

# PLANNING



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- ▶ Selection of missions and objectives as well as the actions to achieve them, which requires decision-making, that is, choosing a course of action from among alternatives.

# What IS PLANNING...?



- ▶ Planning is the process of deciding in advance what is to be done, where, how and by whom it is to be done.
- ▶ It is basically a process of thinking before acting.
- ▶ Planning is a continuous process.
- ▶ It is called as the principle of navigational change.
- ▶ Decision making is the integral part of planning.

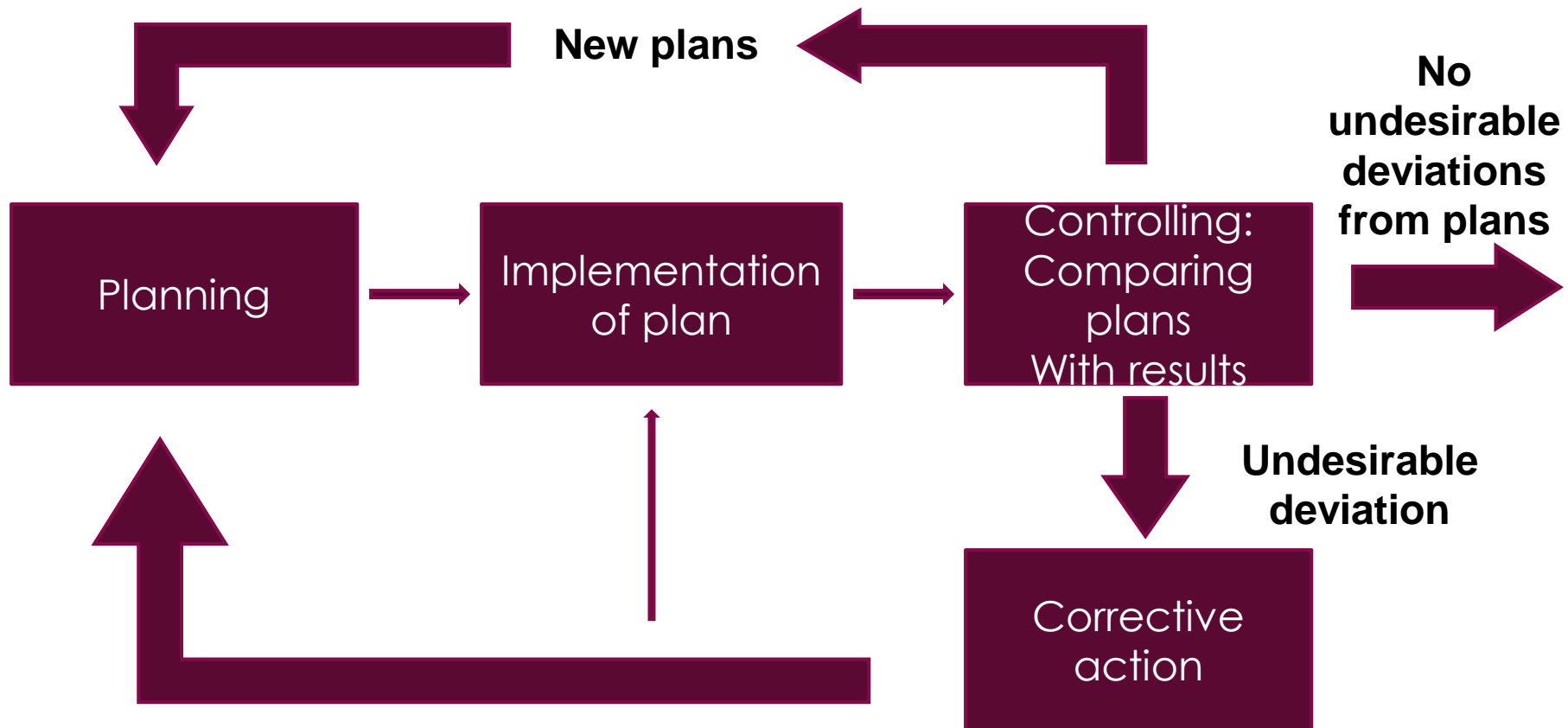
# What IS PLANNING...?

- ▶ Planning is one of the executive function of the brain.
- ▶ Planning is a key component of the problem solving skills necessary to achieve the objective.
- ▶ It holds the relationship with forecasting.
- ▶ The counterpart to planning is spontaneous order.

