Unit-3
Concepts of planning

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Planning:

- A plan is a method of doing or making something, consisting of at least one goal and predefined course of action for achieving that goal.
- Planning: According to Terry and Franklin, “planning is selecting information and making assumptions concerning the future to put together the activities necessary to achieve organizational objectives.”
- Planning includes both the broadest view of the organization, e.g., its mission, and the narrowest, e.g., a tactic for accomplishing a specific goal.

Concept of organizational planning

- Organizational planning is the process of defining a company’s reason for existing, setting goals aimed at realizing full potential, and creating increasingly discrete tasks to meet those goals.
- Each phase of planning is a subset of the prior, with strategic planning being the foremost.
- There are four phases of a proper organizational plan: strategic, tactical, operational, and contingency. Each phase of planning is a subset of the prior, with strategic planning being the foremost.

Types/Phases of Organizational Planning

Strategic Planning

- Strategic planning covers long-term goals with all the necessary resources to achieve these goals. It typically includes a timeframe from 1 to 5 years.
- Also, a well thought out strategic plan considers controllable and non-controllable variables, and how to adjust to them.

Tactical Planning

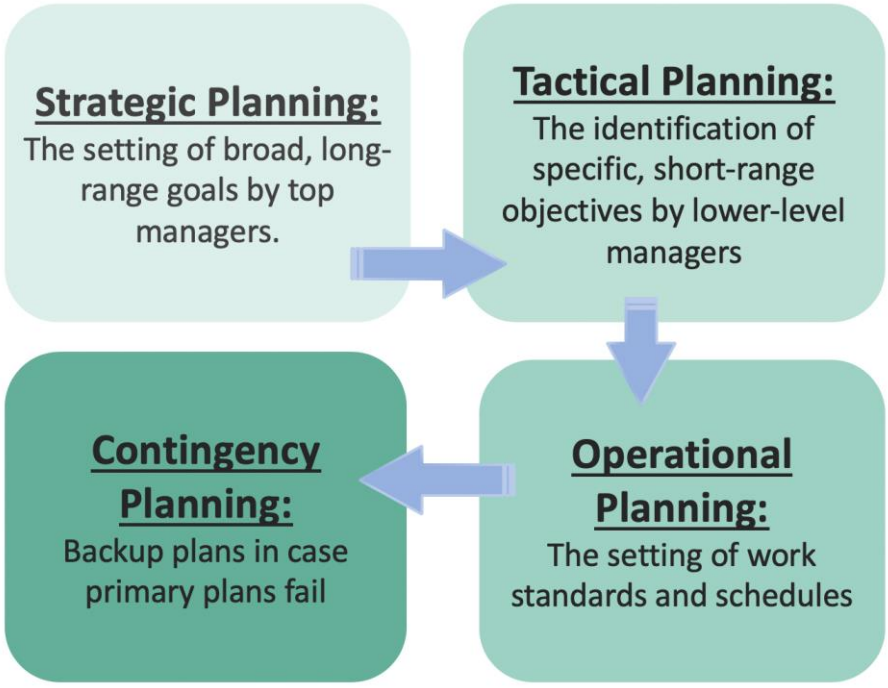
- Tactical planning includes activity and implementation details on how your organization will reach strategic goals (a separate document). Also, tactical planning timeframes are typically short (less than one year).

Operational Planning

- Operational planning includes specific methods, procedures, and standards for different areas of an organization.
- For example, you would typically have an operational plan for the Marketing department, HR department, IT department, and so on.
- An operational plan also includes specific objectives and targets, which are then assigned to employees to carry out.

