



LILHA EDUCATION CENTRE

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Subject- Planning



Chapter-4 Planning

Meaning – Planning seeks to bridge the gap between where we are and where we want to go. Planning is a trap to capture the future.

❖ Importance of planning

1. Planning provides directions
2. Planning reduces the risk of uncertainty
3. Planning reduces overlapping & wasteful activities
4. Planning promotes innovative Ideas
5. Planning facilitates decision making
6. Planning establishes standards for controlling





❖ Features

1. Planning focuses on achieving objective
2. Planning is the primary function of management
3. Planning is pervasive
4. Planning is a continuous process
5. Planning is futuristic
6. Planning involves decision making
7. Planning is a mental exercise

❖ Limitation

- i. Planning leads to rigidity.
- ii. Planning may not work in a dynamic environment
- iii. Planning reduces creativity





- iv. Planning involves huge cost
- v. Planning is time consuming process.
- vi. Planning does not guarantee success

❖ External Limitations

❖ Planning process

- i. Setting objectives
- ii. Developing premises
- iii. Identifying alternative cause of action
- iv. Evaluating alternative courses
- v. Selecting an alternative
- vi. Implement the plan
- vii. Follow up action





Types of Plan

1. Single-use plan
2. Standing plan

1. Single-use plan

- A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future.
- The duration of this plan may depend upon the type of the project. It may span a week or a month. A project may sometimes be of only one day such as organizing an event or a seminar or conference.
- These plans include budget, programs and projects.





2. Standing plan

- ❑ Standing plans are used over and over again because they focus on organizational situation that occur repeatedly.
- ❑ They are usually made once and retain their value over a period of years. While undergoing revision and updates that is why they are also called repeated use plans.
- ❑ Standing plans include policies, procedures, methods and rules.





- Objectives
- Strategy
- Policy
- Procedure
- Method
- Rule
- Programme
- Budget





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Question 1.

‘**Serious Business**’ is a balloon manufacturing firm. With the arrival of foreign firms it is feeling the pressure of improving its business strategy. Because of the firm’s advance planning it could not suddenly bring changes in its plans as the whole organisation had started implementing the decided plan. But this year the organisation wants to ensure success. However, the firm knows that the external environment is changeable and continues to vary in a fast manner. The organisation wants to prepare in advance for a better future. It has decided to allocate a portion of its budget specifically for proper planning as it knows there are going to be expenses like Expert’s fee, survey charges, etc.

Which limitations of planning have been identified in the above case?

Answer:

The limitations of planning highlighted in the above case are:

- **Planning leads to rigidity.** Because of the firm’s advance planning it could not suddenly bring changes in its plans as the whole organisation had started implementing the decided plan.
- **Planning may not work in a dynamic environment.** However, the firm knows that the external environment is changeable and continues to vary in a fast manner.
- **Planning involves huge costs.** It has decided to allocate a portion of its budget specifically for proper planning as it knows that there are going to be expenses like Expert’s fee, survey charges, etc.



Question 2.

'Flows Technology' deals in bulb manufacturing business. It plans for a successful year of production and sale this year. It has in advance given targets to all its departments and employees. The departments and employees are happy about this. They know that now they won't have to do unconcerned activities thus leading to more focused approach resulting in saving of resources. The company is thinking of starting two new plants in the southern portion of India. For this some concrete plan has to be made. The main core team of the company has decided to weigh all the options and then choose the best one. The road might be long but the company is geared to face all the challenges. In the above case identify importance of planning highlighted.

Answer:

The importance of planning indicated in the above case are:

- Planning provides directions. It has in advance given targets to all its departments and employees.
- Planning reduces overlapping and wasteful activities. They know that now they won't have to do unconcerned activities thus leading to more focused approach resulting in saving of resources.
- Planning facilitates decision making. The main core team of the company has decided to weigh all the options and then choose the best one.



Question 3.

