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# Fundamentals Of Planning

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## Chapter Four

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# In this chapter we will discuss

- Definitions Of Planning
  - Nature Of Planning
  - Types Of Planning
  - Planning Process
  - Guidelines for successful planning & Implementation
  - Limitations Of Planning .
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# Definition of Planning

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# George R .Terry



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

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# 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.”

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# Heinz Wehrich & Harold Koontz



“Planning involves selecting mission and objectives and the action to achieve them ;it requires decision- making that is ,choosing from alternative future courses of action.”

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# Nature/Characteristics of Planning

- Planning is goal oriented
- Planning is an intellectual or rational Process
- Planning is a primary function.
- Planning is All- pervasive
- Planning is forward –looking
- Planning is continuous process .
- Planning is an Integrated Process.
- Planning Involves Choice.

# Planning is goal oriented

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- Planning means for achieving set goals or objectives .
  - It is of no value unless it contributes in some way to the achievement of desired goals.
  - Well defined goals are essential for effective Planning
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# Planning is an intellectual or rational Process

- Planning requires managers to apply their **imagination, creativity and their analytical skills** to tackle problematic situations .
  - Planning also requires foresight and sound judgment on the part of a manager.
  - Planning can be regarded as the outcome of an intellectual or balanced process.
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# Planning is a primary function



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- Planning is the initial activity in the management process.
  - All other functions of management can be carried out effectively only if they have been properly planned.
  - Planning thus precedes the execution of all other managerial functions
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# Planning is All-pervasive

- Planning is an essential aspect of management at all execution levels .
- Managers at the top level prepare long term plans for organization ,which would enable it to achieve its overall objectives.
- Middle –level managers formulate departmental and functional plans for the medium term.
- Managers at lowest level prepare operating and short term plans.
- Scope ,extent and nature of planning tend to vary at different levels of management.

# Planning is forward –looking

- Planning is primarily concerned with anticipating the future. 
- Predicting future trends and preparing for them is an integral part of planning . 
- Thus accurate forecasting is essential for planning.

# Planning is continuous process

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- Planning goes on as long as an organization exists .
  - Plans may be updated ,modified or replaced by new ones .
  - New set of goals for every new situation.
  - Plans are changed or modified by never abandoned.
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# Planning is an Integrated Process

- Plans made at different levels are independent and interrelated.
- Whatever be the term of the plan ,they should be well coordinated so as to achieve the goals of the organization within a definite time.

# Planning Involves Choice



- Planning is essentially a decision making process that involves the selection of a suitable course of action.
- Usually ,several alternatives are available for achieving a particular objective or set of objectives, all may not be equally feasible and suitable for the organization ,only the best among the alternatives has to be selected .
- Thus plans are decisions made after evaluation of alternative courses of action.

