

Organizational management



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- **The aim of a manufacturing organization** is to produce products of quality at reasonable cost so that the same can be supplied to its customers at competitive price.
- The organization is to satisfy its customers with respect to (i) product specification, (ii) product quality so that the products is successful in its intended use, (iii) customer gets value for the price it is paying.

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- **For functioning, an organization** needs several departments which are to function in close co-ordination with each other and not in an independent way.
- Ultimate aim for all the departments is to meet the organizational objectives of supplying the organizational customers the products needed by them at a price which is competitive and still sufficient margin is available for the organization so that it can made a decent net profit.

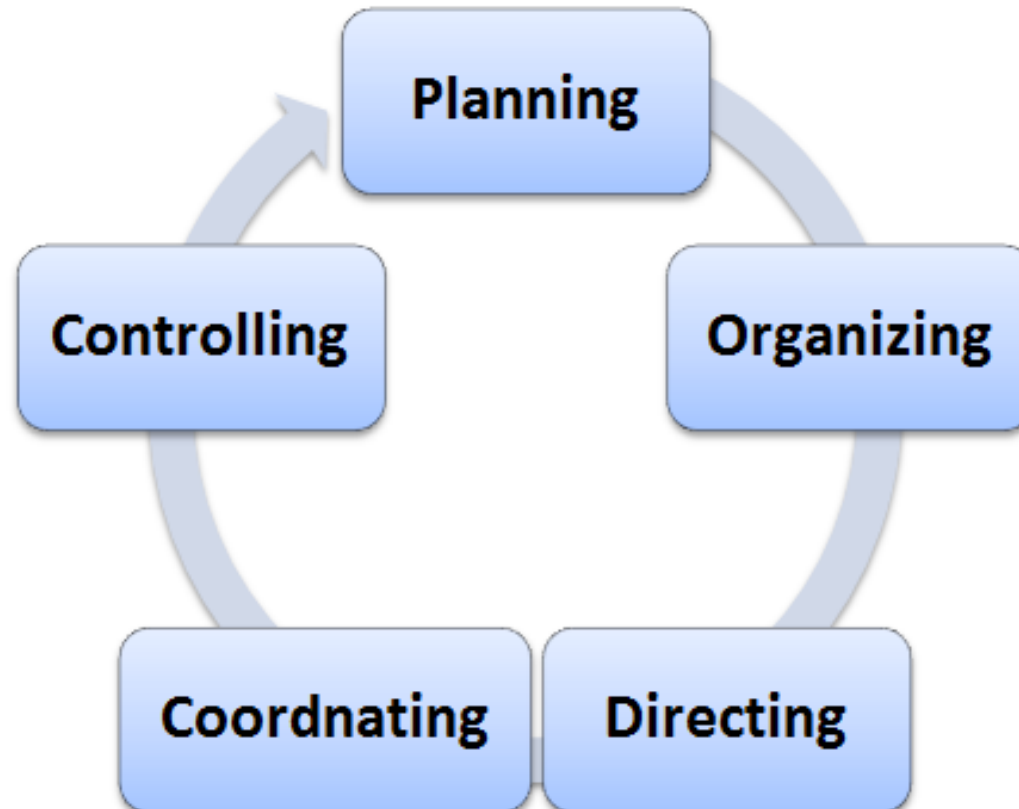
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Five basic functions of management

Basic functions of management



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Five basic functions of management – Planning

- Planning is the most fundamental of the managerial functions since all other functions stem from the planning function. Planning prepares organizations for tomorrow by assessing today what an organization wants to accomplish and how it will go about achieving that goal.
- Planning is a basic and the primary function of management which includes formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources. It is a dynamic process and very essential for the achievement of the ultimate goal of the organization.
- Planning is a way to do the things in orderly way, to think before acting and to act in the light of facts rather than guesses. It is deciding of the best alternative among others to perform different managerial functions in order to achieve predetermined goals. It makes possible things to occur which would not otherwise occur.

