



Introduction

This is a learning as well as an exam preparation video.

At the end of the video are practice assignments for you to attempt.

Please go to www.eastpoint.intemass.com/ or click on the link at the bottom of this video to do the assignments for this topic.

MEGAForte

Innovate. Educate.

Chapter 4: Planning

Chapter 4: Planning

Meaning and Concept of Planning

“Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates.”

- Koontz O'Donnell.



Chapter 4: Planning

Meaning and Concept of Planning

In simple words, planning is deciding in advance what is to be done, when where, how and by whom it is to be done.

Planning bridges the gap from where we are to where we want to go. It includes the selection of objectives, policies, procedures, and programs from among alternatives.

A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management.

Chapter 4: Planning

Importance of Planning

1. Planning provides directions:

By stating in advance how the work is to be done planning provides direction for action. If there was no planning, employees would be working in different directions and the organization would not be able to achieve its goals efficiently.

Chapter 4: Planning

Importance of Planning

2. Planning decreases the chances of risk:

Planning is an activity which permits a manager to look forward and predict changes. By determining in prior the tasks to be completed, planning notes the way to deal with changes and unpredictable effects.

Chapter 4: Planning

Importance of Planning

3. Planning Reduces Over Lapping and Wasteful Activities:

Planning evaluates the alternatives uses of the available and prospective resources of the business and makes their most appropriate use.

4. Planning Facilitates Decision Making:

Planning helps the managers to look into the future and make a choice from amongst various alternative courses of action.

Chapter 4: Planning

Importance of Planning

5. Planning Promotes Innovative Ideas:

The first role of management is planning. Managers are given the opportunity to generate fresh ideas, which can then be turned into tangible strategies. It directs all future actions that will lead to the company's growth and prosperity.

Chapter 4: Planning

Importance of Planning

6. Planning Establishes Standards for Controlling:

Planning establishes the benchmarks against which actual performance is assessed. As a result, planning is a must for controlling.

Chapter 4: Planning

Features of Planning

- 1. Planning focuses on achieving objectives: Organizations set up with general goals and specific goals along with the plans and activities to be undertaken to achieve these goals.**
- 2. Planning is a Primary Function of Management: Planning is the primary or first function to be performed by every manager. No other function can be executed by the manager without performing planning function.**

Chapter 4: Planning

Features of Planning

3. Planning is Pervasive: Planning is essential for every sort of business activities. Every department whether, purchase, sales accounts, auditing, marketing etc. needs systematic planning.

4. Planning is Continuous: The planning cycle is linked to planning continuity. It indicates that a strategy is devised, implemented, and then followed by another strategy, and so on. Hence planning keeps on going and is a never-ending process.

