

Table II:8 – Overview of the Management System of an Organization

Inputs: people, money, equipment, facilities, supplies, people's ideas, people's time, etc.		
System Loop	Major Functions	Comments
Planning	Strategic planning for the organization (mission? vision? values? goals?)	<ul style="list-style-type: none"> ▪ All activities are integrated with each other. ▪ Driving force behind all activities is leadership among Board members and employees.
	Business planning for each product or service (customers? outcomes? marketing? costs?)	
	Resource planning for the organization (people? revenue? technologies? facilities? other?)	
	Revenue development (obtaining and allocating funds for major activities)	
Developing	Board and employee development (recruiting, training, organizing)	<ul style="list-style-type: none"> ▪ Leadership sets direction, guides resources toward the direction, and makes adjustments to keep resources on track.
	Development of other resources (facilities, supplies, policies, procedures, etc.)	
	Supervision and teamwork	
	Product and service development and sales	
Operating	Advertising and promotions	<ul style="list-style-type: none"> ▪ Strategic goals set direction for organization and suggest performance goals for Board and employees.
	Facilities management	
	Financial management	
	Administration	
Evaluating	Board	
	Individuals	
	Products and services	
	Processes (cross-functional)	
Outputs: benefits to customers, trained Board members and employees.		

The following descriptions are of each of the major functions listed in the previous table, Overview of the Management System of an Organization. The descriptions are organized according to the four major phases of a management system.

Planning

1. Strategic planning

Members of the Board and the employees conduct strategic planning to determine the overall purpose (mission) and direction (vision and goals) for the organization, as well as the methods (values, strategies, products and services) for the organization to work toward the purpose and direction. The strategic planning process provides input to all other major functions in the organization, especially business planning and resource planning. Thus, if strategic planning is not done well, the entire organization can be adversely effected.

2. Business planning (especially market analyses)

During business planning and business development, the marketing research (or "inbound marketing") activities are conducted to identify, for example, specific needs (or business opportunities) among specific types of customers (target markets), and what products and services are needed to meet the needs of each target market. Business planning provides input to many other functions, such as resource planning (regarding employees, funding and people), financial management, and advertising and promotions. Many problems commonly associated with poor sales, advertising and promotions are really the result of poor business planning.

3. Resource planning

Planners identify what resources are needed to implement the strategic and business plans. Usually, resources include people, funding, facilities, equipment, supplies, and even certain policies and procedures. Budgets usually are developed that include listings of resources that are needed, along with the estimated costs to obtain and support the use of those resources. Resource planning directly affects the quality of all operating activities because, without adequately identifying what resources are needed, major functions in the organization struggle to be effective.

Developing

4. Revenue development

Business planning for a product and service specifies how much money it might earn (expected revenues), how much money it might cost (expected expenses), any deficits (expenses exceeding revenue), and also cost of operations to develop and sell the product or service. The funding, or revenue, to address deficits and support operations must be obtained from profits, investors or elsewhere in the organization. If the revenue development is not done systematically and comprehensively, the products and services are not sufficiently funded, causing ineffective development and operations. As a result, sales, advertising and promotions can be adversely affected, as well.

5. Board and employee development (leadership and management)

Members of the Board and the employees are developed by first identifying what expertise is needed to achieve the goals in the strategic and business plans. Development activities continue by obtaining, training and organizing members to better achieve the strategic and business goals. Note that many organizations recruit and develop personnel as an activity somewhat apart from their strategic and business planning activities. That approach may result in the organization being run more by personalities than by plans. The results of

successful development of Board members and employees greatly influence the success of the organization because they provide the leadership that drives the entire system with its phases of planning, developing, operating and evaluating. However, strategic planning and business planning must occur before development of the Board members and employees in order to provide direction for how they should be successfully developed.

6. **Development of other resources**

There usually is a variety of types of resources (other than money and people) that needed to be obtained and developed, for example, facilities, equipment, policies and procedures. Perhaps most important among these resources are policies and procedures. They form the "glue" that aligns and integrates the resources of money and people. If those policies and procedures are not integrated and up-to-date, they can cause inefficiencies in the operating activities. As a result, members of the organization experience increasing inefficiencies and conflicts. Successful leaders have learned to focus on developing a firm foundation of plans and policies from which their organizations can more reliably grow.

