

Planning

Concept and Definition

Concept

- Planning is a major and primary function of management. No organisation can operate properly without planning.
- Planning is a preparatory step for action. It means systematized pre-thinking for determining a course of action to achieve some desired result.
- Planning is essentially a process of deciding in advance what is to be done, when and where it is to be done, and how it is to be done, and by whom.

Definition

- Planning is the process by which the managers of an organisation set objectives, make an overall assessment of the future, and chart the courses of action with a view to achieving the organisational goals.
- According to Koontz and O'Donnell, planning is “an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, facts and considered estimates.”
- “The plan of action is, at one and the same time, the result envisaged, the line of action to be followed, the stages to go through, and methods to use.”

By- H Fayol

Objective of Planning

- Reduce uncertainty
- Economy in operations
- Anticipation of unpredictable events
- Achieving the goals
- Facilitates decision making

How Do Managers Plan?

Elements of Planning

✓ Goals (also Objectives)

- ⌘ **Desired outcomes** for individuals, groups, or entire organizations
- ⌘ Provide **direction** and **evaluation** performance criteria

✓ Plans

- ⌘ **Documents** that outline how goals are to be accomplished
- ⌘ Describe how **resources** are to be **allocated** and establish activity schedules

FEATURES OF PLANNING

- **1. Centralised authority**- essence of effective and successful planning
- (Prime responsibilities of authority- formulating plan & developing blueprint)
- **2. Goals & Objectives**- 1st task of planning; every plan built on pre-defined objectives eg., driving a car w/o knowing the destination
- (May have single or multiple objectives; short-term, long-term; social, economical, political)
- **3. Deterministic time schedules**- accompanied by fixed time schedules
- **4. Comprehensive & social**- can be looked from a bigger dimension, can involve government, should be comprehensive & address all sectors
- **5. Regulations & controls**- proper controls; less impact by downturns

Nature of Planning

1. Is a creative process- experience, intuition & knowledge
2. Helps in fulfilment of objectives-
3. Is the core function of any organization- comes before all other functions
4. Helps to improve Organization's Efficiency- maximum output with minimum expenditure; allocation of appropriate task& authority
5. Ongoing process & helps to identify constraints- revisit plans time again
6. Always accompanied by Implementation-
7. Promotes unity & consistency – forces to assist employees in decision making & give valued suggestions

Why Planning?

Planning -
higher **profits**,
higher **return**
on assets



Quality and
implementation

Why Do Managers Plan?

Purposes of Planning

- Provides direction
- Reduces uncertainty
- Minimizes waste and redundancy
- Sets the standards for controlling

Benefits of planning

- Goal Focus
- Minimize Uncertainty
- Improve efficiency
- Facilitates to Control
- Innovation and Creativity
- Better Coordination
- Ensures Commitment
- Aid to Business Success
- Brings Systematization



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Planning of TATA NANO

- Success or failure?

Introduction Of Tata Nano

- "Dream-dream and dream, because dream gives vision, vision gives thoughts and finally thoughts lead to the action". Each letter of these motivational words said by India's former President Dr. A.P.J. Abdul Kalam goes exactly with Mr. Ratan Tata, Chairman of Tata group, who in the year 2003, dreamt of producing a safe, affordable Car for the common man. Finally after the wait of five years, crossing all financial and technological barriers, Ratan Tata kept his promise and unveiled Tata 'Nano' on 10th January 2007, at the 9th Auto Expo 2008 in New Delhi. Tata Nano, cool & smart, launched by [Tata Motors](#) is world's cheapest Car with a price tag of \$ 2500.

TATA MOTORS



Target Market

- The low-cost car is clearly intended for the masses. For the family of four that would otherwise ride on a scooter, precariously balancing a tiny tot on the front and a baby on the wife's lap. For the first-time car buyer in India - a huge market despite the increasing number of cars in the urban and semi-urban areas.
- Its Also attract the small cars buyers like maruti 800.



SWOT ANALYSIS OF NANO

STRENGTH

- ✓ Low maintenance and handling cost
- ✓ Good fuel efficiency
- ✓ Innovative engineering
- ✓ Easy to drive in traffic conditions
- ✓ Very affordable price
- ✓ Stylish

WEAKNESS

- ✓ Smaller fuel tank
- ✓ Less powerful engine
- ✓ Limited international presence
- ✓ Manual steering, no air bags
- ✓ Bodywork made of sheet-metal and plastic

OPPORTUNITY

- ✓ Increasing per capita income
- ✓ Introduce CNG model at the earliest and attract the public passenger car segment
- ✓ Increase international market presence especially Europe
- ✓ Parking Space
- ✓ Cost Control
- ✓ World Wide Appeal

THREAT

- ✓ Competitors – HYUNDAI, BAJAJ
- ✓ Product innovations by competitors
- ✓ Customer perception of a cheap car can lead to loss of sales
- ✓ Bad impression due to late date in market



Planning Hurdles for the \$2,500 Nano Car

- The car's introduction comes at a time TATA motors earnings fell in mid 2008. The company's stock price was hurt, partly because of the acquisition of jaguar and Land Rover from Ford Motor Company. Still, Ratan TATA is committed to the low cost car project, although some compromises may have to be made to keep price low.



