

# Chapter 5: PLANNING

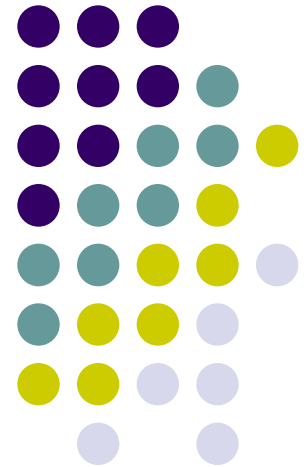
*Week 9<sup>th</sup> November 2009*

*Introduction To Management*

ND/BNF/29,30

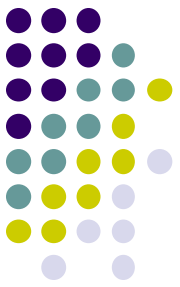
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# Lecture Outline

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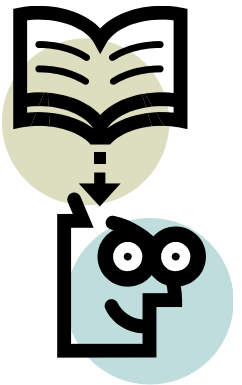
- Definition
- Purposes
- Importance of Planning at Different Management Levels:  
Top, Middle and Bottom Level
- Types of Plans: Standing & Single-use
- The Planning Process
- Characteristics of an Effective Planning
- Advantages & Limitation of Planning

# DEFINITION



What is Planning?

- The process of setting goals and choosing the means to achieve those goals.



# PURPOSES

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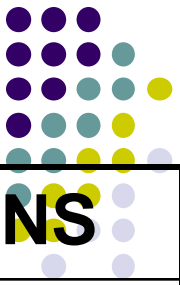
- 1) To set organization's goals or objectives and coordinate the organization's activities towards the achievement of these objectives.
- 2) For rationality and order.
- 3) Planning permits a manager to act with initiative and to create situations to the organization's advantage.
- 4) Planning helps managers to shift their attention from the day-to-day working basis to long-term goals of survival and growth.
- 5) Planning offsets the uncertainties of the future to some extent by requiring the managers to think ahead.

# The Importance of Planning at Different Management Levels



Top Level Management	Middle & Bottom Level Management
<p>Higher level plans are called <b><u>strategic planning</u></b>. The planning process is based on long-term planning.</p>	<p>Lower level plans are also called <b><u>administrative/tactical planning</u></b>. The planning process is based on medium-term and/or short term planning.</p>
<p>Managers spend more time and effort in strategic planning because it affects the survival and growth of the organization.</p>	<p>Managers at lower levels spend more time in executing high-levels plans and rebuilding the plan towards the lower level plans for business operation usage.</p>
<p>The strategic planning must be formulated by top level managers in relation to the external environment.</p>	<p>Bottom level managers must reflect their plans in relation to the strategic plans &amp; based their planning to a more basis and structured working surroundings.</p>
<p>Errors/mistakes in the making of strategic planning may be fatal because organization resources are committed in the execution of plans.</p>	<p>Errors will only result in wasteful expenditure but are seldom fatal as only some organization's resources are committed.</p>

# TYPES OF PLANS



## STANDING PLANS

## SINGLE-USE PLANS

### 1) Policies

- Guidelines to the creation of decision-making.
- Defend the boundaries within which decisions towards the accomplishment of objectives.

### 1) Budgets

- Financial and/or quantitative plan of action for a specific future period.
- Every year the plan changes. When the plan expires, it need to be replaced with a new budget plan.

### 2) Procedures

- Procedures needed when the organization wishes to achieve a high degree of regularity and uniformity in attending a recurring event.
- It provides a narrower and more specific guide to activity.

### 2) Program and Projects

- They are the type of plans that are developed under the umbrella of organization's goals.

### 3) Rules

- Specific statements of what may or may not be done.
- They clearly outline the boundaries of acceptable behaviour.

# PLANNING PROCESS

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- 1) Evolving the master strategy for entire organization.
- 2) Delivering organization wide objectives from above strategy.
- 3) Formulating policy, procedures and programmes for long and short term planning.
- 4) Creating databank for various variables which had affected plans.
- 5) Generating alternatives to realize organization's objectives.
- 6) Selecting the best alternatives to formulate an effective plan.
- 7) Communicating the plan at all levels in the organization.
- 8) Periodic review of the planning process and give rooms for plan modification and improvement.

# CHARACTERISTICS OF AN EFFECTIVE PLANNING



- Plans must be derived from organization's objectives
- Plans must be consistent with the organization's strategy
- Plans must have a time frame
- Plans must be understandable to those responsible for implementation.
- Plans must be based on realistic targets.
- Setting up of plans must involve participations from all members in the organization.
- Plans must be flexible and capable of being changed in the light of different situation.



# ADVANTAGES OF PLANNING



- Planning enables a purposeful and orderly set of activities instead of random action
- It provides a blue-print for coordinating effort and to reduce risk and uncertainties in the future.
- Planning process forces manager to think ahead instead of doing daily routine work.
- The planning process force managers to quantify its objectives.
- Planning ensures a proper utilization of resources, thus, minimizing the wastage of resources.
- Plans act as a bench-mark, or reference points or standards against the actual progress to which is used for comparing.
- Planning is the starting point of other managerial functions (organizing, coordinating & controlling).

# LIMITATIONS OF PLANNING

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- Plans deal with the future where no one can really predict accurately. Thus, plans must be viewed in this light of limitation.
- The planning process may delay action even when immediate action is desired.
- The planning cost may be high-priced and unnecessary.