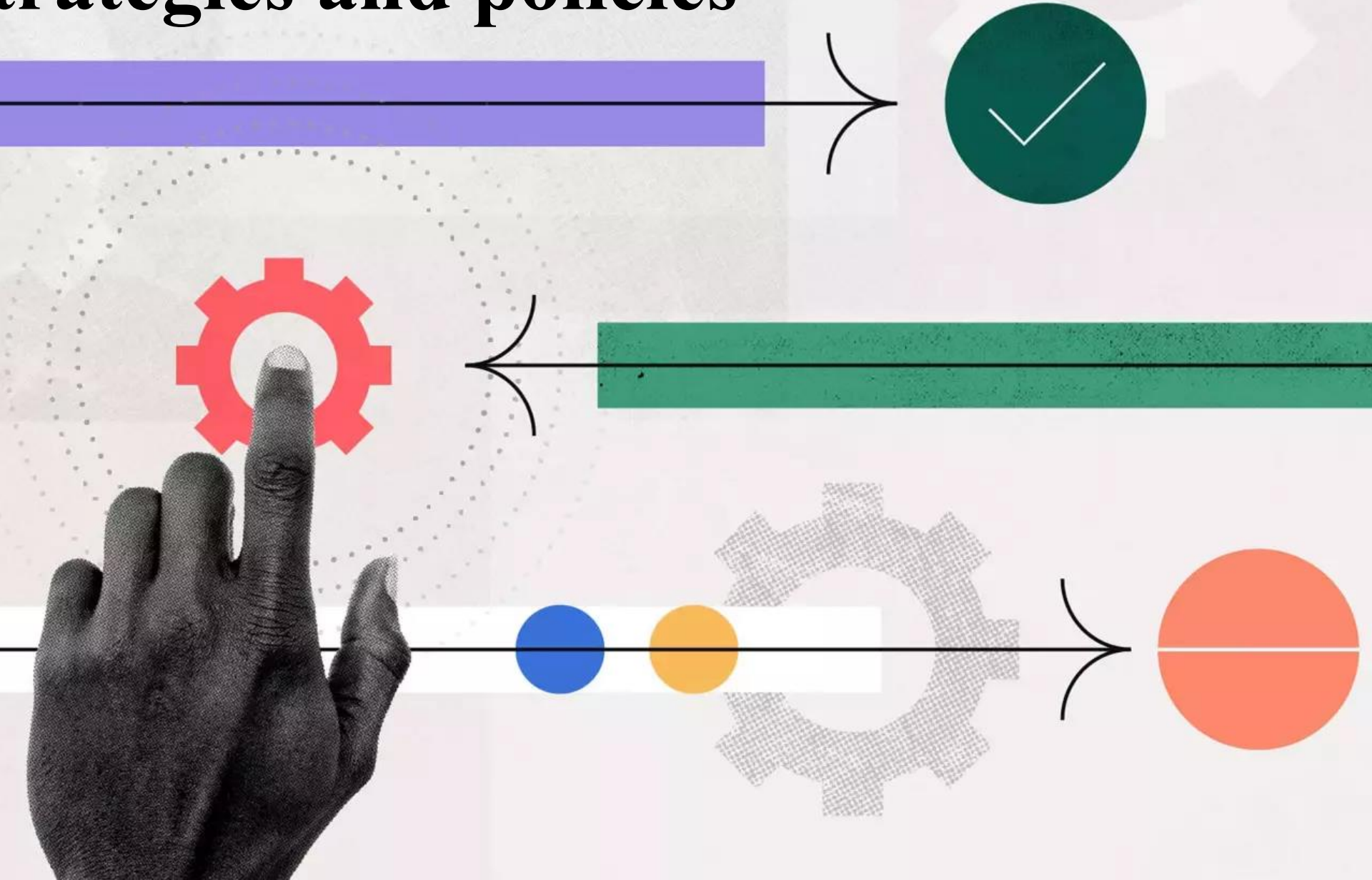


# strategies and policies



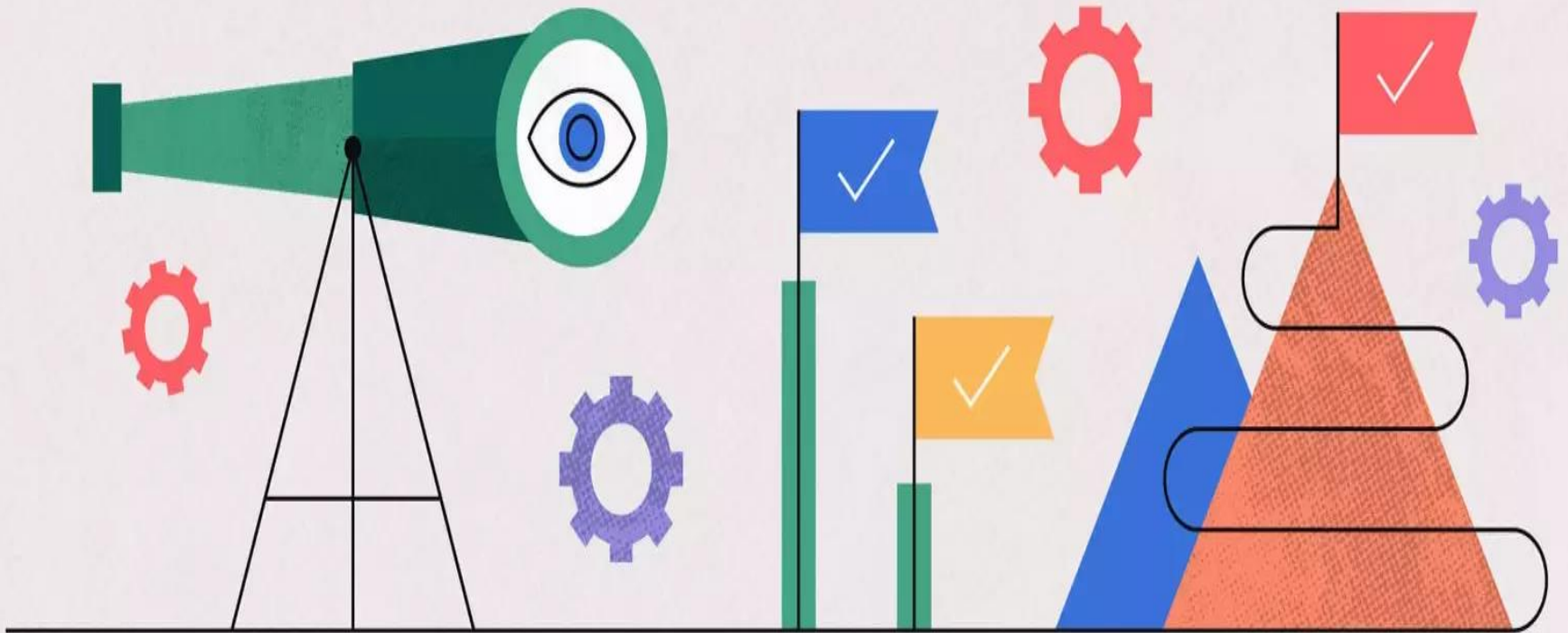
## **Strategies and policies**

- Strategic planning (concept types and process) and its models
- TOWS matrix
- Porter's generic competency model
- Forecasting
- Decision making nature types
- Scope of managerial decision-making process models of decision-making process.
- Models of decision-making policy its types principles of policy formulation.

