

Subject: Principles of Management

Topic: Planning

Class : B.com-2nd year & BBA -1st year

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Introduction to planning

Planning is essential in every walk of life. Each and every person has to frame a plan to proceed to achieve his/her schemes. The plan period may be short or long. Planning is the first and foremost function of management. F.W. Taylor had pointed out in his report on Scientific Management that planning is separated from execution.

Meaning and Definition of Planning

Planning is an intellectual process of thinking resorted to decide a course of action which helps in achieving the pre-determined objectives of the organisation in future.

Planning provides a clear sense of direction to the activities of the organisation and to the job behaviour of managers and others. It strengthens their confidence in understanding where the organisation is heading and best way to make the organisation move along the chosen path is to achieve the goals of the organisation.

According to Koontz and O'Donnel, *"Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are to where we want to go."*

According to George R. Terry, *"Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results."*

Henry Fayol defined planning as *"Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the pre-determined goals."*

Characteristics of Planning

The following are the characteristics of planning:

- planning is looking into the future
- planning involves pre-determined line of action
- planning discovers the best alternative out of available many alternatives
- planning requires considerable time for implementation
- planning is a continuous process
- planning's object is to achieve pre-determined objectives in a better way
- planning integrates various activities of organisation
- planning is done for a specific period
- planning not only selects the objectives but also develops policies, programmes and procedures to achieve the objectives
- planning is required at all levels of management
- planning is an inter-dependent process which co-ordinates the various business activities
- planning directs the members of the organisation
- growth and prosperity of any organisation depends upon planning

Objectives of Planning

Planning in any organisation serves to realise the following objectives:

- reduces uncertainty
- induces co-operation and co-ordination
- reduces competition
- achieves the predetermined goals
- anticipates unpredictable contingencies

Nature of Planning

There are number of ways available to complete a certain job. Planning chooses any one of the best alternatives out of the available ones. Economy and certainty are considered while selecting the best alternative. Thus, the nature of planning is briefly discussed below:

- planning is the primary function of management
- planning contributes to objectives
- planning is an intellectual activity
- planning results in higher efficiency
- planning is a continuous process
- planning is flexible
- planning provides unity and consistency
- planning is common to all
- planning is the basis for all managerial functions
- planning coordinates various business activities
- planning considers limiting factors

Importance of Planning

Planning helps the businessman get early success. Success without planning is almost impossible in business. So, the planning function is very important due to the following reasons:

- planning manages objectives
- planning converts uncertainty into certainty
- planning enables economy in operation
- planning helps in coordination
- planning tackles increasing complexities of business
- planning provides effective control
- effective utilisation of resources is achieved through planning
- planning avoids business failures

Steps in Planning Process

The planning process is different from one plan to another and one organisation to another. Given below is a planning process which may be treated as commonly acceptable:

- analysis of external environment
- analysis of internal environment
- determination of objectives
- determining planning premises and constraints
- examination of alternative courses of action
- weighing alternative course of action
- selection of the best alternative course of action
- establishing the sequence of activities
- formulation of action programmes
- determining secondary plans
- securing participation of employees
- follow-up an

Methods of Planning

According to the usage and nature of planning, the methods or types or components or elements of planning are divided into the following categories:

- **Objective Plans:** Objectives are the basic foundation for planning operation. It also plays an important role in managerial work of organizing, directing and controlling.
- **Standing Plans:** These plans include policies and procedures that are liable for repetitive action. These plans provide a ready guideline for solving recurring problems and not used for the special problems.
- **Master Plans:** It covers the complete course of action along with the consideration of time and strategy. Small plans are added together in a way to speed up the course of action.

Advantages of Planning

The advantages of planning are as given below:

- better utilisation of resources
- helps in achieving objectives
- minimises future uncertainties
- improves competitive strength
- effective control
- economy in operation
- provides motivation
- enables cooperation
- promotes growth and improvement
- develops rationality among management executives
- delegation of authority facilitated
- encourages innovation
- prevents hasty judgement
- reduces red-tapism
- improves ability to cope with change
- creates forward looking attitude in management
- develops efficient methods and procedures of action
- anticipation of crisis

Disadvantages of Planning

Though planning is a primary function of management and it facilitates other functions of management, it suffers from certain limitations as given below:

- Inflexibility
- Limitation of forecasts
- Unsuitability
- Time consuming
- Costly
- Mental ability