Operating

7. **Supervision and teamwork**

A supervisor is someone who oversees the progress and productivity of people who report directly to the supervisor. Thus, a Board supervises the Chief Executive Officer, and a CEO supervises, for example, the Chief Operating Officer, etc. Teamwork is about how people work together to coordinate goals, roles, leadership and communication. The activities of supervision and teamwork are critical to the success of an organization because those activities ensure that goals are established in accordance with strategic and business goals, progress toward the goals is monitored, and adjustments are made among individuals to more effectively achieve the goals. Many times, recurring problems in other types of operating activities are really symptoms of poor teamwork.

8. **Product and service development and sales**

This includes the ongoing activities that provide products and services to customers. The nature of these activities depends on the types of products and services and the target markets that they serve. For example, health services often require highly trained employees and technologies. The success of products and services depends a great deal on the effectiveness of strategic and business planning and of teamwork in the organization.

9. **Advertising and promotions**

These "outbound" marketing activities are geared to inform stakeholders (customers, investors, community leaders) about new and current products and services, and also to keep them in the minds of stakeholders. Many times, problems in advertising and promotions are the result of poor business planning, such as unclear identification of what specific groups of customers (target markets) should be served, the needs and wants of each target market, and how the products and services meet each need and want.

10. **Facilities management**

This includes identifying what major facilities will be needed, such as buildings, equipment and computer systems. The need for major facilities is identified during resource planning. Thus, problems caused by lack of facilities often are a result of poor resource planning. Problems caused by ineffective use of facilities often are a result of poor employee training and development.

11. Financial management

Activities of financial management include documenting financial transactions (bookkeeping), generating and analyzing financial statements, and making adjustments to budgets based on the various analyses. This is usually done to Board-approved fiscal policies and procedures. Many times, people report problems with finances when they really mean problems with inadequate funding. Those problems are often caused by ineffective business planning and/or resource development. Problems that are truly about financial management often can be addressed by training personnel about bookkeeping and about generating and analyzing financial statements.

12. Administrative activities

This includes the extensive range of detailed activities that must be coordinated and conducted on a daily basis to ensure the efficient operations of the organization. Many people think of these activities as clerical, or "paperwork." Problems with administrative tasks often are the result of poor resource planning and employee development, or lack of appreciation for policies and procedures.

Evaluating

13. Board self-evaluation

Members of the Board of Directors should regularly evaluate the quality of their activities on a regular basis. Activities might include staffing the Board with new members, developing the members into well-trained and resourced members, discussing and debating topics to make wise decisions, and supervising the CEO. Probably the biggest problem with Board self-evaluation is that it does not occur frequently enough. As a result, Board members have no clear impression of how they are performing as members of a governing Board. Poor Board operations, when undetected, can adversely affect the entire organization.

14. CEO and employee performance evaluations

Most of us are familiar with employee performance appraisals, which evaluate the quality of an individual's performance in their position in the organization. Ideally, those appraisals reference the individual's written job description and performance goals to assess the quality of the individual's progress toward achieving the desired results described in those documents. Continued problems in individual performance often are the results of poor strategic planning, business planning and employee development. If overall planning is not done effectively, individuals can experience continued frustration, stress and low morale, resulting in their poor overall performance. Experienced leaders have learned that continued problems in performance are not always the result of a poor work ethic – the recurring problems may be the result of larger, more systemic problems in the organizations.

15. Evaluation of product and service development and sales

Product and service evaluations have become much more common, particularly as markets become more competitive. Evaluations are often in the form of satisfaction surveys among customers. Evaluations are also focused on the quality of the processes to develop and sell the product or service, often under the auspices of quality control or customer service. An ineffective evaluation process often is the result of poor development and delivery of the product or service – the development should continually produce measurements of quality and the delivery should be conducted such that final results can be evaluated from customers. Poor evaluation can also be the result of improper training about evaluation. When evaluations are not performed well, or at all, there is little feedback to the strategic

and business planning activities. When strategic and business planning are done poorly, the entire organization is adversely effected.

16. **Evaluation of cross-functional processes**

Cross-functional processes are those that span several subsystems. Common examples include information technology systems and quality management of services. Because these cross-functional processes span so many areas of the organization, problems in these processes can be the result of any type of ineffective planning, development and operating activities in the overall management systems.

17. **Organizational evaluation**

Ongoing evaluation of the entire organization is a major responsibility of all leaders in the organization. Leaders sometimes do not recognize the ongoing activities of management to actually include organizational evaluations – but they do. The activities of organizational evaluation occur every day. However, those evaluations usually are not done systematically. As a result, useful evaluation information is not provided to the strategic and business planning processes. Consequently, both processes can be ineffective because they do not focus on improving the quality of operations in the workplace.