

GC's
speaker's
notes

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11.8.1971

MANAGEMENT BY OBJECTIVES FOR
THE CITY OF SYDNEY

Corporate Planning Group
Australian Institute of Management -
N.S.W. Division
Wednesday 11 August, 1971

The question might be asked "Is there any relevance in the preparation of a Strategic Plan for the City of Sydney and Management by Objectives applied to Corporate Systems?"

~~A Corporate Planning Group of the A.I.M. should be, and we are confident that it will be, able to decide on the similarity or otherwise of the two applications.~~

By way of introduction, allow me to direct your attention to some parallel features of Corporate Management by Objectives and the preparation of the City of Sydney Strategic Plan.

A SYSTEMS APPROACH

Most of the Management literature and experience which we are influenced by has its origins in the large technological enterprise made up of people, buildings, equipment, systems and communications networks. Each has its own brand of technological complexity superimposed over organisational complexity.

A large modern city is a complex system (1) and the City of Sydney is a highly complex system, and was treated as such by the study team under the leadership of George Clarke, the Project Director

In his recently published book "Technology Management and Society", Peter Drucker suggests that the modern city - itself a creation of modern technology - is likely to be profoundly influenced and changed by a "Systems Approach" to its development (2)

(1) Community and Privacy. Serge Chermayeff
Christopher Alexander - Anchor 1965 - Page 55.

(2) Technology Management and Society. Peter F.
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CORPORATE SIMILARITY

One of the early studies in this project was an analysis of the Public Bodies influencing growth and development of the City of Sydney. (3) This study revealed a huge number of Departments, Boards and Authorities, each functionally motivated with its own systems, hierarchys and strategies with independent objectives but interdependent consequences through its actions.

The Corporate parallel to this was described by Peter Drucker in his book "The Practice of Management" in a chapter on Management by Objectives (4). He points out that Management by Objectives requires major effort and special instruments, because Managers are not automatically directed towards a common goal but on the contrary there are three powerful factors of misdirection.

- . Specialisation of managers.
- . Hierarchical structure of management, and
- . Differences in vision and work and the resultant insulation of various levels of management.

More is said about the dangers of measurement of performance by professional criteria rather than by CONTRIBUTION to the total enterprise. New technology is seen to have an intensifying influence upon functional insularity and demands a much greater emphasis on co-ordination.

COMMUNITY DEMANDS - A. I. M.

One of the effective techniques used in determining the needs and demands of the City Community was a process of participation by Citizens and interest groups in the planning approach. One of the special interest groups was the Australian Institute of Management. As part of its contribution the Institute had this to say:

"...there seems to be no more urgent and important a task than the rationalisation of the overlapping authority of a host of authonomous instrumentalities". (5)

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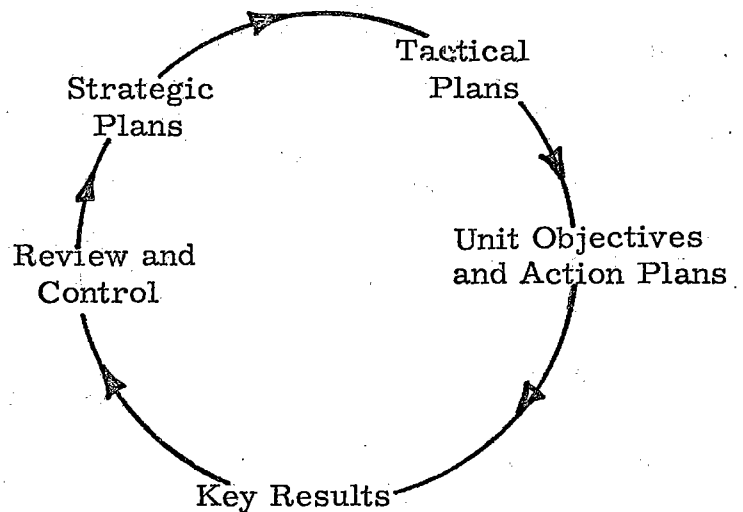
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MANAGEMENT BY OBJECTIVES

I am not sure if it was the original intention of the invitation to address the Corporate Planning Group to give an exposition of Management by Objectives (as a technique) in evolving a Strategy for the City of Sydney - although the title suggests this. And yet if you look at the plan and the evolutionary processes leading up to the Strategic Plan, there are features of commonality with Management by Objectives (6), on M.B.O. said to be one of the "trendiest terms of modern Management Jargon" (7).

