COMMUNICATION
STRATEGY
FINANCE
TECHNOLOGY
ASSESSMENT
COST
SKILLS
PROCESS
TRANSFERRING
MANAGEMENT
CONTRACT
EXPERT
EXPERTISE
SUPPLIER
OUTSOURCING
BUSINESS
SERVICES
THIRD PARTY
PAYMENT
SECURITY
STRATEGY
SATISFACTION
EXPERTISE

UNIT-2 PLANNING &DECISION MAKING

CONCEPT OF PLANNING

PLANNING

Meaning of planning

Planning forms that part of management which lays down the objectives and various activities to be done for the attainment of those objectives. Under this it is decided what is to be done, how is to be done, when is to be done and by whom is to be done.


Managerial Function
Decision Making
Goal Oriented
Planning
Futuristic
Pervasive
Intellectual Process
Continuous Activity

PLANNING PROCESS

There are seven steps in the process of planning, which are as follows:

1. Setting up of objective.
2. Developing premises.
3. Listing the various alternative for achieving the objective.
4. Evaluation of different alternative.
5. Selecting an alternative.
6. Implement the plan.
7. follow-Up

1. Setting up of the objective – in planning function manager begins with setting up of objective because all the policies, procedure and method are for achieving objective only. After setting up the goals,the clearly defined goals are communicated to all the employees.
2. Developing premises – premises refer to making assumptions regarding future. Premises are the base on which plans are made. It is a kind of forecast made keeping in view Existing plans and any past information about various policies. There should be total agreement on all the assumptions.
3. Listing the various alternative for achieving the objective - after setting up of objective the manager make A list of alternative through which the organisation can achieve its objective as there are many ways to achieve the objective And manager must know all the way to reach the objective.

4. Evaluation of different alternative – After making the list of various Alternative along with the assumptions supporting them, the manager Start evaluating each and every alternative And note down the Negative and positive aspects of every alternative.

5. Selecting an alternative – the best alternative is selected but as such there is no mathematical formula to select the best alternative. The most ideal plan is most feasible, profitable and with least Negative alternative.

6. Implement the plan – the manager prepare Or draft the main and supportive plans on paper but there is no use of these plan until and unless these are put in action. To implement, the manager start communicating the plan to all the employees.

7. Follow up – planning is a continous Process so the manager job does not get over simply by putting the plan into action. The manager monitor the plan carefully while its is implemented. During the follow up many adjustment are made in the plan.

Types of Planning

(i) Operational Planning

"Operational plans are about how things need to happen," motivational leadership speaker Mack Story said at LinkedIn. "Guidelines of how to accomplish the mission are set."This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans.

(ii) Strategic Planning

"Strategic plans are all about why things need to Story said. "It's big picture, long-term thinking. It highest level with defining a mission and casting a vision."Strategic planning includes a high-level entire business. It's the foundational basis of the and will dictate long-term decisions.

- **(iii) Tactical Planning**
- "Tactical plans are about what is going to happen," Story said. "Basically at the tactical level, there are many focused, specific, and short-term plans, where the actual work is being done, that support the high-level strategic plans."
- Tactical planning supports strategic planning. It includes tactics that the organization plans to use to achieve what's outlined in the strategic plan.

- **(iv) Contingency Planning**
- Contingency plans are made when something unexpected happens or when something needs to be changed. Business experts sometimes refer to these plans as a special type of planning.
- Contingency planning can be helpful in circumstances that call for a change. Although managers should anticipate changes when engaged in any of the primary types of planning, contingency planning is essential in moments when changes can't be foreseen.

Significance of planning

- **Makes the objectives clear and specific:** planning clearly specifies the objectives and the policies or activities to be performed to achieve these objective in other words what is to be done and how it is to be done are clarified in planning.

- **Off setting the uncertainty and change:** planning is necessary to look ahead towards future and to take decisions regard facing the expected changes/requirement of the future. E.g. before coming of summer session producers started production for the products to be used in summer.

