

Planning 3 case study

Business, Company



After working for a big Accounting firm for six years, Amanda Smith decided to start her own accounting and tax returns firm. Initially she had one employee but the departure of a major competitor signaled an increase in clients and compelled Amanda to employ three more accountants. However, after a few months, complaints on tax returns started troubling Amanda and her company is on the brink of collapse. This paper seeks to make recommendations to Amanda on the five facets of management that she ought to polish up to ensure an upturn in fortunes for Smith's Accounting and tax Returns. The paper will offer Amanda recommendations on; planning, staffing, leading, organizing and controlling.

Planning

Planning is preparing for tomorrow, today (Kutracko, Goodale & Hornsby 2010). Good planning provides direction and unites all the subsystems of an organization (Koontz & O'Donnel 1976). When starting Smith's Accounting and Tax Service, Amanda planned to make her firm the Accounting and Tax Service firm of choice to small businesses and individuals in her community. Targeting small scale businesses and individuals was a pivotal strength for Amanda since small businesses are the majority in most community towns.

The major weakness in Amanda's planning stemmed from her failure to plan for future growth. Amanda business lacked objectives that encompassed opportunities of growth for her business. To remedy this Amanda needs review or rewrite her company's objectives (Koontz & O'Donnel 1976). She ought to state the objectives clearly, precisely and devoid of ambiguity since objectives are the nucleus to any planning (Kuratko, et al 2010). Koontz and

O'Donnel (1976) advise managers to state their objectives in quantitative terms. For instance Amanda can state the number of organizations/businesses/individuals she wishes her company to serve in 10-years time, the number of branches she plans to have opened among others. Moreover, Amanda needs to accommodate the views of her employees when rewriting the objectives. This will enhance acceptability and practicality of the objectives as well as increase chances of achieving them (Kuratko, et al 2010).

As Amanda also needs to factor in the opportunities there are in the industry. The relocation of her competitors, H&R Block and Jackson Hewitt caught her by surprise. She had not planned for the opportunities that may arise as result of reduced competition. In line with this, Amanda needs to broaden the scope of her target market to cater for increased demand of her services. Prior to planning Amanda ought to conduct a market research for opportunities. She can also engage her employees in discussions and brainstorming sessions to determine the potential opportunities.

Amanda needs to establish planning premises top take care of threats to growth of her business. Planning premises are the assumptions managers make on the chances of deviating from the actual plans and the extent of the deviations (Kootnz & O'Donnel 1976). Amanda therefore needs to establish the threats or obstacles to her business. These could include socio-economic and political influences. Planning for unseen circumstances will help Amanda seek various courses of action. She will also be in a position to

determine prioritize primary and secondary goals ensuring that the primary goals remain intact and unaffected by external threats.

Organizing

Organization is the function of management that establishes relationships between activity and authority (Plunkett, Attner & Allen, 2005). As such, organization is at the heart of success or failure of any company.

Organization encompasses preparedness to respond to changing market conditions, employee accountability, pursuance of new strategies and response to customer expectations (Hart & Bogan, 2002). Successful organization begins with thorough, integrated planning and decision making- goals, mission, strategy and tactics. While adequate planning is only the beginning of success, proper organization converts plans into realities (Plunkett et al 2005)

Amanda's organization skills had several flaws. Amanda trusted her employees fully to the extent that she did not see the need to supervise them. She was overly busy with her work ignoring the need to supervise her employees. Lisa assumed that since her employees were qualified CPAs they would know what was expected of them. She assumed her motto would guide the employees the same way it guided her. To revert back to success ways Amanda must be at the heart of organizing what goes on in her company instead of Lisa. She ought to decide what work is needed, assign tasks, and arrange the tasks and employees into a workable framework (Hart & Bogan 2002).

