



Administration 203: Administrative Policy and Planning

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Topics, schedule, and readings. Admin. 203, Planning and Policy.
Professor M. Gaffney. ~~Winter~~, 1978.

Apr. 12
1. ~~Jan. 16~~. Errors to avoid. McNichols (henceforth "M") Chap. 2.

Apr. 19
2. ~~Jan. 23~~. Models of good planning. M-1,3. Ansoff (henceforth "A")
Chaps. 7,9. San Bernardino Air Quality Plan.

Apr. 26
3. ~~Jan. 30~~. Elements of planning, and the executive role.
M-4; A-2, 8.

May 3
4. ~~Feb. 6~~. Determining objectives; defining them.
M-5; A-3,10,11,12.

May 10
5. ~~Feb. 13~~. (OUTLINES DUE, STUDENT REPORTS.)
Organizing for synergy and against diseconomies of scale.
M-6,7,9.

-- ~~Feb. 20. Use holiday week to get ahead in reading.~~

May 17
6. ~~Feb. 27~~. Recovery and replacement policy. Midterm
(OUTLINES WILL BE RETURNED.)
M-8; A-1.

May 24
7. ~~March 6~~. STUDENT ORAL REPORTS TO CLASS, by about ten of you whose outlines seem
ready to present. Others will be assigned critics' roles. Divide 170 minutes
by 10, and even so you won't fully realize how little time there is, and how
compressed your statements must be.

Other case studies from readings. A-13,14,15,16,17,18,19.

May 31
8. ~~March 13~~. Environmental factors; macro-economic planning.
M-10; A-4,5,6.

Economic Reports of the President
January, 1977 (Republican).
January, 1978 (Democratic).

9. June 7 Land Planning: City and Regional. Coordination
with infrastructure planning.

Conservation and planning for future supplies

Planning in contracts: leases as an example

Tax planning.

Draft for Syllabus, Administration 203, Administrative Policy and Planning,
by Mason Gaffney, Sept. 17, 1977

I. Purpose and definition of course

Why
Def.
The purpose is to learn to think as a general manager. This entails applying theory to practise, at a level between theory and implementation. It entails forethought, taking charge of your priorities rather than simply reacting to pressures and perceived crises.

Planning is looking ahead, anticipating the extended consequences of an act; and, more ambitiously, the complex interactions of the consequences of many acts. Simply beginning or administering a program or system is not planning; restless groping with power, and intermeddling to "do something" are not planning, although often so styled. Many programs and systems are not planned at all, or well. Planning is thinking through the reasons for a program, its workings and consequences, as well as how to execute it.

F
Planning entails integrating and rationalizing systems because planning precedes execution and lets you put it all together in model form before capital is frozen and interests are vested in parts and subsystems and pilot projects. Ideas, John Dewey said, are basically plans of action to solve problems that arise in a social context. If so, then planning is simply having ideas, or thinking.

A policy is an enduring rationale or decision rule that describes how a decision will be made under any possible set of circumstances. It is based on general principles that transcend varying particulars; on ideas that transcend their materialistic trappings. It assures consistency and harmony of individual decisions. Policy saves managerial effort because one policy controls many decisions. This extends the power to manage, subject to obvious pitfalls. It also protects the managed by defining the sphere and the bounds of individual discretion, keeping the top manager at his level.

✓
Policy accompanies planning because policy, too, looks ahead to the many future decisions it controls. Making policy demands that one imagine all the circumstances that might arise, and think in generalities that will when applied accomplish the desired goals without unwanted side-effects. It requires that one define the essence of things correctly, distinguish the incidental from the essential, and hit the nail on the head. Policy, like planning, is thinking.

Planning and policy are high-level leadership functions. Those who plan and make policy control those who execute plans and policies. They may not do their jobs any better or as well; they may not be better persons; they may not have more fun: but they are in command.

II. Elements of Planning

The following elements are involved in most plans of any size. In small matters it may be better to move spontaneously and quickly by short-circuiting some of the elements; but even this will be done better when one is familiar with what it is one is skipping.

A. Identify the problem, need, ^{market} or opportunity. Find the crux of the problem, rather than surrogates and incidentals and appearances. For whom is it a problem? -- remove the bias of the observer and his cronies. Put economic limits on alleged needs and engineers' "requirements". Define and measure output.

B. Identify clienteles and their goals. Who will adopt? Who will carry through? What are their motives and incentives? What unifies the organization? How will the plan affect the character of people whom the organization attracts and molds? Many organizations never define their goals and are presumably held together by desires for power, stability, and companionship -- beware. Insist on defensible goals -- should it be done at all? Who will benefit, and how? A key question is always, what does the clientele want to maximize? What is the objective function, the bottom line? Cushioned managements get arbitrary ideas often, ideas that will not bear analysis.

C. Consider alternative solutions. This is a process of brainstorming, of breaking mental blocks, even of dreaming. "You got to have a dream, if you don't have a dream, how you going to have a dream come true?" Don't get locked into one way of thinking; don't be intimidated by purists who see only one way, and practical people who never look up from the grindstone except to criticize you.