- **Plans facilitate decision-making:** to achieve the objective predetermined under planning, business has to take various decisions by considering the available resources. If job may be completed by using various alternatives (e.g. manually or by machines) and the best alternative is decided by the management, which is more helpful in achieving the objective.

- **Provides basis of control:** under controlling actual performance is compared with the planed performance (target/objective). So planning is the base of controlling process.

- **Leads to economy and efficiency:** planning clarifies the work and its method of doing. Resultantly it reduces confusion and wastage of resources in the form of thinking at the time of doing. So efficiency of the worker will risen which will further result economy in production.

- **Facilitates integration:** under planning proper directions as per plane are provided to the subordinates. Resultantly they all make effort towards the achievement of preplanned objective. Such co-ordination of sub-ordinates and their departments will certainly help the organisation in achieving its objective.

- **Encourages innovation and creativity:** planning is the process of thinking in advance and so plans are made to achieve a target at future date by using latest methods and technology to perform the industrial/business activities and so plans lead to innovation.

- **Facilitates control:** planning facilitates the managers in performing their function of control. Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning facilitates control by furnishing standards of control. It lays down objectives and standards of performance, which are essential for the performance of control function.

- **Improves motivation:** the effective planning system ensures participation of all managers, which improves their motivation. It improves the motivation of workers also because they know clearly what is expected of them. Moreover, planning also serves as a good training device for future managers.

CONCEPT OF OBJECTIVE SETTING

Objective setting is when an organization plans goals and how to meet them on a realistic timescale. Objectives help define what each department's and employee's responsibilities are within the organization. Setting objectives is part of establishing expectations for employees and managing them, which is also called the performance management process.

SMART Goal Setting

S	Specific: Define a clear, specific goal.
M	Measurable: Make sure you can track progress.
A	Attainable: Create a goal that is realistic.
R	Relevant: Ensure your goal aligns with the organization.
T	Time-bound: Assign a target date to keep accountable.

ProductPlan

TYPES & PROCESS OF OBJECTIVE SETTING

Role objectives

Every role has an objective, which is usually part of the role's job description. For example, a sever's role and role objective are to serve customers in order to ensure customer satisfaction. Role objectives state what you need to do and why it's important. Performance standards, such as speed and accuracy, help evaluate role objectives.

Target objectives

Target objectives are measurable results from an employee. This could measure output, income, service, cost reduction or other targets. For example, you could measure a target objective for a jeweler by measuring their sales amount per day.

Task objectives

Task objectives are objectives completed by finishing tasks or major projects before a specified date. For example, a project's deadline can be an entire department's task objective.

Behavioral goals

Managers often set behavioral goals for an entire department, but you can also set them for an individual. Some behavioral expectations involve the use of language, dress, actions and speech representative of the company and team.

Performance goals

Performance goals are objectives of improved performance and help define what can help achieve better results. Sometimes, performance goals result in performance improvement plans that specify what actions both employees and management need to take.

Learning goals

Learning goals help specify areas where employees and managers can develop, whether that be through workplace skills or knowledge. Management could arrange this through specialized training sessions or courses.

TYPES OF GOAL SETTING

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- Short Term Goals
- Long Term Goals
- Lifetime Goals
- Health and Fitness Goals
- Career Goals
- Financial Goals
- Business Goals
- Personal Goals
- Family Goals
- Educational Goals
- Relationship Goals
- Personal Development Goals
- Spiritual Goals
- Psychological Goals
- External Goals
- Experiential Goals

Planning Tools And Techniques

Management

OUTLINE

Environment Assessment Techniques

Environmental Scanning

Forecasting

Benchmarking

Budgeting

Scheduling

Break even Analysis

Assessing the Environment

- Environmental Scanning

– The screening of large amounts of information to anticipate and interpret changes in the environment

