Unit 1

Introduction to Management

Definitions of Management

- Management is an art of getting things done though people – Mary Parker Follet
- To manage is to forecast and plan, to organize, to command, to co-ordinate and to Control – Henry Fayol
- Management is the art of knowing exactly what you want your men to do and then seeing that they do it in the best and the cheapest way. – F.W Taylor
- Management is the creation and maintenance of an internal environment in an enterprise where individuals working in groups can perform efficiently and effectively towards the attainment of group goals, it is an art of getting the work done through and with people in formally organized groups – Koontz and O Donnel

Nature of Management

- **It is a Universal Activity:** Management is relevant in every sphere of activity. It is relevant in army, government, private household work etc. the work can be done in a more systematic manner with the application of the techniques of management. The material and human resources can be effectively handled and the goal can be attained with maximum efficiently.
- **It is goal oriented:** Management focuses attention on the attainment of specific objectives. For Ex. a business may aim for a particular level of sales. This can be achieved by proper forecast of sales by planning production by fixing the targets.
- **It is an Intellectual activity:** the practice of management requires application of mind and intelligence. Every work needs to be properly planned and Execute work has to be assigned to different Individuals and responsible have to be fixed on them. Ex. in a manufacturing unit production finance and marketing are the important activities performed. It has to work in proper co-ordination with the other departments. Then only objectives of the firm can be achieved.
- **It is a process:** it is process consisting of various stages/ functions. Planning is the starting point of management and control is its last stage.
- **Management is both art and science:** the practice of science needs knowledge of theory and formulae. But the practice of art requires skill management is social science. It focuses attention on the behavior of individuals and groups. The theoretical knowledge may not help always that time they require skill. Ex. if the workers in a factory demand more pay and threaten to go on strike if their demand is not considered. Here the skill of the manager will help to avert the strike then it's theoretical.
- **It is a social process:** management deals with the behavior of individuals and groups. In a work place individuals work as a team. The behavior of an individual is bound to be different while he is part of a group Eg.: an individual worker may be forced to join a strike program because of the union.

- **It is an on going activity:** it is a continuous process planning, organizing etc have unlimited use. Management will exist as long as there are human activities.
- **It is intangible:** it is invisible cannot be seen. But it can be felt.
- **Management is a Profession:** like medical, law and engineering, management has also come to be recognized as a profession.

Importance of Management

- **Achievement of Group Goals:** Management enables an enterprise to achieve its desired objectives through proper planning and control. It decides what should be done and how. It lays down the long term and short term goals keeping in mind the resources of the enterprise.
- **Optimum utilization of resources:** Materials, machines and money are the physical factors of production. The efficient use of these resources depends upon the efficiency and motivation of workers. Management makes the workers efficient and motivate through training, supervision and inspiring leadership. Managers guide and motivate workers towards best performance
- **Fulfillment of social obligations:** Sound management monitors the environment of business and makes necessary changes in business policies and practices. So as to keep the customers and workers satisfied.
- **Stability of Management** it ensures the survival of an organization in a fast changing environment. It coordinates the activities of different departments in an organization and monitors team spirit amongst the personnel.
- **Human development** Management improves the personality and caliber of people to raise their efficiency and productivity. A good manager serves as a friend and guide to his subordinates. He provides vision and confidence.
- **Meets the challenge of change:** Managers maintain a dynamic equilibrium b/w and enterprise and its development through innovation and creativity.
- **Integrate various interests:** Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organization
- **Coordination and team spirit:** All the activities of business are grouped into department wise; management coordinates the activities of different departments and establishes team spirit to achieve the objectives.

Scope of Management

Clearly defined responsibilities, concepts, theories and principles related to managerial functions define the scope of management. Let's look at the various aspects of this.

1. **Financial Management**

- Every enterprise prioritizes financial management because finances can get extremely tricky if not managed properly. Effective financial management ensures there are fair returns to stakeholders, proper estimation of capital requirements and laying down optimal capital. It includes preparation and examination of financial statements, creating proper dividend policies and negotiations with external stakeholders.

2. **Marketing Management**

- The scope of management in marketing extends to planning, organizing, directing and controlling activities in the marketing department. Identifying customer requirements is crucial for providing business solutions. When a manager is fully aware of the benefits of the products and/or services the organization provides, they achieve better results. Marketing management ensures that available resources are properly utilized and the best possible outcomes are achieved.

3. **Personnel Management**

- Personnel management—as the name suggests—deals with personnel or individuals in a business environment. It includes the recruitment, transfer, termination, welfare and social security of employees. This aspect of management is extremely important as employees form teams and teams drive an organization's goals. Individual productivity also contributes to overall efficiency. Without attending to employee needs and wants, an organization is likely to struggle.

4. **Production Management:**

- This type of management refers to the process of creating utilities. When you convert raw materials to finished products and oversee the planning and regulation, you're engaging in production management. Without production, there isn't any finished good or service and without it, organizations can't generate interest or profits. The final product must fulfill customer requirements. The process includes quality control, research and development, plan layout and simplification.

5. **Office Management:**

- This includes controlling and coordinating all office activities to achieve an organization's goals and targets. For example, an administration's efficiency impacts a business significantly. The more organized the departments and responsibilities are, the more effective an organization is.

Roles of a Manager

Mintzberg has identified ten roles of a manager which are grouped into three categories.

