

# Managing Activity - Planning

1 (2008)

---

6. Strategic Planning/ Corporate: Strategic plans are developed over the long term. Emphasis is on growth/improvements in the organisation. Drawn up by top management.

Examples - Entry into foreign markets/Product diversification/ Changing the structure of the business/ Increase in the Market share.

Tactical Planning/Functional: Short term, specific plans. Tend to relate to a particular function of a business. Drawn up by senior management.

Examples -New advertising campaign/a new branch of the business/ a changed stock control system.

2 (2007)

---

2. (a) Strengths, Weaknesses, Opportunities and Threats
- (b) Use in business (explain):
- planning/decision-making situations
  - product or service development.

3 (2015)

---

<b>(B)</b>	(i) Define the mgt. activity of planning	6m (3+3)	6 marks
	(ii) Explain SWOT/Conduct SWOT <ul style="list-style-type: none"><li>• Name</li><li>• Explain</li><li>• Link</li></ul> (Link must relate to the correct element)	4 @ 6m (2+2+2)	24 marks

<p><b>B</b></p>	<p><b>i</b></p>	<p><b>Define the management activity of <i>planning</i>.</b></p> <p>Planning is the setting down of <b>specific goals and objectives</b> and the putting in place of <b>strategies</b> that allow you to achieve the stated goals and objectives of the business.</p>	<p>30</p>
	<p><b>ii</b></p>	<p><b>Explain the elements of a SWOT analysis and conduct the SWOT prepared by Christine Landers.</b></p> <p>Strength: Internal attributes and resources that support a successful outcome/aspects of a business which it is good at/can be developed into a competitive advantage.</p> <p>Examples: Strong brand/good market share/skilled workforce/manufacturing efficiency/strong financing.</p> <p>Weakness: Internal aspects of a business which are underdeveloped and could damage the success of the business/work against a successful outcome of the business.</p> <p>Examples: Poor credit control/obsolete technologies/ weak management/outdated facilities/inadequate R&amp;D.</p> <p>Opportunity: External factors which a business could use to its advantage /factors outside the business which have the ability to benefit the business.</p> <p>Examples: Falling exchange rate/ consumer demand/strong economy.</p> <p>Threat: External factors that could jeopardise the business /could have negative impact on a business. Examples: EU regulations/shortage of raw materials/changing market tastes.</p>	

## HARTE SHOES LTD

### Strength

Link

*“...highly skilled shoe makers and a very effective sales team”*

**OR**

*“ Harte Shoes Ltd had manufacturing expertise”*

### Weakness

Link

*“.....the lack of a computer aided design system (CAD) to assist with the production of shoes...”*

**OR**

*“absence of a quality website to facilitate online selling.”*

### Opportunity

Link

*“.....growing markets exist in the UK, America and Australia due to the global popularity of Irish dancing.”*

### Threat

Link

*“.....that competitors from Eastern Europe had invested heavily in Information and Communications Technology (ICT).”*

4 (2013)

### (B) Outline the benefits and challenges for EducaPrint Ltd of a matrix organisational structure (team structure) for the development of the eBook products.

#### *Benefits*

- It is a team based structure with **expertise drawn from different departments** e.g. marketing, finance, information technology, production. This greater interaction across departments will lead to greater understanding of individual departments by team members.
- All team members have an **input into decision making and problem solving** which allows for greater output and productivity (synergy). New ideas will evolve and better decisions will be made.
- A matrix structure is generally set up in business to carry out **specific projects** such as product development within an R&D context. This would be congruent with the development of the eBook products by EducaPrint Ltd.
- Team members have the support of a **project leader** who is responsible for co-ordinating team effort and ensuring task completion e.g. ensuring the availability of highly specialised employees and equipment for the team.
- Employees should experience **greater job satisfaction** as all members' efforts are taken into account. They are better motivated as participation in teams satisfies the social needs of employees (Maslow's Theory on Motivation). Staff morale improves.

### *Challenges*

- Each employee can have **two managers**, the project manager and the functional manager which could lead to confusion and conflict.
- Employee's communications skills and interpersonal skills will need to improve as they are working in a group and dealing with different personalities.
- Successful teams progress through the team development stages of forming, storming, norming and performing. During the storming stage conflict and personality clashes may occur which could lead to industrial relations problems.
- **Decision making may be slow** because getting the agreement of the team during consultation stage may take some time. This matrix organisational structure may not be appropriate in a crisis or emergency situation where tough decisions may have to be made quickly e.g. turning around a business, which is facing insolvency.

