

MANAGEMENT PLANNING & IMPLEMENTATION

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PLANNING

- Planning is the most important and primary function of management.
- It precedes all other functions of planning.
- All organizations operate under uncertainty. To be successful, it must anticipate changes and make plans to adapt to the changes.
- It is a process of deciding in advance what to do, how to do, when to do, and who does what.

➤ **According to TERRY:**

“Planning is the selection and relating of facts and making and using of assumptions regarding the future in the visualization and formalization of proposed activities believed necessary to achieve desired results.”

➤ **According to DALTON E. McFarland:**

“Planning is a concept of executive function that embodies the skills of anticipating, influencing and controlling the nature and direction of change.

FEATURES OF PLANNING

1. Planning is goal oriented:

There is no meaning in planning unless it contributes in some way for the effective achievement of objectives.

2. Planning is an intellectual process:

It is concerned with foresight, imagination and sound judgment.

3. Planning is forward looking:

It is future oriented. Predicting future trends and preparing for them is an integral part of planning.

4. Planning is undertaken at all levels of the organization because all levels of management. However its role increases at successive higher levels of management.
5. Planning is an integrated process:
Plans made at different levels of management are interdependent and interrelated.
6. Planning involves choice:
Planning is basically decision making. It means choosing among available alternative courses of action.
7. Planning is flexible as commitment is based on future conditions which are always dynamic.

NATURE OF PLANNING

1. RATIONAL APPROACH: It defines
 - a) Where one stands
 - b) Where one wants to go in future
 - c) How to reach there.
- ▶ It tries to fill the gap between actual status(current performance) and desired status (desired performance).
- ▶ It emphasizes the most appropriate use of human and non-human resources.

- ▶ Take inputs from environment and exports output to environment .
- ▶ It indicates that the identification of gap between current status and desired status in future and action required to bridge this gap is influenced by variety of environmental factors such as economic, political, legal, technological, socio-cultural and competitive .
- ▶ All the features of environment is dynamic and change with the time.

2. AN OPEN SYSTEM

3.PERVASIVENESS OF PLANNING

- ▶ Planning is pervasive and extends through out the organization.
- ▶ Every manager has to perform planning within his particular area of activities.
- ▶ Top management is responsible for overall objectives and actions of the organization.

TYPES OF PLANS

Different types of plans are developed by an organization. The plans are:

1. MISSION Or PURPOSE:

- Mission is “a statement which defines the role that an organization plays in the society.”
- An organization’s mission includes its philosophy and basic purpose for which it exists.
- It establishes the values, beliefs and guidelines that the organization holds in high esteem
- Mission means, what is our business? And what should it be?

2. OBJECTIVES Or GOALS:

- They are the ends toward which activity is aimed.
- While enterprise objectives are the basic plan of the firm, a department may also have its own objectives.
- Department goals naturally contributes to the attainment of enterprise objective.

3. STRATEGIES:

- They are “ general programs of action and deployment of resources to attain comprehensive objectives.”
- They are “ the determination of the basic long term objective of an enterprise, the adoption of courses of action and allocation of resources necessary to achieve these goals.

4. POLICIES:

- It is a “ general statement of understanding which guides the thinking and action in decision-making.
- It provides the framework within which managers operate. It is a guideline for action.
- It is a one time standing decision that helps the manager in making day-to-day decisions in their operational areas

5. PROCEDURES:

- A series of related steps or tasks to be performed in a sequential way is known as procedure.
- Policy is sub-divided in to various operations and termed as procedures.
- For example: A company's policy may be to sell the obsolete products at a discount.
The procedure may explain how to decide which product is obsolete and what percentage of discount is to be offered.
- Policies and procedures are interrelated.

6. RULES:

- A rule is also a plan that suggest required action.
- A rule requires that a definite action has to be taken in a particular way with respect to a situation.

7. PROGRAMMES:

- It is “a comprehensive plan that includes future use of different resources in an integrated pattern and establishes a sequence of required and time schedules for each in order to achieve stated objectives.”
- Thus a programme includes objective, policies, procedures, methods, standards and budgets.

8. BUDGETS:

- It is a quantitative expression of plan.
- It is a statement for a given period of time in future expressed in financial or physical units.

STEPS IN PLANNING:

- Plans may be major or minor in nature.
- Major plans require a detailed action plan.
- Idea about premises underlying the plans.

1. Being Aware of Opportunities

(Perception of Opportunities)

- It actually precedes planning.
- It leads to the formulation of plans.
- It includes the knowledge of where the organisation stands in the light of its strengths and weaknesses and a vision of what it expects to gain.

2. Establishing Objectives:

- Setting objectives.
- Objectives specify the results expected and indicate the end points of what is to be done.
- The organisational objectives should be specified in all key result areas.
- Objectives form a hierarchy in the organisation.

