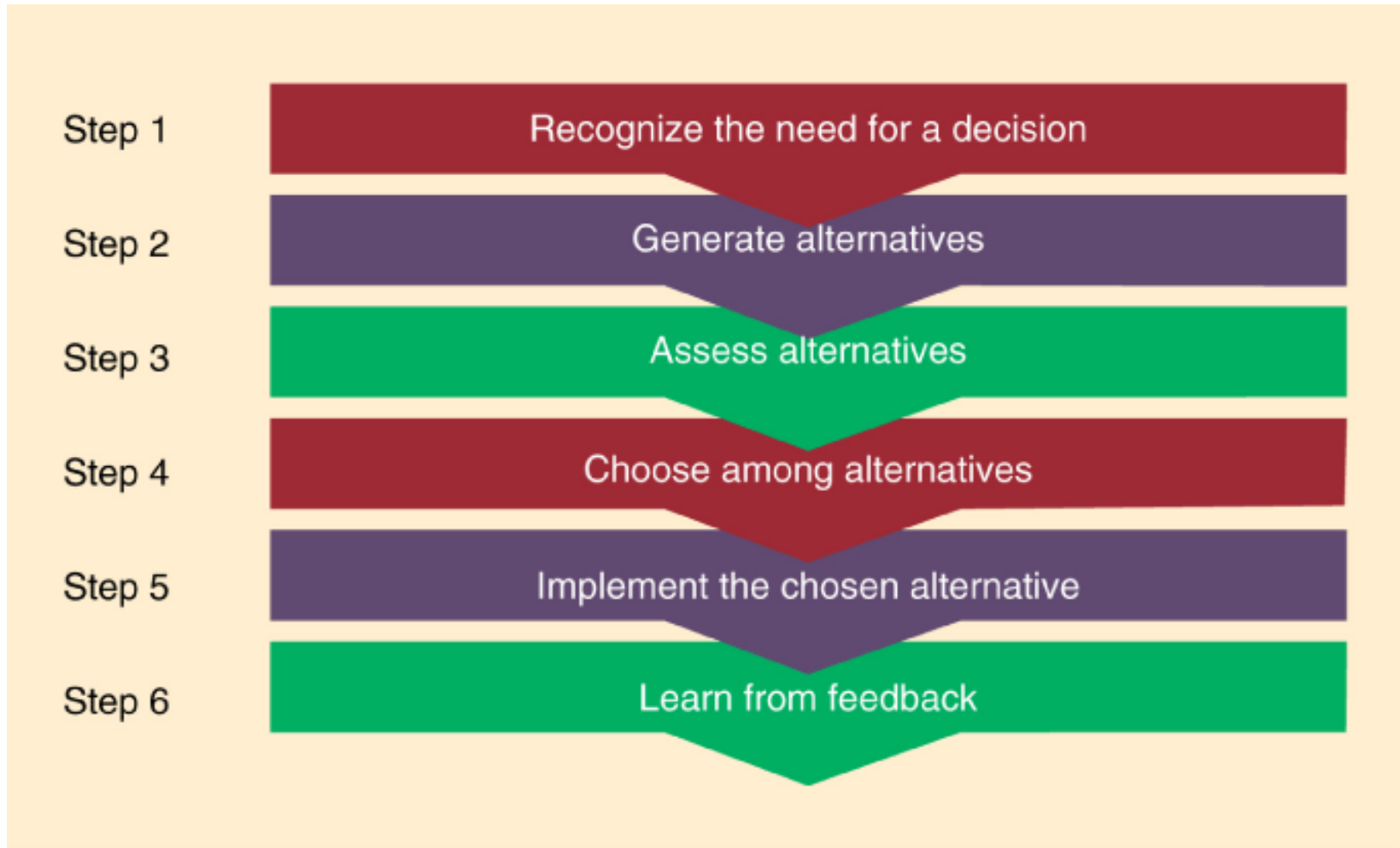


Figure 7.4

# Decision Making Steps

## Step 1. Recognize Need for a Decision

- ❖ Managers must first realize that a decision must be made.

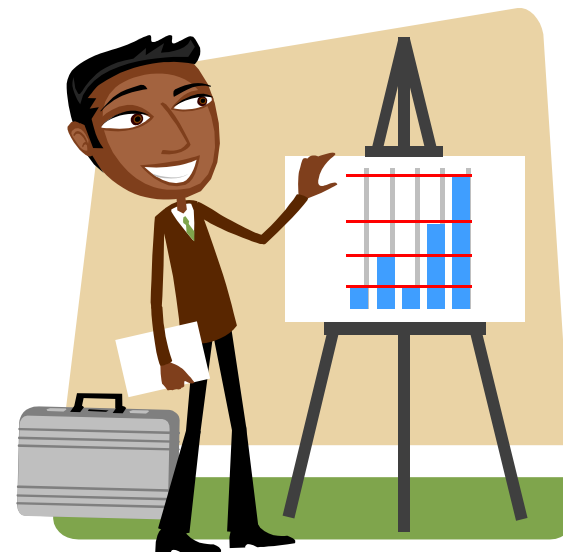
## Step 2. Generate Alternatives

- Managers must develop feasible alternative courses of action.
  - ❖ If **good alternatives** are **missed**, the resulting decision is **poor**.
  - ❖ It is hard to develop creative alternatives, so managers need to look for new ideas.



## Step 3. Evaluate Alternatives

- What are the advantages and disadvantages of each alternative?
- Managers should specify criteria, then evaluate.



## **Step 4. Choose Among Alternatives**

- Rank the various alternatives and make a decision

## Step 5. Implement Chosen Alternative

- Managers must now carry out the alternative.

## Step 6. Learn From Feedback

- Managers should consider what went right and wrong with the decision and learn for the future.
- **Without feedback**, managers *do not learn* from experience and **will repeat** the **same mistake** over.

# **CASE Study: Which is Best Cool Drink**

# Step 1: Identifying the problem



**I'm thirsty**



## **Step 2: Identification of decision criteria**

- 1) **Brand**
- 2) **Taste**
- 3) **Color**
- 4) **Packaging**
- 5) **Price**

## Step 3: Allocation of weights to criteria

Criteria	Abhi	Bj	Amit	Too	Total
Brand	9	10	10	8	37
Taste	10	8	10	10	38
Color	6	5	7	6	24
Packaging	9	8	6	5	28
Price	8	9	9	8	34

Criteria	Weight
Taste	10
Brand	9
Price	8
Packaging	6
Color	4

# Step 4: Development of alternatives

- Coca Cola
- Sprite
- Pepsi
- Fanta (orange)
- Lipton (ice tea)
- Tipco (fruit juice)
- Ichitan (green tea)



# Step 5: Analyzing alternatives

Drink	Taste	Brand	Price	Packaging	Color
Coca Cola	10	10	7	6	7
Sprite	8	9	8	7	6
Pepsi	9	10	6	8	6
Fanta (Orange)	6	7	8	8	10
Lipton (Ice Tea)	10	9	8	5	5
Tipco (Fruit Juice)	10	9	7	8	8
Ichitan (Green Tea)	10	8	8	6	5

# Step 6: Selecting an alternative

Drink	Criteria*Weight					
	Taste	Brand	Price	Packaging	Color	Total
Coca Cola	100	90	56	36	28	310
Sprite	80	81	64	42	24	291
Pepsi	90	90	48	48	24	300
Fanta (Orange)	60	63	64	48	40	275
Lipton (Ice Tea)	100	81	64	30	20	295
Tipco (Fuit Juice)	100	81	56	48	32	317
Ichitan (Green Tea)	100	72	64	36	20	292

# Step 7: Implementing the decision



# Step 8: Evaluating the decision's effectiveness





# *Decision Making Process*

## *A) Define the Problem*



**Identify Problem**





*B) Consider Your Value:*

A woman with dark hair, wearing a blue and white striped top, is pointing her right index finger towards a list of career options displayed on a screen. The list is written in black, hand-drawn capital letters. The word 'LANGUAGES' is circled in red. The background is a blurred image of a woman in a pink top.

ECONOMICS

LAW

DESIGN

BUSINESS ADMINISTRATION

ENGINEERING

ARCHITECTURE

LANGUAGES

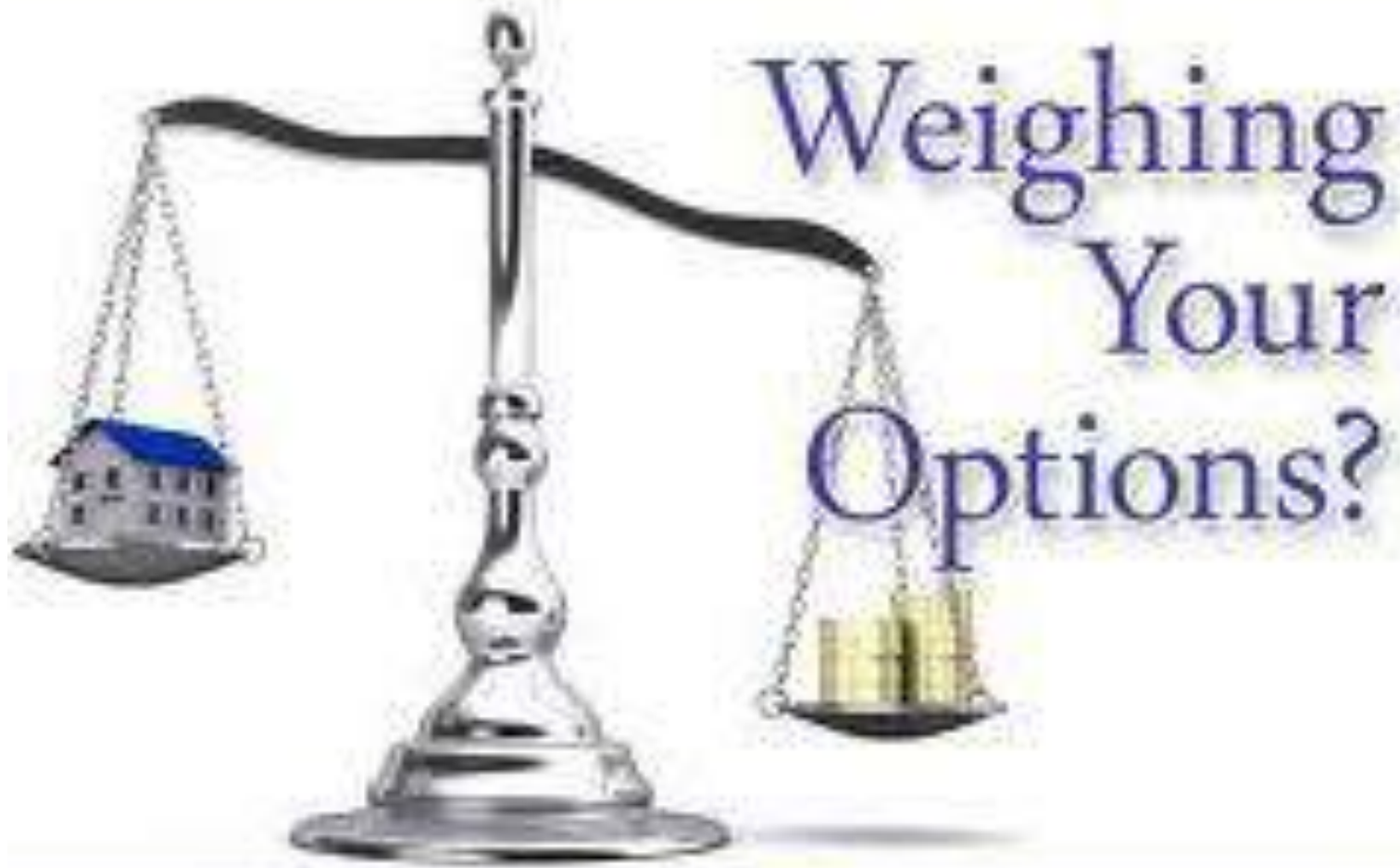
TEACHING

ACCOUNTANCY

PHOTOGRAPHY

*C) List Your Options*





***D) Weigh the Consequences:***



*E) Decide and Act*

# SWOT Analysis

**Strengths**



**Weaknesses**



**Opportunities**



**Threats**

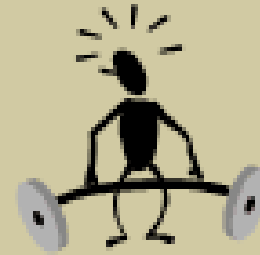


## SWOT Analysis

**Strengths**



**Weaknesses**



**Opportunities**



**Threats**



*It is also a powerful strategic planning tool used to evaluate a project in business venture or in an organization or individual requiring a decision in pursuit of an objective*



# **CASE STUDY**

- How to choose a education after +2



# FACTORS

- Marks
- Interest
- Economy
- Job opportunities
- Family Background
- No of years(3,4,5)

# THREE FRIENDS

- Palani, Mani and Arun studying in a same school
- They are average students
- Let us take a decision on their future education.



# PALANI

- Likes adventure and sports
- Hails from poor family
- He had two elder brother who works in their home town





# MANI

- Mother and Father are teachers
- They desire to make his son to acquire higher degree
- Mani is interested in vehicles and machines



# ARUN

- Hails from an average family
- He is good in maths.
- He had a younger sister and it is his responsibility to educate him.



# DECIDE

- Take a decision on all three friends by considering the factors and situation given above



# CASE STUDY

- TRAIN TRACK AND CHILDREN





# WHAT TO DECIDE

- A group of children were playing near 2 railway tracks, one still in use while the other disused. Only one child played on the disused track, the rest on the operation track



# WHAT TO DECIDE

- The train came and you were just beside the track interchange.
- It was not possible to stop the train but you could make the train change its course to the disused track and save most of the kids



# WHAT TO DECIDE

- However, that would also mean the lone child playing in the disused track would be sacrificed. Or would you rather let the train go way.

Let us take a pause to think what kind of decision we would make

# WHAT TO DECIDE

- Analyze the situation
- Think and reflect
- Decide
- Now go ahead





# WHAT TO DECIDE

Most people might choose to divert the course of the train, and sacrifice only one child.

To save most of the children at the expense of only one child was rational decision most people would make morally and emotionally

# WHAT TO DECIDE

- But, have you ever thought that the child choosing to play on the disused track had in fact made the right decision to play at a safe place.
- Nevertheless, he had to be sacrificed because of his ignorant friends who choose to play in the used track which is dangerous.

# WHAT TO DECIDE

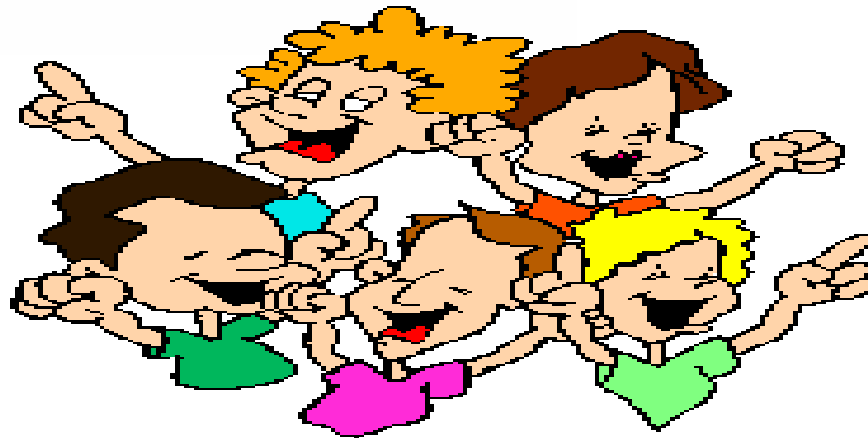
- This kind of dilemma happens around us everyday. In the office community, in politics and especially in a democratic society the minority is often sacrificed for the interest of the majority. No matter how foolish or ignorant the majority are and how farsighted and knowledgeable the minority are.

## WHAT TO DECIDE

- The child who choose not to play with the rest on the operational track was side lined. And in the case he was sacrificed, no one would shed a tear for him

# WHAT TO DECIDE

- To make the proper decision is not try to change the course of the train because the kids playing on the operational track should have known very well that track was still in use and that they should have run away if they heard train sirens.



# WHAT TO DECIDE

- If the train was diverted, that lone child would definitely die because he never thought the train could make over to that track.
- **Notably that track was not in use probably because it was not safe.**



# WHAT TO DECIDE

- If the train was diverted to the unused track, we would put the lives of all passengers on board at stake. And in your attempt to save a few kids by sacrificing one child, you might end up sacrificing hundreds of people to save these few kids

# WHAT TO DECIDE

- While we are all aware that life is full of tough decisions that need to be made, we may not realize that hasty decisions may not always be the right one.
- Remember that What's right is not always popular and what's popular isn't always right.



# **CASE STUDY: Buying a CAR**

# BUYING A CAR

- Price
- Model
- Options
- Style
- Fuel Efficiency

# **CASE STUDY: Buy a MOBILE**

# Which Mobile Phone should I buy?

*What are the things you consider before making a decision?*



# LAPTOP

<b>Criterion</b>	<b>Weight</b>
<b>Memory and Storage</b>	<b>10</b>
<b>Battery life</b>	<b>8</b>
<b>Carrying Weight</b>	<b>6</b>
<b>Warranty</b>	<b>4</b>
<b>Display Quality</b>	<b>3</b>

## Evaluation of Laptop Alternatives Against Weighted Criteria

	Memory and Storage	Battery Life	Carrying Weight	Warranty	Display Quality	Total
Toshiba Protégé S100	100	24	60	32	15	231
Dell Inspiron 700m	80	56	42	32	21	231
HP Pavilion zd8000	80	40	42	40	30	232
Apple iBook	80	56	42	32	21	231
Sony Vaio VGN-FS790	70	64	42	32	21	229
Gateway NX850X	80	24	36	40	24	204
Toshiba QosmioG15-AV501	100	56	48	24	21	249
Lenovo Thinkpad R52	40	80	24	32	30	206

## Decision-Making Approach

- Rationality
- Bounded Rationality
- Intuition

## Types of Problems and Decisions

- Well-structured
  - programmed
- Poorly structured
  - nonprogrammed

## Decision-Making Conditions

- Certainty
- Risk
- Uncertainty

## Decision-Making Process

## Decision

- Choose best alternative
  - maximizing
  - satisficing
- Implementing
- Evaluating

## Decision Maker Style

- Directive
- Analytic
- Conceptual
- Behavioral



# Types of Decisions

## Programmed decision:

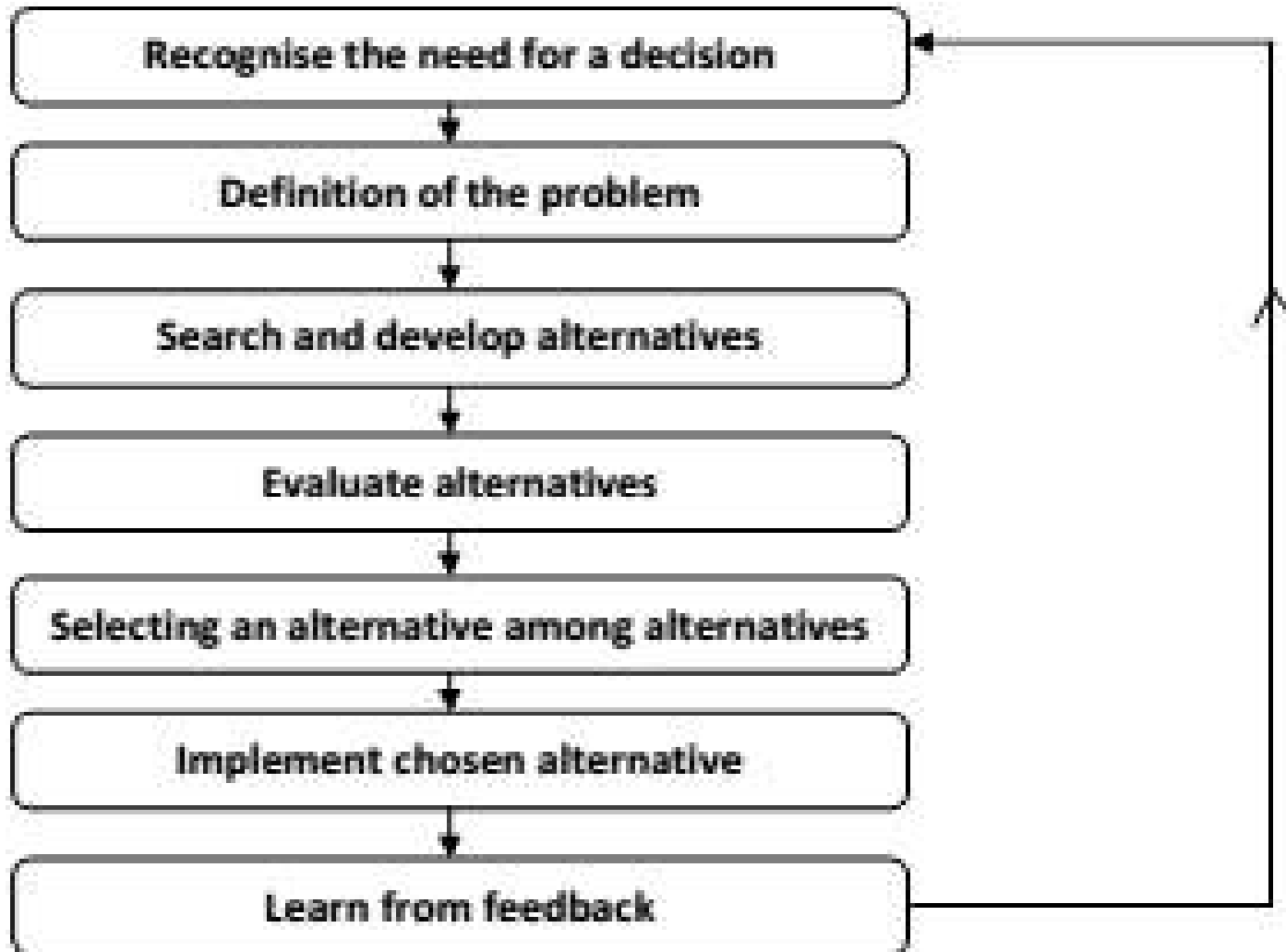
- A decision that is fairly structured or recurs (occur again) with some frequency (or both).

