

4

PLANNING

Learning Objectives

- Meaning of Planning
- Features of Planning
- Importance/Significance of Planning
- Limitations of Planning
- Steps in Planning Process
- Types of Plans
 - Goals
 - Objectives
 - Policies
 - Procedures
 - Rules
 - Programmes
 - Methods
 - Budgets
- Difference between : Goals and Objectives, Policies and Objectives, Policies and Procedures, Procedures and Methods, Policies and Rules, Rules and Methods.

Introduction

All organisations whether it is the government, a private business or small businessman require planning. To turn their dreams of increase in sale, earning high profit and getting success in business all businessmen have to think about future; make predictions and achieve target. To decide what to do, how to do and when to do they do planning.

4.1 Meaning

Planning can be defined as “thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done”. In simple words we can say, planning

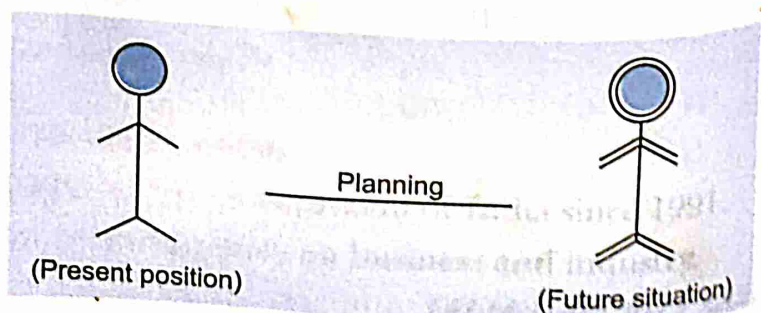


Fig. 4.1

bridges the gap between where we are standing today and where we want to reach.)

Planning involves setting objectives and deciding in advance the appropriate course of action to achieve these objectives so we can also define planning as setting up of objectives and targets and formulating an action plan to achieve them.

Another important ingredient of planning is time. Plans are always developed for a fixed time period as no business can go on planning endlessly.

Keeping in mind the time dimension we can define planning as "Setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from the different courses of actions".

Definitions of Planning by Different Authors

- ◆ "Planning is the thinking process, the organised foresight, the vision based on facts and experience that is required for intelligent action". Alfred and Beatty
- ◆ "Planning is the function that determines in advance what should be done. It consists of selecting the enterprise objectives, policies, programmes, procedures and other means of achieving those objectives. In his planning the manager must decide which of the alternative plans are to be followed and executed. Planning is intellectual in nature. It is mental work. It is looking ahead and preparing for the future". Theo Haimann
- ◆ "Planning is chalking out plan of action, i.e., the result envisaged in the line of action to be followed, the stages to go through the methods to use". Fayol
- ◆ "Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to happen". Koontz and Odennell

4.2 Features/Nature/Characteristic of Planning

1. **Planning contributes to Objectives.** Planning starts with the determination of objectives. We cannot think of planning in absence of objective. After setting up of the objectives, planning decides the methods, procedures and steps to be taken for achievement of set objectives. Planners also help and bring changes in the plan if things are not moving in the direction of objectives.

For example, if an organisation has the objective of manufacturing 1500 washing machines and in one month only 80 washing machines are manufactured, then changes are made in the plan to achieve the final objective.

2. **Planning is Primary function of management.** Planning is the primary or first function to be performed by every manager. No other function can be executed by the manager without performing planning function because objectives are set up in planning and other functions depend on the objectives only.

