



Planning and decision making in an organization

- Tasks and structure of planning
- Strategic planning
 - Tools for determining strategic areas and selecting strategies
- Tactical and operational planning
- Decision Making



Tasks and structure of planning

The organization's planning system can be differentiated into:

- planning the organization's vision,
- strategic planning,
- tactical and operational planning,
- planning results and liquidity.

Partial complexes of a planning system	
Planning the organization's vision	Planning results and liquidity
Strategic planning	
Tactical and operational planning	



Tasks and structure of planning

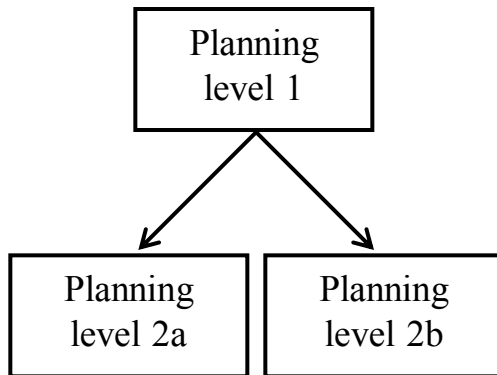
Depending from which level you derive the planning of the follow-up plans, we distinguish:

- retrograde (top-down),
- progressive (bottom-up),
- counterwise (top-down/bottom-top).

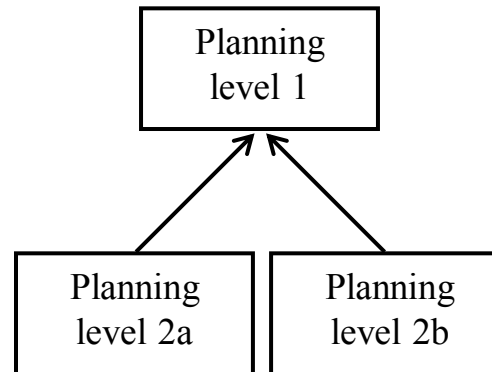


Retrograde and progressive planning

Retrograde planning (top – down)



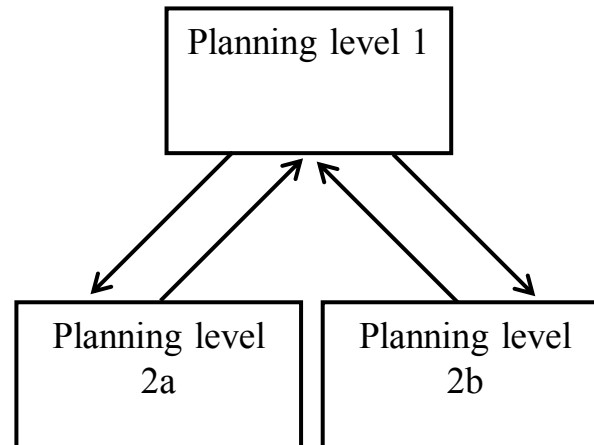
Progressive planning (bottom – up)





Counterwise planning

Counterwise planning





Strategic planning (mainly for enterprises)

Strategic areas must meet the following requirements:

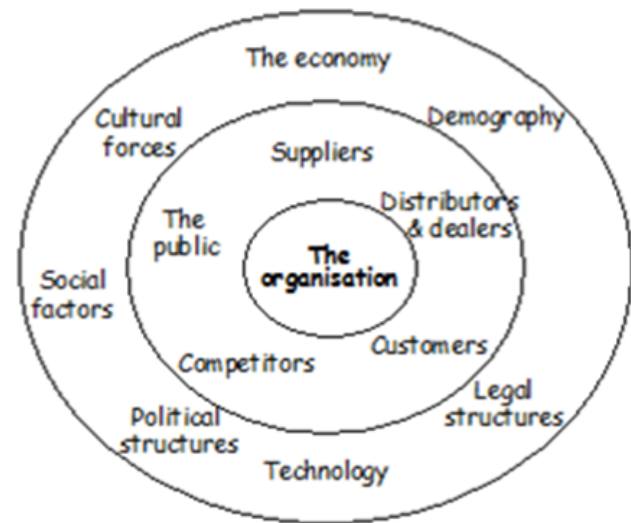
- the strategic area must have a separate market task defined; individual regions must not overlap or be dependent on external markets (do not compete externally);
- the product or group of products of one area of the enterprise is independent of the products of other areas (they do not compete within the enterprise);
- a product or product group of a given region must be assigned a range of the most important competitors.