– Competitor Intelligence

- The process of gathering information about competitors—who they are, what they are doing, and how their actions will affect the organization

– Is not spying but rather careful attention to readily accessible information from employees, customers, suppliers, the Internet, and competitors themselves

Assessing the Environment (cont'd)

- Environmental Scanning (cont'd)

– Global Scanning

- Screening a broad scope of information on global forces that might affect the organization

- Has value to firms with significant global interests

- Draws information from sources that provide global perspectives on worldwide issues and opportunities

Forecasting

– The part of organizational planning that involves creating predictions of outcomes based on information gathered by environmental scanning

- Facilitates managerial decision making
- Is most accurate in stable environments

– Quantitative forecasting

- Applying a set of mathematical rules to a series of hard data to predict outcomes (e.g., units to be produced)

– Qualitative forecasting

- Using expert judgments and opinions to predict less than precise outcomes (e.g., direction of the economy)

Making Forecasting More Effective

- Use simple forecasting methods
- Compare each forecast with its corresponding “no change” forecast
- Don’t rely on a single forecasting method
- Don’t assume that the turning points in a trend can be accurately identified
- Shorten the time period covered by a forecast
- Remember that forecasting is a developed managerial skill that supports decision making

Benchmarking

- The search for the best practices among competitors and non competitors that lead to their superior performance
- By analyzing and copying these practices, firms can improve their performance

Budgeting

The budget should be aligned to the overall strategic plan of the company and should include, inter alia, sales forecast, associated cost of sales, operating overheads, and capital expenditure plan for the year. Key performance indicators must be identified and monitored throughout the year

Objective

Appreciate the importance of effective budget preparation and financial planning

Understand Various sources of finance with their utilisation, based on the cost of capital

Take sound investment decisions based on proper appraisal

Obtain an overview of the financial statements and management reports to evaluate the company's performance

Review key performance analysis applicable to business

Prepare competitor analysis, market trends, and related explanations for top-level discussions

Training Methodology

This collaborative Budgeting and Forecasting Process, Tools and Techniques Course, will comprise the following training methods:

