

# [Targeting and planning in industries](https://assignbuster.com/targeting-and-planning-in-industries/)

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Performance target achievability always stretch. Target setting only use historical data and incomplete information. Hence, many of the targets were unrealistic or difficult to achieve. Budget creation process not efficient and realistic and ignore long-term development. Target and incentive systems lead division directors concentrated on their own goal achievement, and this may lead difficult achieving company’s strategy.  Planning was managed at corporate level and the evaluation standard was the same for every division even if their situation were different and in a short time range.

Solution Clarify company strategy and spread out to all the members in the different division, to involve from top to bottom level. Facilitate top management oversight, by balancing the high performances that corporate levels want with lower levels information about the possibilities to achieve targets and budgets. Create a plan with the divisional managers that involve bottom information, a horizontal plan for long-term with planning updates according to the market conditions.

As a support it can be provided a planning guidance for the division managers. Combine capital budgeting and operational budgeting, because these give a guide for the long and short term. In other words, think in the future while works in the present. Because some problems exist in some division the use of flexible target to respond depending on the conditions in a moment of time. Instead of evaluated division performance through the same areas is better to use some areas of evaluation depending on the performance or actual situation of the division.

Corporate can put personnel controls by training the managements and other personal in the bottom in managerial knowledge. Corporate level, improve and provide more managerial services to help the companies to gather more and accurately information about theirenvironment, market and try to forecast the future trend. With this division managers can have better knowledge to build their budgets, not only base in the information provide by their principal clients. The company can make a mix between short-term incentives and long term to reduce turnover and create more compromise.