## Non-programmed decision:

- A decision that is relatively unstructured and occurs much less often than a PROGRAMMED DECISION.



# Rational Decision Making(logical)



# 1. Recognize the need for a decision

- Manager recognize the need for a decision in the form of a problem or opportunity.

## 2. Definition of the problem

- A problem is the gap between present and the desired state of affairs on the subject matter of the decision.

# 3. Search and develop alternatives

- The alternative course of action can be developed by collecting more information, thinking creatively, consulting experts and undertaking research.

# 4. Evaluate Alternatives

- After identifying alternative courses of action, they must be compared and evaluated. This step determines the relative cost of each alternative.

# 5. Implement chose alternative

- The decision taken by the management will not serve the purpose if it is not executed properly.

# 6.Learn from feedback

- Feedback is important because decision making is a continuous and never ending process
- Feedback information is very much useful in taking the corrective measures and in taking right decisions in the future





# 1. Certainty:

- A condition in which the decision maker knows with reasonable certainty what the alternatives are and what conditions are associated with each alternative.

# 2. Risk:

- A condition in which the availability of each alternative and its potential payoffs and costs are all associated with probability estimates.



# 3.Uncertainty

- A condition in which the decision maker does not know all the alternatives, the risks associated with each, or the likely consequences of each alternative.

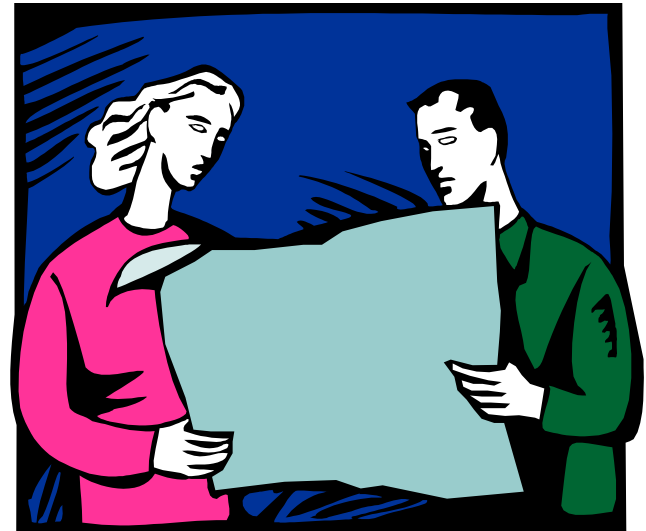


# **UNIT-3**

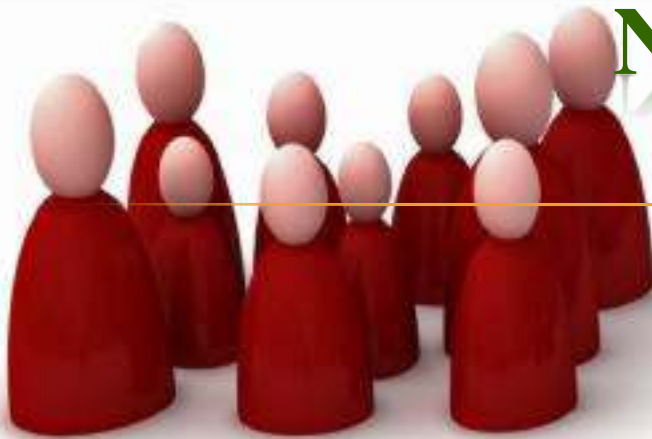
# **ORGANIZING**

# What Is Organizing?

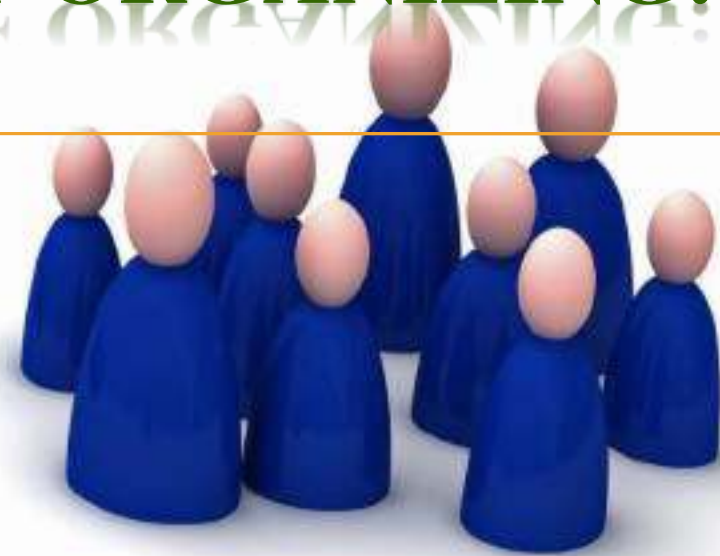
- Deciding how best to group organizational activities and resources.
- **Organizing:** the process by which managers establish working relationships among employees to achieve goals.



# NATURE OF ORGANIZING:



1. Group of Persons
2. Common Objectives
3. Division of Work
4. Co-ordination



5. Communication
6. Central Authority
7. Rules & Regulations
8. Environment

✳️ **Common Objectives:** Every organization has a common objectives. The **common goal** is the basis of cooperation among the members.

✳️ **Group of Persons:** An organization is a group of people **working together** for the achievement of **common objectives**.

✿ **Division of Work:** total task is divided into the members of the group. Division of work is necessary not only because one individual cannot do all the work but specialization results in **efficiency and effectiveness**.

✿ **Co-ordination:** The members of an organization are **willing to help** each other for the achievement of desired goals.



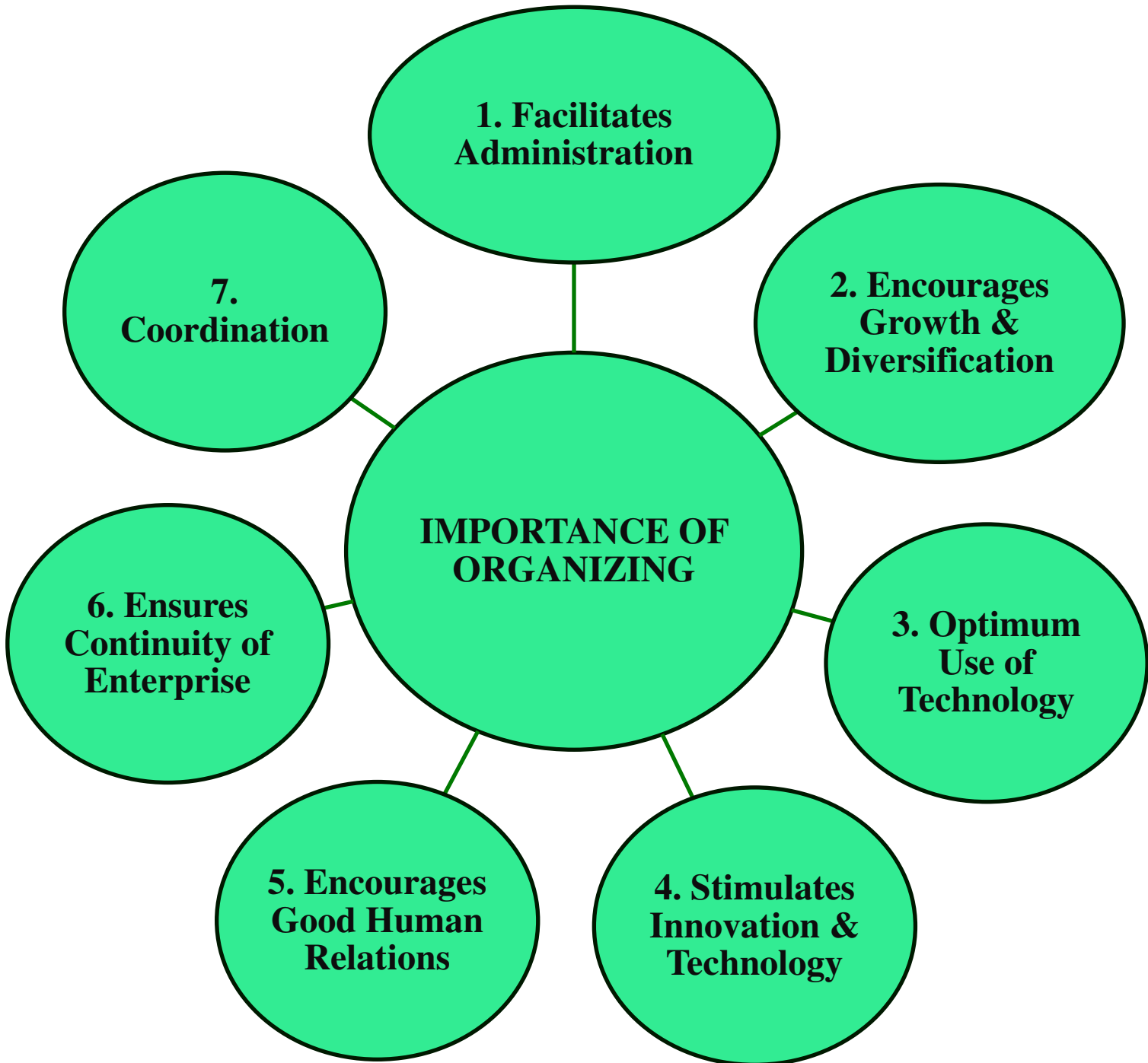
✿ **Communication:** People who form an organization communicates with each other in order to integrate or coordinate there efforts. People can perform together efficiently.

✿ **Authority:** In an organization, there is a central directing authority which controls the concerted efforts of the group. The chain of authority- responsibility relationships is known as the chain of command.

✱ **Rules and Regulations:** For the orderly and systematic working of the members, rules and regulations are laid down and enforced by the central authority.

✱ **Environment:**

Economic, social, political and legal factors.



## **PURPOSE / IMPORTANCE OF organizing:**

**\*\*Facilitates Administration:** Achievement of the objectives of an enterprise by providing a framework of coordination and control. Individual goals can be coordinated towards group goals. A properly **balanced organization** facilitated both management and operation of the enterprise.

**\*\*Encourages Growth & Diversification:** It has enabled organizations to grow and expand to giant sizes. It provides **flexibility** for growth without losing control over various activities.

**\*\*Optimum Use of New Technology:** Optimum use of technology permits optimum utilisation of human resources. Sound organization ensures that every individual is placed on the job for which one is best suited.

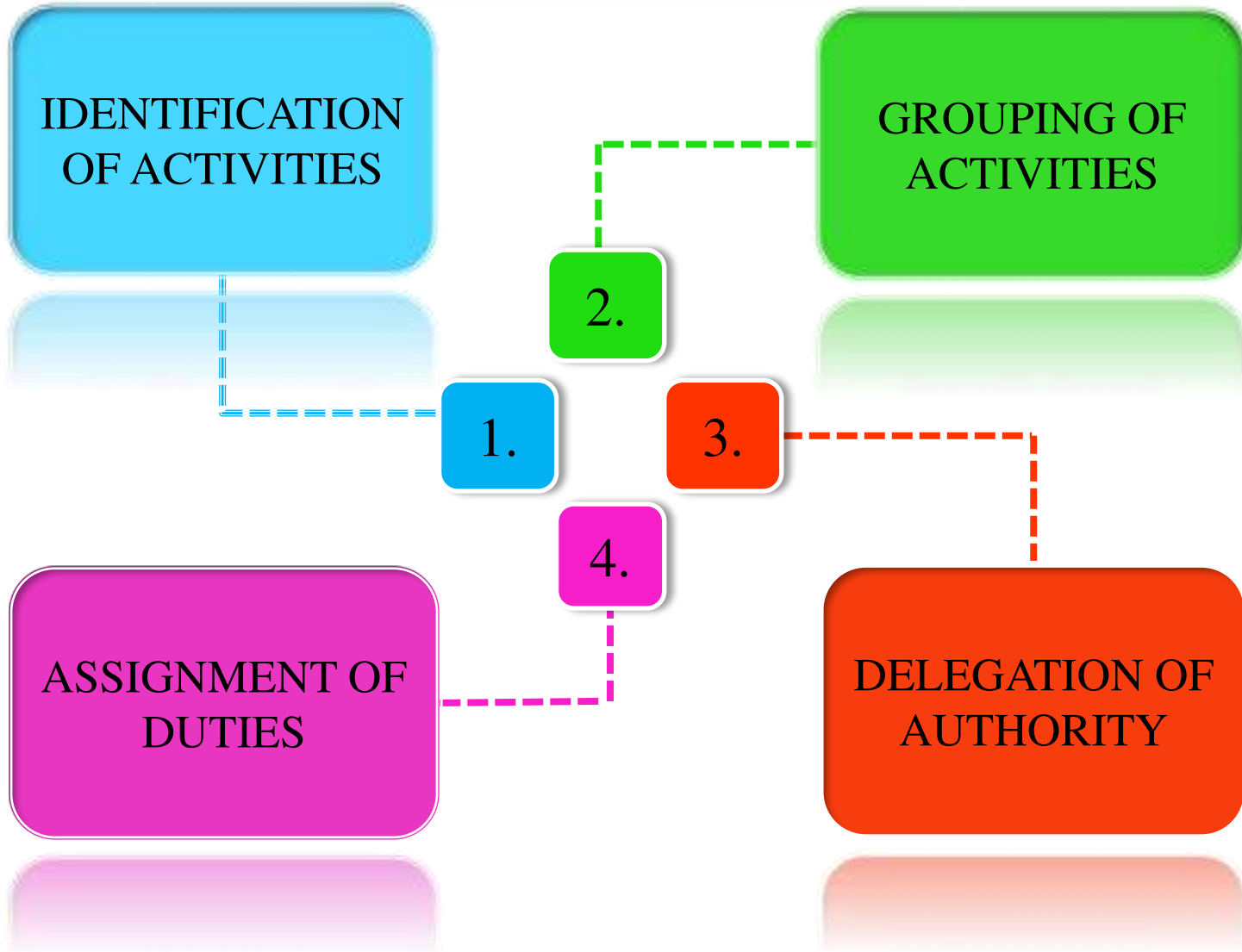
**\*\*Stimulates Innovation & Creativity:** It stimulates creative thinking and initiative on the part of employees. It provides recognition for the professional and the specialist in terms of their achievement.

**\*\*Encourages Good Human Relations:** The assignment of right jobs to right person improves job satisfaction and inter-personal relations. Well-defined jobs and clear lines of authority and responsibility ensure good human relations.

**\*\*Ensures Continuity of Enterprise:** It provides scope for the training and development of future management.

**\*\*Coordination:** Division of labor, better utility of technology and human talent helps to improve the efficiency and quality of work.

# PROCESS:



# Process of organizing:

- 1. Identification of Activities:** First step is to determine the tasks that must be performed to achieve the established objectives. Activities and jobs are **building blocks** of any organization. The activities to be performed depends upon the **objectives, nature & size** of the enterprise.
- 2. Grouping of Activities:** The various activities are the grouped into departments or divisions according to similarity and common purpose.

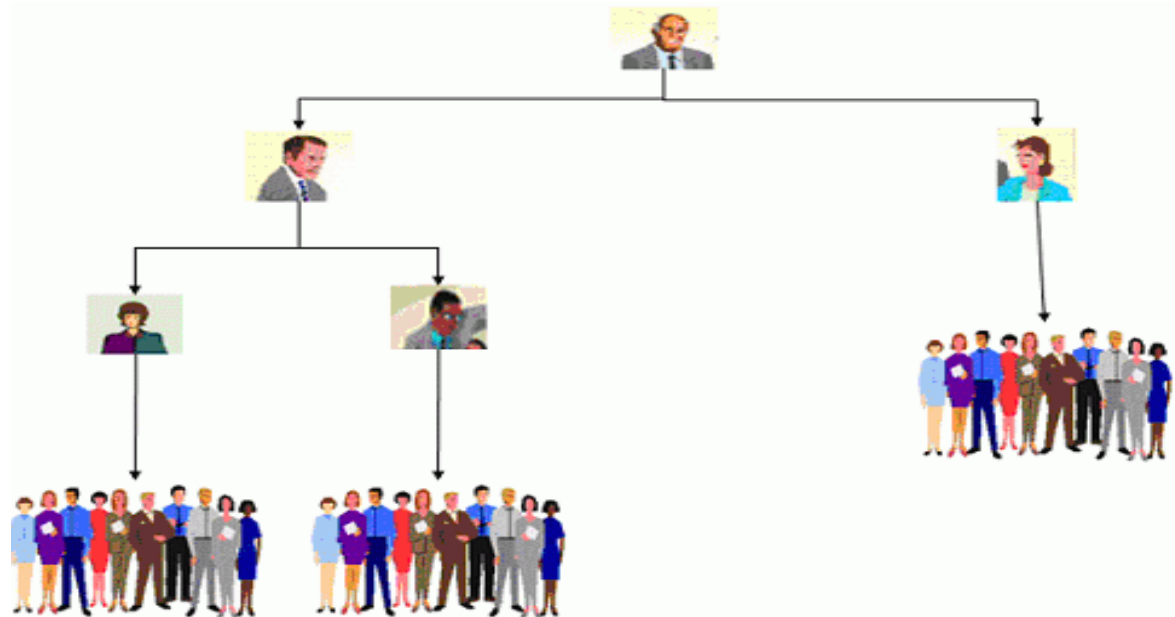
It may be grouped on various basis **i.e.** functions products, territories, customers etc depending on requirements.



- 3. Assignment of Duties:** The assignments of activities creates responsibility and ensures certainty of work performance. The process should be carried down to the **lowest levels.**
- 4. Delegation of Authority:** Every individual is given the authority required to carry out the responsibility assigned to him. Every individual must know to **who are his subordinates.**

# Organizational Structure

It is a framework within which an Organization arranges it's lines of authorities and communications and allocates rights and duties.



# Formal and Informal Organization

**Formal structure** is defined as the relationships among organizational resources as outlined by management.

**Informal structure** is defined as the patterns of relationships that develop because of the informal activities of organization members.

<b>Basis of Comparison</b>	<b>Formal Organization</b>	<b>Informal Organization</b>
Formation	Planned and deliberate	Spontaneous
Purpose	Well-set goals	Social interaction
Structure	Well structured	Unstructured
Nature	Official	Unofficial
Focus	Positions	Persons
Leadership	Superior	Anyone
Source of Power	Delegated	Given by group
Guidelines for behaviour	Rules and Procedures	Group norms
Sources of control	Reward/Punishment	Sanctions

# DEPARTMENTATION

The basis by which jobs are grouped together.