3. Planning Premises:

- Expected environments under which plans are expected to operate.
- External and Internal premises.
- Forecasting (major role).

4. Identification of alternatives:

- Search and examine alternatives.
- The problem is not finding the alternatives but reducing them so that the most promising may be analyzed.
- E.g. If an organisation wants to grow further.

5. Evaluation of alternatives:

- Evaluation presents a dilemma which way to go because each alternative may have certain positive points on one aspect but negative on others.
- This is the reason why more sophisticated techniques of planning and decision making have been developed.

6. Selecting an alternative:

- Selecting the alternative we will pursue i.e. the plan is adopted.
- It is the real point of decision making.
- Planner must be ready with other alternative also.

7. Formulating Supportive Plans:

- Planning process is incomplete without formulating derivative plans required to support basic plan.
- Such as plans to:
 - ▶ Buy materials & equipments,
 - ▶ Hire and train workers,
 - ▶ Selecting a good business location

8. Establishing Sequence of Activities

- Based on plans at various levels, it can be decided who will do what and at what time.
- Express the plan in terms of budgets of an enterprise representing:
 - Volume and price of sales
 - Operating expenses necessary for plans
 - Major balance sheet items such as cash and capital expenditures
- Each department of a business can have its own budgets, usually of expenses and capital expenditures, which will tie into the overall budget.

- ▶ “Planning Premises are the assumptions providing a background against which the estimated events affecting the planning will take place”.
- ▶ Planning premises means systematic and logical estimate for the future factors affecting planning.
- In planning new premises, the first consideration is where to site them.
- It involves various assumptions on which plans are to be formulated.

PLANNING PREMISES

**EXTERNAL
PREMISES**

**INTERNAL
PREMISES**

TYPES OF PLANNING PREMISES

EXTERNAL PREMISES

- ▶ Certain external factors like price level, employment, population, technical research, different resources of production, market demand etc. which are affecting business activity.
- ▶ These external factors are not under the control of management. So they are uncontrollable premises.

INTERNAL PREMISES

- ▶ Premise about basis policies such as should the purchase be centralized or decentralized?
- ▶ Whether to give importance to quality or low price?
- ▶ Whether to implement the policy of centralization of power or not?
- ▶ The methods of directing to be followed
- ▶ Policies and rules of employment – selection, promotion , transfer, demotion and relieve.
- ▶ Premises about automation of office. premises about pricing , price discrimination , after sale services and so on.

IMPORTANCE OF PLANNING PREMISES

- ▶ Well organized planning can be done.
- ▶ Risk of uncertainty reduces.
- ▶ Risk of flexibility reduces.
- ▶ co-ordination becomes effective. .
- ▶ Increase in profitability

OBJECTIVES

The background is a blue gradient. On the right side, there are several thin, white, parallel diagonal lines extending from the bottom towards the top right corner.

► Definition:

“ Objectives are goals, aims or purposes that organisations wish over varying periods of time”



“A managerial objective is intended goal direction to planning efforts of a manager”

