

CHAPTER – 4

PLANNING

Concept- Meaning

Planning is deciding in advance what to do, how to do when to do, and who is to do it. Planning bridges the gap from where we are to where we want to go. It is one of the basic managerial functions. Planning involves setting objectives and developing appropriate courses of action to achieve these objectives. Thus, it is closely connected with creativity and innovation.

Importance of Planning

1. Planning provides directions: By stating in advance how the work is to be done, planning provides direction for action. If there was no planning, employees would be working in different directions and the organization would not be able to achieve its goals efficiently.
2. Planning reduces the risk of uncertainty: Planning is an activity which enables a manager to look ahead, anticipate changes, consider the impact of changes and develop appropriate responses.
3. Planning reduces wasteful activities: Planning serves as the basis of coordinating the activities and efforts of different departments and individuals whereby useless and redundant activities are reduced.
4. Planning promotes innovative ideas: Planning is the first function of management. Managers get the opportunity to develop new ideas and new ideas can take the shape of concrete plans.
5. Planning facilitates decision making: Under planning targets are laid down. The manager has to evaluate each alternative and select the most viable option. Thus planning facilitates decision making.
6. Planning establishes standards for controlling: Planning provides the standards against which the actual performance can be measured and

evaluated. Controlling is blind without planning. Thus planning provides the basis for controlling.

FEATURES OF PLANNING

1. Planning focuses on achieving objectives:

Planning has no meaning unless it contributes to the achievement of predetermined organizational goals.

2. Planning is a primary function of management:

Planning lays down the base for other functions of management.

Planning precedes other functions.

3. Planning is pervasive:

Planning is required at all levels of management as well as in all departments of the organization. It is not an exclusive function of top management.

4. Planning is futuristic:

Planning essentially involves looking ahead and preparing for the future.

5. Planning involves decision making:

Planning essentially involves choice from among various alternatives and activities. If there is only one possible course of action, there is no need for planning because there is no choice.

6. Planning is a mental exercise:

Planning requires application of the mind involving requires foresight, intelligent imagination and sound judgement.

7. Planning is continuous:

Plans are prepared for a specific period of time may be for a month, a quarter, or a year. At the end of that period there is need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.

Planning Process

1. **Setting Objectives:** The first and foremost step is setting objectives. Objectives may be set for the entire organization and each department.
2. **Developing premises:** Planning premises are the assumptions about the likely shape of events in future. It forecasts the obstacles, problems or limitations in the path of the effective planning because of which the plans may deviate. Planning premises supply relevant facts & information already to the future.
3. **Identifying alternative courses of action:** Once objectives are set and premises are developed, the next step would be to act to achieve them. All the alternative courses of action should be identified, to achieve already set objectives.
4. **Evaluating alternative Courses:** The next step is to weigh pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. Example: Cost-Benefit analysis.
5. **Selecting an alternative:** After comparison and evaluation, the best alternative is chosen for reaching organizational objectives. On the basis of merits, demerits, resources and consequences, the best plan has to be adopted, which must be the most feasible, profitable and with least negative consequences.
6. **Implementing the plan:** Once the plans are developed they are put into action. Successful implementation of the plan ensures understanding and whole-hearted cooperation of all the employees.
7. **Follow up action:** To see whether plans are being implemented, activities are performed according to schedule. In case of any deviations, changes are made in the plans.

SAMPLE QUESTION BASED ON PROCESS OF PLANNING

The director of Infra Ltd. set the target to increase current year sale by '500 cr. For increasing the sales of the current year, he also kept in mind future forecast and assumptions. Then he searched different ways to increase sale such as sales promotion, network marketing and other activities. After that he held meeting with sales manager and made necessary changes to achieve target. Identify the different stages of planning process quoting the relevant lines:

Limitations of Planning

(A) Internal Limitations

1. Planning leads to rigidity: Planning decide the future course of action and managers may not be in a position to change it such situation do not allow managers to make changes according to changing business environment. Thus detailed planning may create a rigid framework in the organization and subordinates are supposed to work as per already laid plans only.
2. Planning may not work in dynamic environment: Planning is based on anticipation of future happenings and since future is uncertain and dynamic, therefore, the future anticipations are not always true.
3. Planning involves huge costs: When plans are drawn up, huge cost is involved in their formulation in terms of money and efforts.
4. Planning is time consuming: Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation and it is not feasible in emergencies.
5. Planning does not guarantee success: The success of an enterprise is possible only when plans are properly drawn and implement.