Amanda and her employees met once a week during which each would layout the plans for the week. Amanda ought to continue with this tradition. During the meetings she ought to execute her organizational mandate through a clear process. (1) Identify the activities of the week. (2) Group the activities into Accounting and tax returns (3) Assign the activities to her employees based on their capabilities (4) delegate authority and create responsibilities among the employees (5) Finally she should coordinate the activities of all employees.

Amanda needs to clearly define organization in her firm based of these concepts. First she needs to establish a chain of command. She needs to let the workers know to whom they are answerable. She can do this by establishing whether in the long run her company will be centralized or decentralized. As she starts up, it is imperative that she centralizes operation. This will give her an opportunity to know how each of the accountants is performing.

Amanda needs to establish organizational mechanisms cater for downsizing of the company. This includes organizing on how to shrink the size of the company in terms of number of employees. Moreover, Amanda needs to organize for opportunities to outsource where she will require outside sources to perform some of her business processes. She can for instance concentrate on accounting and outsource another company to do tax returns. This increases proficiency and improves the quality of work (Plunkett et al 2005).

Quality organizing will lead Amanda to first of all enjoy a coordinated working environment devoid of confusions. Secondly her company will achieve the principle of unity of direction where there is a visible authority. Thirdly organization will establish a chain of command in which each employee clearly knows to whom he/she is accountable.

Staffing

Staffing as a function of management encompasses attracting, hiring, training, developing, rewarding and retaining the required number of good people, helping them meet their needs while they in turn help the organization to meet its needs (Katz 1974). Good people are those with proven performances, or those who demonstrate potential to fit in an organization's culture and climate (Plunkett et al 2005).

In staffing, Amanda had some strong points. Of note in Amanda's staff is Lisa. Amanda hired Lisa because they got on well together and had known each other for a while. Hiring friends especially in start-up companies may be a gamble at times due to the thin line between friendship and business relationship terms (Fagiano, 1995). However, Amanda was lucky in that Lisa turned out to be a pivotal employee to her firm. She was a trustworthy and committed employee who was willing to sacrifice to see the firm grow. Whenever Amanda delegated duties to her she delivered. She had great customer service skills and went out of her way to make sure the accounting firm grew.

To ensure upturn in fortunes for her firm, Amanda ought to retain Lisa as her employee and continually reward her. Amanda can also offer her employees

opportunities for growth and development. For instance, she can sponsor Lisa to study Accounting and acquire CPA qualifications. This way Lisa will become indispensable to Smith's Accounting and Tax Service firm and her commitment is likely to increase. If Possible Amanda can get into a partnership with Lisa once she has acquired professional experience.

As she nurtures Lisa, Amanda ought to offer the two accountants left opportunities for growth and development. She can do this by encouraging and sponsoring them to trainings where they enhance their professionalism as well as learn new developments in the industry. According to Fagiano (1995) organizations that offer staff opportunities for growth and development are bound to retain the most important ingredient of successful organizations; competent and talented workforce. Amanda ought to improve the quality staff for Amanda's firm to consolidate intellectual capital. This will make her firm unique and isolate it from competition.

In future Amanda needs to needs to run the staffing process. She is best placed to access her current employees and forecast future demands prior to any staffing process. She ought to have chaired the interviewing of her employees due to her experience in the profession as compared to Lisa. Though Lisa recruited qualified Certified Public Accountants (CPAs) who also had considerable experience, it is imperative that Amanda takes up the role to recruit staff. As the owner of the company, getting to know employees right from the recruitment process will give Amanda an opportunity to bond with the employees and orient them to the culture and rules of the company.

Finally Amanda ought to consider how she compensates her employees. Attractive and competitive salaries will motivate employees. Moreover, performance appraisals and rewards and commissions will increase the commitment of employees. With time Amanda will be able to determine the most committed employees, offer them promotions and may eventually consider partnering with them when the company grows.

Leading

Leading is the process of influencing individuals and groups to set and achieve goals (Kleiman, 2010). Leaders direct, persuade, counsel, coach and inspire others. Leading involves three sets of variables: the leader, the people being led and the circumstances they face (Plunkett et al 2010).