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Five basic functions of management – Planning



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Five basic functions of management - organizing

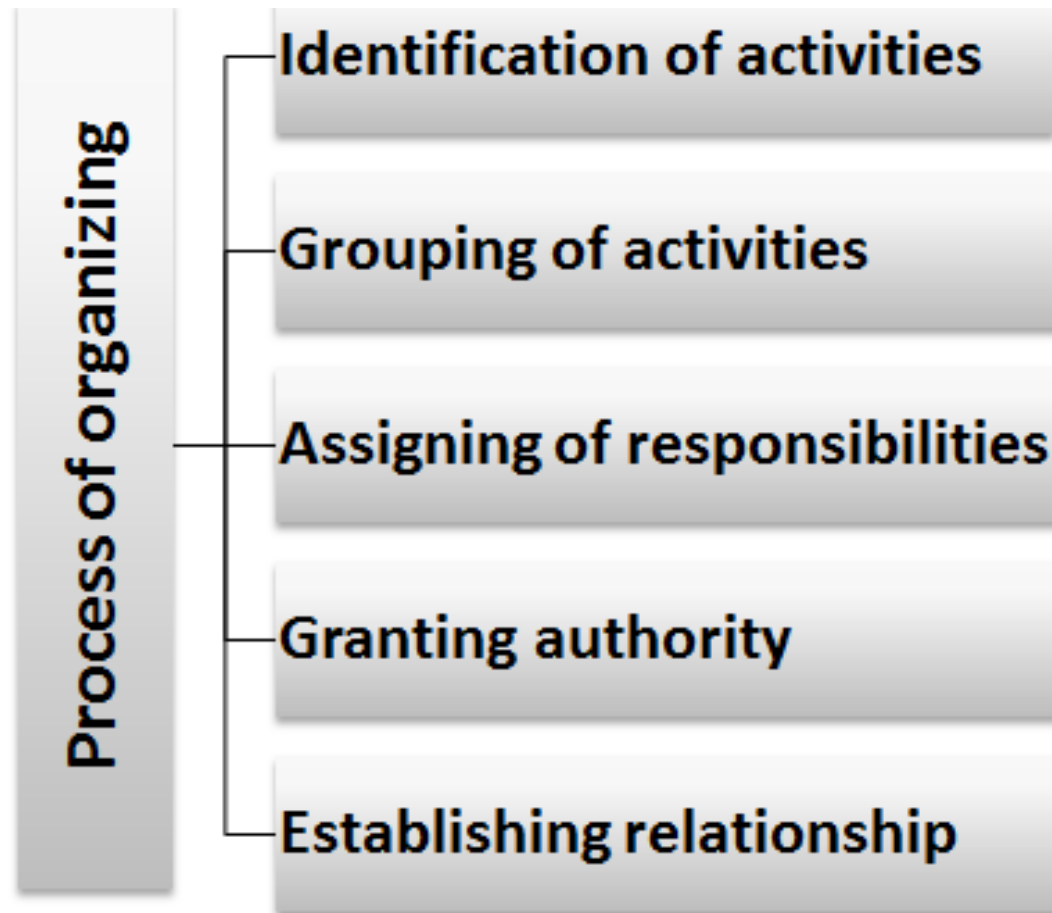
- Organizing is the function of management which follows planning. It is the process of establishing orderly uses for all resources. It is a function in which the synchronization and combination of human, physical, financial, and information resources takes place for the achievement of the results. Organizing function is essential since it facilitates administration as well as organizational functioning.
- Organizing consists of the process of identifying and grouping of the works to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most efficiently.
- Organizing creates and maintains rational relationships between human, material, financial, and information resources by indicating which resources are to be used for the specified activities and also when, where, and how they are to be used.
- Organizing function helps in achievement of results which in fact is important for the organization.
- The organizing function leads the management towards the systematic and proper organization of its activities.

