


# MANAGERIAL PLANNING

Session 7

# Planning

- Planning is the fundamental management function, which involves **deciding beforehand**, what is to be done, when is it to be done, how it is to be done and who is going to do it.

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- Planning involves selecting missions and objectives and deciding on the actions to achieve them; it requires decision making, that is, choosing a course of action from among alternatives.

# Importance of planning


- ❑ **Improves future performance**
- ❑ **Minimizes risk and uncertainty**
- ❑ **Facilitates the coordination of activities**
- ❑ **Direction for action**
- ❑ **Uncovers and identifies future opportunities and threats**
- ❑ **Sets out standards for controlling**

# Types of plans

- **Mission or Purposes:**

- A sentence describing a company's function, markets and competitive advantages; a short written statement of your **business** goals and philosophies. A **mission** statement defines what an organization is, why it exists, its reason for being.

- **TCS Technology** “will provide products and services that not only meet but exceed the expectation of our customers through planned and continuous improvement of our Services, Products, Processes and People”.
- **Apple mission** is “to bringing the best user experience to its customers through its innovative hardware, software, and services.”
- **Microsoft's corporate mission** is “to empower every person and every organization on the planet to achieve more.”
- **Facebook's mission** is “to give people the power to build community and bring the world closer together.”

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- **Objectives or goals:** This is the first step in planning the action plan of the organization.
  - Objectives are the basics of every company and the desired objective/result that the company plans on achieving, so they are the endpoint of every planning activity.


- **McDonald's** main **aims** are to serve good food in a friendly and fun environment, to be a socially responsible **company**, and to provide good returns to its shareholders. The **company aims** to provide its customers with food of a high standard, quick service and value for money.
- **Nestle's objective** is to be the world's largest and best branded food manufacturer while insuring that **nestle** name is synonymous with the products of the highest quality.
- The Objective of **Wipro** includes being a leader in areas of business, customer and people. The company aims to be among the best IT company in India and the world. Its **goals** also include being the first choice among customers and employees.



□ **Strategy:** This obviously is the next type of plan, the next step that follows objectives. A strategy is a complete and all-inclusive plan for achieving said objectives. A strategy is a plan that has three specific dimensions


1. Establishing long-term objectives
2. Selecting a specific course of action
3. allocating the necessary resources needed for the plan


Forming strategy is generally reserved for the top level of management. It actually defines all future decisions and the company's long-term scope and general direction.




□ **Policy:** Policies are general statements or understandings that guide or channel thinking in decision making. Like for example, most companies have a return policy or recruitment policy or pricing policy etc.

- **Procedures:** They are a stepwise guide for the routine to carry out the activities. These stepwise sequences are to be followed by all the employees so the activities can be fulfilled in an organized manner.
- The procedures are described in a chronological order. So when the employees follow the instructions in the order and completely, the success of the activity is pretty much guaranteed.

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- **Rules:** Rules are very specific statements that define an action or non-action. Also, rules allow for no flexibility at all, they are final. All employees of the organization must compulsorily follow and implement the rules. Not following rules can have severe consequences.
  - Rules create an environment of discipline in the organization. They guide the actions and the behaviour of all the employees of the organization.

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- **Programs:** Programs are an in-depth statement that outlines a company's policies, rules, objectives, procedures etc. These programs are important in the implementation of all types of plan. They create a link between the company's objectives, procedures and rules.

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- **Budgets:** A budget is a statement of expected results the managers expect from the company. Budgets are also a quantitative statement, so they are expressed in numerical terms. A budget quantifies the forecast or future of the organization.

**Being aware of opportunities in light of:**

- The market
- Competition
- What customers need want?
- Our strengths
- Our weaknesses

**Setting the objectives or goals:**

- Where we want to be?
- What we want to accomplish?
- When we want to accomplish that?

**Considering the planning premises:**

- In what environment we are going to work?
- The internal environment
- The external environment

**Identifying the alternative courses:**

What are the most promising alternative to accomplish our objectives (goals)?

**Comparing alternatives in light of goals sought:**

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

**Choosing an alternative (the appropriate one):**

Selecting the course of action we will pursue.

**Formulating the supportive plans:**

Such as plans to:

- Buy equipments
- Buy materials
- Hire and train workers
- Develop a new products

**Number zing plans by making budgets.**

Develop such budgets Such as:

- Volumes and price of sales.
- Operating experiences necessary for plans.
- Expenditures for capital equipments.

**Putting the plans into action:**

This means implementing the plans.

**Figure 1.3: Main steps in the planning process**