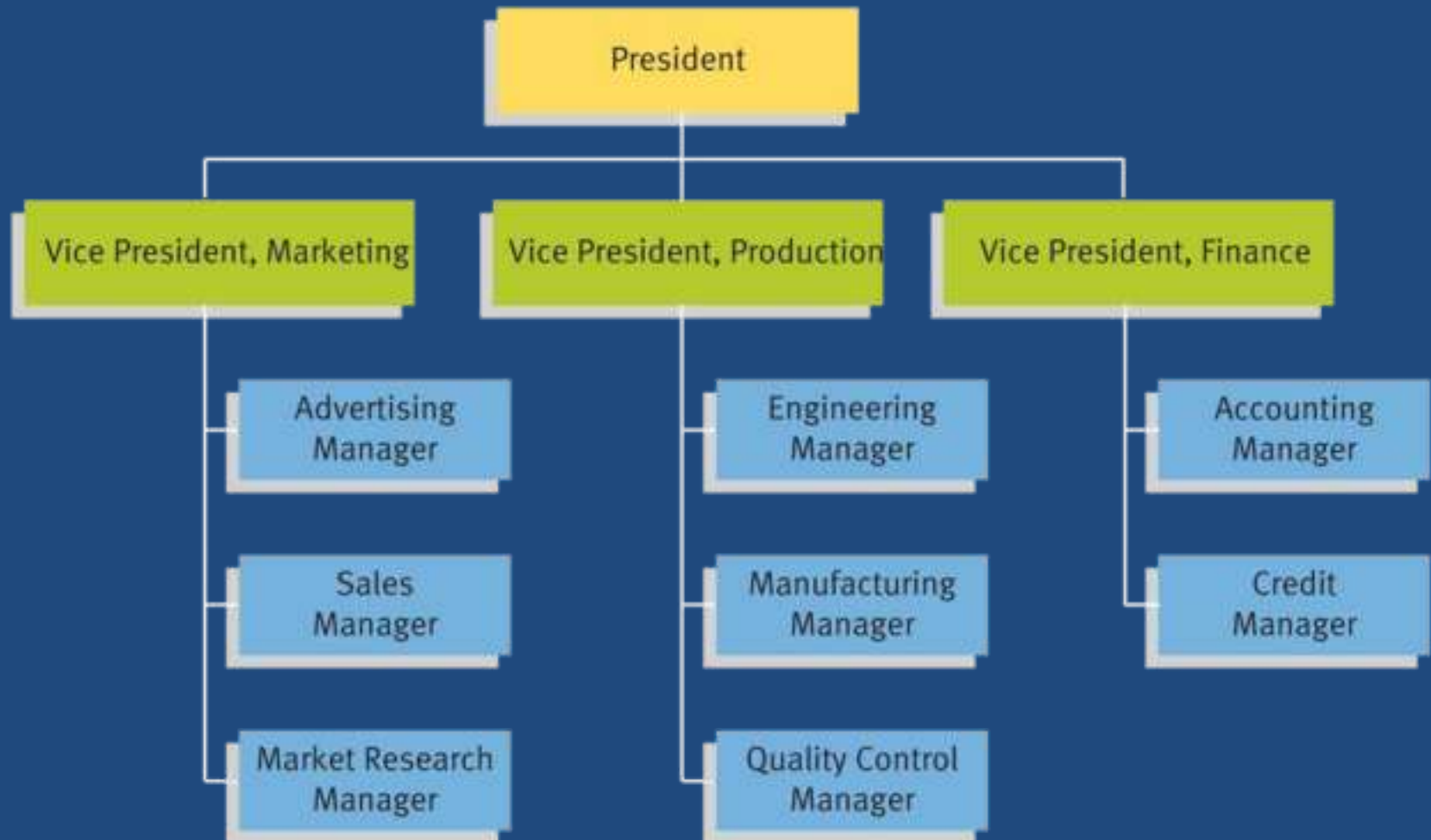
## Forms (or) Types

- Departmentation by Function
- Departmentation by Geography
- Departmentation by Customer Group
- Departmentation by Product
- Departmentation by Process

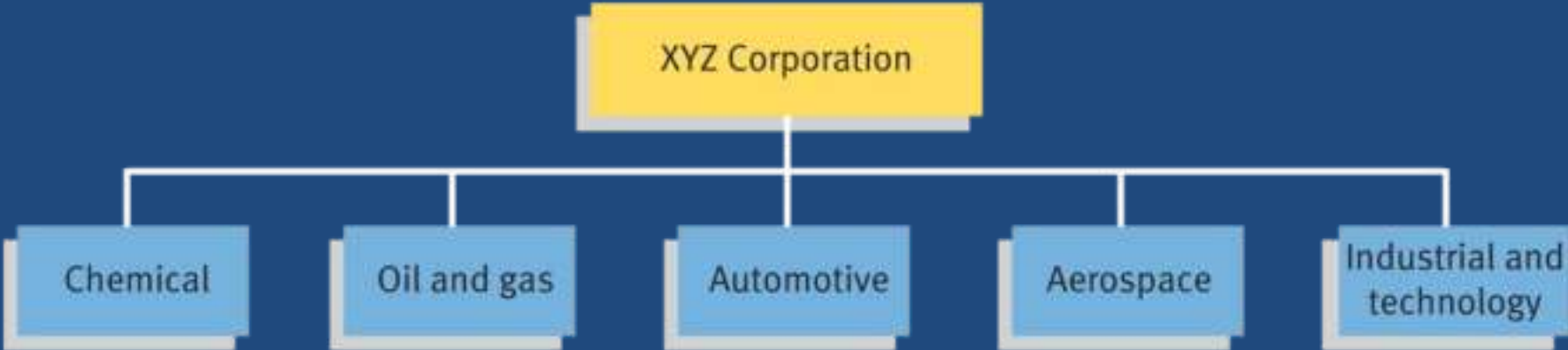
# Functional/Divisional Structures

- A division is a collection of functions working together to produce a product.
  - ***Product structure***: divisions created according to the type of product or service.
  - ***Geographic structure***: divisions based on the area of a country or world served.
  - ***Market structure***: divisions based on the types of customers served.

# FUNCTIONAL ORGANIZATION

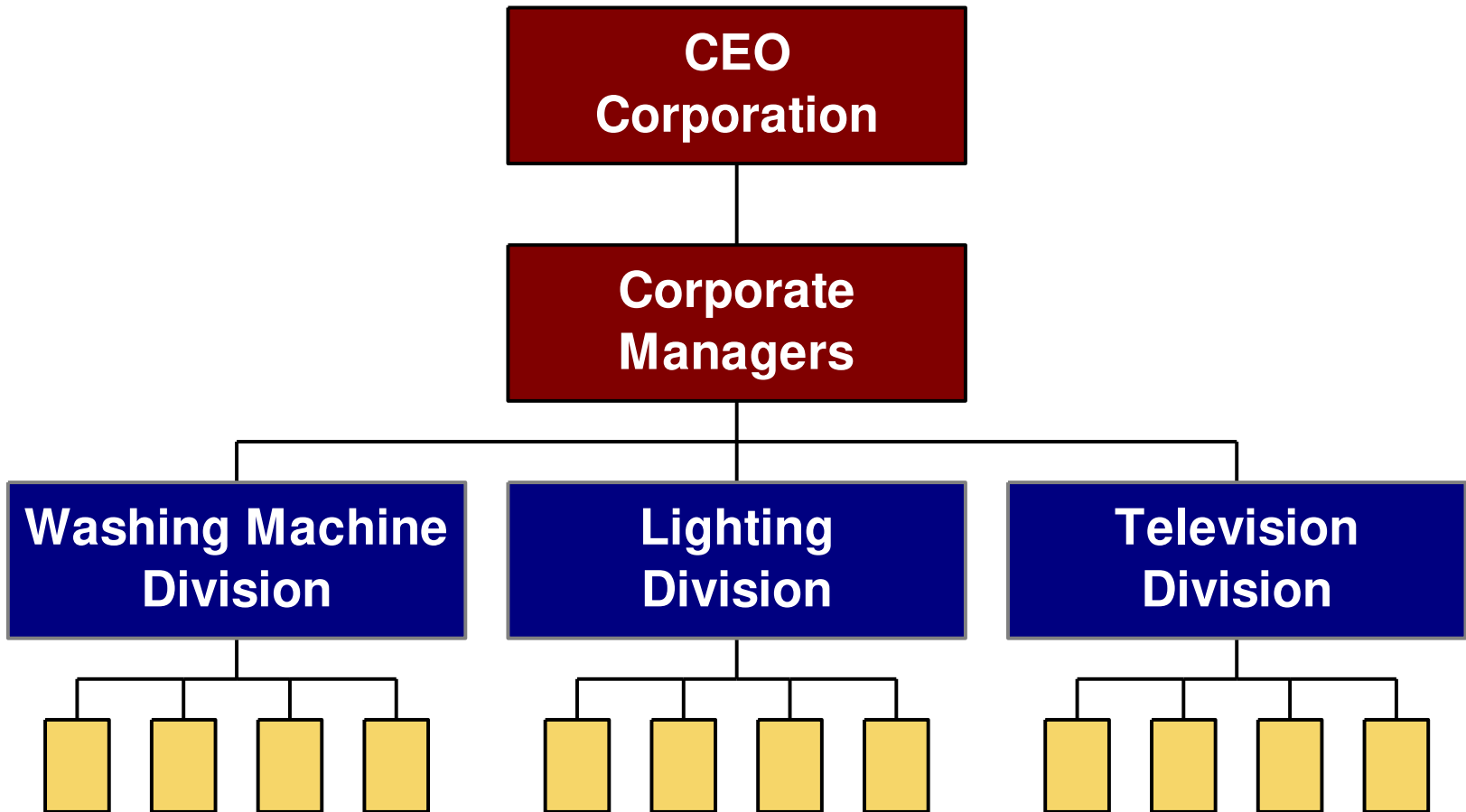


# PRODUCT ORGANIZATION





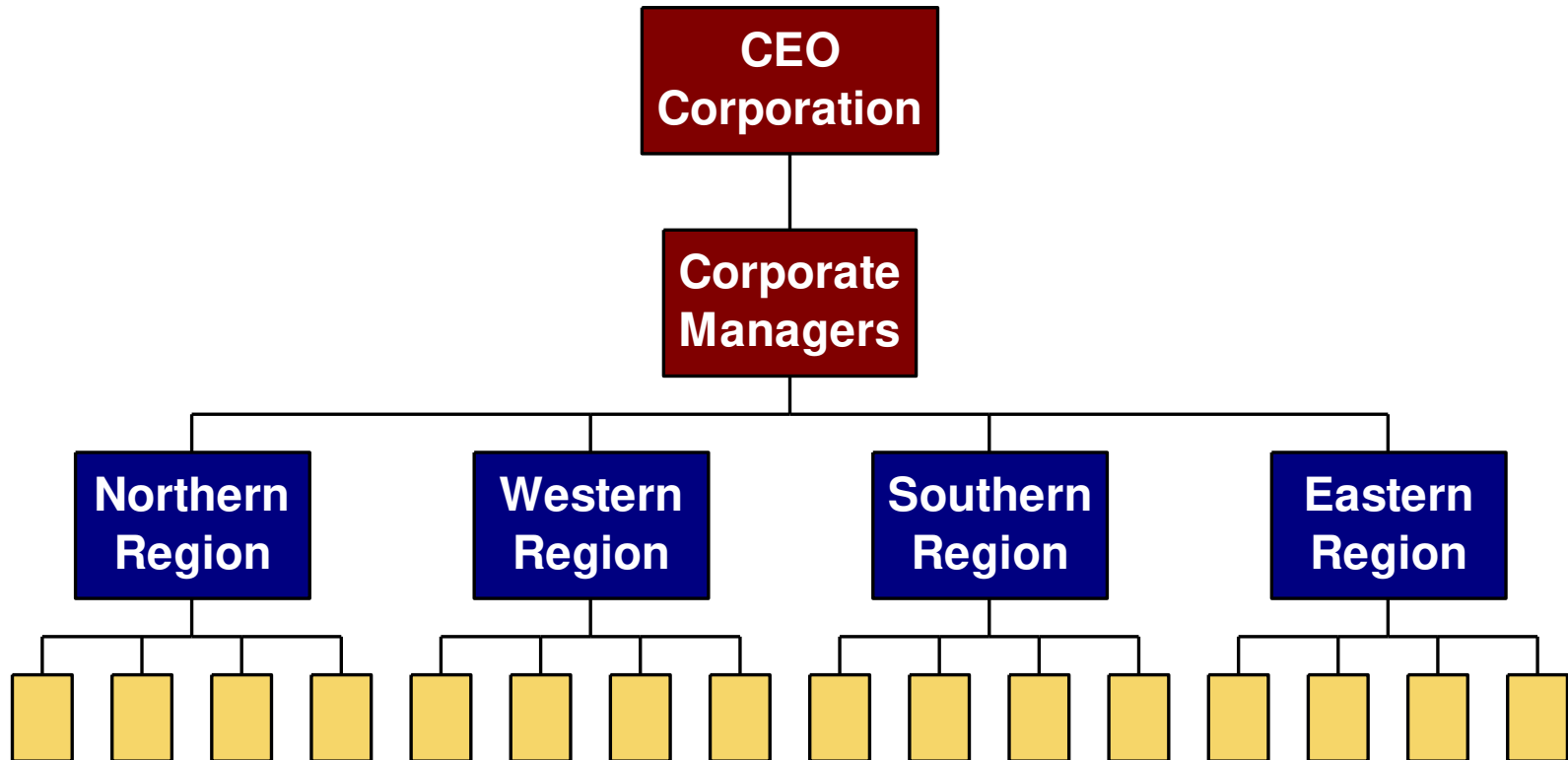
# Product Structure



# Geographic Organization

- **Geographic Organization** – The categorization of organizational units by geography.
- Advantages :
  - Allows for the use of local employees or salespeople.
- Disadvantages :
  - Having multiple locations can be costly.

# Geographic Structure



# Customer Organization

- **Customer Organization** – The categorization of organizational units by customers served.
- **Advantages :**
  - Allows employees to identify with a particular customer type.
- **Disadvantages :**
  - Possible duplication of facilities and equipment.

# CUSTOMER ORGANIZATION

Johnson & Johnson

```
graph TD; A[Johnson & Johnson] --> B[Consumer group]; A --> C[Professional group]; A --> D[Pharmaceutical group]; A --> E[Industrial group];
```

The diagram is an organizational chart. At the top is a yellow rectangular box containing the text "Johnson & Johnson". A horizontal white line extends from the bottom of this box, with four vertical white lines connecting it to four separate light blue rectangular boxes below. From left to right, these boxes are labeled "Consumer group", "Professional group", "Pharmaceutical group", and "Industrial group".

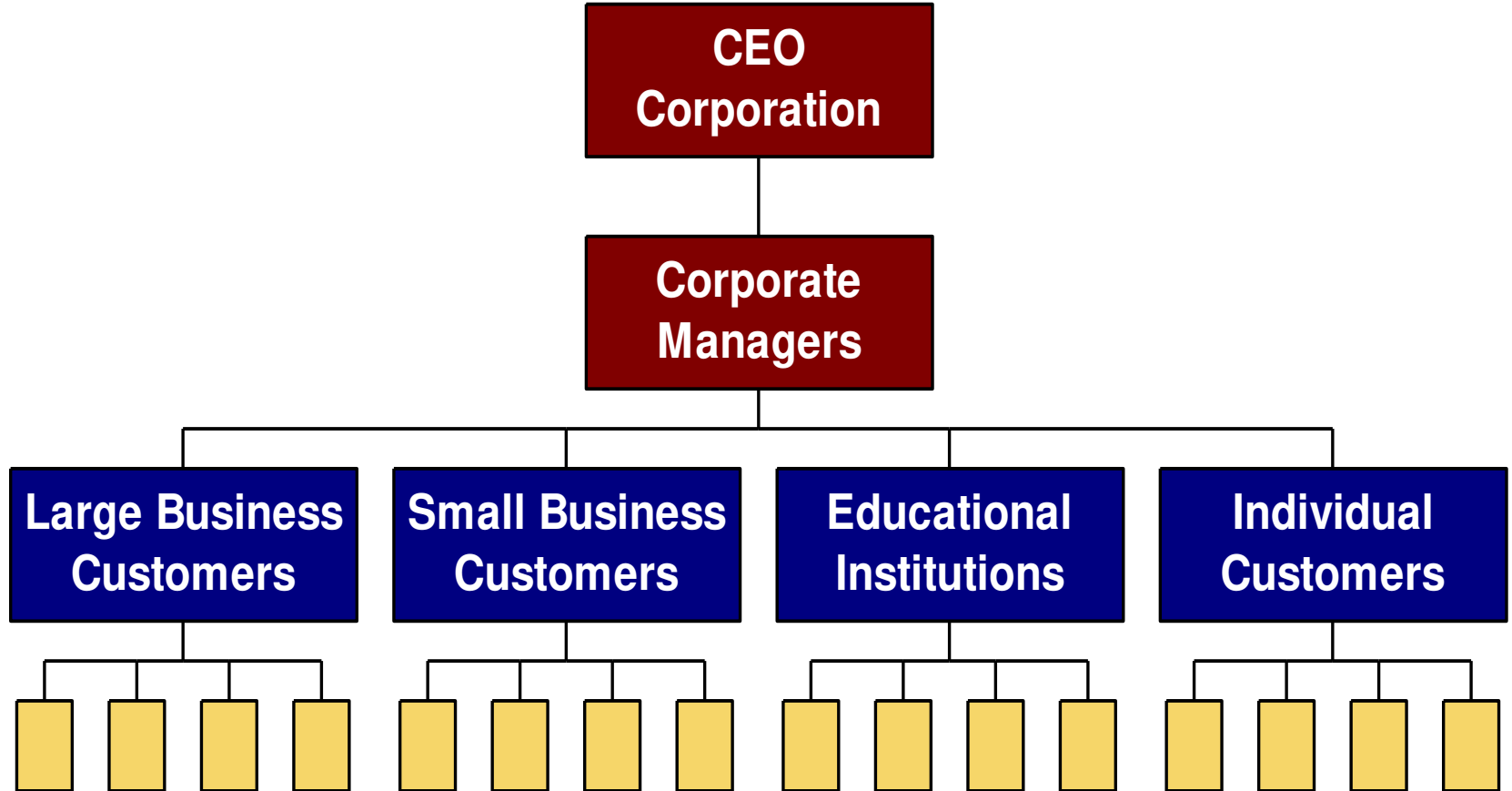
Consumer group

Professional group

Pharmaceutical group

Industrial group

# Market Structure

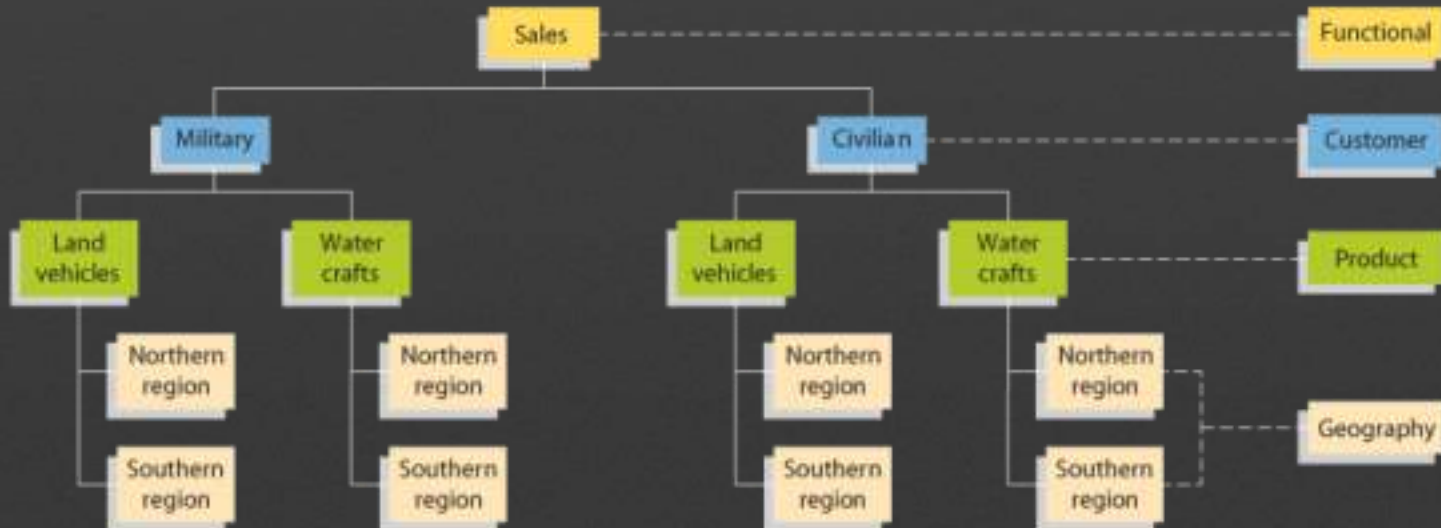


# Hybrid Organization

- **Hybrid Organization** – An organizational structure that uses multiple types of departmentalization within the organization.
- A small organization may have no organization at first. As it grows, it may organize first on one basis, then another, and then another.
- Hybrid organizations share the same advantages and disadvantages as the organization types being used within it.

# HYBRID ORGANIZATION

Basis for  
Departmentalization





# Line Authority

- An organizational structure in which authority originates at the top and moves downward in a line
- It is the simplest organizational structure.

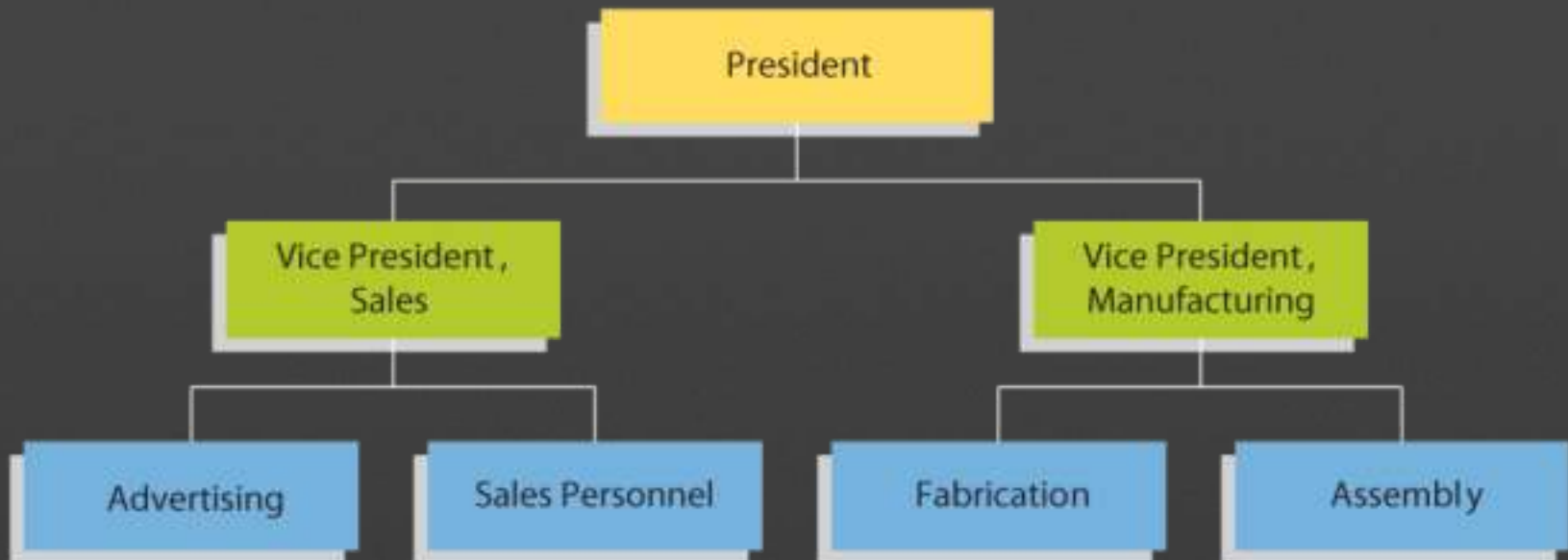
## **Advantages :**

- It is a clear authority structure that promotes rapid decision making.

