

# [A look into halliburton’s planning strategies](https://assignbuster.com/a-look-into-halliburtons-planning-strategies/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/)

What began in 1919 after borrowing a wagon, some mules and a mixer, has become a successful business by focusing on innovation and expansion. This paper will evaluate the management planning process within Halliburton and the four types of planning, and discuss the issues of legal, ethics, and corporate social responsibilities that impact the management planning processes. Planning at Halliburton. Planning is the primary management function that formalizes an organization goal.

Each plan starts with a mission or vision and Halliburton’s vision is, “ To be welcomed as a good corporate neighbor in our communities; to do no harm to the environment; to provide demonstrable social and economic benefits through sustainable relationships, sustainable technology and sustainable sourcing; and to validate our progress through transparency and reporting” (Halliburton, 2009). Their vision statement clearly defines how they plan to do business and work with the environment and surrounding communities.

There are four different types of planning in management, strategic planning, tactical planning, operational planning, and contingency planning. Strategic planning. Strategic planning involves making decisions about the long-term goals and strategies of the organization. The long-term goal of Halliburton is to expand in the global market to help benefit any stockholders and surrounding communities.

Halliburton strategic plan is to continue to expand towards the Middle East and surrounding areas, where state-owned oil companies represent growing source of business (Sourcewatch, 2009). One factor that has influenced them to move to the Middle-East are the changes in the industry both competitively and resourceful. With many major oil and gas businesses moving to the Middle-East to take advantage of tax havens and enriched fields, Halliburton found it necessary to stay competitive and follow the crowd. In 2006 Halliburton reported that 38 percent of the 13 billion dollars in oil field revenues were generated from the eastern hemisphere. Tactical planning.

Tactical planning translates broad strategic goals and plans into specific goals and plans that are relevant to a definite portion of the organization. Tactical planning focuses on the actions needed to be taken in order to reach the final goal of the strategic plan. To reach the goal of global expanding and making profit in the eastern hemisphere Halliburton created a new corporate headquarters. In 2007 they opened new headquarters in Dubai, the United Arab Emirates, a region more heavily weighted in oil exploration and production opportunities according to CEO, Dave Lesar (Halliburton 2009).

Another factor that can have an influence in Halliburton planning strategies is the resources in the Middle East. Partly due to the fact that the land has not been tapped into as much as the North American lands have.

Creating more areas to search and find new sites to drill and research. Operational planning. Operational planning identifies the specific procedures and processes required at lower levels of the organization. Over the last several years, an increasing amount of Halliburton’s business has shifted to places like Kuwait, Russia, Libya, Australia, Vietnam, and west and central Africa.

Halliburton is expanding eastward to provide new manufacturing capacity, move closer to key markets, and help reduce the costs of moving materials, products, tools, and people (New York Times, 2007).

Contingency Planning. Contingency plans are “ what if” plans. It is the reaction to the actions of the initial plan if it does not go accordingly. Budgeting is another factor that might influence the planning strategies of the company. Lesar claims in the 2009-second quarter report that they have taken careful steps to control costs and improve financial flexibility Halliburton 2009).

By executing their strategy of maintaining disciplined investments has ensured them that they will be in a good position to duplicate the same profits as they did the year before. Legal Issues. Many major companies experience lawsuits from competitors, employees, and the community. These lawsuits have a direct affect on the way a company runs, or plans to run their organization. Halliburton is one of many companies experiencing these lawsuits on a very public stage costing the company billions of dollars.

In 2006 charges had been brought against Halliburton and their former subsidiary Kellogg, Brown, and Root (KBR), for bribing Nigerian officials between 1994 – 2004 to secure four contracts for a KBR joint venture to build and expand Nigeria’s Bonny Island liquefied natural gas terminal. In February of 2009 KBR pleaded guilty to violating the Foreign Corrupt Practices Act (FCPA) and Halliburton and KBR was ordered to pay $402 million in fine by the United States justice department.

In a separate hearing Halliburton will pay $177 million after reaching an agreement with the Securities and Exchange Commission to pay criminal parallel charges for the violating the FCPA. Ethical Standards. At the end of the day many companies would like to say that their employees ended up doing the right thing versus doing the wrong thing. To help employees make the right decision organizations create a company policy, a general statement regarding the legal and ethical practices the company expects the employees to follow including upper management.

Some companies set up hot-lines that keep the employee anonymous to disclose unethical behavior or practices. Halliburton has a Code of Business Conduct that includes ethical procedures regarding bribery, called Commercial Bribery. It is a policy prohibiting commercial bribes, kickbacks and other similar payoffs and benefits paid to any suppliers or customers. Halliburton deemed the charges of bribery of KBR to the three Nigerian officials unethical.

In the end Halliburton separated itself from KBR in March of 2007 in an effort to clear its name of these charges. Halliburton also created a television spot showing that Halliburton supplies hot meals, laundry and telephone links for soldiers in Iraq.

In the ad there is a man dressed in camouflage holding a phone, lips trembling, and shouting, “ It’s a girl! ” (Wanted, 2009). Corporate Social Responsibilities. Devoting time, money, and resources to charitable causes and surrounding communities is vital to an organization success.

By contributing money to local charities and creating job opportunities within the community helps the community embrace the organization and it instills trust in them to trust that any decisions made the organization is acceptable. Halliburton supports primarily tax-exempt non-profit organizations dedicated to education, health, the environment, and health-related community programs (Halliburton, 2009).

In 2008, the company donated more than $2. 2 million to support community initiatives.

They also donated $25 million in volunteer hours to local charities, schools, and civic organizations. Their biggest contribution went to the Donating cutting-edge technology software through Landmark, a staggering $220 million in-kind contributions for software to be used as teaching and study aides for students studying engineering and geosciences (Halliburton, 2009). This contribution gives the students hands on experience on the newest technological advancements in the industry increasing their success for the future.

Planning begins with a vision of what the company is trying to achieve.

Halliburton has a vision of inserting themselves as a major corporation in the oil and gas industry without damaging the economy or surrounding environment. Although Halliburton has a company policy in place to help lead their employees to make good ethical decisions, every company will encounter a worker who goes against the company policy and make an unethical decision. Contributions and charity work can play a major role in the recovery process of the unethical decisions made giving the company a bad reputation.

These events must be planned strategically, tactical, operational, and contingent. After all, planning is the most crucial part to management; it is the function that starts the success of any company.