Macro – environment –

wider environment, social, political and economic setting in which organisations operate.

- **Competitive environment** – including company, its immediate competitors and customers (Porter 5 forces)



Source: Oxford college of man

Macro-economic environment – methods of analysis

PESTLE analysis

Politics

- government type and policy, funding grants

Economy

- Inflation and interest rates
- Labour and energy costs

Social

- Population, education, media
- Lifestyle, fashion, culture

Technology

- Emerging technologies, web
- Information and communication

Legal

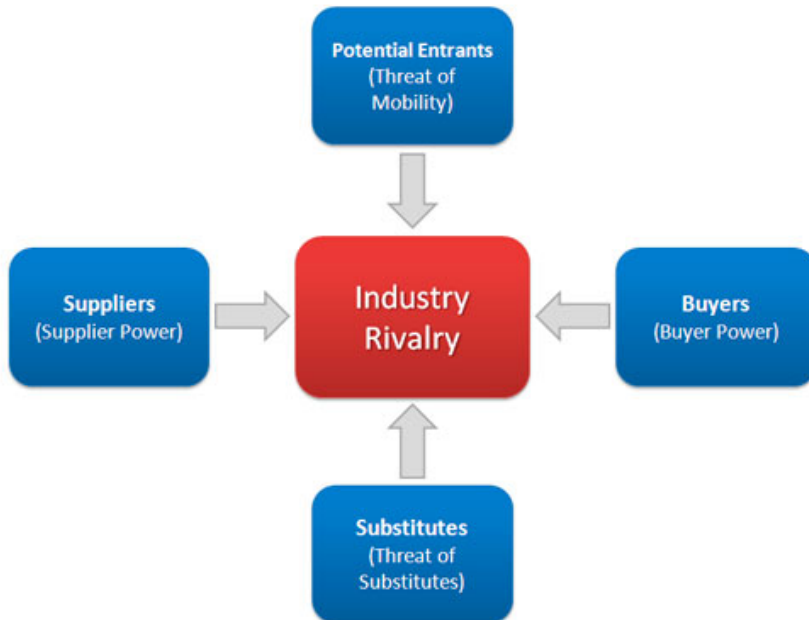
- Regulations and standards
- Employment law

Environment

- Weather, green and ethical issues
- Pollution, waste, recycling

Competitive environment

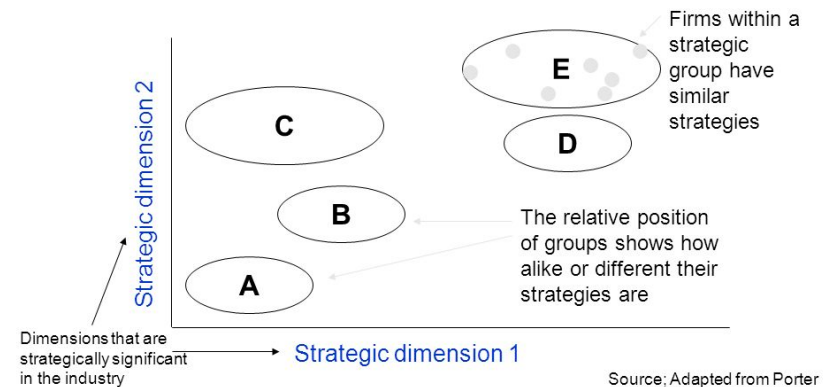
Porter's five forces



Strategic group mapping

(zdroj: Oxford Professional Education Group)

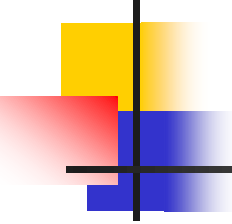
Strategic Group Mapping



Source; Adapted from Porter



Porter's 5 forces - Rivalry among existing companies

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- this rivalry is likely to be most intense where a number of conditions prevail:
 - Where the competitors in the industry are roughly evenly balanced in terms of size and/or market share.
 - During periods of low market growth
 - Where exit barriers are high.
 - Where product differentiation is low
 - Where fixed costs are relatively high.



