

UNIT II - PLANNING

1. What is planning?

Planning is the process of selecting the objectives and determining the course of action required achieving these objectives.

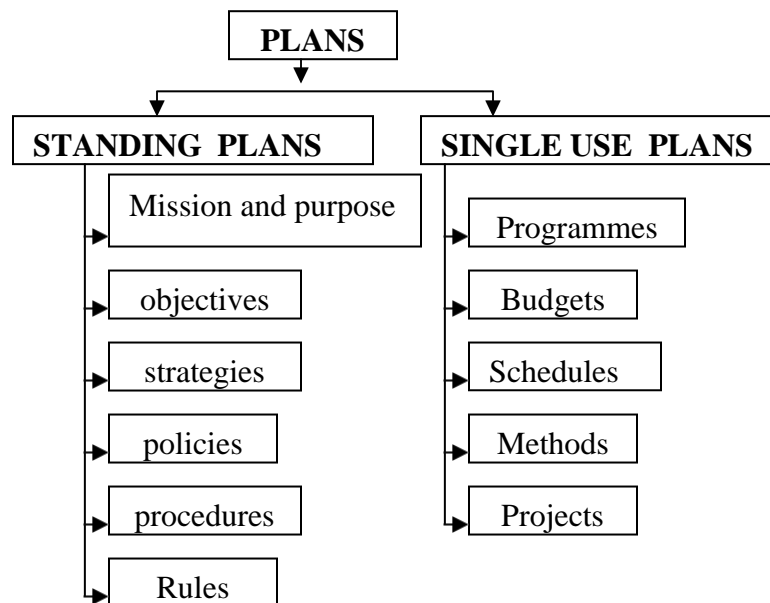
2. State the important observations suggested about planning.

- ❖ Planning is outlining a future course of action in order to achieve on objective.
- ❖ Planning is looking ahead.
- ❖ Planning is getting ready to do something tomorrow.
- ❖ Plan is a trap laid down to capture the future.

3. List out the features of planning.

- ❖ Planning – a primary function
- ❖ Planning - a dynamic process
- ❖ Planning – based on objectives and policies
- ❖ Planning – a selective process
- ❖ Planning – an intellectual process
- ❖ Planning is based on facts

4. Classify various plans.



5. Define mission

Mission may be defined as a statement which defines the role that an organisation plays in the society.

6. State the important questions to answer by a good mission.

1. What is our business?
2. What should it be?

7. Define objectives.

The terms objectives or goals are often used interchangeably. Objectives are the end results towards which the activities of firm are aimed or directed.

8. What is meant by strategies?

Strategy of an organisation is the programmes of action and deployment of resources to attain its objectives.

9. Define policies.

Policies are general statement or understandings, which provide guidance in decision making to various managers.

10. What is procedure?

A procedure is a chronological order of actions required to implement a policy and to achieve an objectives.

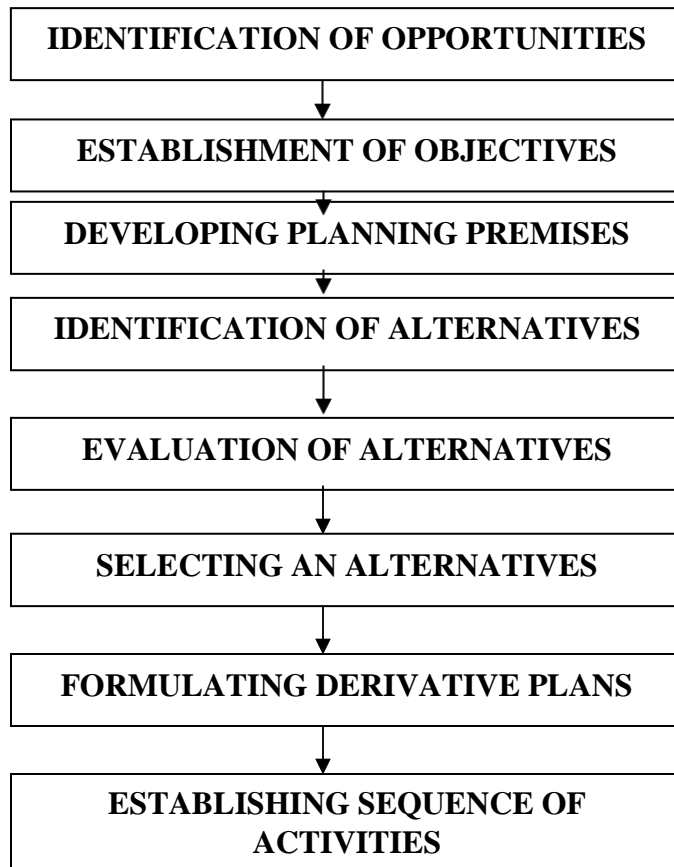
11. Name any two important procedures in organisation.