'Indian Drugs and Pharmaceuticals Ltd.' is engaged in the manufacturing and distribution of medicines. The company has set-up an objective of increasing its sales turnover by 20%. To achieve this objective the company has decided to diversify into baby health care products. Since the company has already set its objectives and developed the premises based on the same, it wants your help for the remaining steps to be taken in this process. Explain briefly these steps. [2016 Comptt. D]

Answer:

Following are the remaining steps in the planning process.

- **Identifying alternatives.** In this step various alternative courses of action are identified. The identified course of action can either be routine or innovative in nature. An innovative course of action involves sharing of ideas by more and more people.

In important projects more and more alternatives should be generated and discussed.



- **Evaluating alternative courses.** In this step the positive as well as negative aspects associated with each and every alternative course of action is evaluated and analysed. In other words, the pros and cons of each alternative is studied.
- **Selecting an alternative.** In this step the best plan is adopted and implemented. That plan is selected which has minimum negative aspects. The ideal plan should be the one which is most feasible and profitable.
- **Implementing the plan.** In this step plans are put into action. All other managerial functions come into picture in this step. It involves doing what is required for the purpose of implementation of plan.
- **Follow-up action.** This step involves monitoring of the plans. This step ensures that plans are being implemented and activities are performed as per schedule.





Question 4.

Sukumar is an energetic middle level manager. He tries to make best plans. For this he involves foresight and intelligent imagination. Within three years many of his projects have been very successful. His high success rate is due to his good plans. He always makes alternative plans and selects the best out of them after considering relevant aspects. However, he knows it is not necessary that his all plans will be successful. He knows that sometimes his concern for making very good plans eats a lot of time and energy. His friend Jyoti suggests him to take suggestions from others when he makes his plans and also consider plans made by others. Even after so much painstaking Sukumar knows that his plans can yet fail in the uncertain business environment. He has recently decided to plan carefully in future.

Which features of Planning have been highlighted in the above case?

Which limitations of Planning have been highlighted in the above case?



Answer:

The features of Planning which have been highlighted in the above case are:

- **Planning is a mental exercise.** For this he involves foresight and intelligent imagination.
- **Planning involves decision making.** He always makes alternative plans and selects the best out of them after considering relevant aspects.

The limitations of Planning which have been highlighted are:

- **Planning is a time consuming process.** He knows that sometimes his concern for making very good plans eats a lot time and energy.
- **Planning does not guarantee success.** Even after so much painstaking Sukumar knows that his plans can yet fail in the uncertain business environment.



Question 5.

Identify the types of plans:

- Ramesh is a senior middle level manager. He is busy in allocating resources to his staff, he has also finalised the objectives and decided the course of action to be followed. He is expecting energy in his staff for the whole season but he will have to be cautious.
- Suresh is giving a speech to the workers of his factory. He is the owner of a toy manufacturing factory and has 123 workers. He tells them that this year's target of production is 7.5 lakh toys.
- On the wall of 'Health is Wealth' hospital a board is hanging. On this board. It is written 'We care for the health of senior citizens as our topmost priority'. This hospital is known for treating people aged more than 60 years.
- Rakesh calls his new subordinates for a meeting. He is a top level manager. He arranges for a power point presentation to train his subordinates who are all middle level managers. He tells them the way of doing task of treating suppliers through a new software system to be installed within next 30 days.





- Dinesh takes a meeting and guides his employees in a type of plan which is chronological in nature and is situation specific. It is a collection of various methods in a step wise sequence.
- Amit has given a detailed statement of expected results in numerical terms. This plan is conveyed to the subordinates by him in a special meeting.

Answer:

The different types of plans are:

- Strategy
- Objective
- Policy
- Method
- Procedure
- Budget





External Limitations

- i) Natural calamity
- ii) Change in competitors policies
- iii) Change in taste/ fashion and trend in the market
- iv) Change in technologies
- v) Change in govt./ economic policy

