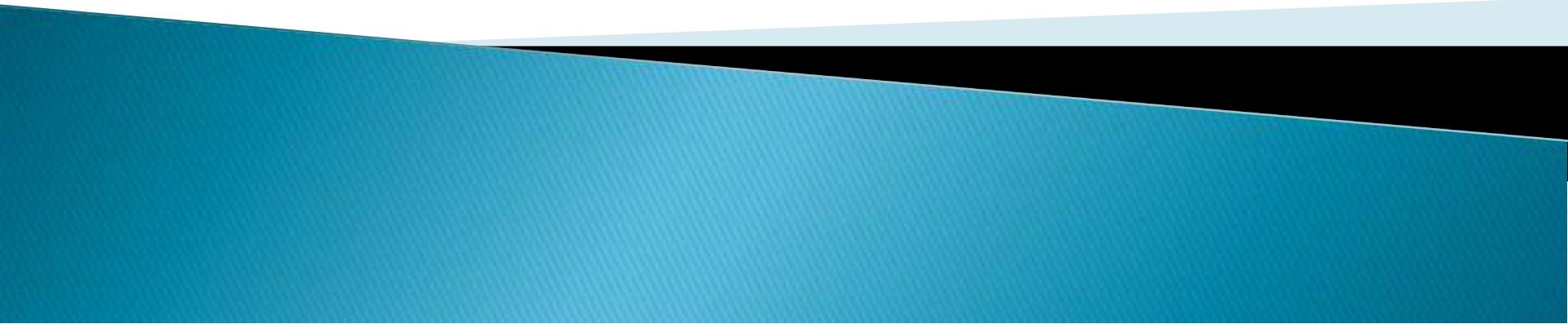


Fundamentals of planning

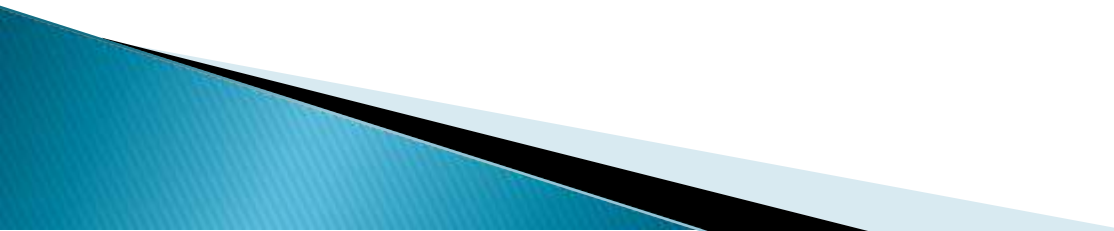


Definition of Planning

- ▶ Planning involves determination of future course of action to achieve the desired results.



Feature of planning

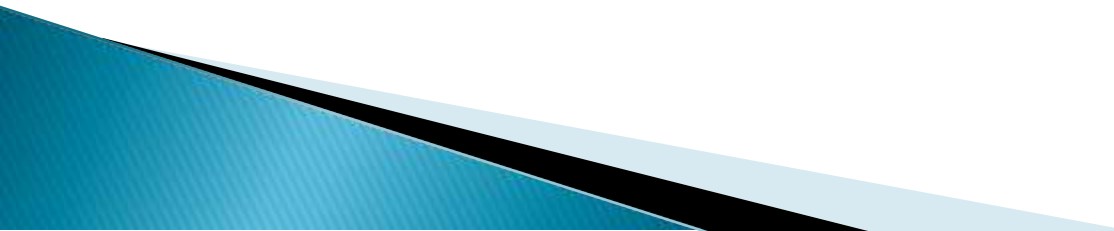
- ▶ Process rather than behaviour
 - ▶ Forecasting future situation
 - ▶ Involves selection of suitable course of action
 - ▶ Undertaken at all levels of organizations
 - ▶ Flexible as well as commitment
 - ▶ Pervasive and continuous
- 

Nature of planning

- ▶ Rational approach
- ▶ Open system approach
- ▶ pervasiveness



Importance of planning

- ▶ Primacy of planning
 - ▶ To offset uncertainty and change
 - ▶ To focus attention on objectives
 - ▶ To help in coordination
 - ▶ To help in control
 - ▶ To increase organizational effectiveness
- 