Porter's 5 forces – The threat of market entry

- Organisation should also consider the potential for new entrants to emerge. Entry barriers can be low where the following hold:
 - Cost of entry are low
 - Existing or new distribution channels are open to use
 - Little competitive retaliation is anticipated.
 - Differentiation is low
 - There are gaps in the market.



Porter's 5 forces – The threat of substitutes

- Substitution can increase competitiveness of an industry for a number of reasons.
 - By making existing technologies redundant
 - By incremental product improvement



Porter's 5 forces - Bargaining power of suppliers

- Suppliers tend to have more bargaining power where the following hold:
 - Suppliers are more concentrated than buyers
 - Cost of switching suppliers are high
 - Suppliers' offerings are highly differentiated.



Porter's 5 forces - Bargaining power of buyers

- Buyers tend to be more powerful in the supply chain where the following is true:
 - They are more concentrated than sellers
 - There are readily available alternative sources of supply
 - Buyers switching costs are low.



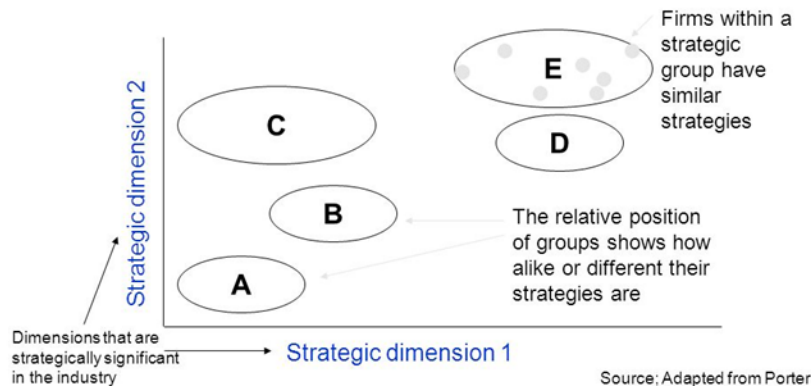
Porter's 5 forces - Competitiveness drivers

- Where the following industry characteristics are present, expect greater levels of competition:
- There is little differentiation between offers
- Industry growth rates are low
- High fixed costs need to be recovered
- High supplier switching costs
- Low entry barriers
- High exit barriers

Map of strategic groups

- Strategic group is composed of firms within a industry following similar ; similar customers or

Strategic Group Mapping





- Variables for the composition of the map of strategic groups:

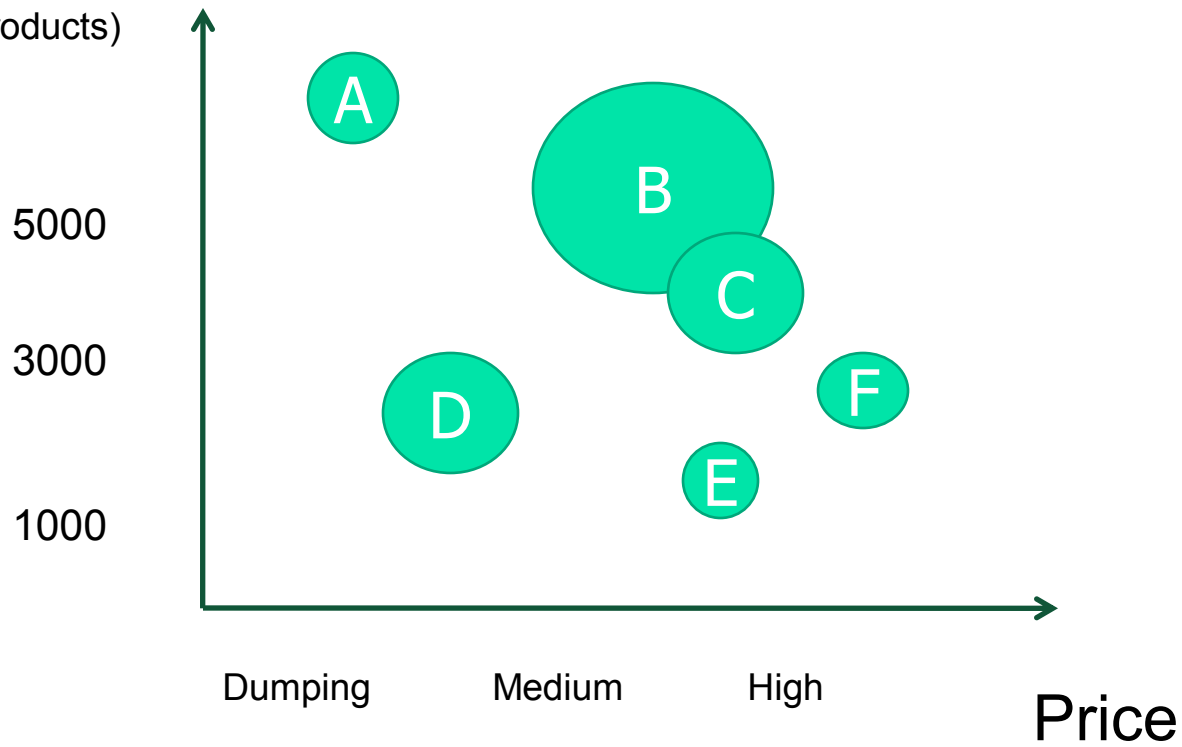
- Sales
- Size of the company
- Product range
- Pricing
- Distribution
- Targeting and segmentation
- Etc.