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Five basic functions of management - organizing



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Five basic functions of management - directing

- Directing is a management function through which the management instructs, guides, and inspires the employees by communicating with them. It also oversees the performance of the employees for the achievement of the predetermined goals. It is the function of leading the employees to perform efficiently, and contribute to their optimum for the achievement of the organizational objectives. Directing is a very important management function for every organization.
- Directing includes all those activities which are designed to encourage the employees to work effectively and efficiently. It consists of process or technique by which instructions are issued and operations are carried out as originally planned. It is that inert-personnel aspect of management function which deals directly with influencing, guiding, instructing, supervising, and motivating employees for the achievement of organizational goals.
- The process of directing in the organization is not limited to initial set of instructions but is a process which takes place on a continuous basis after it has started. Further, this process takes place at all the levels of the management. Directing functions follows the hierarchy of the organization which means that it begins at the top management level and then travels downwards in the management hierarchy.
- Directing function has four important elements namely (i) supervision, (ii) motivation, (iii) leadership, and (iv) communication.

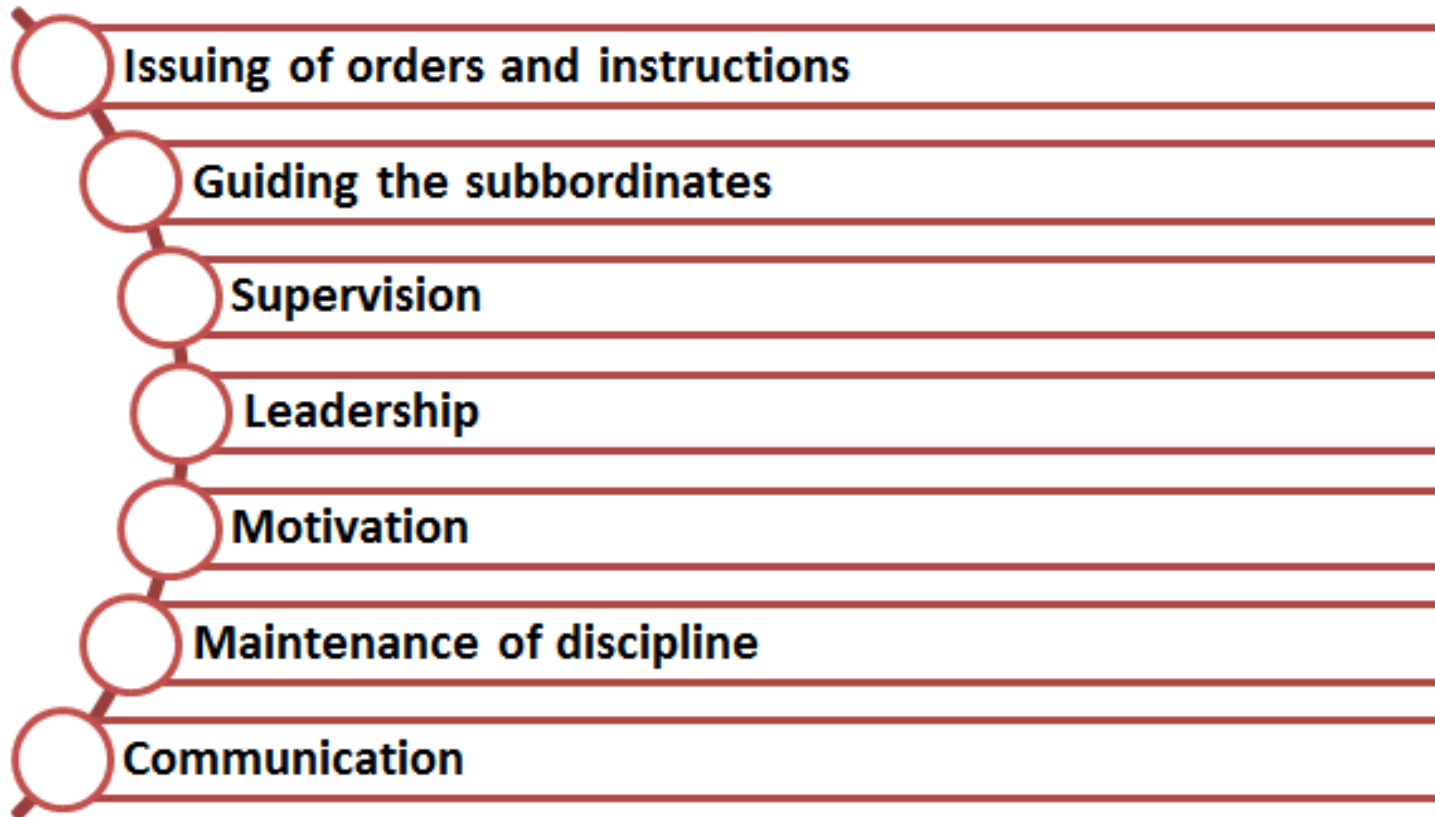
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Five basic functions of management - directing

