- Planning is the beginning of the process of management.
- Planning sets all other functions into action. Without planning other functions become mere activity, producing nothing but chaos.
- Planning is an intellectual process. It is through planning managers decide what is to be done, when it is to be done, how it is to be done, and who has to do it. It involves decision making.
- Planning is a continuous process. Manager should continuously monitor the conditions, both within and outside the organization to determine if changes are required in his plans. It is wiser to be right than merely being consistent.

Nature of planning

- Plan must be flexible. It is the ability to change direction to adapt to changing situations without undue cost.
- Planning is an all pervasive function. However, top level managers spend more time on planning, plan for longer period of time.
- Top level managers are more concerned with establishing objectives and developing plans to meet those objectives. Lower level managers are more involved in executing these plans.

Importance of planning

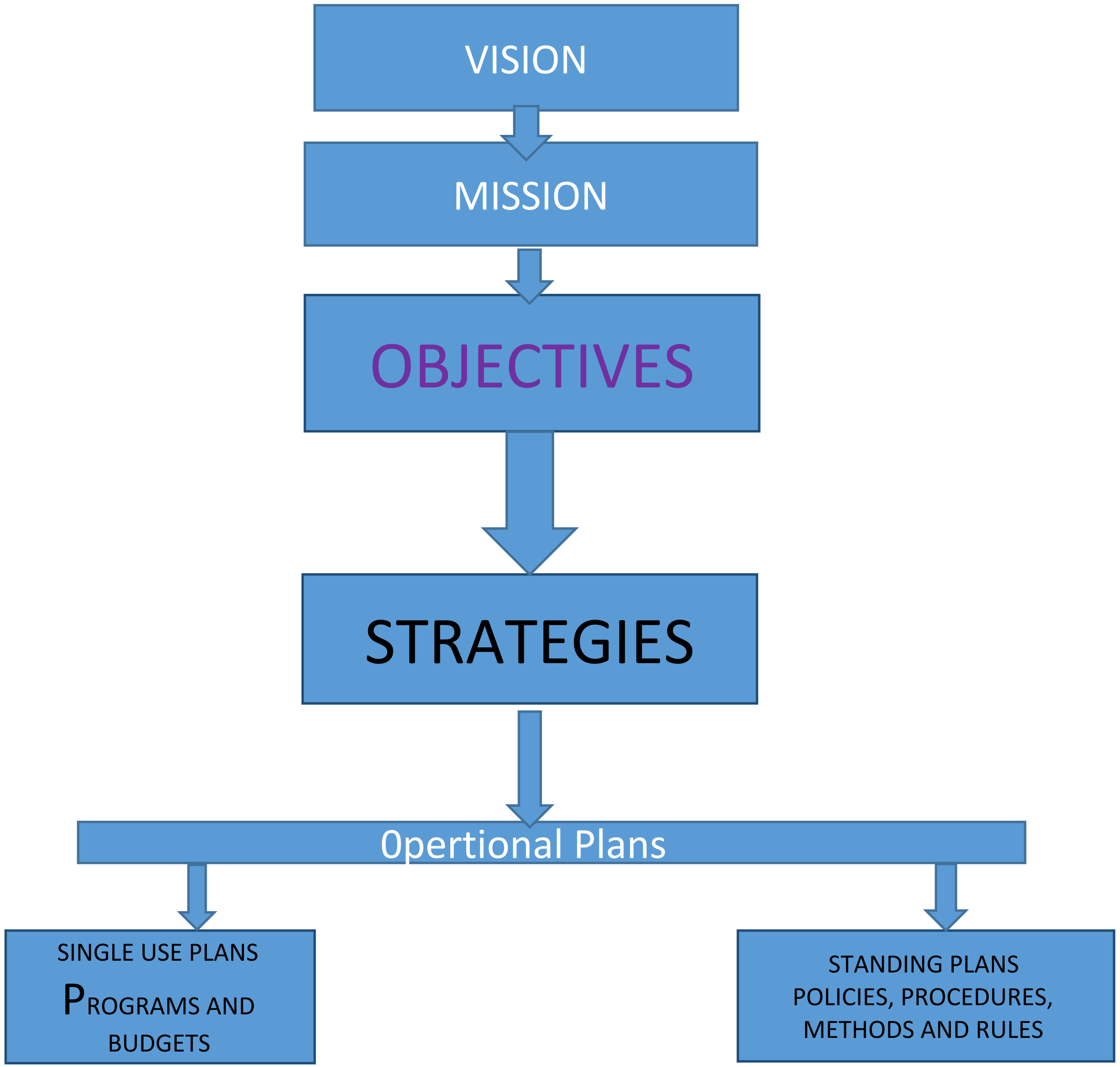
- Without planning, business decisions would become random, ad hoc choices. Four concrete reasons for the paramount importance of the planning functions are the following.
- minimizes Risk and Uncertainty: by providing a more rational and fact based procedure for making decisions, planning allows managers and organisations to minimize risk and uncertainty. If a manager does not make any provisions for the replacement of plant and machinery, the problems he will have to face after ten years can be imagined. Good planning is one, if it has anticipated some of the possible consequences and has planned for them.