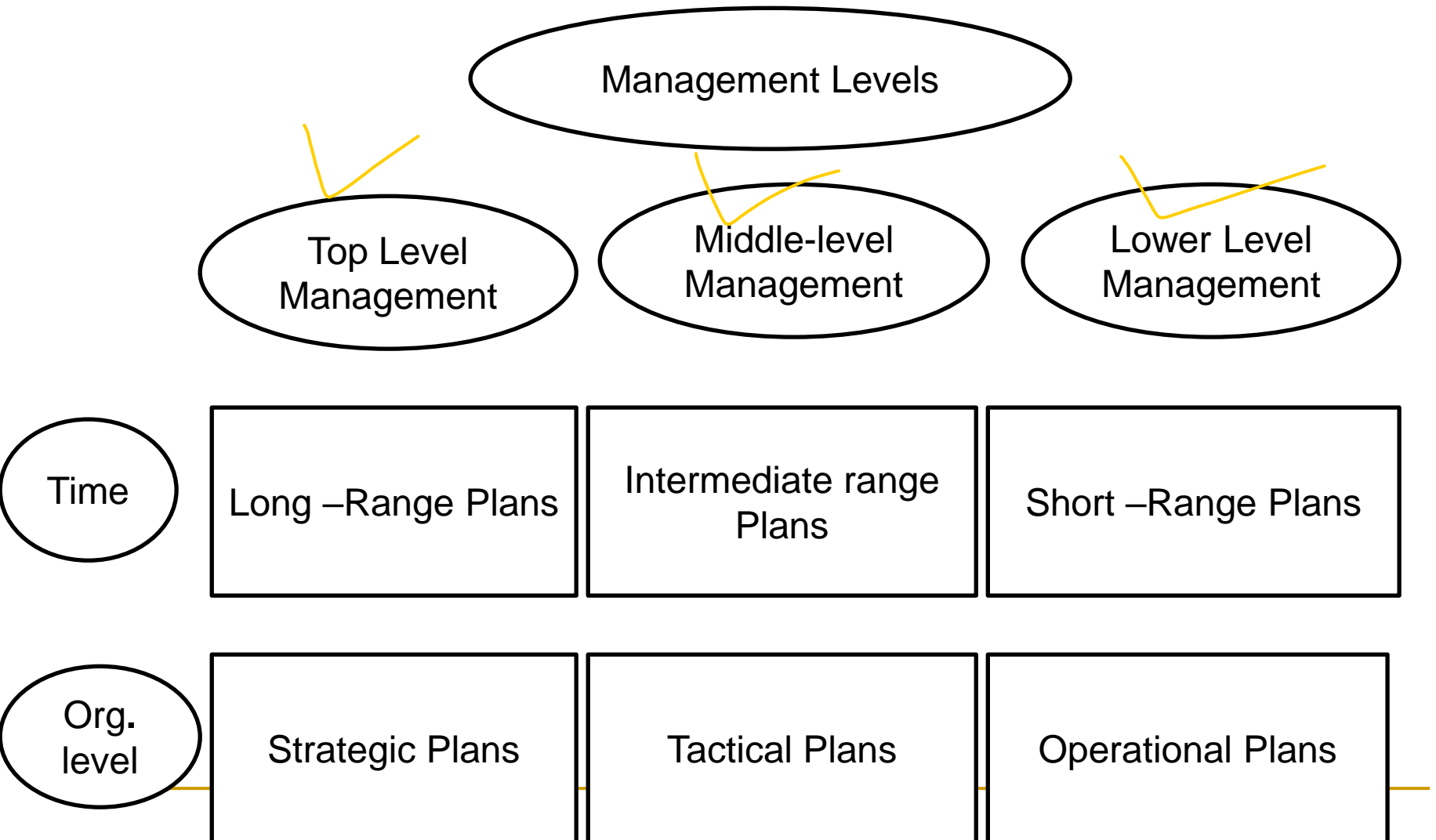
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# Types Of Plans

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# Planning and Management Levels



# Plans based on Organizational Level .

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- ❑ Strategic Plans
- ❑ Tactical Plans
- ❑ Operational Plans.

# Strategic Plans

- Strategic Plans are the Plans which establish overall objectives for organization, analyze the various environmental factors that affect organizations
- Strategic plans are made for priorities based resource allocation of the organization
- Manager who involved in developing strategic plans work in the environment of uncertainty & required to make assumptions about future threats & opportunities.
- Strategic Plans are generally developed by top management in consultation with board of directors and the middle management.