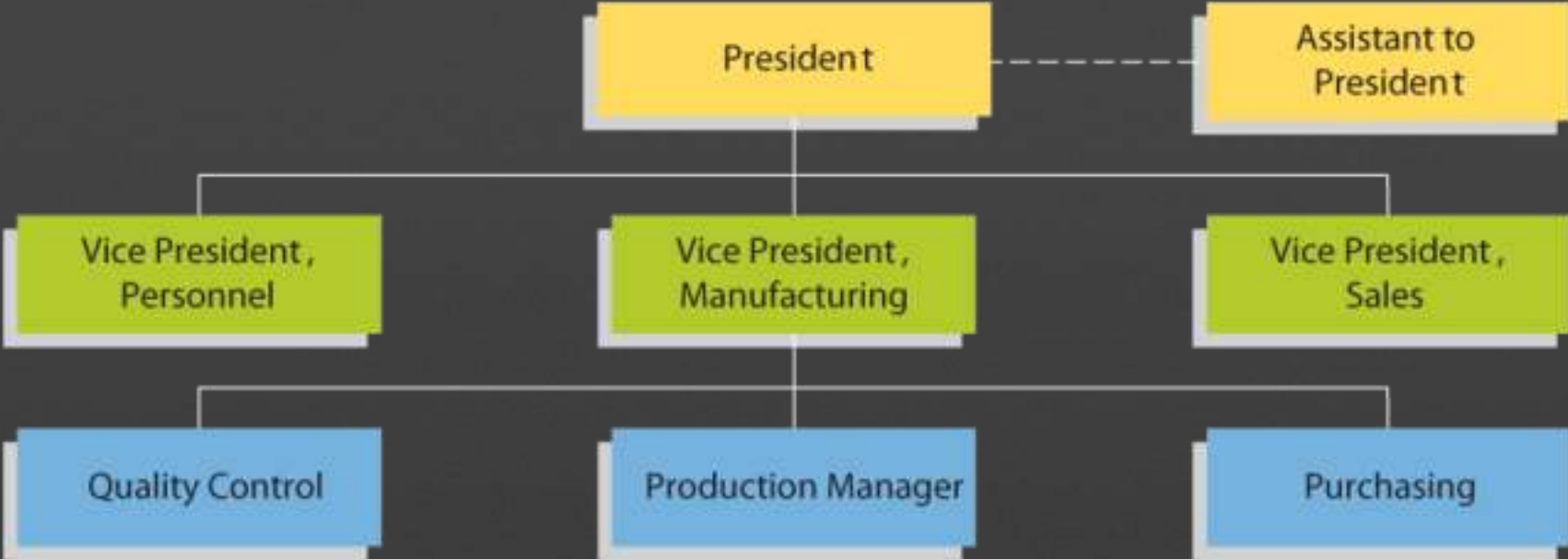
## **Disadvantages :**

- May force managers to perform too broad a range of duties.
- May cause the organization to become too dependent on key employees who are capable of performing multiple duties.

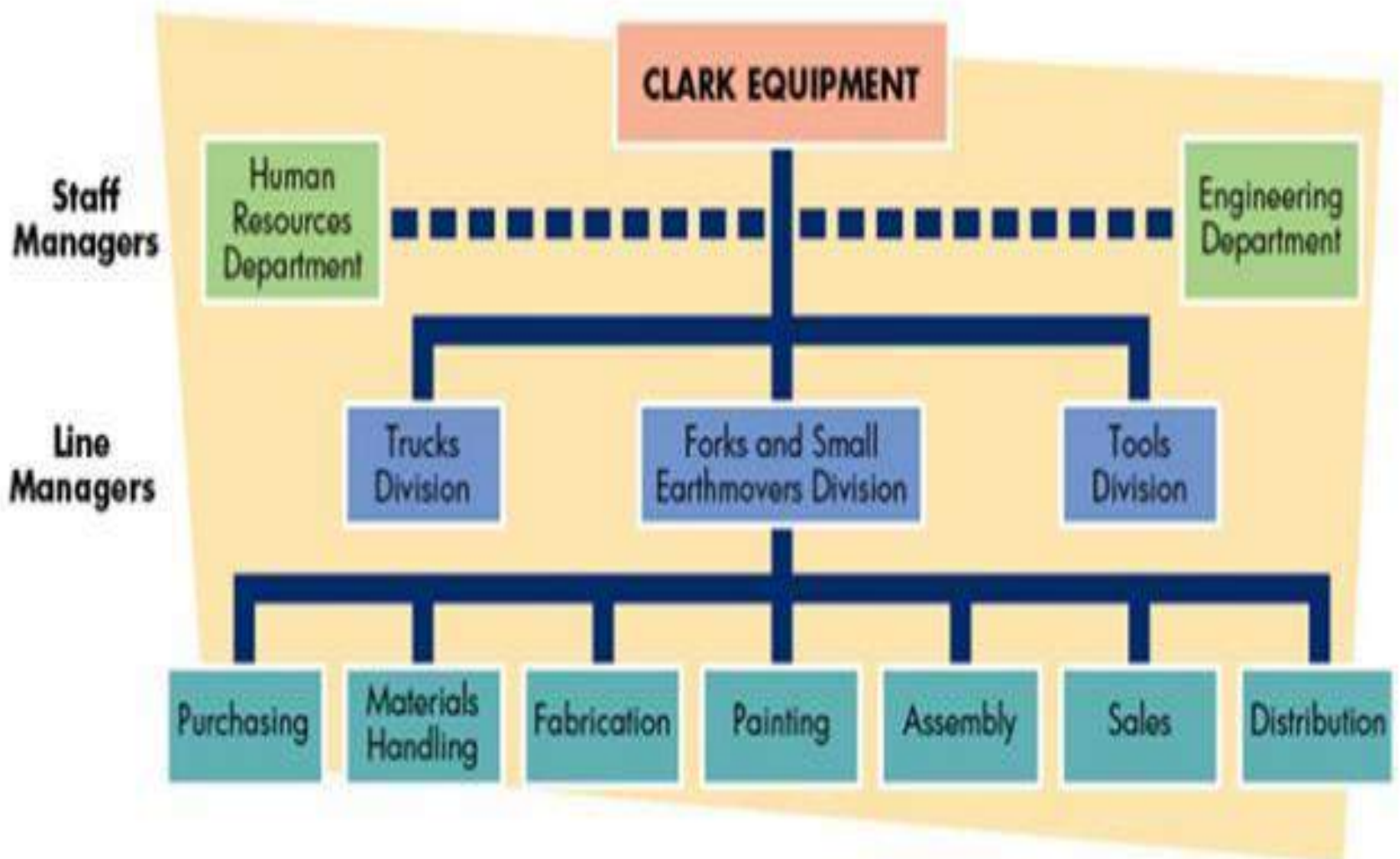
# LINE STRUCTURE



# LINE AND STAFF STRUCTURE



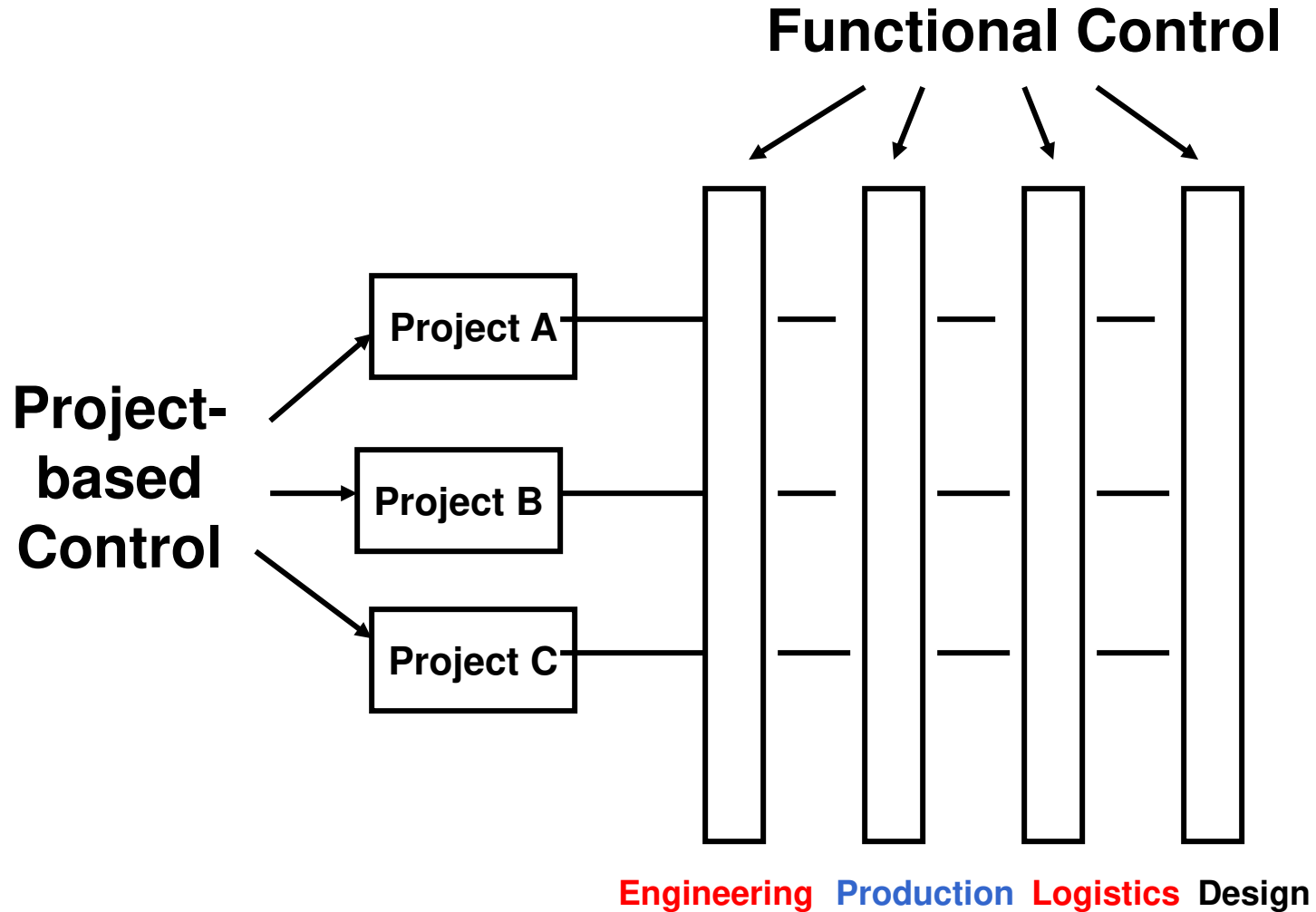
# Line vs Staff



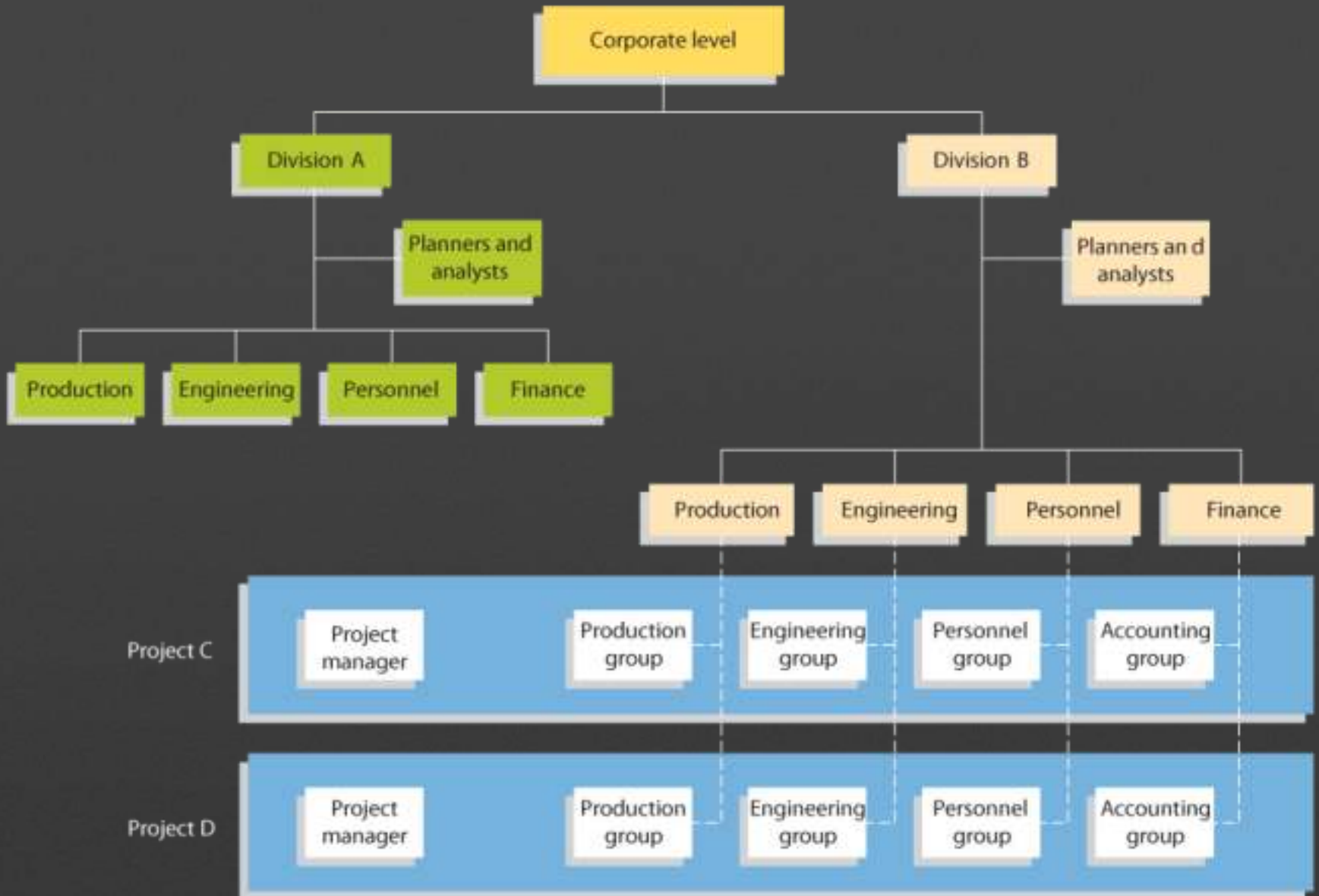
# Matrix Structure

- **Matrix Structure** – A hybrid organizational structure in which individuals from different functional areas are assigned to work on a specific project or task.
- **Advantages :**
  - Employees are challenged constantly, interdepartmental cooperation develops along with expanded managerial talent.
- **Disadvantages:**
  - A role conflict can develop if the authority of the project manager is not clearly delineated from that of a functional managers.

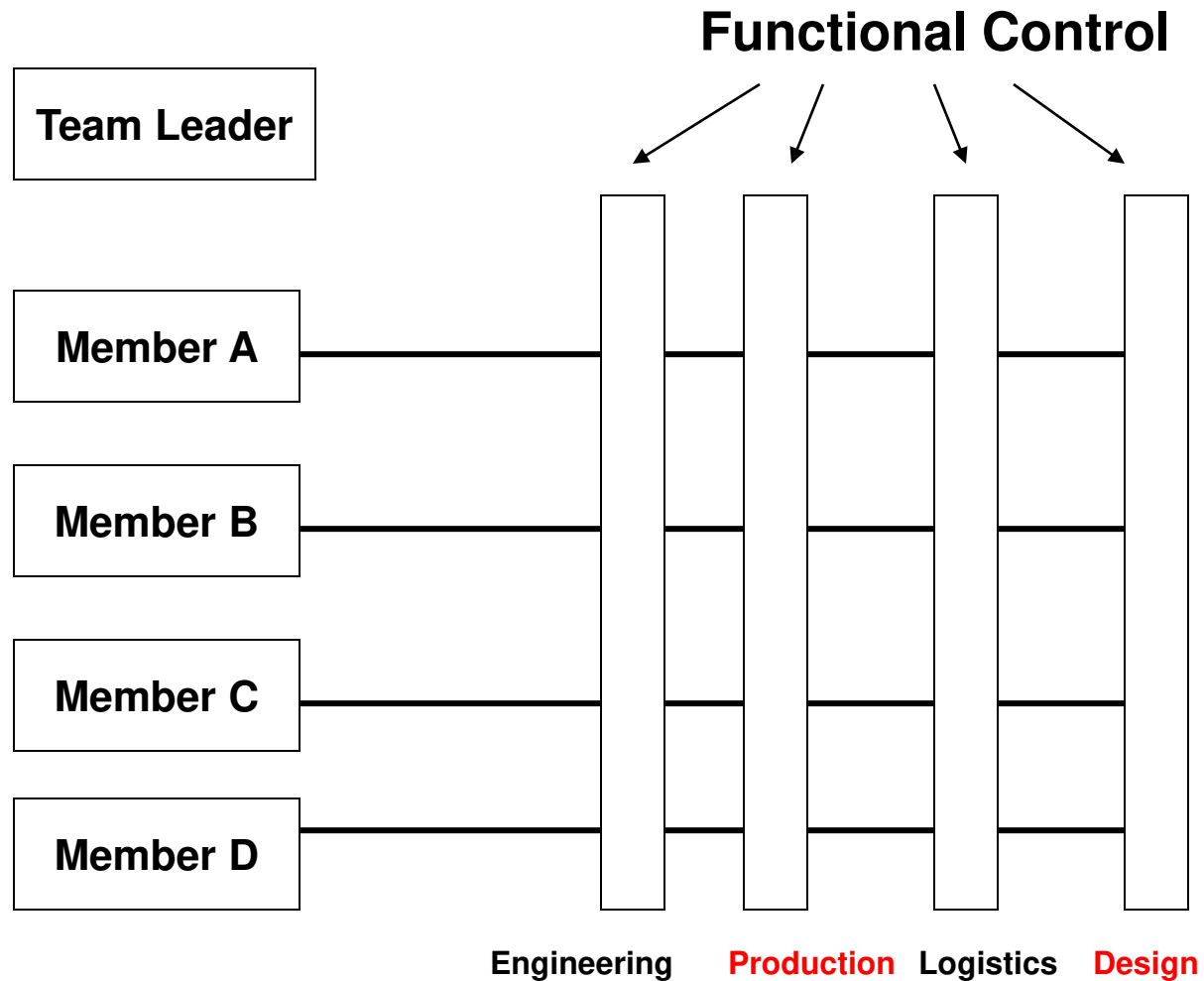
# Matrix Organization



# MATRIX STRUCTURE



# Team Organization





# Span of Control

The number of subordinates a manager can efficiently and effectively direct

## Concept

Wider spans of management increase organizational efficiency

## Narrow Span Drawbacks

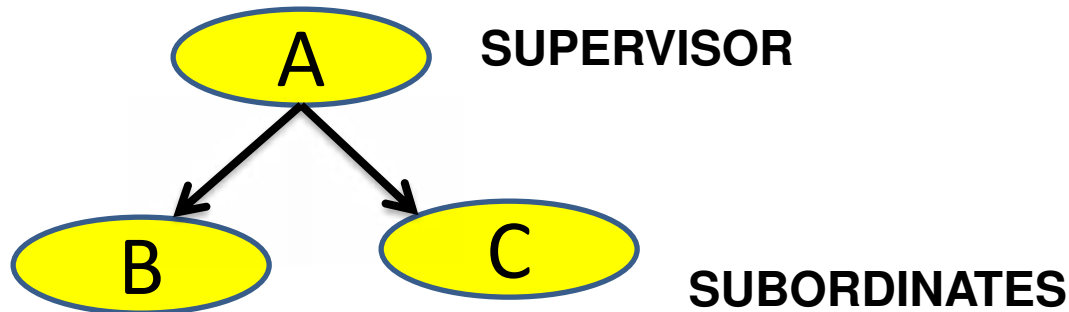
- Expense of additional layers of management
- Increased complexity of vertical communication
- Encouragement of overly tight supervision and discouragement of employee autonomy

# Contrasting Spans of Control

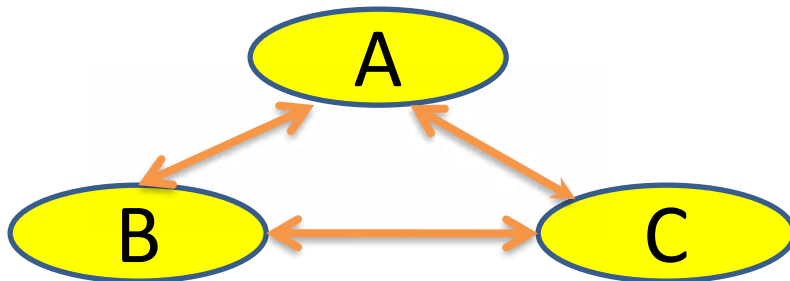


# Determination of Span of Control

- Direct single relationship



- Direct group relationship



- Cross relationship

# Factors that Determine an Effective Span

- Capacity of supervisor
- Capacity of subordinates.
- Nature of Work
- Type of Technology
- Delegation of Authority
- Clarity of plans
- Communication Techniques
- Using of objective standards
- Geographical closeness of employees
- Direction and Coordination



# Tall Structure

- Large, complex organizations often require a taller hierarchy.
- In its simplest form, a tall structure results in one long chain of command similar to the military.

# President

**Mark Davis**  
Vice President  
Baltimore, MD  
(222) 444 5555  
mark.davis@somecompany.com

## Vice President Finance

Accounts

Treasury

## Vice President HR

Operations & Recruitment

Staff Development

## Vice President Marketing

Customer Service

Domestic Sales

International Sales

## Vice President Procurement

Purchasing

Receiving & Inspection

## Vice President Manufacturing

Fabrication

Assembly

Testing

Production Engineering

## Vice President Engineering

Systems Engineering

Electronics Engineering

Software Engineering

Mechanical Engineering

Technical Engineering

# Flat Organizational Structure

- Flat structures have fewer management levels, with each level controlling a broad area or group.
- Flat organizations focus on empowering employees rather than adhering to the chain of command.