# What is Strategic Planning? What are the Steps Involved in Creating a Strategic Plan?



# What is a strategic plan?



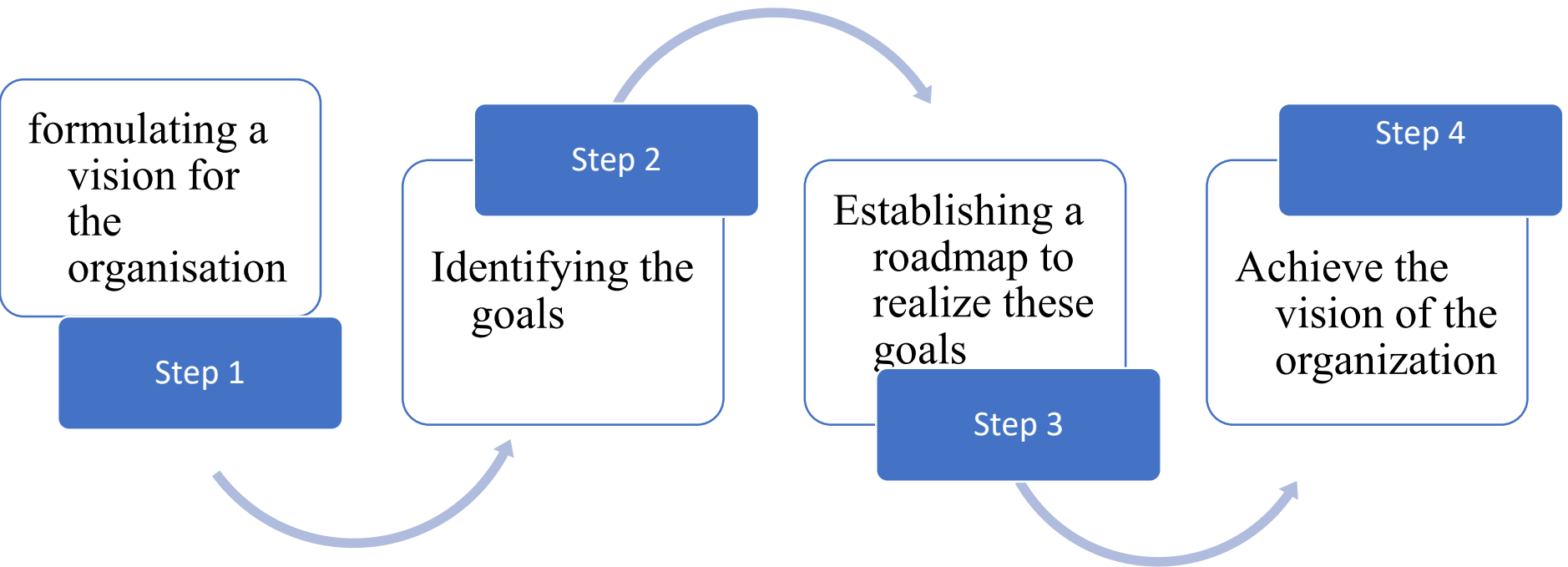
A strategic plan is a tool to define **where your organization wants to go and what actions** you will take to achieve those goals.

# What is strategic planning?

Strategic planning is the process of formulating a vision for the organization, identifying the goals and establishing a roadmap to realize these goals and achieve the vision of the organization.

It focuses solely on mid-to long-term goals that can be attained over a long period of time, rather than determining details such as short-term goals, project planning and daily activities of the organization.

# Strategic planning is the process



# Types of Strategic Plans

01

## Business strategy

Business strategy involves creating vision and mission statements based on external factors such as market conditions and business environment, formulating broader organizational objectives and allocating all kinds of resources for the successful fulfillment of the business objectives.

02

## Corporate strategy

Corporate strategy lays down the guidelines for the functioning of the organization. It organizes the business structure and processes that help the leadership make all the teams and individuals across all hierarchies of the organization work in synergy and realize everyone's potential.

03

## Functional strategy

Functional strategy is all about laying out processes and guidelines at department level. They are a smaller component of the broader corporate strategy.

## Types of strategic plans

Strategic planning is carried out in three different areas. Strategic plans can be categorized into:

1. **Business strategy:** A strategic plan around the business involves creating vision and mission statements based on external factors such as market conditions and business environment, formulating broader organizational objectives and allocating all kinds of resources for the successful fulfillment of the business objectives. It also involves assessing the strengths of the organization and identifying avenues of innovation, predicting the potential opportunities that may arise in the future, and devising ways to achieve growth and competitive advantage in the long run.
2. **Functional strategy:** Functional strategy is about laying out department-level processes and guidelines, which are a minor component of the broader corporate strategy.

### 3. Corporate strategy:

- A strategic plan that is built around the corporate lays down the guidelines for the functioning of the organization.
- It organizes the business structure and puts in place the processes that help the leadership make all the teams and individuals across all hierarchies of the organization work in synergy and realize everyone's potential.
- Example Some organizations have a dedicated innovation team to solve problems and come up with ideas that address the target audience's pain points. They do not have exact time frames to come up with ideas. The innovative ideas and concepts they come up with are discussed with the R&D team to refine the ideas and incorporate those innovations into a proof of concept/prototype. They finally reach out to the product team to create a financially viable, marketable product. Due to the nature of their work, these three teams operate at different speeds, timelines and with varying budget constraints.

- A corporate strategic plan connects them through well-defined processes and policies to work together, produce outcomes notwithstanding their differences, and release successful products at the right time to meet the organization's overall objectives. Using an agile OKR process to drive the corporate strategy will help bridge the strategy execution gap.

## Key Components of a strategic plan

A strategic plan may include various components and documents such as:

- **Vision** statement that states the purpose of the organization
- **Mission** Statement that denotes the aspirations and values of the organization
- **Objectives** the organization collectively wants to achieve
- **Elevator** pitch to clarify your action plan and the impact you want to make
- **A SWOT** analysis that defines the strengths, weaknesses, opportunities and threats of the organization

KPIs by which you measure the performance of your strategy and goals

- **Industry Analysis** - that presents the current state of the business environment, market conditions, socio-political and economic factors relevant to your business, your competitors and their SWOT analysis.
- **Operations Plan** - which lists out operations, activities and tasks required to be completed by every team to meet the objectives.
- **Financial projections** - that depict your current financial data and projections of the future potential.
- **An executive summary** - that summarizes the report and shows a glimpse of the strategic plan.

