CHAPTER 1: USING OBJECTIVES AND STRATEGIES

BUSINESS OBJECTIVES

Corporate objectives

- Designed to enable a business to achieve its aims or mission.
- Set in order to coordinate business activity and give a sense of direction to the organisation as a whole.
- Govern setting of functional objectives and provide a mechanism for ensuring that authority can be delegated without lots of coordination.

Functional objectives

- Set for each division/department of a business.
- Designed to ensure the business achieves its corporate objectives.
- Set to coordinate the activities, give a sense of direction and guide the actions of the division or department.

Relationship between corporate objectives and functional objectives

- Corporate objectives vary from firm to firm, depending on the size of the business and the legal structure.
- Corporate objectives and their contributing functional objectives might include:

Survival: minimum levels of sales and sales revenue, appropriate levels of stock and the required number of experienced/well-trained staff.

Profit maximisation: effective marketing in order to increase sales proving profit margins by minimising costs, effective utilisation capacity, reducing staff pure and absenteeism.

Growth maximisation: increasing market share retaining profit in order to finance growth, increasing capacity by expanding the (II) has of sites, recruiting more staff and improving training provision.

Diversification development of the flaces, raising additional finance via appropriate and cost effective sources, achieving economies of scale, ensuring effective communication between different production sites.

SMART objectives.

Specific: clearly and easily defined

Measurable: quantifiable

Agreed: managers and subordinates are involved in setting the targets

Realistic: achievable and not in conflict with other objectives

Time bound: based on an explicit timescale

- This is necessary to assess the extent to which an objective has been achieved and to ensure people are clear about what they are trying to achieve.
- If unrealistic they can be demotivating and counterproductive.
- -Objectives agreed by the whole workforce are more likely to be achieved than imposed ones.

BUSINESS STRATEGIES.

- Objectives form the basis for decisions on strategy.
- Strategies are medium to long-term plans that will allow a business to achieve its objectives.
- Include details of what it is to be done and the financial, production and personal resources required to implement the plans.