

## Unit II

### PLANNING

Planning is the fundamental management function, which involves deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an intellectual process which lays down an organisation's objectives and develops various courses of action, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal.

Planning is nothing but thinking before the action takes place. It helps us to take a peep into the future and decide in advance the way to deal with the situations, which we are going to encounter in future. It involves logical thinking and rational decision making.

According to Koontz and O'Donnell, "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are to where we want to go."

Planning is the continuous managerial process of anticipating and forecasting the future environment of the business organization, the formulation of the long term and short term goals, to be achieved and selecting the strategies for their realization.

Planning is also a management process, concerned with defining goals for a company's future direction and determining the missions and resources to achieve those targets. To meet objectives, managers may develop plans, such as a business plan or a marketing plan.

The planning process provides the information top management needs to make effective decisions about how to allocate the resources in a way that will enable the organization to reach its objectives.

Productivity is maximized and resources are not wasted on projects with little chance of success.

#### Importance of Planning

- It helps managers to improve future performance, by establishing objectives and selecting a course of action, for the benefit of the organisation.
- It minimises risk and uncertainty, by looking ahead into the future.
- It facilitates the coordination of activities. Thus, reduces overlapping among activities and eliminates unproductive work.
- It states in advance, what should be done in future, so it provides direction for action.
- It uncovers and identifies future opportunities and threats.
- It sets out standards for controlling. It compares actual performance with the standard performance and efforts are made to correct the same.

Planning is present in all types of organisations, households, sectors, economies, etc. We need to plan because the future is highly uncertain and no one can predict the future with 100% accuracy, as the conditions can change anytime. Hence, planning is the basic requirement of any organization for the survival, growth and success.

#### Characteristics of Planning

1. **Managerial function:** Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organising, staffing, directing and controlling, as they are performed within the periphery of the plans made.



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2. **Goal oriented:** It focuses on defining the goals of the organisation, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.

3. **Pervasive:** It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.

4. **Continuous Process:** Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organisation's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.

5. **Intellectual Process:** It is a mental exercise as it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.

6. **Futuristic:** In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyse and predict it so that the organisation can face future challenges effectively.

7. **Decision making:** Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal. The alternative chosen should be best among all, with the least number of the negative and highest number of positive outcomes.

Planning is concerned with setting objectives, targets, and formulating plan to accomplish them. The activity helps managers analyse the present condition to identify the ways of attaining the desired position in future. It is both, the need of the organisation and the responsibility of managers.