

Chapter 8

Management Activities (Planning, Organising & Controlling)

Planning

Types of Plans – Missions Statement, Strategic Plan, Tactical Plan, Contingency Plan; SWOT Analysis

Organising

Structures – Functional, Geographical, Product, Matrix (team)
Span of Control & Chain of Command

Controlling (Only four types allowed)

Quality Control
Stock Control
Financial Control
Credit Control

Planning

2018 Q4 (A)

Read the information supplied and answer the questions which follow.
Ryanair CEO, Michael O'Leary, has apologised for the cancellation of flights. The airline admits it "messed up the planning of pilots' holidays". **Source:**
Adapted from The Irish Times, 2017

- (i) Illustrate your understanding of the term **contingency plan**.
 (ii) Outline the importance of planning for an airline such as Ryanair. Refer to strategic, tactical and manpower planning in your answer. (25 marks)

MS: (i) (4+1); (ii) 2@8(5+2+1), 1@4(2+2) Manpower planning

(i) A contingency plan is a back-up plan to take account of a possible future event/an unforeseen event, to prevent the closure of a business or disruption to supply/Ryanair should have had a contingency plan as a back-up plan if many pilots were seeking holidays during the busiest season.

Example required.

(ii)

Strategic Plan

Long Term planning for the major objectives of the business. It is prepared by senior management to ensure the long term profitability and ultimate existence of the business. It involves taking the mission statement and backing it up with plans to achieve the objectives of the business/they shape the objectives of the business. They have a high financial risk. They require a knowledge of the whole business and its policies.

Example: The purchase of new fuel efficient airplanes/decision re long haul flights (transatlantic flights)/move from a regional airline to a national or international airline/ Expansion re merger or takeover (IAG takeover of Aer Lingus).

Tactical Plan

The Strategic plan is broken down into tactical plans which are short term, devised by middle management. These plans achieve operations which make the overall strategic goals possible.

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Example: moving to checking in online in airports/new routes/increasing the number of flights to particular destinations during busy periods/expansion of daily services (additional connectivity).

Manpower Planning

A manpower plan is a plan for the human resources of a business. It sets out the number of staff which are required. It also sets out the type of staff which are required/ putting the right number of people, with the right skills in the right place, at the right time to achieve the goals of the organisation.

Example: Ryanair did not have a good manpower plan as they ran short on pilot hours because of pilot holiday arrangements/ there was poor planning in relation to the number of pilots and cabin crew required for the busy period.

2013 Q4 (C)

EducaPrint Ltd is a business publishing schoolbooks in Ireland. John O'Leary, the Production Manager, suggested introducing some of its traditional print books in eBook format. He wanted to tap into the improvements in broadband speed and the major developments in mobile devices. The eBooks were launched on to the market in 2013 to great success. EducaPrint Ltd operated a matrix organisation structure for the development of the eBook products.

Discuss the importance of the management activity of 'planning' for EducaPrint Ltd.

MS: 3 points 7marks (4+3)+ 7marks (4+3)+ 6 marks (3+3). A link to the mini-ABQ above should be given when presented with one and when mentioned in the question.

Note: You cannot give manpower planning or cash flow forecasting here; only those items presented below have previously been accepted.

A **Mission Statement** is a **visionary statement** outlining who the business is, what the business **does** and **where the business is going**, containing the business' **values**.

Link: It is important as it would give an **insight** for the stakeholders in to the **core values and culture** of EducaPrint Ltd which can help decision-making.

A **strategic plan** is **long-term plan** covering a period of five years or more. It is usually drawn up by **senior management** and it outlines how the long-term goals of the firm are to be achieved. E.g. expansion in to new markets. Ideas are **taken from the Mission Statement** for them. It is important as it gives a long-term **picture** and **focus** to work towards.

Link: EducaPrint Ltd may decide to expand its successful business model into third-level books by 2025.

A **Tactical Plan** is **short-term planning** which **breaks the strategic plan** into **shorter more manageable periods**, which is important as it makes it more relevant for the day-to-day operations. It deals with the '**now**' part of the plan. It is usually drawn up by **middle management**.

Link: EducaPrint Ltd might attempt to target one third-level college for the next academic year.

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A contingency plan is a back-up plan to cope with emergencies and unforeseen events and unexpected circumstances. It is important to prevent disruptions to business and thereby prevents potential loss of profits and possible business collapse.

Link: EducaPrint Ltd might have another website ready in case their eBook site got hacked and undermined.

2010 Q4 (B)

Analyse the contributions that *strategic* and *tactical* planning can make to the successful management of a business. Use examples in your answer.

MS: 2 x 10 marks (4+4+2).

This is similar to the 2013 question. When giving examples, it would be good to include a timeline, e.g. for strategic plans, in your example, make sure to pick the plan to be reached in a period at least five years from now to show the examiner your understanding of the plan.

2016 Q4 (B)

The Mayfair Hotel is a five-star city centre hotel which is celebrating 100 years in business. To celebrate this centenary, the management of the hotel is planning various events. The General Manager, Ann Johnson, has suggested organising staff into various project teams, with a project leader to plan for this centenary celebration.

