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Planning

Question 1:

Why is it that organisations are not always able to accomplish all their objectives?

ANSWER:

For the attainment of the desired objectives, organisations make plans. Planning is an essential activity for any organisation and sets the basis for its functioning. However, sometimes the things do not go as per the plan. Unforeseen changes in the business environment often dampen the plans of the organisation. Moreover, the process of planning has its own limitations that hinder the accomplishment of all the objectives of an organisation. Following are some of the limitations of planning which may result in the abandoning of the organisational objectives.

(i) **Rigidity:** Planning is rigid in nature. Once a plan regarding the objectives to be achieved and the course of action to be followed is formulated, the manager may not be able to change it. Such rigidity creates hurdles at times of unforeseen changes. At times of unexpected changes, the managers may require certain degree of flexibility so as to cope with the changes in an appropriate manner. Thus, rigidity in plans sometimes creates obstacles in the completion of the objectives.

(ii) **Cannot Deal With Dynamic Environment:** Business environment is dynamic and thereby, very uncertain. However, planning cannot foresee such changes and fails at times of changes and uncertainties. This may lead to failure in the accomplishment of objectives. An organisation must adapt its functioning to the changing environment.

(iv) **Gigantic Costs:** Formulation of plans involves huge costs in terms of time and money. As planning is based on future predictions, it requires a lot of thinking and analysing. It involves scientific calculations along with the figures and the facts, which are to be used in formulating the course of action. This involves high costs. Moreover, sometimes it might also happen that the benefits derived from planning fall short of the costs incurred.

(v) **False Security:** Good planning does not mean a guarantee to success. Often the managers tend to rely on pretested plans that have worked well in the past. However, it is not always true that if a plan had worked well in the past, it will also be successful in the future. Many unforeseen changes may crop up that may fail the plan. Sometimes managers think that planning can prevent the problems from occurring, however, they neglect the fact that planning just provides a base for predicting the future. It does not give straight away solutions to the problems.

(vi) **Time Consuming:** Formulating plans is a very time consuming task, as it involves looking forward in the unforeseen situations. It involves a lot of research and evaluation. This increases the time consumed by the managers and the actual actions may get delayed.

Question 2:

What are the main features to be considered by the management while planning?

ANSWER:

Planning states in advance where to go and in which direction to move ahead. It is a continuous process that helps in reducing the risk of uncertainty. Planning is an essential activity that provides the rationale for undertaking policies in the direction of achieving goals. Following are the highlighted features which a manager needs to consider while planning.

(i) **Focus on Objectives:** Planning serves the basis for guidelines for what goals are to be achieved and how they are to be achieved. Any management should formulate plans keeping in view the specific goals in mind. These plans must ensure that the desired objective is attained. The managers must make sure that the plans made are purposeful. For example, if sales target is to be achieved then the plans must be made in sync with this objective.

(ii) **Stepping Stone:** Planning serves as the stepping stone for all other functions of an organisation. That is, planning precedes all other functions such as organising, directing, staffing and controlling. This is because plans states the objectives and all other functions are in accordance with the said objectives. Once the plans are determined, the role of other interrelated functions comes into place. Thus, planning sets the basis for other functions of an organisation.

(iii) **Pervasiveness:** Planning must be done at all levels of the organisation. It is not a function of just the top level managers but, is a function to be performed at every level of management. However, its scope differs along the various dimensions of business. For example, the top level managers have to chalk out the policies regarding the overall management whereas, the middle level managers plan out the authority to be assigned to the subordinates. On the other hand, the lower level managers make out small targets for day-to-day working.

(iv) **Continuity:** Planning should be done continuously. This is because after the completion of one plan period, need arises for formulation of another plan, keeping in views the new objectives and circumstances. Moreover, within a plan period need arises to modify the plans as per the changing needs and requirements. Thus, planning does not have an end. It is a continuous process all along the life of a business enterprise.

(v) **Choice Making:** Planning is a process of making choices amongst the different alternatives for the attainment of the desired objectives. These alternatives are based on the path to be taken, strategies or policies to achieve the goals, etc. Managers need to evaluate these choices thoroughly and then select the most rational scheme to achieve the set objectives.

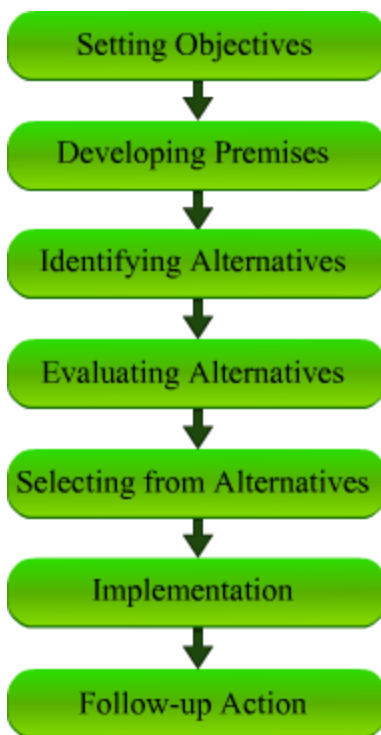
(vi) **Futuristic**: Planning must be futuristic in nature. That is, it must be able to foresee and analyse the future. Planning should be done so as to prepare the organisation to deal with the future events. Managers must be able to anticipate the probable situations and plan so as to cope with them in a better manner.