Sometimes managers depend on previously tried successful plans, but it is not always true that a plan which has worked before will work effectively again. 6. Planning reduces creativity: In planning, work is to be done as per pre-determined plans. It is decided in advance what is to be done, how it is to be done and who is going to do it. Moreover, planning is done by top management which leads to reduction of creativity of other levels of management as they are neither allowed to deviate from plans nor are they permitted to act on their own. Planning discourages individual's initiative & creativity.

(B) External Limitations

They are those limitations of planning which arise due to external factors over which an organization has no control.

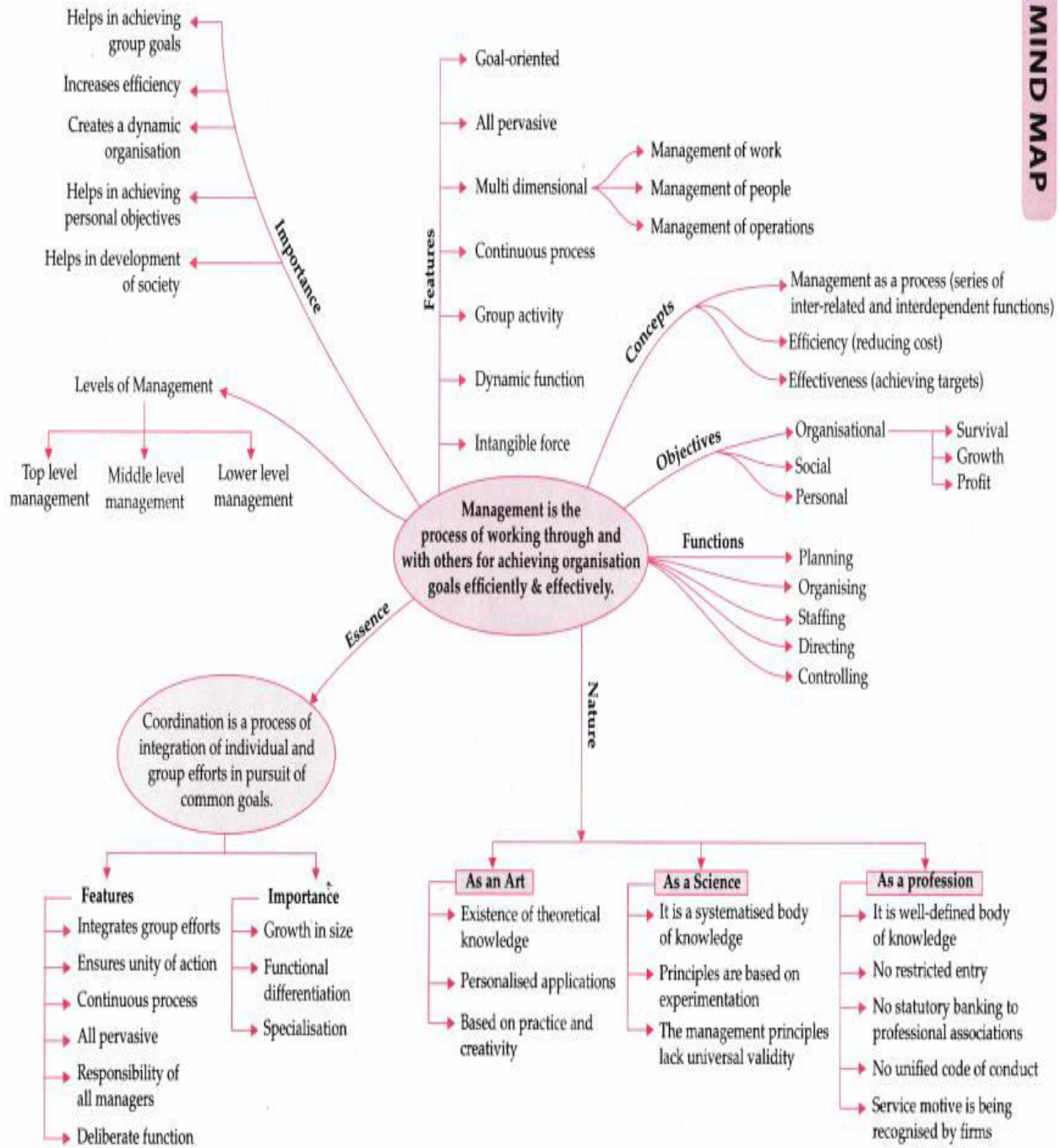
1. Changes in Government policies leads to failure of plans.
2. Natural calamities such as flood, earthquake etc. also adversely affect the success of planning.
3. Changes in the strategies of competitors also lead to failure of planning many times.
4. Regular technological changes may affect planning.
5. Changes in the Economic and Social Conditions also reduces the effectiveness of planning