The Planning Process

Perception Of Oppournuties



Establishment of Objectives



Planning premises



Identification of alternative



Evaluation Of Alternatives



Choice of alternative

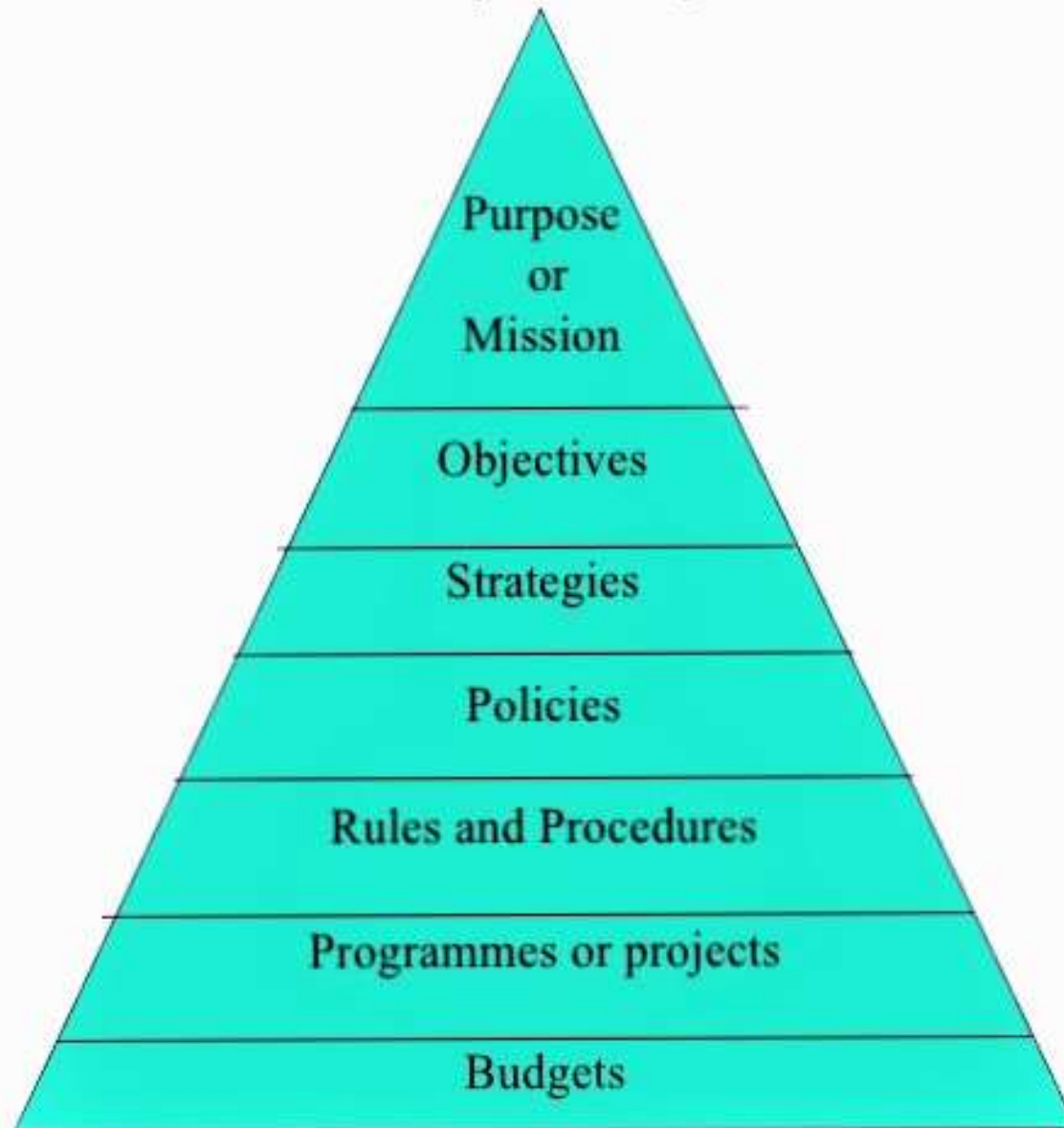


Formulation Of Supporting Plan



Establishing sequence of activities

Hierarchy of plans

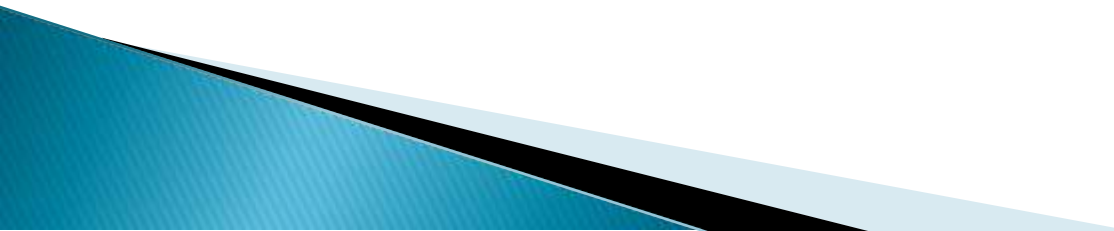


Purpose or Mission

A **mission** statement is a simple statement that explains your **company's** goals. It's a summary of what your **company** does for its customers, employees, and owners. It explains how you do what you do. And, it focuses on why your **company** does what it does.

McDonald's Mission Statement

McDonald's brand mission is to be our customers' favorite place and way to eat and drink. Our worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience – People, Products, Place, Price and Promotion. We are committed to continuously improving our operations and enhancing our customers' experience.



Objectives

A specific result that a person or system aims to achieve within a time frame and with available resources.

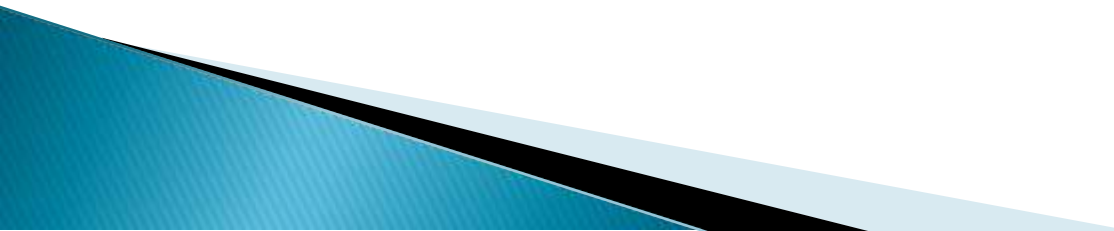
In general, objectives are more specific and easier to measure than goals.

Objectives are basic tools that underlie all planning and strategic activities.

