

Planning

Definition: Planning is the fundamental management function, which involves **deciding beforehand**, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an **intellectual process** which **lays down** an **organisation's objectives and develops various courses of action**, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal.

Planning is nothing but **thinking before the action takes place**. It helps us to take a **peep into the future** and decide in advance the way to deal with the situations, which we are going to encounter in future. It involves logical thinking and rational decision making.

Characteristics of Planning



1. **Managerial function:** Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organising, staffing, directing and controlling, as they are performed within the periphery of the plans made.
2. **Goal oriented:** It focuses on defining the goals of the organisation, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.
3. **Pervasive:** It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.
4. **Continuous Process:** Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organisation's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.
5. **Intellectual Process:** It is a mental exercise as it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.
6. **Futuristic:** In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyze and predict it so that the organisation can face future challenges effectively.
7. **Decision making:** Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal. The alternative chosen should be best among all, with the least number of the negative and highest number of positive outcomes.

Planning is concerned with setting objectives, targets, and formulating plan to accomplish them. The activity helps managers **analyze the present condition to identify the ways of attaining the desired position in future**. It is both, the need of the organisation and the responsibility of managers.

Importance of Planning

- It helps managers to **improve future performance**, by establishing objectives and selecting a course of action, for the benefit of the organisation.
- It **minimizes risk and uncertainty**, by looking ahead into the future.
- It **facilitates the coordination of activities**. Thus, reduces overlapping among activities and eliminates unproductive work.
- It states in advance, what should be done in future, so it provides **direction for action**.
- It uncovers and identifies **future opportunities and threats**.
- It **sets out standards for controlling**. It compares actual performance with the standard performance and efforts are made to correct the same.

Planning is present in all types of organisations, households, sectors, economies, etc. We need to plan because the future is highly uncertain and no one can predict the future with 100% accuracy, as the conditions can change anytime. Hence, planning is the basic requirement of any organization for the survival, growth and success.

Planning Process

As planning is activity there are certain reasonable measures for every manager to follow:

(1) Setting Objectives

- This is the primary step in the process of planning which specifies the objective of organisation i.e. what an organisation wants to achieve.
- The planning process begins with the setting of objectives.
- Objectives are end results which the management wants to achieve by its operations.
- Objectives are specific and are measurable in terms of units.
- Objectives are set for the organisation as a whole for all departments and then departments set their own objectives within the framework of organisational objectives.

Example:

A mobile phone company sets the objective to sell 2,00,000 units next year, which is double the current sales.

(2) Developing Planning Premises

- Planning is essentially focused on the future and there are certain events which are expected to affect the policy formation.
- Such events are external in nature and affect the planning adversely if ignored.
- Their understanding and fair assessment are necessary for effective planning.
- Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

Example:

The mobile phone company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favorable Government policy towards digitization of transactions.

(3) Identifying Alternative Courses of Action

- Once objectives are set, assumptions are made.

- Then the next step is to act upon them.
- There may be many ways to act and achieve objectives.
- All the alternative courses of action should be identified.

Example:

The Mobile company has many alternatives like reducing price, increasing advertising and promotion, after sale service etc.,

(4) Evaluating Alternative Course of Action

- In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.
- Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Example:

The mobile phone company will evaluate all the alternatives and check its pros and cons.

(5) Selecting One Best Alternative

- The best plan which is the most profitable plan and with minimum negative effects is adopted and implemented.
- In such cases, the manager's experience and judgement play an important role in selecting the best alternative.

Example:

Mobile phone company selects more T.V advertisements and online marketing with great after sales service.

(6) Implementing the Plan

- This is the step where other managerial functions come into the picture.
- This step is concerned with "DOING WHAT IS REQUIRED"
- In this step, managers communicate the plan to the employees clearly to convert the plans into action.
- This step involves allocating the resources, organising for labour and purchase of machinery.

Example:

Mobile phone company hires salesman on a large scale, creates T.V advertisement, and starts online marketing activities and set up service workshops.

(7) Follow Up Action

- Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

Example:

A proper feedback mechanism was developed by the mobile phone company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known.