- ❖ Procedures for placing orders for material and equipment.
- ❖ Procedures for sanctioning different types of employee's leave.

12. Define budgets.

A budget is a statement of expected results in numerical terms and therefore it may be referred as a numerical programme.

13. Give the flow diagram of planning steps.



14. What are the advantages and limitations of planning?

Advantages:

- ❖ Help in achieving objectives;
- ❖ Better utilisation of resources;
- ❖ Economy in operation;
- ❖ Improves competitive strength
- ❖ Limitations.
- ❖ Lack of accurate information Time and cost
- ❖ Inflexibility
- ❖ Delay during emergency period

15. What is objective?

Objectives are the aims, purposes or goals that an organization wants to achieve over varying periods of time.

16. State the two approaches of objectives.

- i. Top-down approach.

- ii. Bottom –up approach.

17. What is MBO?

MBO is a process whereby, the superior and the subordinate managers of an enterprise jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of its members.

18. Mention the features of MBO.

- i. MBO focuses attention on what must be accomplished and not how to accomplish the objectives .it is a goal oriented rather than work-oriented approach.
- ii. MBO tries to combine the long range goals of organisation with short range of organisation.
- iii. A high degree of motivation and satisfaction is available to employees through MBO.

19. What are the major kinds of strategies and policies?

- i. Growth.
- ii. Finance
- iii. Organisation
- iv. Personal
- v. Products or services
- vi. Market

20. Classify policies.

- i. Formulated policies
- ii. Appealed policy
- iii. Imposed policy
- iv. Written policies
- v. Implied policies

21. What is planning premises?

The assumptions about future derived from forecasting and used in planning are known as planning premises.

22. State the classification of planning premises.

- i. Internal and External.
- ii. Tangible and intangible
- iii. Controllable and uncontrollable

23. Define decision-making process.

Decision –making is defined as the process of choosing a course of action from among alternatives to achieve a desired goal. It is one of the functions of management and also a core process of planning.

24. What are the techniques useful while evaluating alternatives?

- i. Quantitative and Qualitative analysis
- ii. Marginal analysis
- iii. Cost effectiveness analysis

25. Classify decisions.

- i. Programmed and non-programmed decisions
- ii. Organizational and personal decisions

Unit – II(16MARKS)**1. What is planning? Explain the various steps involved in Planning.**

Planning is the process of selecting the objectives and determining the course of action required to achieve these objectives.

Steps in Planning**1. Being aware of Opportunity**

- In light of the market, competition, what customer wants, our Strengths and weakness?

2. Setting Objectives or goals

- Where we want to be and we want to accomplish and when

3. Considering Planning Premises

- In what environment. Internal or External - will our plan to operate?

4. Identifying alternatives

- What are the most promising alternatives to accomplish our Objectives?

5. Comparing alternatives in light of goals

- Which alternative will give us the best chance of meeting our goals at the lowest cost and highest profit?

6. Choosing an alternative

- Selecting the course of action we will pursue

7. Formulating supporting plan

- Such as plans to buy equipment, buy materials, hire and train Workers. Develop a product.

8. Number zing plans by making budgets'

- Developing such budgets as volume and price of sales operating expenses necessary for plans expenditure for capital

2. Explain the Planning Premises. (Nov'08)

Planning Premises

- A plan is based on certain assumptions called premises
- Assumptions or premises are for a future setting or happenings
- Assumptions based upon certain intuition or scientific forecasting
- The assumptions about future derived from forecasting and used in Planning are known as planning premises

Def - **Koontz O'Donnell**

"Planning premises are the anticipated environment in which plans are expected to operate. They include assumptions or forecast of the future and known conditions that will affect the operations of plans. E.g. as prevailing policies and existing company plans that control the basic nature of supporting plans.

Purpose of premises is to facilitate the planning process by guiding, directing, simplifying and reducing the degree of uncertainty in it. Premises guide planning. **Planning! Premises Classification**

Planning premises may be classified as follows

1. Internal and External.
2. Tangible and Intangible
3. Controllable and uncontrollable

Internal and External premises

Internal premises exist within a business enterprise. These include resources and abilities of enterprise in the form of men, material,

machine, money and methods. Competence of management personal and skill labor force may be regarded as the most important internal premises

External premises are those which lie outside of the firm, There are many kinds of external premises.

- (a) General business environment including economic technological, political, and social conditions
- (b) The product market consisting of the demand and supply forces for the product or service and
- (c) The factor market for land, labor, capital etc.

