

Chapter-3

Planning

Very short answer questions

1) Define planning

→ Planning is the process of determining future target of the organisation and choosing the most appropriate path among available to attain the target.

2) Mention the steps of planning process.

→ - Analysis of environment

- Determining goals and objectives to be achieved

- Developing planning process

- Determining the alternative course of action

- Evaluating alternative courses

- Selecting the best alternatives

- Formulating deriving plans

- Budgeting the plans

- Reviewing the planning process

3) Explain any one type of planning.

→ Strategic planning:- Strategic planning is a long term planning which defines the broad goals and objectives for the entire organisation. This strategic planning is prepared by the top level management.

4) Mention why planning is essential.

⇒ Proper planning helps a business set realistic objectives and assign stipulated time for those goals to be met. It helps to avoid risks, plan finances, check if your business idea is good, make operations smoother, and adapt to changes. A business plan will guide you to your destination.

5) Mention the limitations of planning.

- ⇒
- Costly process
 - Time consuming
 - Unsuitable in emergency situation
 - Lack of reliable and problem of accurate premises
 - Problem of rapid changes
 - Internal inflexibility or rigidity
 - External inflexibility
 - Encourages a false sense of security
 - Practical difficulties

Short/long questions

1) Define planning. Why is planning important in an organisation? Explain.

⇒ Planning is the conscious process of selecting and developing the best course of action to accomplish an objective.

Importance of a planning in an organisation area-

1) Emphasis on goal and objectives :- The planning is directed towards accomplishing the objectives. Planning brings the attention of management towards the objectives to be achieved.

2) Minimises uncertainties :- Planning has become a necessity on the ground that future is uncertain. Virtually, planning is accepted as an important function of the management to minimise the future uncertainty.

3) Facilitates control :- A good planning facilitates for effective control. Controlling is concerned with a comparison between the planned performance (target) and actual performance (progress).

4) Organisational effectiveness :- It is the planning which enables the management to assess the organisational effectiveness. For the organisational effectiveness it provides many ways.

5) Innovation and creativeness :- In particular, effective planning always encourages the management to develop and initiate new devices, ways and techniques for its operations.

6) Tackles problems of modern business :- A business firm faces many problems. As it grows, new problems and complexities may arise in different aspects of the business.

2) Explain the steps of planning process.

- 1) Analysis of environment :- The management should make proper assessment or evaluation of the internal and external environment.
- 2) Determining goals and objectives to be achieved :- The second step in planning is to determine the goals and objectives for the whole organisation and then for each department.
- 3) Developing planning premises :- Premises are the anticipated environment. They are assumptions of future conditions in which the plan is to be carried out.
- 4) Determining the alternative course of action :- In the process of planning, another important step is related to search for examine alternative course of action.
- 5) Evaluating alternative courses :- After seeking out alternative courses, the management of the organisation should evaluate those alternative courses by weighing them in the light of premises and goals.
- 6) Selecting the best alternatives :- After evaluating the alternatives according to their strengths, weaknesses and usefulness now, we are in the state of decision-making.
- 7) Formulating derivative plans :- When the best alternative is selected then the detailed plans and programmes are formulated which are called derivative plans.
- 8) Budgeting the plans :- This step relates to preparation of budgets for each derivative plans or sub-plans.

g) Reviewing the planning process:- This is the stage in which overall planning process should be reviewed. The management should review the effectiveness and weakness of the planning process.

3) What is planning? Explain the nature of planning.

→ Planning is the conscious process of selecting and developing the best course of action to accomplish an objective.

The nature of planning are as given below:-

- Beginning point:- Planning is the beginning or starting point of the process of management. A manager has to plan firstly, then only he can possibly organize, staff, direct or control the business activities.

- Intellectual process:- Planning is an intellectual process as it requires the manager to think before ~~active~~ acting or doing the job.

- Primary function of management:- As a function of management, it is the primary function. Before other functions are undertaken for action, this planning function is to be performed.

- Planning is goal-oriented:- A plan is prepared to accomplish certain objectives. It should be oriented towards the goals because planning is meaningless without goals.

