**PLANNING**

**OVERVIEW**

Planning is a particular kind of decision-making that addresses the specific future that managers desire for their organisation. One of the most important results of the planning process is a strategy for the organisation. Strategic management is an ongoing practice of establishing a broad program of organizational goals and the means to achieve them.

In organizations, planning is the process of setting goals and choosing the means to achieve those goals. Without plans, managers cannot know how o organize people and resources effectively.

Without plans, managers cannot lead without confidential or expect others to follow. Without plans, managers and their formal have little chance of achieving their goals or knowing when and where they stray from their path.

Planning is crucial because too often faulty plans affect the future of the entire organization.

**THE HIERARCHY OF ORGANISATION PLANS.**

FIGURE

MISSION STATEMENT

STRATEGIC PLANS

OPERATIONAL PLANS.

Organizations are typically managed accordingly to two types of plans; strategic plans are designed by high ranking managers and define the broad goals for the organization.

Operational plans contain details for carrying out or implementing those strategic plans in day to day activities.

Strategic plans deal with relationships between people working in other organisations. Operational plans deal with people within one organisation.

Both strategic and operational plans are carried out in an operational manner. At the top is a the Mission statement, or a broad goal based on manager’s assumption about the organizations purpose competitiveness and place in the business world. A mission statement is a relatively permanent part of an organization’s identity and motivate members of the organization.

The mission statement should be articulated in a way that makes it a driving force for strategic and operational goals and for the actions people will take at an organization.

**HOW STRATEGIC AND OPERATIONAL PLANS DIFFER**

1. **TIME HORIZONS.**

Strategic plans tend to look ahead several years or even decades. For operational plans, a year is often the relevant time period.

1. **SCOPE**

Strategic plans affect a wide range of organizational activities whereas operational plans have a narrow and more limited scope. The number of relationships involved ins the key difference.

1. **DEGREE OF DETAIL**

Often strategic goals are stated in term that look simplistic and generic. This directs people to an organizations his think of the whole of their organisations operations on the other head operational plans are stated in relatively finer details.

**IMPORTANCE OF PLANNING**

1. Planning creates a solid platform for further managerial efforts at organizing i.e. allocating and arranging resources to accomplish essential tasks.
2. Planning improves focus and flexibility.
3. Planning helps in leading, i.e. guiding the efforts of human resources to ensure high levels of task accomplishment
4. Planning improves coordination.
5. Planning helps in controlling, i.e. monitoring task accomplishments and tasking necessary corrective action.
6. Planning improves time management.

**THE PLANNING PROCESS**

In the planning process, objectives identify the specific or desired outcomes that one intends to achieve. The plan is a statement of action steps to be taken in order to accomplish the objectives. The steps in the systematic planning process include:-

1. Define your objectives

Identify desired outcomes or results in very specific ways. Know where you want to go, be specific enough that you will know you have arrived when you get there or know how far off the mark you are at various points along the way.

1. Determine where you stand in relation to your objectives.

Evaluate current accomplishments relative to the desired results known. Know where you stand in reaching the objectives. Know your strengths and your weaknesses.

1. Develop premises regarding future conditions

Try to anticipate future events. General future “scenarious” for what may happen. Identify for each scenario, things that may help or hinder progress towards your objectives.

1. Analyze and choose among action alternatives.

List and carefully evaluate the possible actions that may be taken. Choose the alternatives that will most likely accomplish your objectives.

1. Implement the plans and evaluate results.

Take action and carefully measure your progress toward objectives. Evaluate results, take corrective action and revise plans if needed.

**PLANNING TOOLS AND TECHNIQUES**

Planning is clearly essential to the success of the management process. The benefits, however, are most often realized when the planning approaches are comprehensive and the foundations are well established. In this regard, the useful planning tolls and techniques include:-

1. **FORECASTING**

A forecast is a vision of the future. Forecasting is the process of making assumption about what will happen in the future. All good plans involve forecasts either implicit or explicit. Forecasts can be made about trade issues, economic conditions, interest rates, unemployment etc.

Qualitative forecasting uses expert opinion to a predict the future. A panel of experts may be consulted. Quantitative forecasting uses mathematical and statistical analysis of data or information to predict the future. For example time series analysis makes predictions by using statistical routines such as regression analysis to predict past trends.