that prescribes definite scope and suggest

Terry and Franklin

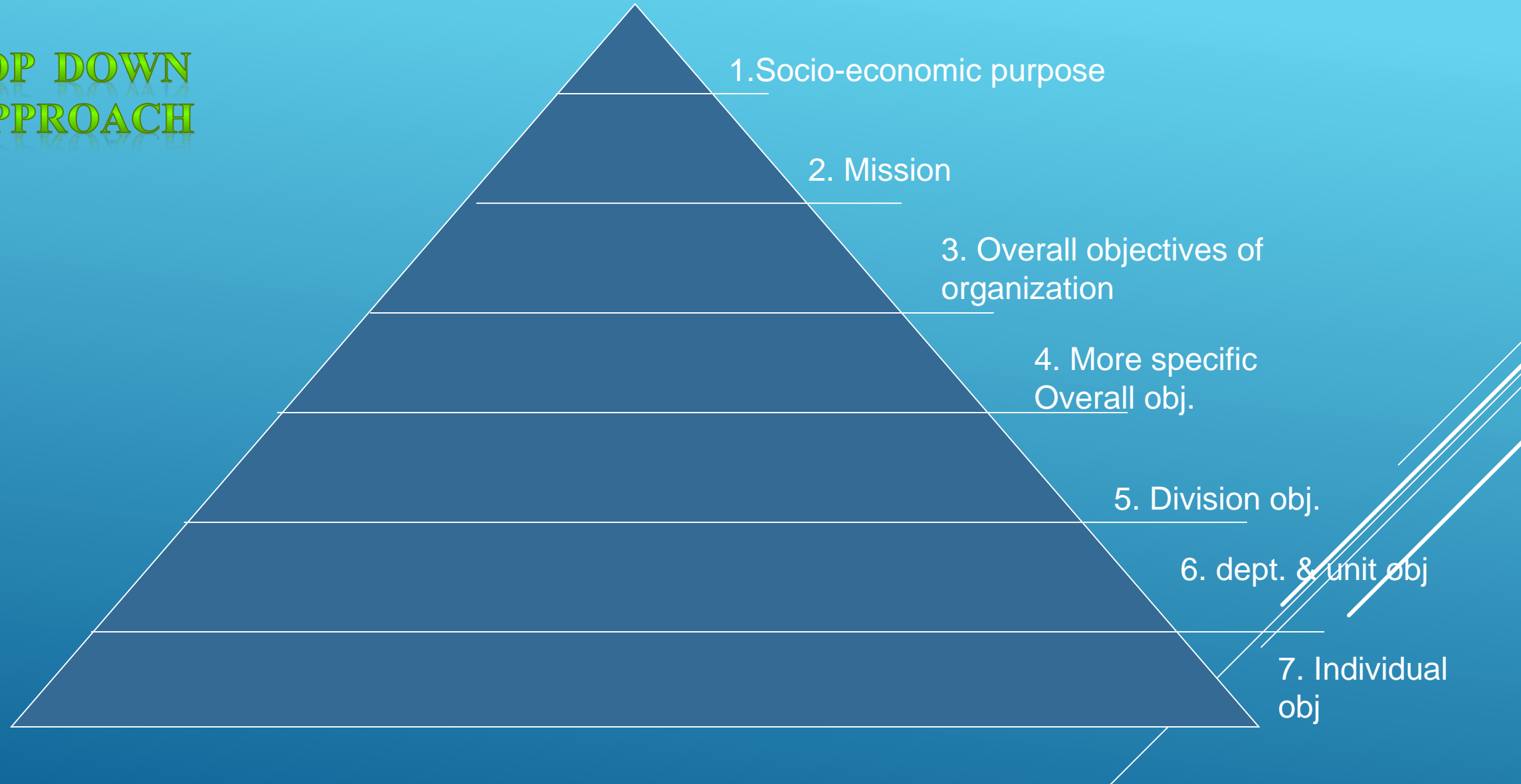
FEATURES:

- Each Organizations or Group has some objectives.
- Objectives may be broad or specifically mentioned. Long term as well as short-term.
- Objectives are clearly defined.
- Objectives have hierarchy.
- Organization objectives have social sanction.
- An organization may have multiple objectives.
- Objectives can be changed.