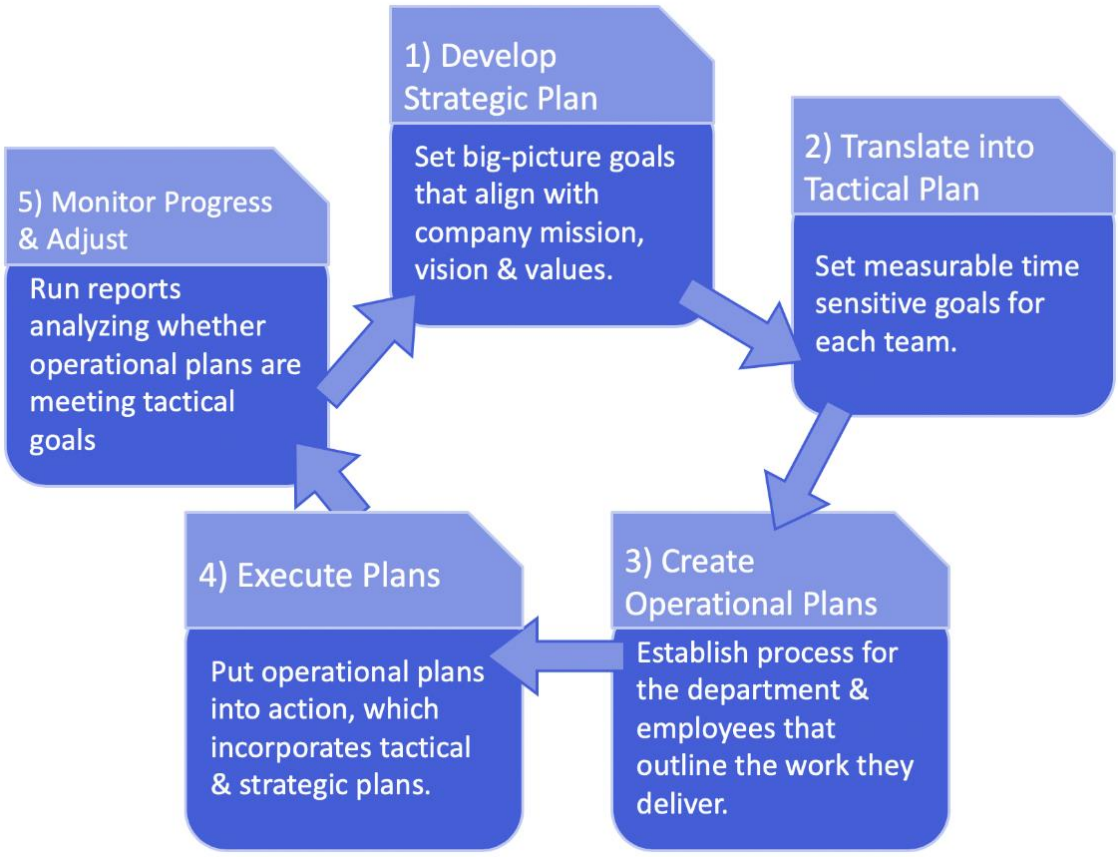
Contingency Planning

- Contingency planning covers alternative courses of action - typically outlining unusual and crisis situations.
- Rightly so, contingency planning is often associated with risk management, because a good contingency plan will address known and unknown risks.



The 5 Process Steps of Organizational Planning

The organizational planning process includes five phases that, ideally, form a cycle.



1. Develop the strategic plan

- Steps in this initial stage include:
  - Review your mission, vision, and values.
  - Gather data about your company, like performance-indicating metrics from your sales department
  - Perform a SWOT analysis; take stock of your company's strengths, weaknesses, opportunities, and threats
  - Set big picture goals that take your mission, vision, values, data, and SWOT analysis into account

2. Translate the strategic plan into tactical steps

- At this point, it's time to create tactical plans. Bring in middle managers to help do the following:

- Define short-term goals—quarterly goals are common—that support the strategic plan for each department, such as setting a quota for the sales team so the company can meet its strategic revenue goal.
- Develop processes for reviewing goal achievement to make sure strategic and tactical goals are being met.
- Develop contingency plans, like what to do in case the sales team's CRM malfunctions or there's a data breach.

3. Plan daily operations

- This stage should include setting goals and targets that individual employee should hit during a set period.
- Managers may choose to set some plans, such as work schedules, themselves. On the other hand, individual tasks that make up a sales plan may require the input of the entire team. This stage should also include setting goals and targets that individual employee should hit during a set period.

4. Execute the plans

- It's time to put plans into action. Theoretically, activities carried out on a day-to-day basis (defined by the operational plan) should help reach tactical goals, which in turn supports the overall strategic plan.

5. Monitor progress and adjust plans

- No plan is complete without periods of reflection and adjustment. At the end of each quarter or the short-term goal period, middle managers should review whether or not they hit the benchmarks.
- Depending on the outcome of those reviews, your organization may wish to adjust parts of its strategic, tactical, or operational plans. For example, if the sales team didn't meet their quota their manager may decide to make changes to their sales pipeline operational plan.