For example, in organising function, managers assign authority and responsibility to the employees and level of authority and responsibility depends upon objectives of the company. Similarly, in staffing the employees are appointed. The number

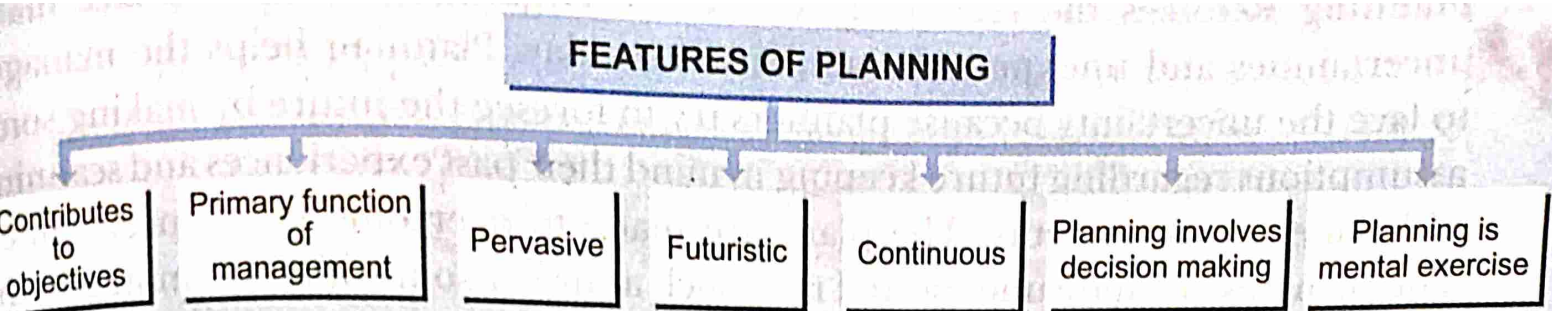


Fig. 4.2



Planning: the first step to management

Fail to plan means planning to fail?

4.3 Importance/Significance of Planning

1. **Planning provides Direction.** Planning is concerned with predetermined course of action. It provides the directions to the efforts of employees. Planning makes clear what employees have to do, how to do, etc.

By stating in advance how work has to be done, planning provides direction for action. Employees know in advance in which direction they have to work. This leads to Unity of Direction also. If there were no planning, employees would be working in different directions and organisation would not be able to achieve its desired goal.

2. **Planning Reduces the risk of uncertainties.** Organisations have to face many uncertainties and unexpected situations every day. Planning helps the manager to face the uncertainty because planners try to foresee the future by making some assumptions regarding future keeping in mind their past experiences and scanning of business environments. The plans are made to overcome such uncertainties. The plans also include unexpected risks such as fire or some other calamities in the organisation. The resources are kept aside in the plan to meet such uncertainties.
3. **Planning reduces over lapping and wasteful activities.** The organisational plans are made keeping in mind the requirements of all the departments. The departmental plans are derived from main organisational plan. As a result there will be co-ordination in different departments. On the other hand, if the managers, non-managers and all the employees are following course of action according to plan then there will be integration in the activities. Plans ensure clarity of thoughts and action and work can be carried out smoothly.
4. **Planning Promotes innovative ideas.** Planning requires high thinking and it is an intellectual process. So, there is a great scope of finding better ideas, better methods and procedures to perform a particular job. Planning process forces managers to think differently and assume the future conditions. So, it makes the managers innovative and creative.
5. **Planning Facilitates Decision Making.** Planning helps the managers to take various decisions. As in planning goals are set in advance and predictions are made for future. These predictions and goals help the manager to take fast decisions.
6. **Planning establishes standard for controlling.** Controlling means comparison between planned and actual output and if there is variation between both then find out the reasons for such deviations and taking measures to match the actual output with the planned. But in case there is no planned output then controlling manager will have no base to compare whether the actual output is adequate or not. For example, if the planned output for a week is 100 units and actual output produced by employee is 80 units then the controlling manager must take measures to bring the 80 unit production upto 100 units but if the planned output, i.e., 100 units is not given by the planners then finding out whether 80 unit production is sufficient or not will be difficult to know. So, the base for comparison in controlling is given by planning function only.
7. **Focuses attention on objectives of the company.** Planning function begins with the setting up of the objectives, policies, procedures, methods and rules, etc. which are made in planning to achieve these objectives only. When employees follow the plan they are leading towards the achievement of objectives. Through planning, efforts of all the employees are directed towards the achievement of organisational goals and objectives.