2. Tangible and Intangible premises

Tangible premises are those which can be expressed in quantitative terms like monetary unit. Unit of product, labor hour, machine hour and so on.

Intangible premises are those which cannot be measured quantitatively

The example of such premises is reputation of the concern, public relations, employee morale, motivation etc.

3. Controllable and uncontrollable premise

This classification is on the basis of controllability. Controllable premises are those which are entirely within the control and realm of management. These include organizational policies, structure, systems, procedures etc. Such premises are mostly internal.

Uncontrollable premises are those which cannot be controlled by an organization's action. These include the rate of economic growth. Population, growth, taxation policy of government, natural climate, war etc

Making premising effective:

Special attention should be given to premising step in planning since so many failures occur in planning and planning coordination through poor premising. It is difficult to achieve practical implementation of consistent and meaningful planning premises. The following practices are helpful in achieving more effective premising.

a) Selection of premises

The initial step in this process is selection of premises on the basis of which plans are formulated. There are many premises that are important to one enterprise but not to another. Thus, all the managers of every enterprise should select their own premises. For identifying the relevant environment, both internal and external, a manager can put the question "what factors will influence most of the course of plans for which I am responsible."

b) Collection of information

Identification and collection of factors which are significant for setting planning premises is another major step. The information collection technique may vary from simple verbal method to highly complex forecasting technique according to their needs. The following questions are very useful to judge the validity of such information.

- Who has collected the information?
- What was the objective of collecting the information?
- When was information collected?
- How was information analyzed?

c) Development of alternative premises for contingency planning

Planning premises are not constant but dynamic. Some of the premises change slowly and steadily and others may change rapidly. Since the future is not certain, managers should be ready with alternative premises and align their plans accordingly.

d) Verification of the consistency of premises

One way of ensuring that premises are consistent is to have each planning staff at various levels recommended its crucial planning premises which are applicable for an enterprise to the appropriate top executive.

e) Communication of planning premises

Sound planning premises development is not sufficient. These must be communicated to those who are involved in planning process at different levels.

3. Explain the process of MBO and explain its benefits and weakness.

(Nov'04, May'05)

Management by Objectives (MBO)

"MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed towards the effective and efficient achievement of Organization and individual Objectives."

- Where superiors and subordinates jointly identify the goals of the Organization

Process of MBO

- Setting preliminary Objectives
- Clarifying Organizational roles
- Setting subordinates Objectives
- Recycling Objectives

How to set Objectives

- Quantitative & Qualitative
- Setting Objectives in Govt
- Guidelines for setting Objectives

Benefits of MBO

- Improvement of managing
- Clarification of Organization
- Encouragement of Personal commitment
- Development of Effective control

Weakness of MBO

- Failure to teach the philosophy of MBO
 - Failure to give guidelines to goal setters
 - Difficulty of setting goals
 - Emphasis on short run goals
- Danger of Inflexibility

4. Define Forecasting. Explain the various forecasting techniques used for decisionmakingprocess. (May'07)**Forecasting**

- Process of predicting future conditions that will influence and guide the activities, behavior and performance of the Organization.

Def- "Fore casting is the formal process of predicting future events that will significantly affect the functioning of the enterprises.

Features

- Involvement of Future events
- Depends upon past and present events happening of future events
- Make use of forecasting techniques

Process

- Developing the ground work estimating the future trends
- Comparing actual with estimated results refining the forecast

Importance

- Key to planning
- Means of coordination Basis for control
- Executive development
- Facing Environmental challenges

Forecasting Techniques

Qualitative (use of Statistical tools) and Quantitative (employ human judgments to predict future)

- **Time series Analysis** - involves decomposition of historical series into its various components. VI - trend, seasonal variations, cyclical variations and random variations. A trend can be known over the period of time and projections can be made about future.
- **Historical Analogy** - past history records
- **Correlation** - to find the relationship between two variables. E.g. Between advertising expenditure and sales volume, Future sales estimated on basis of change in adv expenditure
- **Regression** - To measure the relationship between two variables. To find the relative movements of two or more interrelated series.
- **Delphi Technique** - the minds of the experts in the concerned areas are probed systematically.
- **Input output analysis**

5. Discuss the process involved in decision making. (Nov'05)

Decision Making

Is the process of choosing a course of action from available alternatives?

Def. Haynes & Massie "Decision making is a process of selection from a set of alternative courses of action which is thought to fulfills the objective of the decision - problem more satisfactorily than others."

Types of Managerial Decision

- Organizational and Personal decision
- Routine and Strategic decision
- Programmed non programmed decision
- Policy and operating decision
- Individual group decision

Decision making process

- Defining the problem
- Analyzing the problem
- Developing alternative solutions
- Evaluating the alternative
- Selecting the best alternative.