Computational support for planning

There are four types of computational methods for analysis and preparation of plans. These are:

a. Historical data analysis
b. Forecasting data analysis
c. Internal data analysis
d. Output of result/ Result analysis

a. Historical data analysis:
It is the main technique to analyze and find the patterns and relationship between the various input variables of the planning process. In this technique there are different methods available for computation of historical data. In this technique we analyze past data to find the actual circumstances at present and future.

b. **Forecasting data analysis:** Planning involves future therefore estimating general information regarding the present issues where the plans are preparing. The techniques which are used in this analysis are trend projection technique, regression analysis, interpretation and mid values etc.

c. **Internal data analysis:** This analysis refers to an analysis of the functional performance, financial performance such as sale performance, inventory performance etc. The analysis is done just to measure the performance of the several internal departments.

d. **Output of result:** Result analysis is a planning process referred as format which is suitable to present the data analysis.

Business applications of information technology

Information Technology has just about changed every aspect of business in a big way and this has never happened this fast before in history. To be more specific, here are a few ways in which information technology has affected business:

1- Communication

The use of IT we can simplify the way to communicate through e-mail, video chat rooms or social networking site.

2- Time saving

IT applications can save time in the retrieval of information from a database or website.

With the use of information technology different operations are performed in simple ways such as rapid searches of document, sending a copy of mail to multiple members etc.

3- Customer Relationship improvement

Companies are using IT to improve the way of design and manage customer relationship. Customer Relationship Management (CRM) systems capture every relationship a company has with a customer so that a more experience gain is possible.

If a customer makes a call to center and report an issue, the customer relation officer will be able to see what the customer has purchased, view shipping information, call up the training manual for that item and effectively respond to the issue.

4- Management Information Systems

Information data is very important for an organization and a valuable resource requirement for the safe and effective care, that enable the company to track sales data, expenditure and productivity as well as information to track profits from time to time, maximizing return on investment and recognize areas of improvement.

5- Security

Most businesses of the modern era are subject to security threats and vandalism. Technology can be used to protect financial data, confidential executive decisions and other proprietary information that leads to competitive advantages.

6- Efficiency of operations

Technology also helps a business understand its cash flow needs and preserve precious resources such as time and physical space.

Uses of Information Technology in Business

Uses of information technology in business are discussed briefly from the following head:

Product Development

Information technology helps businesses to identify the changing customer's needs more quickly than the traditional research and react strategy. it ultimately helps the business to respond fast according to the change in the external environment. Information technology can speed up the time of new products to hit the market.

Globalization

Globalization refers to the integration of markets in the global economy. Information technology helps businesses initially to grow locally and then internationally. A business organization can outsource its noncore work to the other small companies globally and use the network technology for reporting.

Facilitate Fast Payment Transfer

Nowadays currency transfer between two or more parties digitally is the fastest to settle out any business transaction. It is far cheaper than the traditional way of sending paper invoices and then settling payment.

Efficient And Effective Storage

Almost every business organization uses computer for data storage of the business. Computer software like excel and office help in keeping the figures at fingertips. Accounting software like tally stores the sales information, tax records, and specialized data for the business.

Ease Of Communication

Communication in the 21st century is done majorly through e-mails. Communication by email is faster and cheaper than sending a letter by post. The biggest advantage of communicating with the help of technology is speed. The speed of communication has increased the speed at which the business can be done.

Competitive Advantage Over Competitors

companies making proper use of information technology can get the first-mover advantage. They can create new products that differentiate them from the existing market. Efficient use of information technology also helps in reducing the cost per unit through increasing productivity.

Internet & electronic commerce and its applications Enterprise Solutions

- Definition: E-commerce is a process of buying and selling of products and services by businesses and consumers through an electronic medium, without using paper documents.
- These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably.
- In the last decade, widespread use of e-commerce platforms such as Amazon and eBay have contributed to substantial growth in online business.
- Ecommerce or electronic commerce actually means the use of an electronic medium for commercial transactions, but it is commonly used to refer to selling products and services over the internet to consumers or other businesses.

Application of Ecommerce:

1. Retail and Wholesale

E-retailing or online retailing refers to the transaction of goods and services through online stores from businesses to consumers. It is achieved through means such as virtual shopping carts and e-catalogs. The applications of e-commerce in this sector are numerous.

