Management planning

Business, Management

The future of organizations depends on the mode of planning applied to the business. Through planning the future of an organization is forecasted and appropriate strategies and mechanisms that enable the organization to accomplish its stipulatedgoalsand objective in the future are devised. A business plan should be realistic and flexible to enhance the success of an organization.

A well prepared business plan helps an organization to develop its products by provision of room for innovation, management, financing and marketing which enables the organization to effectively thrive in the competitive market through increase of its customers. Business planning especially in business mergers creates difficulty as the organizations have different organizationculture, mission, vision, goals and objectives. Problem identification

The relationship that is created by the planning of the operations of the two organizations depicts the future of the merged organization. For instance Southcorp and Rosemount wine corporate merger attempt severely affected the development of the merged organization as financial problems due to incompatibility of assets and difficulty in pricing their brands, integration costs and slow market creation were witnessed in the second year of their merger. The organization attained losses that were the first to be observed in the Australian corporate companies (Carmona & Sieh 2004).

This was as a result of the different operation modes that were practiced by the two organization; Rosemount strategies aimed at wine production, marketing and distribution while Southcorp's business strategy aimed at increasing grape production and wine making (Friedman ; Scholnick 2003).

The organization needs to re-evaluate its planning strategy which includes controlling the industry of the organization, assessing the competition it faces to be able to outline tactics of maintaining and expanding the scope of its market.

This will help Southcorp to regulate the effects of implementing those tactics in regards to the marketenvironmentwhich may include newtechnologyor competitors and a new environment which may have been influenced by economic, social or political forces. Therefore this study will stipulate effective business management planning that Southcorp should emanate to be able to avert its losses by improving its marketing strategies (Carmona ; Sieh 2004). Literature themes The two organizations; Rosemount and Southcorp both had different business goals that affected their development as both wanted to prioritize its goals before the other.

Rosemount wanted to expand its organization's assets and saw a potential opportunity when it was offered $800 million in cash and $100 million in shares during the merger plans, whereas Southcorp intended to reduce cost production and improve its profit margins by relying on the strategies used by Rosemount to successfully increase its profits by huge margins over the years (Hannen & Murrill 2001). This conflict in business ideas lead to the resignation and loss of prominent figures in the corporation for instance Southcorp's senior white winemakers, Penfold Grange and retail slots with Liquorland.

The established relationship between Southcorp and its grape growers was also affected as some were cut out from the business operations that existed between them resulting to spoilage of the grapes they had grown due to lack of demand (Hannen ; Murrill 2001). Incompatibility of the assets was another problem that resulted to poor performance of the organization. Important assets that could have helped the organization to effectively market and distribute its products were closed down and sold that is Tulloch and Rouge Hommes Wineries and six warehouses.

The two organizations also failed to agree on which organizational culture to emulate as they incorporated computer systems for the two firms whose cost affected their European market. Southcorp also failed to plan effectively for its staffing strategy that lead to the dismissal and resignation of prominent figures in the organization that had earlier helped the two firms to succeed in accomplishment of some of their goals. Southcorp engaged in inventory activities that they had not sufficiently planned for by studying the market forces to predict the future.

They produced a lot of wine that lacked market because of over flooding the product in the market resulting to the financial crunch of the organization as it incurred losses (Hannen ; Murrill 2001). Many critics will argue that business management planning is not an essential component of management as many organizations have failed to effectively implement their stipulated management plan strategies especially in a very complex environment that is rapidly changing entailing difficulty in future prediction of the market in benefiting the organization.

They say today's market is severely affected by social, economic and political forces thus lacking a specific loci that can define it, therefore strategic thinking should be used in place of management planning (Graham & Manchester Business School, UK 2003). However I beg to differ as strategic thinking cannot occur if future prediction is not done, thus the importance of using both management principles to effectively run the organization and help it attain its goals.

Therefore, if Southcorp Corporation had strategically planned its operations to rationally think weighing the benefits of future outcomes to make rational decisions that will cater for the development of the organizations without severely affecting its profit margins it would have succeeded (Davensport & Beamish 2000). In some instances strategic management planning may not be effective as the mechanism is best suited for stable market environments that are not rapidly changing. Southcorp Corporation is faced with stiff competition domestically and internationally from companies that have the same global goals and strong product recognition.

