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### MODULE-3

#### Planning in Business Administration

Planning is concerned with defining goals for a company's future direction & determining the mission & resources to achieve those targets.

To meet objectives managers may develop plans, such as a business plan or a marketing plan.

\* Strategic planning

\* Operational "

\* Contingency "

Strategic plans are designed with the entire organization in mind & with organization mission. Adoption of courses & allocation of resources necessary to achieve the ~~top level managers are engaged~~ aims.

Top level managers are engaged.

Mission basic function or task of an enterprise or agency or any part of it. An organized operation.

Operational plans. highly detailed plan that provides a clear picture of how a team, section or dept. will contribute to the achievement of the organization goals.

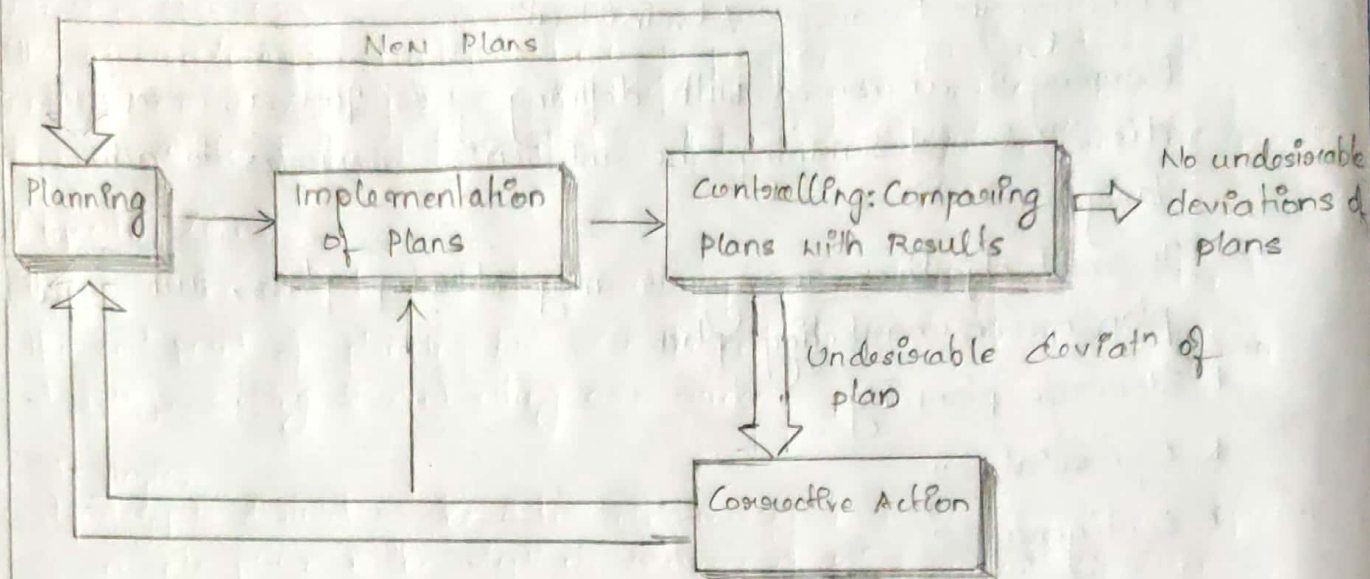
The operational plan maps out the day-to-day tasks required to run a business & cover

Contingency planning is activated by a business organization only when a disaster or unforeseen situation disrupts the operations of the company or puts its employees at risk.