### **(C) Discuss the importance of the management activity of planning for EducaPrint Ltd.**

- Planning is the setting out of **specific goals and objectives** for the business; it involves the putting in place of **strategies** that allow you to achieve the stated goals and objectives. Planning ensures that EducaPrint Ltd considers its future and how it will achieve continued success.
- Planning gives EducaPrint Ltd purpose and direction and **reduces risk** and uncertainty.
- **SWOT analysis** is an initial step in the planning process. The aim of EducaPrint Ltd is to play to its strengths and opportunities while seeking to minimise the impact of weaknesses and threats.
- **Mission Statement:** This is a visionary statement outlining who the business is, what the business does and where the business is going e.g. EducaPrint Ltd is a business publishing schoolbooks and eBooks in Ireland. The mission statement would give an insight to the stakeholders into the core values and culture of EducaPrint Ltd.
- **Strategic Planning:** This is long term planning covering a period of five years or more. It is usually drawn up by senior management and it outlines how the long-term goals of the firm are to be achieved e.g. EducaPrint Ltd may decide to expand its successful business model into the UK publishing market.
- **Tactical Planning:** This is short-term planning which breaks the strategic plan into shorter more manageable periods. It deals with the 'now' part of the plan. It is usually drawn up by middle management e.g. EducaPrint Ltd might attempt to target a new group of customers next year.
- **Contingency Planning:** This is back-up planning to cope with emergencies/unforeseen events and unexpected circumstances. Contingency plans benefit EducaPrint Ltd by preventing disruptions to business and thereby preventing loss of profits and possible business collapse e.g. EducaPrint Ltd may have alternative suppliers of paper available for its traditional print books.

## Applied Business Question

### Compulsory question based on Units 3, 4 and 5

#### Clothes-4-Us Ltd

- (A) (i) Define the management activity of 'planning'.

Planning is the setting down of **specific goals and objectives** and the putting in place of **strategies that allow you to achieve the stated goals and objectives of the business**.

Planning forces a business to consider its future and how it will achieve continued success. Plans give business purpose and direction and reduce risk and uncertainty.

- (ii) Illustrate how different types of planning benefits Clothes-4-Us Ltd.

**1. Mission Statement:** This is a **visionary statement** outlining who the business is, what the business does and where the business is going. It gives an insight to the stakeholders into what makes a business 'tick'.

**Relevant Link:**

For example Clothes-4-Us's Mission Statement emphasises **'fashionable fast moving clothing'** as well as **'value for money'**.

**2. Strategic Planning:** This is long term planning covering a period of five years or more. It is usually drawn up by top management and it outlines how the long-term goals of the firm are to be achieved.

Strategic planning benefits Clothes-4-Us Ltd because it prioritises goals and objectives and encourages strategic thinking among senior management.

It is also useful for measuring and controlling the performance of management.

Its goals are consistent with the mission statement of the business.

**Relevant Link:**

For example Aoife Coyle plans

**'to expand her successful business model into the UK clothing market'**.

**3. Tactical Planning/Operational:** This is short-term planning which breaks the strategic plan into shorter more manageable periods. They deal with the 'now' part of the plan.

It is usually drawn up by middle level managers.

Tactical plans benefit Clothes-4-Us Ltd because they facilitate the attainment of the overall strategic plan/long-term goals.

**Relevant Link:**

**'Recently it was decided to undertake an advertising campaign on UK television to coincide with the opening of the company's first store in London's Oxford street.'**

**or**

**'Monthly meetings are held to manage the growth and expansion of the business'.**

**4. Contingency Planning:** This is back-up planning to cope with emergencies/ unforeseen events and unexpected circumstances. Contingency plans benefit Clothes-4-Us Ltd by preventing disruptions to business and thereby preventing loss of profits and possible business collapse.

**Relevant Link:**

**'Strategies have been put in place in the event of possible disruptions in the supply of essential stocks from global suppliers'.**

(20 marks)

- (A) Outline the different types of planning that can contribute to a business being successful. Relate your answer to Good4U, making any appropriate assumptions.

