

1. Details of Module and its structure

| Module Detail | |
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| Subject Name | Business Studies |
| Course Name | Business Studies 03 (Class XII, Semester - 1) |
| Module Name/Title | Planning: Part – 1 |
| Module Id | Lebs_10401 |
| Pre-requisites | Knowledge about how planning is necessary in business |
| Objectives | After going through this lesson, the learners will be able to understand the following: <ol style="list-style-type: none">1. Concept of planning2. Need of planning3. Importance of planning4. Features of planning. |
| Keywords | Predetermined Objectives, Courses of action, Forecasting, Organizational goals, Alternatives |

2. Development team

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Introduction

Dreams can be turned into reality only if business managers think in advance on what to do and how to do it .This is the essence of planning.



Concept

Planning is closely connected with creativity and innovation. But the manager would first have to set objectives only then will a manager know where he has to go.

Planning seeks to bridge the gap between where we are and where we want to go. Planning is what managers at all levels do. It requires taking decisions since it involves making a choice from alternative courses of action.

Planning provides a rational approach for achieving predetermined objectives. It is concerned with both means and ends .The plan so developed has to be given a time frame. If time factor is not considered, conditions in the environment may change and all business plans may go waste.

Definition

Planning can be defined as setting objectives for a given time period, formulating various courses of action to achieve them, and then selecting the best possible alternative from among the various courses of action available. Planning is deciding in advance what to do and how to do it. It is one of the basic managerial functions .It involves deciding of future course of action.

Requirement / Need of Planning

The other functions of management, like organizing, staffing, directing and controlling must reflect proper planning. A manager organizes, directs and controls to ensure the accomplishment of predetermined goals according to plans. Thus, planning logically precedes the execution of all other managerial functions.

Planning is the process of thinking before doing and making plans for the organization. A plan is a specific course of action proposed to help the organization achieve its obligations. It outlines how objectives are to be achieved.



Planning involves setting objectives and developing appropriate courses of action to achieve the objectives and provide direction for all managerial decisions and actions.

Planning means looking ahead and chalking out the future course of action to achieve certain objectives. It is a preparatory step for the action that is to be followed. It leads to laying down of objectives, policies, strategies, procedures, programmes, budgets, etc.

It is important to note that plans are always developed for a given time frame. If time factor is not taken into consideration, conditions in the environment may change and all business plans may go waste.

Dear students now let us discuss the **Five Ws of planning**

Planning is deciding in advance as regards the following issues

1. What is to be done
2. Why is it to be done
3. Where is it to be done
4. When is it to be done
5. Who is to do it

For instance, a business firm wants to introduce a beauty cream in the market and has set certain sales target for the next year. The means to pursue this objective may be advertising, sales promotion, door to door selling, etc. Further it may be decided to launch the product in big cities only and that too during the winter season. The charge of the whole project may be given to the Marketing Manager who will divide various activities among his staff. If this plan is successfully

implemented, it would lead to achievement of objectives. Thus, planning bridges the gap between where we are (present position) to where we want to go (future position) or objective.

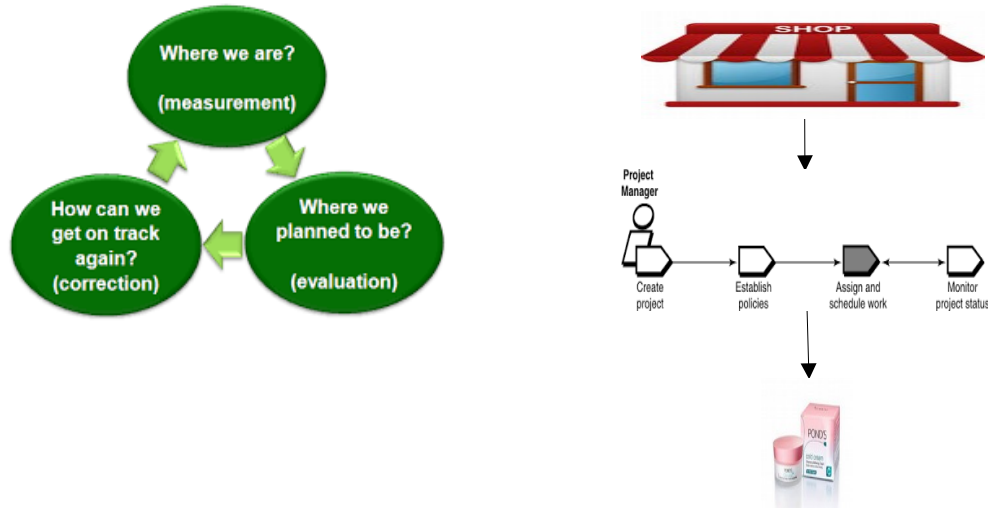


Image 4, 5 and 6

Hereafter we will concentrate on why planning is so important in business world.

Importance of Planning

Planning is certainly important as it provides direction and reduces the risk of uncertainty by preparing forecasts .Planning provides the foundation for efficient management of the business enterprise.



The major benefits of planning are given below:

1. Planning provides directions:

By stating in advance how work is to be done planning provides direction for action. If there is no planning, employees would be working in different directions and the organization would not be able to achieve its desired goals. If the objectives are clearly down, all the business plans will be specifically directed towards the objectives. Thus, planning provides clear cut direction for all the departments and individuals working in the enterprise.

2. **Planning reduces the risks of uncertainty:**

Planning is an activity which enables a manager to look ahead and anticipate changes. Changes and events cannot be eliminated but they can be anticipated and managerial response to them can be developed.