Amanda was not an effective leader in her organization. She gave her employees too much autonomy that she was not in control of what they were doing. She dedicated too much of her time working and neglected her duties as a leader. By relinquishing her leadership roles to Lisa such as interviewing potential staff members the other accountants lacked a leadership figure in the firm. They never felt accountable to Amanda as they ought. The strengths in the leadership style Amanda adopted lay in giving employees the space to exploit their talents. This is particularly beneficial if tempered with the right kind of leadership (Gomez-Mejia, Luis, Balkin & Cardy 2008). But the weakness in Amanda's style of leadership is that she was almost completely absconded her leadership duties.

When clients started to have concerns over their tax returns, Amanda let Lisa take care of it instead of stepping in to salvage the situation as the

owner of the business. Amanda needs to do two things that great organizational leaders do. First she ought to develop and clearly articulate what Smith's Accounting Firm is trying to accomplish. Secondly, she must create an environment in which her employees figure out exactly what needs to be done to make sure they do it well (Kleiman 2010). To achieve this Amanda needs to exhibit, skills, values, abilities and traits that her employees need and that are also inspirational to them. Presently, Amanda's commitment to attending to clients at the expense of supervising her employees deprives the firm of an inspirational figure.

As a good leader, Amanda ought to work towards unleashing the full potential of her employees. This she can do by enhancing unity between the employees. Leading her employees in a team-building exercise involving fun and social activities will go a long way in strengthening the working relationships and cementing Amanda's position as a team leader.

Controlling

Control in management encompasses establishing, measuring and evaluating the performance of activities and their conformance to planned objectives (Plunkett et al 2005). Therefore controlling is an important function of management since it measures and corrects the activities of subordinates to align with an organization's plans and objectives. Controlling exposes negative deviations and recommends actions to remedy the deviations in order to accomplish objectives earlier laid out (Levitt, 2002).

Amanda never exercised full control of her company. She allowed Lisa to conduct important business matters such as recruiting staff for her. This

shows that she was not in control of the quality of employees she would trust with achieving the goals she had set. Secondly she allowed the employees too much freedom and autonomy she had no control over what they engaged in. By being “ the absent boss” Amanda never established standards to which her employees would adhere.

Amanda ought to establish control standards in her company. According to Kotter and Cohen, (2002) control standards are benchmarks to measure capacity, value, quality and general, performance. Amanda can do this by setting low limits on the number of tax returns each of the accountants ought to file. Moreover, she should ensure that she keeps and updates her own records of the work of the other accountants. This will create not only create accountability but also give Amanda a way to establish which workers were responsible for discrepancies and dishonest practices at work.

Controlling is about managing risks. To achieve this Amanda will need to familiarize herself with feedforward, concurrent and feedback controlling mechanisms (Hart, & Bogan, 2002). Using feed forward techniques Amanda will draw from projection into the future to predict and control risks. Using concurrent mechanisms, Amanda will use events currently affecting her business to curb future occurrences. For instance when clients started to raise concerns over their tax returns, Amanda let Lisa deal with the problems while she busied herself with attending to clients. The situation got worse and Amanda had to concentrate less on bringing in new clients to attend to the concerns of her clients. Using these experiences Amanda will in future control such occurrences before they run out of hand.

Conclusion

One year after Amanda set up her own private accounting firm she faced imminent closure. The collapse can be attributed to failure to fulfill the five function of management. Planning, organizing, leading, staffing and controlling. In planning, Amanda failing to develop a strategic mission/vision statement. She failed to determine the best way to organize resources, including personnel, facilities, equipment, and finances. She underestimated the importance of recruitment, job design and descriptions, training, and other important human resource areas. While in leadership she assumed that motivation would occur naturally. She also failed to control since she never defined business standards and other measurable outcomes and also ignored delaying required actions to improve organizational outcomes. The recommendations to each of these functions of management have been explained in an effort to help Amanda reverse the fortunes of her company and grow.

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