2. Finance

Finance and e-commerce are more connected today than ever. Banks and stock markets use e-commerce significantly in their operation. Online banking provides provisions such as balance check, bill payment, money transfer, etc. Online stock trading enables people to carry out trading electronically by giving information about stocks such as performance reports, analysis, charts, etc. through websites.

3. Manufacturing

In manufacturing, e-commerce forms a medium for companies to execute the electronic exchange. Combined buying and selling, sharing market status, inventory check information, etc. enables groups of companies to fluidly carry out their operations.

4. Auctioning

Applying e-commerce to auctions takes it to a more significant level where people can participate without any geographical boundaries. That leads to more participation, more negotiation, and helps to make auctions successful.

5. Marketing

Marketing activities such as pricing, product features, and building customer relationships can be strengthened using e-commerce to provide users an enhanced and customized shopping experience. Digital marketing strategies have become a significant way to promote businesses.

6. Online Shopping

The shopping preferences of people have undergone a massive change in the last few years. “Go online” has become a mantra for all businesses to succeed. Online shopping is comfortable, convenient, and at most times, cost effective. The prosperity of online shopping apps such as Flipkart, Amazon are proof of this.

7. Mobile and Web Applications

Popularly called mobile commerce or m-commerce applications, this is a subset of retail e-commerce. Mobile or web application development has become a staple for brands to showcase their business capabilities. The consumer carries out purchases through mobile or web applications that are optimized for the retailer. These applications also ensure payment security through safe e-payment methods.

8. Online Booking

Travel and tourism are a thriving industry today, and online booking is an ecommerce application that is growing as a result of it. Online booking helps people book travel essential services like train/flight tickets, hotel rooms, tourism packages, transportation services, etc. It makes travel very convenient and easy for people as everything can be set from the tip of the fingers.

9. Online Publishing

Digital magazines and e-books are slowly replacing traditional printed books. It has several advantages such as portability, lightweight, accessible from everywhere, etc. They are also environment friendly as they help in reducing paper and saving trees. Due to these reasons, online publishing or e-publishing has been seeing a rise in popularity.

10. E-banking

E-banking or internet banking is an e-commerce application that has simplified time-consuming and complex banking processes for people. It enables bank users to perform transactions easily online without having to wait in long queues in banks. Every major bank has its own online application today to provide virtual banking services to its customers.

Information System for Business Operations (SDLC)

- System design uses the output from system analysis as its input. The main objective of system design is to interpret the system requirements into architectural, logical and physical designs of how the information system to be implemented.
- The system development life cycle refers to the processing of planning, creating, testing, and deploying an information system.
- The main objective of system development life cycle is to produce high-quality information systems that meet or exceed the expectations of the users within the stipulated budget and time frame.

1. Planning

- This is the first phase in the systems development process. It identifies whether or not there is the need for a new system to achieve a business's strategic objectives.
- The purpose of this step is to find out the scope of the problem and determine solutions. Resources, costs, time, benefits and other items should be considered at this stage.

2. Systems Analysis and Requirements

- The second phase is where businesses will work on the source of their problem or the need for a change.
- In the event of a problem, possible solutions are submitted and analyzed to identify the best fit for the ultimate goal(s) of the project. This is where teams consider the functional requirements of the project or solution.

3. Systems Design

- The third phase describes, in detail, the necessary specifications, features and operations that will satisfy the functional requirements of the proposed system which will be in place
- During this phase we will consider the essential components (hardware and/or software) structure (networking capabilities), processing and procedures for the system to accomplish its objectives.

4. Development

- The fourth phase is when the real work begins—in particular, when a programmer, network engineer and/or database developer are brought on to do the major work on the project.
- This work includes using a flow chart to ensure that the process of the system is properly organized. The development phase marks the end of the initial section of the process.
- Additionally, this phase signifies the start of production.

5. Integration and Testing

- The fifth phase involves systems integration and system testing (of programs and procedures)—normally carried out by a Quality Assurance (QA) professional—to determine if the proposed design meets the initial set of business goals.
- Testing may be repeated, specifically to check for errors, bugs and interoperability. This testing will be performed until the end user finds it acceptable. Another part of this phase is verification and validation, both of which will help ensure the program's successful completion.