# Tactical Plans

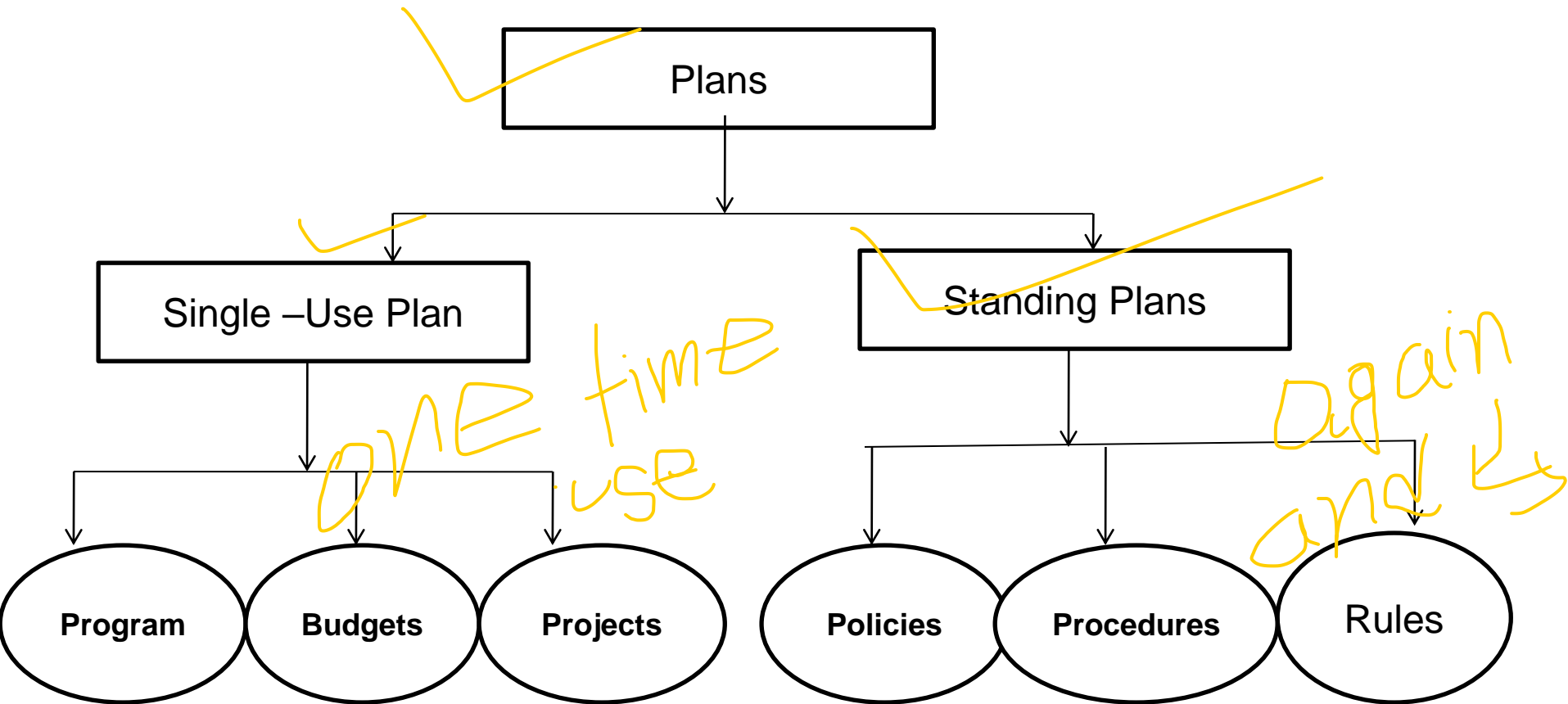
- Tactical plans essentially indicate the actions that major department and subunits should take to execute a strategic plan .
- Such plans are more concerned with actually getting things done than with deciding what to do.
- Tactical decisions are taken by middle level managers who may consult lower-level managers before finalizing

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# Operational Plans

- They are stated in specific, quantitative terms and serve as the department manager's guide to day-to-day operations .
  - These plans generally consider time frames of less than a year ,such as a few months or even a few days .
  - Amount of risk involved is lesser than that involved in making tactical plans
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# Plans Based on frequency of use



# Single –Use Plan

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## ■ Programs

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- ❑ Programs are large scale single-use plans that coordinate a complex set of activities to achieve goals .
- ❑ Program spell out clearly the steps to be taken ,the resources to be used and the time period within which the task is to be achieved .

## ■ Budgets

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- ❑ A budget outlines the expected results of a given future period in numerical terms
- ❑ A budget may be expressed either in financial terms or in terms of units of products

## ■ Projects

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- ❑ A single use plan for less scope and complexity than a program
  - ❑ A project helps in precise allocation of duties and effective control and easy implementation of the plan
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# Standing Plans

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## ■ Policies

- ❑ A general guide for action
- ❑ A policy is the most general form of a standing plan
- ❑ A policy describe how exceptions are to be handled
- ❑ It specifies the broad parameters within which organization members are expected to operate in pursuit of organizational goals.

## ■ Procedures (Standard operating procedure)

- ❑ A procedure is a chronological sequence of steps to be undertaken to achieve an objective .
  - ❑ It is more specific than a policy as it outlines the steps to be followed under certain circumstances
  - ❑ Procedures are guide to actions .
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# Standing Plans

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## ■ Rules

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- ❑ A rule is a statement that spells out what should or should not be done in a particular situation.
  - ❑ Rules help ensure that employees behave in the desired manner and make their actions predictable
  - ❑ Rules are rigid and definite plans that do not allow for deviation.
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# Plans Based on Time Frame