Chapter 4: Planning

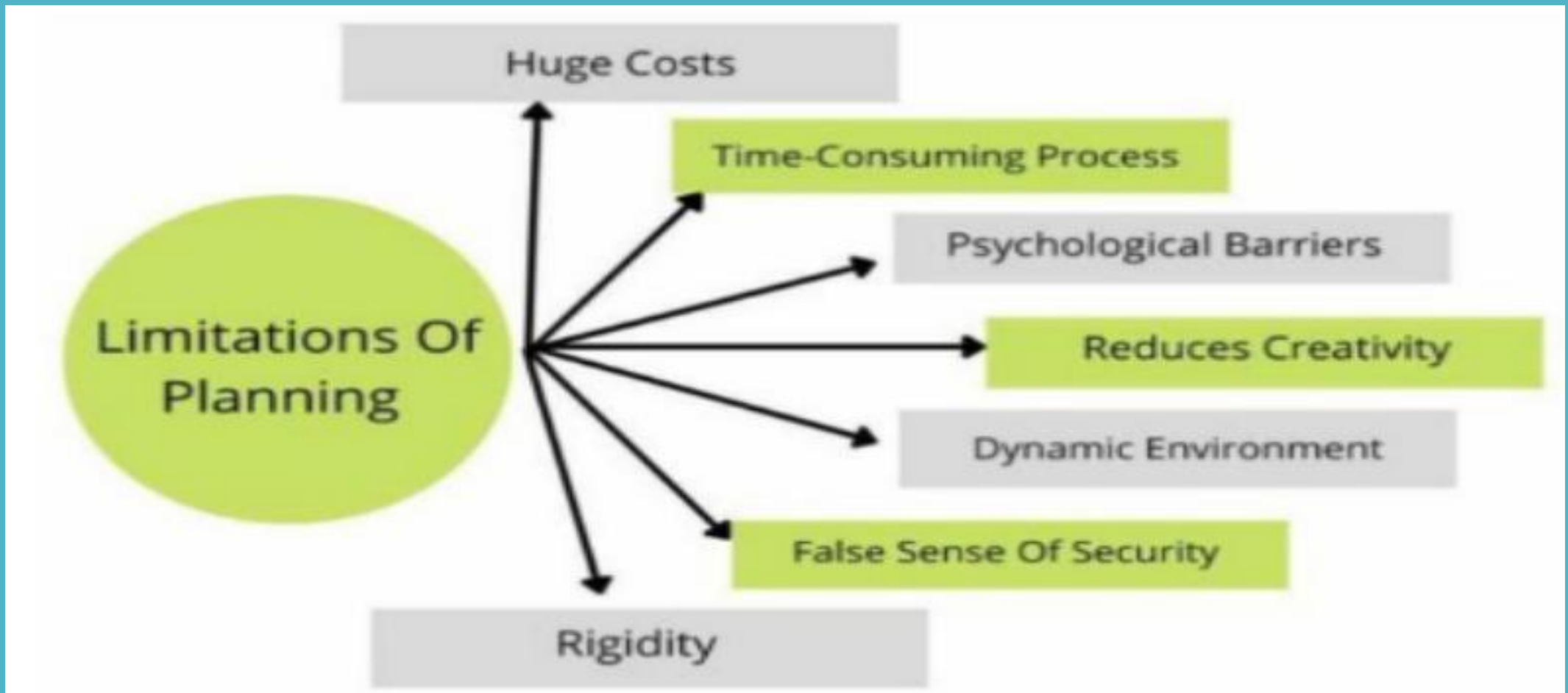
Features of Planning

5. Planning is a Mental Exercise: Planning necessitates the use of the mind and foresight. Rather than guesswork, planning is an intellectual activity that necessitates logical and organized thought.

6. 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.

Chapter 4: Planning

Limitations of Planning



Chapter 4: Planning

Limitations of Planning

- 1. Planning Leads to Rigidity:** Once plans are made to decide the future course of action the manager may not be in a position to change them.
- 2. Planning May Not Work in a Dynamic Environment:** Business environment is very dynamic as there are continuously changes. It becomes very difficult. to forecast these future changes. Plans may fail if the changes are very frequent.

Chapter 4: Planning

Limitations of Planning

3. Planning Reduces Creativity: With the planning the managers of the organization start working rigidly and they become the blind followers of the plan only.

4. Planning Involves Huge Costs: Planning process involves lot of cost because it is an intellectual process and companies need to hire the professional experts to carry on this process.

Chapter 4: Planning

Limitations of Planning

5. Planning is a Time-Consuming Success: Lot of time is needed in developing planning premises.

6. Planning does not Guarantee Success: Planning only provides a base for analyzing future.

It is not a solution for future course of action.

Chapter 4: Planning

Steps in Planning Process



Chapter 4: Planning

Steps in Planning Process

- 1. Setting Objectives:** In planning function manager begin with setting up of objectives because all the policies, procedures and methods are framed for achieving objectives only.
- 2. Developing Premises:** Premises refers to making assumptions regarding future. The assumptions are made on the basis of forecasting. Forecast is the technique of gathering information.

Chapter 4: Planning

Steps in Planning Process

3. Identifying Alternative Courses of Action: After setting up of objectives the managers make a list of alternatives through which the organization can achieve its objectives.

4. Evaluating Alternative Courses: After making the list of various alternatives along with the assumptions supporting them the manager starts evaluating each and every alternative.

Chapter 4: Planning

Steps in Planning Process

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.

6. Implementing the Plan: This is the step where other managerial functions also come in to the picture. The step is concerned with putting the plan into action i.e., doing what is required.

Chapter 4: Planning

Types of Plans

1. Single Use of plan:

A Single use plan in a business refers to plan developed for a one-time project or event that has one specific objective. It applies to activities that do not reoccur or repeat. It is specifically designed to achieve a particular goal. Such plan is developed to meet the needs of a unique situation.

Chapter 4: Planning

Types of Plans

Types of Single Use Plan:

- i. **Programmed:** A programmed is a single use plan containing detailed statements about project outlining the objectives, policies, procedures, rules, tasks, physical and human resources required to implement any course of action.
- ii. **Budget:** A budget is a statement of expected result expressed in numerical terms for a definite period of time in the future.

Chapter 4: Planning

Types of Plans

2. Standing Plans:

Standing plans are used over and over again because they focus on organizational situations that occur repeatedly. They are usually made once and retain their value over a period of years while undergoing revisions and updates. That is why they are also called repeated use plans.

Chapter 4: Planning

Types of Plans

Types of Standing Plans:

- i. **Objectives:** Objectives are the ends towards which the activities are directed. They are the end result of every activity, e.g., increase in sale by 10%.
- ii. **Strategy:** A strategy is a comprehensive plan to achieve the organizational objectives.
- iii. **Policies:** Policies are general statements that guide thinking or channelize energies towards a particular direction.

Chapter 4: Planning

Types of Plans

iv. Procedures: Procedures are required steps established in advance to handle future conditions. The procedure can be defined as the exact manner in which an activity has to be accomplished.

v. Method: Methods provide the prescribed ways or manner in which a task has to be performed considering the objective.

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

Practice Assignments, Exam Prep Assignments for The CBSE Business Studies

1. You may now proceed to try out the exam preparation assignments.
2. **ALL** assignments will be marked and feedback will be given.
3. Should you need to speak to one of our tutors send your email to **administration@intemass.com**
4. Please proceed to the link www.eastpoint.intemass.com at the bottom of this video to commence with your practice.



Please click **subscribe** to our video if you find the content useful.

ALL THE BEST WITH YOUR ASSIGNMENTS

