

## Unit - 3

### Definition, Nature and Objective of Planning - the nature of managerial work -

Managers are paid to plan and control. they plan minimize and reduce risks.

Planning

Controlling

Decision Making

### Meaning and Concept of Planning

Planning is deciding in advance what is to be done, when where, how and by whom it is to be done.

Planning bridges the gap from where we are to where we want to go.

It includes the selection of objectives, policies, procedures and programmes from among alternatives.

A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management.

### Definition

According to Billy E. Goetz, "Planning is fundamentally choosing and a planning problem arises when an alternative course of action is discovered."

According to Koontz and O' Donnell, "Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates."

### Planning

- It is the most fundamental function of management.
- It is the basic process of setting up goals to be reached and course of action to be followed.
- It is in fact a prerequisite(precondition) to effective management.
- Thus we can say, planning is the management function of anticipating the future and the conscious determination of a future course of action to achieve the desired results.
- A plan is a predetermined course of action to be followed in future.

### Nature of planning

- Planning is purposeful : it is goal oriented. It is directed towards efficiency.
- Planning is a primary function : It is the basic level of management process.
- Pervasive process : Many people believe in planning. It is the job of all the managers in all types of organizations.
- Intellectual process : A mental process involving imagination but not guesswork.
- Continuous process : An on-going/dynamic exercise as old assumptions change, old plans are revised or new ones are prepared.
- Forward process : No plan can be prepared without knowledge of future.
- Involves choice : Decision making is core of planning

### Types of Plans

- Single-use :- 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.
- Standing plans :- A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organization run smoothly.

### Importance of Planning

- **Planning provides directions**
- Planning reduces the risks of uncertainty
- Planning reduces overlapping and wasteful activities
- Planning promotes innovative ideas
- Planning facilitates decision making
- Planning establishes standards for controlling

### Features of Planning

- Planning focuses on achieving objectives
- Planning is a primary function of management
- Planning is pervasive
- Planning is continuous
- Planning is futuristic
- Planning involves decision making

### Limitations of Planning

- Planning may not work in a dynamic environment

- Planning is a time-consuming process
- Planning does not guarantee success

### **Objective Of Planning**

- To focus attention on objective & results.
- To provide sense of direction.
- To encourage innovation.
- To help in coordination.
- To guide decision making.
- To provide economy in operation.
- To facilitate control.

### **Good Planning: Characteristics**

- It Should Clearly Defined objectives
- It should be simple
- Unity
- It Provides for a Proper Analysis and Classification of Action
- It should be flexible
- It is Balanced, Practicable and Suitable According to the Size and form of the Business
- It should be Time-Bound
- It should be economical
- Participation by Subordinates
- It should be comprehensive

### **Approaches to Setting Goals and developing plans**

- a) Traditional goal-setting - an approach to setting goals in which top managers set goals then flow down through the organization and become sub goals for each organizational area
- Means-ends chain - an integrated network of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, or ends, at the next level.
- b) Management by objectives (MBO) - a process of setting mutually agreed upon goals and using those goals to evaluate employee performance.
- MBO programs have four elements: goal specificity, participative decision making, an explicit time period, and performance feedback.
- Instead of using goals to make sure employees are doing what they're supposed to be doing, MBO uses goals to motivate them as well. The appeal is that it focuses on employees working to accomplish goals.

### **What Is the Planning Process?**

- The planning process is the steps a company takes to develop budgets to guide its future activities. The documents developed may include:
- Strategic plans (long-range, high-level company goals)
- Tactical plans (shorter-term, specific plans to work toward goals in the strategic plan)
- Operating plans (detailed plans for a specific department to implement)
- Project plans (plans to implement projects such as launching new products or building a new plant)

### **Levels of planning**

- Strategic planning
- Tactical planning
- Operational planning

#### **Strategic planning-**

- It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to achieve these goals.
- It is planning the direction of the company's progress, it is done by the top management of an organization.
- It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
- The strategic plan must be forward looking, effective and flexible, with a focus on future growth.
- These plans provide the framework and direction for lower level planning.

#### **Tactical planning**

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- Tactical plans span a short time frame and are usually developed by middle level managers.
- It details specific means or action plans to implement the strategic plan by units within each division.
- Tactical plans important resource details and work allocation among the subunits within each division.

