

Unit 4

Part A

1. What is Planning?

Planning is deciding in advance what to do and how to do.

2. Which function of management involves decision making?

Planning

3. State the first step in Planning Process.

The first and foremost step is setting objectives.

4. What is Single Use Plan?

A plan which can be used only once.

5. What is Standing Plan?

A plan which is meant for internal operations and can be modified or developed to suit the business.

6. Give an example for Single Use Plan.

Budget

7. Give an example for Standing Plan.

Policies, procedures and programs

8. Give an example for a plan which is neither single nor standing plan.

Strategy

9. State the meaning of 'Rule'.

Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion.

10. What is a 'Budget'?

A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures. For example, a sales budget may forecast the sales of different products in each area for a month.

11. Which of the following statement is not correct with regard to planning?

- a) It is a mental exercise
- b) It provides direction for the future actions
- c) It is end function in the process of management**
- d) It involves setting objectives and developing courses of actions

12. Which of the following is not the feature of the planning?
- a) It focuses on achieving objectives
 - b) It involves identification and division of work**
 - c) It is the primary function of the management
 - d) It is a pervasive function
13. Which of the following is an example for the single use plan?
- a) Policy
 - b) Procedure
 - c) Budget**
 - d) Method

Part B

14. State any two features of Planning

- I. Planning provides directions: By stating in advance how work is to be done planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.
- II. Planning reduces the risks of uncertainty: Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events.

15. Give the meaning of Planning Premises.

Planning is concerned with the future which is uncertain, and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises.

16. What do you mean by 'Objectives'?

The first step in planning is setting objectives. Objectives, therefore, can be said to be the desired future position that the management would like to reach. For example, an organisation may have an objective of increasing sales by 10%

17. What is a 'Strategy'?

A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organisations direction and scope in the long run. For example, a company's marketing strategy has to address certain questions i.e., who are the customers? what the demand for the product is?

18. What is a 'Policy'?

Policies are general statements that guide thinking or channelize energies towards a direction. Policies provide a basis for interpreting strategy which is usually stated in general terms. For example, the company may have a recruitment policy, pricing policy

19. What is 'Procedure'?

Procedures are routine steps on how to carry out activities. They detail the exact way any work is to be performed. They are specified in a chronological order. For example, there may be a procedure for requisitioning supplies before production.

20. Give the meaning of 'Programme'.

Programs are detailed statements about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action

Part C

21. Explain the importance of Planning with any four points.

- (a) Planning provides directions: By stating in advance how work is to be done planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are aware of what the organisation must do and what they must do to achieve those goals
- (b) Planning reduces the risks of uncertainty: Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events.
- (c) Planning reduces overlapping and wasteful activities: Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions.
- (d) Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.

22. Explain any four features of Planning.

- (a) Planning focuses on achieving objectives: Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.
- (b) Planning is a primary function of management: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions. This is also referred to as the primacy of planning. The various functions of management are interrelated and equally important. However, planning provides the basis of all other functions.
- (c) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.
- (d) Planning is continuous: Plans are prepared for a specific period, may be for a month, a quarter, or a year. At the end of that period there is need for a new plan to be drawn based on new requirements and future conditions. Hence, planning is a continuous process.

23. Explain any four limitations of Planning.

- (a) **Planning leads to rigidity:** In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be able to change it. This kind of rigidity in plans may create difficulty. Managers need to be given some flexibility to be able to cope with the changed circumstances.
- (b) **Planning may not work in a dynamic environment:** The business environment is dynamic, nothing is constant. The environment consists of several dimensions, economic, political, physical, legal and social dimensions. The organisation must constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity.
- (c) **Planning reduces creativity:** Planning is an activity which is done by the top management. Usually the rest of the members just implements these plans. Therefore, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced.
- (d) **Planning involves huge costs:** When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans.