- The identification of strategic groups is fundamental to industry analysis
- Understanding the dynamics of existing strategic groups can be productive to understand their vulnerability to competitive attack.

Mapa strategických konkurenčních skupin

Product

range(number of products)





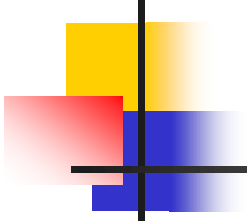
Customer analysis

- What we need to know about customer (market research):
- Current information:
 - Who are the prime market targets?
 - What gives them value?
 - How can they be brought closer?
 - How can they be better served?
- Future information:
 - How will customers and their need and requirement change?
 - Which new customers should we pursue?
 - How should we pursue them?



Current customers

- The roles of current customers may differ as follows:
 - The initiator
 - The influencer
 - The decider
 - The purchaser
 - The user





Future customers

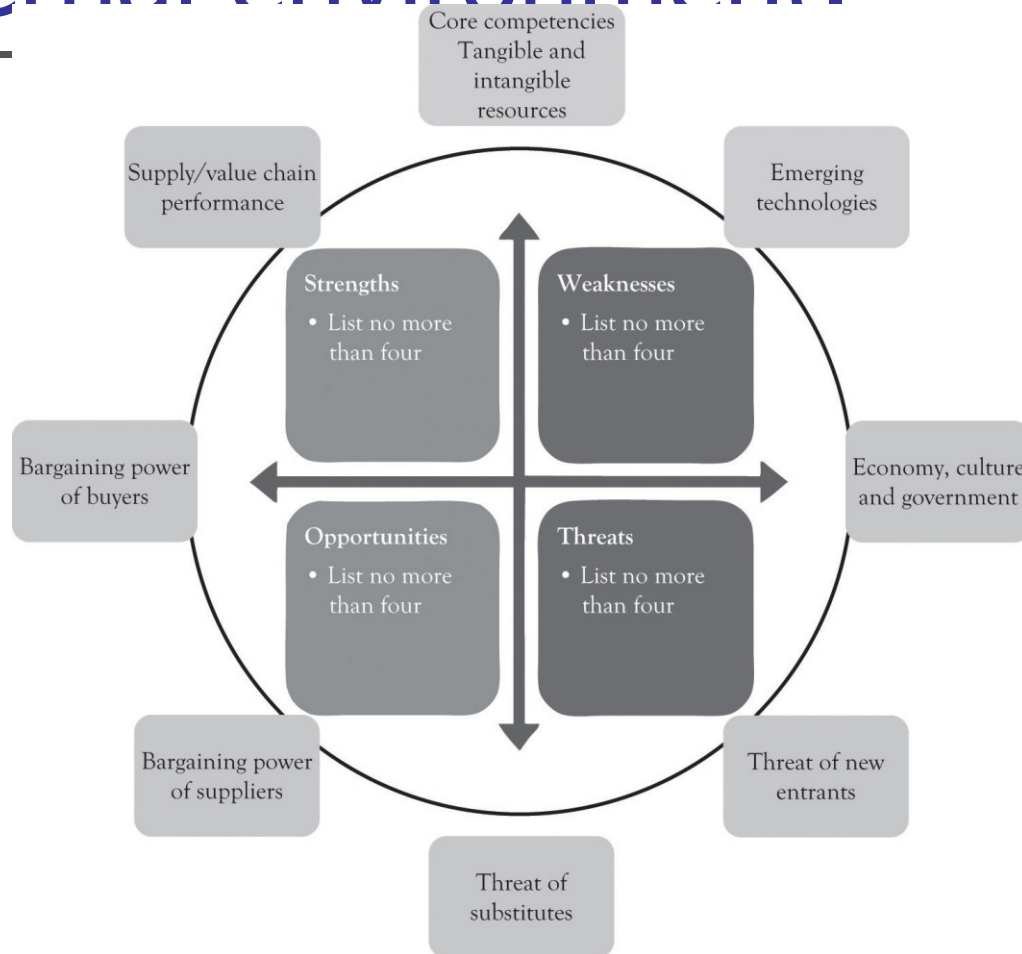
- Types of change essential to customer analysis:
 - 1) Changes in existing customers: their wants, needs and expectations.
 - 2) Changes come from new customers emerging as potentially more attractive targets. (change in living standars etc.)