Evaluate how different types of planning contribute to business success. Relate your answer to Mayfair Hotel, making any appropriate assumptions.

MS: 3 x 6m (2+3+1) + Evaluation 2m

Again, the same plans above are perfect for this question, with proper reference to the Mayfair Hotel paragraph given in the question.

2010 Q4 (A)

Conduct a SWOT analysis on a business of your choice.

What is meant by the term SWOT analysis? (Include **two** points under each heading)

MS: (A) 6 marks (4+2) Explain what it is, not just what the letters stand for

(B) 14 marks. Name a business: 2 marks; 2 points for each SWOT 4@3(2+1)marks.

Make sure to include key business terms in your answer and not just examples.

It is used to evaluate/analyse a business when devising strategy or making a plan (pre-planning).

SWOT analysis stands for **Strengths, Weaknesses (both internal) & Opportunities, Threats** (both external).

Business: Supervalu

- **Strengths**

Brand Name: Supervalu has a well-established and easily recognisable brand name.

Delivery Service: It has a well-established delivery service, delivering groceries for people who might not have the time to go to the supermarket.

- **Weaknesses**

Price: Supervalu tends to be more expensive than other supermarkets like Aldi.

Outlets: It is not located everywhere, and does not have as many outlets as other food retailers, e.g. Tesco.

- **Opportunities**

Discount Range: They could develop a discount brand for staple goods (e.g. bread, milk) to appeal to consumers with less income.

Cheaper Rents: They could seek to open small outlets in some regional towns where premises have been left empty after other businesses closed down.

- **Threats**

Competition: Discount retailers such as Aldi and Lidl are opening up.

Economic Conditions: Because of salary reductions/tax increases, people have less money to spend on groceries.

Organising

2015 Q1 Short

Explain the term *span of control* and outline a situation where a narrow span of control may be appropriate.

MS: 6m (3+3) 4m

Span of control refers to the number of employees/subordinates that report directly to one manager/supervisor in a hierarchy.

It would be more appropriate when the work requires a high level of expertise/where nature of work is complex (employees need more interaction/attention) or where workers or management lack experience.

2011 Q4 Short

(a) Explain the term 'span of control'.

(b) Outline **two** factors that affect the width of the span of control in a business:

MS: (a) 6marks (3+3) (b) 4 marks (2+2)

(a) The answer is as in the 2015 question above.

(b) The following are relevant factors:

Skill of manager: An experienced, confident and able manager can operate a wide span of control.

Skill of the workforce: When employees are trusted because of their skill sets and motivation, a wide span of control may operate.

The nature of the work: If the work involved requires a high level of expertise a narrow span of control is appropriate.

2018 Q2 Short

Outline two implications for a business of changing from a functional to a matrix organisation structure

MS: (3+3) + (2+2)

Training/Staff Development required

Training costs involved for manager and staff which takes time to complete/
Productivity may decline in the short term/ Staff development may result as employees have greater knowledge and learn how the whole business operates/ Multi-skilled staff.

Duplication of duties

Duplication may exist across several teams. Several teams may have a marketing manager, production manager. It is essential that each of these managers communicate to avoid conflicting approaches to projects.

Greater complexity in the chain of command

Staff will have **2 managers** to report to (generally department manager and project manager). This can lead to divided loyalties and there could be a conflict of interest between both.

Staff conflict/power struggles

Staff may resist working outside of their own departments. /Staff may dislike working outside their comfort zones /Staff may view new ideas of others from other departments as a threat and there may be internal conflict/may be difficult for the project manager to manage staff from different departments.

Increased intrapreneurship/Greater innovation

Employees from different departments working together generates new ideas for the business. /Different expertise and perspectives are brought to the project which encourages employees to be enterprising/ Teamwork is encouraged.

Better staff relations

Staff may enjoy working with people from different departments. This could improve morale in the business and improve relations between different departments/increased productivity/faster decision making.

Greater staff flexibility more openness to change in work practices.

2015 Q4 (B)

Outline the benefits to a **business** of a functional organisational structure. (15 marks)

MS: 3 @ 5m (2 + 3). Benefit must be clearly developed for each.

- **Departments Engage In Specialisation**

Each department is **concentrating exclusively on one function** such as **marketing, production, sales or finance**, employees and management build up high levels of skill and expertise through **repetition and practice**.

This benefits the business as it leads to **efficiencies** and managers can have **wider spans of control** as they are focusing on one task.

- **Clear Chain Of Command**

Clear lines of authority exist and employees know **who to report to**. There is a **person in charge of each department**, which improves **co-ordination**, as employees know **what is expected** of them and when.

There is **accountability** as someone is **responsible for each section**.

- **Clear Communication Channels.**

Instructions flow downward from top management along the chain of command and **information is communicated upward**. It may result in important information being communicated quickly leading to **quicker decision-making**.

- **Promotional Paths**

There is a **visible hierarchical ladder**, providing **career paths** for employees. This provides **scope for the promotion** to the next level, so businesses can **promote from within**, which benefits the business as it improve motivation of employees.