Board of Directors

Chief Executive Officer

Chief Operating Officer

Chief Nursing Officer

Chief Medical Officer

Chief Financial Officer

Chief Information Officer

VP / Directors of Service Lines

VP / Director Clinical Services

Dept Heads (MD)



# Centralization & Decentralization

## Centralization

The degree to which decision making is concentrated at a single point in the organization.

---

## Decentralization

The degree to which decision making is spread throughout the organization.

---



# CENTRALIZATION



## Decentralized Organization

President of Game Products



Division managers report to president.

## Centralized Organization

President of Game Products

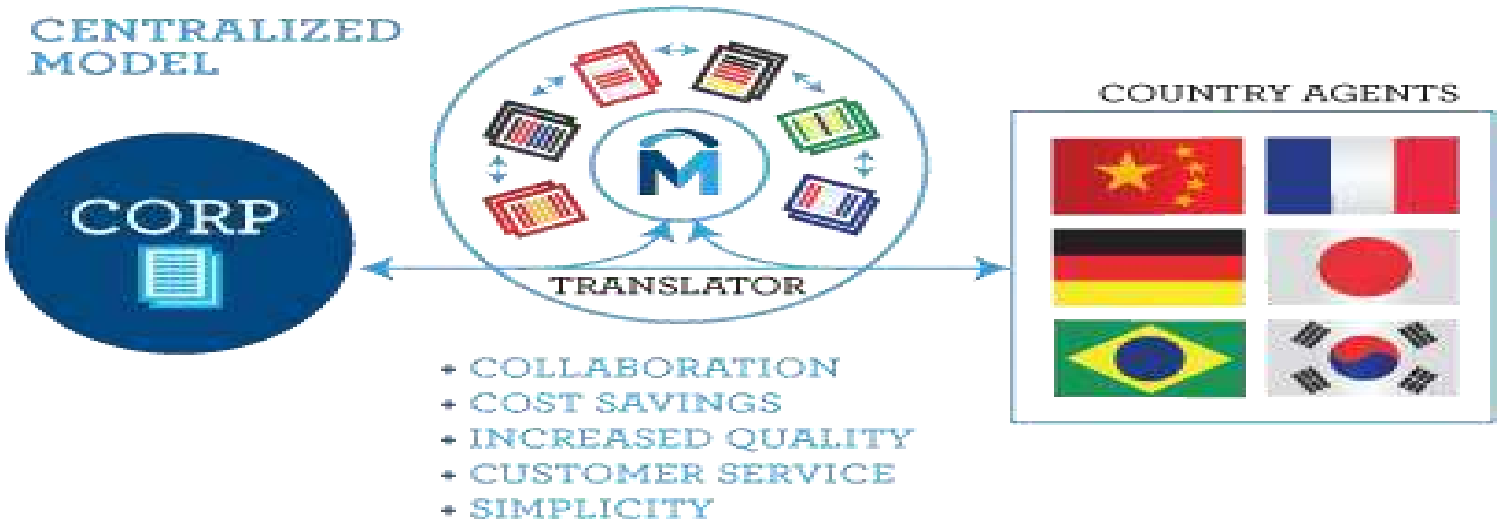


President retains direct control over each business unit.

**DECENTRALIZED MODEL**



**CENTRALIZED MODEL**



- COLLABORATION
- COST SAVINGS
- INCREASED QUALITY
- CUSTOMER SERVICE
- SIMPLICITY

# Advantages & Disadvantages Centralization

## ADVANTAGES:

- Provide Power
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

## DISADVANTAGES:

- less motivated
- Neglected functions for mid. Level

# Advantages & Disadvantages Decentralization

## ADVANTAGES:

- **Quicker Decisions**
- **Motivation of Local Managers**
- **Reduces workload**

## DISADVANTAGES:

- **Loss of Control**
- **Duplication of Services**

# Delegation of Authority

# Delegation of Authority (Distributing Authority)

- **Authority:**
  - Power that has been legitimized by the organization.
- **Delegation:**
  - The process by which managers assign a portion of their total workload to others.



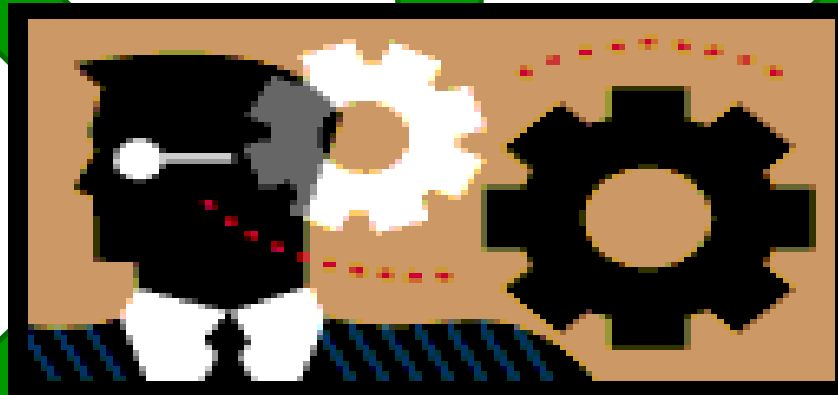


# PROCESS OF DELEGATION

**Determining the  
GOAL**

**Define  
RESPONSIBILITY  
and AUTHORITY**

**MOTIVATION to  
subordinates**



**Holding  
ACCOUNTABILITY**

**TRAINING to  
subordinates**

**Establishing  
CONTROL**

# IMPORTANCE OF DELEGATION

- **Relief to top managers.**
- **Development of managers.**
- **Development of subordinates.**
- **Better decision-making.**
- **Specialization.**
- **Job satisfaction.**



# **BARRIERS TO DELEGATION**

- **Insecurity.**
- **Lack of confidence in subordinates.**
- **Fear of making mistakes.**
- **Lack of initiative.**
- **Absence of access to various resources.**

# **WAYS TO OVERCOME BARRIERS TO DELEGATION**

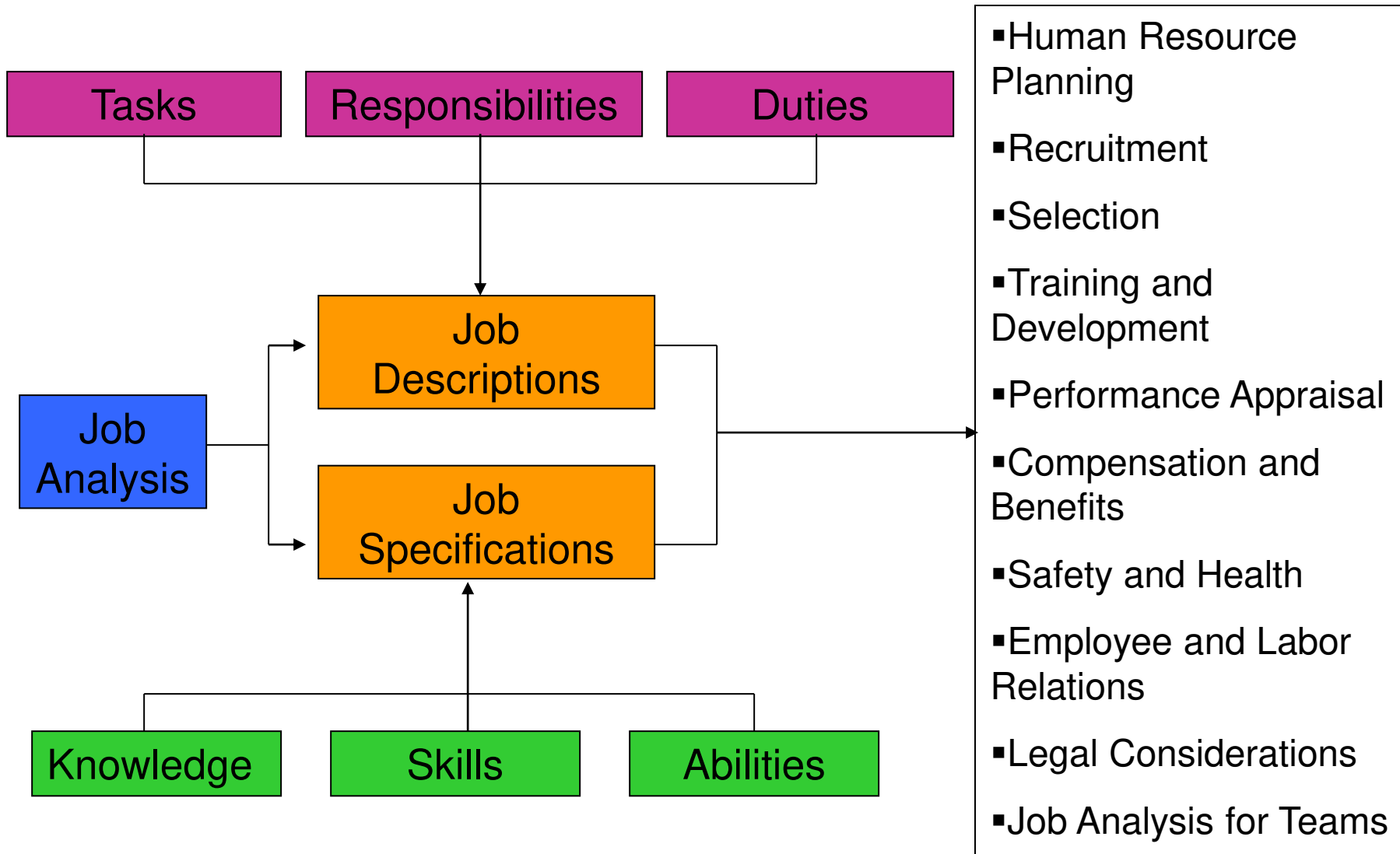
- **Develop confidence**
- **Communication.**
- **Motivation.**
- **Choose the right person for the right job.**
- **Freedom to subordinates.**
- **Clarity of task.**
- **Matching the jobs with abilities of subordinates.**



# STAFFING



# Job Analysis





"Staffing means filling and keeping filled, positions in the organisation structure."

**Harold  
Koontz**

# Importance Of Staffing Function





# IMPORTANCE OF STAFFING

- **FILLING ORGANISATIONAL POSITIONS:**  
Concerned with filling of good systematic staffing.
- **DEVELOPING COMPETENCIES:**  
Right job according to right person.
- **RETAINING PERSONNEL:**  
Continuing them in the organization.



# Staffing ELEMENTS



# ELEMENTS OF STAFFING

- Manpower planning
- Job analysis
- Recruitment and selection
- Training and Development
- Performance appraisal



# SCOPE OF STAFFING

- Hiring
- Remuneration
- Motivation
- Employee maintenance
- Human relations



# MANPOWER PLANNING

" Manpower planning is the process by which an organization ensures that it has the right number and the kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives".



# Features of manpower planning :

- To ensure right people at right place at right time.
- To ensure future needs of manpower in the light of organizational planning and structure.
- Making the current manpower inventory suitable for future managerial positions.



# Importance of manpower planning

- **DEFINING FUTURE PERSONNEL NEED.**  
(Basis of recruiting and developing personnel)
- **COPING WITH CHANGES.**  
(Future changes can be cope up with effective planning)
- **PROVIDING BASE FOR DEVELOPING TALENTS.**  
(Setting up the priorities before recruiting)
- **INCREASING INVESTMENT IN HUMAN RESOURCES.**  
(Provides the way for effective utilization of talents)



# Job analysis

“Job analysis is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications”.





# Recruitment



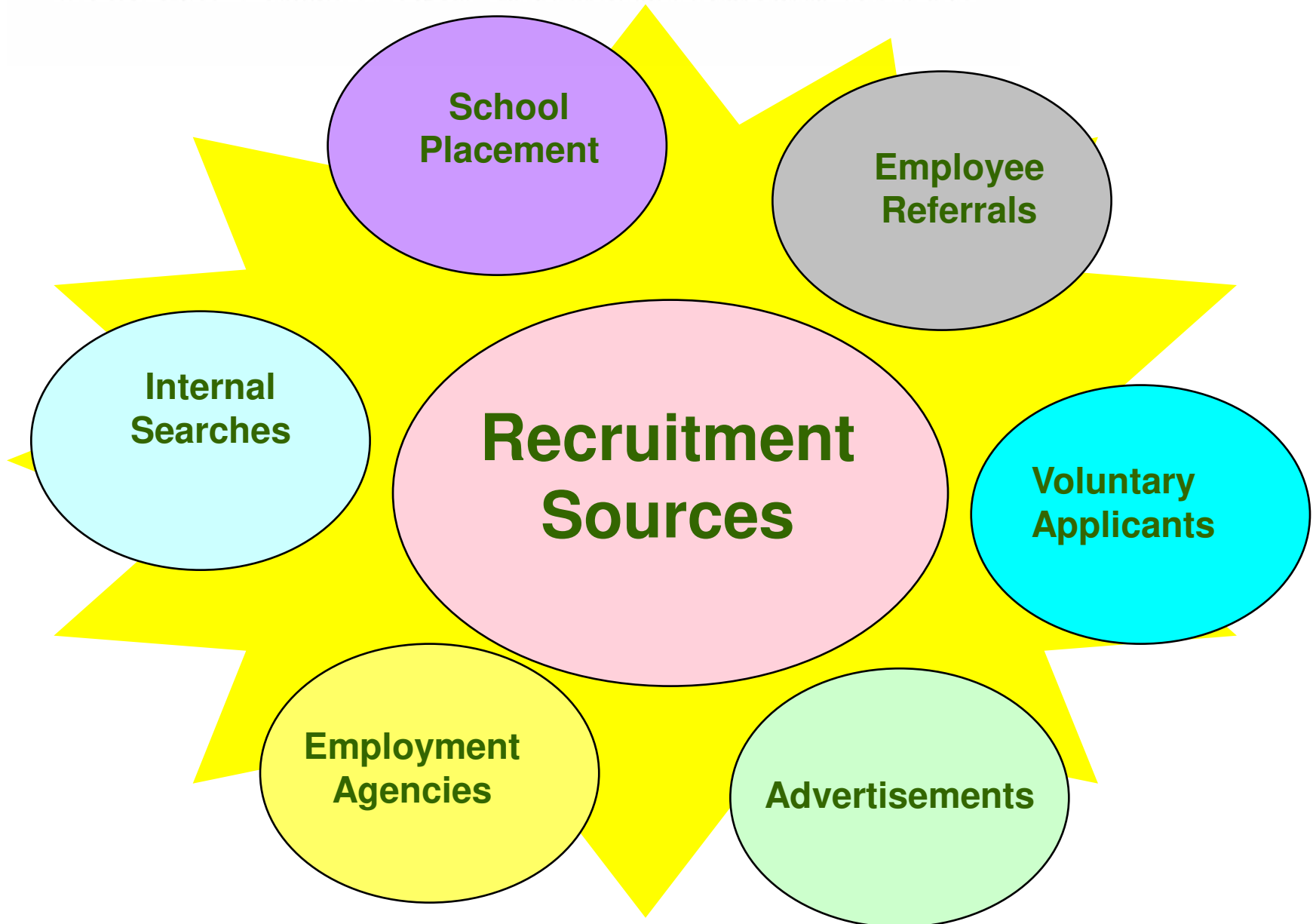
- Process of locating, identifying, and attracting capable candidates
- Can be for current or future needs
- Critical activity for some corporations.
- What sources do we use for recruitment

# selection

Selection is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in a job.



# Sources of Recruitment



# Difference : Recruitment & selection

## RECRUITMENT

- To attract maximum number of candidates.
- It creates application pool as large as possible.
- Techniques are not very intensive.
- Outcome is application pool.

## SELECTION

- To choose best out of the available candidates.
- It is a rejection process where few are selected.
- Highly specialized techniques are required.
- Outcome is the candidate who is offered job.



# Recruitment & selection process

## RECRUITMENT

- Advertisement applications
- Employment agencies
- On campus recruitment
- Deputation references
- Employee recommendations examination
- Labor unions authority
- Gate hiring

## SELECTION

- Screening of
- Selection tests
- Interview
- Checking of
- Physical
- Approval by
- Placement



# Training & development

## ➤ TRAINING :

“Training is a short term process utilizing a systematic and organized procedure by which non managerial personnel learn technical knowledge and skills for a definite purpose.

## ➤ DEVELOPMENT:

“Development is a long term educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose”.



# Role of training & development

- **INCREASE IN EFFICIENCY**
- **INCREASE IN MORALE OF EMPLOYEES**
- **BETTER HUMAN RELATIONS**
- **REDUCED SUPERVISION**
- **INCREASED ORGANIZATIONAL VIABILITY & FLEXIBILITY**



# Performance appraisal

- Major key to managing itself
- Basis of determining who is promotable to higher position
- Determines strengths and weaknesses of a manager
- Measures performance in accomplishing goals and plans
- Integral part of organization
- Recognize legitimate desire of employees for progress
- Essential for effective management





# Appraisal Methods

- Graphic Rating Scale
- Critical Incidence method
- BARS
- Self Appraisal
- 180 Degree Appraisal
- 360 Degree Appraisal
- Management by Objective
- Balance Score Card



# Conclusion

Staffing is the most vital asset with an organization, without which it cannot move ahead in the competitive world. It can be equated with HR management as both have same sort of objectives. Staffing is an open system approach. It is carried out within the enterprise but is also linked to external environment.



**UNIT**

**4**

**DIRECTING**

# Directing

- Involves motivating subordinates, influencing individuals or teams as they work, selecting the most effective communication channels or dealing in any way with employee behavior issues.

# Creativity

C  
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t



Power  
Point

# Creativity - Defined

Creativity is the development of ideas about products, practices, services, or procedures that are novel and potentially useful to the organization



# What Is Creativity?

## Creativity Needs:

- ✓ **Skill:** *Learned capacity or talent to carry out pre-determined results.*
- ✓ **Talent:** *Natural endowments of a person.*
- ✓ **Personality:** *Patterns of relatively enduring characteristics of human behavior.*





## Intellectual Skills:

Humans have intellectual skills that allow them to have creativity . . .

- Choosing
- Predicting
- Interpreting
- Translating
- Recalling
- Manipulating







✓ Choosing: *To select from a number of possibilities and pick by preference.*

✓ Predicting: *To state, tell about, or make something known in advance, on the basis of special knowledge.*

✓ Interpreting: *To explain and understand the meaning of something and to conceive the significance of it.*





- ✓ Translating: *To transform something from one state to another.*
  
- ✓ Recalling: *To remember and bring back to mind a previous subject or situation.*
  
- ✓ Manipulating: *To handle, manage, or use (sometimes with skill) an object in a process or performance.*





## Use Your Own Process:

With these skills we are able to . . .

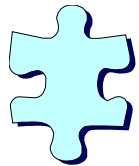
- ❖ *select knowledge and use it toward a specific goal.*
- ❖ *interpret communication and share it.*
- ❖ *remember previous knowledge and use it skillfully.*

*Use 1 or more of the 6 intellectual skills to come up with a creative idea*





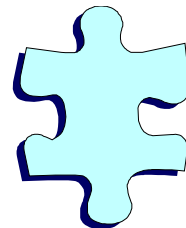
## Creativity can come in different forms . . .



❖ Scientific: *inventions or medical cures.*

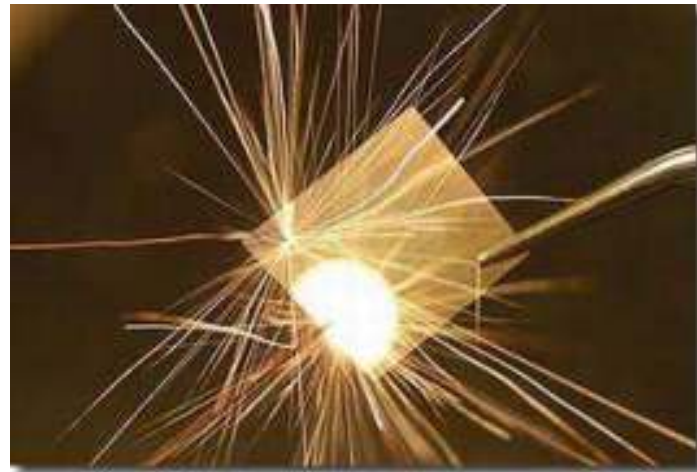
❖ Artistic/Musical: *beautiful paintings, sculptures, or songs.*

❖ Creative Writing: *novels, short stories, and poems.*



# Innovation - Defined

Innovation is the implementation of new ideas at the individual, group or organizational level



# ELEMENTS OF DIRECTION

- Communication
- Leading
- Motivation
- Supervision
- Coordination



# COMMUNICATION

# Communication and Management

- **Communication**

- The sharing of information between two or more individuals or groups to reach a common understanding.