Importance of planning

- Leads to success: studies have shown that, all things being equal, companies which plan not only outperform the non planners but also outperform their past results. Military historians attribute much of the success of the world’s greatest generals to effective battle plans.
- Focus attention on the organization goals: the whole organization is forced to embrace identical goals and collaborate in achieving them. It also enables the manager to chalk out in advance an orderly sequence of steps for the realization of an organization goals.
- Facilitates control: the functions of control is to ensure that the activities conform to the plans.

Importance of planning

- Trains executives : Planning is also an excellent means for training executives. They become involved in the activities of the organization, and the plans arouse their interest in the multifarious aspects of planning.


VISION
MISSION
OBJECTIVES
STRATEGIES
Opertional Plans
SINGLE USE PLANS
PROGRAMS AND BUDGETS
STANDING PLANS
POLICIES, PROCEDURES, METHODS AND RULES

Vision-Mission

- Vision is the dream that an entrepreneur’s preferred future. It is the root of all objectives.
- Vision statements define your organization's purpose, but they focus on its goals and aspirations. These statements are designed to be uplifting and inspiring. They're also timeless: even if the organization changes its strategy, the vision will often stay the same.
- the Mission of an organization is the unique aim that sets the organization apart from others of its type. It is an organization’s specialization in some area-service, product which decides the organization’s scope of business. Objectives are the specific targets to be reached by an organization. They are the of an organization’s mission into concrete terms against which results can be measured.

VISION

AMAZON (online retail) – "Our vision is to be earth's most customer-centric company where customers can find and discover anything they might want to buy online… at the lowest possible prices."

IKEA (retail) – "To create a better everyday life for the many people."

MISSION

NIKE (athletics) – "To bring inspiration and innovation to every athlete in the world."

THE DOW CHEMICAL COMPANY (chemicals) – "To passionately create innovation for our stakeholders at the intersection of chemistry, biology and physics."

Objectives

- Objectives are goals or aims which the management wishes the organization to achieve. Only after having defined this, the manager determines the kind of organization, the kind of personnel and their qualifications, the kind of motivation, supervision, direction and the kind of control techniques which he must employ to reach these points

Characteristics of Objectives

- Objectives are multiple in number: eight key areas in which objectives of performance and results are to be set : market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude and public responsibility.
- Objectives are tangible or intangible: objectives which are not quantifiable are intangible. For example manager’s performance, worker’s morale, public responsibility, etc. objectives which are quantifiable are known as tangible.

Characteristics of Objectives

- Objectives have priority: at a given point of time, the accomplishment of one objective is relatively more important than others. Determination of priorities are often judgmental and, therefore more difficult.
- Objectives are arranged in a hierarchy.

Corporate objectives

Divisional objectives

Section and individual objectives

Characteristics of Objectives

- Objectives sometimes clash with each other: for example, the production goal of low unit cost achieved through mass production of low quality products may conflict with sales goal of selling high quality products.
- Requirement of sound objectives; 1. objectives must be both clear and acceptable. 2. objectives must support one another. 3. objectives must be precise and measurable. 3. objectives should always remain valid.