The major elements of M.B.O. are normally shown in cyclic form.



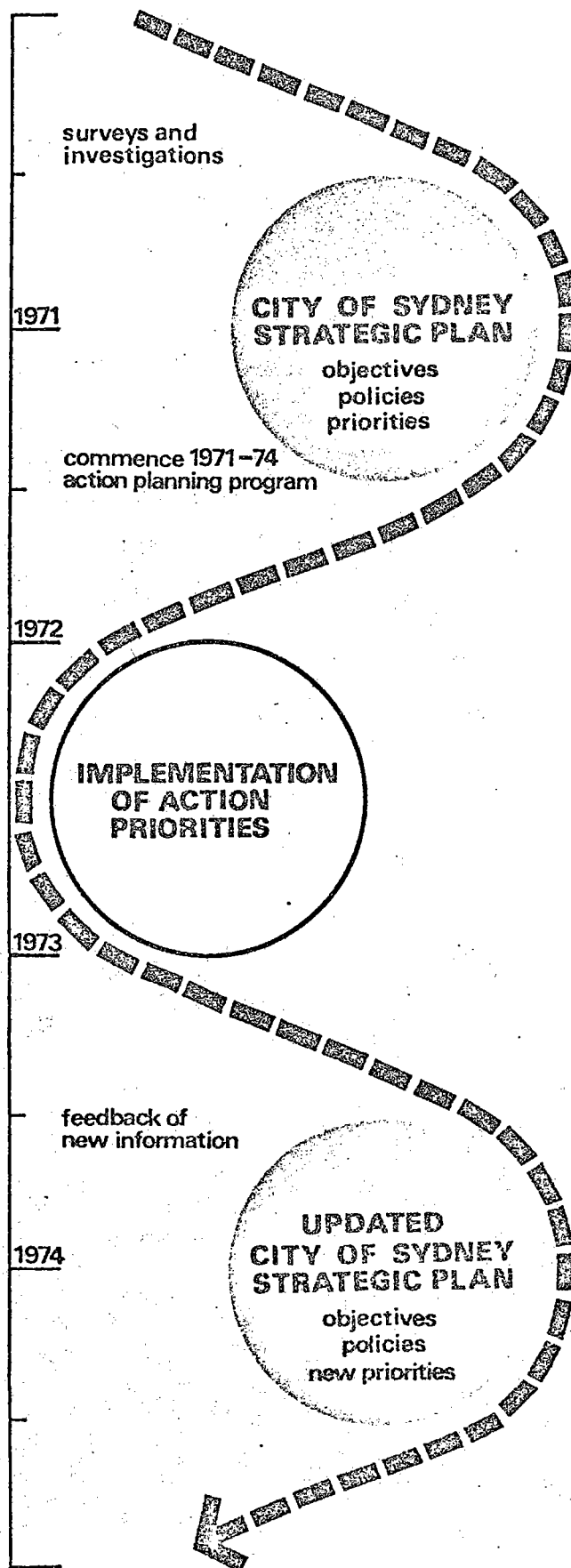
Commencing with a Strategic Plan developing into Tactical Plans followed by Detailed Objectives and Improvement Plans which are assessed on an individual and agreed Performance Standard allowing Review and Control which take effect in a Restated Strategic Plan.

The importance of Policy (8) as guide lines for future decision making is a basic feature of this system.

(6) Improving Business Results. John Humble. McGraw Hill 1968.

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(8) Principles of Management. Harold Koontz. Cyril J. O'Donnell. McGraw Hill 1964. Page 158.



There are two diagrams in the City of Sydney Strategic Plan, depicting a cyclic planning process.

One (9) showing the original Strategic Plan leading to a phase of implementation of Action priorities and in sinusoidal fashion reverting to an updated Strategic Plan 3 years later.