They serve as the basis for creating policy and evaluating performance. Some examples of business objectives include minimizing expenses, expanding internationally, or making a profit.

For example one of the objectives of an organization could be to increase sales by 20%.

The main objective of the McDonald's corporation is to be the customer's favorite place to eat. To achieve this, McDonald's created a global strategy called "Plan to Win," which focuses on creating an extraordinary customer experience.



Strategy

This obviously is the next type of plan, the next step that follows objectives. Strategy generally involves setting goals and priorities, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources).

McDonald's supports this intensive growth strategy by using low prices to compete in new markets. Product Development. McDonald's uses product development as its tertiary or supporting intensive strategy for growth.

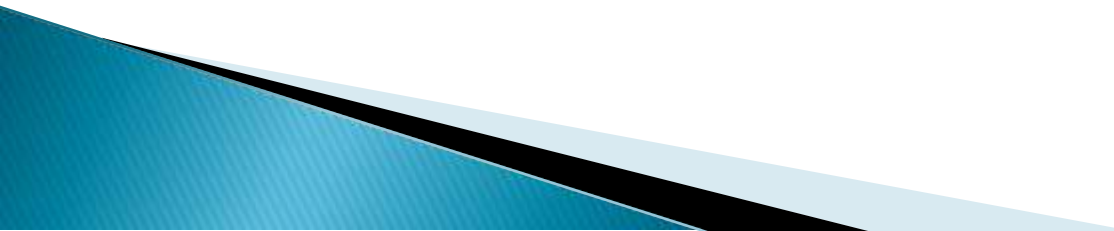


Policies

A set of policies are principles, rules, and guidelines formulated or adopted by an organization to reach its long-term goals and typically published in a booklet or other form that is widely accessible.

It is an organization's general way of understanding, interpreting and implementing strategies. Like for example, most companies have a return policy or recruitment policy or pricing policy etc.

