The Neglected Firm

Every manager must manage two firms: the present one and the future one

AUTHOR: Jorge A. Vasconcellos e Sa
PUBLISHER: Palgrave Publishers Ltd.
DATE OF PUBLICATION: 2002
ISBN: 0-333-98712-8
NUMBER OF PAGES: 140 pages
“When you don’t know where you want to go, the wind always blows from the wrong direction.”

- Present Firm
- Future Firm
Introduction

• Day-to-day urgent tasks include:
  ✔ Negotiating with suppliers.
  ✔ Reviewing accounts.
  ✔ Settling financial matters.
  ✔ Working with an advertising agency.
  ✔ Making phone calls to customers.

• Reasons why a planning department is needed to manage the future firm:
  ✔ To create a global plan for the organization
  ✔ To have mental readiness for the future
  ✔ To obtain the right information
  ✔ To ascertain adequate participation
  ✔ To guarantee decisions are made in a rational manner, in line with the needs of the future firm.
Introduction

The six functions of the planning department are to:

✓ To take part in planning meetings with line managers.
✓ Define the numbers, dates, participants, and locations of those meetings.
✓ To supply meetings with information required.
✓ To manage the company's information gathering process (client analysis system, etc)
✓ To integrate all departmental plans into a single corporate plan.
✓ To improve critical departments efficiency level.

“It is not the strongest that survive, nor the most intelligent, but the ones most responsive to change.” -Charles Darwin
Introduction

Three key aspects of the planning initiative:

✓ The strategy rethinking process does not guarantee that new opportunities will be analyzed when they arise.

✓ The work of the planning department may be done in-house or can be farmed out.

✓ You need to understand what planning entails before you set up a system.
A Step-by-step approach to managing the neglected firm

Management of the future firm requires seven main steps:

1. Define the present strategy of the firm.
2. Evaluate the present strategy.
3. Create alternatives.
4. Select the best of those alternatives.
5. Synthesize steps two to four in a new strategy.
6. Implement the new strategy.
7. Change critical departments in search of new efficiency.
A Step-by-step approach to managing the neglected firm

- Key points in the 7-step process:
  - The single most important thing that must not be neglected is the Time dimension.
  - There are different types of plans: strategic, long-range, short-range, organizational and functional.
  - A revised strategy and a revised organization should emerge from planning.
  - The planning cycle should always have the following:
    - All decisions are taken by line managers.
    - Appropriate information must be supplied beforehand by the planning manager.
    - It is important that there is at least a certain degree of participation from lower hierarchical levels.
    - Total support by the president.
    - Planning should be repetitive or cyclical
A Step-by-step approach to managing the neglected firm

- Planning should be extended over some months.
- The sequence of decisions should follow from definition and evaluation of present strategy to preparation of budget.
To review the planning process we enumerate the six main steps:

- Definition of the present strategy
- Evaluation of the present strategy
- Generation of alternatives
- Selection of alternatives
- Definition of a new strategy
- Implementation
Neglect comes from two sources:

1. First, a short-sighted view of what management and a manager’s role is, leading to a concentration on day-to-day tasks and a general disregard for changes which will create the new, future firm.

2. Second, attempts at managing the future firm are more often than not, made in a piecemeal, disorganized manner, without process.
BusinessSummaries.com is a business book Summaries service. Every week, it sends out to subscribers a 9- to 12-page summary of a best-selling business book chosen from among the hundreds of books printed out in the United States. For more information, please go to http://www.bizsum.com.