Question		Possible Responses	Max Mark
4	A	<p><b>Strategic plan</b></p> <ul style="list-style-type: none"> <li>This refers to a long-term plan outlining the goals or objective to be achieved over a longer period of time. A plan that outlines the goals to be achieved over the next 5-10 years.</li> <li>e.g. Good4U's long term plan is to be the market leader in the healthy eating market.</li> </ul> <p><b>Tactical plan</b></p> <ul style="list-style-type: none"> <li>A tactical breakdown of the strategic plan into goals or objectives to be achieved within the next 1-2 years. Short term plans.</li> <li>e.g. Good4U plan to launch new products would have been part of a tactical plan.</li> </ul> <p><b>Contingency plan</b></p> <ul style="list-style-type: none"> <li>This is a plan for emergencies or unforeseen events. Often referred to as a back-up plan.</li> <li>e.g. Good4U would have plans in place in case there is an issue with a supplier, such as a supplier going bankrupt. Back up plans in case of a product recall.</li> </ul> <p><b>Operational plan</b></p> <ul style="list-style-type: none"> <li>This is a plan outlining the goals or objectives to be achieved on a daily or weekly/monthly basis.</li> <li>e.g. Good4U plan weekly and monthly objectives in terms of marketing and production.</li> </ul> <p><b>Mission statement</b></p> <ul style="list-style-type: none"> <li>This is an overall vision document for a business. Who we are? Our values? What we do</li> <li>e.g. Good4U's overall vision is a commitment to producing healthy and honest products that are affordable. Healthy eating should be for everyone and we're passionate about making that happen. That's why we hope to become the world's most loved and trusted health food brand.</li> </ul> <p><b>Other types of plans accepted:</b>  <b>Marketing plan, Manpower planning, Financial planning</b></p>	20  4 x 5m (2+2+1)

4	(A)	(i)	<p>A contingency plan is a back-up plan to take account of a possible future event/an unforeseen event, to prevent the closure of a business or disruption to supply/Ryanair should have had a contingency plan as a back-up plan if many pilots were seeking holidays during the busiest season. Example required.</p>	(4+1)
---	-----	-----	---	-------

4	(A)	(ii)	<p><u>Strategic Plan</u></p> <p>Long Term planning for the major objectives of the business. It is prepared by senior management to ensure the long term profitability and ultimate existence of the business.</p> <p>It involves taking the mission statement and backing it up with plans to achieve the objectives of the business/they shape the objectives of the business. They have a high financial risk. They require a knowledge of the whole business and its policies.</p> <p><b>Example:</b> The purchase of new fuel efficient airplanes/decision re long haul flights (transatlantic flights)/move from a regional airline to a national or international airline)/ Expansion re merger or takeover (IAG takeover of Aer Lingus).</p> <p><u>Tactical Plan</u></p> <p>The Strategic plan is broken down into tactical plans which are short term, devised by middle management. These plans achieve operations which make the overall strategic goals possible.</p> <p><b>Example:</b> moving to checking in online in airports/new routes/increasing the number of flights to particular destinations during busy periods/expansion of daily services (additional connectivity).</p> <p><u>Manpower Planning</u></p> <p>A manpower plan is a plan for the human resources of a business. It sets out the number of staff which are required. It also sets out the type of staff which are required/ putting the right number of people, with the right skills in the right place, at the right time to achieve the goals of the organisation.</p> <p><b>Example:</b> Ryanair did not have a good manpower plan as they ran short on pilot hours because of pilot holiday arrangements/ there was poor planning in relation to the number of pilots and cabin crew required for the busy period.</p>	2@8(5+2+1)
				1@4(2+2) Manpower planning



(B)	<p><b>Evaluate how different types of planning contribute to business success. Relate your answer to Mayfair Hotel, making any appropriate assumptions.</b></p> <p>(Corporate) <b>Strategic Planning</b> is long term planning usually for a period of up to 5 years. It provides a guide or framework as to where the business/hotel will be in the long run. Strategic plans are usually devised by senior management to ensure the long term profitability and ultimate existence of the business. A strategic plan may be to grow market share by 20% over the next 5 years/to increase profitability by 10%/to enter the UK market.</p> <p><i>Mayfair hotel may have long-term plans such as increasing their market share, becoming a market leader. These plans will allow the business to grow into possible new areas such as business conferences (providing latest video and audio conferencing facilities), weddings/banqueting, Spa and fitness centre and Leisure Club etc. It will help them to increase profits as developing new facilities will allow them to charge higher prices or have an entirely new source of revenue.</i></p> <p>(Functional) <b>Tactical Planning</b> is short term planning, usually one to two year plans, which is essential to achieve the business' strategic or long term plans. The plans are a break-down of the strategic plans into a set of action items/tactics to help management achieve a number of objectives/goals in the short to medium term.</p> <p><i>The staff could conduct market research into the possibility of expanding into the conference/banqueting market. If the research is found to be positive the hotel may move ahead with its plan to build a conference centre.</i></p> <p><b>OR</b></p> <p><b>Operational Planning</b> could involve planning for daily, weekly activities such as timetabling, holiday rosters etc.</p> <p><i>The Mayfair Hotel will have operational plans in place for all the various departments in the hotel such as the Kitchen, Cleaning Department, Accommodation, Reception etc. All staff are aware of</i></p>	20 marks
-----	--	----------