24. Explain any two types of Plan.

- (a) **Objectives:** The first step in planning is setting objectives. Objectives, therefore, can be said to be the desired future position that the management would like to reach. Objectives are very basic to the organisation and they are defined as ends which the management seeks to achieve by its operations. Therefore, an objective simply stated is what you would like to achieve, i.e., the result of activities. For example, an organisation may have an objective of increasing sales by 10% or earning a reasonable rate of return on investment
- (b) **Strategy:** A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organisations direction and scope in the long run. Thus, we can say a strategy is a comprehensive plan for accomplishing an organisation objective. This comprehensive plan will include three dimensions,
 - I. Determining long term objectives,
 - II. Adopting a course of action,
 - III. Allocating resources necessary to achieve the objective.
 - IV. For example, a company's marketing strategy has to address certain questions i.e., who are the customers? what the demand for the product is? which channel of distribution to use? what the pricing policy is? and how do we advertise the product?

Part D

25. Explain the importance and limitations of planning

The planning function of the management has certain special features. These features throw light on its nature and scope.

- I. Planning focuses on achieving objectives: Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.
- II. Planning is a primary function of management: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions. This is also referred to as the primacy of planning. The various functions of management are interrelated and equally important. However, planning provides the basis of all other functions.
- III. Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.
- IV. Planning is continuous: Plans are prepared for a specific period, may be for a month, a quarter, or a year. At the end of that period there is need for a new plan to be drawn based on new requirements and future conditions. Hence, planning is a continuous process.
- V. Planning is futuristic: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward-looking function based on forecasting.
- VI. Planning involves decision making: Planning essentially involves choice from among various alternatives and activities. If there is only one possible goal or a possible course of action, there is no need for planning because there is no choice. The need for planning arises only when alternatives are available.
- VII. Planning is a mental exercise: Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. However, planning requires logical and systematic thinking rather than guess work or wishful thinking. In other words, thinking for planning must be orderly and based on the analysis of facts and forecasts

The major limitations of planning are given below:

- I. Planning leads to rigidity: In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be able to change it. This kind of rigidity in plans may create difficulty. Managers need to be given some flexibility to be able to cope with the changed circumstances.
- II. Planning may not work in a dynamic environment: The business environment is dynamic, nothing is constant. The environment consists of several dimensions, economic, political, physical, legal and social dimensions. The organisation must constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment if economic policies are modified or political conditions in the country are not stable or there is a natural calamity.
- III. Planning reduces creativity: Planning is an activity which is done by the top management. Usually the rest of the members just implements these plans. Therefore, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced.
- IV. Planning involves huge costs: When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans.
- V. Planning is a time-consuming process: Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation.
- VI. Planning does not guarantee success: The success of an enterprise is possible only when plans are properly drawn up and implemented. Any plan needs to be translated into action or it becomes meaningless. Managers tend to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again. Besides, there are so many other unknown factors to be considered. This kind of complacency and false sense of security may lead to failure instead of success.

26. What is Planning? Explain the various features of Planning.

Planning is deciding in advance what to do and how to do. It is one of the basic managerial functions. Before doing something, the manager must formulate an idea of how to work on a task. Thus, planning is closely connected with creativity and innovation.

The planning function of the management has certain special features. These features throw light on its nature and scope.

- I. Planning focuses on achieving objectives: Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.
- II. Planning is a primary function of management: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions. This is also referred to as the primacy of planning. The various functions of management are interrelated and equally important. However, planning provides the basis of all other functions.
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27. Explain any four types of Plans

- (a) **Policy:** Policies are general statements that guide thinking or channelize energies towards a direction. Policies provide a basis for interpreting strategy which is usually stated in general terms. They are guides to managerial action and decisions in the implementation of strategy. For example, the company may have a recruitment policy, pricing policy within which objectives are set and decisions are made. If there is an established policy, it becomes easier to resolve problems or issues.
- (b) **Procedure:** Procedures are routine steps on how to carry out activities. They detail the exact way any work is to be performed. They are specified in a chronological order. For example, there may be a procedure for requisitioning supplies before production. Policies and procedures are interlinked with each other. Procedures are steps to be carried out within a broad policy framework.
- (c) **Method:** Methods provide the prescribed ways or way a task must be performed considering the objective. It deals with a task comprising one step of a procedure and specifies how this step is to be performed. For example, for higher level management orientation programmes, lectures and seminars can be organised whereas at the supervisory level, on the job training methods and work-oriented methods are appropriate.
- (d) **Rules:** Rules are specific statements that inform what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plans because there is no compromise or change unless a policy decision is taken.