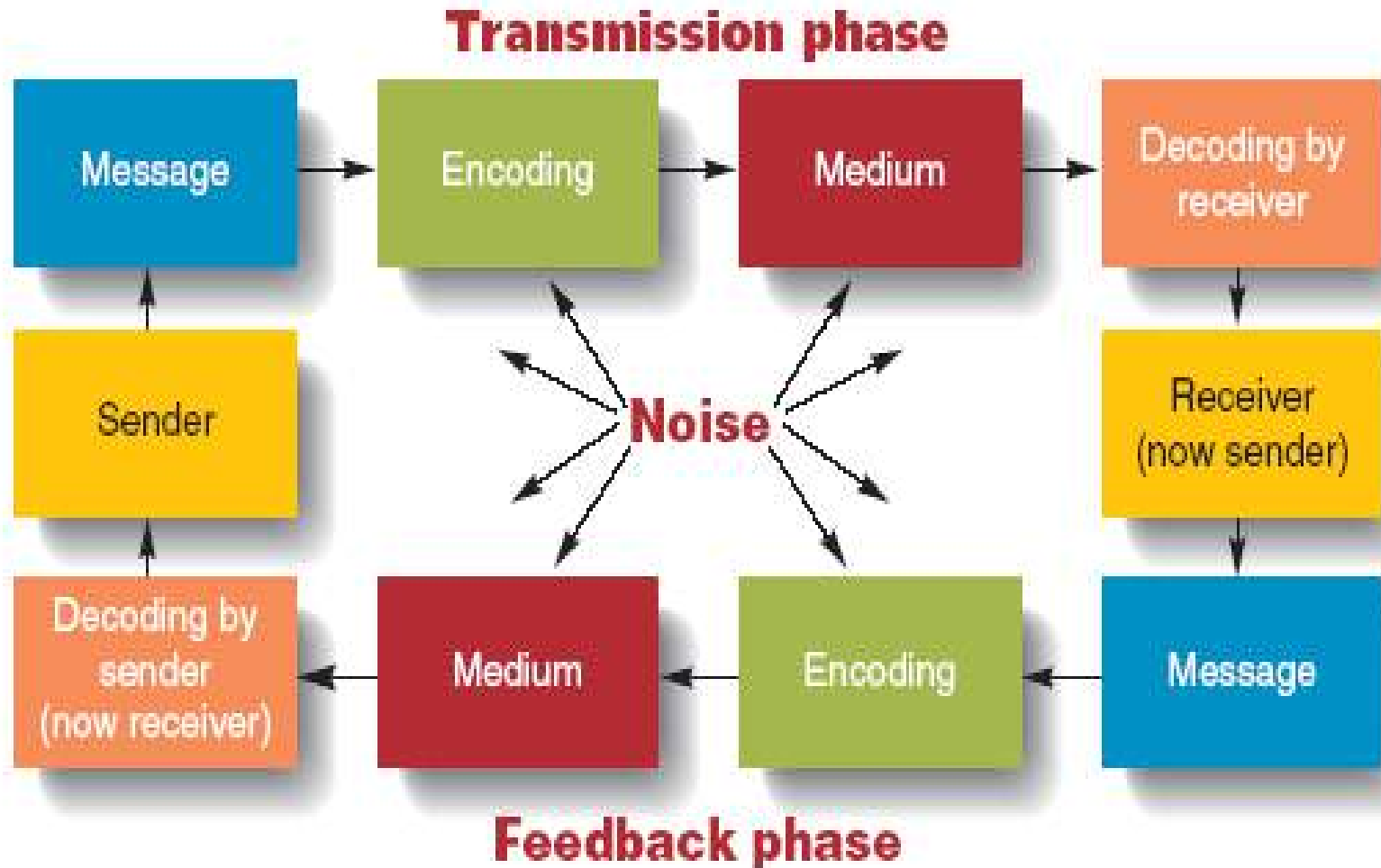
# Communication and Management

- **Importance of Good Communication**
  - Increased efficiency in new technologies
  - Improved quality of products and services
  - Increased responsiveness to customers
  - More innovation through communication

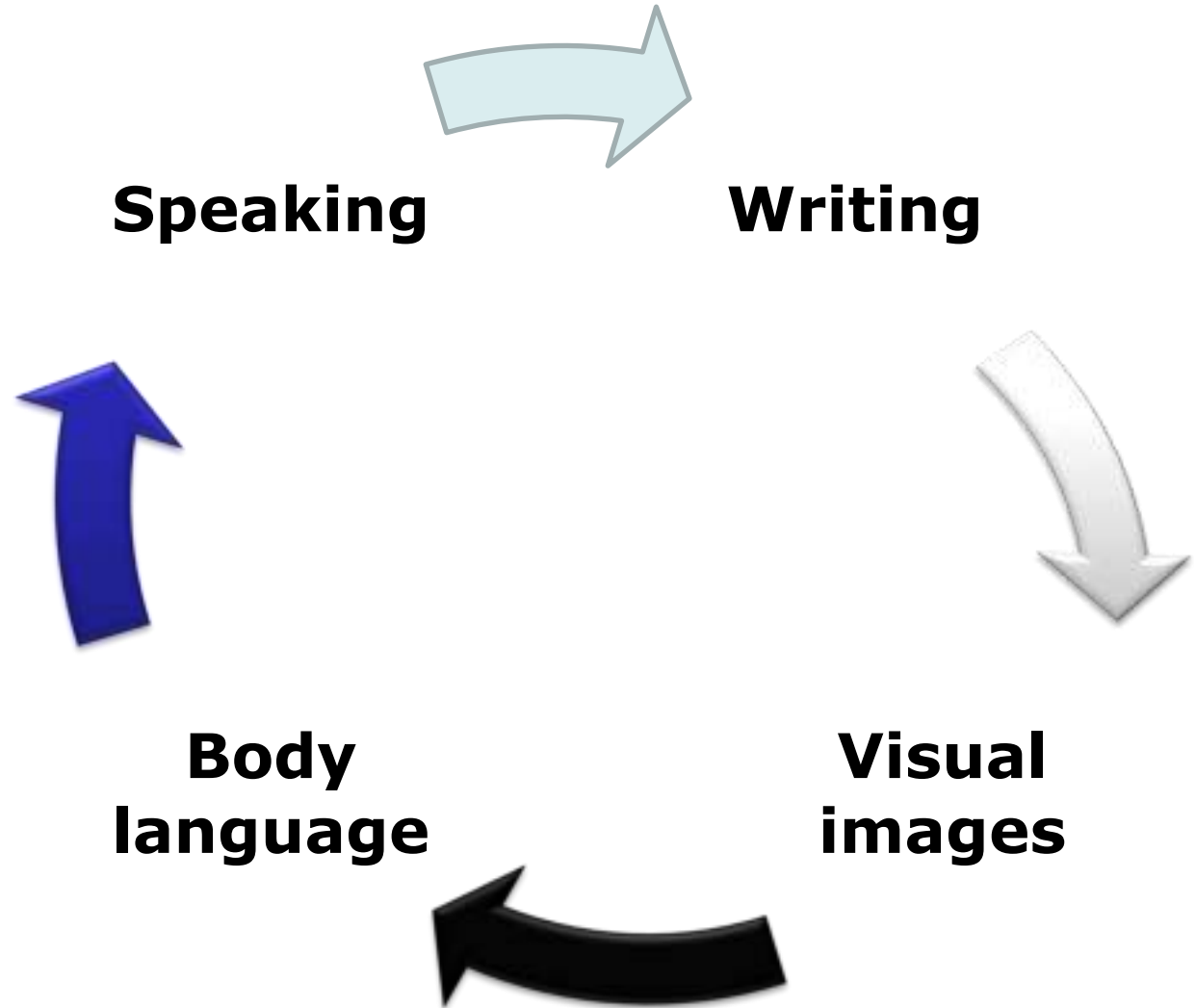
# The Communication Process

- **Phases of the Communication Process:**
  - **Transmission phase** in which information is shared by two or more people.
  - **Feedback phase** in which a common understanding is assured.

# The Communication Process



# Most Common Way to Communicate



# The Communication Process

- **Sender** – person wishing to share information with some other person
- **Message** – what information to communicate
- **Encoding** – sender translates the message into symbols or language
- **Noise** – refers to anything that hampers any stage of the communication process

# The Communication Process

- **Receiver** – person or group for which the message is intended
- **Medium** – pathway through which an encoded message is transmitted to a receiver
- **Decoding** - critical point where the receiver interprets and tries to make sense of the message

# Verbal & Nonverbal Communication

- **Verbal Communication**
  - The encoding of messages into words, either written or spoken
- **Nonverbal**
  - The encoding of messages by means of facial expressions, body language.

# Communication Media

- **Face-to-Face**
  - Has highest information richness.
  - Can take advantage of verbal and nonverbal signals.





# Communication Media

- **Spoken Communication Electronically Transmitted**
  - Has the second highest information richness.
  - **Telephone conversations** are information rich with tone of voice, sender's emphasis, and quick feedback, but provide no visual nonverbal cues.

# Communication Media

- **Personally Addressed Written Communication**
  - Has a lower richness
  - Personal addressing helps ensure receiver actually reads the message—**personal letters** and **e-mail** are common forms.

# E-Mail Dos and Don'ts

- E-mail allows telecommuting employees to work from home and keep in contact.
  - Pay attention to spelling and treat the message like a **written letter**.

# Communication Media

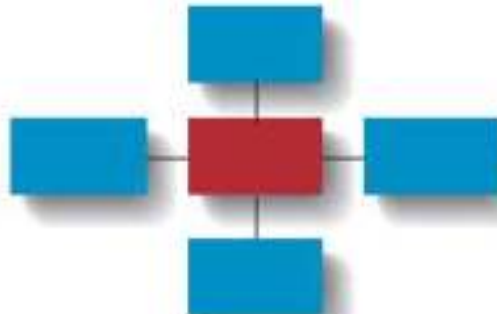
- **Impersonal Written Communication**
  - Has the lowest information richness.
  - Good for messages to many receivers where little or feedback is expected (e.g., newsletters, reports)



# Communication Networks in Groups and Teams

Type of Network	
<b>Wheel Network</b>	<b>Information flows to and from one central member.</b>
<b>Chain Network</b>	<b>Members communicate only with the people next to them in the sequence.</b>
<b>Wheel and chain networks provide little interaction.</b>	
<b>Circle Network</b>	<b>Members communicate with others close to them in terms of expertise, experience, and location.</b>
<b>All-Channel Network</b>	<b>Networks found in teams with high levels of communications between each member and all others.</b>

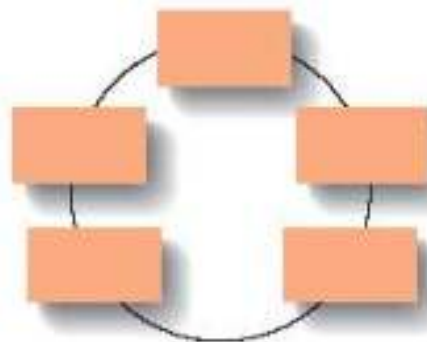
# Communication Networks in Groups and Teams



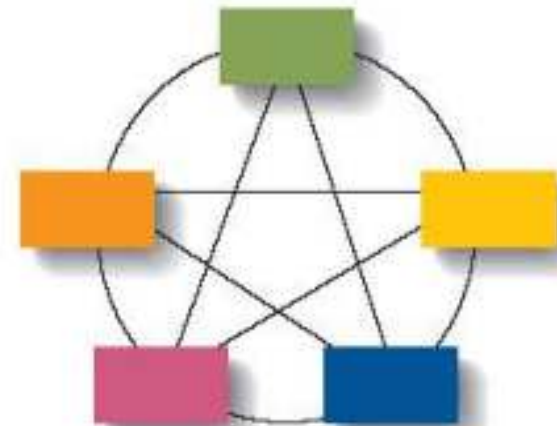
**Wheel network**



**Chain network**



**Circle network**



**All-channel network**

# Technological Advances in Communication

- **Internet**
  - Global system of computer networks that is easy to join and is used by employees to communicate inside and outside their companies
- **World Wide Web (WWW)**
  - “Business district” with multimedia capabilities

# Technological Advances in Communication

- **Intranets**

- A company-wide system of computer networks for information sharing by employees inside the firm.

- **Advantages of intranets**

- Can be used for a number of different purposes by people who may have little expertise in computer software and programming



# Technological Advances in Communication

- **Groupware**
  - Computer software that enables members of groups and teams to share information with each other and improve communication.



# New Technologies for Communication



- ◆ Informational databases
- ◆ Electronic mail systems
- ◆ Voice mail systems
- ◆ Fax machine systems
- ◆ Cellular phone systems



# Barriers to Effective Communication

- Messages that are unclear, incomplete, difficult to understand
- Messages with no provision for feedback
- Messages that are misunderstood
- Messages delivered through automated systems that lack the human element

# Movie Example: The Terminal

Is there communication  
between Viktor and  
Frank?

Why or why not?



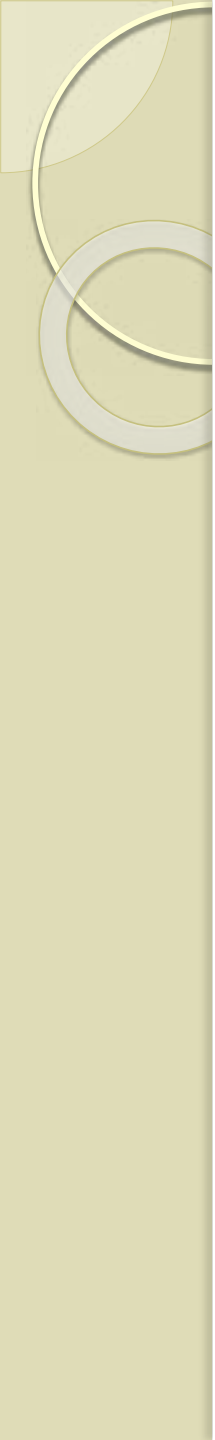


# **FOUR BASIC DIRECTIONS**

# Downward Communication

Travels from superior to subordinates.

- To give specific task directives about job instruction
- To give information about organization procedures and practices

- 
- To tell subordinates about their performance
  - To provide ideological-type information to facilitate the goals

# Upward Communication

Travels from subordinate to superior. The most common purpose of this communication is to provide feedback on how well things are going.

It provides also the middle level managers the opportunity to represent their subordinates to the upper level managers.





# Lateral Communication

Takes place between people in the **same level** of the management hierarchy. The most common reason for this communication flow is to provide coordination and teamwork

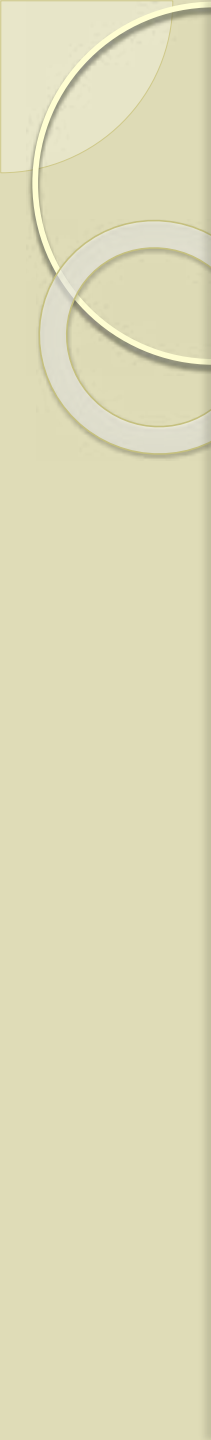


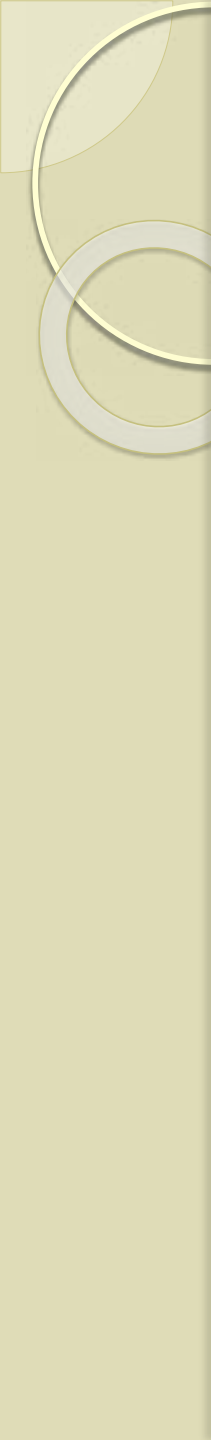
# Diagonal Communication

Occurs between people who are neither in the same department nor in the same level of management hierarchy. In this case, someone communicate either downward or upward with someone in another functional area.



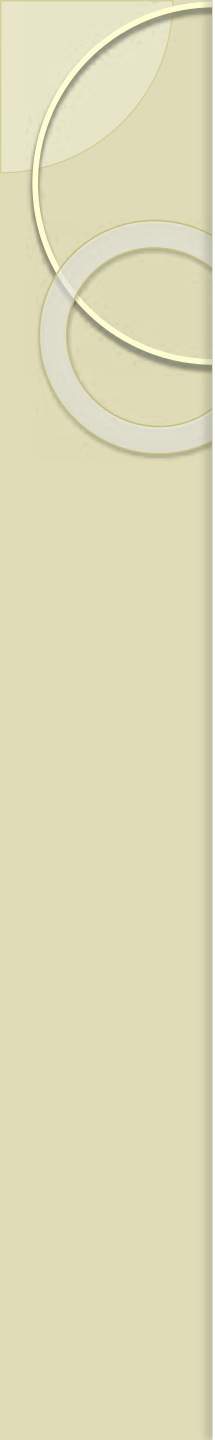
# OVERCOMING BARRIERS TO COMMUNICATION

- 
- Use **feedback** to facilitate understanding and increase the potential for appropriate action
  - Repeat message in order to **provide assurance** that they are properly received

- 
- Use **multiple channels** so that the accuracy of the information may be enhanced
  - Use **simplified language** that are easily understandable and which eliminates the possibility of people getting mixed-up with meanings



# MOTIVATION



“Motivation is the work a manager performs to inspire, encourage, people to take required action”

# Need Theory

People are motivated to obtain outcomes at work to satisfy their needs.

1) Managers must determine what needs worker wants satisfied.

2) Ensure that a person receives the outcomes when performing well.

- Several needs theories exist.
  - Maslow's Hierarchy of Needs.
  - Alderfer's ERG.



# Maslow's Hierarchy of Needs

<b>Need Level</b>	<b>Description</b>	<b>Examples</b>
<b>Self-Actualization</b>	<b>Realize one's full potential</b>	<b>Use abilities to the fullest</b>
<b>Esteem</b>	<b>Feel good about oneself</b>	<b>Promotions &amp; recognition</b>
<b>Belongingness</b>	<b>Social interaction, love</b>	<b>Interpersonal relations, parties</b>
<b>Safety</b>	<b>Security, stability</b>	<b>Job security, health insurance</b>
<b>Physiological</b>	<b>Food, water, shelter</b>	<b>Basic pay level to buy items</b>

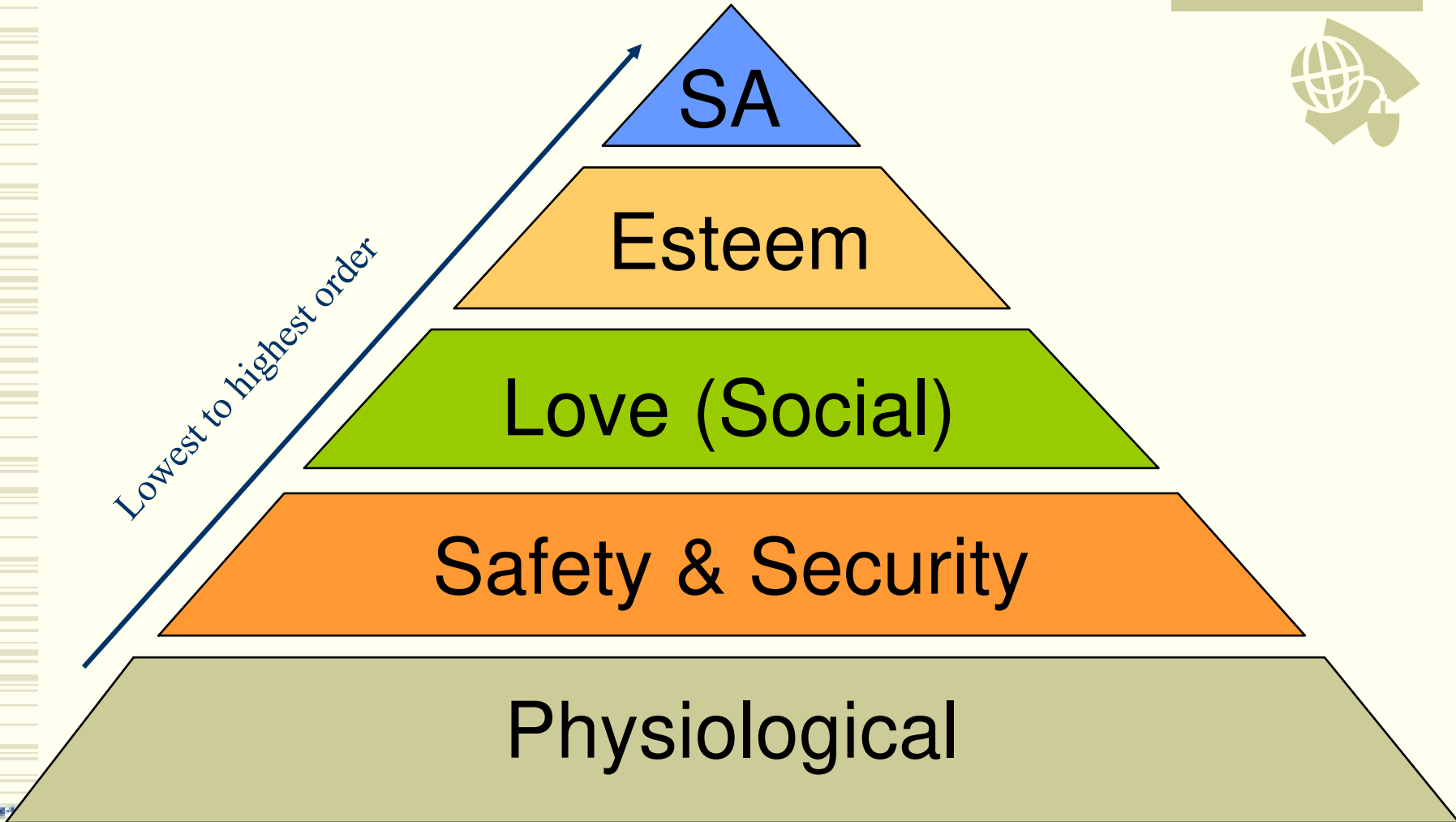
**Lower level needs must be satisfied before higher needs are addressed.**