Question 3:

What are the steps taken by management in the planning process?

ANSWER:

Planning means deciding in advance what is to be done and how it is to be done. It involves a few logical steps. Following are the steps to be followed by the management while making plans



Follow-up Action

(i) ***Setting up the Objectives***: The first step in the planning process is the setting up of objectives and goals. Any business enterprise needs certain objectives to work upon for. Managers need to state these objectives very clearly so that right direction can be taken for achieving goals. Moreover, the objectives stated in the plan must sink in to all levels in the organisation. It provides a direction to the individual departments/units so that they can work towards the common objectives of the organisation. Unless the goals are not defined, the functions of the management cannot move forward.

(ii) ***Developing the Premises***: Planning is based on certain assumptions regarding the future. These assumptions are known as premises. The assumptions are regarding the future predictions,

previous plans and current policies and facts. Managers at all levels of the organisation involved in the planning should follow the same assumptions. These assumptions are very important for the organisation as they decide the path for the plans to be made. Thus, for successful planning correct premises should be proposed.

(iii) **Identification of the Alternatives:** Once the objectives and assumptions are developed, a need arises to identify the different courses of action that can be followed. There can be number of ways to achieve a defined objective. The managers need to think carefully about these various routes. This involves innovation and creative mind so that new ways can be developed in order to accomplish the goals.

(iv) **Evaluation of the Alternatives:** After identifying the different paths of actions the managers need to evaluate them. This evaluation is based on the utility and the consequences of the options. Managers must assess the pros and cons of each alternative. For example, which route will incur less cost or which option can help in achieving the goals in lesser time. In light of such aspects the right evaluation of different alternatives should be done.

(v) **Selection of the Best:** Selecting the best alternative involves opting for the method that is most viable as per the objective. Here, the managers should use their skills and knowledge for judging and selecting the best alternative in terms of profitability, costs and workability. Depending on the situation, a combination of different routes may also be taken up instead of just one.

(vi) **Implementation:** Implementation of the alternatives requires other functions of management to step into the process. It involves organising and directing the work according to the chosen path and policies. Implementation is concerned with following the opted path of action and deciding how that is to be used in order to be successful.

(vii) **Follow-up Action:** For assessing the whole working and implementation of the plans, a continuous supervision of the actions are required. Keeping an eye on the activities to be performed is an important part of planning itself, as it helps to ensure the proper working of a plan. Thus, a thorough follow-up action increases the success of a plan and thereby, the achievement of the objectives.

Question 4:

Is planning actually worth the huge costs involved? Explain.

ANSWER:

Planning involves huge costs in terms of time and money. It involves analysis, research and scientific calculations that involve huge cost. However, despite being an expensive function it is a very basic and essential function of an organisation. Following are some of the highlighted

factors due to which we can say that planning is a very significant action despite of the gigantic costs.

(i) ***Renders Direction***: Planning clearly states the goals and objectives to be achieved. Thus, it acts as a guide for the actions to be taken. It provides a direction to the actions of different departments of the organisation. They guide the managers about things to be done, what route to take and how the objectives are to be achieved. It ensures that the path taken for accomplishment of goals is righteously chosen. Planning also ensures that various departments of the organisation work in a coordinated manner towards the achievement of the desired objectives.

(ii) ***Subdued Risk***: By guiding an organisation in the right direction, it accredits its managers to analyse and anticipate changes. This leads to a reduction in uncertainty of the foreseen events. Planning shows how to deal with situations which may arise in the due course of management, though it does not fully eliminate the problems.

(iii) ***Minimised Overlapping***: As the managers are well comprehended with the policies and plans of the organisation, they coordinate the activities together to reach the objectives. Thus, overlapping of the work is reduced. Also any wastage of resources that takes place due to repeatedness is reduced. Proper planning ensures that there is no confusion and misunderstanding and the work proceeds smoothly.

(iv) ***Encourages Creativity***: Planning serves as the stepping stone of any organisation's success. It includes formulating policies and plans which requires innovation. It is a crucial activity which demands the best of managers thinking capabilities and creativity. It calls out for new ideas by the management to attain the goals.

(v) ***Helps in Decision Making***: Planning serves as the basis for decision making. Planning involves analysing the future, evaluating the various courses of action and choosing best alternative as per the objective. Thus, following a proper planning process helps the managers in taking rational decisions.

(vi) ***Essential for Controlling***: Planning states the objectives that are to be achieved. Thus, it sets the standards against which the performance is evaluated. It also helps in determining whether there is any deviation from the said objectives and thereby, facilitates the corrective measures.

Hence, we can infer that despite the costs involved, planning is a very important function in management and worth the costs incurred.

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