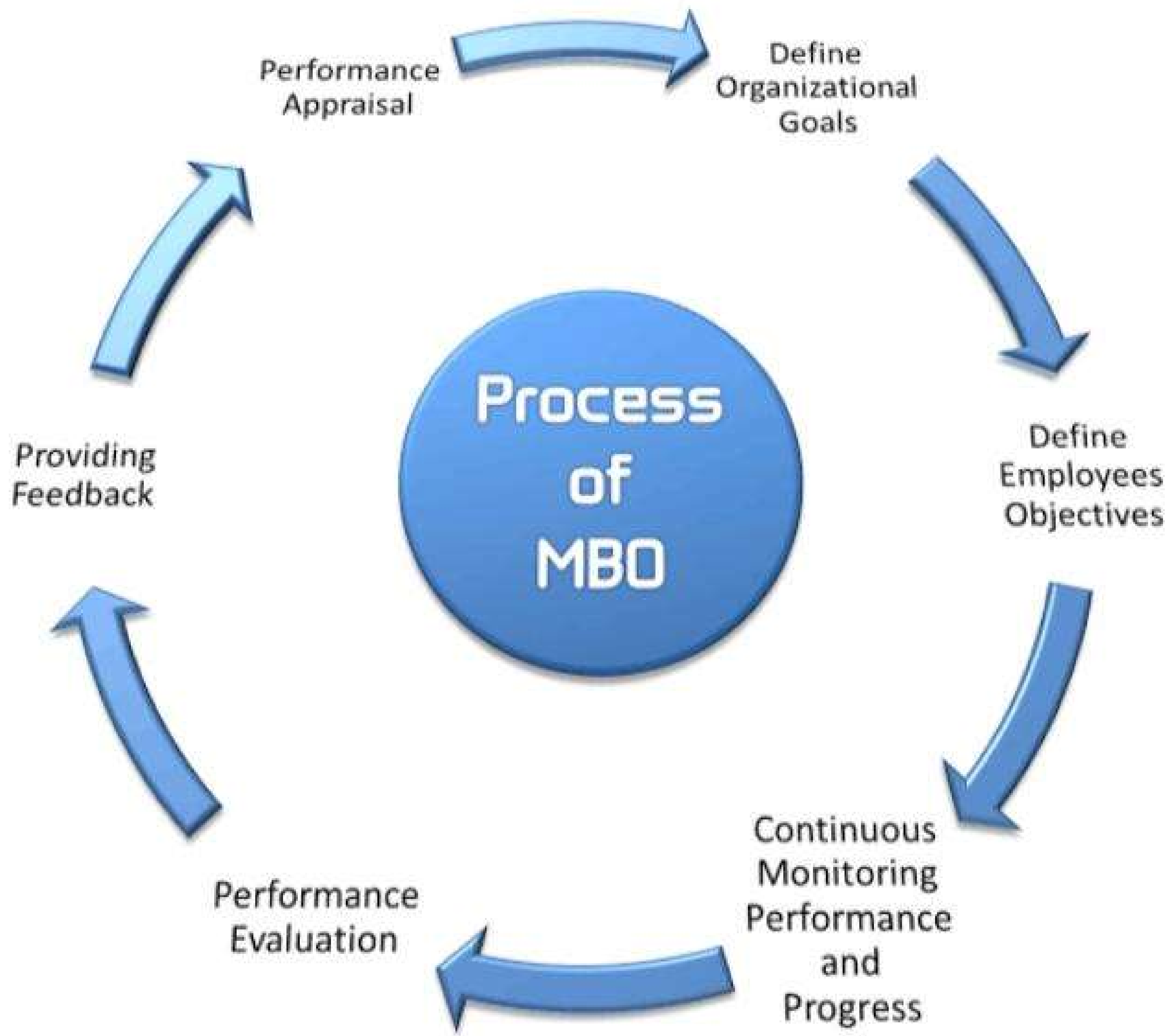
Lectures
Seminars & Presentations
Group Discussions
Assignments
Case Studies & Functional Exercises

CONCEPT OF MBO

Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization.
Management by objectives (also known as management by planning) is the establishment of a management information system (MIS) to compare actual performance and achievements to the defined objectives. Practitioners claim that the major benefits of MBO are that it improves employee motivation and commitment and allows for better communication between management and employees.

Process of MBO and managerial implication

MBO Definition :	A strategic or managerial model that defines clear and concise objectives that are accepted by management and employees to improve the performance of the organization is called MBO management by objectives.


Process of MBO
Define Organizational Goals
Define Employees Objectives
Continuous Monitoring Performance and Progress
Performance Evaluation
Providing Feedback
Performance Appraisal