## Benefits of strategic planning

1. strategic planning helps to prepare for the future
2. Strategic planning unites the workforce with a common goal
3. A strategic plan helps to maintain focus
4. Strategic plan helps you innovate
5. Strategic plan gives you the competitive advantage
6. Strategic planning makes the organization productive and efficient
7. Strategy planning keeps motivation levels high

## Key steps involved in the strategic planning process?

- Analyzing the relevance of the current strategic plan
- Developing a new/revised strategic plan
- Implementing the strategic plan
- Evaluating and revising the strategy

The strategic plan of an organization may also be reviewed and modified in the event of:

- Changing market conditions that demand taking a new direction
- The emergence of new industry standards, legal requirements, and regulations
- Acquiring another company and merging its workforce and product portfolio
- Expanding the business with new product launches
- Venturing into a new branch of the business
- Making changes in the organization's leadership

# What Are the Types of Strategic Planning?

- SWOT Analysis.
- PEST Model.
- OKRs (Objectives and Key Results)
- Porter's Five Forces.
- VRIO Framework.
- Gap Planning.
- Balanced Scorecard (BSC)
- Blue Ocean Strategy.

## SWOT analysis framework

One of the most popular strategic planning frameworks is the SWOT analysis. A SWOT analysis is a great first step in identifying areas of opportunity and risk—which can help you create a strategic plan that accounts for growth and prepares for threats.

SWOT stands for strengths, weaknesses, opportunities, and threats. Here's an example:

# SWOT analysis example

## Strengths

- What do we do well?
- What's unique about our organization?

### **Customer service:**

Our customer service is world-class compared to our competitors seeing as we have an NPS score of 90.

## Weaknesses

- What could be improved?
- What resources could improve our performance?

### **E-commerce visibility:**

Our website visibility is low due to our lack of marketing budget, with transactions continuing to decrease.

## Opportunities

- Are there market gaps in our services?
- What are our goals this year?

### **Marketing campaign:**

In order to improve e-commerce visibility, we'll run ads on Youtube, Facebook, and Instagram.

## Threats

- Are there industry changes?
- What new market trends are on the horizon?

### **New competitor:**

With a new e-commerce competitor set to launch within the next month, we could see a decline in customers.

# TOWS Matrix

TOWS Matrix can be interpreted as a framework to assess, create, compare, and finally decide upon business strategies.

- It is a modified version of a SWOT analysis and is an abbreviation that stands for Threats, Opportunities, Weaknesses, and Strengths.
- It was invented by an American business professor called [Heinz Weirich](#) in 1982 to examine businesses from a practical approach in reference to administration and marketing.
- The evaluation is done by amalgamating the external opportunities and threats with a company's internal strengths and weaknesses.

## Steps of TOWS Analysis

Basic steps of TOWS analysis procedure are as follows:

- Identification of enterprise profile (industry, customers, needs, trends), strategic goals (mission and vision of managers) and resources of organization (financial, material, employee, knowledge and information) (Krzysztof Wozniak, 2018)
- Identification of the external environment to the organization (external factor influencing its strategy, political, legal, economics, technology, social and cultural, ethical) (Krzysztof Wozniak, 2018)
- Forecasting possible changes of environment and its influence on organization (scenario analysis, trends, perspectives) (Krzysztof Wozniak, 2018)



- Audit and assessment of internal resources of the organization to identify weaknesses and strengths (Krzysztof Wozniak, 2018)
- Preparation of interaction matrix between TOWS factors, and indicating best alternative strategies (Krzysztof Wozniak, 2018)
- Evaluation of alternative strategies, evaluating feasibility of various possible actions, choice of best strategies (Krzysztof Wozniak, 2018)
- Testing internal consistency of identified portfolio of strategies (in relation to competition and environment) (Krzysztof Wozniak, 2018)
- Preparation of contingency plans in case of failure of the undertaken actions (Krzysztof Wozniak, 2018).

	<b>External Opportunities (O)</b> 1. 2. 3.	<b>External Threats (T)</b> 1. 2. 3.
<b>Internal Strengths (S)</b> 1. 2. 3.	<p style="text-align: center;"><b>SO</b> <i>'Maxi-Maxi' Strategy</i></p> <p style="text-align: center;">Strategies that use <b>strengths</b> to maximise <b>opportunities</b>.</p>	<p style="text-align: center;"><b>ST</b> <i>'Maxi-Mini' Strategy</i></p> <p style="text-align: center;">Strategies that use <b>strengths</b> to minimise <b>threats</b>.</p>
<b>Internal Weaknesses (W)</b> 1. 2. 3.	<p style="text-align: center;"><b>WO</b> <i>'Mini-Maxi' Strategy</i></p> <p style="text-align: center;">Strategies that minimise <b>weaknesses</b> by taking advantage of <b>opportunities</b>.</p>	<p style="text-align: center;"><b>WT</b> <i>'Mini-Mini' Strategy</i></p> <p style="text-align: center;">Strategies that minimise <b>weaknesses</b> and avoid <b>threats</b>.</p>

<p>Internal factors</p> <p>External factors</p>	<p>Strengths (S)</p> <p>S1 Many experienced professionals working withing the organisation; knowledge and expertise</p>	<p>Weaknesses (W)</p> <p>W1 Little initiative regarding customer acquisition</p>
<p>Opportunities (O)</p> <p>O1 Desire from educators for partnerships with organisations for apprenticeship positions</p>	<p>S-O strategies</p> <p>S1-O1 Partnering up with educators by offering apprenticeship positions</p>	<p>W-O strategies</p> <p>W1-O1 Presenting the company as an accredited apprenticeship provider</p>
<p>Threats (T)</p> <p>T1 Increasing competition from cheaper Polish workers</p>	<p>S-T strategies</p> <p>S1-T1 Emphasize that workers have accredited diplomas to comply with legal and safety requirements</p>	<p>W-T strategies</p> <p>W1-T1 Offer maintenance service by apprentices at reduced rates</p>

While SWOT analysis, puts the emphasis on the internal environment (your strengths and weaknesses), TOWS forces you to look at your external environment first (your threats and opportunities).

## Porter's generic competency model

Porter called the generic strategies "Cost Leadership" (no frills), "Differentiation" (creating uniquely desirable products and services) and "Focus" (offering a specialized service in a niche market). He then subdivided the Focus strategy into two parts: "Cost Focus" and "Differentiation Focus."

### **The Five Generic Competitive Strategies**

- Overall low-cost provider strategy.
- Focused low-cost strategy.
- Broad differentiation strategy.
- Focused differentiation strategy.
- Best-cost provider strategy.

