

**Concept of Planning-** Planning is based on the theory of “thinking before acting”. Planning is the most basic and primary function of management. It is the pre-decided outline of the activities to be conducted in the organization. Planning is the process of deciding when, what, where and how to do a certain activity before starting to work.

It is an intellectual process that needs a lot of thinking before the formation of plans. Planning is to set goals and to make certain guidelines achieve the goals. Planning means in business to formulate policies, segregation of budget, future programs, etc. These are all done to make the business activity successful. All other function of management is useless if there is not a proper planning system in an organization. So, planning is the basis of all other functions. Thus, planning is the map or a blueprint for the organization

According to Louis Allen-“Management planning involves the development of forecasts, objective, policies, programmes, procedures, schedules and budgets,”

According to Alford and Beatty- “Planning is the thinking process, the organized foresight, the vision based on fact and experience that is required for intelligent action.”

## **Nature of planning**

1. Planning is goal-oriented

2. Planning is directed towards efficiency, economy and accuracy

3. Primacy of Planning

4. Pervasiveness of Planning

5. Planning aims at Co-ordination

6. Elasticity in Planning

**Types of Planning-** Any organisation can have different plans. Types of plans are as follows:

### **On the basis of Nature**

1. **Operational Plan:** Operational plans are the plans which are formulated by the lower level management for a short term period of up to one year. It is concerned with the day to day operations of the organization. It is detailed and specific. It is usually based on past experiences. It usually covers functional aspects such as production, finance, human resources, etc.

2. **Tactical Plan:** The tactical plan is the plan which is concerned with the integration of various organizational units and ensures implementation of strategic plans on day to day basis. It involves how the resources of an organization should be used in order to achieve strategic goals. The tactical plan is also known as a coordinative or functional plan.

### **3. Strategic Plan:** A strategic plan is a plan which is

formulated by top-level management for a long period of time of five years or more. They decide the major goals and policies to achieve their goals. It takes in a note of all the external factors and risks involved and makes a long-term policy of the organization. It involves the determination of strengths and weaknesses, external risks, missions, and control systems to implement plans.

#### **On the basis of the Managerial Level**

**1. Top-level Plans:** Plans which are formulated by general managers and directors are called top-level plans. Under these plans, the objectives, budget, policies, etc. for the whole organization are laid down. These plans are mostly long term plans.

**2. Middle-level Plans:** The managerial hierarchy at the middle level includes the departmental managers. A corporation has many departments like the purchasing department, sales department, finance department, personnel department, etc. The plans formulated by the departmental managers are called middle-level plans.

**3. Lower level Plans:** These plans are prepared by the foreman or the supervisors. They take the existence of the actual work and the problems connected with it. They are formulated for a short period of time and called short term plans.

## On the basis of Time

**1. Long Term Plan:** The long-term plan is the long-term process that business owners use to reach their business mission and vision. It determines the path for business owners to reach their goals. It also reinforces and makes corrections to the goals as the plan progresses.

**2. Intermediate Plan:** Intermediate planning covers 6 months to 2 years. It outlines how the strategic plan will be pursued. In business, intermediate plans are most often used for campaigns.

**3. Short-term Plan:** The short-term plan involves plans for a few weeks or at most a year. It allocates resources for day-to-day business development and management within the strategic plan. Short-term plans outline objectives necessary to meet intermediate plans and the strategic planning process.

## On the basis of Use

**1. Single Plan:** These plans are connected with some special problems. These plans end the moment of the problems to be solved. They are not used, once after their use. They are further re-created whenever required.

**2. Standing Plan:** These plans are formulated once and they are repeatedly used. These plans continuously guide managers. That is why it is said that a standing plan is a standing guide to solving the problems. These plans

include mission, policies, objectives, rules, and strategy.

## Planning Process

Planning is a complex process that requires a high level of studies and analysis. To create a plan there must be a determination of objectives and outlining of the course of action to achieve the goals. There is no set formula for planning. A planning process that is suitable for one kind of organization may not be suitable for another type of organization. However, we can take the following steps as the guideline to draw a plan:

**1. Analysis of the Environment:** Planning begins with the awareness of the opportunities in the external environment and within the organization. For this, SWOT analysis is most suitable. Strength and weaknesses are the internal factors whereas opportunities and threats are the environmental factors which are to be analyzed.

**2. Setting the Objectives:** The second step of planning is to set objectives and goals for the organization as a whole and for each department. Long term, as well as short-term plans, are to be created. Objectives are specified to each and every manager and department head. Objectives give direction to the major plans. So managers should have an opportunity to contribute their ideas for setting their own objectives and of the organization.

**3. Develop Premises:** Planning premises are the

assumptions about the future on the basis of which the plans will be ultimately formulated. Planning premises are the key to the success of planning as they supply pertinent facts and information regarding the future such as general economic conditions, production cost, and prices, probable competitive behavior, governmental control, etc. Forecasting is an essential part of the premises.

**4. Determine and Evaluate Alternatives:** The fourth step is to search and identify the alternative course of action. It suggests that a particular objective can be achieved in numerous ways. But the most relevant alternatives must be listed down so that selection is made easier. Once various alternatives are identified, they must be well analyzed with their strong and weak points.

**5. Selection of Best Alternative:** This is the point where a certain plan is adopted. When the alternatives are determined most suitable alternative must be chosen out from the list which can give maximum output with minimum risk.

**6. Formulation of a Derivative Plan:** Derivative plans are the backing plans which are very essential. Once the basic plan has been formulated, it must be translated into day to day operation of the organization. Middle and low-level managers must draw up the appropriate plans, programs, and budget for their sub-units.

**7. Budget Formulation:** After decisions are made and

plans are set the next step is giving them sufficient funds to carry them out. Optimum budgeting must be done for every course of action.

**8. Implementation of a Plan:** Once the plans are set up, now the plans must be well informed and shared with the employees and managers expecting full commitment and trust. Finally, the plans must be carried out.

**9. Follow-up Action:** Obviously once a plan is carried out it generates certain output. The progress must be well monitored and managers need to check the progress of their plans so they can take necessary steps to improve the plans if needed.