

Planning

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Lecture's topics

- What is planning?
- Why is it important to analyse the external environment?
- How can we analyse the external environment?
- What are the basic steps of planning?

What is Planning?

Planning includes defining goals and establishing strategies.

Planning is concerned with ends as well as with means.

Advantages of Planning

- provides direction
- reduces uncertainty
- reduces wasteful or overlapping activities
- · helps to use resources efficiently
- establishes standards that help people to monitor progress

etc.

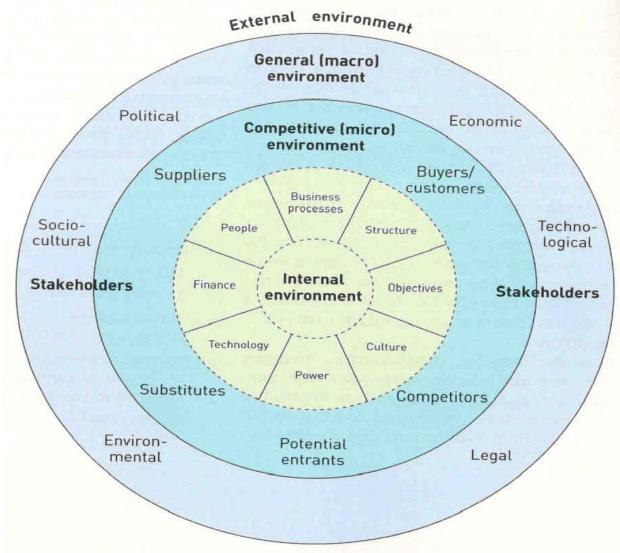
The external environment

Planning is also very important because the external environment of an organisation is changing all the time.

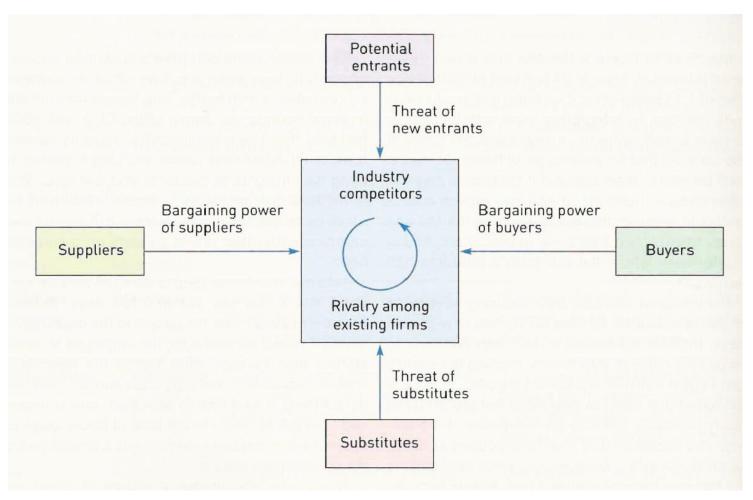
Changes in the external environment

- new trends in the market
- advances in technology
- a new competitor
- new government policy
- the weather
- a disaster
- a financial crisis etc.

The organisation's external environment



The micro environment - Porter's five forces model



The macro environment – PESTEL analysis

PESTEL

Political

- Taxation policy
- Privatisation/deregulation policies
- Environmental legislation
- Health & safety regulations
- Public expenditure controls
- European Union directives
- Government stability

Economic

- Interest and inflation rates
- Consumer confidence
- The business cycle
- Economic growth prospects
- Unemployment rates
- Disposable incomes
- Labour costs

Technological

- Alternative means of providing services
- Scientific discoveries
- Changing communications technology
- New production technology
- State of infrastructure

Socio-cultural

- Demographics (population and household numbers)
- Values in society
- Changing lifestyles (e.g. changing attitudes to work and leisure)
- Changing consumer preferences (e.g. attitudes to green issues)
- Levels of education

Environmental

- Climate change
- Water resources
- Energy supplies

- Legal
- Employment law
- Company law
- Business regulation

Types of Plans

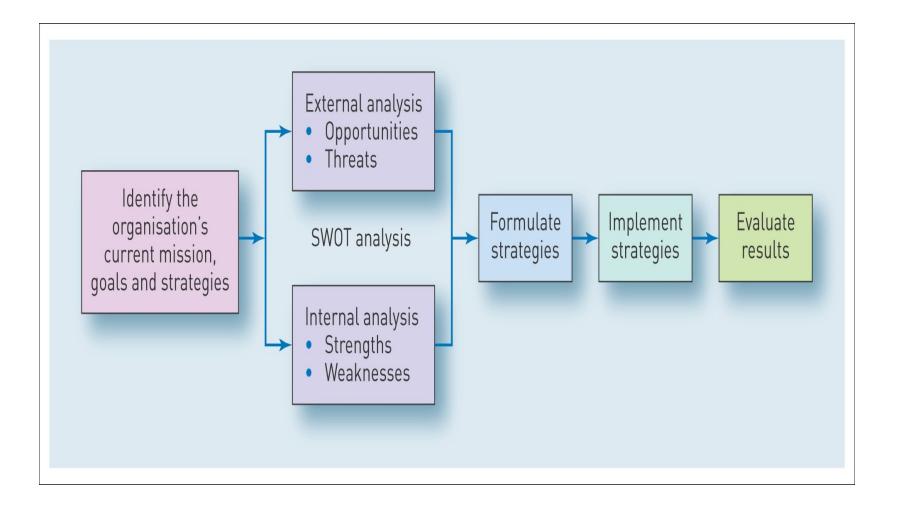
Strategic plans:

- apply to the entire organisation and establish the organisation's overall objectives
- long-term

Operational plans:

- specify how the overall objectives are to be achieved
- short-term

- the process that senior management goes through in order to develop the organisation's strategy
- a five-step process that involves strategic planning, implementation and evaluation



Step 1: Identify the organisation's current mission, goals and strategies.

Step 2a: External analysis

Identify opportunities (i.e. positive external environmental factors) and threats (i.e. negative external environmental factors).

External analysis can be based on Porter's five forces model and PESTEL analysis.

Step 2b: Internal analysis

Identify strengths (all the things that the organisation does well) and weaknesses (those things that the organisation does not do well or the resources it lacks).

The organisation carries out a SWOT analysis by merging the externalities (step 2a) with the internalities (step 2b) in order to reassess its mission and goals.

SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

Step 3: Formulate strategies.

Step 4: Implement the selected strategies.

Step 5: Evaluate the results.

Group Work

In small groups carry out a SWOT analysis for the University of Nicosia. What are the main strengths and weaknesses of this organisation? What opportunities and threats can you identify in its external environment? What strategy would you recommend for this organisation to follow over the next few years?