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Planning

Points to Remember

1. Planning

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.”

According to Fayol, “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.”

2. Importance of Planning

- (i) **Planning Provides Directions** Planning provides the directions to the efforts of employees. Planning makes clear what employees have to do, how to do etc.
- (ii) **Planning Reduces the Risk Uncertainty** Planning helps the manager to face the uncertainty because planners try to force the future by making some assumptions. The plans are made to overcome uncertainties.
- (iii) **Planning Reduces Over Lapping and Wasteful Activities** Planning evaluates the alternatives uses of the available and prospective resources of the business and makes their most appropriate use.
- (iv) **Planning Promotes Innovative Ideas** Planning requires high thinking and it is an intellectual process. So it makes the managers innovative and creative.
- (v) **Planning Facilitates Decision Making** Planning helps the managers to look in to the future and make a choice from amongst various alternative courses of action.
- (vi) **Planning Establishes Standards for Controlling** It has predetermined goal with which the actual performances are compared to find out deviation and suggest remedial measures.

3. Features of Planning

- (i) **Planning Focuses on Achieving Objective** Planning is purposeful. It has no meaning unless it contributes to the achievement of predetermined organisational goals.
- (ii) **Planning is a 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.
- (iii) **Planning is Pervasive** Planning is essential for every sort of business activities. Every department whether, purchase, sales accounts, auditing, marketing etc needs systematic planning.
- (iv) **Planning is Continuous** Planning is a never ending or continuous process because

after making plans also one has to be in touch with the changes in changing environment and in the selection of one best way.

(v) **Planning is Futuristic** Planning always means looking ahead, it is never for the past. All the managers try to make predictions and assumptions for future. ,

(vi) **Planning Involves Decision Making** Planning choice making of the best possible alternative out of various alternatives.

4. Limitations of Planning

(i) **Planning Leads to Rigidity** Once plans are made to decide the future course of action the manager may not be in a position to change them.

(ii) **Planning May Not Work in a Dynamic Environment** Business environment is very dynamic as there are continuously changes. It becomes very difficult to forecast these future changes. Plans may fail if the changes are very frequent.

(iii) **Planning Reduces Creativity** With the planning the managers of the organisation start working rigidly and they become the blind followers of the plan only.

(iv) **Planning Involves Huge Costs** Planning process involves lot of cost because it is an intellectual process and companies need to hire the professional experts to carry on this process.

(v) **Planning is a Time Consuming Success** Lot of time is needed in developing planning premises.

(vi) **Planning does not Guarantee Success** Planning only provides a base for analysing future. It is not a solution for future course of action.

5. Planning Process

(i) **Setting Objectives** In planning function manager begin with setting up of objectives because all the policies, procedures and methods are framed for achieving objectives only.

(ii) **Developing Premises** Premises refers to making assumptions regarding future. The assumptions are made on the basis of forecasting. Forecast is the technique of gathering information.

(iii) **Identifying Alternative Courses of Action** After setting up of objectives the managers make a list of alternatives through which the organisation can achieve its objectives.

(iv) **Evaluating Alternative Courses** After making the list of various alternatives along with the assumptions supporting them the manager starts evaluating each and every alternative.

(v) **Selecting an Alternative** The best alternative is selected but as such there is no mathematical formula to select the best alternative. Some times instead of selecting one alternative a combination of different alternatives can also be selected.

(vi) **Implementing the Plan** This is the step where other managerial functions also come in to the picture. The step is concerned with putting the plan into action i.e., doing what is required.

(vii) **Follow-up Action** Planning is a continuous process so the manager's job does not

get over simply by putting the plan into action. The manager monitor the plan carefully while it is implemented.

6. Types of Plans

- (i) **Objectives** Objectives are the ends towards which the activities are directed. They are the end result of every activity, e.g., increase in sale by 10%.
- (ii) **Strategy** A strategy is a comprehensive plan to achieve the organisational objectives.
- (iii) **Policies** Policies are general statements that guide thinking or channelise energies towards a particular direction.
- (iv) **Procedures** Procedures are required steps established in advance to handle future conditions. The procedure can be defined as the exact manner in which an activity has to be accomplished.
- (v) **Method** Methods provide the prescribed ways or manner in which a task has to be performed considering the objective.
- (vi) **Rule Rules** are specific statements that inform what is to be done. They do not allow for any flexibility or discretion.
- (vii) **Programme** Programme are detailed statements about a project which outlines the objectives, policies, procedures, rules.
- (viii) **Budget** A budget is a statement of expected results expressed in numerical terms.