#### **Operational planning:-**

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They are usually developed by the manager to fulfill his or her job responsibilities.

- They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- They govern the day-to-day operations of an organization.

#### **Planning Process**

- Setting Objectives
- Developing Premises
- Identifying alternative courses of action
- Evaluating alternative courses
- Selecting an alternative
- Implementing the plan
- Follow-up action

#### **Management by Objectives (MBO)**

Management by Objectives (MBO) approach was proposed by Peter Drucker in the 1960's, and by definition, process of management by objectives show a personnel management system, where the organization set, plan, monitor and achieve specific objectives with the mutual cooperation of both high level and low-level employees, the concept of MBO may be clear, there is a need to understand the process of management by objectives.

##### ● **Management By Objectives Process**

**Determining Organizational Goals:** The entire development of an organization depends on the set goals. A goal is the most critical and necessary factor behind the effectiveness and efficiency of an organization.

- **Determining Employees' Objectives:** It is the responsibility of the manager to ask employees about what goals they can accomplish within a specific time period and what resources will they use to achieve the goal.
- **Constant Monitoring Progress and Performance:** it is also equally important for constantly monitoring the progress and performance of the employees.

#### **There are certain things that can help managers to monitor performance and progress**

1. For measuring plans and individuals, implementing MBO concepts
2. Defining short and long term plans and objectives
3. Installing efficient and effective controls

**Performance Evaluation:** the performance evaluation comes under the responsibility of concerned managers and is made by their participation

**Providing Feedback:** the feedback is provided in periodic meetings where supervisors and their subordinates review the performance and progress towards achievement of goals

#### **Controlling**

Definition: Control is a primary goal-oriented function of management in an organisation. It is a process of comparing the actual performance with the set standards of the company to ensure that activities are performed according to the plans and if not then taking corrective action.

##### **Important Characteristics of Controlling**

- **Controlling is a Fundamental Management Function**
- **Essential Function of Every Manager**
- **Controlling is a Continuous Activity**
- **Controlling is Both the Beginning and the End of the Process of Management**
- **Controlling is related to Results**

##### **Nature of Controlling**

- Control is Based on Planning
- Control is a Dynamic Process
- Information is the Guide to Control
- Control involves continuous review of standards of performance
- Control Aims at Future

