MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-VIII

Planning Process:

1. Setting up of the objectives:

In planning function manager begins with setting up of objectives because all the policies, procedures and methods are framed for achieving objectives only. The managers set up very clearly the objectives of the company keeping in mind the goals of the company and the physical and financial resources of the company. Managers prefer to set up goals which can be achieved quickly and in specific limit of time. After setting up the goals, the clearly defined goals are communicated to all the employees.

2. Developing premises:

Premises refer to making assumptions regarding future. Premises are the base on which plans are made. It is a kind of forecast made keeping in view existing plans and any past information about various policies. There should be total agreement on all the assumptions. The assumptions are made on the basis of forecasting. Forecast is the technique of gathering information. Common forecast are made to find out the demand for a product, change in government or competitor policy, tax rate, etc.

3. Listing the various alternatives for achieving the objectives:
After setting up of objectives the managers make a list of alternatives through which the organisation can achieve its objectives as there can be many ways to achieve the objective and managers must know all the ways to reach the objectives.

For example, if the objective is to increase in sale by 10% then the sale can be increased:

(a) By adding more line of products;

(b) By offering discount;

(c) By increasing expenditure on advertisements;

(d) By increasing the share in the market;

(e) By appointing salesmen for door-to-door sale etc.

So, managers list out all the alternatives.

4. Evaluation of different alternatives:
After making the list of various alternatives along with the assumptions supporting them, the manager starts evaluating each and every alternative and notes down the positive and negative aspects of every alternative. After this the manager starts eliminating the alternatives with more of negative aspect and the one with the maximum positive aspect and with most feasible assumption is selected as best alternative. Alternatives are evaluated in the light of their feasibility.

5. Selecting an alternative:

The best alternative is selected but as such there is no mathematical formula to select the best alternative. Sometimes instead of selecting one alternative, a combination of different alternatives can also be selected. The most ideal plan is most feasible, profitable and with least negative consequences.

After preparing the main plan, the organisation has to make number of small plans to support the main plan. These plans are related to performance of routine jobs in the organisation. These are derived from the major plan. So, they are also known as derivative plans. These plans are must for accomplishing the objective of main plan. The common supportive plans are plans to buy equipment, plan for recruitment and selection of employees, plan to buy raw material, etc.

6. Implement the plan:

The managers prepare or draft the main and supportive plans on paper but there is no use of these plans unless and until these are put in action. For implementing the plans or putting the plans into action, the managers start communicating the plans to all the employees very clearly because the employees actually have to carry on the activities according to specification of plans. After communicating the plan to employees and taking their support the managers start allocating the resources according to the specification of the plans. For example, if the plan is to increase in sale by increasing the expenditure on advertisement, then to put it into action, the managers must allot more funds to advertisement department, select better media, hire advertising agency, etc.

7. Follow-up:

Planning is a continuous process so the manager's job does not get over simply by putting the plan into action. The managers monitor the plan carefully while it is implemented. The monitoring of plan is very important because it helps to verify whether the conditions and predictions assumed in plan are holding true in present situation or not. If these are not coming true then immediately changes are made in the plan.

During follow up many adjustments are made in the plan. For example, if the expenditure planning is done keeping in mind 5% inflation rate but in present situation if the inflation rate rises to 10% then during follow up the managers make changes in the plans according to 10% inflation rate.