



The Neglected Firm

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

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THE BIG IDEA

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“When you don’t know where you want to go, the wind always blows from the wrong direction.”

- Present Firm
- Future Firm

Introduction

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- 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

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- 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

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- 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

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- 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.

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- 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

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- Planning should be extended over some months.
- The sequence of decisions should follow from definition and evaluation of present strategy to preparation of budget

Organizing for planning (The Planning Department)

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- 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

Conclusion

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- 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.

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