



Chapter 4

Planning

MEANING

Planning is deciding in advance what to do and how to do. It is one of the basic managerial functions. It refers to thinking beforehand.

FEATURES OF PLANNING

(i) Planning focuses on achieving objectives: Organisations are set up with a general purpose. Specific goals are set out along with the activities to be undertaken to achieve the goals.

(ii) Planning is a primary function of management: All other managerial functions are performed within the framework of the plans drawn.

(iii) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. But the scope of planning differs at different levels and among different departments.

(iv) Planning is continuous: Plans are prepared for a specific period of time. 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.

(v) Planning is futuristic: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation.

IMPORTANCE OF PLANNING

(i) Planning provides directions: By stating in advance how work is to be done planning provides direction for action.

(ii) Planning reduce risk of uncertainty: Planning is always done for future and future is uncertain. In this way, the risk of future uncertainty can be minimised.

(iii) Planning reduces overlapping and wasteful activities: Planning helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated.

(iv) Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans

(v) Planning facilitates decision making: Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action

LIMITATIONS OF PLANNING

(i) Planning leads to rigidity: In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. This kind of rigidity in plans may create difficulty.

(ii) Planning may not work in a dynamic environment: The business environment is dynamic, nothing is constant. Planning cannot foresee everything and thus, there may be obstacles to effective planning.

(iii) Planning involves huge costs: When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money.

(iv) Planning is a time-consuming process: Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation.

PLANNING PROCESS

(i) Setting Objectives: Every organisation must have certain objectives. Objectives or goals specify what the organisation wants to achieve.

(ii) Developing premises: The basis of planning are those factor/ assumptions which influence the possible results of different alternative.

(iii) Identifying alternative course of action: - There are many ways to act and achieve objectives. All the alternative course of action should be identified.

iv) Evaluating alternative courses: The next step is to weigh the pros and cons of each alternative. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.

(v) Selecting an alternative: - After careful analysis of different alternatives the best one is selected. Keeping in view the uncertainties of future it is justifiable to select more than one good alternative course.

(vi) Implement the plan: The step is concerned with putting the plan into action.

vii) Follow-up action: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process.

TYPES OF PLANS

OBJECTIVES

Objectives, therefore, can be said to be the desired future position that the management would like to reach.

STRATEGY

Strategies refer to a plan which are prepared in view of the move of competitors and whose objective is to make possible the optimum utilisation of resources.

POLICY

Policies are those general statement which are decided for the guidance of the employees while taking decision.

PROCEDURE

Procedures are those plans which determine the sequence of any work performance.

METHOD

Methods provide the prescribed ways or manner in which a task has to be performed considering the objective.

RULES

Rules tell us what is to be done and what not to be done in a particular situation.

PROGRAMMES

A programme means a single use comprehensive plan laying down the what, how, who and when to accomplishing a specific job.

BUDGETS

A budget is that planning which provides details about estimated money, material, time and other resources for the achievement of predetermined objectives of various departments.

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