Elements of directing

- 
- Issuing of orders and instructions
 - Guiding the subordinates
 - Supervision
 - Leadership
 - Motivation
 - Maintenance of discipline
 - Communication

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Five basic functions of management – coordinating

- Coordinating function of the management ensures unification, integration, synchronization of the efforts of the organizational employees so as to provide unity of action in the pursuit of common goals. It is a hidden force which binds all the other functions of management. It is the integration of several parts into an orderly whole to achieve the purpose of understanding.
- Management through coordinating function achieves harmony, rhythm and unity in the individual's efforts for the achievement of organizational goals and this is a key to the organizational success. Coordinating function is the essence of the management and is implicit and inherent in all other functions of the management.
- The significance of coordinating as a function of management mainly arises from the fact that work performed by different departments and groups form integral part of the total work for which the organization exists. Without harmonized effort or unity of action, achievement of goals in some departments may run counter to that of the other departments, or the timing of achievements may not match properly. The coordinating function of the management prevents overlapping and conflict so that the unity of action is achieved.

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Five basic functions of management – coordinating

Coordinating function of management



Provide proper direction



Facilitates motivation



Ensure unity of action



Encourage team spirit



Results into higher efficiency and economy



Optimum utilization of resources



Achievement of organizational objectives



Improves interpersonal relations



Improves organizational effectiveness

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Five basic functions of management – controlling

- Controlling function consists of seeing that everything is being carried out in accordance with the adopted plan. Its objective is to point out mistakes in order to rectify them and prevent them from recurring.
- Through this function management checks current performance against pre-determined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance. Management also ensures by controlling that the organizational objectives and the plans devised to attain them are accomplished.
- Controlling function is a systematic exercise that helps management to adjust operations as needed in order to achieve the plan, or to maintain variations in the organizational objectives within allowable limits. It ensures that there is effective and efficient utilization of the resources for achieving planned goals.
- Controlling function measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions.

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- **Five basic functions of management – controlling**

Controlling function of the management acts through the following five phases in sequence.

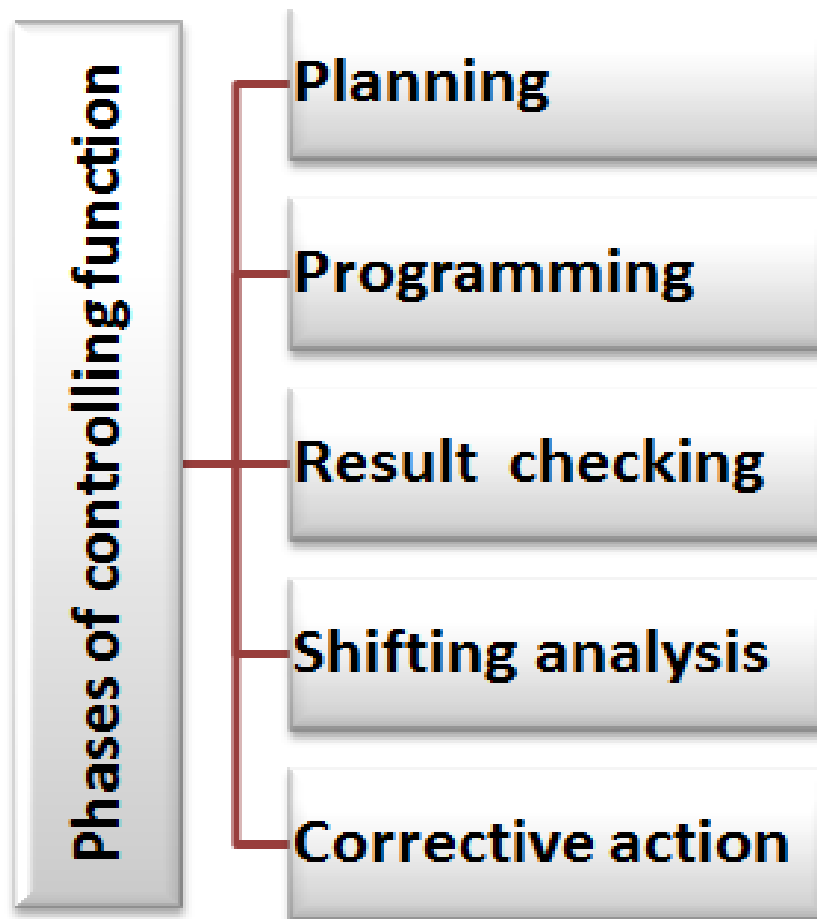
- Planning, where for the organizational unit, a set of objectives must be defined, that is of specific expected results, which need to be understandable, agreed, and measurable in extent and time, reachable, consistent with one another and with the available resources.
- Programming, where a programme is drawn up in order to get the planned objectives, taking into account the internal and external restraints to the organization.
- Result checking, where it is measured whether the organizational unit has achieved or not the assigned objectives.
- Shifting analysis, where the possible shifting between objectives and results is analyzed.
- Corrective action implementation, in order to optimize the behaviour of the unit against the planned objectives