6. Implementation

- The sixth phase is when the majority of the code for the program is written. Additionally, this phase involves the actual installation of the newly-developed system.

7. Operations and Maintenance

- The seventh and final phase involves maintenance and regular required updates. This step is when end users can fine-tune the system, if they wish, to boost performance, add new capabilities or meet additional user requirements.

Information System for Strategic Advantage

- A strategic information system (SIS) is a business information system (BIS) with the features systematic approach to collecting, storing, and retrieving data; Integration with other systems.
- Strategic Information System involves having a long-term vision, setting goals, and taking steps to reach those goals. Strategic Information System keeps the organization focused on its vision.
- It is essential for our company to have a clear vision, strategy and organization structure.
- It's important that employees are aligned with these strategies, so that everyone has the same goals in mind.

Importance of strategic management system

- Strategic management helps a decision-maker to get equipped with management tools or anticipating changes and directing the organizational activities along the right path.
- Practice of strategic management reduces the risk of operation by helping the enterprise to innovate in time and take an early action.
- Further, strategic management being objective oriented can provide all the employees with clear ideas about what to do, when to do, where to do and how to do.
- Thus, an orientation towards strategic management can assure better performance and greater unity in the enterprise.

Advantage of strategic management system

- Strategic information system provides a connection between demands of organization and latest information technology.
- It helps them evolve their business strategy, helps with knowledge management and operations management.
- Information system strategy is a critical aspect of an organization's management decision for its growth, expansion and supply chain management.
- Information technology and competitive intelligence can work wonders for a business. The integration of the data system and its function within the organization can be handled easily by enabling open access and use of management systems.
- Besides that, it also enables the classification of different opportunities for the use of information systems for different strategies.
- With the System Information Strategy, it ensures that the Information system functions accordingly and supports the business goals and objectives of the organization at the different levels.
- In additional to the reduction in product related cost, it also helps in increasing market share, streamline business process, provide a better business environment, and deliver high quality product and services.

Decision Support Systems and its benefits and characteristics

Characteristics of DSS

- DSS tends to be aimed at the less well structured, underspecified problem that upper-level managers typically face.
- DSS attempts to combine the use of models or analytic techniques with traditional data access and retrieval functions.
- DSS specifically focuses on features which make them easy to use by non-computer people in an interactive mode.
- DSS emphasizes flexibility and adaptability to accommodate changes in the environment and the decision-making approach of the user.

- DSS incorporate both data and models.
- They are designed to assist managers in their decision processes in semi-structured or unstructured tasks.
- They support managerial judgment; rather than replacing it.
- DSS improve the effectiveness of the decisions; not the efficiency with which decisions are being made.

Benefits of DSS

Fast:
DSS is a fast method for taking decisions. Computers give us results fast. The data we need is displayed on the screen within a few minutes. We have to just take decisions over selves after getting data from the computer software.

Automation:
If you want to reward any customer then you don't need to worry. The software will know which consumer buy most of the company products and you will give them a 50% discount on their next purchase. So, it automates the process of decision making.

Efficient:
It is an efficient method. There are fewer chances that computerized data may be wrong. Computers always extract the data that we feed to them. If we feed relevant data then it will output data that is accurate.

Training:
If we have all the data available on our desk then deciding by top management is easy. They make decisions in no time. First, they get data from a single click. For example, the CEO of Samsung want to know how many sales of a specific model of mobile is sold in December, then he will get information from the computer software. If he wants to know which Samsung mobile model has most of the sales in last year then he will know by doing a couple of clicks from the computer. It is noted that the data is only available to the CEO and top management of the company. So, they don't need extra training.

Communication:
The top company authority gets accurate data from the computerized software. The company CEO and managerial staff communicate with each other and make decisions. They have all the statement ready from the software and they have to only say yes or no to the statements.

Low cost:
If we use the old method of organizing and processing the data then it consumes a lot of manpower. We just get data from relevant authorities and input it into our software. We also get data from doing little research in any field. For example, if we want to construct a building then we get information from real estate agents about cost, time, structure, maps and then we input in computer software and get the results about total cost, and time duration.

Satisfaction:
If you make a random decision without any valid data, then you will not be confident in your decision. But if you first see the data and then make a decision then you get satisfaction with your decisions.