

Chapter 4: Planning

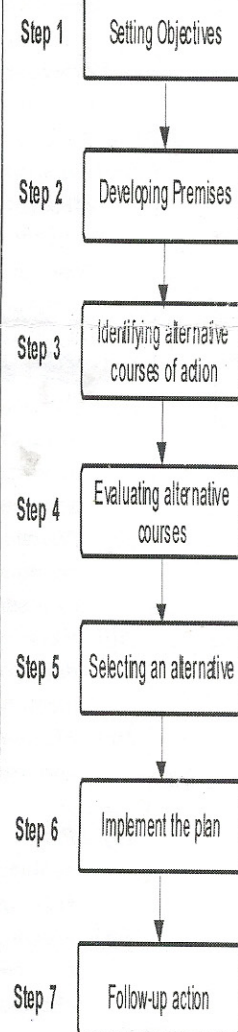
- (ii) *Planning may not work in a dynamic environment:* Plans have to operate in an external environment, which is beyond the control of organisation. For example, it is very difficult to make accurate forecasts about economic conditions, government policies, human behaviour or natural calamities. Planning does not provide positive results when such changes are not accurately forecasted.
- (iii) *Planning reduces creativity:* Planning involves determination of policies, procedures and programmes in advance. Employees have to strictly follow them and deviations are considered to be highly undesirable. As a result, employees do not get opportunity to show their skills and it limits their initiative and creativity. Sometimes, they even ignore the changes in the circumstances.
- (iv) *Planning involves huge costs:* Planning is an expensive process as lot of money is spent on gathering and analysing information and evaluation of various alternatives. It also involves cost of experts, who have to be hired for collection, editing and analysis of data.
- (v) *Planning is a time-consuming process:* Planning is a time-consuming process as lot of time is needed for collection, analysis and interpretation of data. Planning becomes a difficult exercise during sudden and unexpected emergencies. Sometimes, advance planning might delay action and business may lose a profitable opportunity.
- (vi) *Planning does not guarantee success:* Planning may create a false sense of security in the organisation. Managers begin to assume that as long as plans are adhered to, there will be no problems. Managers have a tendency to rely on previously tried and tested plans. However, it is not necessary that a plan, which has worked before, will work again in the changed and competitive environment. Hence, mere planning does not ensure success, rather efforts have to be made for it.

Q5. What are the steps taken by management in the planning process?

{NCERT}

Ans. The process of planning involves the following steps:

- (i) *Setting Objectives:* The planning process begins with identifying and setting the objectives of the organisation. Objectives must be reasonable, measurable, understandable and clearly stated. First of all, the objectives are determined for the whole enterprise and then they are broken into departmental objectives. After setting up the objectives, they are communicated to all members of the organisation.
- (ii) *Developing Premises:* The next step in planning is to establish planning premises. Premises involve making assumptions relating to future conditions, which may affect the attainment of plans. Premises provide relevant facts and information relating to the future. So, to make planning more effective, sound estimates or forecasts should be made about future environment (markets, competitors, economic policies, international policies, etc.)
- (iii) *Identifying alternative courses of action:* The next step is to determine alternative courses of action. For every plan, there are a number of options. The planner must search and examine the probable consequences of different alternatives. For crucial plans, more alternatives should be generated.
- (iv) *Evaluating alternative courses:* The next step is to evaluate each alternative. The positive and negative points of each alternative are thoroughly examined. All alternatives should be compared and evaluated in the light of cost, risk, benefits and so on. The consequences of each alternative must be carefully examined before a choice is made.
- (v) *Selecting an alternative:* After evaluating the various alternatives, the next step is to select the most suitable course of action. The alternative to be selected should be the most feasible, profitable and with least negative consequences. Sometimes, a combination of plans may be selected instead of one best course. The particular course of action should be carefully selected as it has long-term effect.
- (vi) *Implement the plan:* Plans are of no use until these are put in action. So, this step is concerned with transforming the plan into action by activating other managerial functions. The plan has to be effectively implemented by the real executors. It involves organising the various resources and securing cooperation, participation and commitment of the members of organisation.
- (vii) *Follow-up action:* After implementation of plan, the last step is to periodically review the existing plans, to ensure their relevance and effectiveness. The plans must be constantly monitored and in case of any deficiency, they should be modified or adjusted.



Q6. 'Planning involves choice.' Comment.

Ans. The basic purpose of planning is to set the objectives and achieve them effectively. Planning involves identifying the various alternatives to achieve these objectives. After determining the various possible options, the best alternative has to be selected. So, planning involves evaluation of all alternatives and choosing the most appropriate one.