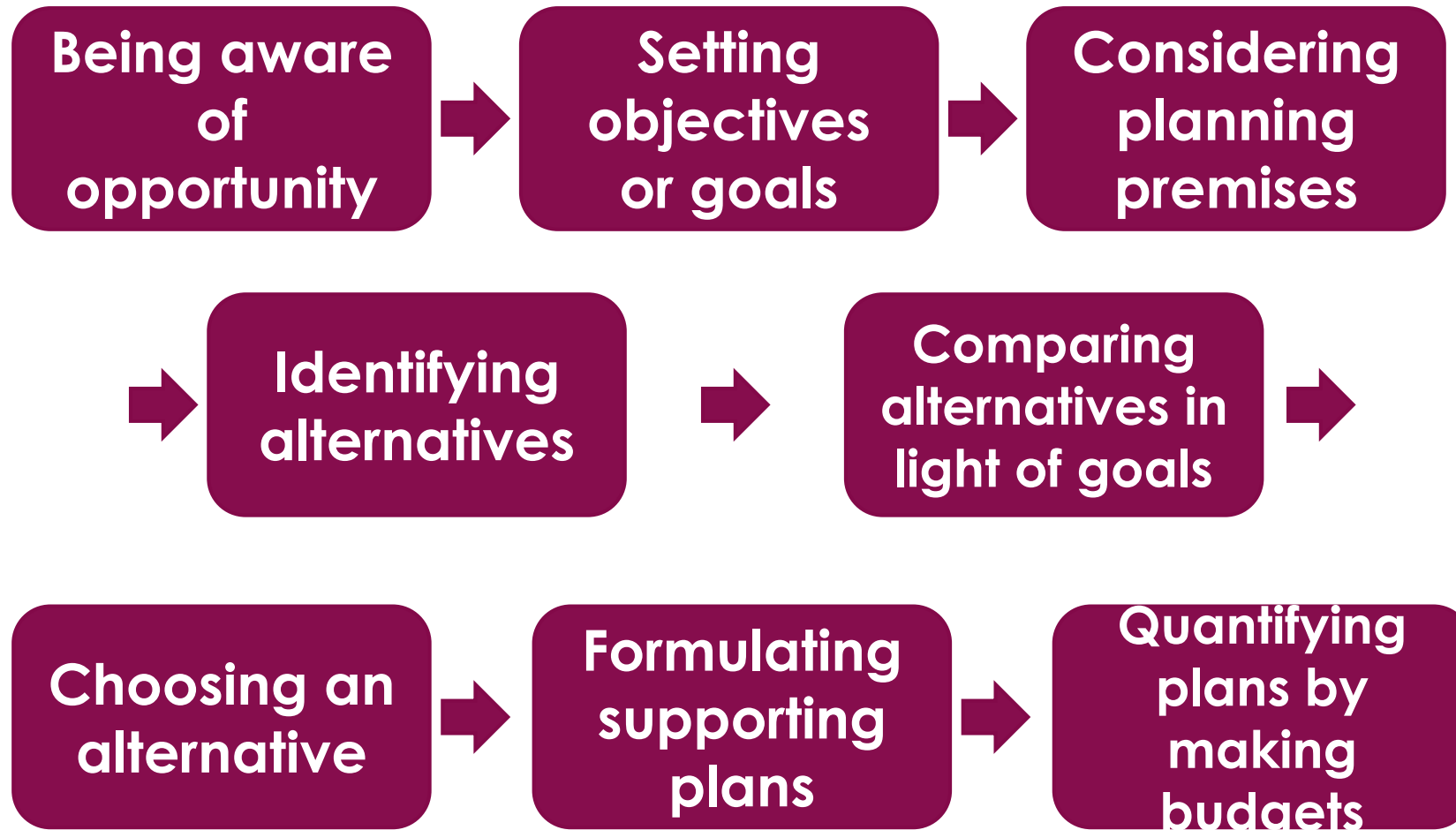
# NATURE OF PLANNING

- ▶ Mental activity
- ▶ Goal-oriented
- ▶ The primary function
- ▶ Based on facts
- ▶ Flexible
- ▶ Essentially decision making

# Planning and controlling



# Steps in planning



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# Being aware of opportunity

In light of:  
The market  
Competition  
What consumers want  
Strengths  
Weaknesses



”

Pre-planning process

Internal and external opportunities

Helps to set the objectives



“

# Setting objectives or goals

Where we want to be and what we want to accomplish

”

For entire enterprise and the subordinate work units

Long term and short term

Give direction to the major plans

Form a hierarchy

“

# Considering planning premises

In what environment- internal or external –will our plans operate.?

”

**Premises:** Assumptions about the environment in which the plan is to be carried out

**Principle of planning premises:** the more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

“

# Identifying alternatives

What are the most promising alternatives to accomplish our objectives.?



Reduce the number of alternatives

Mathematical techniques and computer can be used

# “Comparing alternatives in light of goals

Which alternative will give us the best chance of meeting our goals at the lowest cost and highest profit.?”



Evaluate the strong and weak points.

“

# Choosing an alternative

Selecting the course of action we will pursue.

”



Adoption of the plan.  
It is decision making.