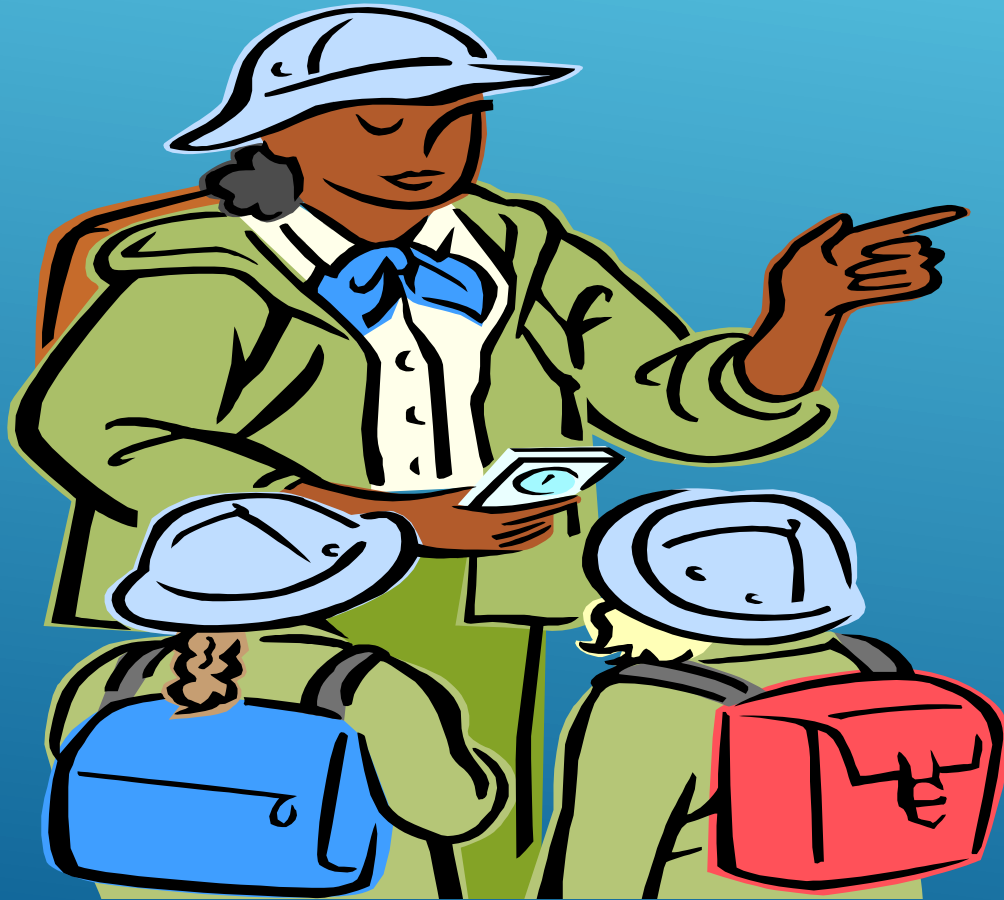
Hierarchy of Organizational Objectives

HIERARCHY OF OBJECTIVES

**TOP DOWN
APPROACH**



GUIDELINES FOR OBJECTIVE SETTING



- **Objectives must be clearly specified.**
- **Objectives must be set taking into account the various factors affecting their achievements.**
- **Objectives should be consistent with organizational mission.**
- **Objectives should be rational and realistic rather than idealistic.**
- **Objectives should be achievable but must provide challenge to those responsible for achievement.**

- Objectives should yield specific results when achieved.
- Objectives should be desirable for those who are responsible for the achievement.
- Objective should start with the word 'to' and be followed by an action verb.
- Objectives should be consistent over the period of time.
- Objectives should be periodically reviewed.

EXAMPLE OF GOOD OBJECTIVE SETTING:

“We want to make our product number selling brand in its field in terms of units sold.”

“Our profit objectives is to increase the earning so that we earn 12% post-tax return on the net worth of the company.”

“We strive to become leader in product innovation in our field by investing five per cent of our sales revenue on research and development.”

EXAMPLE OF POOR OBJECTIVE SETTING

“We will go to great length to develop new ideas.”

“Our objective is to maximize our profit.”

“Our objective is to offer best and cheapest product.”

MANAGEMENT BY OBJECTIVES(MBO)

This was proposed by **Peter Drucker** in his 1954 book
“The Practice of Management”.

Definition:

“ it’s managerial system that integrates key managerial activities in a systematic manner and continuously works towards the effective and efficient way to achieve the organizational objectives.”

FEATURES OF MBO

- ❖ An approach not a technique.
- ❖ Refers to a formal set of procedures that begins with goal setting and continuous performance review.
- ❖ Main point of MBO is the objectives, which needs the individual actions needed to fulfill the functional strategy and objectives.
- ❖ It is a combination of objective setting and periodic performance reviews.
- ❖ Once the objective is decided individual has the freedom to choose the way to achieve them.

❖ MBO programs start with the top managers, who determines the organization's strategy and set preliminary goals.

PROCESS OF MBO

1. Setting of Organizational Purpose and Objectives:

- ❖ Top managers has to determine the purpose or mission and the more important goals of the enterprise for a given period ahead.
- ❖ Companies strengths and weaknesses should be taken into account ,available opportunities and threats while setting the goals.

2. Identification of Key Result Areas (KRAs):

- ❖ These are the unit that must function effectively if the entire organisation is to succeed.

- ❖ KRAs indicate the present state of an organization and the top management perspective for the future.

3. Setting Subordinates' Objectives:

- ❖ Organizational objectives are achieved through individuals.
- ❖ Each individual manager must know in advance what he is expected to achieve.
- ❖ Process begins with superior's proposed recommendations for his subordinate's objectives.
- ❖ Subordinate states his own objectives as perceived by him.
- ❖ Final objectives are set by the mutual negotiation between superior and subordinate.

4. Matching resources with Objectives:

- ❖ Proper application of resources ensures objective achievement.
- ❖ There should be matching between objectives and resources.
- ❖ Allocation and movement of resources should be done in consultation with the subordinate manager.

5. Appraisal:

- ❖ Measure whether the subordinate is achieving his objective or not.
- ❖ To find out deficiency in the working of On-going process and also to remove it promptly.
- ❖ It is taken to ensure that everything is going as planned and the organization is able to achieve its objectives.

6. Recycling:

- ❖ Outcome of appraisal at one level is recycled to see if the objectives have been set properly at that level and also at the next higher level.

Benefits of MBO

1. Better Managing :
2. Clarity in Organizational Action :
3. Personal Satisfaction :
4. Basis for Organizational Change:

Limitations of MBO

1. Time and Cost :
2. Failure to Teach Philosophy of MBO:
3. Problems in Objective Setting:
4. Failure to Give Guidelines to Goal Setters:



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