PLANNING

M Thenmozhi
Associate Professor
Industrial Management Division
Department of Humanities & Social Sciences
Indian Institute of Technology Madras
Chennai  600 036
e-mail< mtm_iitm@yahoo.com >
FUNDAMENTALS OF PLANNING

• Management functions as pointed out earlier, are classified as Planning, organizing, staffing, directing and controlling.

• Planning Function of management proceeds others.

• Without setting a goal to be reached and lines of action to be followed, there is nothing to organize, to direct, or to control in the organization.

• However this should not lead one to hold the view that planning is an isolated activity required in the beginning only.

• This is a continuous and unending process to keep the organization as a going concern and other functions are also performed simultaneously.
PLANNING DEFINED

• Planning involves the determination of future course of action, that is why an action what is to done, how to de done and when to be done.

• The answers to all such constitute the planning function.

• Why an action at all is to be undertaken reveals that action has some objectives are and targets which are decided at the initial stage.

• When action are to be taken action correlate actions with objectives.
PLANNING DEFINED

How and when to be done generate policy, program, procedure, budgeting and other related elements.

- Planning bridges the gap from where we want to go.
- It makes possible for things occur which would otherwise not happen.
OBJECTIVES AND IMPORTANCE OF PLANNING

• All the managerial acts depend on planning. It provides guide line to all functions.
• Moreover when all the functions are performed it gives a certain result this is compared with the planned result.
• To ensure that the organizational objectives are being archived.
• Better planning ensures the better utilization of the organization.
• Thus it is not important in the organization point of view.
• But also to the society as a whole.
OBJECTIVES AND IMPORTANCE OF PLANNING

• In an organization planning is important in the following manner:
• 1. To Offset uncertainty and change
• 2. To focus attention on objectives.
• 3. To help in coordination.
• 4. To gain economy in operation.
• 5. To Help in control.
OBJECTIVES AND IMPORTANCE OF PLANNING

• Types of plans:

• Objectives:
  • Objectives or goals are the end which towards the activity is aimed.
  • A board objective states the purpose of the entire organization.
  • The process of objective setting is directed by management and it is the first step in planning.
  • The importance of clearly defines objective is well recognized because clearly defined objective make clear to every individual in the organization vat they are expect to achieve some new technique of management such as management by objective and self control are applied only when objectives are clear and precise.
POLICIES

• Policies are general statements or understanding which provides guidance in decision making of the subordinate.

• Both objectives and policies are lead to guidance for action but they differ.

• Objectives are end points for planning though planning also start from the point Whereas policies channels along the way to these ends.
STRATEGIES

• Strategies are the complex of plans for bringing the organization from a given posture to a desired position in the future period of time.

• Learned has defined strategy as the pattern of objectives purpose of goals major policies and plans for achieving this goals.

• Stated in such a way what business the company is in or is to be in such away the kind of company it is or is to be.
PROCEDURES

• Procedures are plans in that they establish a method for handling future activities.

• Thus they provide to further action. Procedure explains how each of its tasks will take place and by whom it is to be performed.

• Normally time limits are placed on each step of procedure to ensure that the end result will be accomplished when desired.
• Once the procedure is established, this can be used over and over again.

• For accomplishing a particular work.

• They exist in the organization as various levels.
PROCEDURES

• However they are more exacting and numerous at lower levels more exact and useful control is required.

• Mostly routine jobs are performed at these level which require less direction in decision making.

• Procedure often cut across departmental lines because in most of the cases a particular procedure involves more than one department.
POLICY AND PROCEDURE

• A procedure simply provides guidelines to the action by prescribing how an action can be taken step by step.

• Policy on the other hand provides guidelines for managerial thinking as well as action.

• As a result it dose not tell a manager how to do something: It merely channels his decision making along a particular line by delimiting his pan of consideration.

• Thus a policy is more flexible as compared to procedure.

• The difference between policy and procedure may be understood by an example.
POLICY AND PROCEDURE

• An organization may have a policy of granting its employee vacation.
• For implementing this policy certain procedure may be followed through an employee may get a leave and a related benefits.
• For example the organization may set procedure for this purpose so that work dose not get suffer employees get vacation by applying trough certain procedure.
• Fixation of vacation pay rate and marinating of records for employees vacation may also be covered by the procedure.
RULES

- Rules are prescribed guides for conduct or action.

- They are plans as they are a course of action which is chosen from among alteration.

- A rule is a specific guides for action.

- Established authority and utilized in order to inform employees of condition under which designated actions are to be taken or activities are to be performed.
METHODS

• A method is one step of procedure.

• It can be defined as prescribed manner for performing a given task with adequate consideration to objective, Facilities available and total expenditure of time, money and effort.

• Thus a method specifies how a step procedure is followed.
METHODS

• By taking complex tasks, breaking them down into specific procedures, and then developing comprehensive methods for each step in those procedures, it is possible to place people in jobs for which their skills are considerably lower than that would have been required otherwise.

• The determination of methods to be employed in any given situation depends upon the managers' experience, knowledge, and creativeness.
PROJECTS

• A project or program is a type of plan which can be thought of in terms of planned actions integrated into a unity and designed to bring about a stated objective.

• In an organization, there may be various situations where managers have to take decisions relating to a capital expenditure, capital project, or merely as project.

• Thus project is a scheme for investing resources which can be analyzed and appraised reasonably independently.
PROJECTS

• Budgets express organizational and departmental objectives in financial and non financial quantities.