##### **Features of Controlling**

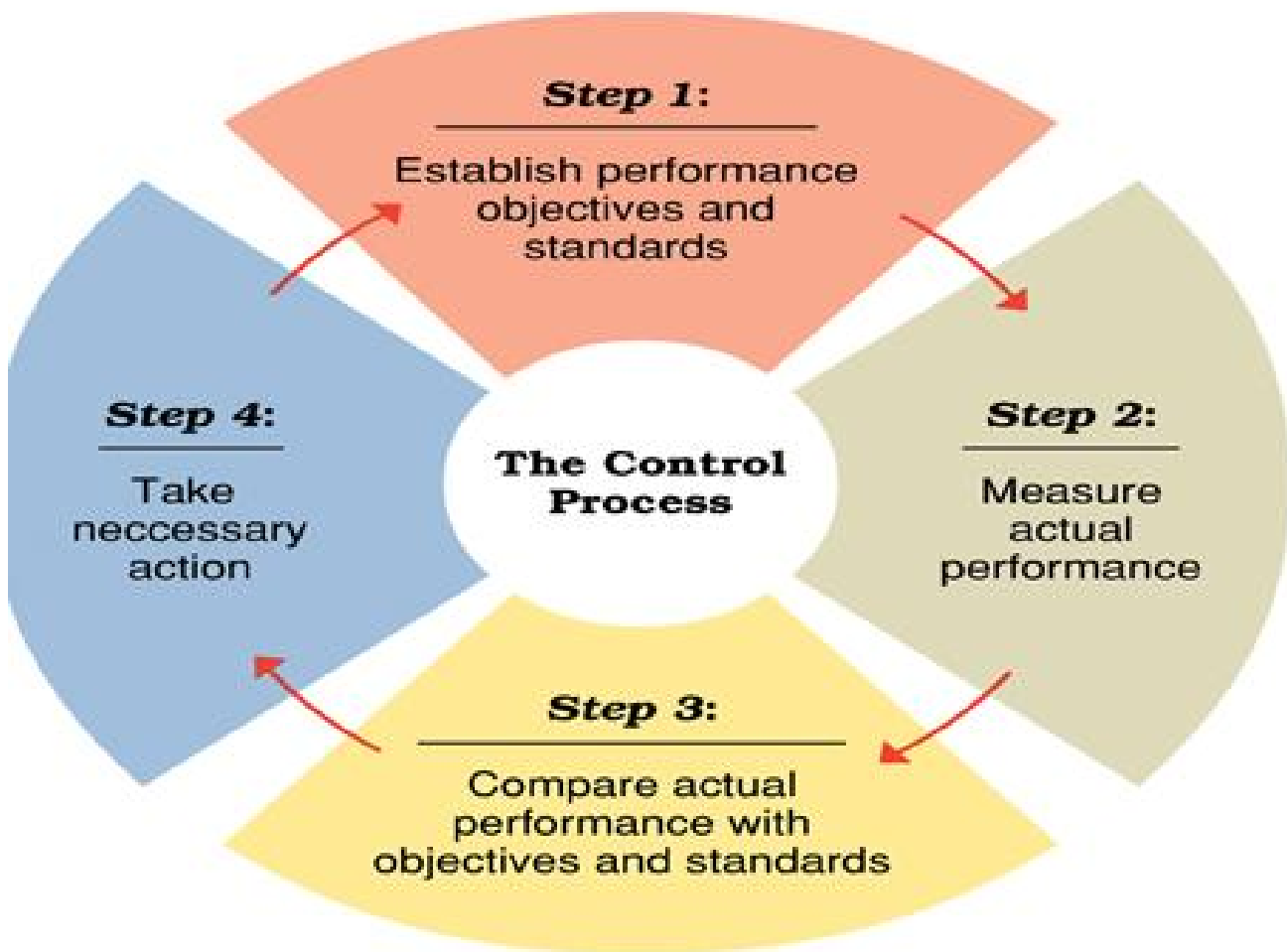
- It helps in achieving organizational goals.
- Facilitates optimum utilization of resources.
- It evaluates the accuracy of the standard.
- It also sets discipline and order.
- Motivates the employees and boosts employee morale.
- Ensures future planning by revising standards.

- Improves overall performance of an organization.
- It also minimizes errors.

#### Aims of Controlling

- ✓ To find out the progress of the work—the work already completed and the work in progress.
- ✓ To compare the actual performance of the work at different stages with the particulars indicated in the plans and policies.
- ✓ To verify quantity and testing quality of the products.
- ✓ To know the delays or interruptions, if any, in the performance of work and trace the cause of such delay or breakdown.
- ✓ To assess the cost of materials and labour used and ensure that direct costs and indirect costs do not exceed the budget provisions.
- ✓ To maintain discipline and morale in the organisation.

#### THE CONTROL PROCESS



- Establish standards to measure performance: Within an organization's overall strategic plan, managers define goals for organizational departments in specific, operational terms that include standards of performance to compare with organizational activities.
- Measure actual performance: Most organizations prepare formal reports of performance measurements that managers review regularly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data.
- Compare performance with the standards: This step compares actual activities to performance standards. When managers read computer reports or walk through their plants, they identify whether actual performance meets, exceeds, or falls short of standards. Typically, performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance—that is, the difference between each actual amount and the associated standard.
- Take corrective actions: When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take the fourth step—corrective action. The most effective course may be prescribed by policies or may be best left up to employees' judgment and initiative.

### **Types of control**

- ✧ Feedback Control: This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.
- ✧ Concurrent control: It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred.
- ✧ Predictive/ feed forward control: This type of control helps to foresee problem ahead of occurrence. Therefore action can be taken before such a circumstance arises.

### **Advantages of controlling**

- ✧ **Saves time and energy**
- ✧ **Allows managers to concentrate on important tasks. This allows better utilization of the managerial resource.**
- ✧ **Helps in timely corrective action to be taken by the manager.**
- ✧ **Managers can delegate tasks so routinely chores can be completed by subordinates.**

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