Competitor analysis

- *„If you know your enemy as you know yourself, you need not fear the result of a hundred battles“ (Sun Tzu, 4th century BC)*
- Competitive benchmarking – the process of measuring company´s strategies and operations against „ best-i-class“ companies, both inside and outside your own industry.
- 4 steps of benchmarking:
 - Identifying who to benchmark against
 - Identifying what aspects of business to benchmark
 - Collecting relevant data to enable processes and operations to be compared
 - Comparison with own processes

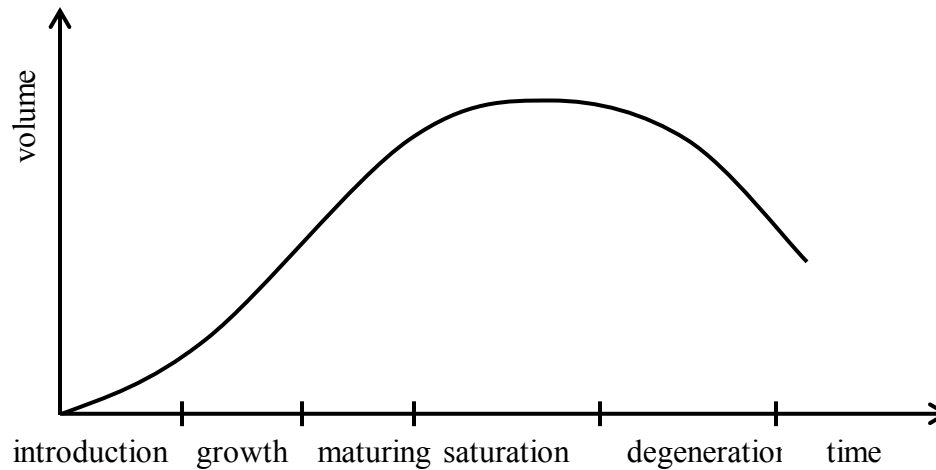
Relation between external and internal environment.