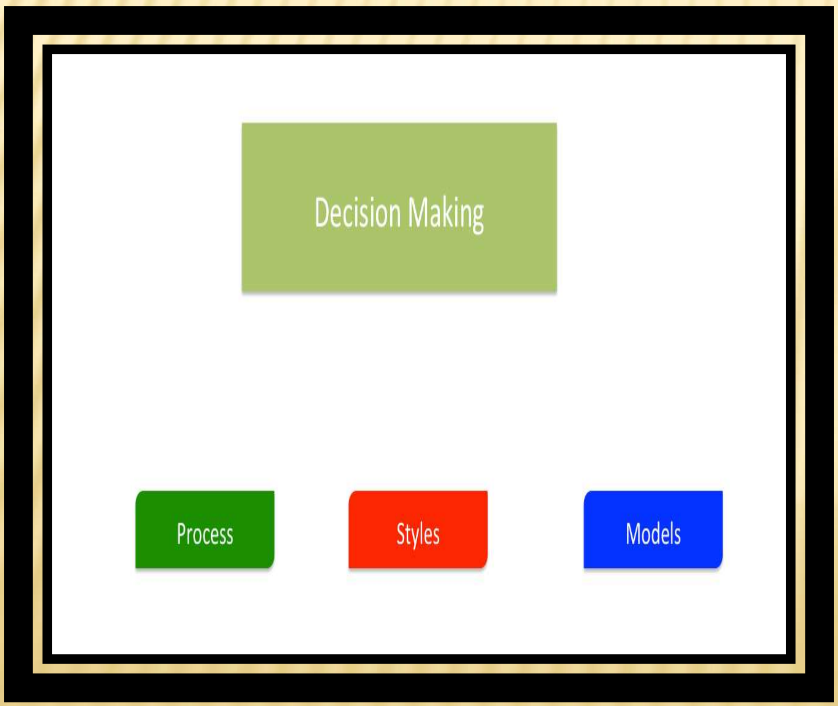
Managerial implication :-

Managerial Implications summarize what the results mean in terms of actions. In other words, **Managerial Implications** compare the results to the action standard, and indicate what action—or even non-action—should be taken in response.

Managerial Implications should focus only on the evidence provided in the report rather than on how to implement the results. If explicitly asked to do so, you may add sections—clearly labeled—that separate your idea generation from the evidence-based interpretation of the research results.

CONCEPT OF DECISION MAKING

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.



STEPS OF DECISION MAKING

step 1: Identify the decision

We realize that you need to make a decision. Try to clearly define the nature of the decision we must make. This first step is very important.

Step 2: Gather relevant information

Collect some pertinent information before we make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external "work." Some information is internal: you'll seek it through a process of self-assessment. Other information is external: we'll find it online, in books, from other people, and from other sources.

Step 3: Identify the alternatives

As we collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

Step 4: Weigh the evidence

Draw on our information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you'll begin to favor certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

Step 5: Choose among alternatives

Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

Step 6: Take action

You're now ready to take some positive action by beginning to implement the alternative you chose in Step 5.

Step 7: Review your decision & its consequences

In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has *not* met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more detailed or somewhat different information or explore additional alternatives.

Successful concept decisions are crucial for product development organisations. Failure in the concept decision-making process means costly rework, requiring resources that could have been spent on innovative work with new products instead. This licentiate thesis tackles the concept decision-making process and how to improve it. The research presented here is the first part of a research project, with an action research approach, that will develop new supporting working procedures for concept decision making and thereby contribute to more successful products.

DECISION MAKING PROCESS

The basic characteristics of decision making are as follows:

- It is the process of choosing a course of action from among the alternative courses of action.
- It is a human process involving to a great extent the application of intellectual abilities.
- It is the end process preceded by deliberation and reasoning. It is always related to the environment.
- A decision may be taken in a particular set of circumstances and another in a different set of circumstances.
- It involves a time dimension and a time lag.
- It always has a cur pose. Keeping this in view, there may just be a decision to not to decide.
- It involves all actions like defining the problem and probing and analysing the various alternatives which take place before a final choice is made.

- The decision making process includes the following components:
- The decision maker.
- The decision problem.
- The environment in which the decision is to be made.
- The objectives of the decision maker.
- The alternative courses of, action.
- The outcome expected from various alternatives.
- The final choice of the alternative.

Decision Making Process

Step 1 : Identification of Problems

Step 2 : Analysis of Problems

Step 3 : Development of Alternatives

Step 4 : Evaluation of Alternatives

Step 5 : Selection of Best Alternative

Step 6 : Implementation of Alternative

Step 7 : Review of Implementation

TYPES OF DECISIONS

Decisions may be classified into five major types.
These are:

- Organisational and personal decisions
- Routine and strategic decisions
- Policy and operating decisions
- Programmed and non-programmed decisions
- Individual and group decisions

Let us discuss each type in brief.