D. Model it. This is the cheapest of all ways to make expensive mistakes.

E. Is ^{Prods. etc.} it worth doing at all? If yes, how much? Apply benefit/cost analysis. Be sure to include the cost of implementation, even if minor, remembering that legislatures and boards often let this factor loom larger than they should. Include externalities, lest you be hit with an E.I.R.

F. Invite criticism and incorporate what is good. Presenting plans to formal seminars is a good technique. Regular alternation between solitary imaginings and group conference gives you the best of both worlds. You set 'em up, they shoot 'em down -- if they can.

G. Predicting the certain and forecasting the uncertain. (E.g. we predict that trees will grow; we forecast future prices.) We also predict things that are within our control, or subject to hedging and insurance. We forecast exogenous factors like GNP, obsolescence, public works, and shifting tastes. We decide if we prefer to gamble on things we control, or things we do not.

H. Inventory resources you have. Use an opportunity cost valuation, so you don't commit resources to less than their best future use. Inventory resources you can get. Assess the value and cost of having them on your hands when this plan is done.

I. Timing. This includes when to begin, sizing (for growing demand), staging, scheduling, determining optimal longevity, balance between capital cost now and maintenance later, capital budgeting (funding, recovery, and cash flow maintenance to meet later payrolls and bills), debt management, replacement policy.

For larger systems, there is the goal of a going-concern equilibrium, with retirments equalling replacements, and cash inflow and outflow balanced. These involve normalizing and staggering maturities; also the processes of transition into and out of equilibrium; and coupling equilibrium with growth or shrinkage.

To grow, or not to grow -- or divide, or retrench? Which kind of growth -- output, various inputs emphasized over others. Sources of asset growth: injection, plowback, appreciation, discovery and appropriation. Growth by duplication, agglomeration, and scale.

J. Adapt to resource constraints -- use technology appropriate to your constraints. Plan to use all you have, and nothing you can't get.

F K. Coordination, synchronization, integration and rationalization of parts into systems. There are various levels of planning, public and private, and the higher levels have to integrate the lower ones. The market as an integrative planning mechanism that obviates conscious central control. The role of speculation. Need for information and communication. Centralization and its alternatives. Ways of modeling complex systems -- how effective?

I L. Expecting unexpected change. Things always depart from Plan A. Changes of data in midpassage, how to cope. Preparing for contingencies and surprises: reserves, overdesign and other extravagant methods vs. fast recovery and replacement, staggering, price flexibility, insurance, hedging, pooling and diversifying. Predictable instability vs. unforeseen change.

J M. Review, feedback, and flexibility. Learning and correcting should be built in and expected. There must be an upward flow of information, and incentives to supply correct information. There should also be upward flow of ideas and evaluation from the firing line. New ideas can originate anywhere that someone is thinking. These may be entire new frames of reference (like ecology.) Prepare to handle this -- if you can. But beware of the inevitable person who wants to make a new universal measuring stick out of whatever is currently scarce, like energy, water, or the capacity of the environment to assimilate wastes.

Review includes evaluation -- how to know if you are succeeding. If not, how to scrub losers.

K N. Evolution. Change and obsolescence are ongoing and inevitable. A good plan is less like an edifice than a mechanism; less a mechanism than an organism; less an organism than groups and chains of organisms interacting and succeeding each other and evolving.

III. Common pitfalls, fallacies and illusions.

Once grasping or at least surveying the elements of good procedure, it is both fun and instructive to observe errors, omissions and accidents that commonly occur and from which we desire to be spared. Many recommended procedures that seem trite when stated plainly become more meaningful when matched against the troubles that beset those who ignore them.

IV. Case studies

A. Student reports. Identify a problem and propose a plan for coping with it. If you can plan and execute a good report, you can plan a program. If planning is thinking, this will be the most valuable exercise you can give yourself, and perhaps for some the most novel.

On or before the 5th week, everyone will present a written plan, in outline form. I do not expect that you can necessarily cover all the bases in II, above -- use good judgment about what you can realistically do in the time available. See me to discuss it. Then we will present several of these to the class, in written form, and they will have 15 minutes to criticize it. Be thoughtful in what you say, because criticism will be judged according to how constructive it is. New ideas are fragile and we are not here to stamp them out. But don't fall for any baloney, either.

B. Other topics we may cover, or select from, as time and interest allow.

1. California State water planning
2. National energy planning
3. Alaska oil and gas leasing policy; Federal ditto.
4. National macro-economic planning. Are they planning, or just reacting to current indicators? Is full employment really the goal, and if so, why is it never attained? Planning to make do with available resources.
5. City and regional planning, including public works and utility planning of capital outlays. The results of distorting the price system.
6. Public infrastructure planning for workable private enterprise.
7. Tax aspects of planning, from the private and the public viewpoints.