Planning Hurdles for the \$2,500 Nano Car

- When the \$2,500 TATA's Nano car was introduced at the Delhi auto show in 2008, it caused headlines around the world. It also caught the attention of competitors such as Hyundai motors and Nissan-Renault who plan to introduce low priced cars.
- The 50 miles per gallon car is expected to change the way Indian people travel.

PLANNING HURDLES

Unfortunately, while Tata Motors seemed happy to bask in the sunshine of Nano's increasing popularity, it didn't notice that simultaneously the Nano was also becoming a synonym for 'cheap'. In a young and aspirational economy such as India, this wasn't the right recipe for success. Launched to the global audience, the Nano seemed to start off well but soon things started to go awry. While things had gone bad earlier with the plant in West Bengal earlier, this time the problem was the lack of consumer willingness to buy the Nano. Soon after its launch, some cases of the car catching fire only worsened things further. Soon, plagued by fire and quality issues and its perception of being the cheapest car around, very few people wanted to buy a Nano.

CASE STUDY

- Tevica Private Limited was the largest company being set- up for selling of packed food items. It was involved into variety of food packets like chips, butter cookies, breads and many more. Mr Somesh is the CEO of this company and says that the company has a very good brand value and is among the first five players of packed food market.
- He keeps a close eye on the market trends and environmental changes happening around.
- There are various food- packaging units coming up in the market these days. To maintain the same brand value, Mr Somesh plans and he comes up with following ideas:
 - - Expand his unit to various other locations
 - - Provide promotional offers during festive season
 - -Go global on the market by selling th food packets online

- Questions:

1. Discuss the swot available for the company.

2. What strategy would you suggest to Mr Somesh to continue with its brand value in the market?

NEWS

Hilton strengthens leadership team for India operations, plans expansion

The hotel brand will not pass on the cost of the new members in its sales function to the hotels in the network



hospitality major Hilton has roped in three senior executives from rivals, including ITC Hotels and Oberoi Group, to strengthen its leadership team as it braces for a growth phase in the country. Hilton aims to double the number of hotels in India to 34 over the next three years and is eyeing a portfolio of 100 hotels.

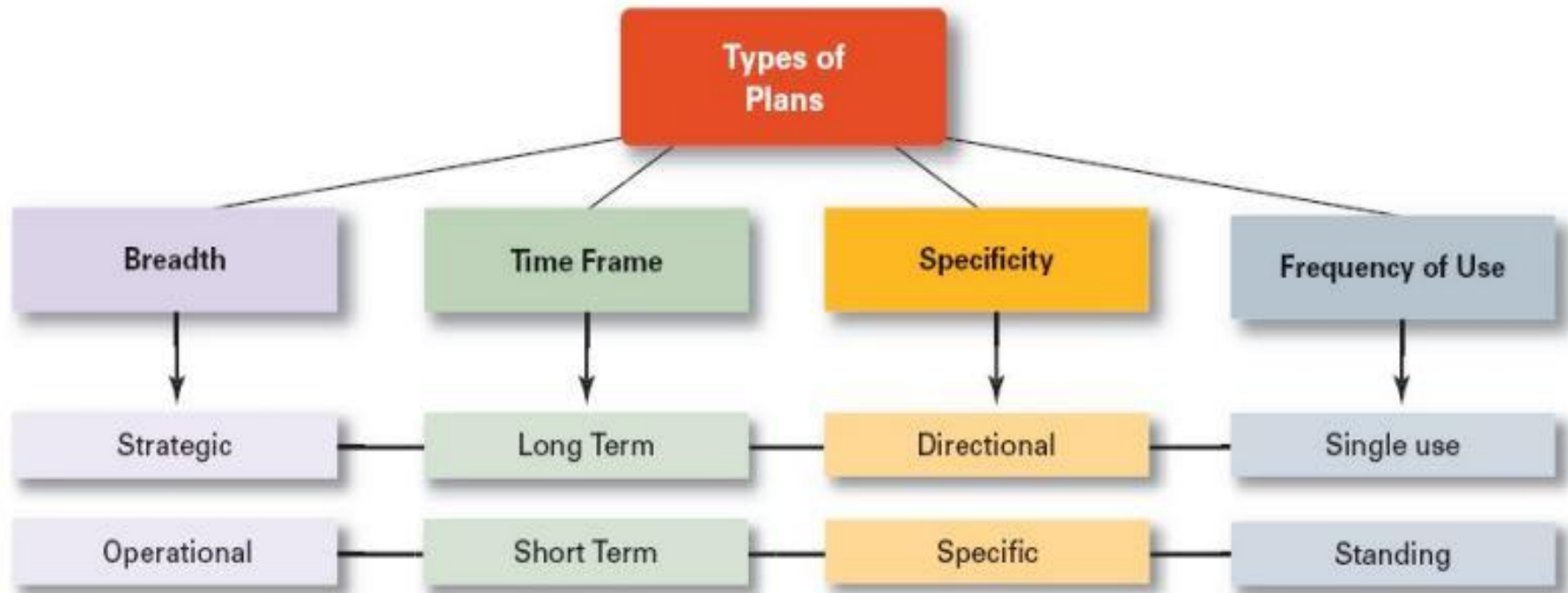
Manish Tolani, head of sales at ITC Hotels, has put in his papers and will be joining Hilton as vice-president and commercial director later this year. The company has also brought on board Neelanjona Gupta from Hyatt as its regional director of sales (India). Gupta was most recently with Hyatt as the director for India sales organisation.