(i) **Organizational and personal decisions:** Personal decisions are those decisions that cannot be delegated to others. These decisions are meant only to achieve personal goals. Organisational decisions are those decisions that are taken to achieve organizational goals. For example you want to solve food habits related problems of your students. Advising them to take i nutritious food becomes a personal decision. As a teacher you adopt different kinds of teaching methods so that your students are able to I understand science and mathematics better. These are for organizational goals because good performance enhances the credibility of the school.

(ii) **Routine and strategic decisions: Routine** decisions are those which are repetitive in nature. For example, certain established rules, procedures and policies are to be followed. You might have experienced that when a teacher goes on leave another teacher who is free at that time has to engage the class. This is a routine decision. 'Strategic' decisions are those decisions which have to be deliberated upon in depth. For example, highlighting the characteristics of the school, before giving an advertisement for admissions, can bring more revenue to the school

Activity 2
Cite an example with reference ta your school ridging a strategic decision.

Interpersonal Process and Conflict Resolution

(iii) **Policy and operating decisions:** Policy decisions are those decisions which are taken at the higher level. For example, fixing pay scales for teachers. Operating decisions are those decisions which mean procedure of execution of the policy made. For example, how to disburse the arrears accumulated to a teacher (e.g. calculations).

Activity 3 What do you mean by operating' decision?

(iv) **Programmed and non–programmed decisions**: Non-programmed decisions are those decisions which are unstructured. For example, if a child is often absent, the class teacher can analyse the reasons for his/her absenteeism from the information provided by the child and then advise as to how to recoup with the situation. Whereas programmed decisions are of routine type and repetitive in nature. For example, when should children take their breakfast, hunch etc.

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Activity 4 Differentiate between programmed and non-programmed decisions citing appropriate examples.

(v) **Individual and group decisions**: A decision taken by an individual in the organisation is known as 'individual' decision, where autocratic style of functioning prevails. For example, if only the principal takes a decision without the participation of teachers, it is an individual decision. 'Group' decisions are collective decisions which are taken by a committee with a proper representation. For example, decisions taken collectively by parents, teachers and principal for the welfare of students.

Activity 5 Describe a situation where individual and group decisions have to be taken?

Some other types of decisions: Decisions can also be classified on the basis of dimensionality i.e., complexity of the problem and certainty of outcome of following the decision. These are described below:

Mechanistic decisions: Mechanistic decision is routine and repetitive in nature where the outcomes are known. For example, if a child misbehaves in the class, the teacher raises voice to control it.

Analytical decisions: In this type of decision one has to analyse the situation and take a decision. For example, if students are 30t performing well in science, the reasons have to be explored. It cx be because of the teacher or the method of teaching science, lab-facilities provided, etc.

Adaptive decisions: In thief kind of deified outcomes are not hewn and offend unpredictable, It variety from Libation to Libation, For example, a decision taken by B taker without prior experience of the outcome.

STYLES OF DECISION MAKING

Decision-making styles also vary in a social or task-driven focus. Social-driven decisions consider the behavior of others involved in the outcome. Those who are task-driven make decisions based on how to best achieve a goal.

1. Directive

The directive decision-making style uses quick, decisive thinking to come to a solution. A directive decision-maker has a low tolerance for unclear or ambiguous ideas. They are focused on the task and will use their own knowledge and judgment to come to a conclusion with selective input from other individuals. Directive decision-makers excel at verbal communication. They are rational and logical in their decision making. When the team or organization needs a fast decision, a directive-style decision-maker can effectively make a choice. Their style is valuable for making short-term decisions.

Example: Company stockholders have voted to expand their 401(k) option to all current employees and new employees after they complete a 90-day trial period. The CEO must now decide if the company will provide matching funds for employees who give to their 401(k) fund. She thinks about how this might help to attract top talent for their team.

The CEO looks at the budget projections she has just prepared and thinks about how funds that are allocated for another project could be used to match employee contributions. She decides that employees who contribute to their funds will be matched 4% by the company.