# Porter's generic competency model

## Strategic advantage

Low cost

Product uniqueness

Strategic target

Broad  
(industry wide)

Cost leadership  
strategy

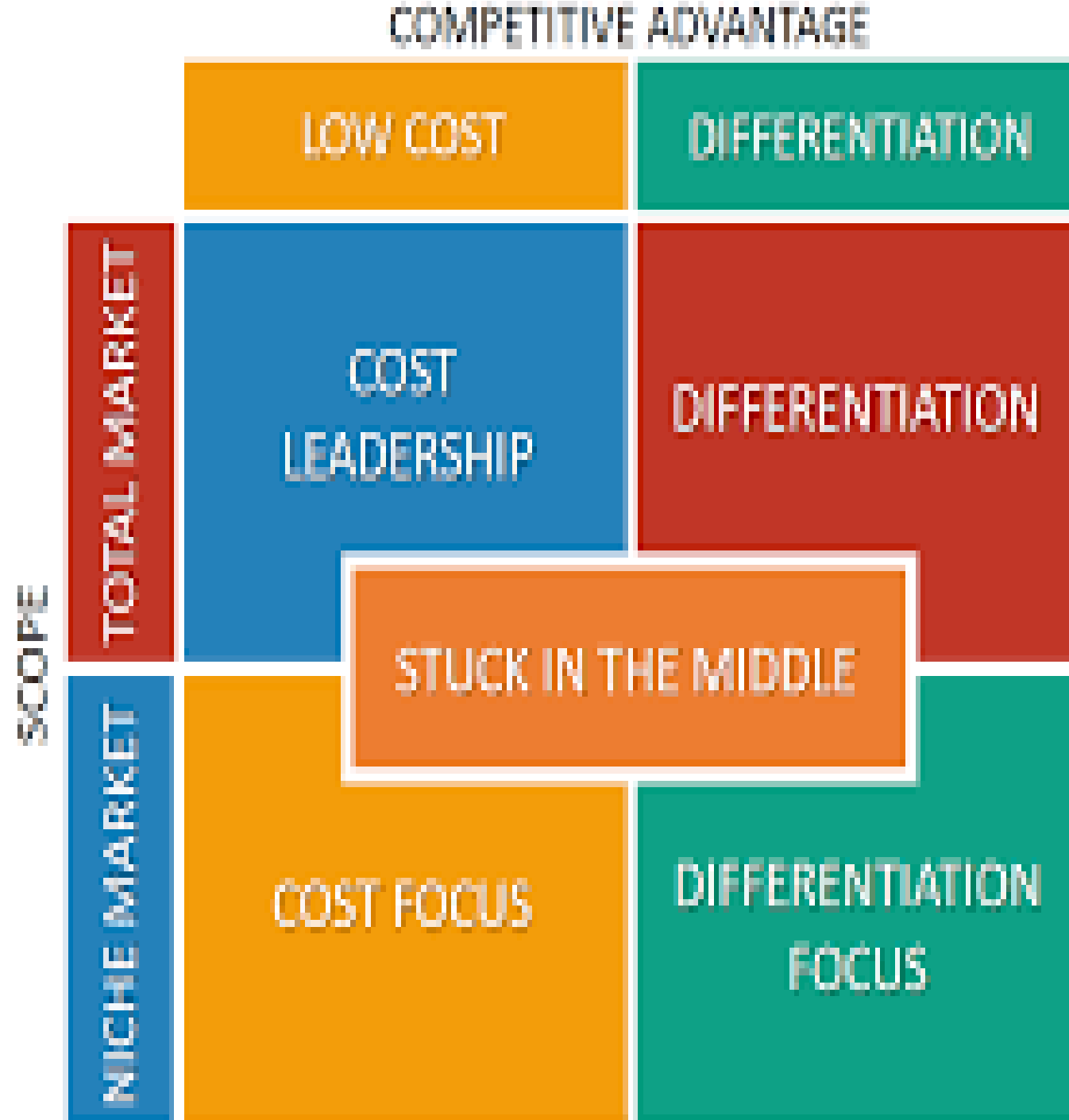
Differentiation  
strategy

Narrow  
(market segment)

Focus strategy  
(low cost)

Focus strategy  
(differentiation)





**Step 1-** Do a **SWOT analysis** for your business. This will clarify your strengths and weaknesses as well as highlight opportunities and threats.

**Step 2-** Try to truly grasp the market of your industry. This can be done, for example, through the **Five Forces Analysis**, a model also developed by Michael Porter, designed to determine profit potential. The 5 forces that influence this are:

- the (power of) suppliers;
- the (power of) the customers;
- the availability of comparable products;
- the threat of new entrants;
- and internal competition.

**Step 3** – Compare your **SWOT analysis** with the outcomes of step 2. For each of Porter's strategies, ask yourself how you might use that strategy to influence the previously mentioned **five forces**. On that basis, determine which strategy offers you the best starting point (and profit potential).

# FORECASTING

## INTRODUCTION

*In simple terms forecasting means, “estimation or prediction of future”.* The prediction of outcomes, trends, or expected future behavior of a business, industry sector, or the economy through the use of statistics. Forecasting is an **operational research** technique used as a basis for management planning and decision making.

# Meaning

- Forecasting is a systematic guessing of the future course of events.
- Forecasting provides a basis for a planning.
- According to fayol, forecasting includes both assessing the future and making provision for it.

# DEFINITION:

Webster's new collegiate dictionary defines that, "A forecast is a prediction and its purpose is to calculate and predict some future events or condition."

Allen L.A., "forecasting is a systemic attempt to probe the future by inference from known facts."

Neter & Wasserman, "business forecasting is refers to a statistical analysis of the past and current movements in the given time series so as to obtain clues about the future pattern of these movement."

# Features of forecasting

- It is concerned with future events.
- It is necessary for planning process.
- The impact of future events has to be considered in the planning process.
- It is a guessing of future events.
- It considers all the factors which affect organizational functions.
- Personal observation also helps forecasting.

# Process of forecasting

1. Thorough preparation of foundation

The very purpose of thorough preparation of a foundation is that the forecasting is based on the foundation.

2. Estimation of future

The brightness of future period can be estimated in consultation with the key personnel & it may be communicated to all the employees of the business unit.

## Cont....

### 3. Collection of results

Relevant records are prepared & maintained to collect the result.

### 4. Comparison of results

The actual results are compared with estimated results to know deviations. This will help the management to estimate the future.

### 5. Refining the forecast

The forecast can be refined in the light of deviations which seem to be more realistic.

# Importance of forecasting

## 1. Pivotal role in an organization:-

Many organizations have failed because of lack of forecasting or faulty forecasting. The reason is that planning is based on accurate forecasting.

## 2. Development of a business:-

The performance of specified objectives depends upon the proper forecasting. So the development of a business or an organization is fully based on the forecasting.

# Cont...

## 3. Co-ordination:-

Forecasting helps to collect the information about internal and external factors. Thus collected information provides a basis for co-ordination.

## 4. effective control:-

Management executive can ascertain the strength and weaknesses of sub-ordinates or employees through forecasting.

## 5. Key to success:-

All business organizations are facing risks. Forecasting provides clues and reduce risk and uncertainties. The management executives can save the business and get success by taking appropriate action.

## Cont...

### 6. Implementation of project:-

Many entrepreneurs implement a project on the basis of their experience .Forecasting helps an entrepreneur to gain experience and ensures him success.

### 7. Primacy to planning:-

The information required for planning is supplied by forecasting. So, forecasting is the primacy to the planning.

# Advantages

- Effective handling of uncertainty
- Better labor relations
- Balanced work-load
- Minimization in the fluctuations of production
- Better use of production facilities
- Better material management
- Better customer service
- Better utilization of capital and resources
- Better design of facilities and production system.

# Limitation

- Forecasting is to be made on the basis of certain assumptions and human judgments which yield wrong result.
- It can not be considered as a scientific method for guessing future events.
- It does not specify any concrete relationship between past and future events.
- It requires high degree of skill.
- It needs adequate reliable information so difficult to collect reliable information.
- Heavy cost and time consuming.
- It can not be applied to a long period.