Hilton has also hired Mallika Rao Bedi, former head of human resources at Oberoi and Trident Gurugram, as its regional head of human resources (Asia Pacific). Bedi will be responsible for human resources development and training at Hilton India. In January, Hilton had appointed Navjit Ahluwalia its country head in India. He joined from Marriott after a 13-year stint.

Types of Planning

- Long-term Planning
- Short-term Planning
- Medium-term Planning
- Operational Planning

Types of Plans



Types of Plans

- **Strategic Plans**

- Apply to the entire organization.
- Establish the organization's overall goals.
- Seek to position the organization in terms of its environment.
- Cover extended periods of time.

- **Operational Plans**

- Specify the details of how the overall goals are to be achieved.
- Cover short time period.

Types of Plans

- **Long-Term Plans**
 - Plans with time frames extending beyond three years
- **Short-Term Plans**
 - Plans with time frames on one year or less
- **Specific Plans**
 - Plans that are clearly defined and leave no room for interpretation
- **Directional Plans**
 - Flexible plans that set out general guidelines, provide focus, yet allow discretion in implementation.

Types of Plans

Exhibit 7-3 Specific Versus Directional Plans



Types of Plans

- **Single-Use Plan**

- A one-time plan specifically designed to meet the need of a unique situation.

- **Standing Plans**

- Ongoing plans that provide guidance for activities performed repeatedly.

Types of Plans

Establishing Goals and Developing Plans

- **Traditional Goal Setting**

- Broad goals are set at the top of the organization.
- Goals are then broken into sub-goals for each organizational level.
- Assumes that top management knows best because they can see the “big picture.”
- Goals are intended to direct, guide, and constrain from above.
- Goals lose clarity and focus as lower-level managers attempt to interpret and define the goals for their areas of responsibility.

