

CLASS:
12

**INDIAN SCHOOL MUSCAT
SECOND PERIODIC ASSESSMENT**

SUBJECT:
BUSINESS
STUDIES

QP.NO.	SET - A VALUE POINTS	SPLIT UP MARKS
1.	Single Use Plan	1
2.	Planning is deciding in advance what to do, how to do, when to do and who has to do it.	1
3.	Limitations of Planning <ul style="list-style-type: none">• Planning leads to rigidity as plans are drawn in advance and managers may not be in a position to change them in the light of changed conditions.• Planning may not work in a dynamic environment as through planning, everything cannot be foreseen.• Planning reduces creativity as the top management undertakes planning of various activities whereas the middle managers are neither allowed to deviate from plans nor are they permitted to act on their own.• Planning involves huge costs in terms of time and money required to undertake scientific calculations and sometimes it may not justify the benefits derived from it.• Planning is a time consuming process and sometimes there is not much time left for implementation of the plans.	3
4.	<p>1. Objectives: Objectives are the end results of the activities that an organization seeks to achieve through its existence. All other activities within the organization are directed towards achieving these objectives. Objectives are based on the mission or philosophy of the organization. Objectives are determined by top level management. For example, the objectives of a newly started business is to earn 30% profit on the amount invested in the first year.</p> <p>2. Policy: Policy are general statements that guide managerial decision making. It is determined by top level management. It is a general statement. It provides scope for managerial discretion. Policies are framed to achieve the objectives of an organization. They all guides in implementing the strategy. It is a type of standing plan.</p>	4
5.	<p>The features of planning highlighted in the above paragraph are explained below:</p> <ol style="list-style-type: none">1. Planning is a primary function: Planning precedes all the functions of management i.e. organizing, staffing, directing and controlling. This refers to primacy of planning. Planning provides the basis of all other functions. "... without good planning he will not be able to organize, direct, control or perform any of the other managerial functions efficiently and effectively. "2. Planning is futuristic: Planning is called a forward looking function as it enables an organization to meet future events effectively.	5

“Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales.”

3. **Planning is continuous:** Plans need to be continuously made, implemented and followed by another plan and so on till an organization exists

“Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis.”

4. **Planning is a mental exercise:** Planning is done on the basis of rational thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work.

“While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work.”

5. **Planning focuses on achieving objectives:** Planning is a purposeful activity as it contributes to the achievement of predetermined goals of the organization both efficiently and effectively.

“Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.”

6.
 1. Planning is the function of management which is being described in the above paragraph. 6

2. The various steps involved in the planning process are explained below:

- **Setting objectives:** The planning process is initiated by setting the objectives in clear, specific and measurable terms. The objectives may be set for the organization as a whole and for each department or unit within the organization.

“The company plans to increase the sale of its sedan cars by 20% in next quarter.”

- **Developing Premises:** Planning process is carried out keeping in view the assumptions related to the future, which is uncertain. These assumptions are called premises and may relate to government policy, interest rate, inflation, etc. Accurate forecasts are therefore essential for successful planning.

“In order to achieve the desired target the marketing team of the company considers the impact of policy of the government towards diesel vehicles and level of competition in this segment of cars.”

- **Identifying alternative courses of action:** The next step in the planning process involves identification of the various ways in which the goals can be achieved.

“They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the car, etc.”

- **Evaluating alternative courses:** In order to select the best option, the relative positive and negative aspects of each alternative should be evaluated in the light of their feasibility and consequences.

“A thorough analysis of the various available options is done keeping in view the relative viability of each option.”

- **Selecting an alternative:** The best plan is adopted to achieve the desired goals. Sometimes, a combination of plans may be selected

instead of one best course of action.

“The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan cars.”

- **Implement the plan:** This step is concerned with putting plans into action.

“In order to implement the plan, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media.”

- **Follow up action:** Monitoring of plans is equally important to ensure that objectives are achieved efficiently and effectively.

“The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.”