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Five basic functions of management – controlling



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Management of organization requires

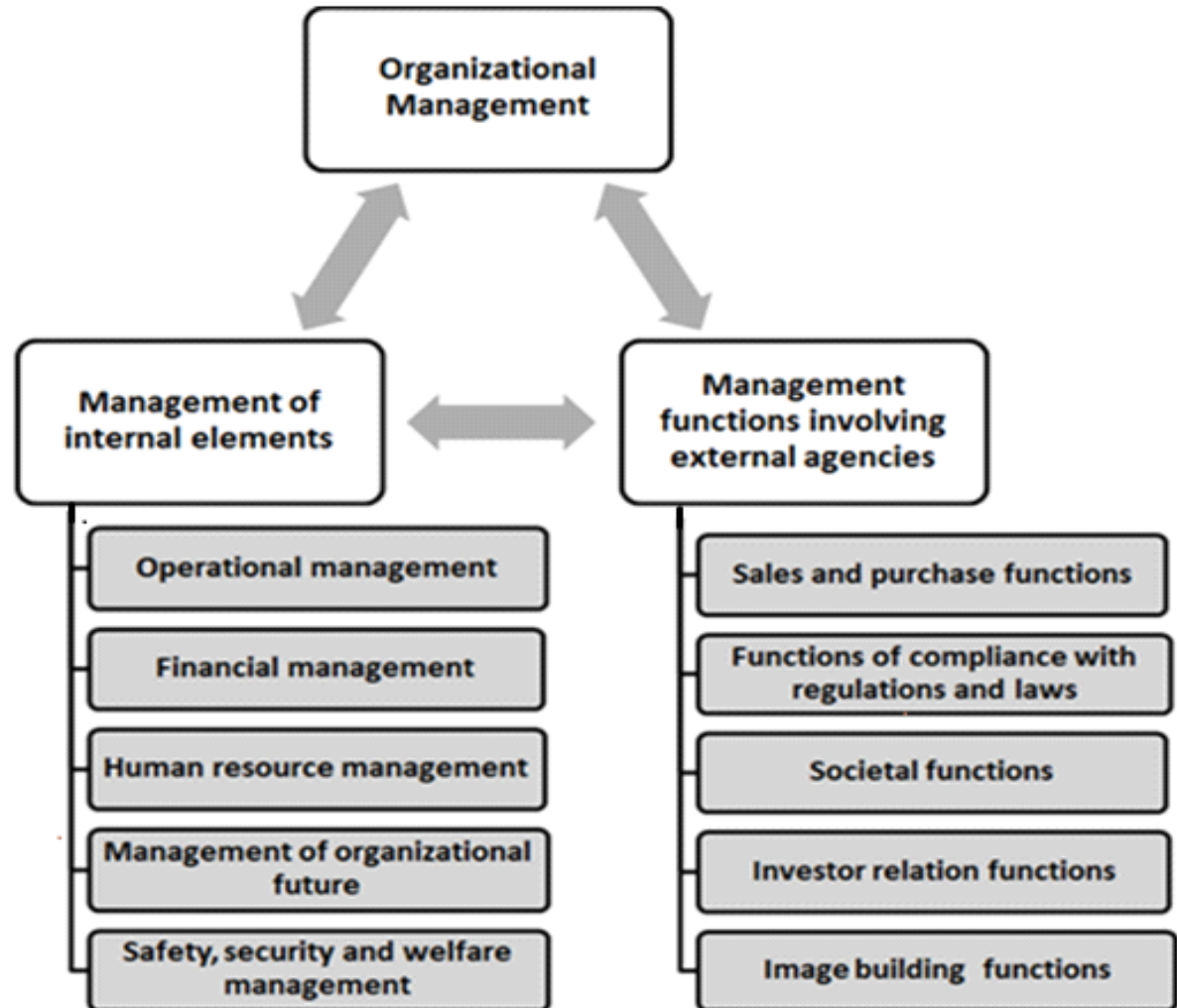
- Management of organizational internal elements which have impact on the organizational functioning
- Management of organizational functions where the organization comes in contact with external agencies