It may be noted that uncertainties may be caused by changes in technology, taste and fashion of the people, and other business conditions. Sufficient provisions can be made in the plans to meet these uncertainties.

3. **Planning reduces overlapping and wasteful activities:**

Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimized or eliminated

Effective planning lays down various courses of action which are useful in the accomplishment of objectives.

4. **Planning promotes innovative ideas:**

- a) Since planning is the first function of management, new ideas can take the shape of concrete plans.
- b) It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.
- c) Planning is basically the thinking function of management. It helps innovative and creative thinking. Many new ideas come to the mind of a manager when he is planning. Thus, planning promotes creativity and innovation.

5. **Planning facilitates decision making:**



Planning helps the manager to look into the future and make a choice from amongst various courses of action. Planning involves setting targets and predicting future conditions thus helping in taking rational decisions. Planning is an intellectual activity. Preparation of a plan involves collection of data, identification of alternatives and selecting the best alternative. Thus decision making is inherent in planning. Effective planning can also help in taking decisions about type of organization, supervision, incentives and communication.

6. Planning establishes standards of controlling:

Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. If there has been any deviation it can be corrected. The



nature of corrective action required depends upon the extent of deviations from the standard. Therefore, planning provides the basis of control.

Managerial control involves keeping activities on the right path by restricting deviations from the plans or standards. It is through planning that management establishes standards of performance. These serve as benchmarks for appraisal of actual performance. If the actual performance is not as per plans, corrective action is taken. This is how planning helps in effective controlling. In fact, planning and controlling are inseparable twins of management. As said above, planning facilitates control. It is also true that corrective action under the control process may lead to modification of plan.

7. Achieves Coordination:

Planning revolves around organizational objectives. All the activities are planned towards the objectives. There is an integral effort throughout the enterprise. It will avoid duplication of efforts. Thus, there will be better coordination in the enterprise. All departments will cooperate with each other for the accomplishment of enterprise objectives.



8. Economy in operations:

Efficient planning secures economy for the enterprise. Through proper allocation of resources to various operations, it helps in their optimum utilization. This leads to economy in planning and also avoids wastage of resources by eliminating unnecessary activities in the enterprise.

Thus from the points we discussed we realize how important planning is, for any organization. Without proper planning, achieving goals is impossible.

After having discussed the importance of planning let us see what planning actually is. So now we will focus on the features of planning.

Features of Planning

Planning focuses on achieving objectives



- a) Planning contributes to objectives in the sense that it involves the determination of the activities required to be undertaken to achieve objectives of organization. Planning is the exercise of creative thinking in the solution of various problems.
- b) Planning specifies the objectives to be attained in the future and lays down the steps necessary to achieve them. By determining the objectives, planning provide direction to activities.
- c) Planning has no meaning unless it contributes to the achievement of predetermined organizational goals.

Planning is the primary function of management

- (a) Planning is the primary function in the sense that it lays down the base for all other functions of management i.e., organizing, staffing, directing and controlling.
- (b) Planning preceeds other functions i.e.,_It is the primacy of planning. It starts with objectives which are the basis of all these functions.It helps in efficient organization. It assists in manpower planning and designing of employment and training programmes for the employees. It lays down standards or benchmarks of performance for the employees with the help of which managers can control the activities of the employees.

Planning is pervasive

Planning is the pervasive function in the sense that it is required-

- a) At all levels of management (top, middle or lower). For example, the top management undertakes planning for the organization as a whole. Middle management does the departmental planning. At the lowest level, day to day operational planning is done by supervisors.
- b) In all departments of an organization (purchase, production, personnel, finance or research development)
- c) In all types of organizations (small, large, economic, social, religious or political).

Planning is continuous

- a) Plans are prepared for a specific period of time, may be For a month, a quarter, or a year. at the end of that period there is a need for a new plan to be drawn on the basis of new requirements and future conditions.
- b) Continuity of planning is related with the planning cycle. It means that a plan is framed, it is implemented, and is followed by another plan, and so on.

Every manager is engaged in planning continuously. Thus, planning is a continuous process of making new plans and modifying existing plans to ensure that goals are achieved.

Planning is futuristic or Forward looking



Planning is futuristic in the sense that it essentially involves looking ahead into the future and making provision to tackle future events and situations. Planning is indeed to cope with future and making provision to tackle future events and

situations. Planning is intended to cope with future uncertainties and unknowns.

- a) Planning is therefore regarded as a forward looking function based on forecasting. Through forecasting, events and conditions are anticipated and plans are drawn accordingly. It involves forecasting of future events such as customers demand, competition, government policies etc.

For example, sales forecasting is the basis on which a business firm prepares its annual plan for production and sales.

Planning involves decision-making

Planning essentially involves choice from among various alternatives and activities and choosing the best alternatives. If there is only one possible goal or a possible course of action, there is no need for planning because there is no choice. The need for planning arises only when alternatives are available.

Thus, decision-making is an integral part of planning. For example, financial planning involves choice of a source of financing a fixed asset from among shares, debentures, public deposits and banks and financial institutions.

Planning is a mental exercise

Planning requires application of the mind involving foresight, intelligent imagination and sound judgment.

- a) It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be followed.



- b) Planning requires logical and systematic thinking rather than guess work or wishful thinking or we may say that thinking for planning must be orderly and based on the analysis of facts and forecasts. It is thinking rather than doing function of management.

Flexibility

Effective plans have an element of flexibility. Management can't afford to follow rigid plans in the era of fast changes in technology, market trends, government policies, etc. The planning process should allow flexibility to meet the new challenges.

So dear learners from this discussion we conclude that planning involves taking into consideration various aspects to be able to do sound planning .