# Alderfer's ERG

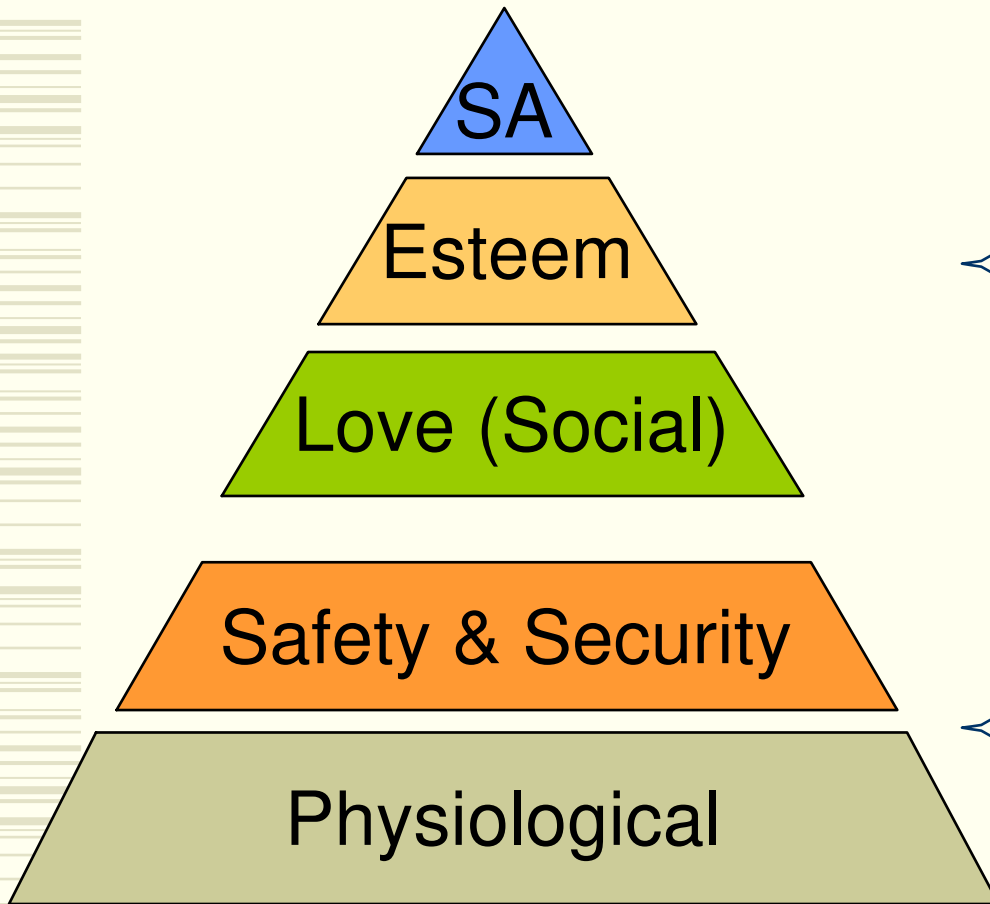
	Need Level	Description	Examples
Highest	Growth	Self-development, creative work	Worker continually improves skills
	Relatedness	Interpersonal relations, feelings	Good relations, feedback
Lowest	Existence	Food, water, shelter	Basic pay level to buy items

**After lower level needs satisfied, person seeks higher needs. When unable to satisfy higher needs, lower needs motivation is raised.**

# Maslow's Hierarchy of Needs



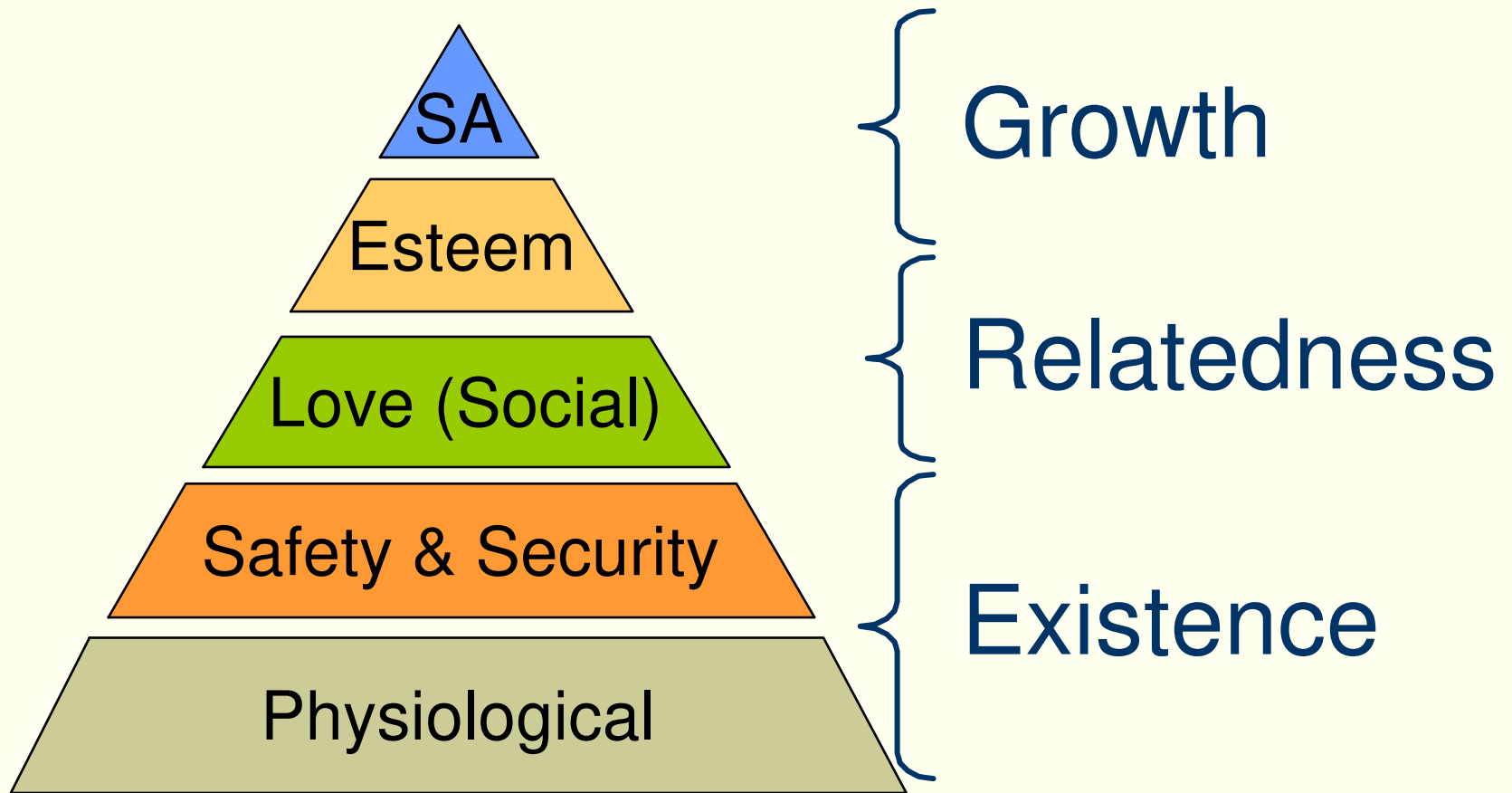
# Motivational Theories X & Y



**Theory Y** - a set of assumptions of how to manage individuals motivated by higher order needs

**Theory X** - a set of assumptions of how to manage individuals motivated by lower order needs

# Alderfer's ERG Theory



# Herzberg's Two-Factor Theory

**Hygiene Factor** - work condition related to dissatisfaction caused by discomfort or pain

- maintenance factor
- contributes to employee's feeling not dissatisfied
- contributes to absence of complaints

**Motivation Factor** - work condition related to the satisfaction of the need for psychological growth

- job enrichment
- leads to superior performance & effort



# Nature and Characteristics Motivation

- Is an internal feeling
- Motivation is related to needs
- Motivation lead to goal oriented behaviour
- Motivation can be positive or negative



# Importance of Motivation

I.Puts human resources into action

Every concern requires physical, financial and human resources to accomplish the goals.





## 2. Improves level of efficiency of employees

The level of a subordinate or an employee does not only depend upon his qualifications and abilities.



3. Leads to achievement of organizational goals

The goals of an enterprise can be achieved

4. Builds friendly relationship

Motivation is an important factor which brings employees satisfaction.

# Organizational Culture

# Definition

- is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."

# ELEMENTS

six elements are:

- **a) Stories:** The past events and people talked about inside and outside the company. Who and what the company chooses to immortalize says a great deal about what it values, and perceives as great behavior.
- **b) Rituals and Routines:** The daily behavior and actions of people that signal acceptable behavior. This determines what is expected to happen in given situations, and what is valued by management.



**Symbols:**The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes.

**Organizational Structure:** This includes both the structure defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued.

**Control Systems:**The ways that the organization is controlled. These include financial systems, quality systems, and rewards (including the way they are measured and distributed within the organization.)

**Power Structures:** The pockets of real power in the company. This may involve one or two key senior executives, a whole group of executives, or even a department. The key is that these people have the greatest amount of influence on decisions, operations, and strategic direction.

# TYPES OF ORGANIZATIONAL CULTURE

- **1. Feedback Speed:** How quickly are feedback and rewards provided (through which the people are told they are doing a good or a bad job).
- **2. Degree of Risk:** The level of risk taking (degree of uncertainty).
- The combination of these two elements results in **four types of corporate cultures:**

## a) Tough-Guy Culture or Macho Culture (Fast feedback and reward, high risk):

- Stress results from the high risk and the high potential decrease or increase of the reward.
- Focus on now, individualism prevails over teamwork.
- Typical examples: advertising, brokerage, sports.
- The most important aspect of this kind of culture is big rewards and quick feedback. This kind of culture is mostly associated with quick financial activities like brokerage and currency trading. It can also be related with activities, like a sports team or branding of an athlete, and also the police team. This kind of culture is considered to carry along, a high amount of stress, and people working within the organization are expected to possess a strong mentality, for survival in the organization.



## **b) Work Hard/Play Hard** (Fast feedback and reward, low risk):

- Stress results from quantity of work rather than uncertainty.
- Focus on high-speed action, high levels of energy.
- Typical examples: sales, restaurants, software companies.
- This type of organization does not involve much risk, as the organizations already consist of a firm base along with a strong client relationship. This kind of culture is mostly opted by large organizations which have strong customer service. The organization with this kind of culture is equipped with specialized jargons and is qualified with multiple team meetings.

## **C) Bet Your Company Culture (Slow feedback and reward, high risk):**

- Stress results from high risk and delay before knowing if actions have paid off.
- Focus on long-term, preparation and planning.
- Typical examples: pharmaceutical companies, aircraft manufacturers, oil prospecting companies.
- In this kind of culture, the company makes big and important decisions over high stakes endeavors. It takes time to see the consequence of these decisions. Companies that postulate experimental projects and researches as their core business, adopt this kind of culture. This kind of culture can be adopted by a company designing experimental military weapons for example.

## **d) Process Culture** (Slow feedback and reward, low risk):

- Stress is generally low, but may come from internal politics and stupidity of the system.
- Focus on details and process excellence.
- Typical examples: bureaucracies, banks, insurance companies, public services.
- This type of culture does not include the process of feedback. In this kind of culture, the organization is extremely cautious about the adherence to laws and prefer to abide by them.
- This culture provides consistency to the organization and is good for public services.
- One of the most difficult tasks to undertake in an organization is to change its work culture.

# MANAGING CULTURAL DIVERSITY

- **Setting a good example**
- **Communicate in writing**
- **Training programs**
- **Recognize individual differences**
- **Differences in cultural background**
- **Flexible work environment**
- **Continuous monitoring**



# LEADERSHIP



# Leadership Is...

- Process of directing the behaviour of others toward the accomplishments of objectives.
- Is one of the important parts of direction.



# LEADING IN TIMES OF CRISIS

- Stay calm
- Be visible
- Put people before business
- Tell the truth
- Know when to get back to business



# Leadership Theories



# Behavioral Theories (LEADERSHIP STYLES)

## I. Autocratic Leadership

Under the autocratic leadership style, all **decision-making powers are centralized** in the leader, as with dictators.

The autocratic management has been successful as it provides strong motivation to the manager. It permits quick decision-making.



## 2. Participative Leadership

consists of the **leader sharing the decision-making abilities with group members** by promoting the interests of the group members and by practicing social equality.



### 3.Free- rein Leadership

A person may be in a leadership position without providing leadership, leaving the group to fend for itself.

**Subordinates are given a free hand in deciding their own policies and methods.**

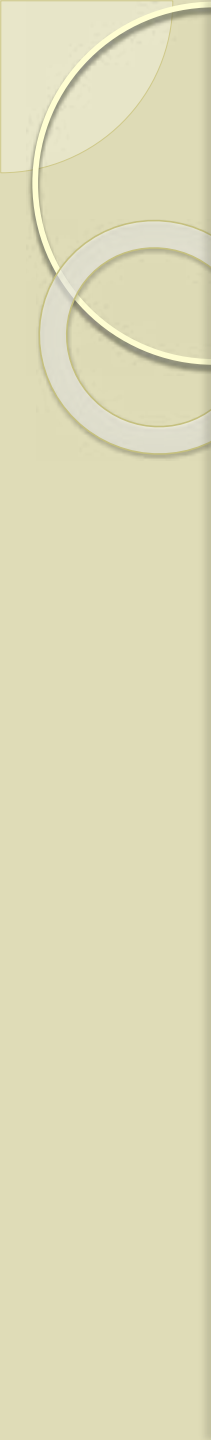


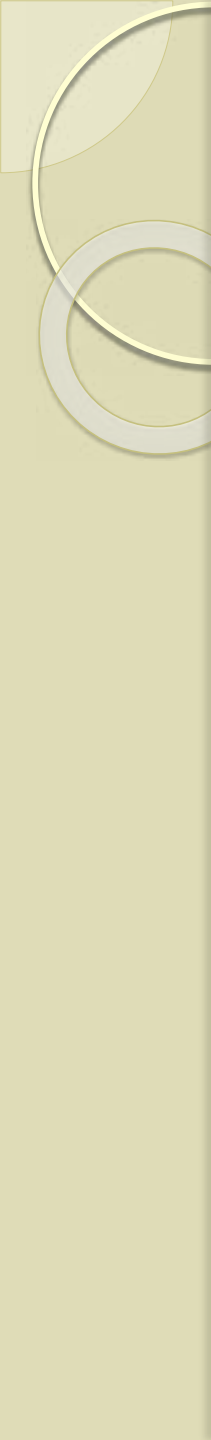
## **4.Toxic leadership**

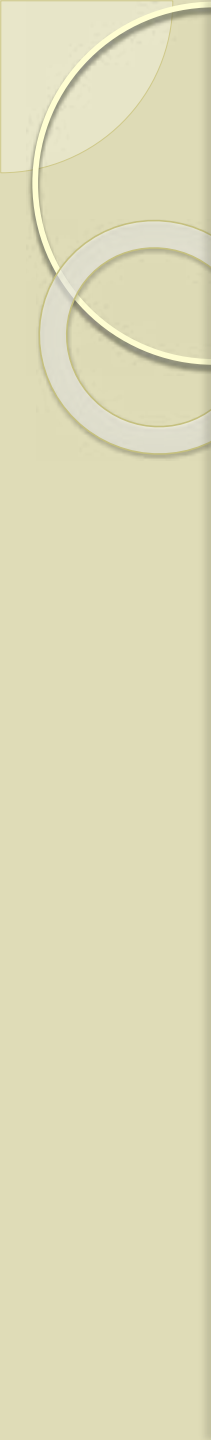
A toxic leader is someone who has responsibility over a group of people or an organization.



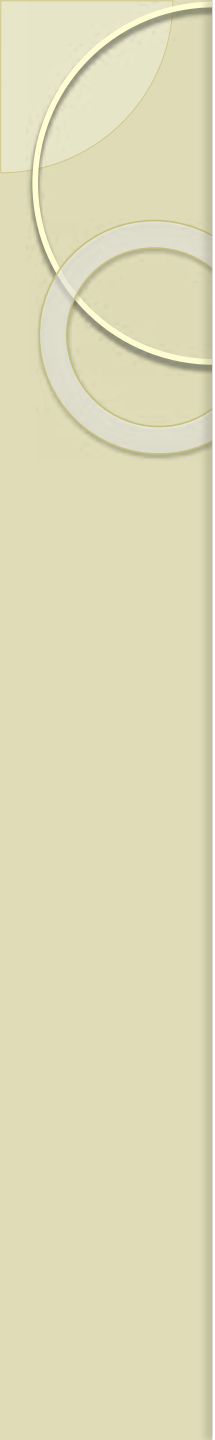
# Importance of Leadership

- 
- **Initiates action-** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
  - **Motivation-** He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.

- 
- **Providing guidance-** Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
  - **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates,

- 
- **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust.
  - **Builds work environment-** An efficient work environment helps in sound and stable growth. He should treat employees on humanitarian terms.



- 
- **Co-ordination-** This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

# **UNIT-5**

# **CONTROLLING**

# Controlling Process

# The Purpose of Control

**Adapt to  
environmental change**

**Limit the  
accumulation of error**

**Control helps  
the organization**

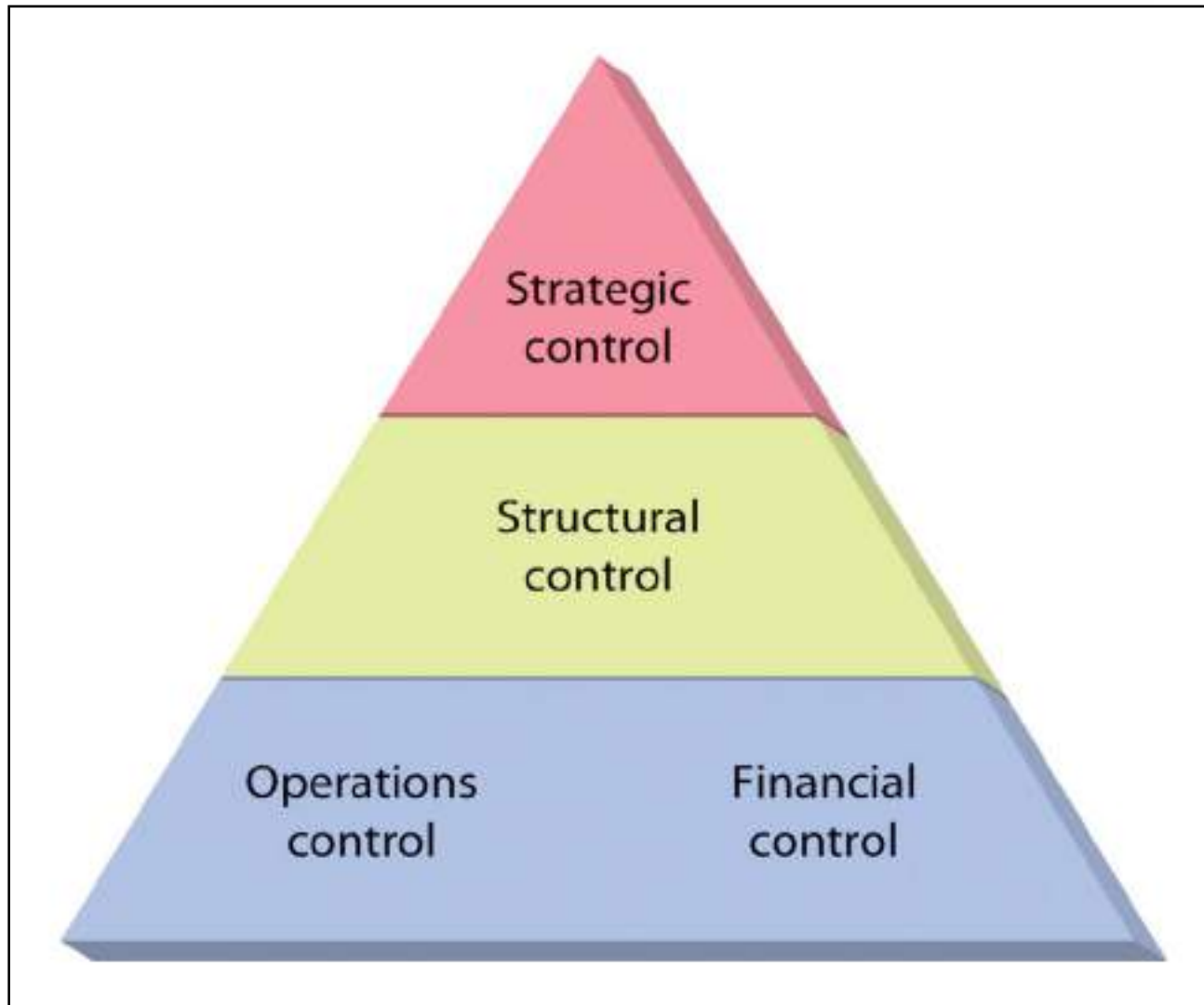
**Cope with organizational  
complexity**

**Minimize costs**

# Levels of Control

- **Operational control:**
  - Focuses on the processes used to transform resources into products or services.
- **Financial control:**
  - Concerned with financial resources.
- **Structural control:**
  - How the elements of structure are serving the intended purposes.
- **Strategic control:**
  - How effective are the functional strategies helping the organization meet its goals.