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Management of organization

Internal organizational elements include

- Operational management which is the key to the existence of the organization
- Financial management for making the organization financially healthy
- Human resource management which deals with the management and development of the employees
- Management of organizational future which takes care for the future of the organization in the context of fast changing environment
- Management of safety, security and welfare to take care of the employees' safety, protection of the organizational properties and the external needs of the employees.

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Management of an organization

Organizational functions involving external agencies are

- Sales and purchase functions involving customers and suppliers
- Complying with regulations and laws where the organization comes in touch with regulatory authorities and government
- Societal functions where the organization comes in touch with society, media and local authorities
- Investors relations where the organization is required to defend its functioning to have the confidence of its investors
- Image building functions by which the organization not only impact its image but enhances its brand value

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For achieving its objectives a company needs the following

- Team work
- Employees' knowledge and experience
- Planning and performance analysis
- Target setting and monitoring
- Decision making
- Discipline
- Hard work
- Co-ordination
- Communication

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For achieving its objectives a company needs the following (contd.)

- Employees' motivation
- System and procedures
- Continuous improvement
- Eye on future
- Stakeholders satisfaction
- Education, training and development
- Risk taking
- Rewards and punishments

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For producing a product the requirements are

- Raw materials
- Fuels
- Auxiliary materials
- Energy
- Consumables
- Utilities
- Process with its technology
- Manpower
- Process control and Automation
- Environmental protection
- Health and safety of process and employees

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Desired objectives are

- Produce product of desired quality
- Attempts for producing by-products of desired quality
- Minimizing of generation of waste products
- Reduction in specific consumptions (raw materials, fuel, energy, consumables, and utilities)
- Maximizing of process productivity
- Effective control of the production processes
- Security of plant and equipment

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Requirements for achieving the objectives

- Planning and monitoring
- Healthy and well maintained equipments
- Healthy processes
- Required facilities
- Maintenance practices to keep equipment healthy
- Control and management of inventory
- Educated, experienced, well trained, well informed, and motivated workforce
- Standard operating procedures
- Maintenance of needed records and data analysis for trend
- Neat and clean workplace
- Disciplined working which includes both human and technological disciplines
- Honesty and integrity of the workforce
- Safety at workplace