# Methods of forecasting

There are mainly two methods:



Let's see some of the methods

# Methods of forecasting

Survey method

Regression analysis

Time series analysis

Business Barometers

Delphi Method

Input - output analysis

Methods  
of  
forecasting

# METHODS

## 1. Regression Analysis:-

Regression analysis is used to find out the effect of changes of the relative movements of two or more inter-related variables. In the modern business conditions and situations ,number of factor are responsible for the changes made in the variables.

For example , if we take two inter related variables viz. cost of production and profit ,there will be a direct relationship prevailing between this two variables. It is possible to have an estimate of profit on the basis of cost of production ,provided other things remain the same.

## 2. Business barometer:-

Index numbers are used to measure the state of condition of business condition between two or more periods. Business trend, seasonal fluctuations of a business and cyclical movements are studied with the help of index numbers.

## 3. Input and output analysis:-

Under this method, a forecast can be made if the relationship between input and output is known. At the same time, the input requirements can be forecast of the basis of output. In other words, input can be determined on the basis of need of output.

4. Survey method:-

Field survey can be conducted to collect information regarding the attitude of people.

5. Time series analysis:-

This method is quite accurate where future is expected to be similar to the past. Time series analysis can be applied. Only when the data are available for a long period of time.

## 6. Delphi method:-

Rand corporation has developed the Delphi method initially in 1969 to forecast the military events. Then, it has been applied in other areas also.

Delphi method is useful when past data are not available and where the past data don't give an indication for the future events.

# DECISION MAKING



*"Be sure you are right -- then  
go ahead."*

**Davy Crocket.**



**DECISION MAKING**



# TERMINOLOGIES

- **CRITICAL THINKING** – The ability to question philosophically and exercise careful judgement when evaluating a situation.



**DECISION:** a conclusion or resolution reached after consideration

- **PROBLEM SOLVING** – A process whereby a dilemma is identified and corrected.
- **CREATIVITY** – Intellectual inventiveness.
- **SATISFICING** – A decision making strategy whereby the individual chooses a less than ideal alternative that meets minimum standards of acceptance.



# A Challenge

**Please write a One Sentence  
Definition of  
DECISION MAKING.**



# Definition

## Decision Making:

*The process of examining your possibilities options, comparing them, and choosing a course of action.*



# DEFINITION



## Decision & Decision Making

A decision is a choice made between two or more available alternatives. Decision making is the process of choosing the best alternative for reaching objectives.

(Samuel C. Certo, 2003)

Decision making can be defined as a process of choosing between alternatives to achieve a goal. It is the process by which an individual chooses one alternative from several to achieve a desired objective.

(Manmohan Prasad, 2003)


# **The Decision-Making Process**

Programmed Decision - a simple, routine matter for which a manager has an established decision rule


Nonprogrammed Decision - a new, complex decision that requires a creative solution

# The Decision- Making Process


Recognize the problem and  
the need for a decision



Identify the objective of  
the decision



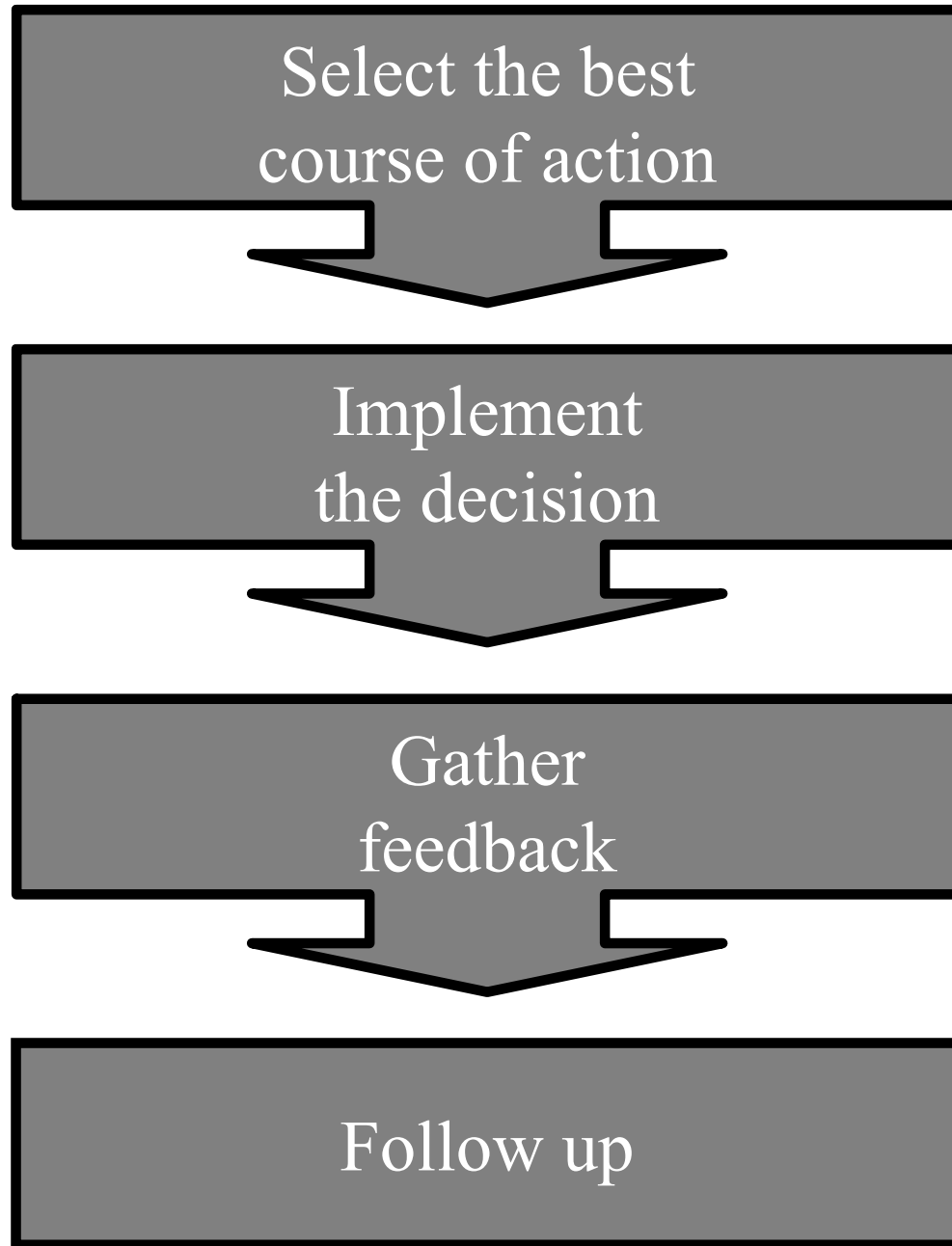
Gather and evaluate data  
and diagnose the situation