2. Analytical

Analytical decision-makers carefully analyze data to come up with a solution. They are careful and adaptable thinkers. They will invest time to glean information to form a conclusion. These decision-makers are task-oriented, but have a high tolerance for ambiguity.

Analytical decision-makers take time to compile data and evidence before they come to a conclusion. When they do make a decision, they have looked at all the details and formed what they believe is the best possible solution.

Example: The marketing team of a sports broadcasting company is tasked to identify how they can reach a wider audience with their current ad campaign. The marketing manager asks each team leader to submit a report from their portion of the campaign including the numbers of each audience demographic. They read each report then meet with the team leads. After the meeting, the marketing manager decides to purchase more add space on social media websites for the next 30 days.

3. Conceptual

Those who make decisions with a conceptual style are big picture thinkers who are willing to take risks. They evaluate different options and possibilities with a high tolerance to ambiguity. They are social-oriented and take time to consider big ideas and creative solutions.

Conceptual decision-makers look forward to what could happen if the decision is made. Their conclusions come from visualizing different opportunities and outcomes for the future. They are strong in making long-term decisions.

Example: Joe's startup retail company is performing well during their first year. He thinks about how the company can open stores nationwide in the next five years. When a new shopping development begins construction in a nearby big city, he decides to open a new store branch at the site. Although it is a risk to open this new store, Joe is confident his team will be successful, and this will help launch their brand nationally.

4. Behavioral

A behavioral style of decision-making focuses on relationships more than the task. It evaluates the feelings of others as part of their decision-making process. Behavior decision-makers have a low tolerance for ambiguity and a social focus as they evaluate solutions.

These decision-makers rely on information from others to guide what they choose. They are persuasive communicators who value decisions based on a team consensus. Their decisions are often based on how the choice will impact relationships.

Example: As HR manager, Kate has been asked to decide which week employees should get as a bonus paid vacation days before the end of the year. She sends out an email survey to see how employees feel about three possible dates. After she reads the survey responses, she asks her coworkers for input over a lunch break. Later in the afternoon, she walks through the office chatting with several more employees.

When she decides which week the majority of coworkers want, she talks to several employees who will not get the choice they hoped for, making sure they're feeling alright about the decision. At the end of the day, she notifies the management and the employees which week will be a bonus paid vacation time.

ENVIRONMENT OF DECISION MAKING

The quality of the decisions made in an organization will dictate the success or failure of the said business.
So all the available information and alternatives must be studied before arriving at an important decision. The process of decision making will help a great deal.
Another factor that affects these decisions is the environment in which they are taken. There are a few different types of environments in which these decisions are made.

1] Certainty

Such type of environment is very sure and certain by its nature. This means that all the information is available and at hand. Such data is also easy to attain and not very expensive to gather.

So the manager has all the information he may need to make an informed and well thought out decision. All the alternatives and their outcomes can also be analyzed and then the manager chooses the best alternative.

Another way to ensure an environment of certainty is for the manager to create a closed system. This means he will choose to only focus on some of the alternatives.

He will get all the available information with respect to such alternatives he is analyzing. He will ignore the other factors for which the information is not available. Such factors become irrelevant to him altogether.

2] Uncertainty

In the decision making environment of uncertainty, the information available to the manager is incomplete, insufficient and often unreliable.

In an uncertain environment, everything is in a state of flux. Several external and random forces mean that the environment is most unpredictable.

In these times of chaos, all the variables change fast. But the manager has to make sense of this mayhem to the best of his ability. He must create some order, obtain some reliable data and make the best decision as per his judgment

3] Risk

Under the condition of risk, there is the possibility of more than one event taking place. Which means the manager has to first ascertain the possibility and probability of the occurrence or non-occurrence of the event.

The manager will generally rely on past experiences to make this deduction.

In this scenario too, the manager has some information available to him. But the availability and the reliability of the information is not guaranteed. He has to chart a few alternative courses of actions from the data he has.


Thank You