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Basic rules regarding costs

- Cost of quality
- Tip of the iceberg
- 1:10:100 rule

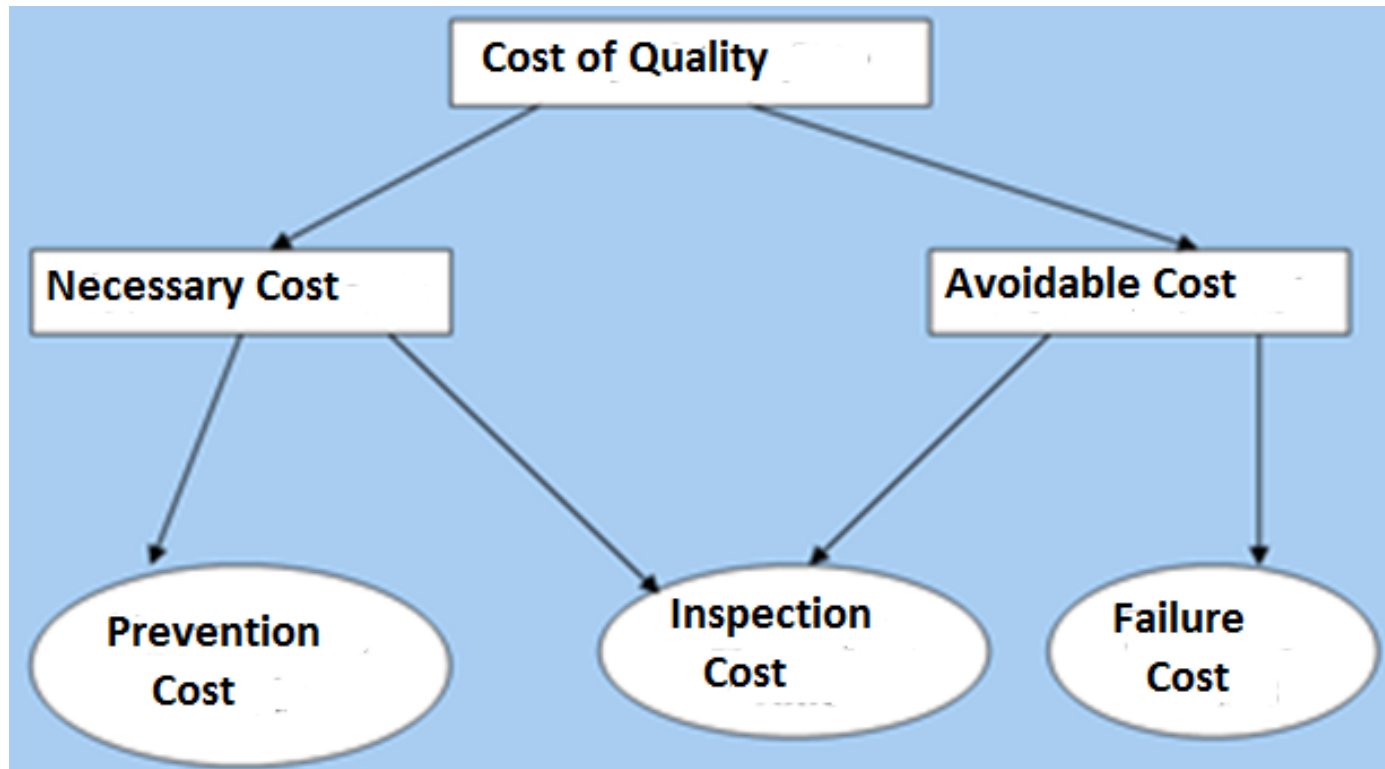
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Cost of quality

- Necessary cost include prevention and inspection while avoidable cost includes failure costs and some inspection cost.



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Tip of the iceberg

- Costs of carrying out an activity have two components- namely 'visible costs' and 'invisible or hidden costs'. For taking a decision one has to keep in his front both the types of costs.
- When an iceberg floats in a sea then only a small fraction of its volume is visible to the ship captain. The major volume/weight of the floating iceberg remains under the sea water.
- Costs of an activity considering only the visible costs may be highly misleading since visible costs are normally a small fraction of the total costs and are similar to the small area of the iceberg which is visible while it is floating in the sea. Decision taken, considering only the visible costs, usually ends up in huge escalation in costs afterwards at the time of completion of the activity since the effect of invisible costs are usually similar to the hidden part of the iceberg.
- While taking a decision for carrying out an activity, it is also necessary to consider the hidden or invisible costs so that overall costs of the activity at the time of completion can be reduced.