- Future oriented:- The theme regarding planning is plan at present and act in future. Planning is done for the future course of action.
- Increase in efficiency:- Planning is concerned with increasing efficiency of all levels of management. The guiding principle of planning is to maximise output at minimum cost.
- Co-ordination:- Planning helps to co-ordinate the activities of different levels of management. It provides guideliness to do the work to all the managers and staff of all levels.
- Pervasiveness of planning:- Planning is an all-pervasive function. It is universal activity. Planning is important to all managers regardless of their level in the organization.
- Continuous process:- Planning is a continuous process. It is never ending process of the management. A manager is required to be watchful constantly and continuously.
- Based on facts:- Planning is not based on entirely guess work rather the course of action for future is highly based on facts, information, realities, objectives and forecasting.
- Selective process:- Planning as we learned, is concerned with achieving the goals of the organisation. Many alternatives are prepared and only the best alternatives are selected.

4) Explain the types of planning.

→ - Strategic planning :- Strategic planning is a long term planning which defines the broad goals and objectives for the entire organisation. It also decides the policies which will guide the management to pursuit these goals and objectives.

- Tactical planning :- It is departmental planning. It is prepared for departments such as production, marketing, finance, human resource and research and development.

- Operational planning :- It is also known as unit planning. It is prepared by the lower level management. It is specific and measurable. It is flexible plan.

5) Why is planning rational? Explain.

→ Need for planning is a rational approach to accomplish the corporate objectives. It is a continuous and never ending process. The following points justify the need for rationale for planning:

- Emphasis on goal and objectives :- The planning is directed towards accomplishing the objectives. Planning brings the attention of management towards the objectives to be achieved.

- **Minimises uncertainties** :- Planning has become a necessity on the ground that future is uncertain. Virtually, planning is accepted as an important function of the management to minimize the future uncertainty.
- **Facilitates control** :- A good planning facilitates for an effective control. Controlling is concerned with a comparison between the planned performance (target) and actual performance (progress).
- **Helps to avoid business failure** :- Lastly, the rationale or need for planning is to avoid business failure. Planning relates to selection of the best course of action, unity of action, coordination of activities, economy in operation and offset of uncertainty and changes.
- **Economic operation** :- The rationale of planning is that it involves in selecting the most profitable courses of action that would lead to the best result at the minimum cost.
- **Organisational effectiveness** :- It is the planning, which enables the management to assess the organisational effectiveness.
- **Helps in co-ordination** :- In modern business enterprises, co-ordination has become prime requirement. Management is primarily for co-ordination. The essence for effective co-ordination of all the activities of different units of the organisation.

6) Explain the benefits of planning.

- - To achieve the goals and objectives :- Undoubtedly, planning helps the organisation to accomplish the goals and objectives. Planning determines the course of action to achieve the goals and objectives.
- To reduce uncertainty :- Planning helps to reduce the uncertainty in the business. We know that future is uncertain due to the dynamism of external environment the future becomes more uncertain.
- To economise the business operation :- Planning involves in the selection of those alternatives which could be the best possible course of action for the future.
- To maintain co-ordination :- For achieving better co-ordination, planning is essential. It co-ordinates between organisational objectives and managerial functions.
- To maintain control :- Planning is the basis for control. It provides standard and target for each unit of the organisation. These units are required to meet the standard and target.
- To enhance competitiveness :- An effective planning always helps the organisation to improve or enhance its competitive strength. It inquires about extension of capacity, change and modifications in work procedures etc.

classwork.

* Write the difference between strategic, tactical, operating planning.

Strategic planning	Tactical planning	Operating planning
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| - Strategic is prepared in five or more years | Tactical is prepared in one to five years. | Operating is prepared for each unit of organisation |
| - It is long terms planning. | It is middle level planning. | It is short-term planning. |
| - It decides major goal and policies | It decides with corporate goal and divides departmental activities | Operational planning decides the details about use of the resources. |
| - Strategic planning is less detailed because such planning does not involve day-to-day operations | Tactical planning middle detailed because such planning does not involve day-to-day operations | Operational planning more detailed because it involves the day-to-day operations. |

Good
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