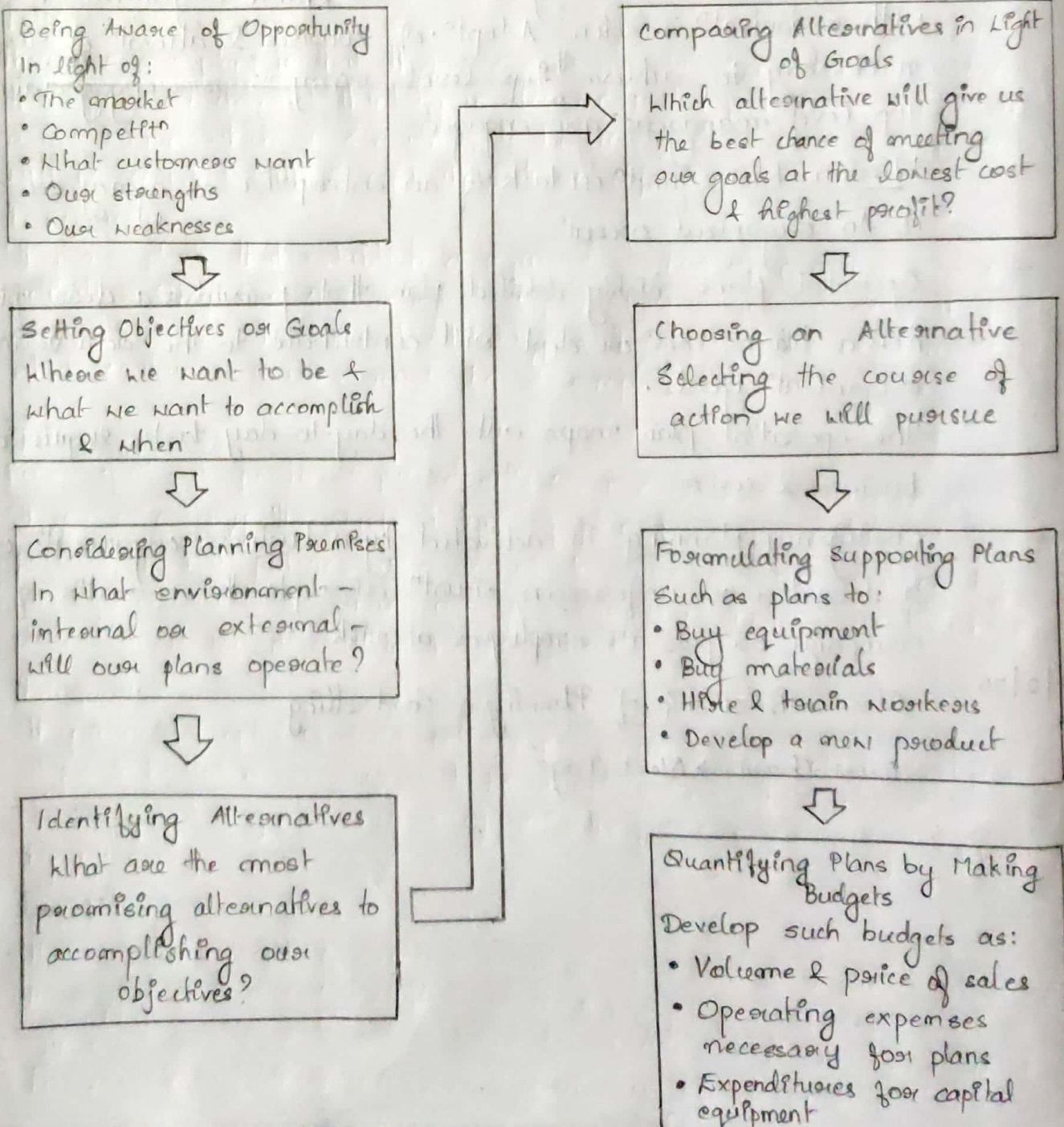
Close Relationship of Planning & Controlling

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### Steps in Planning





### 1. Being Aware of Opportunities

An awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. Setting realistic objectives depends on this awareness. Planning requires a realistic diagnosis of the opportunity situation.

### 2. Establishing Objectives

The 2nd step is to establish objectives for the entire enterprise & then for each subordinate work unit. Objectives specify expected results & indicate the end points of what is to be done, whereas the 1<sup>st</sup> emphasis is to be placed, & what is to be accomplished by the mix of strategies, policies, procedures, rules, budgets & programs.

### 3. Developing Premises

Premises are assumptions about the environment in which the plan is to be carried out. It is imp for all managers involved in planning to agree on the premises. The major principle of planning premises: the more thoroughly individuals charged with planning understand & agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

### 4. Determining Alternative Courses

The 4th step is to search for & examine alternative courses of action, especially those not immediately apparent. The more common problem is reducing the no. of alternatives so that the most promising may be analyzed.

### 5. Evaluating Alternative Courses

After seeking out alternative courses & examining their strong & weak points, the next step is to evaluate the alternatives by weighing them in light of premises & goals. There are so many alternative courses in most situations & so many variables & limitations to be considered that evaluation can be exceedingly difficult.

### 6. Selecting a Course

This is the real point of decision making. Occasionally, an analysis & evaluation of alternative courses will disclose that 2 or more are advisable, & the manager may decide to follow several courses rather than the 1 best course.

### 7. Formulating Derivative Plans

When a decision is made, planning is seldom complete, & a 7th step is indicated. Derivative plans are almost invariably required to support the basic plan.

### 8. Quantifying Plans by Budgeting

After decisions are made & plans are set, the final step is giving them meaning, & to quantify them by converting them into budgets. The overall budget of an enterprise represents the sum total of income & expenses, with resultant profit or surplus, & the budgets of major balance sheet items such as cash & capital expenditures.