	<p><i>what needs to be done on a daily and weekly basis, ensuring that guests are well looked after and the hotel runs smoothly.</i></p> <p><b>Manpower planning-</b> this would involve having the right people with the right skills in the right place throughout the business. It involves doing a human resource audit and estimating future human resource needs.</p> <p><i>The Mayfair may require contract/temporary staff at certain busy periods or for specific events such as conferences and weddings or specific events relating to the centenary celebrations.</i></p> <p><b>Contingency Planning</b> – plan that is used as a back-up plan or for emergency situations. They prevent disruptions in business and thereby may prevent loss of profits and ultimate closure of business.</p> <p><i>The Mayfair may have contingency plans for various emergency situations which may occur at the hotel, such as closing certain wings of the hotel/shortage of essential supplies / may have a back-up plan for power in the form of a stand by generator.</i></p> <p><b>Mission Statement</b> is a visionary statement outlining the overall purpose of the business and where it is going. The mission statement would give an insight to the stakeholders into the core values and culture of the Mayfair Hotel.</p> <p><i>The Mayfair hotel may branch out/extend into a new area of business which would be reflected in its mission statement.</i></p> <p><b>Cash Flow Forecasting.</b></p> <p><b>Evaluation *****</b></p>	
(C)	<p><b>Discuss the benefits and challenges of developing a matrix organisation structure (team structure) to complete specific projects in a business.</b></p> <p>Possible responses include:</p> <p><b>Benefits</b> Personnel from various different departments bring <b>new ideas/ new ways of thinking</b> to the project (innovation).</p> <p>Improves relationships within the team – <b>improved communication.</b></p>	20 marks

A **co-ordinated approach** to problem solving can be achieved due to the existence of a team/project leader/Team members have the support of a project leader who is responsible for co-ordinating team effort and ensuring task completion.

Shared skills and expertise – employees can **learn new skills** from each other/professional development/improved motivation for employees.

**Responsibility is shared** – although team leader is appointed to control the project the entire team shares responsibility of task/all team members have an input into decision making and problem solving.

### **Challenges**

Teams can be a **talking shop – all talk no action/** Certain people in the project team may dominate the task/**only one voice is heard.**

Team development goes through **stages** of forming, storming, norming and performing/ Decision making may be slow as getting agreement at consultation stage could take time/all opinions considered which may slow down the process.

Can be **difficult to co-ordinate** employees from different areas/being answerable to two different managers could lead to confusion and conflict/clash of loyalty between their own department and the project team.

Can be **conflicting pull on resources.** Member from the sales team may be unwilling to agree extra funding for the production department etc.

- (B) **Analyse the contributions that strategic and tactical planning can make to the successful management of a business. Use examples in your answer.**

**Strategic planning** is **long term**, made by **top management**. It provides a guide for where the business is going in the long run, and how it's going to get there.

- A strategic plan clearly defines the purpose of the business and establishes realistic goals that are consistent with that of the mission statement of the business.
- Management has a base from which progress can be measured (benchmarking) and they can establish a mechanism for informed change when needed.
- Strategic plans help businesses to identify acquisition opportunities.

**Strategic plans**

*Increase market share/ grow an export market/ become market leader/to enter a planned Merger- e.g. United and Continental airlines/enter new markets*

**Example**

*ESB Investment in renewable (wind) energy, strategic alliances with motor manufacturers to pilot the use of electric vehicles and is involved in the National Smart Meter rollout overseen by the Commission for Energy Regulation.*

**Tactical planning** is **short term** where the long-term plan is broken down into shorter more manageable short-term objectives. The tactical plan is developed by a management team who deals with getting the work done to carry out the strategic plan. They draw up a tactical plan that will deal with the “now” part of the plan. If these are achieved it helps a business to achieve its long-term goals.

Tactical plans outline a set of action items or tactics to help a business achieve a number of key objectives or goals.

Examples of a tactical plan could be adding a group of new customers in the next year, improving customer service levels through specific tactics, reducing employee turnover, or lowering operational costs.

**Tactical plans:** *Offer internet shopping/target new market segments/launch a new range of products/open new branches.*

**Example**

Some tactical plans relate to particular functions of a business **e.g. advertising.**

*A two month advertising campaign to try to increase sales by 20%.*

**(A) (i) What is meant by the term SWOT analysis?**

A management technique/strategic planning method. It is used to assess/evaluate a business in terms of strengths, weaknesses, opportunities and threats. In a SWOT analysis, strengths and weaknesses are internal factors while opportunities and threats are external factors. The aim is to maximise the potential of strengths and opportunities while minimising the impact of weaknesses and threats.