List and evaluate  
alternatives



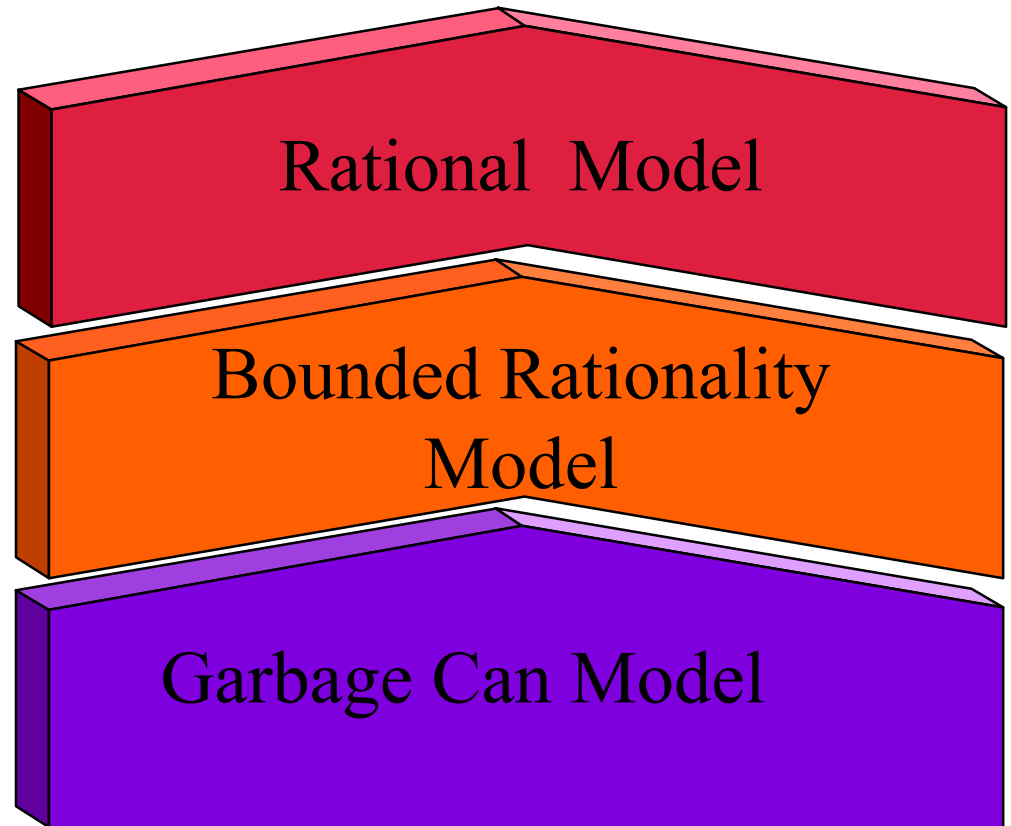
# The Decision- Making Process



# Models of Decision-Making

## Effective decision

A timely decision that meets a desired objective and is acceptable to those individuals affected by it





## Rational Model

**Rationality – A logical, step-by-step approach to decision making, with a thorough analysis of alternatives and their Consequences.**

1. The outcome will be completely rational
2. The decision maker uses a consistent system of preferences to choose the best alternative
3. The decision maker is aware of all alternatives
4. The decision maker can calculate the probability of success for each alternative

# Factors influencing rational decision making

- Impossible to state the problem accurately
- Not fully aware of problem
- Limited time and resources
- Imperfect knowledge
- Cognitive limits
- Politics



## Bounded Rationality Model

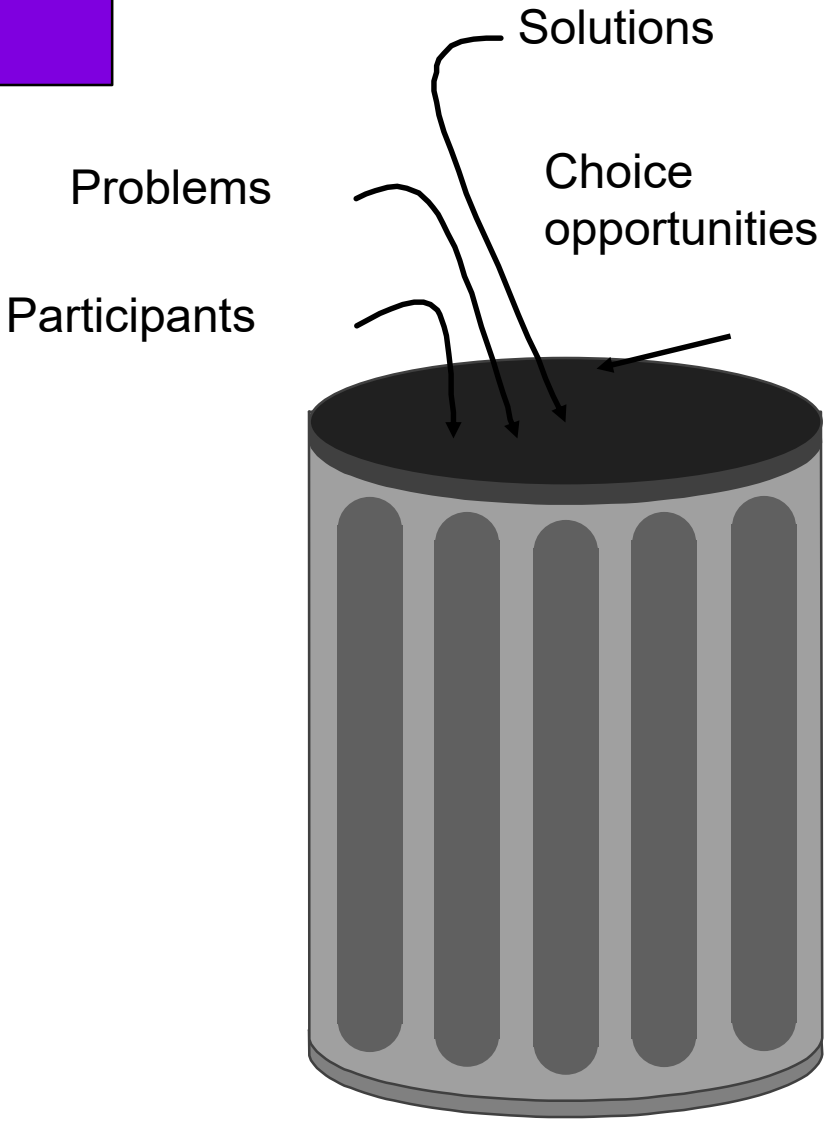
**Bounded Rationality - a theory that suggests that there are limits upon how rational a decision maker can actually be**

1. Managers suggest the first satisfactory alternative
2. Managers recognize that their conception of the world is simple
3. Managers are comfortable making decisions without determining all the alternatives
4. Managers make decisions by rules of thumb or heuristics