## Types of Plans

### 1. Missions / Purposes

The mission/purpose identifies the basic purpose or function or tasks of an enterprise or agency or any part of it. Every kind of organized operation, or at least should have if it is to be meaningful, a mission/purpose.

### 2. Objectives / Goals

They are the ends toward which activity is aimed. They represent not only the end point of planning but also the end toward which organizing, staffing, leading, & controlling are aimed.

### 3. Strategies

Strategy is defined as the determination of the basic long-term objectives of an enterprise & the adoption of courses of action & allocation of resources necessary to achieve these goals.

### 4. Policies

They also are plans in that they are general statements or understandings that guide or channel thinking in decision-making. Policies define an area within which a decision is to be made & ensure that the decision will be consistent with & contribute to an objective.

### 5. Procedures

They are plans that establish a required method of handling future activities. They are chronological sequences of required actions. They are guides to action, rather than to thinking, & they detail the exact manner in which certain activities must be accomplished.

### 6. Rules

Rules spell out specific required actions or non-actions, allowing no discretion. They are usually the simplest type of plan. Rules are different from policies in that policies are meant to guide decision-making by making off areas in which managers can use their discretion, while rules allow no discretion in their application.

### 7. Programs

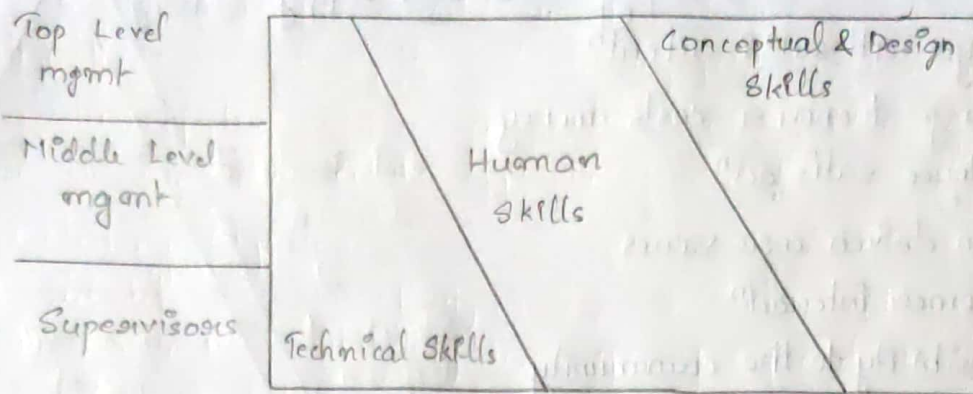
They are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, & other elements necessary to carry out a given course of action; they are ordinarily supported by budgets.