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Tip of the iceberg



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1:10:100 rule

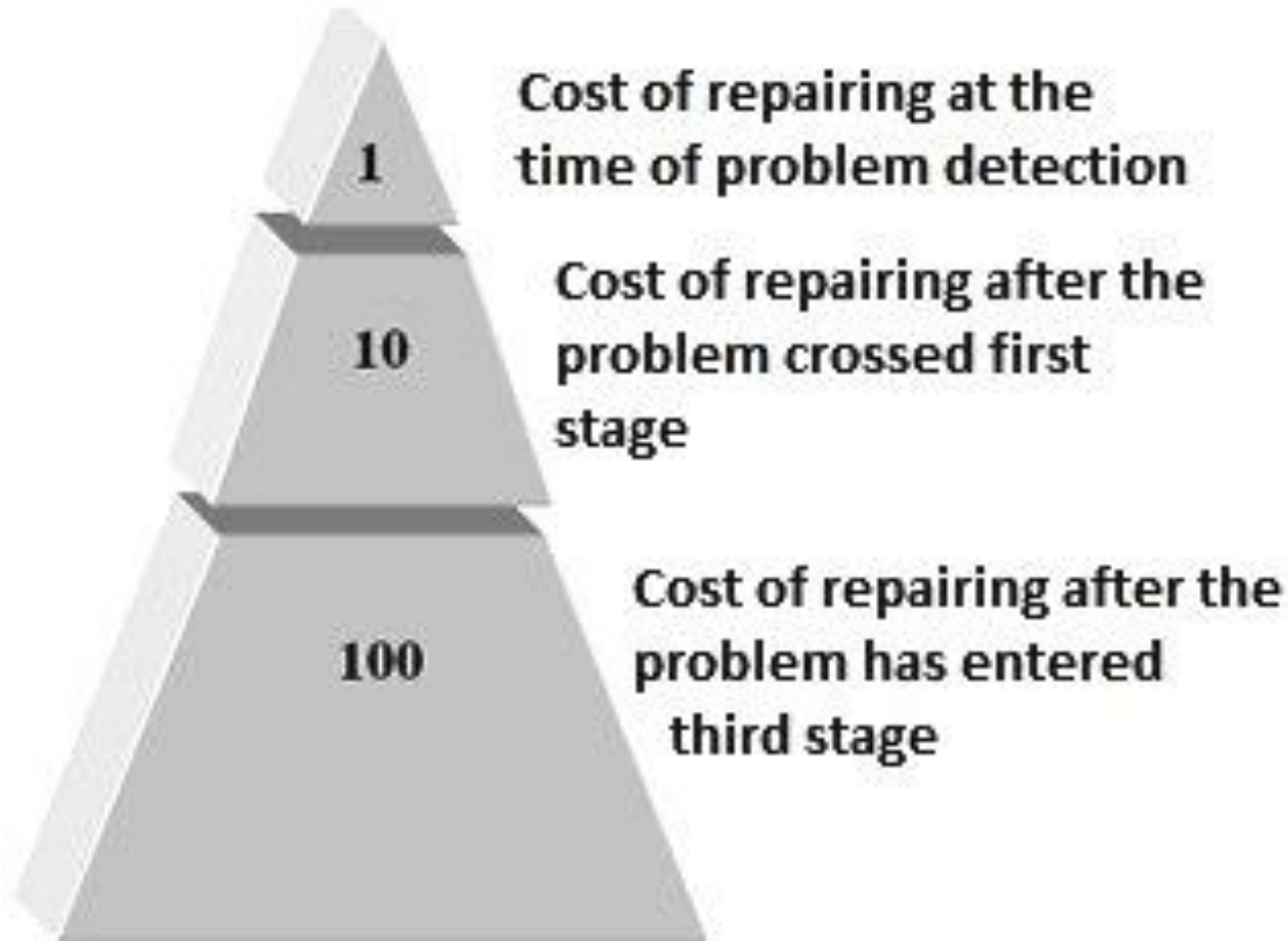
- This rule states that if a problem is not fixed when it occurs, it will only become more costly to fix later both in terms of money and time.
- If the cost involved is 1 while catching and fixing the problem in the initial stage, then the cost of fixing the problem becomes 10 times if it is neglected and allowed to reach the next stage. The time for reaching the next stage will depend on the type of the problem. If still the action is not taken and the problem is allowed to reach third stage then the cost of fixing the problem will be 100 times

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1:10:100 rule



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Thanks for kind attention