Therefore the demands of the market keep changing to benefit from the best products. New strategies and technologies are been incorporated into the industry in an attempt of surviving the stiff competition (Greenberg 2004). Therefore Southcorp organization should have blended strategic management planning with scenario planning to effectively plan for unforeseen circumstances and uncertain changes or shift in the market or the organizations culture. Scenario planning attempts to foresee the possibility rather than the general future of the organization which could contain unrealistic visions.

Southcorp would have been able to produce a quantity that was sufficient to its market and thus prevent over reliance on emergency mechanisms to distribute its overproduction which resulted to losses for example the 2002 scenario, where the corporation incurred overhead expenses due to overproduction (Clegg et al. 2002). Southcorp should have evaluated the strengths and weaknesses that are portrayed by the organization and management of the firm because it is an essential management planning tool of detecting the development of the organization. It also stipulates the future chances of the organization in the market.

This would have helped the organization to build on its strengths to outweigh its weaknesses. If Southcorp would have re-evaluated it's planning and management strategies which had lead to the financial problems, slow market creation, different operation modules and high marketing and distribution costs would have not occurred or would be minimal. Instead of increasing integration costs the organizations would have cut down on the overhead costs resulting to increase in their profit margins especially factoring that Australia is a potential wine production environment (Hannen & Murrill 2001).

Southcorp should have relied on Henry Mintzberg model of business management which advocates strategy formulation before implementation. Southcorp failed to outline clear articulated organizations mission, goals and objective to guide the performance and functions of the organization. It failed to unify the policies for both organizations to have the same goals and objectives. This explains their rush decision in overproduction that was not effectively articulated to come up with rational decisions that tended to balance with the market forces.

The drop in profit margins and loss of prominent workforce and assets was an indication of Southcorp reliance on emergent strategies to run the organization because the resources for the organization that enabled production were availed without explicitly devising strategies (Gerald 2005). Reccomendation In the future Southcorp should aim at effectively planning its organization to be able to formulate strategies that are beneficial to the growth of the organization and are in unison to both firms.

This will help the organization to cut down on overhead costs because it will use the individual success of the organizations to develop. For instance among the objectives of Rosemount, expansion was among the core goal. It should rely on the large scope of grape production that Southcorp had identified. Southcorp should rely on the marketing and distribution strategies that Rosemount had stipulated among its policies to attain the market satisfaction it needed.

Through this unison integration, marketing and distribution costs will decrease. Southcorp should also device mechanisms that will help them to rationally make decisions when strategically planning the management of the organization (Gruis & Nieboer 2004). It should also use strategic planning mechanisms hand in hand with scenario planning to help them effectively plan and manage future risks. Southcorp should also device strategies that will help them to increase their marketing ability to attract more domestic and international customers.

Moreover, Southcorp should aim at winning the trust of the domestic market to be able to lure them to buy their products and elevate the static demand growth. This will place them in a better position of competing with the other available wine producing organizations and other potential organizations that pose a threat to the survival of the company in the stiff competition. Southcorp should also engage its employees to prevent the massive resignation and loss of workforce which greatly affects the performance of the organization due to the imbalance of competence and qualifications of employees.

This will help the employees to create a profound relationship with the organization considering themselves as core elements of the organization therefore, striving to protect the assets of the organization and accomplish the stipulated policies of the organization (Davensport & Beamish 2000). Conclusion Therefore, business management planning helps organizations to define their future objectives and thus effectively prioritize their tasks. The organization will also be able to manage risks that are obstacles to the development of the organization.

This will result to maximum utilization of available resources because they will be properly allocated preventing a standstill to the normal functions of the organization due to overproduction or underproduction. Also a good employment relationship will ensue becausecommunicationin the organization will be enhanced eliminating chances of misunderstanding the stipulated goals of the organization and missing out on important opportunities that would have made a positive impact towards the development of the organization. Word Count: 1717

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