Forecasting still relies on human judgment and even the results of highly sophisticated qualitative approaches still require interpretation. Forecasts should always be valued as subject to error and therefore treated cautionary. Forecasting is NOT planning. Planning is a move comprehensive activity that involves deciding what to do about the implication of forecasts once they are made.

1. **CONTINGENCY PLANNING**

The more uncertain the planning environment, the more likely that one’s original assumption, predictions and intentions may prove to be in error. Unexpected problems and events frequently occur when they do, plans may have to be changed and alternatives developed.

Contingency planning is the process of identifying alternative causes of action that can be implemented if and when an initial plan proves inadequate because of changing circumstances. Changes should be defeated as early as possible. “Trigger points” that indicate that an existing plan is no longer desirable must be pre-selected and monitored. The “devils – advocate” method, in which plans are formally assigned to develop worst case scenarios or forecasts of future events.

1. **SCENARIO PLANNING**

Is a long-term planning called scenario planning involves identifying several alternative future scenarios or states of affairs that may occur. Plans are then made to deal with each should it actually occur. Identifying different possible scenarios a head of time helps organisations operate more flexibly in dynamic environment

Scenarios can never be inclusive of all future possibilities but they help the organization to ams and remain better prepared that its competitors for “future shocks”

Among the issues and concerns for scenario planning today for firms include climate change, sustainable development, human rights, biodiversity etc

1. **BENCHMARKING**

Benchmarking is a technique that makes external comparison to better evaluate ones current performance and identify possible actions for the future.

The purpose of benchmarking is to find out what other people and organization are doing very well and to then plan how to incorporate these ideas into ones own operations.

It is a way for progressive companies to learn from “excellent” companies, not just competitors

**PRODUCTVITY EFFECTIVENESS AND EFFICIENCY**

**PRODUCTIVITY**

**DEFINITION**

Successful companies create a surplus through productive operations. Productivity is the output –input ration within a time period with due consideration for quality.

Productivity = Output =

Not from a time period

Inputs

The formula indicates that productivity can be improved by

1. Increasing output with the same amount of inputs.
2. Decreasing inputs but maintaining the same outputs
3. Increasing output and decreasing inputs to change the ration favourably.

**EFFECTIVENESS**

Effectiveness is the achievement of objectives

**EFFICIENCY**

Is the achievement of the ends with the least amount of resources.

**DECISION MAKING**

Decision-making is the process of identifying and selecting a course of action to deal with a specific problem or take advantage of an opportunity.

Time and human relationships are crucial elements in the process of decision-making. Decision-making connects on an organisations present circumstance to actions that will take the organisations into the future.

Decision making also draws on the past. Past experiences negative or positive play a big part in Determing which choices managers see as workable or desirable. Object for the future are based in past, or past experiences.

Human relationships are important in deciding about business dealing. When the best plans face unforeseen problems one must rely in a network of relationships to overcome these problems. Managers do not make decisions in isolation. They must project possible consequences of their own decisions and they must be conscious that other people’s decisions may conflict or interact with their own. Managers therefore make decisions in relationship with other decision-makers.

**PROBLEM-FINDING**

Decision-making deals with problems. A problem arises when an actual state of affairs differs with the desired state of affairs. In some cases, problems are opportunities in disguise. The problem of customer compliant about the show delivery of orders, for example, could be seen as an opportunity to redesign production process and customer service

**THE PROBLEM FINDING PROCESS**

Four situations usually alters managers to possible problems:-

1. **A deviation from past experience.**

This means that a previous pattern of performance in the organisation has been broken for example, this year sales are falling behind last years, expenses have suddenly increased etc.

1. **A deviation from a set plan.**

This means that manager’s plans or expectations are not being met. Profit levels may be lower than anticipate or a department, for example may be exceeding its budget.

1. **Other people.**

People may bring problems to the manger. For example customers may complain about late delivery or employees may raise problems that require attention.

1. **The performance of competitors.**

Other companies may develop new process or improvements in operating procedures forcing a manager to re-evaluate processes or procedures in his/her organisation.

**OPPORTUNITY FINDING**

Whereas a problem is something that endangers the organizational ability to reach its objectives an opportunity is something that offers the chances to meet and ultimately exceed objectives set

The Dialectical Inquiry method, sometimes called the devils advocate methods, is useful in problem solving and opportunity finding. In this methods, the decision-makers s determines possible solutions and the assumptions they are based on considers the opposite of all the assumptions and then develops counter solutions based on the negative assumption this process may generate more useful alternative solutions and identify unnoticed opportunities.