Policies are made across all levels of management, from major policies at the top-most level to minor policies. The managers need to form policies to help the employees navigate a situation with predetermined decisions. They also help employees to make decisions in unexpected situations.

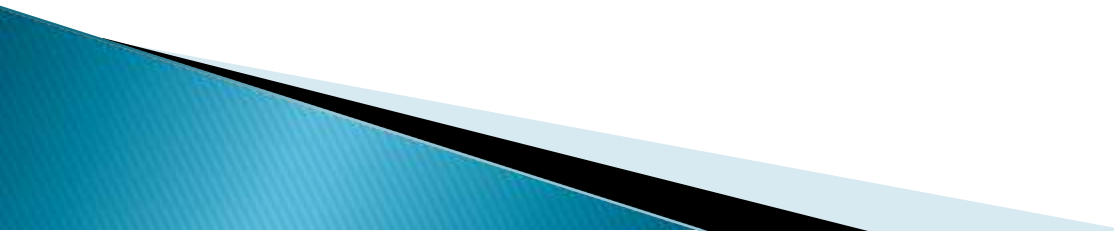


Procedure

Procedures are the next types of plan. 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

Take for example the procedure of admission of a student in a college. The procedure starts with filling out an application form. It will be followed by a collection of documents and sorting the applications accordingly



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 behavior of all the employees of the organization. The rule of “no smoking” is one such example



Programmes

Programmes are an in-depth statement that outlines a company's policies, rules, objectives, procedures etc. These programmes are important in the implementation of all types of plan.

They create a link between the company's objectives, procedures and rules.

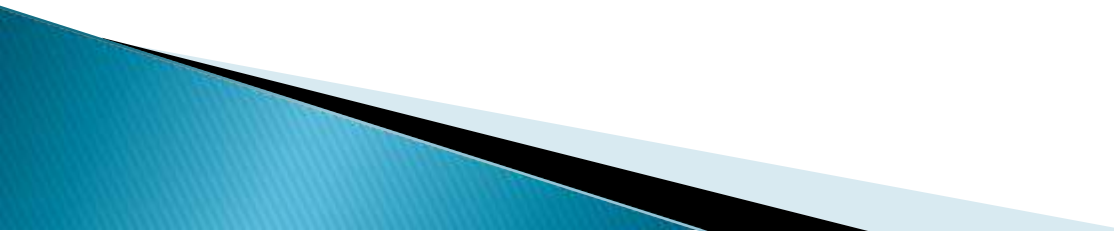
Primary programmes are made at the top level of management. To support the primary program all managers will make other programs at the middle and lower levels of management.



Budget

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.

There are many types of budgets that managers make. There is the obvious financial budget, that forecasts the profit of the company. Then there are operational budgets generally prepared by lower-level managers. Cash budgets monitor the cash inflows and outflows of the company.



Types of planning

On the basis of	Types
Coverage of activities	Corporate planning Functional planning
Importance of contents	Strategic planning Operational planning
Time period involved	Long term planning Short term planning
Approach adopted	Proactive planning Reactive planning
Degree of formalization	Formal planning Informal planning

Difference between planning and plan

- ▶ Planning is an activity and process while plan is a commitment to a course of action



Types of plans

- ▶ Standing and single use plans
- ▶ Strategic and operational plans



Planning premises

- ▶ Refers to a proposition stated or assumed at the beginning of a deed



Types of planning premises

- ▶ External premises and internal premises
- ▶ Tangible and intangible premises
- ▶ Controllable and uncontrollable premises



Difference between planning and forecasting

	PLANNING	VERSUS	FORECASTING
Basis for comparison	Planning		Forecasting
Meaning	Planning is the process of identifying future goal and looking ahead for the future course of action.		Forecasting is prediction of future performance of a firm, taking into account past and present data.
Related with	Future course of action.		Prediction of future performance.
Based on	Objective, performance, and relevant information.		Certain degree of guess and assumption.
Responsibility of	Top level managers, CEO or president		Experts, Analysts or different level of managers employed by the firm.
Stresses on	Facts and Expectation		Facts

Effective planning

- ▶ Linked to long term objectives
 - ▶ Direction for action
 - ▶ Consistent
 - ▶ Simplicity
 - ▶ Flexible
- 