“

# Formulating supporting plans

Such plans are to:

Buy equipment

Buy materials

Hire and train workers

Develop a new product



”

“

# Quantifying plans by making Budgets

Develop such budget as:

Volume and price of sales

Operating expenses necessary for plans

Expenditures for capital equipment



”

# Types of plans

- ▶ Missions or purposes
- ▶ Objectives or goals
- ▶ Strategies
- ▶ Policies
- ▶ Procedures
- ▶ Rules
- ▶ Programs
- ▶ Budgets



# Missions or purposes

- ▶ The basic purpose or function or tasks of an enterprise or agency or any part of it.
- ▶ A Mission Statement defines the company's business, its objectives and its approach to reach those objectives
- ▶ A mission statement is a statement of the purpose of company, organization or person, its reason for existing.
- ▶ The mission statement should guide the actions of the organization, spell out its overall goal, provide a path, and guide decision-making.

# Missions or purposes

## COMPONENTS

- ▶ **Key market:** Who is your target client or customer (generalize if needed)?
- ▶ **Contribution:** What product or service do you provide to that client?
- ▶ **Distinction:** What makes your product or service unique, so that the client would choose you?

# Purpose, Mission, Vision

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- ▶ When we begin any journey, we subconsciously have an inner conversation around these three questions:
  - *Why* are we going to a particular destination? (Purpose)
  - *How* will we get there? (Mission)
  - *What* will it be like when we arrive? (Vision)
- ▶ *Mission* is *vision* in action, connecting *purpose* with the impact to be made.

# Examples of Higher Purpose

- ▶ Disney: To use our imaginations to bring happiness to millions.
- ▶ Johnson & Johnson: To alleviate pain and suffering.
- ▶ Google: To organize the world's information and make it universally accessible and useful.
- ▶ BMW: To enable people to experience the joy of driving.
- ▶ American Red Cross: Enabling Americans to perform extraordinary acts in the face of emergencies.

BBC's Vision statement: *To be the most creative organisation in the world.*

Mission statement: *To enrich people's lives with programmes and services that inform, educate and entertain.*

Purpose statements:

- *Sustaining citizenship and civil society*
- *Promoting education and learning*
- *Stimulating creativity and cultural excellence*
- *Representing the UK, its nations, regions and communities;*
- *Bringing the UK to the world and the world to the UK;*
- *Delivering to the public the benefit of emerging communications technologies and services.*

# Objectives or goals

- ▶ The ends towards which activity is aimed.
- ▶ What an organization wants to accomplish in a future period of time.
- ▶ A desired future state an organization wants to realize.
- ▶ Goals are general statement about profitability, growth and survival of business for a longer period of time.

# Objectives or goals

- ▶ Objectives are desired targets in specific relevant areas that an organization wants to achieve during a fixed time period.
- ▶ Objectives are concrete , specific and quantitative.
- ▶ Objectives are statement of results, a firm seeks to achieve during a specified period of time.

# Strategies



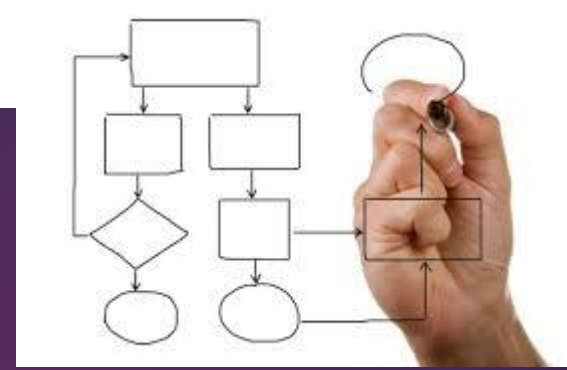
- ▶ The determination of the basic long term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals.
- ▶ The art of working out how to win in business and life.
- ▶ Involves understanding the environment, crafting a unique and valuable competitive position, and using the resources in such a way that the best use of the opportunities are made.



# Policies

- ▶ General statements or understandings that guide or channel thinking in decision making.
- ▶ Define an area within which a decision is to be made and ensure that the decision will be consistent with and contribute to an objective.
- ▶ Every policy statement must be definite, clear and easily understandable.
- ▶ Discretions are applicable.

# Procedures



- ▶ Plans that establish a required method of handling future activities.
- ▶ They are guide to action, rather than to thinking.
- ▶ Chronological sequences of required actions.
- ▶ May be inter-departmental.
- ▶ A procedure has to be consistent with the objectives and within the broad areas of a policy.

# Procedures and policies

- ▶ Example: granting employee vacations.

# Rules

- ▶ Spell out specific required actions or non-actions allowing no discretion.
- ▶ A rule is different from a policy, procedure or method.
- ▶ Example: Traffic rules, Exam rules.

# Programmes

- ▶ A complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action.
- ▶ Programs are precise plans or definite steps in proper sequence which need to be taken to discharge a given task.
- ▶ The essential ingredients of every program are time phasing and budgeting.

# Budgets

- ▶ A statement of expected results expressed in numerical terms.
- ▶ A quantified plan.
- ▶ May be expressed in: financial terms, labor-hours, units of product, machine hours etc.,
- ▶ Acts as a control device.
- ▶ A fundamental planning instrument.
- ▶ Forces a company to make in advance- whether for a week or for five years- a numerical compilation of expected cash flow, expenses and revenues, capital outlays, labor or machine-hour utilization.