Advantages of objectives

- They provide basis of planning and for developing policies, budgets and procedures.
- Act as motivators.
- Basis for managerial control.
- They facilitate better management of the enterprise by providing the basis for leading, guiding, directing and controlling.
- Reduces conflict.

Strategies

- In competitive situation, it is not enough to build plans logically from goals unless the plans take into accountant the environmental opportunities, threats and the organizational strength and weakness. Two important activities involved in strategy formulation are environmental appraisal and corporate appraisal.
- Environmental appraisal: key environmental factors are:
- Political and legal factors
- Economic factors.
- competitive factors.
- social and cultural factors.

Corporate appraisal

- This involves an analysis of company’s strength and weakness. Company’s strength may lie in its outstanding leadership, excellent product design, low cost manufacturing skill, efficient distribution, efficient customer relations, efficient transport and logistics, effective sale promotions, ownership of low cost raw materials.
- The essence of a strategy is being different i.e., in combining activities in such a way that that they deliver a unique mix of values that are different from their rivals.
- Strategy is optimum only for a particular point in time. Hence its time horizon should be carefully chosen. To formulate a strategy consistent with rapidly changing environment

Advantages of policies

- Policy provides uniformity of action across various department in an organization.
- Policies speeds up decisions at lower levels.
- Policies enable higher management to delegate work to lower levels.
- Policies provides road map for implementing the objectives
- Types of policies :originated policy, appealed policy, implied policy, externally imposed policy. Classification based on the function ex, marketing, financial, recruitment policies.

Guidelines for effective policy making

- It should be in writing.
- Should reflect the objectives of the organization.
- Reasonable balance between stability and flexibility.
- Different policies in the organization should not pull it in different directions.
- It should not be detrimental to the interest of society.
- It should be comprehensive and should be reviewed periodically

Procedures

- Policies are general guidelines to both thinking and actions of managers at the higher levels. Procedures are general guidelines for actions for managers at the lower levels.
- Policies are defined to implement the objectives of the organization, procedures are for implementing the policies.
- Policies are generally broad in nature, procedures are specific.
- Policies may be established without any study or analysis, procedures require proper study and analysis.

Methods

- A method is a prescribed way in which one step of a procedure is to be performed.
- Methods help in increasing the effectiveness and usefulness of the procedure.
- RULES.
- Rules are detailed and recorded instructions that a specific actions must or must not be performed.

Single use plans
programs

- Programs are precise plans or definite steps in proper sequence which need to be taken to achieve a given task. The essential ingredients of every program are time phasing and budgeting.
- Budgets
- Budgets are plans for future period of time containing statements of expected results in numerical terms.
- The important budgets are sales budget, production budget, cash budget, and revenue and expenditure budget
- Budgets facilitate comparison of actual results with the planned ones, serve as control device and yardstick for measuring performance.

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.

Internal and external premises

General business and economic environment	**Technological changes**
Government policies and regulations	Population growth
Political stability	Sociological factors
Demand for industry product	

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

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.

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.

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.

Planning skills

- Ability to think ahead.
- Ability to define objectives of the organization.
- Ability to forecast future trends.
- Ability to frame correct strategies.
- Ability to implement and monitor the stratgies.

STRATEGIC PLANNING	TACTICAL PLANNING
It decides the major goals and policies of allocation of resources to achieve these goals	It decides the detailed use of resources for achieving each goal
It is done at the higher level of management,	It is done at the lower level of management
It is long term	It is short term
It is generally based on long term forecast about technology, political environment, etc. and is more uncertain	It is generally based on the past performance of the organization and is less certain.
It is less detailed because it is not involved with the day-to-day operation of the organisation	It is more detailed because it is involved with the day to day operation of the organisation

Meaning of decision

- A decision is a choice between two or more alternatives.
- 1. when managers make decisions they are choosing.
- 2. Managers have alternatives available when they are making decisions.
- 3. Managers have a purpose in mind when making decisions.

Steps in rational decision making