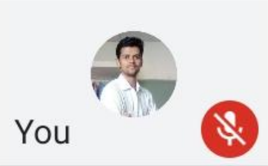
Internal and external premises

- Internal premises include:
- Sales forecast capital investment in plant and machinery, competence of management, skill of the labor force, other resources and abilities of management.



Tangible and intangible premises

- Tangible premises are those which can be quantitatively expressed while intangible premises are those which being qualitative in character cannot be measured.

- Population growth, industry demand, capital and other resources invested in the organization are all tangible. Political stability, sociological factors, business and economic environment, attitudes, and behavior of owners are all intangible

You

Controllable and non controllable premises

- Controllable factors are those that can be varied and changed as per requirement of the organization. For ex., company's advertising policy, competence of managers, skill of workers, availability of resources.
- Because the presence of uncontrollable factors, the plans need to be periodically changed as per needs. Strikes, wars, natural calamities, emergencies are all non-controllable events.

You

Steps in planning

- 1.Establishing verifiable goals or set of goals to be achieved.

- The first step in planning is to establish the enterprise objectives.

- There are many types of objectives that a manager may select: desired sales volume, growth rate, development of new product or services, or even more abstract goal like becoming more active in the community.

Steps in planning

- 2. establishing planning premises. Premises means assumptions about the future on the basis of which the plans will be formulated.

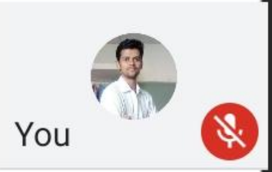
- Planning premises are classified into three parts

- A. internal and external premises
- B. Tangible and intangible premises.
- C. Controllable and non controllable premises.

You

Step in planning.

- 3. deciding the planning period: Business vary considerably in their planning periods. Factors which influence the planning period are
- Lead time in development and commercialization of a new product.
- Time required to recover capital investments or the pay-back period.
- Length of commitment already made.
- 4. finding alternative course of action
- 5. evaluating and selecting a course of action.
- 6. developing derivative plans.
- 7. measuring and controlling the progress.



Making planning effective

- Coordination
- Communication.
- participation.
- Proper environment.