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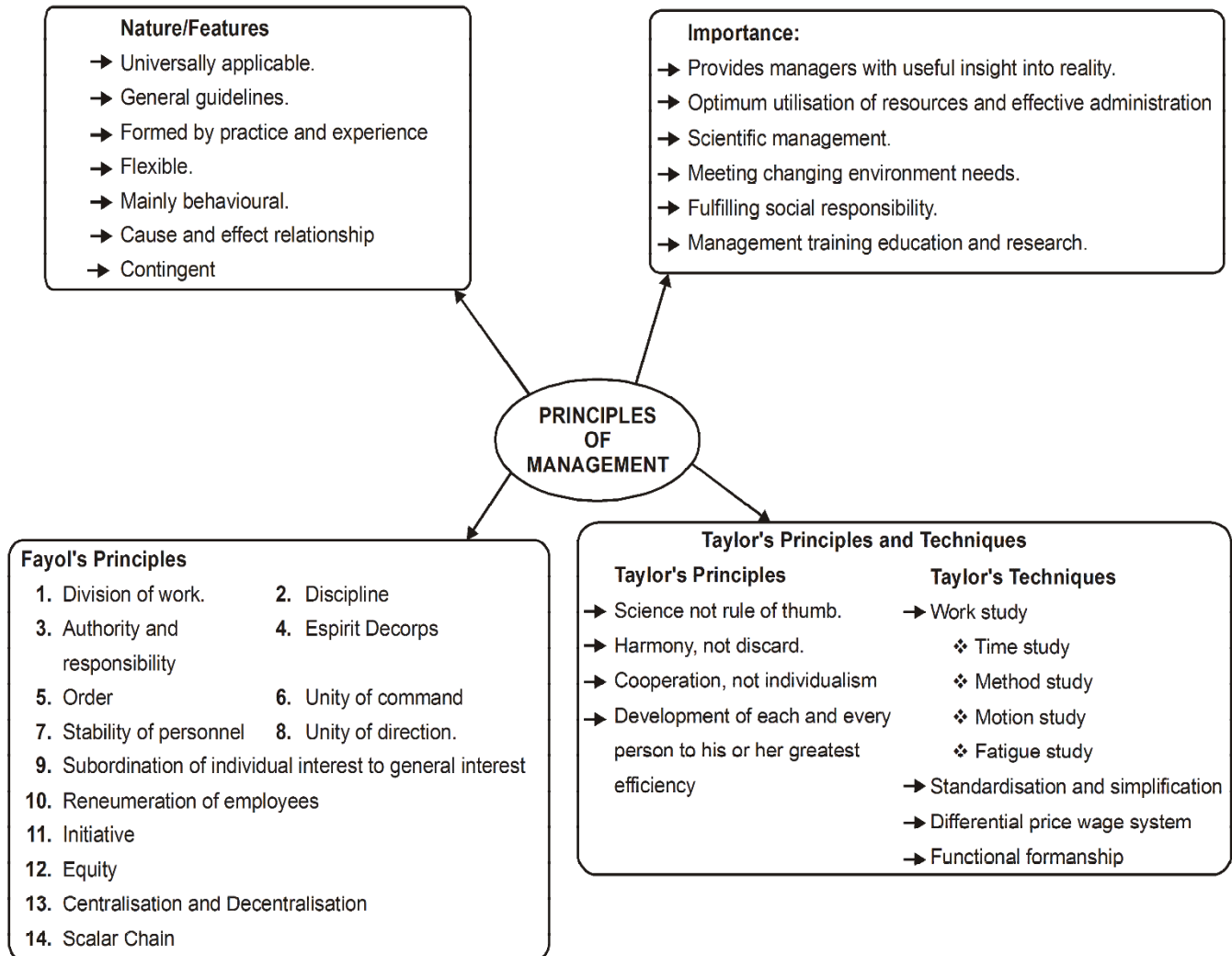
MIND MAP – HEAD POINTS (WRITING HEAD POINTS IS IMPORTANT)

