

DEPARTMENT OF BBA

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TYPES OF PLANNING

Managerial planning comprises various types of plans, which are also known as elements of good planning.

Types of plans:-

1. Objectives:- Objectives may be defined as the targets people seek to achieve over different time periods. Objectives give direction to human behaviour and effort. Hence, an essential task of management is to formulate, classify and communicate organizational objectives. Managers are required to set both general and specific objectives. Survival, growth and development are general objectives of a business enterprise. The specific objectives include the goals set for various departments, divisions, groups and individuals. The general objectives are long term in nature, whereas the specific objectives are short range, though the short range objectives are and should be a part of long term objectives. Departmental objectives must be consistent with the conducive to the overall, corporate objectives.

2. Policies:- A policy is a general statement that guides thinking, action and decision making of managers for the successful achievement of organizational objectives. Policies define the limits within which

decision are to be made. This ensures consistent and unified performance and exercise of discretion by managers. Top management generally frames the policies. However, a manager at any other level may lay down policies within the limits of his authority and also within boundaries set by policies of his seniors. A policy is not static and may be modified or reviewed in the light of changes the environment. A policy may be verbal, written or implied. A well defined policy helps the manager to delegate authority without undue fear, because the policy lays down the limits for decisions by the subordinates.

3. Procedures:- A procedure prescribes the sequence of steps that must be completed in order to achieve a specific purpose. A procedure is a guide to action rather than to thinking. It details the exact manner in which a certain activity must be accomplished. Its essence is chronological sequence of required actions or steps. A procedure is generally established for repetitive activity so that same steps are followed each time when that activity is performed. The procedures do not allow much latitude in managerial decision making because they lay down a definite way of doing certain things. Procedures are designed to execute policies and achieve objectives. Procedures are used in all major functional areas Purchase procedure, materials issue procedure, costumer's order executing procedure, accounting procedure, grievance handling procedure, etc, are some of the examples of usual procedures.

4. Rules:- Like a procedure, a rule is a guide to action. But it does not

lay down any sequence of steps as in the case of a procedure. A rule tells us whether a definite action will be taken or will not be taken in case of a given situation. Examples of rules are:

(i) Customer's complaint must be replied within one day (under customer satisfaction policy),

(ii) No smoking in the factory (under safety policy). Thus, a rule is prescribed course of action or conduct that must be followed. As such, a rule does not leave any scope for discretion on the part of the subordinates. Rules are definite and rigid because there must be no deviation from the stated action, except in very exceptional cases.

5. Strategy:- Strategy is a pattern or plan that involves matching organisation competences (i.e. internal resources and skills) with the opportunities and risks created by environmental change, in ways that will be both effective and efficient over the time such resources will be deployed. Effective formal strategies contain three elements:

(i) The most important goals,

(ii) The most significant policies,

(iii) The major programmes. Strategy deals with unpredictable and unknowable. It is developed around a few key concepts and thrusts. A well-formulated strategy helps to marshal and allocate and organisation's resources into a unique and viable posture in relation to the strengths and weaknesses of the organisation, the anticipated changes in the

environment and the contingent moves of the opponents. Generally when we talk of organizational strategy, it refers to organisation's top level strategy. However, strategies exist at other levels also.

6. Programmes:- A programme lays down the principal steps for accomplishing a mission and sets an approximate time for carrying out each step. George Terry says, A programme can be defined as a comprehensive plan that includes future use of different resources in an integrated pattern and establishes a sequence of required actions and time schedules for each in order to achieve stated objectives. Programmes outline the actions to be taken by whom and where. A programme is made up of objectives, policies, procedures, task assignment, budgets, schedules etc. Examples of programmes are, building programme, expansion programme, moral improvement programme, acquisition of the new line of business programme, training programme, development of a new product programme, advertising programme and so on. Programmes may be major or minor, primary or derivative and long-term, medium term or short term

7. Projects:- Often a single step in a programme is set up as a project. In fact a project is simply a cluster of activities that is relatively separate and clear cut. Thus, projects have some features of a programme but are usually parts of some programmes. Building a hospital, designing a new package, building a new plant, are some examples of projects. The chief virtue of a project lies in identifying a nice, neat work package within a

bewildering array of objectives, alternatives and activities.

8. Budgets:- A budget is a statement or a plan of expected results expressed in numerical terms, such as man hours, units of production, machine hours, amount of expenditure or any other quantitatively measurable term. Then it may be expressed in time, money, materials or other quantitative units. Budget is prepared prior to a definite period of time of the policy to be pursued during that period for a purpose of a given objective. It introduces the idea of definiteness in planning. A budget is an important control device also because it provides standards against which actual performance may be measured. Examples of budgets are, production budget, sales budget, material budget, cash budget, capital expenditure budget, expenses budget and so on.

9. Schedules:- A schedule is an operational plan, timetable of work that specified time_periods (with beginning and completion time points) within which activity or activities are to be accomplished. In order to keep the schedule realistic and flexible, minimum and maximum time-periods may be specified. Three main elements are involved in planning a schedules,

(i) Identification of activities or tasks,

(ii) Determination of their sequence,

(iii) Specification of starting and finishing dates for each activity as well as for the sequence as a whole. Scheduling is the process of establishing

a time sequence for the work to be done. Schedules translate programmes into actions. Scheduling is necessary in all organisations with a view to providing for an even flow of operations and to ensure completing of each task at the right time. While planning schedule, the availability of resources, processing time and the delivery commitments should be kept in view. Due allowance should be made for delays created by factors beyond the control of management as well as for non-productive time.

10. Forecasts:-Planning presupposes forecasting as the former is defined as deciding what is to be done in future. Henri Fayol has described a plan as the synthesis of various forecasts - annual, long-term, short-term, special etc. The targets cannot be fixed with any degree of precision unless forecasts are made. Forecasts are estimates of future events, providing parameters to planning. Forecasts do not involve any kind of commitment of organizational resources. Planning without forecasts is not possible. In fact, forecasts are predictions or estimates of the changes in the environment, which may effect the business plans. A manager has to make forecasts keeping in view the planning premises. There are various types of forecasts, such as economic, technological, political, social and so on. However, sales forecast is the basis of most planning.