MG6851 – PRINCIPLES OF MANAGEMENT

UNIT – II PLANNING
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Syllabus:

Planning Definition

• Planning as a process involves the determination of future course of action, that is why an action, what action, how to take action, and when to take action. These are related with different aspects of planning process.

• Terry has defined planning in terms of future course of action i.e., “planning is the selection and relating of facts and making and using of assumptions regarding the future in the visualisation and formalisation of proposed activities believed necessary to achieve desired result.”
• McFarland has defined Planning as “a concept of executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change.”

• In the words of Koontz and O’Donnell, “planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. Planning bridges the gap from where we are to here we want to go.”

• According to Theo Haimann, “planning is the function that determines in advance what should be done. It consists of selecting the enterprise objectives polices, programmes, procedures and other means of achieving these objectives.”
Nature of Planning

Nature and Characteristics of Planning

1. Intellectual Process
2. Goal Orientation
3. Primary Function
4. Pervasiveness
5. Uniformity
6. Continuity
7. Flexibility
8. Simplicity
9. Precision
10. Feasibility
11. Choice among Alternative Courses
12. Efficiency
13. Inter-depedence
14. Forecasting
PURPOSE OF PLANNING

- Primary of planning
- To achieve objectives
- To cope with uncertainty and change
- To facilitate control
- To help in coordination
- To increase organizational effectiveness
- To guide decision-making
Planning Process

1. Establishment of objectives
2. Developing premises
3. Evaluating and selection of alternatives
4. Formulating derivative plans
5. Securing cooperation and participation
6. Review and follow up
Types of Plans

**Strategic plans**
- Involves analyzing competitive opportunities & threats, as well as the strengths & weaknesses of the organization, & determining how to position the organization to compete effectively in their environment.

**Tactical plans**
- Creates the blueprint for the larger strategic plan. These plans are often short term and are carried out by middle-level managers.

**Operational plans**
- Covers the entire organization’s goals & objectives and puts into practice the ways & action steps to achieve the strategic plans. Very short term plans, usually less than a year.
Types of Operational Plans

- Purpose or Mission
- Objectives
- Policies
- Strategies
- Rules
- Procedures
- Programmes
- Budgets

Long Term plan

Short Term plan
Objectives

• Objectives are desired end-results that the organization is aiming to achieve through its existence and what it does in terms of organizing, coordinating, leading, and controlling activities.

• Objectives are specific aims that the organization has decided to achieve.
**Setting Objectives**

<table>
<thead>
<tr>
<th>S</th>
<th>SPECIFIC</th>
<th>Details exactly what needs to be done</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>MEASURABLE</td>
<td>Achievement or progress can be measured</td>
</tr>
<tr>
<td>A</td>
<td>ACHIEVABLE</td>
<td>Objective is accepted by those responsible for achieving it</td>
</tr>
<tr>
<td>R</td>
<td>REALISTIC</td>
<td>Objective is possible to attain (important for motivational effect)</td>
</tr>
<tr>
<td>T</td>
<td>TIMED</td>
<td>Time period for achievement is clearly stated</td>
</tr>
</tbody>
</table>
Policy

- A definite course or method of action selected (by government, institution, group or individual) from among alternatives and in the light of given conditions to guide and, usually, to determine present and future decisions.

- A specific decision or set of decisions designed to carry out such a course of action.
Types of Policies

- Internal policy
- Appealed policy
- External policy
- General policy
- Specific policy
- Written policy
- Implicit policy
Planning Premises

External Planning Premises
1. Political stability
2. Government policies
3. Government approach toward business
4. Demographic factors
5. Socio-cultural changes
6. Inflation-price rise
7. Technological factors
8. Demand forecasting
9. Natural and man-made calamities
10. Competition

Internal Planning Premises
1. Resource abilities
2. Basic policies, procedures, etc.
3. Organisational structure
4. Sales forecasting
5. Capital investment, etc.
Strategic Plan Process

Gather Inputs
- From all Stakeholders
- Customer analysis
- Competitor analysis
- Industry analysis
- Environmental
- Company performance
- Company strategies

SWOT Analysis
- External Analysis
  - Opportunities
  - Threats
- Internal Analysis
  - Strengths
  - Weaknesses
- Strategic Questions
- Strategic Issues

Review Inputs
- All Stakeholders
- Review Inputs
- Review SWOT Analysis
- Define 3-4 key statements

Strategic Matrix
- All Stakeholders
- Define Strategies to address SWOT combinations:
  - Opportunities vs Strengths
  - Opportunities vs Weaknesses
  - Threats vs Strengths
  - Threats vs Weaknesses

Define Strategies
- Objectives
- Key Strategies
- Short and Long Term Goals
- Operational Plans

Review & Adjust
- All Stakeholders
- Review Strategies
- Review Goals
- Review Plans
- Adjust as necessary

MG6851 Principles of Management
Planning Tools and Techniques

- Balanced scorecard (BSC)
- Boston matrix (BCG)
- Competitor analysis
- Core competencies (Prahalad & Hamel)
- Enterprise risk planning system (ERP)
- European fundamental quality management model
- Re-engineering analysis
- Responsibility accounting (RA)
- Return on equity and income analysis
- Risk management & modeling
- Six sigma analysis
- Spread rate analysis
- Strategic planning & mapping
- SWOT analysis
Creativity Toolbox for Strategic Planning

- Legacies
- Benchmarking
- Scenario Planning
- Storytelling
- Mind Map Brainstorming
- Improvisation
- Backcasting
- Strategy Tables
Decision Making Process

7 STEPS TO EFFECTIVE DECISION MAKING

1. Identify the Decision
2. Gather Information
3. Identify Alternatives
4. Weigh the Evidence
5. Choose among Alternatives
6. Take Action
7. Review Your Decision

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions.

Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.