### 8. Budgets

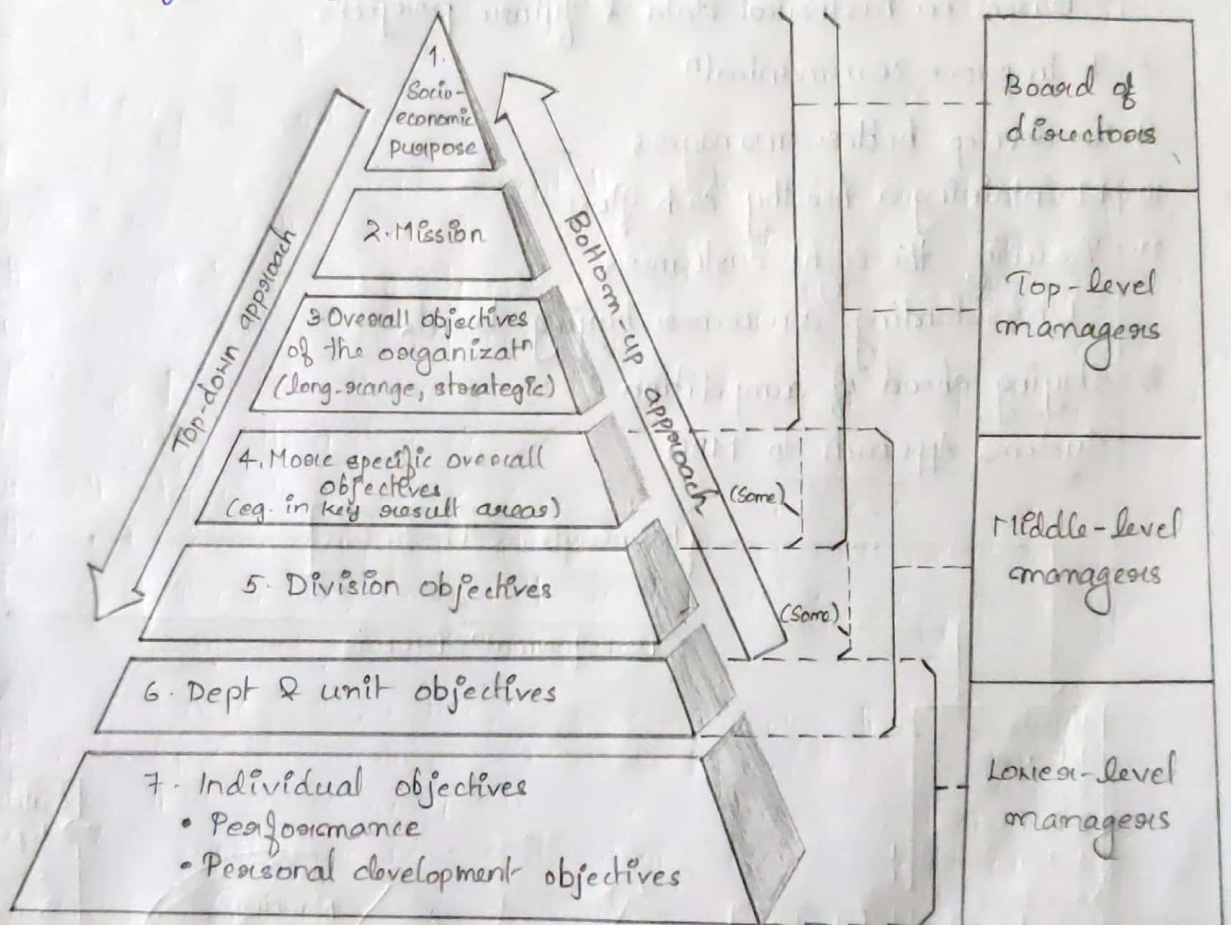
It is a statement of expected results expressed in numerical terms. It may be called a "quantified" plan. A budget may be expressed in financial terms; in terms of labor-hours, units of product, or machine-hours; or in any other numerically measurable terms.



## Skills & Mgmt Levels



## Levels of Planning



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Hierarchy of Objectives

Organizational Hierarchy

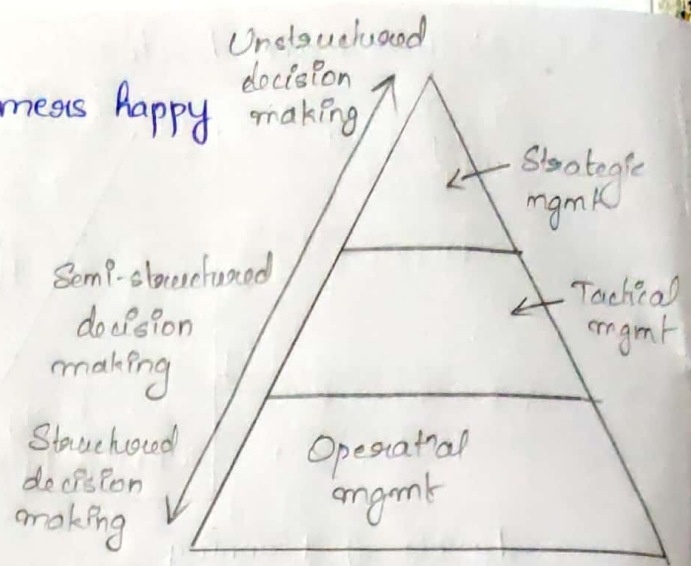
### Mgmt by Objectives (MBO)

It is a strategic mgmt that aims to improve the performance of an organization by clearly defining objectives that are agreed to both mgmt & organization.

### Business Objectives

1. Getting & staying profitable
  - Revenue stays ahead of the cost of doing business
2. Productivity of people & resources
  - Employee training
  - Equipment maintenance
  - New equipment purchase

3. Excellent customer service
  - To retain clients & keeping customers happy
4. Employee attract<sup>n</sup> & retention
  - Employee turnover costs money
  - Employee satisfact<sup>n</sup>
5. Mission driven core values
  - Customer interact<sup>n</sup>
6. Responsibility to the community
7. Sustainable growth
  - Based on historical data & future projects
8. To improve communicat<sup>n</sup>
9. To develop better managers
10. Maintaining a healthy cash flow
11. Reaching the right customers
  - Understanding consumer buying trends
12. Staying ahead of competition



### Systems Approach to MBO