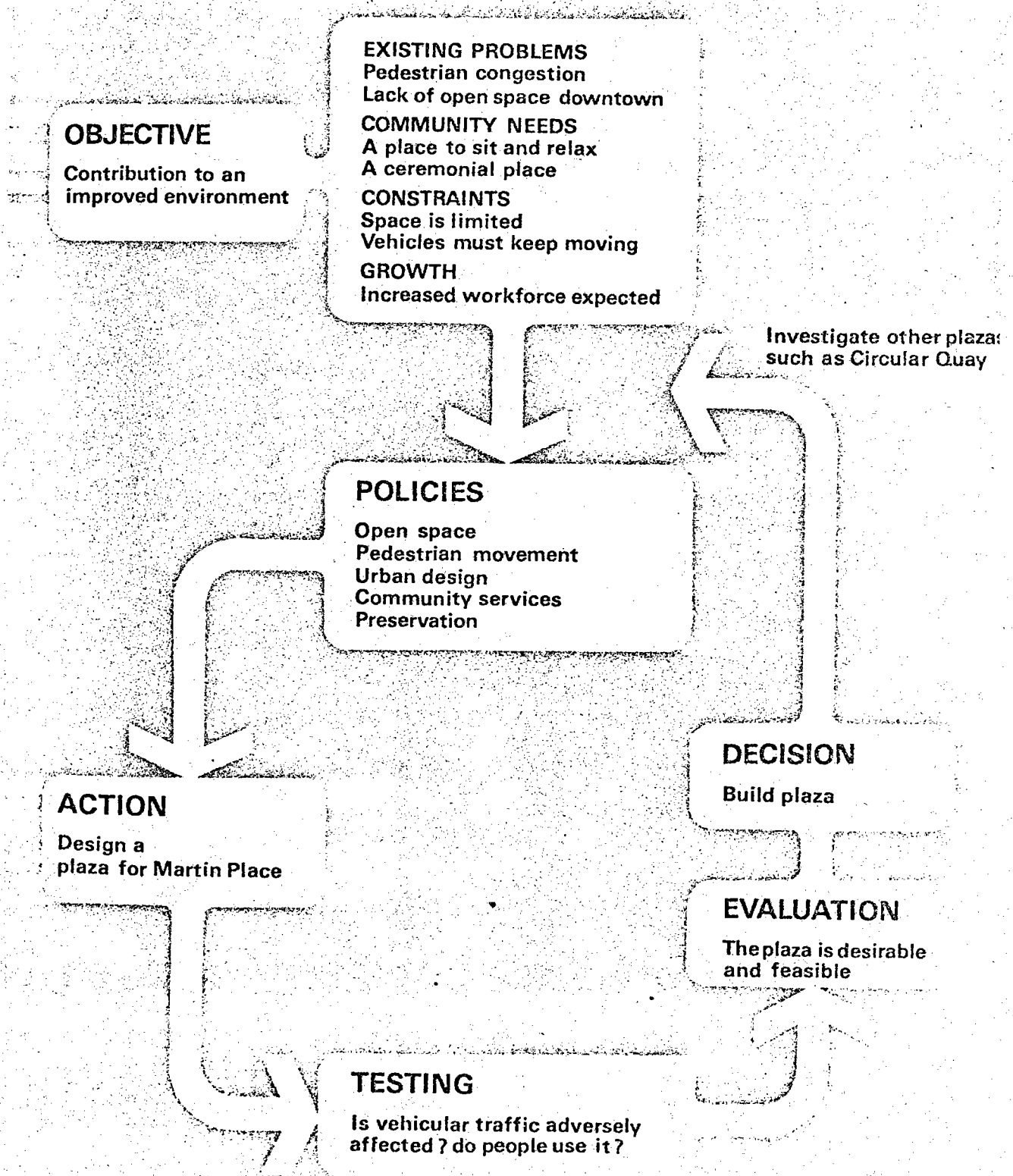
The other (10) showing an example of the planning process - in this case a Plaza. The Objective to be satisfied is

(9) City of Sydney Strategic Plan 1971. Page 70.

(10) City of Sydney Strategic Plan 1971. Page 71.

"contribution to an improved environment" and this is shown to be translated into Policies which become guidelines for Action Plans which are tested and evaluated before proceeding to implementation, thus achieving a result which will contribute to the overall Strategic objectives.

The planning process is explained through a simple example -- the plaza in Martin Place



Having gone through this cyclic process once, subsequent applications of that same Objective can be accelerated and multiplied through the total system.

It is left to you as the experts in Corporate Planning to decide if this is Management by Objectives in the Planning of a Modern and Complex City.

MANAGEMENT FIRST

There is one final point I would like to make and that concerns the means of depicting the Strategy.