Types of Plans

Exhibit 7-4 The Downside of Traditional Goal Setting



Types of Plans

Exhibit 7–7 Planning in the Hierarchy of Organizations



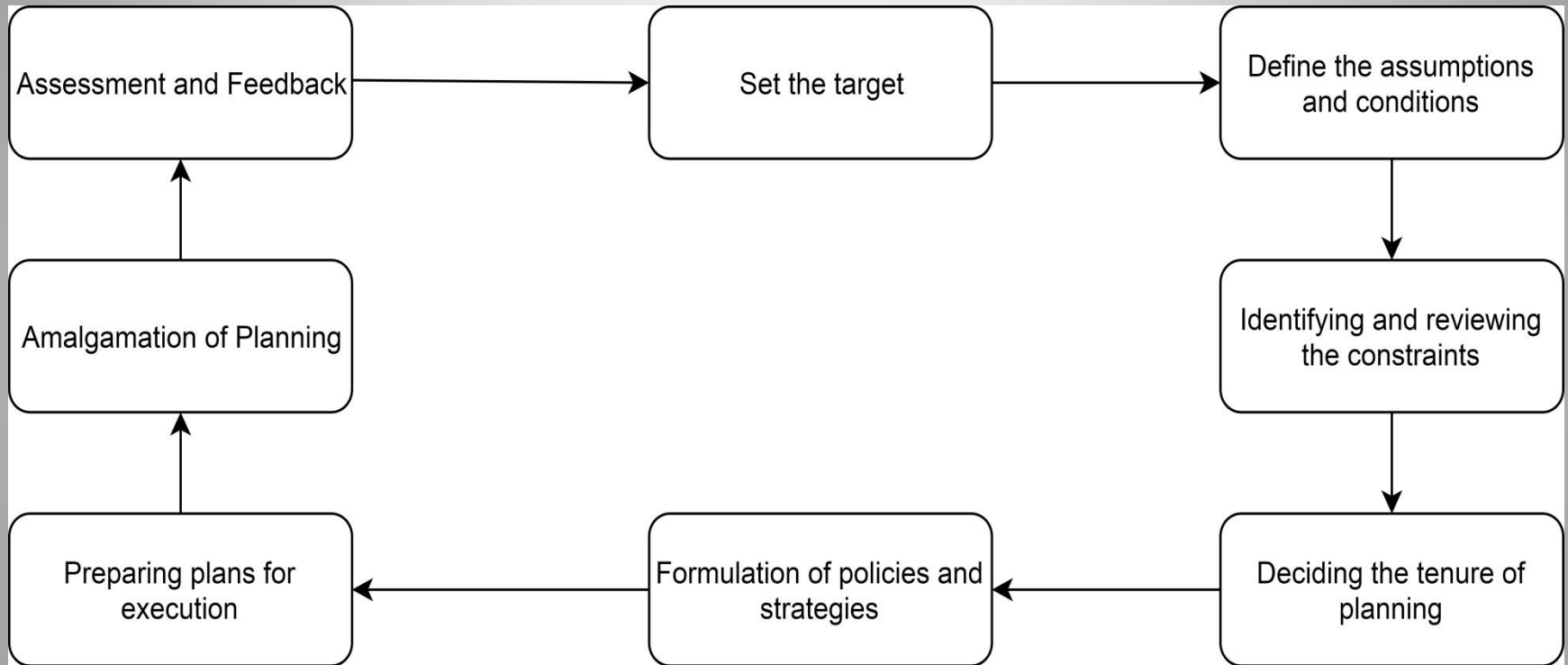
Types of Plans

Contemporary Issues in Planning

- Criticisms of Planning

- Planning may create rigidity.
- Plans cannot be developed for dynamic environments.
- Formal plans cannot replace intuition and creativity.
- Planning focuses managers' attention on today's competition not tomorrow's survival.
- Formal planning reinforces today's success, which may lead to tomorrow's failure.

Steps in Planning Process



Steps in Planning

Steps In Planning

Set the Target

- An organization works towards achieving certain targets. For example, Accenture had been helping Unilever to meet its growth targets by establishing global systems, applications, products (SAP) platform for doubling the revenue and size of the company.

Define the Assumptions and Conditions

- There should be clearly defined assumptions and conditions before a plan is finalized. For example, a production company is laying down plans to produce specialized product, then the assumption made is that it will require extensive training sessions for its staff to produce that product.

Steps In Planning

Identifying and Reviewing Constraints

- Constraints act as a barrier and restrict the smooth execution of a plan. For example, a production company can have as constraints building and machinery capacity, labour quality, adequate supply of parts and raw materials, optimum production schedule and healthy cash flows with change in demands. Hence, SWOT analysis has to be performed before actually designing a plan.

Deciding the Tenure for Planning

- Once the targets, assumptions, and constraints are laid down, the next step is to decide the tenure of planning.

Formulation of Policies and Strategies

- After the target is defined and assumptions are identified, management can formulate policies and strategies to achieve the target along with the involvement, views, and ideas of middle management.

Steps In Planning

Preparing plans for execution

- The plans which are designed to achieve the targets consist of method, time, and capital planning which help in long-term planning for budget, procurement, resources, schedule, and quality to achieve the desired target, and so on.

Amalgamation of plans

- Different plans must be combined, reviewed, and revised before putting in operation and these plans should be communicated to those who will be shouldering the responsibility for putting them into practice.

Planning Tools & Techniques

Forecasting

- The part of organizational planning that involves creating predictions of outcomes based on information gathered by environmental scanning.
 - A planning tool that helps management in its attempts to cope with the uncertainty of the future, relying mainly on data from the past and present and analysis of trends.
-
- ❖ Facilitates managerial decision making.
 - ❖ Is most accurate in stable environments.