(Also 2010 Q4 (C) Discuss the benefits of a functional organisational structure in a business.

Refer to the Chain of Command *and* Span of Control in your answer.

2014 Q4 (B)

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Outline the benefits and challenges for EducaPrint Ltd of a matrix organisation structure (team structure) for the development of the eBook products.

MS: 4 @ 5 marks 2 benefits @ 5 marks (2+3) 2 challenges @ 5 marks (2+3).

A Matrix Organisation structure should help bring **Greater Unity Across the Business**. It is a **team based** structure with expertise drawn from different departments e.g. marketing, finance, information technology, production. This **greater interaction across departments** will lead to **greater understanding of individual departments** in EducaPrint to what they have to do to launch a successful eBook.

A Matrix Organisation structure should help create **better decision making in EducaPrint**.

All team members have an **input into decision-making** and problem solving which allows for greater output and **productivity (synergy)**. New ideas will evolve and better decisions will be made on the eBook.

A Matrix Organisation structure should help EducaPrint with their **Tactical Planning** as it **focuses on projects**.

A matrix structure is generally set up in business to carry out **specific projects** such as product development within an R&D context. The eBook products by EducaPrint Ltd can be worked on as a project.

A challenge for EducaPrint with a Matrix structure that may arise could be an **Unclear Chain of Command**. Each employee can have **two managers**, the **project manager** and the **functional manager**, which could lead to **confusion and conflict**.

Employees may not be able to prioritise their work effectively, or spread their workload evenly, causing disharmony in EducaPrint as they have their own tasks and their project tasks.

A challenge for EducaPrint with a Matrix structure that may arise could be **Slower Decision Making**. Decision-making may be **slow** because getting the **agreement** of the team during **consultation** stage might take some time.

This matrix organisational structure **may not be appropriate in a crisis or emergency situation** where tough decisions may have to be made quickly, e.g. EducaPrint may need to act quickly if their eBook platform fails.

2016 Q4 (C)

Discuss the benefits **and** challenges for a business of developing a matrix organisation structure (team structure) to complete specific projects in a business. (20m)

MS: 4 x 5m (2 + 3) At least one of each is needed; refer to project

Same information as the EducaPrint solution above

2012 Q5 Short

Outline two features of a matrix organisation structure.

MS: (i) 6 marks (3+3) (ii) 4 marks (2+2).

- **Team Based Across Departments**

It is a team-based structure with expertise drawn from different departments, e.g. marketing, finance, information technology, production, etc.

- **Project Leader**

Team members are answerable to the project leader who is responsible for co-ordinating team effort and ensuring task completion.

- **Conflict/Confusion**

Each employee can have two managers, the project manager and the functional manager which could lead to confusion and conflict.

Controlling

2015 (C)

Explain the methods a business could consider to minimise the risk of bad debts as part of its credit control system. (20 marks)

MS: 7m (4+3) + 7m (4+3) + 6m (3+3).

- **Assess customers' creditworthiness**

Before dealing with new customers, businesses should be **prudent** and check on their **previous history**, e.g. asking for bank references, trade references, credit bureau, credit ratings, etc.

- **Set appropriate credit limits and credit periods**

Draw up **clear terms and conditions controlling the amount of credit** and ensuring that payments are **made on time**, e.g. a credit limit of €5,000 and a time limit of one month for any payment.

- **Policy for late payments/partial payments**

A business should agree with customers in advance **on penalties for late payments**, e.g. charging interest on overdue accounts. This will incentivise customers to pay up on time.

- **Be Organised (Administration)**

Have an efficient administrative system where **invoicing, payment demands and follow up phone calls and visits** occur promptly to **ensure payment**. Having reminders set to inform customers approaching the end of their credit period/limit.

2017 – Short – Q6

Outline two methods a business may use to minimise bad debts.

As above

2011 Q4 (C)

Describe how 'stock control' and 'quality control' achieve efficiencies in business.

MS: 2 @ 10 marks (2 + 4 + 4).

Stock Control

This is concerned with keeping **optimum stock levels**, so that the business doesn't have too much stock or too little stock.

Optimum stock levels lead to efficiencies because you have the **right stock, in the right place, at the right time** to meet production requirements and satisfy consumer demand.

A business can achieve efficiencies with better stock control by avoiding:

- **Obsolescence of products** (products going out of date/fashion)
- **Excess Storage costs** (security, warehouse space, insurance, etc.)
- **Pilferage of stock** (regular stock takes)
- **Tied-up capital in stock** (money could be better spent elsewhere)

Quality Control

This is concerned with **checking/reviewing/inspecting work** done to ensure it meets the required standards.

As part of a quality control system, the business might aim to achieve a **quality control symbol** such as an **ISO 9000 award**.

With a good control system, consistently high quality products are being sold, resulting in repeat purchasing and consumer loyalty.

A business can achieve efficiencies with better quality control by:

- **Minimising the costs and time** associated with selling **faulty goods** to consumers/dealing with returns.
- **Avoiding loss of reputation** and the ensuing lost sales in to the future.