All of the research analysis and forecasting was channelled into the statement of 4 Objectives.

MANAGEMENT

ACCESSIBILITY

DIVERSITY

ENVIRONMENT

Each objective is to be achieved through the adoption of a number of Policies. These policies are each satisfied by a set of Action Priorities.

That the Plan warrants consideration by a group such as this is perhaps best exemplified by the first of its objectives - Management.

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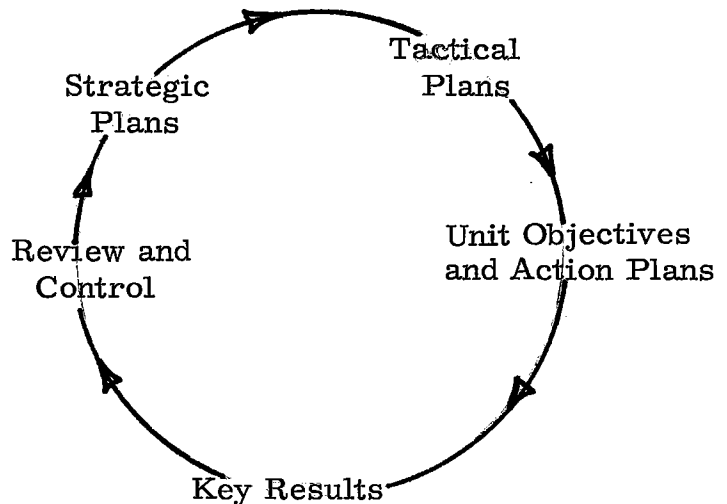
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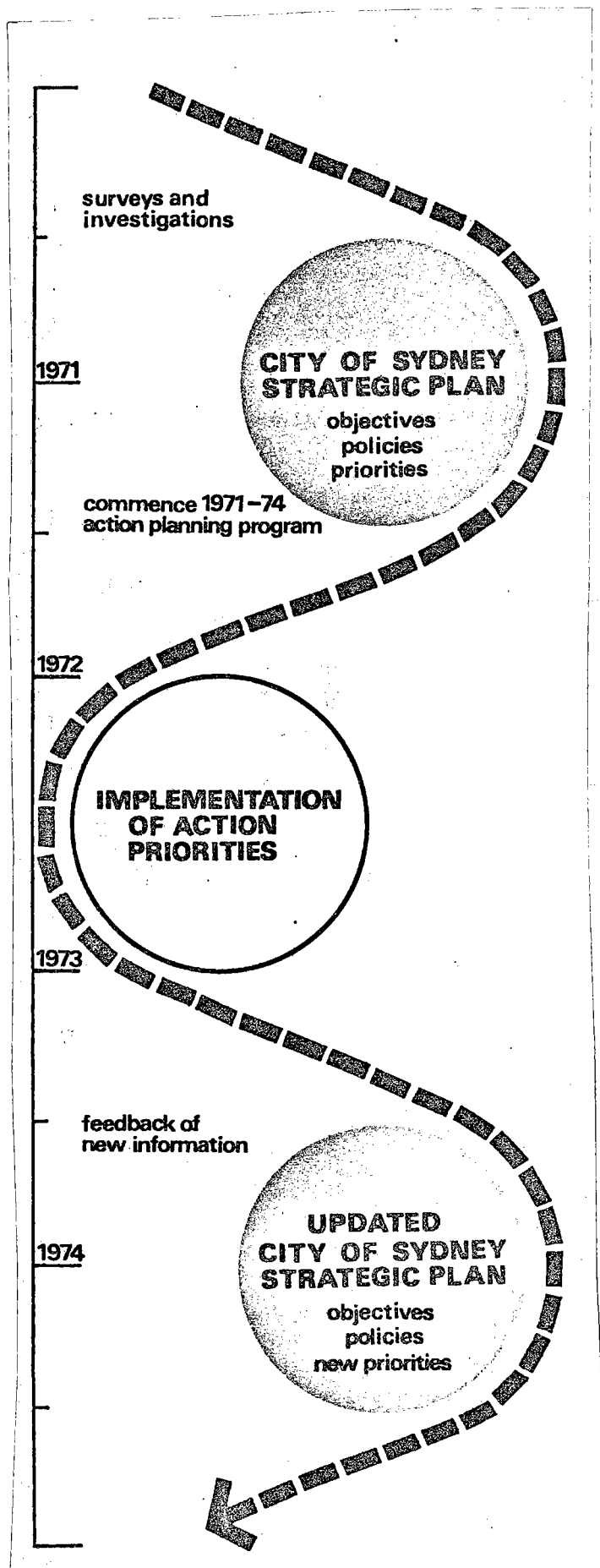
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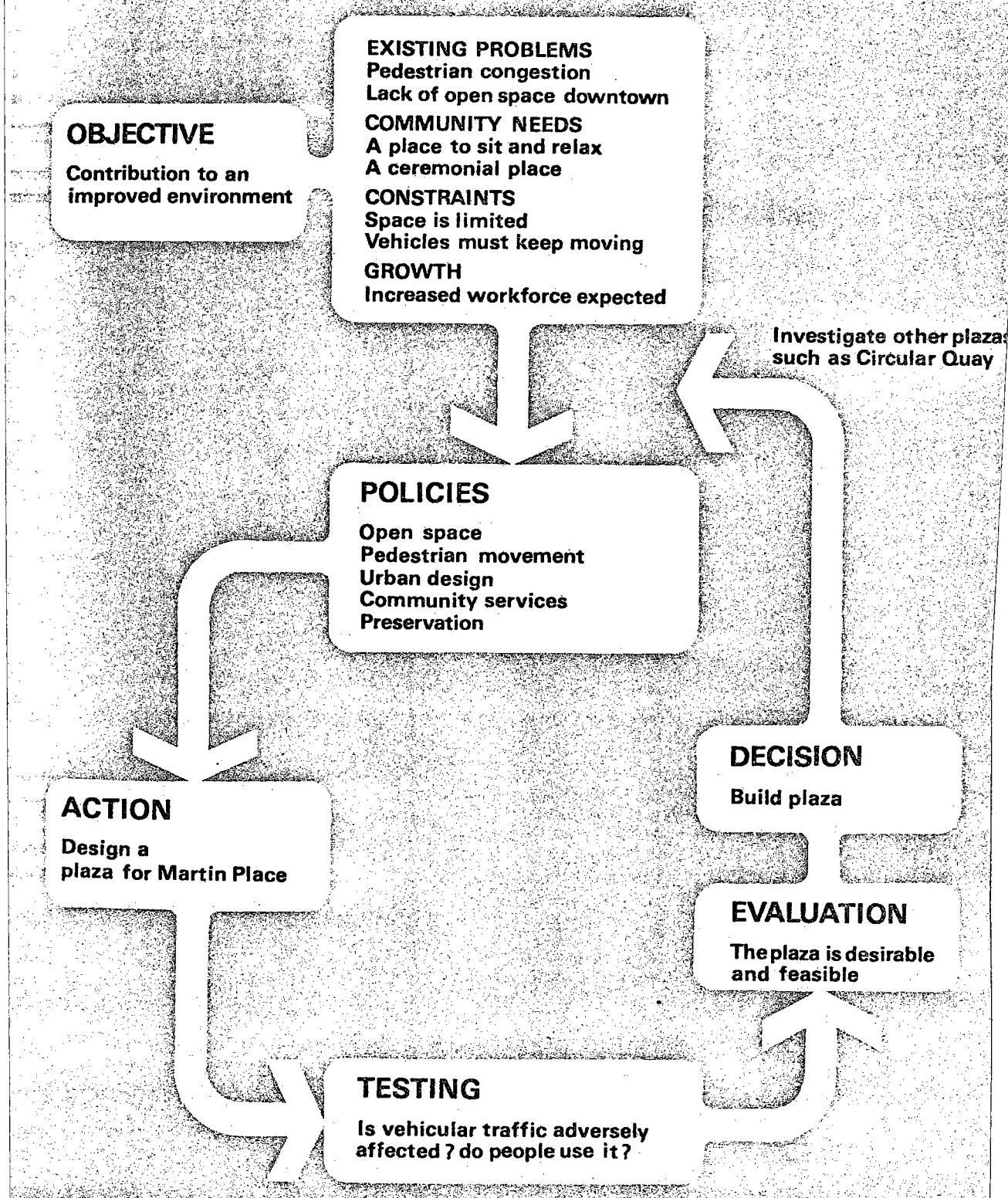
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