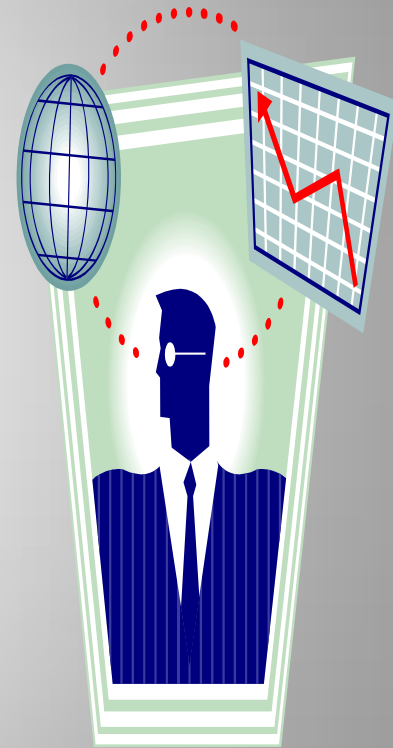
Forecasting Techniques

– Quantitative forecasting

- Applying a set of mathematical rules to a series of hard data to predict outcomes (e.g., units to be produced).

– Qualitative forecasting

- Using expert judgments and opinions to predict less than precise outcomes (e.g., direction of the economy).



- **Quantitative**

- Time series analysis
- Regression models
- Econometric models
- Economic indicators
- Substitution effect

- **Qualitative**

- Jury of opinion
- Sales force composition
- Customers evaluation/Market Survey



Making Forecasting More Effective

1. Use simple forecasting methods.
2. Don't rely on a single forecasting method.
3. Don't assume that the turning points in a trend can be accurately identified.
4. Shorten the time period covered by a forecast.
5. Remember that forecasting is a developed managerial skill that supports decision making.

BENCHMARKING



“MOVING FROM WHERE WE ARE TO WHERE WE WANT TO BE”

What Is Benchmarking

**“IMPROVING OURSELVES
BY LEARNING FROM OTHERS”**

What is Benchmarking

- A method for identifying and importing best practices in order to improve performance.
- The process of learning, adapting, and measuring outstanding practices and processes from any organization to improve performance.

What Is Benchmarking

- Why are others better?
- How are others better?
- What can be learn?
- How we can improve our performance?
- How can we become the best company in the market.



Why Benchmark

- Identify opportunities to improve performance
- Learn from others' experiences
- Uncover strengths in one's own organization
- Better prioritize and allocate resources

Levels Of Benchmarking

- *Internal benchmarking* - Within one's organization.
- *Competitive benchmarking* - Analysis the performance and practices of best in class companies.
- *Non-competitive benchmarking* - Is learning something about a process a company wants to improve by benchmarking.
- *World class benchmarking* - Ambitious and looking towards recognized leader.

Types of Benchmarking: 1

- **Strategic Benchmarking**

How public, private, and nonprofit organizations compare with each other. It moves across industries and cities to determine what are the best strategic outcomes.

Types of Benchmarking: 2

- **Performance Benchmarking**

How public, private, and nonprofit organizations compare themselves with each other in terms of product and service.

It focuses on elements of cost, technical quality, service features, speed, reliability, and other performance comparisons.

Types of Benchmarking: 3

- **Process Benchmarking**

How public, private, and nonprofit organizations compare through the identification of the most effective operating practices from many organizations that perform similar work processes.

Areas Of Benchmarking

Operational Strategies:

- Inventory management
 - Inventory control

Supply chain management:

- Warehousing and distribution
 - Transportation

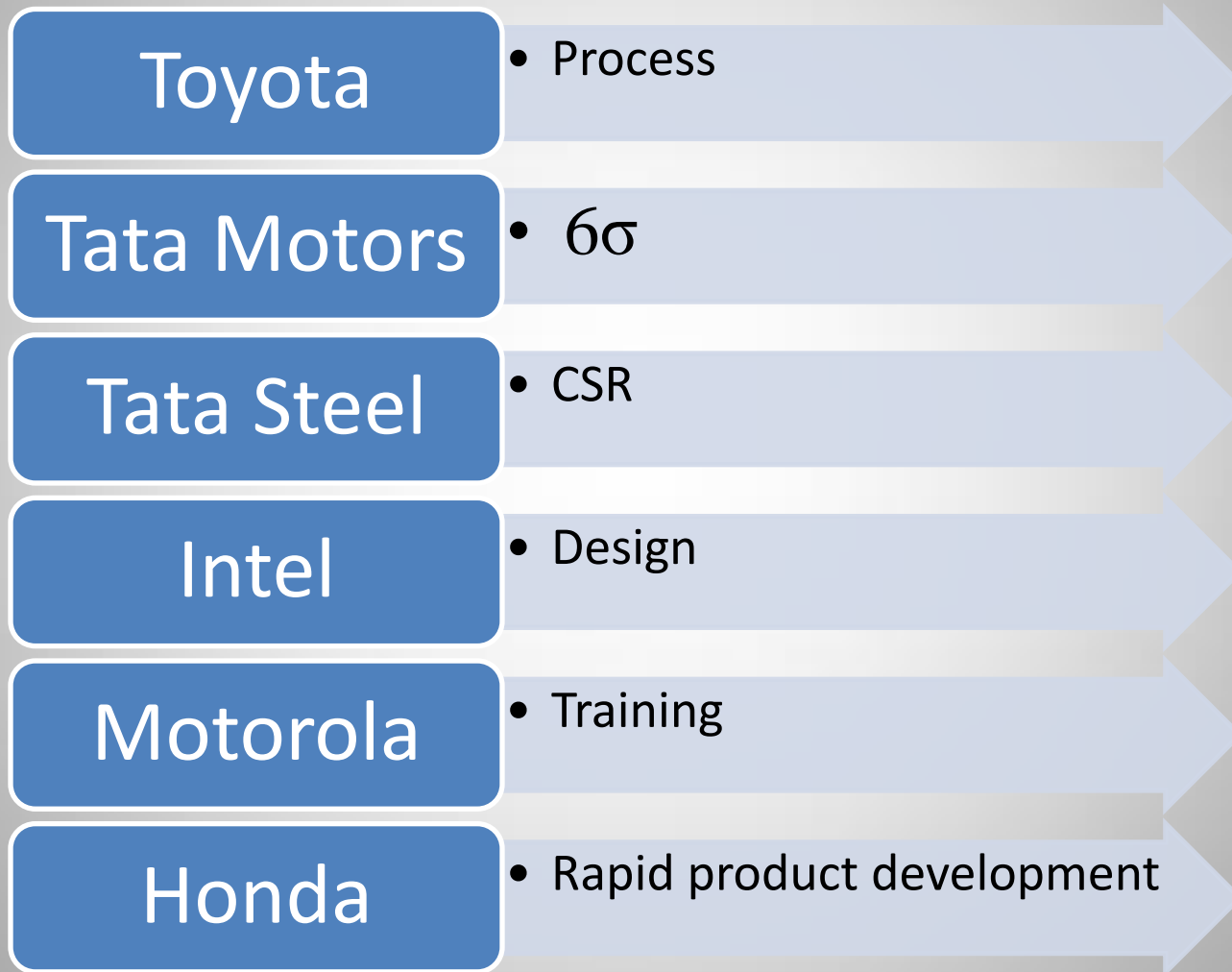
Marketing management:

- Customer service levels
- Billing and collection
- Purchasing practices

H.R. Practices:

- Talent Acquisition / Search
- Training and Development
- Compensation management etc.