- Source: Key Drivers for Quick SWOT Analysis, <http://2012books.lardbucket.org>

Tools for determining strategic areas and selecting strategies

- Product life cycle

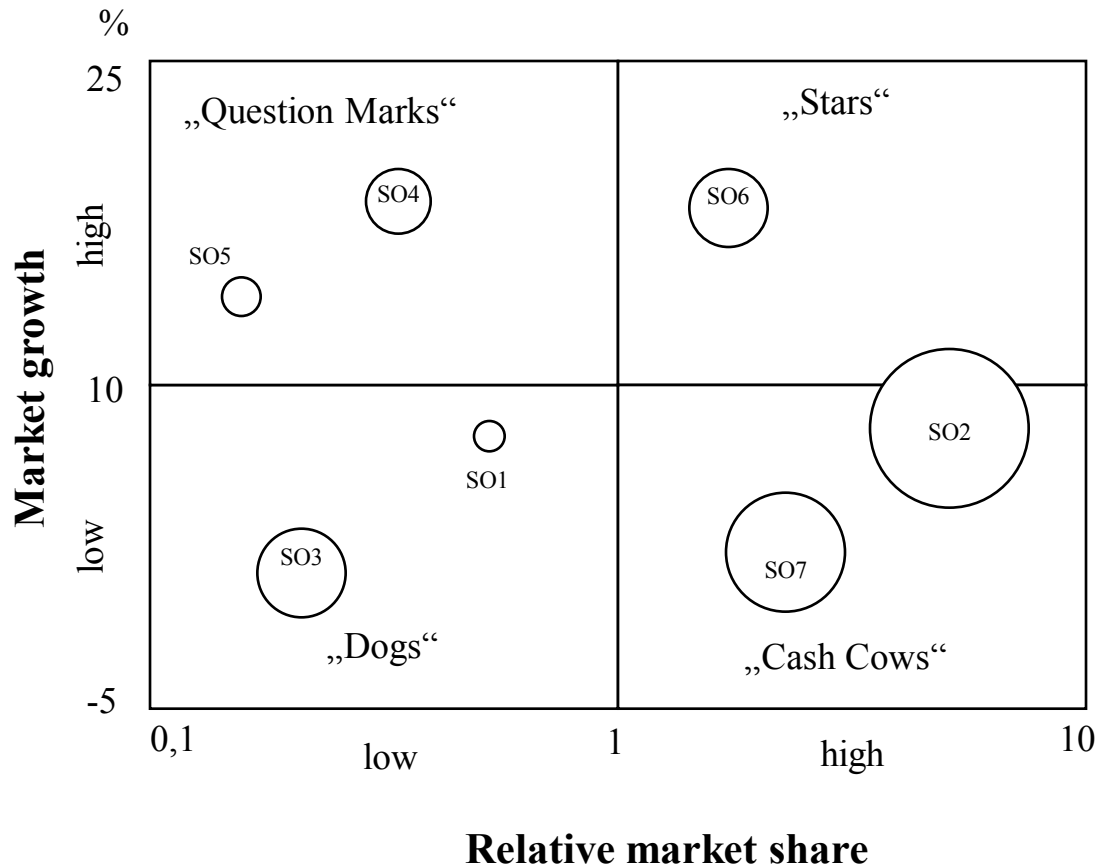




Tools for determining strategic areas and selecting strategies

- Portfolio analysis
 - Cash Cows
 - Stars
 - Question Marks
 - Dogs
- Strategy
 - defensive
 - offensive
 - disinvestment
 - consolidation
 - growth

Boston matrix





Tactical and operational planning

The **subject of planning** is divided into:

- planning the construction of the organization,
- program planning,
- process planning in an organization.

According to the **planning horizon**, it is divided into:

- long-term plans,
- medium-term plans,
- short-term plans.



Tactical and operational planning

Depending on the **extent of planning**, the plans are broken down into:

- summary plans and
- partial plans.

Depending on the **degree of detail of the plan** and measure of awareness of the planning horizon, we divide them into:

- global plans and
- detailed plans.

Planning Compensation Act



Decision making

According to the completeness of the environmental status data in the decision model, we differentiate these **decision-making situations**:

- under conditions of certainty
- under conditions of risk
- under conditions of uncertainty



Result and decision matrix

Result matrix	
State area	$S_1 \ S_2 \ \dots \ S_n$
Action area	$S_1 \ S_2 \ \dots \ S_n$
a_1	$e_{11} \ e_{12} \ \dots \ e_{1n}$
a_2	$e_{21} \ e_{22} \ \dots \ e_{2n}$
.	.
.	.
.	.
a_m	$e_{m1} \ e_{m2} \ \dots \ e_{mn}$



Decision matrix	
State area	$S_1 \ S_2 \ \dots \ S_n$
Action area	$S_1 \ S_2 \ \dots \ S_n$
a_1	$u_{11} \ u_{12} \ \dots \ u_{1n}$
a_2	$u_{21} \ u_{22} \ \dots \ u_{2n}$
.	.
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