**THE RATIONAL MODEL OF DECISION-MAKING**

Managers who weigh their options and calculate optional levels of risk are using the rational model of decision-making. It helps managers go beyond priori reasoning, i.e. the assumption that there is an obvious solution already existing and waiting to be found for problems instead managers can make programmed, systematic approaches to come up with high quality decisions.

**STAGE I: INVENSTIGATE THE SITUATION**

A thorough investigation has 3 aspects.

1. **Define the problem**

A manager must distinguish genuine problems from mere symptoms. For example a manager may be concerned about an increase in employees resignations but this is not a problem unless it interferes with the achievement of organizational objectives.

1. **Diagnose the causes**

Managers can ask a number of diagnostic questions. For example what changes may have contributed to the problem? What people are most involved with the problem situation. What actions contribute to the problem?

1. **Identify the decision objectives**

Once the problem has been defined and the causes diagnosed the next step is to decide what would constitute an effective solution. A solution must be one that enables a manager achieve organizational objectives.

**STAGE II: CONSIDER ALTERNATIVES.**

This stage may be simple for programmed decision but not so simple for complex, non-programmed decision especially if there are time constraints. No major decision should be made until several alternatives have been developed.

Managers may use individual group brain storming in which participants proposes alternatives even if they seem unrealistic.

**STAGE III: EVALUATINF ALTERNATIVE AND SELECT THE BEST.**

Managers may ask 3 questions at this stage.

1. **Is this alternative feasible/workable?**

Does the organisation have the money and other resources needed to carry out this alternative/ Does the alternative meet organisations legal and ethical obligations? Is the alternative a reasonable one give the organisations strategy?

1. **Is the alternative satisfactory solution?**

Does the alternative meet the decision objectives? Does the alternative have an acceptable chance of succeeding?

1. **What are the possible consequences for the rest of the organisation?**

Because the organization has inter-related units or departments, managers must try to anticipate how change in one are will affect other areas. If the decision might affect other people in other departments, they too should be consulted. If competitors may be affected by the decision that reactions should be taken into account.

**STAGE IV: IMPLEMENT AND MONITOR THE DECISION**

Implementing a decision involves more than just giving appropriate order. Resources must be acquired and allocated as necessary. Managers must setup budget and schedules for the actions they have demanded upon allocating them to measure progress in specific terms. Responsibility would also be assigned for specifics tasks.

## LIMITATIONS OF PLANNING

Effective planning is not an easy task. There are a number of reasons for failure of planning in practice. Planning suffers from the following limitations:

* Planning is quite a costly and time-consuming process. Unlimited amount of time is spent on forecasting, evaluating alternatives etc by the time a plan is established the environment might change and this requires a complete revision of the plan. Besides this, cost also increases.
* Planning is a future oriented activity, which is based on forecast. During the planning period, accuracy of forecasting must be ensured in order to reduce errors. Planning loses its value if reliable and adequate data is not available.
* Planning becomes rigid at times because of internal inflexibility. This reduces individual initiative and freedom, and causes delay in decision making. Internal inflexibility like rigid policies and procedures and limited resources affect planning process.
* External factors beyond the control of an organization affect the effectiveness of planning. These are very difficult to predict and this makes execution of plans very difficult. External factors like government control, technological change and trade unions affect the planning process.
* Another important limitation of planning is resistance to change. "The human element in organizations always resists change, for they are more concerned about the present rather than the future, which is uncertain. Planning being forward looking is always affected by this resistance to change.
* The entire planning process may fail, if people involved in it do not formulate correct plans. The reasons for failure of people in planning may be due to a number of reasons like, lack of commitment to planning lack of delegation of authority, excessive reliance on past experience tendency to overlook premises etc.

It is an irony that at times even the best of the plans may flounder, in spite of careful analysis and mental commitment. So as to avoid the pitfalls in planning, make sure of the following;

1. Set realistic and achievable goals.
2. Communicate the assumptions on which plans are formulated to all the people and departments concerned.
3. Encourage and make people participate in the planning program so as to ensure the right commitment.
4. Ensure proper coordination between the short-term and long- term plans. They should not be viewed as mutually exclusive.
5. Encourage creativity in planning. Creativity helps in identifying the best alternatives.
6. Pay attention to the resources position of the organization so as to ensure the availability as and when required.