Company And Benchmarks

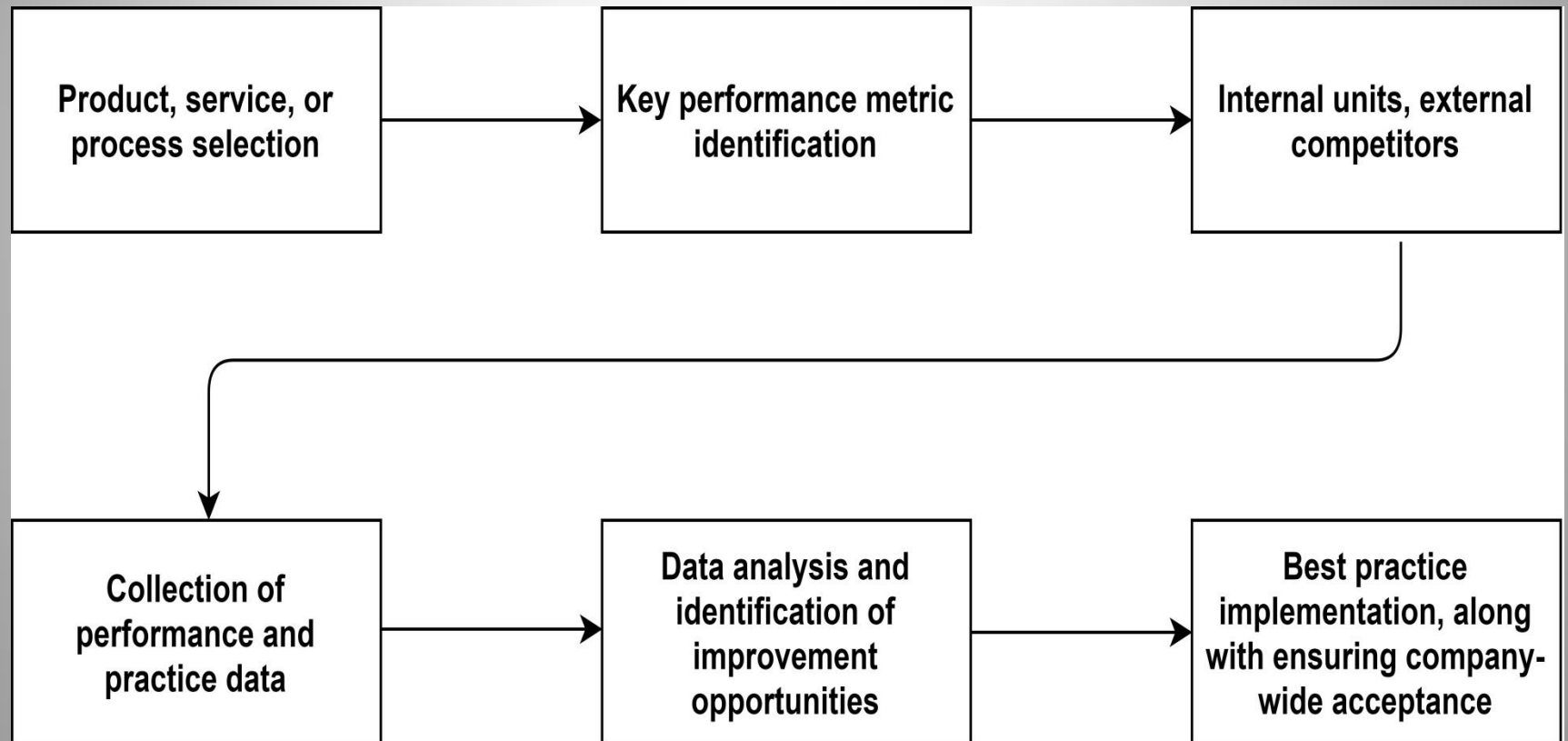


Five Phases Of Benchmarking

- **Planning:** Identify the product, service or process to be benchmarked.
- **Analysis:** Determine the gap between the firm's current performance and that of the firm's benchmarked and identify the causes of significant gaps.
- **Integration:** Establish goals and obtain the support of managers who must provide the resources for accomplishing the goals
- **Action:** Develop action plans, and team assignment, implement the plans, monitor progress and recalibrate benchmark as improvements are made.
- **Maturity:** Leadership position attended, best practices fully integrated into process.

