

Planning

CHAPTER 4

Meaning

Planning is deciding in advance what to do and how to do.

Planning means setting objectives and targets and formulating an action plan to achieve them.

Importance of Planning

1.

Planning provides direction

-by stating in advance how work is to be done

2.

Planning reduces the risks of uncertainty

-enables manager to look ahead and anticipate changes

3.

Planning reduces overlapping and wasteful activities

-serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals.

Importance of Planning

4.

Planning promotes innovative ideas

-new ideas can take the shape of concrete plans

5.

Planning facilitates decision making

-helps the manager to look into the future and make a choice from amongst various alternative courses of action.

6.

Planning establishes standards for controlling

-Planning provides the goals against which actual performance is measured

Limitations of Planning

Planning leads to rigidity

Planning may not work in a dynamic environment

Planning reduces creativity

Planning involves huge costs

Planning is a time-consuming process

Planning does not guarantee success

Planning Process

Setting objectives

Developing Premises

Identifying alternative courses of action

Evaluating alternative courses

Selecting an alternative

Implementing the plan

Follow-up action

Planning Process

(i) Setting Objectives

Objectives or goals specify what the organisation wants to achieve.

Objectives may be set for the entire organisation and each department or unit within the organisation.

(ii) Developing Premises

Planning is concerned with the future which is uncertain.

Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises.

Planning Process

(iii) Identifying Alternative Courses of Action

There may be many ways to act and achieve objectives.

All the alternative courses of action should be identified.

(iv) Evaluating alternative courses

The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.

Each course will have many variables which have to be weighed against each other.

Planning Process

(v) Selecting an alternative

The best plan has to be adopted and implemented.

The ideal plan, of course, would be the most feasible, profitable and with least negative consequences

(vi) Implementing the plan

The step is concerned with putting the plan into action, i.e., doing what is required.

(vii) Follow-up action

To see whether plans are being implemented and activities are performed according to schedule.

Types of Plans

Single-use Plan

A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future.

These plans include budgets, programmes and projects.

The duration of this plan may depend upon the type of the project. It may span a week or a month.

Types of Plans

Standing Plan

A standing plan is used for activities that occur regularly over a period of time.

Standing plans include policies, procedures, methods and rules.

Examples of standing plans include policies for employee interaction, instructions for reporting internal issues in the company and regulations regarding what is allowable and what is prohibited in the business.

Objectives

Objectives are the goals, aims or basic purpose, that organization wishes to achieve over varying periods of time.

Objectives are the ends towards which all organizational activities are aimed.

For example, an organisation may have
an objective of increasing sales by 10%
or earning a reasonable rate of return on investment,
earn a 20% profit from business.



Policy

Policies are the statement which acts as guiding principles to govern action usually of routine and repetitive nature.

Policies define the framework which guides thinking and action of the organizational members.

For example, the company may have a recruitment policy, pricing policy within which objectives are set and decisions are made. If there is an established policy, it becomes easier to resolve problems or issues.

Procedure

A procedure is the defined series of related tasks or activities that has to be followed in a chronological sequence by which the work will be performed.

It denotes a list of systematic steps for handling events that occur regularly.

A procedure guides action and decide what will be the outcome.



Method

Methods provide the prescribed ways or manner in which a task has to be performed considering the objective.

For imparting training to employees at various level from top management to supervisory, different methods can be adopted.

Rule

Rules are specific statements that inform what is to be done.

They do not allow for any flexibility or discretion.

It reflects a managerial decision that a certain action must or must not be taken.

Strategy

A strategy is a comprehensive plan for accomplishing an organisation objectives.

Whenever a strategy is formulated, the business environment needs to be taken into consideration.

For example, a company's marketing strategy has to address certain questions i.e., who are the customers? what is the demand for the product? which channel of distribution to use? what is the pricing policy? and how do we advertise the product?

Programme

Programmes are detailed statements about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.

The minutest details are worked out in a programme.

Budget

A budget is a statement of expected results expressed in numerical terms.

It is a plan which quantifies future facts and figures.

budget represents all items in numbers, it becomes easier to compare actual figures with expected figures and take corrective action subsequently.

For example, a sales budget may forecast the sales of different products in each area for a particular month.