CHAPTER 1: NATURE AND SIGNIFICANCE OF MANAGEMENT

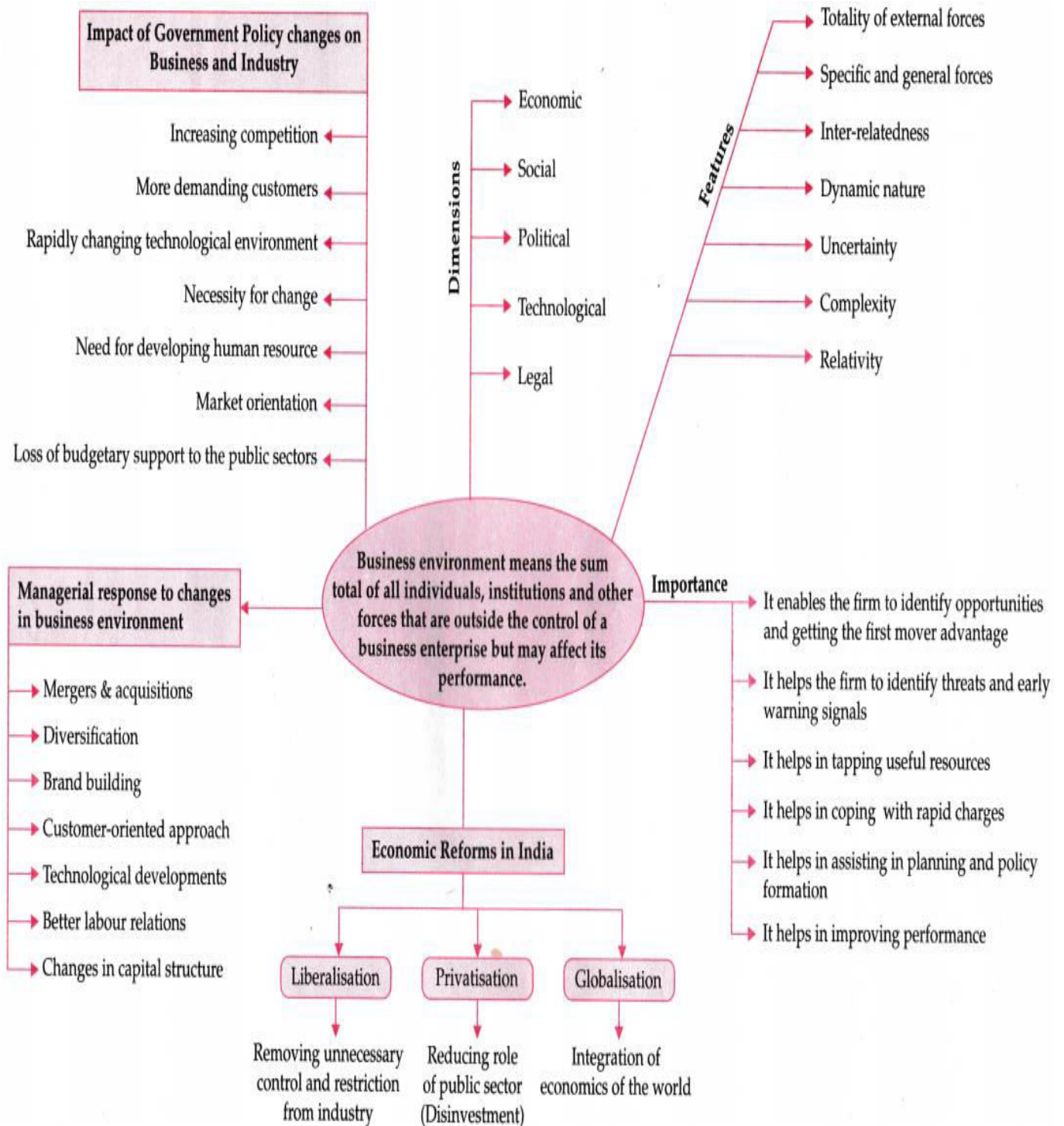
MIND MAP



CHAPTER 2: PRINCIPLES OF MANAGEMENT



CHAPTER 3: BUSINESS ENVIRONMENT



CHAPTER 4: PLANNING

MIND MAP