Planning Tools and Techniques

Process of Benchmarking

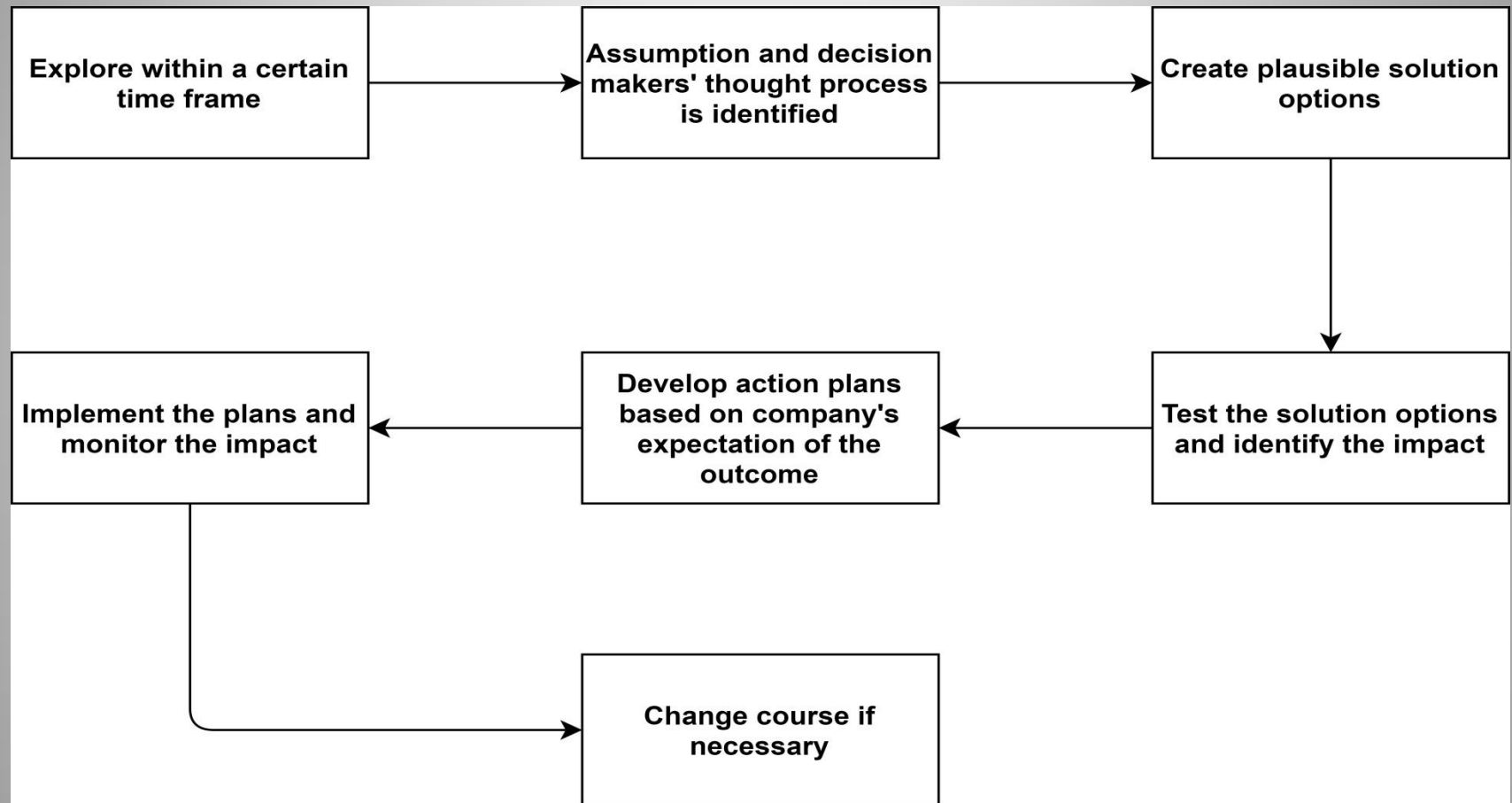


Planning Tools and Techniques

Scenario and Contingency Planning

- Scenario planning compels the executives to examine various courses of action based on a variety of operating policies and financial conditions as envisaged by the company.
- Contingency or situation planning is based on monitoring the impact of sudden changes in market scenarios or disruption in trade.
- Scenario and contingency plans do not encourage one-dimensional thinking, and by testing a variety of situations and doing causal analysis, managers can challenge the assumptions and then decide the course of action. Plans are put on pressure test so that the company can handle any situation.

Planning Tools and Techniques



Scenario and Contingency Planning Process

Planning Tools and Techniques

Scenario and Contingency Planning Example

- ABC's initiative to meet customer demands is through a consistent product supply. This supply ensures through invocation of proper contingency plans which include backup manufacturing plans based on the level of inventory and the production schedules.

Process

- ABC maintains strategic supplier associations to be a primary receiver of raw material and packaging and they, in turn, had business process recovery plans to diminish or reduce shortages. ABC also had approval of alternate suppliers if the current supplier could not meet their demands and this process took place through their supplier approval process.

Planning Tools and Techniques

Process (Continued....)

- Also, ABC ensured that if need be the production of finished goods could also happen at alternate production units and for that they maintained a list of back up contract builders, and so on.
- ABC ensured that failure of machineries would call for immediate replacement of machines or disposition of product to another construction facility.

Planning Tools and Techniques

Use of Staff Planners

- Staff planners plan for the organization as it starts growing in size by units, employees, resources, and assets, and these experts are skilled in incorporating planning processes and using effective planning tools and techniques for streamlined planning.
- It has been perceived that there is a communication gap between staff planners and line managers. They should collaborate very often to implement the plan, which if not done properly executed loses its effectiveness.

Question Answer Session

1) What are the objectives of planning?

- a) Reduce uncertainty b) Economy in operations
- c) Achieving the goals d) Non of the above

2) How do managers plans (Elements of planning)

- a) Plans and Goals b) Decision making
- c) Goals d) Plans

3) Which one is not the features of planning

- a) Creative process b) Centralized Authority
- c) Goals & Objective d) Deterministic time schedule

4) Which one is not the types of planning

- a) Long-term b) Operational
- c) Short-term d) creative

5) One of the Quantitative forecasting technique

- a) Jury of opinion
- b) Substitution effect
- c) Sales force composition
- d) Market Survey

6) Which one is not the type of bench marking technique

- a) Strategic Benchmarking
- b) Qualitative Benchmarking
- c) Performance
- d) Process

7) Which is correct one

- a) Set the Target , Assumptions and Conditions, Reviewing Constraints, Tenure for Planning, Policies and Strategies
- b) Set the Target , Reviewing Constraints, Assumptions and Conditions, Tenure for Planning, Policies and Strategies
- c) Set the Target, Assumptions and Conditions, Tenure for Planning, Reviewing Constraints, Policies and Strategies
- d) Set the Target , Assumptions and Conditions, Reviewing Constraints,, Policies and Strategies, Tenure for Planning

*Thank
you*