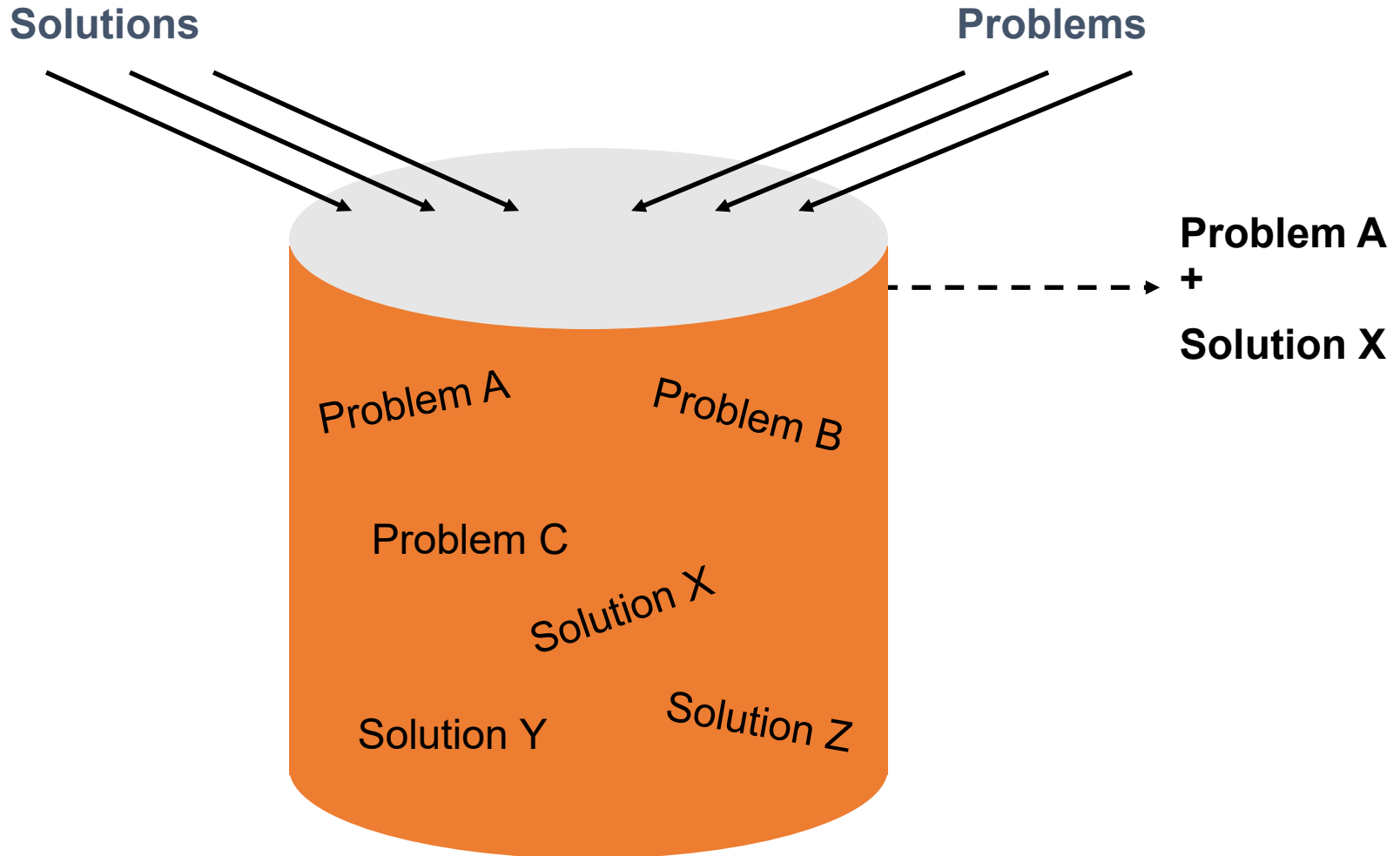
# Garbage Can Model

## Garbage Can Model -

A theory that contends that decisions in organizations are random and unsystematic



# Problems Randomly Attach to Solutions in the “Garbage Can”



# Making Effective Decisions

## Factors:

- Perception.
- Priority.
- Acceptability.
- Risk.
- Resources.
- Goals.
- Values.
- Demands.
- Style.
- Judgement.



# Six C's of Decision Making

- ⇒ 1. Construct.
- ⇒ 2. Compile.
- ⇒ 3. Collect.
- ⇒ 4. Compare.
- ⇒ 5. Consider.
- ⇒ 6. Commit.



# Six C's of Decision Making

- ⇒ **Construct** a clear picture of precisely what must be decided.
- ⇒ **Compile** a list of requirements that must be met.
- ⇒ **Collect** information on alternatives that meet the requirements.



# Six C's of Decision Making

⇒ **Compare** alternatives that meet the requirements.



⇒ **Consider** the "what might go wrong" factor with each alternative.

⇒ **Commit** to a decision and follow through with it.





**DECISIONS**

# Types of Decisions

1. Basic Decision or Strategic Decisions

2. Administrative Decisions

# Types of Decisions

3. Organisational or  
Personal Decisions

4. Policy of  
Decisions

# Types of Decisions

5. Individual &  
Group  
Decisions

6. Routine  
Decisions

7. Adaptive  
Decisions

# 1. Basic Decision or Strategic Decisions

- All basic decision is strategic decisions involving large range commitments and large investments.
- Slight or small mistakes in these decisions would seriously injure the entire organizations.



## 2. Administrative Decisions

- **Herbert Simon** had classified all decisions in two classes;

- **Programmed decision:**

It involves organizations which can develop specific process for handling these decision.

- E.g. standing operating procedures and policies.

- **Non – Programmed Decisions:**

They relate to general problem solving process. They involve judgment, intuition and creativity.



### 3. Organisational or Personal Decisions

- Organizational decisions reflect company policy. They can be delegated or transferred to others.
- While personal decisions refer to those made by a manager as an individual and these can't be delegated.



## 4. Policy of Decisions

- Policy decisions are taken by the top, management.
- e.g. the declaration of bonus in a company is a policy matter which is to be decided by the top ,management while calculation and distribution of bonus is an operating decision which is taken at the lower levels.



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## 5. Individual & Group Decisions

- The decisions taken by the an individual in the organization is known as individual decisions
- Group decisions refer it the decisions which are taken by a group of organizational members (board directors, committer of experts)



## 6. Routine Decisions

- The type of decisions made when problems are relatively well defined and common & when established rules, policies and procedures can be used to solve them.



## 7. Adaptive Decisions

- The type of decisions made when problems and alternative solutions are somewhat unusual and only partially understood.



# Characteristic of Decision Making Process

- From various courses of action, it is a process of choosing a particular course of action.
- It is a human process which involves the application intellectual abilities.
- It is a rational process which is proceeded by deliberation and reasoning. It may also be called as end process.



# Characteristic of Decision Making Process

- It is always related to situation in which a manager may take one decision in a particular set of circumstances and another in a different set of circumstances.
- This involves certain specific purpose in which these may just be decisions not to decide.



# PHASES OF DESIGN MAKING

INTELLIGENT  
ACTIVITY



DESIGN  
ACTIVITY



CHOICE  
ACTIVITY



**TECHNIQUES OR BASIS FOR  
DECISION MAKING**



# TECHNIQUES OR BASIS OF DECISION MAKING

**1.INTUTION:**Decision making by intuition is characterized by inner feeling of the person. He takes a decision as per the dictates of his conscious

**2.FACTS :**It is considered to be the best basis of decisions making. Such decisions will be sound and proper

**3.Experience** : Past experience of a person becomes a good basis for taking decisions. When a similar situation arises the manager can rely on his past decisions and takes similar decisions.