# Levels of Control



# Who Is Responsible for Control?

- Control rests with all managers.
- Large corporations have a controller.
- What does a controller do?
  - Helps line managers with their control activities.



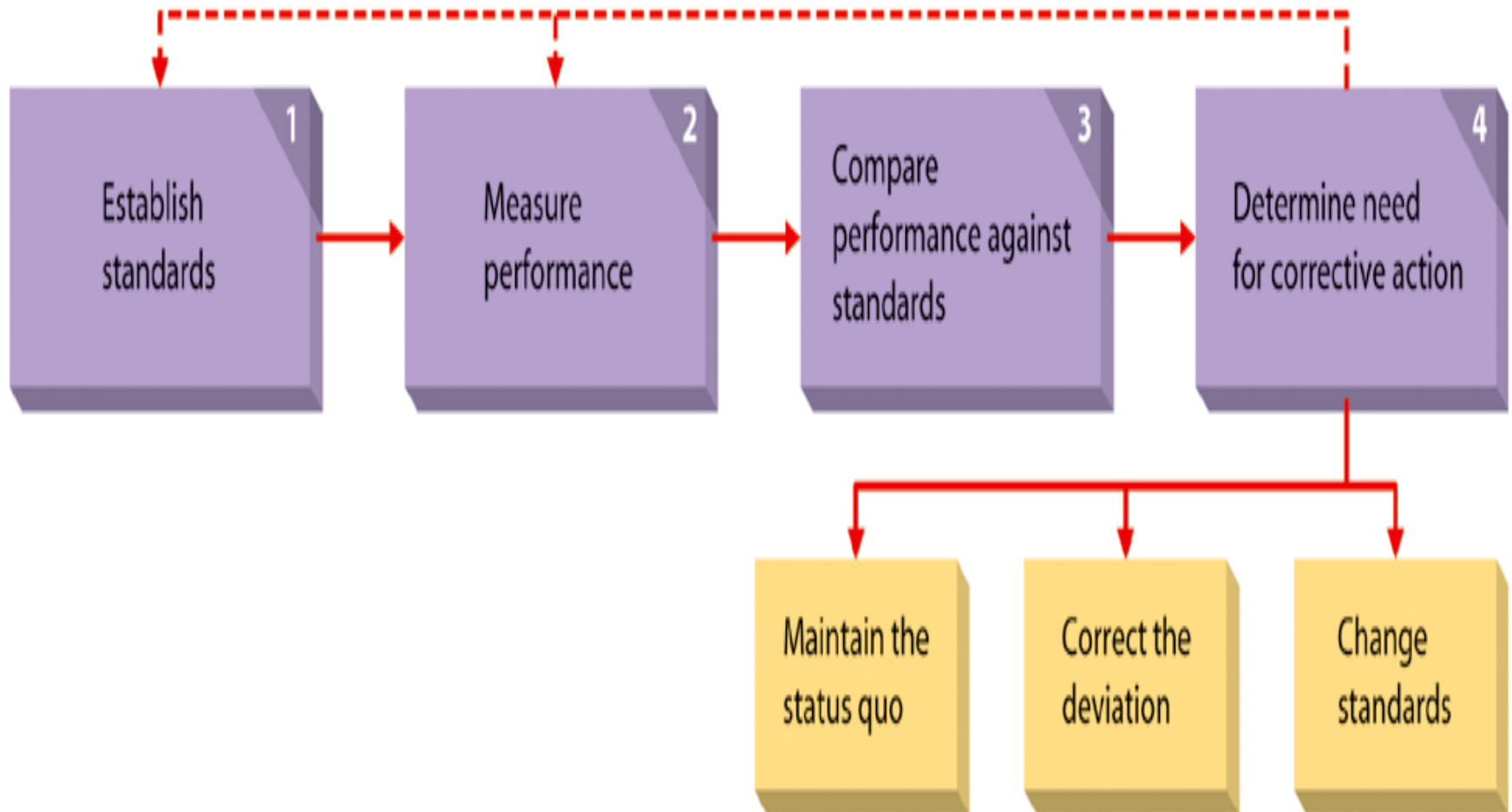
# Process of controlling



# Steps in the Control Process

- Establish standards.
- Measure performance.
- Compare performance against standards.
- Determine need for corrective action.
- The sub-steps:
  - Maintain status quo.
  - Correct deviation.
  - Change standards.

# Steps in the Control Process



# 1. Establishing Standards

## Measurable or tangible(Output Standards)

- Standards can be measured and expressed **quantitatively** are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.

## Non-measurable or intangible(Input Standards)

- There are standards which cannot be measured **quantitatively**. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.



## 2. Measuring Actual Performance

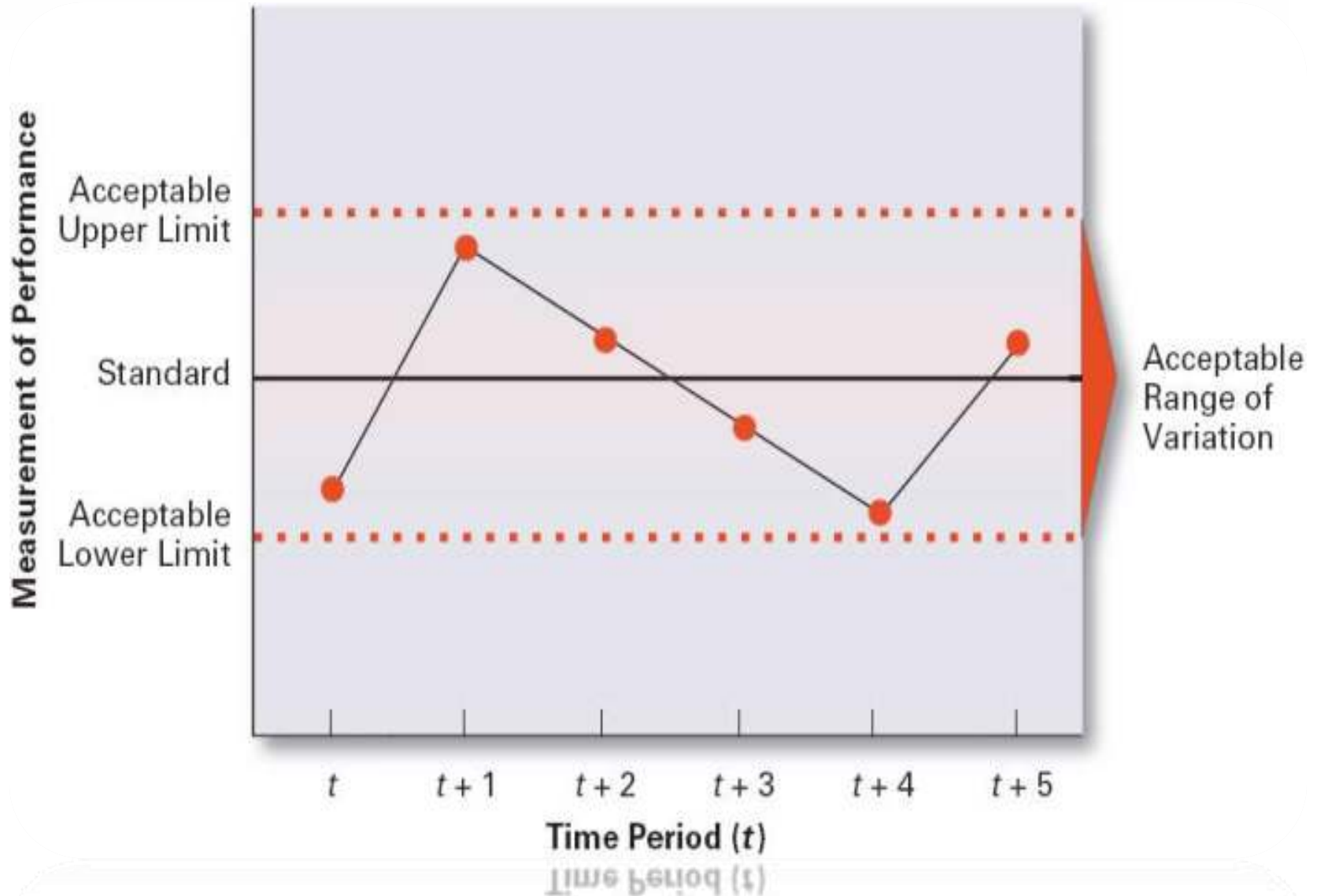
- Measurements must be **accurate** enough to **spot deviations or variances** between what really occurs and what is most desired.
- Without measurement, effective control is not possible.



## 3. Comparing Actual with Standard

- Deviation is as the gap between actual performance and the planned targets.
- For example, if stationery charges increase by a minor 5 to 10%, it can be called as a **minor deviation**.
- On the other hand, if monthly production decreases continuously, it is called as **major deviation**.

# Acceptable Range of Deviation



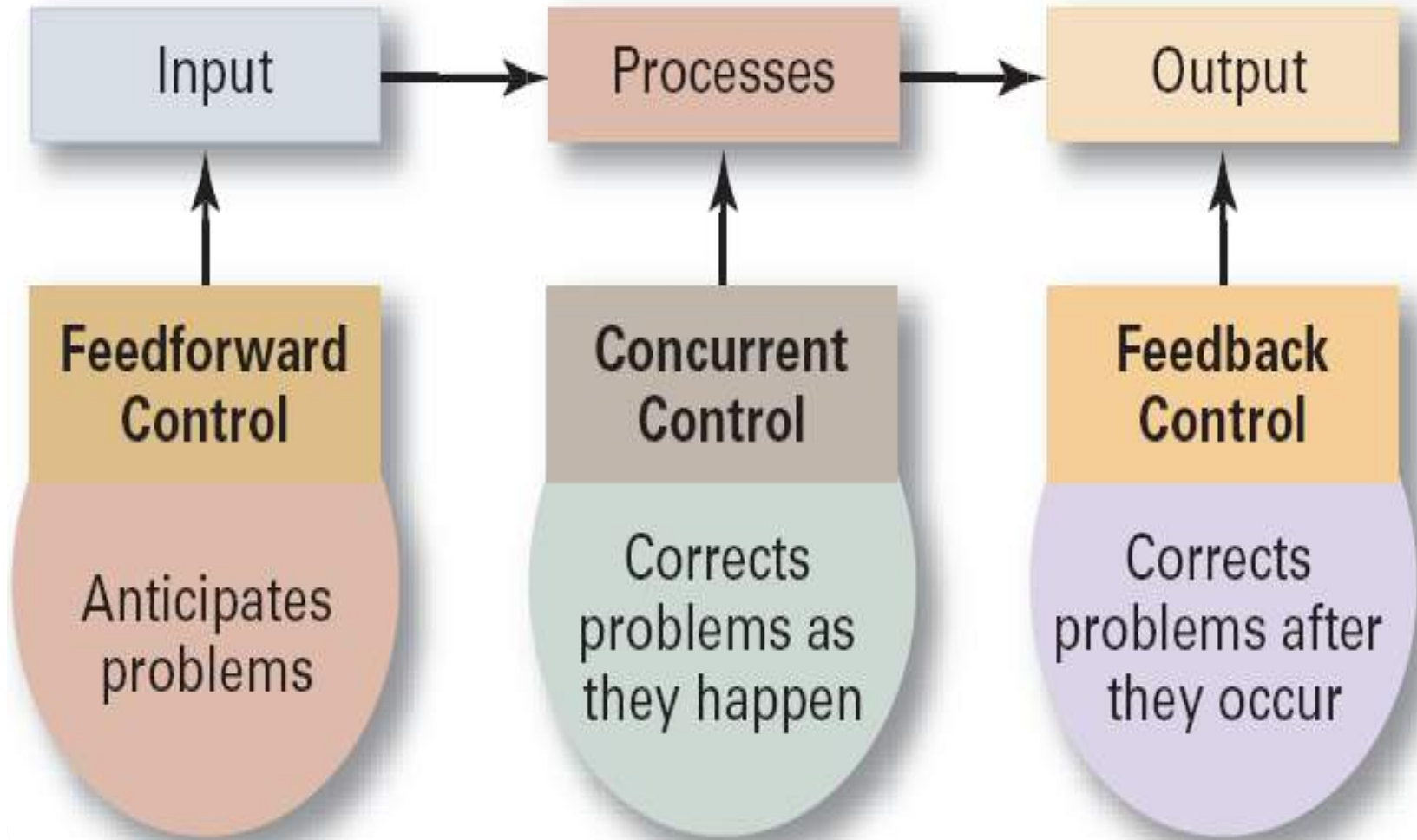


# 4. Correction of Deviation

- Taking any action necessary to correct or improve things.
- There are two types of exceptions:
  - ❖ **Problems** - below standard
  - ❖ **Opportunities** - above standard



# Types of Control



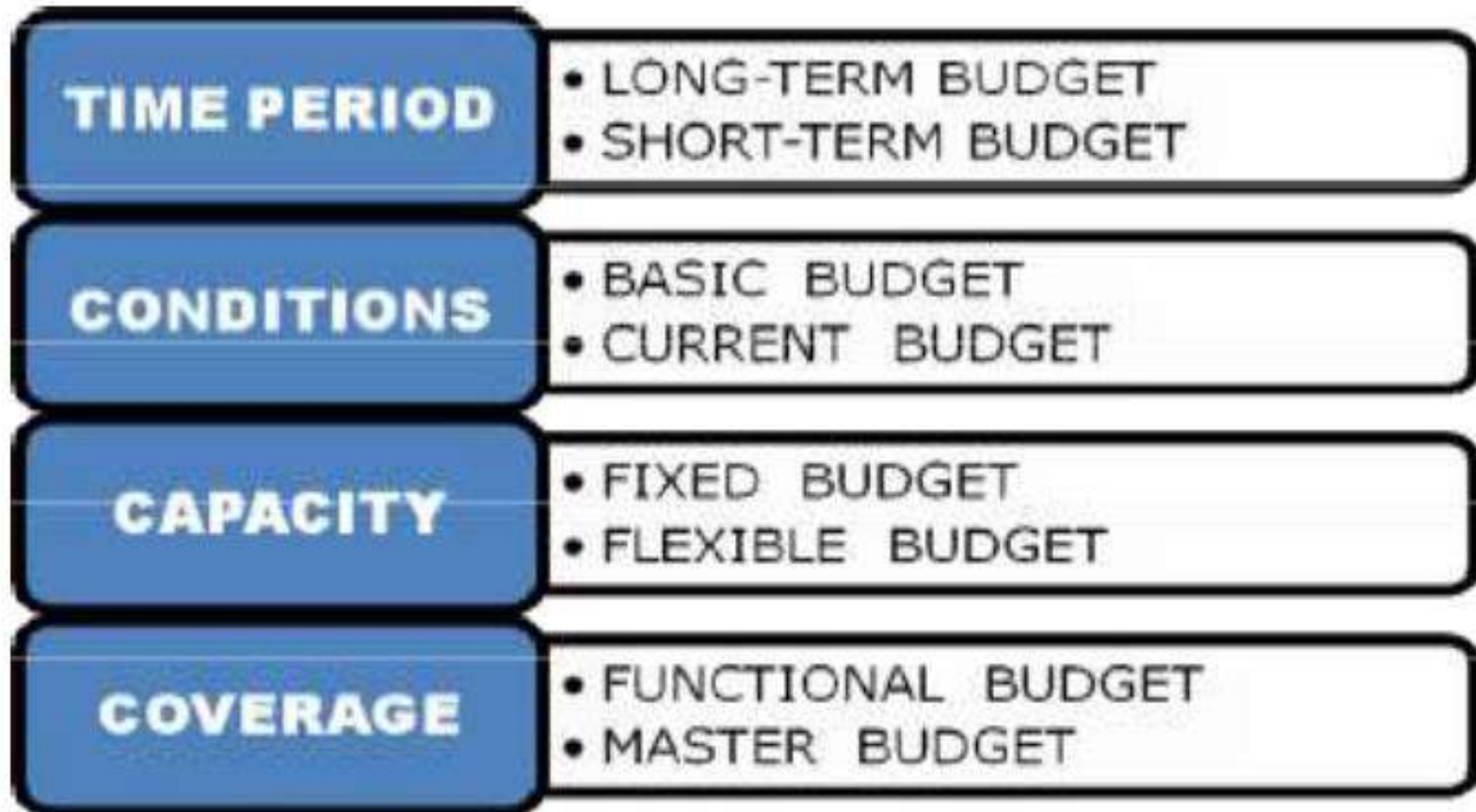
# BUDGETARY CONTROL

The establishment of budgets, relating the responsibilities of executives to the requirements of a policy

# Salient features:

- a. **Objectives:** Determining the objectives
- b. **Activities:** Determining the variety of activities
- c. **Plans:** Drawing up a plan
- d. **Performance Evaluation:** Laying out a system of comparison of actual performance
- e. **Control Action:** Ensuring that when the plans are not achieved, corrective actions are taken

# CLASSIFICATION OF BUDGETS



- **Long Term Budget:** prepared for periods longer than a year ex: **R&D Budget**
- **Short Term Budget:** less than year  
ex: cash budget
- **Basic Budget:** remains unaltered
- **Current Budget:** related to the current conditions
- **Fixed Budget:** remain unchanged
- **Flexible Budget:** various budgets for different levels of activity
- **Functional Budget:** the individual functions in an organization
- **Master Budget:** Profit & Loss Account

# **BUDGETARY CONTROL TECHNIQUES**

# 1. Revenue and Expense Budgets:

- budgets spell out plans for revenues and operating expenses in rupee terms.

## **2. Time, Space, Material, and Product Budgets:**

- Many budgets are better expressed in quantities rather than in monetary(money) terms.



# 3. Capital Expenditure Budgets

- capital expenditures for plant, machinery, equipment, inventories, and other items.

# 4. Cash Budgets

- cash budget is simply a forecast of cash receipts

# 5. Variable Budget

- analysis of expense items to determine how individual costs should vary with volume of output

## 6. Zero Based Budget

- By starting the budget of each package from base zero, budgeters calculate costs

# NON-BUDGETARY CONTROL TECHNIQUES

- many traditional control devices not connected with budgets, although some may be related to, and used with, budgetary controls.

## **i) Statistical data:**

- **Analysing the numerical data**

## ii) Break- even point analysis

- chart depicts the relationship of sales and expenses

## iii) Operational audit:

- internal audit



## **iv) Personal observation**

- one should never overlook the importance of control through personal observation.

## v) **PERT**(Program (or Project) Evaluation and Review Technique):

- one should never overlook the importance of control through personal observation.

## vi) GANTT CHART:

- a type of bar chart that illustrates a project schedule
- Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project.

# PRODUCTIVITY

- Productivity refers to the ratio between the output from production processes to its input.

# Typical Productivity Calculations

## a) Physical Productivity

This is a ratio of the amount of product to the resources consumed.

## b) Functional Productivity

This is a ratio of the amount of the functionality delivered to the resources consumed

## c) Economic Productivity

ratio of the value of the product produced to the cost of the resources used to produce it.

# COST CONTROL

- Cost control is the measure taken by management to assure that the cost objectives set down in the planning stage are attained

# Steps involved in designing process of cost control system:

- **Establishing norms:** To exercise cost control it is essential to establish norms, targets or parameters
- **Appraisal:** The actual results are compared with the set norms.
- **Corrective measures:** The variances are reviewed and remedial measures or revision of targets, norms, standards etc., as required are taken.

# Advantages of cost control

- Better utilization of resources
- To prepare for meeting a future competitive position.
- Reasonable price for the customers
- Improves the image of company for long-term benefits.
- Improve the rate of return on investment.



# PURCHASE CONTROL

- Purchase control is an element of material control.
- The advantages derived from a good and adequate system of the purchase control are as follows:
  - a) Continuous availability of materials**
  - b) Purchasing of right quantity**
  - c) Economy in purchasing**
  - d) Works as information centre**
  - e) Development of business relationship**
  - f) Finding of alternative source of supply**
  - g) Fixing responsibilities**

# MAINTENANCE CONTROL

- Maintenance department has to exercise effective cost control, to carry out the maintenance functions in a pre-specified budget
- First line supervisors must be apprised of the cost information of the various materials
- A monthly review of the budget provisions and expenditures actually incurred in respect of each center/shop
- The total expenditure to be incurred can be uniformly spread over the year
- The controllable elements of cost such as manpower cost and material cost can be discussed

# QUALITY CONTROL

- Quality control refers to the technical process that gathers, examines, analyze & report the progress of the project & conformance with the performance requirements

## steps involved in quality control process are

- 1) Determine what parameter is to be controlled.
- 2) Establish its criticality
- 3) Establish a specification for the parameter to be controlled
- 4) Produce plans for control
- 5) Organize resources to implement the plans
- 6) Install a sensor at an appropriate point
- 7) Collect and transmit data to a place for analysis
- 8) Verify the results and diagnose the cause of variance.
- 9) Propose remedies and decide on the action
- 10) Take the agreed action and check that the variance

# Advantages and disadvantages

- Advantages include better products and services
- Disadvantages include needing more man power/operations to maintain quality control

# PLANNING OPERATIONS

- An operational planning is a subset of strategic work plan. It describes short-term ways of achieving milestones and explains how, or what portion of, a strategic plan will be put into operation during a given operational period, in the case of commercial application

Like a strategic plan, an operational plan addresses four questions:

- **Where are we now?**
- **Where do we want to be?**
- **How do we get there?**
- **How do we measure our progress?**

# **Operational plans should contain:**

- clear objectives
- activities to be delivered
- quality standards
- desired outcomes
- staffing and resource requirements
- implementation timetables
- a process for monitoring progress.



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