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Barriers to Effective Planning

It is frustrating to spend time creating a strategic plan for the company and then see it fails. As a business owner, one need to understand the barriers that prevent planning from being implemented successfully. One should watch for Barriers to effective planning so one can address the issues that may stop your plan before you launch it.

1. Lack of leadership: Being a leader is about more that than following your name. It requires developing a strategy and then expressing the vision in a clear way, so the entire team understands the goal. When a vision is clearly laid out, business leaders must inspire team members to join the program for the new vision and implement new strategies.

Even when leaders do all this well they still need to be constant motivators, project mangers and evaluators of the strategy's implementation. Without motivation, new strategies fall behind as workers return to their habitual ways of doing things.

2. Excessive distraction Prevent effective Planning: Too many distractions present a significant barrier to effective planning. It could be that a leader is trying to implement too many things at once and the team is confused about the priorities.

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Another way that a distraction prevents effective planning implementation occurs when a leader attempts to roll out new program during a peak business season. Team cannot focus on new strategies and processes if they are working over-time. Timing the implementation of new strategy carefully is as important as the strategy itself.

3 Lack of Systems: Having the right system in place to support a new strategy is important for success. Systems could include hardware or software systems or could be something as simple as the fulfillment process chain of events. Leaders need to look at all the resources in place before implementing a new strategy. Team members can't be productive while using a system that isn't working correctly.

4. Limited Manpower to complete Tasks: Some strategies require a bigger labour force. Without it, seeing a new strategy implemented effectively has potential problems. Also make sure to have right people in place to execute new strategies effectively.

5. IN Adequate Resources and Funding: You may have a great plan but don't have the resources to execute it properly. Lack of resources can impact marketing talent, acquisition and new distribution programs. When you don't have the funding, segment the strategy and roll it out in phases that meet budget limitations.

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Impractical Business Planning: Some ideal are just not practical. Don't be stubborn about the execution of new strategy. A strategy is a concept that is fleshed out during implementation. Business leaders must be flexible to see what is working and what isn't working in the strategy and make adjustment accordingly. Just because something seems like a good idea on paper doesn't mean it will translate into practice without any glitches.

Forecasting: Needs and Techniques

Meaning of Forecasting: In preparing plans for the future, the management authority has to make some predictions about what is likely to happen in the future. Forecasting provides them the knowledge. Forecasting is the process of estimating the relevant events of future, based on the analysis of their past and present behaviour.

Thus, forecasting may be defined as the process of assessing the future normally using calculation and projections that take account of the past performance, current trends and anticipated changes in the foreseeable period ahead.

Need of Forecasting

1. **Basis of Planning**: Forecasting is the key to planning process. Planning decides the future course of action which is expected to take place in certain

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circumstances and conditions. Unless the managers know these conditions, they cannot go for planning. Forecasting provides the knowledge of planning premises within which the managers can analyse their strength and weaknesses and take appropriate action in advance before actually they put out in market. Forecasting provides the knowledge about the nature of future conditions.

2. Promotion of organization: The objective of an organization are achieved through the performance of certain activities. What activities should be performed depends on the expected outcome of these activities. Since expected outcome depends on future event and the way of performing various activities, forecasting of future events is of direct relevance in achieving an objective.

3. Facilitating co-ordination and control: Forecasting indirectly provides the way for effective co-ordination and control. Forecasting requires information about various internal and external sources. Almost all units of the organization are involved in the process.

It provides interactive opportunities for better unity and co-ordination in the planning process. Similarly forcasting can provide relevant information for exercising control. The managers can know their weaknesses in the forcasting process and they can take suitable actions to overcome them.

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4. Success in Organization: All business enterprises are characterised by risks and have to work within the ups and downs of the industry. The risk depends on the future happenings and the future forecasting provides help to over come the problem of uncertainties.

Though forecasting cannot check the future happenings, it provides clues about those and indicates when the alternative actions should be taken. Managers can save their business and face the unfortunate happenings if they know in advance what is going to happen.

Techniques of Forecasting

There are various methods of forecasting. Major forcasting methods are given below.

1. Historical Analogy Method: Under this method forecast in regard to a particular situation is based on some analogous conditions elsewhere in the past. The economic situation of a country can be predicted by making comparison with the advanced countries at a particular stage through which the country is presently passing.

Similary, it has been observed that if anything is invented in some part of the world, this is adopted in other countries after gap of a certain time. Thus, based on analogy a general forecast can be made about the nature of events in the ~~ecosys~~ economic system of the country.

2. Survey Method : Surveys can be conducted to gather information on the intentions of the concerned people. Both quantitative and qualitative information may be collected by this method.

On the basis of such surveys, demand for various products can be projected. Survey method is suitable for forecasting demand - both of existing and new product. To limit the cost and time, the survey may be restricted to a sample from the prospective consumers.

3. Opinion Poll : Opinion poll is conducted to assess the opinion of the experienced persons and experts in the particular field whose view carry a lot of weight. For example, opinion polls are very popular to predict the outcome of elections in many countries including India. Similarly opinion poll of the sales representatives, wholesalers or marketing experts may be helpful in formulating demand projections.

If opinion polls give widely divergent views, the experts may be called for discussion and explanation of why they are holding a particular view. They may be asked to comment on the views of the others, to revise their views in the context of the opposite views, and consensus may emerge. Then it becomes the estimate of future events.

4. Business Barometer : A barometer is used to measure the atmospheric pressure. In the same way, index numbers are used to measure the state of an economy between two or more periods. These index

numbers are the device to study the trends, seasonal fluctuations, cyclical movements and irregular fluctuations.

These index numbers, when used in combination with one another, provide indication in which way the economy is proceeding. Thus with the business activity index numbers, it becomes easy to forecast the future course of action.

5. Time Series Analysis: Time series analysis involves decomposition of historical series into its various components, viz trend, seasonal variances, cyclical variations and random variances. When the various components of a time series are seperated, the variation of a particular situation, the subject under study can be known over the period of time and projection can be made about the future.

A trend can be known over the period of time which may be true for the future also. However, time series analysis should be used as a basis for forecasting when data are available for a long period of time and tendencies disclosed by the trend and seasonal factors are fairly clear and stable.

Regression Analysis: Regression analysis is meant to disclose the relative movement of two or more inter-related series. It is used to estimate the change in one variable as a result of specified changes in other variable or variables. In economic and business situations, a number of factors affect a business activity simultaneously.

Regression analysis helps in isolating the effects of

of such factors to a great extent. For example, if we know that there is a positive relationship between advertising expenditure and volume of sales or between sales and profit, it is possible to have estimate the sales on the basis of advertising, or of the profit on the basis of projected sales, provided other things remain the same.

7. Input-Output Analysis: According to this method, a forecast of output is based on given input if relationship between input and output is known. Similarly, input requirement can be forecast on the basis of final output with given input-output relationship. The basis of this technique is that the various sectors of economy are interrelated and such interrelationships are well established.

For example coal requirement of the country can be predicted on the basis of its usage rate in various sectors like industry, transport, household, etc and how the various sectors behave in future. This technique yields sector-wise forecasts and is extensively used in forecasting business events as the data required for its application are easily obtained.