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- Long terms plan
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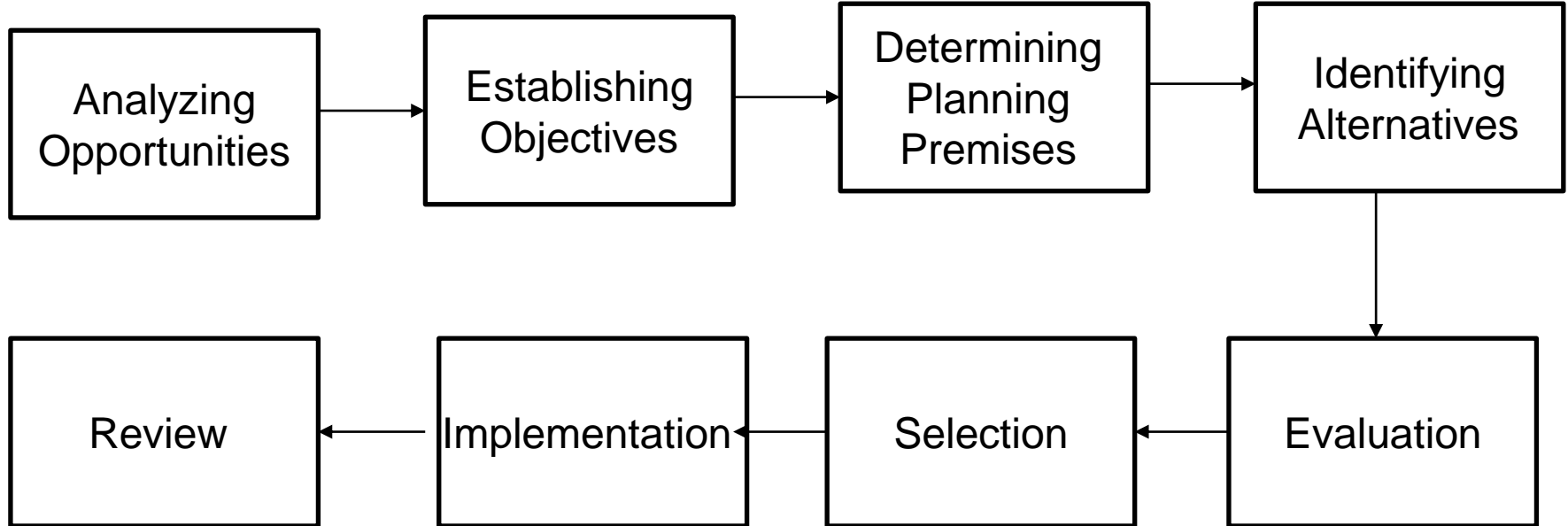
- Intermediate –term plans
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- Short –term plans
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# **The Planning Process**

Arman Khan.

# Steps in Planning Process



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# Extended Model of the Planning Process

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## **Being Aware of Opportunity**

In light of:  
The market  
Competition  
What customer want  
Our Strengths  
Our weaknesses

## **Setting Objectives**

Where we want to be and  
What we want to accomplish  
And when

## **Considering Planning Premises**

In what environment –  
Internal or external –will  
Our plans operate ?

## **Identifying Alternatives**

What are the most promising  
Alternatives to accomplish  
our objectives

## **Comparing Alternatives in light of Goals Sought**

Which alternative will give  
us the best chance of meeting  
Our goals at lowest cost  
and highest profit

## **Choosing an Alternative** Selecting the course of action we will follow

## **Formulating Supporting Plans**

Such as Plans to buy equipments  
Buy material  
Hire and train workers  
Develop a new product

## **Numberizing Plans by making budgets**

Develop such budgets as :  
Volume and price of sales  
Operating expenses necessary for plans  
Expenditures for capital equipment.



# Prerequisites for effective planning

- Establishing the right climate for planning
- Clear and specific objectives
- Planning premises
- Initiative to the top
- Participation in planning process
- Communication of planning elements
- Integration of long term and short term plans
- An open system approach
- Management information system

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# Guidelines for successful planning & Implementation

- Involve the right people in the planning process
  - Communicate the plan throughout the organization
  - Goal should be SMART
  - Making people accountable
  - Evaluation the plan
  - Redesigning the plan
  - Acknowledging & celebrating accomplishments
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# Reasons for avoidance of planning

1. Organizational Problems
2. Individual Problems

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# Organizational problems

- Faulty reward schemes
  - Excessive involvement with crisis management
  - Unwillingness to spare organizational resources on planning
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# Individual reasons

- Laziness
  - Resistance to change
  - Fear of failure
  - Experience that become overconfidence
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# Limitations Of Planning

- Lack of Accurate Information
  - Time consuming process
  - Expensive
  - Inflexibility
  - Resistance to change
  - Environmental constraints
  - Lack of ability and commitment
  - False sense of security
  - Reluctance to establish goals
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