**(ii) Conduct a SWOT analysis on a business of your choice  
(include two points under each heading)****Ryanair:****Strengths:**

1. Brand name: *Ryanair through its 14 years in the market place has developed a very well recognised brand name.*
2. Internet site (94% bookings) *www.ryanair.com: Lowers the cost of bookings.*
3. High Service performance: *Punctual, high rate of flight completion.*
4. Small headquarters: *Low on overheads.*

**Weaknesses:**

1. Distance of some regional airports from advertised destination: *Over time customers may find this a big inconvenience.*
2. Prone to bad press

**Opportunities:**

1. EU enlargement: *a lot of new destinations opened up throughout the EU*
2. Economic slowdown actually helps Ryanair- *changes in corporate culture, 'steals' customers from traditional carriers as they seek lower fares in recessionary times.*

**Threats:**

1. Dependence on oil markets: *Fuel costs huge threat to air travel.*
2. Increase of low fare competition: *Customers are very price sensitive.*
3. Powerless to prevent introduction of duty for fuel or environmental charges/Carbon taxes/travel tax: *This would reduce its growth potential as it relies on price stimulation.*

**(B) Contribution of two different types of planning to business or community enterprise.**

Planning involves selecting organisational goals or objectives and seeking out ways to achieve them. It sets out what to achieve and how to achieve it. The targets to be aimed at by the entity. The main objective is to survive and be profitable while meeting the needs of customers. Plans reduce risk and uncertainty and give an organisation purpose and direction. Planning is a method of looking ahead to the future that helps us to make decisions.

By going through the planning process (or method) stage by stage, an enterprise gains greatly because: All people in the enterprise have a say in the development of the plan. They will have looked at all the opportunities and threats. The plan is therefore clear, and agreed.

Change is viewed as normal and emphasis is placed on seeking out new opportunities.

The planning process demands that the most important factors for the enterprise are identified. The best people can then be put in charge of that particular job to improve the chances of success.

Decision-making becomes common and shared. All options have to be considered.

The control of the enterprise is improved. The plan for the future is agreed so it is likely to be realistic and achievable. The plan can be altered to meet the targets set.

Business planning helps organisations look ahead to the future and cope with change in the use of technology, new products, society changes, competitors etc.

Business planning is often linked to the 'mission statement'. The purpose of the organisation: that is, what it was set up to achieve.

Forecasting is the anticipation of a probable event, involving the use of foresight and judgement. It is a look into the future. Plans are developed from forecasts eg. changing economic trends, new technology etc. In most business enterprises, sales forecasting is the starting point for planning, forming the basis for all types of plans eg. marketing, finance, production etc.

The objectives of an organisation are what it is trying to achieve. It's aims.

An organisation would first have general objectives and then develop specific objectives based on the general ones. General objectives (aims) for a business enterprise would have to be set out in the following areas: profitability, market standing, product development (innovation), quality, employee performance and development, physical and financial resources and public responsibility. They are the basis for the direction and guidance of the enterprise. They are the targets to be aimed at. They motivate people to achieve results. Objectives must be SMART.

Strategic plans are developed over the long term. Long Term planning one to five years into the future. Strategic planning requires an examination of the organisations strengths, weaknesses, opportunities and threats in the interest of achieving objectives. The plan looks at existing practices, deciding on the action to be taken and the setting of a timescale for completion.

Internal eg. Good staff, lots of work, good suppliers etc.

External analysis eg. trends affecting building business, what the competition are up to, government proposals that affect the industry etc.

Tactical (or Operational) planning applies to periods of one or two years, i.e. the short term day-to-day operations of the business.

Decisions are made for the short term. Tactical planning is action planning, involving more doing than thinking eg. management accounting, human resource management functions, the purchasing of raw materials, stock, production and quality control etc.

Policies are the expressed means (or methods) employed by an enterprise to achieve objectives. A 'policy' guides the decisions and actions of people in the enterprise. They may list procedures to be followed and provide recommended methods to perform work.

Examples of Policy

Production policy, this might involve producing the product in a specific way.

Marketing policy, e.g. distribution of the goods by self-owned trucks, advertising goods on a specific medium, giving credit to certain groups of customers only, etc.

Purchasing policy, e.g. purchasing raw materials from various suppliers.

**(a) Business Letter 8 marks (4 at 2 marks) and 3 benefits of ICT at 4 marks (2+2)**

**(b) Delegation 5 + 5 + 5 marks. Must Illustrate.**

**(c) Planning 2 at 8 (4 + 4) and 1 at 9 (4 + 5) marks Must use examples / Reasons**

