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Management Planning Management planning Planning is the basic function of any management of an organization. The planning function involves setting some desired goals that the organization wishes to achieve, either currently or in the future and then determining the course of action necessary for achievement of such goals (Henry, 1983). Bp’s goal is to be the largest environmentally conscious energy provider of the 21st century, a goal that it has strived to achieve, only settling as the second largest, with its operations well over 70 countries in the world. The management follows certain procedure in its planning function. It analyses situations within and those surrounding the organization that can help achieve or hinder the achievement of its targeted goals and objective. Here is an illustration of the planning functions of BP’s management. In line with the organizational mission and objective, the management has realized the need for the company to provide environmentally friendly sources of energy (Fredrick, 2006). Thus, the company has a targeted goal of increasing Liquid Petroleum Gas, which is least pollutant to the environment. Since this alone may not help achieve the profit prospective of the company, jet fuel processing needs to be increased, as it is less environmental pollutant, as compared to diesel, kerosene, and petrol. The management has evaluated and found this move to be worthwhile, since most Energy providing company are involved in the other most pollutant fuels.
Therefore, the management decision for this New Year is to increase the facilities for LPG and Jet fuel processing, while minimizing those foe diesel, kerosene, and petrol. However, this comes with increased costs, since the refinement of crude oil into LPG and Jet fuels requires more time and specialized facilities. The increased cost of production will be met by the company’s increased market for LPG and Jet fuels, through signing new contracts to supply Airlines and LPG supplier companies. The new project is implementable as a pilot project in ten countries within the next two years. This will help the management assess whether the move is worth for the company to make. It is during this period that the new strategy of the company will be monitored and evaluated, after which the project will be implemented full, once it proves successful.
Many factors have influenced the performance of the management. The legal issues such as increased taxation on the products that the company produces have had the effect of reducing the profits of the company (Fredrick, 2006). Though the taxation on the company’s products has increased marginally, the ethical issues have hindered the company from passing on the increased costs to the consumers of the company’s products (Anderson, 2004). As a good illustration of this, the company increased the prices of its products due to the global increased in oil prices. It would be unethical again to increase the prices based on the increased taxation, by passing this cost to the consumers. Therefore, the company has been forced to reduce its profit share by absorbing the increased costs because of taxation. As a part of corporate social responsibility, the company is constructing an access road in the country where it obtains most of its crude oil. This has also served to increase the operational costs of the company.
The factors that influences the company’s planning are profits, customer satisfaction, and sustainability issues. The company works towards increasing its share of profits, while ensuring it puts all the measures in place to satisfy its customers through quality products and services provision (Anderson, 2004). The sustainability of the companies operation, to ensure it remains competitive in the energy industry is also a factor that influences the planning functions of the management.
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