**4.Operations research**: It helps managers by providing scientific basis for solving organized problems involving interaction of components of the organization.

**5.Values** : Being confused and unclear about one's values may affect decision-making ability. Overcoming a lack of self-awareness through values clarification decreases confusion.

**6.Individual Preference** : Overcoming this area of vulnerability, involves self-awareness, honesty and risk taking.



# QUALITIES OF MANAGER



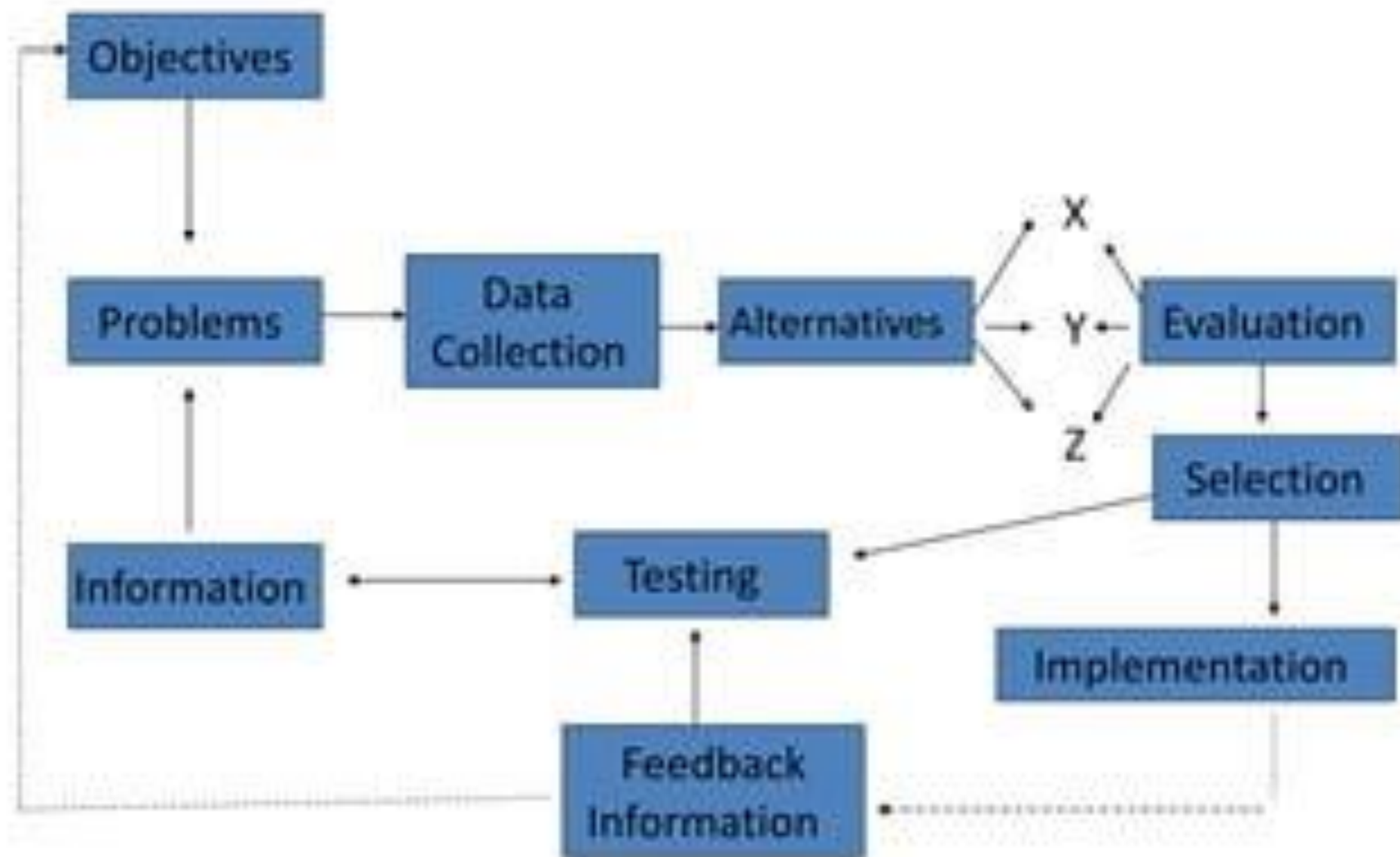
# QUALITIES OF MANAGER



## **STAGES OF DECISION MAKING PROCESS**



# Decision Making Process



# DECISION MAKING MODELS



WHO?

WHAT?

WHERE?

WHEN?

WHY?

HOW?

# Gathering Ideas

- Brainstorming
- The Nominal Group Technique
- The Affinity Diagram (Jira Kawakita)
- The Delphi Method
- Electronic Meetings



# What is Management by Exception?

- Management by Exception is an employee empowerment and management style, policy or philosophy wherein **managers intervene only when their employees fail to meet their performance standards or when things go wrong.**
- The idea behind it is that management's attention will be focused only on those areas in need of action
- If the personnel are performing as expected, the manager will take no action.
- MBE normally involves substantial delegation by the manager to his team.

## **MBE Illustrated with Example**

- The MBE is similar to the vital signs monitoring systems in hospital critical care units (ICUs).
- When one of the patient's vital signs goes outside the range programmed into the machine, an alarm sounds and staff runs to the rescue.
- If the machine is quiet, it's assumed that the patient is stable, and they will receive only regular staff attention.

# How is MBE Implemented

• These are the critical things that must be in place to make MBE work:

1. **An appropriate budget to measure performance against.** This budget must be well designed, so that the business will meet its strategic objectives if the plan is conformed with.
2. **A matrix of exception amounts and who will be notified.** In some cases, different levels of variance will be brought to the attention of different levels of management. *E.g. a Rs.5,000 variance might be reported to a department manager, while a Rs. 50,000 variance is brought to the attention of the functional V.P.*
3. **A timely and accurate reporting system.** Information needs to be accurately captured and compared to the overall budget on a regular basis. Exceptions need to be noted so that information can be sent to the correct team members.

**Once these items are present, the process can be rolled out to all staff. Anything that falls outside the budget by an amount as defined in the matrix of exceptions will be sent to the appropriate level(s) of management for review and action. Otherwise, staff is in charge of decision making.**

## Advantages of MBE

Some advantages of MBE would include:

- The process focuses management time and attention on the most critical variances, which should be a more efficient use of time.
- The process allows staff to handle daily operations per the business plan independent of management; managers only step in when variances reach the threshold. This should give management more time for other functions, such as strategic planning.

# Disadvantages of MBE

Some disadvantages of MBE would include:

- Process assumes the budget is well designed, and that there are no issues that need to be addressed if results match the budget.
- The process assumes staff cannot handle variances; instead management must be brought in.
- The process assumes that management's attention should be focused on 'mistakes'. When staff manages to the defined plan, nothing happens. When things vary, management swoops down to fix them. This can be very un-motivating to staff.