• They anticipate operating result over some future period of time and provide a basis for measuring performance as plans are translated into accomplishments.
PROJECTS

• Steps in planning:

• The major steps in planning:

• 1. Perception of opportunities.

• 2. Establishing objectives.
PROJECTS

• 3. Establishing planning premises.

• 4. Determining alternative course of action.

• 5. Evaluation alternative courses.

• 6. Selecting best course.

• 7. Formulating deviating plans.

• 8. Establishing the sequence of activities.
POLICY AND STRATEGY

• POLICY:

• Once the objectives of the organization are determined and defined it is possible to advance a step further in the process of performing these into action.

• This step consist of formulation of policies to provide a continuous framework for the conduct of individuals within the organization.

• A policy may be defined as statement or general understanding which provides guidance in decision making to members of an organization is respect to any course of action.
POLICY

- On the basis of definition following characteristic of a policy emerge:
  - A Policy as is the case with the other components for planning is formulated in the context of organizational objectives.
  - The policy tries to contribute to the organizational objectives.
POLICY

• A Policy Might be in the form of an explicit declaration I writing or, as is more often the case, it has to be interpreted from the behavior of organization members. Particularly people at the top.

• Policy is a decision and it is formulated through the various steps in the decision making process.

• A policy provides guidelines to the member in the organization. For choosing a course of action.

• Thus the policy restricts their freedom in choosing their action.
POLICY

• Policy formulation is a function of all managers in the organization however

• The higher a manager is in the organization the most important is his role in policy making.
POLICY

• Policy Formulation essentially consists of the following steps:
  • 1. Understanding and analyzing of the present environment both external and internal
  • 2. Identification of policy alternative to achieve the goals in the anticipated environment
  • 3. Examination of the alternatives
• 4. Elaboration of the consequences of various alternative – Prescription of goals attainment levels;

• 5. Effect Of alternatives and consequences on preferred values and norms.

• 6. Selection of policies.
STRATEGY

• Originally the term strategy was confined to the military frame of reference where it meant the art of commander in chief or the act of projecting and directing larger military movements and operation of a campaign.

• In the beginning a difference was made in strategy and tactics which is defined as the art of handling forces in the battle or in the enemy. In fact strategy has come to such popular use that its meaning is rarely get difference from tactics.
STRATEGY

• Because the border line between the tactics and strategy is very dim.

• As the years went by the military term of strategy took on other connation and with increase in complexity and competition with the business.

• This word will use in business planning.
STRATEGY HAS DEFINED AS FOLLOWS

• 1. Strategy is the complex plans for bringing the organization from a given posture to a desired position in a further period of time.


• 2. Strategy is a pattern of objectives, purposes, or goals and major policies and plans for achieving this goals stated in such a way as to define what business is in or to be in and the kind of company is in or is to be, Edmund P. Learned et al. Business Policy, Text and Cases, Homewood III: Richard D. Irwin 1965 p.17.
IN THIS FORM THE STATERGY HAS BEEN DEFINED AS FOLLOWS

• 1. The planning for unpredictable contingencies about which the fragmentary information is available where the behavior of others taken into account can be called strategy.

Haynes and massies, op.cit., p247.

• 2. The word strategy is use to signify the general concept and salient aspect of gamesmanship as an administrative course design to bring success.

IN THIS FORM THE STRATEGY HAS BEEN DEFINED AS FOLLOWS

• The term "strategy" with the result that management thoroughly confused about its meaning and its relationship to policy.

• There is some difference between policy and strategy.

• The more Strategy and policy are clearly understood, the more consistent and effective will be the framework of organisational plans.
MAJOR DISTINCTION BETWEEN POLICY AND STRATEGY IS THAT

- Former is a guide to the thinking and action of those who make decisions. Strategy concerns the direction in which human and physical resources will be deployed and applied in order to maximize the chance of achieving selected objectives in the face of difficulties.

- Policy is a contingent decision, whereas strategy is a rule for making decisions.

- A contingent event is recognized because it is repetitive but the time of its specific occurrence cannot be specified.

- It is not worth its while to require a new decision on what should be done each time when a contingency arises.
MAJOR DISTINCTION BETWEEN POLICY AND STRATEGY IS THAT

It is better to prescribe, in advance, the response to be made whenever a specified contingency occurs.

This is done through formulations.

Specification of strategy is forced under condition of partial ignorance when alternatives cannot be arranged and analyzed in advance.

The strategic decision is taken under the conditions where all the facts are not known which may not be lasting because of the further knowledge of the facts.
MAJOR DISTINCTION BETWEEN POLICY AND STRATEGY IS THAT

• The distinction between the policy and strategy is made in the context of delegation or implementation.

• The implementation of policy can be delegated downward in the organization.

• while the strategy cannot, since it requires a last minute executive decision.
STRAEGY FORMULATION

- Analysis of internal strength and weakness
  - Sociological factors
  - Political factors
  - Technological Development
  - Competitive activities
  - Economic Factors

- Assessment of ability to withstand risks
- Synthesis of opportunities and risks
- Assessment of competitive environment

- Long-Range Planning
- Values
- Department of Geals and objective
- Formulation of Strangers
STRATEGY FORMULATION

• It consists of a set of long-range decisions which establish action to exploit opportunities or combat threats in response to, environmental forces and developments.

• These decisions are the result of a complex decision process designed to establish organisational goals and long range plans for resource allocation.

• Process involved in strategy formulation is same as discussed