1. Interpersonal Roles

a) Figure head : Manager performs symbolic duties required by the status of his office, making speeches, bestowing honors, welcoming official visitors; distributing gifts to retiring employees are Examples of such ceremonial and social duties

b) Leader : The manager relationship with his own subordinates. The manager sets an Example legitimizes the power of subordinates and brings their needs in accord with those of his organization.

c) Liaison: It describes a manager's relationship with the outsiders Eg. Government, industry groups.

2. Information Roles

a) Monitor: Seeks and collects information to obtain thorough understanding of organization and environment Eg. Reading periodicals

b) Disseminator: Transmits information received from outsiders or insiders to other organization members Eg. forwarding mail.

c) Spokes man: Transmits information to outsiders on organization plans, Policies, actions Eg. board meetings , handling mail.

3. Decisional roles

a) Entrepreneur: an initiate change adapting to the environment and supervises Design of organization. Improvement projects as opportunities arise. Prepare strategies

b) Disturbance handler: Responsible for corrective action when organization faces unexpected crisis.

c) Resources allocator: responsible for allocation of human monetary and materials resources Eg. scheduling , requests.

d) Negotiator: Responsible for representing the organization in bargaining and negotiations with others.

Skills of Management

1. Technical Skills

2. Human Skills

3. Conceptual Skills

1. **Technical Skills:** Technical skill is an imperative skill for managers at the lower level of management. These people who guide and supervise work of operators under their subordination. E.g. Production manager must know the type of raw materials to be used, the proportion the production process and the knowledge of handling the various machines.

2. **2. Human skills:** The ability to tactfully deal with human beings and mould their behavior at work in the desired manner to help attain the common objectives of the enterprises most effectively and efficiently. It requires an understanding of human behavior and it is necessary for motivating people.

3. **3. Conceptual Skills:** It is concerned with concepts or ideas. Conceptual means ability to view the enterprise as whole in totality. To analyze the implications of relevant external environmental factors economic, social, political, technological etc. for the successful functioning of the enterprise.

Management as an Art as well as Science

Management as a Science

1. Science is a systematized body of knowledge pertaining to a particular field of inquiry.

2. It contains underlying principles and theories developed through continuous observations experimentation and research

3. The principles have universal applicability they can be applied with logic.

4. The organized body of knowledge can be taught and learnt in the classroom and outside, physics, mathematics etc are examples It is a science because the principles and theories are now available in every area of management.

Management as an Art:

Art involves the practical application of personal skills and knowledge to achieve concrete results. Art is a personalized process and every artist has his own style. Art is creative and success of an artist is measured by the results he achieves. Art is practice based over a long period of time Eg. A carpenter making furniture out of wood, goldsmith shaping gold into ornaments are Examples. Management is an art because

1. A Manager applies his knowledge and skills to co-ordinate the efforts of his people like any other artist

2. Management seeks to achieve concrete results Eg. profits, growth, social service etc in a given situation.

3. Every manager adopts his own approach towards problems depending upon his perception and the environmental conditions.

4. Management requires a sufficiently long period of Experience in managing. The managerial art can be refined through continuous practice.

Manager Vs Administrator

Management and Administration have different meanings according to their functions and usages

Manager: Involves conceiving, initiating, bringing together the various element, activating, coordinating and integrating the diverse organizational components and relationships while sustaining the viability of organization towards the attainment of predetermined goals. Management is responsible for the creation, growth and survival of organizations. It integrate people, resources, techniques and purposes into profitable organization systems.

Administrator: The term administration is mostly used in relation to government agencies. In business, the term administration refers to the activities of the higher level of management. Administration is more concerned with determinative functions, while management is predominantly an executive function. Administration lays down the basics goals and policies of the enterprise. Management tries to obtain results through the help of other people. Sometime, both the function of administration and management may be done by the same persons.

Difference between administration & management

Sr. No.	Basis of difference	Administration	Management
1	Level in organization	Top level	Middle & lower
2	Major focus	Policy formulation & objective determination	Policy execution for objective achievement
3	Nature of functions	Determinative	Executive
4	Scope of functions	Broad & conceptual	Narrow & operational
5	Factors affecting decisions	Mostly external	Mostly internal
6	Employer-employee	Entrepreneurs	Employees

Evolution of Management

The evolution of management thought has progressed through distinct phases, from early, informal practices to modern, data-driven approaches.

Key stages include: Classical Management, Behavioral Management, Modern Management, and Contemporary Management.

Each era built upon the previous one, adapting to changing business environments and incorporating new perspectives on human behavior and organizational dynamics.

Key Stages in the Evolution of Management:

1. Classical Management (1880s-1930s):

This era focused on efficiency, standardization, and hierarchical structures.

- Scientific Management (Frederick Taylor): Emphasized optimizing work processes through scientific methods to improve productivity.
- Administrative Management (Henri Fayol): Focused on the overall management structure and identified 14 principles of management applicable to all organizations.

2. Behavioral Management (1930s-1950s):

This era shifted focus to the human element in organizations, recognizing the importance of employee motivation, relationships, and social needs.

- Human Relations Movement: Highlighted the impact of interpersonal relationships, communication, and job satisfaction on productivity.
- Hawthorne Studies: Demonstrated the influence of social and psychological factors on worker behavior and performance.
- Theory X and Theory Y (Douglas McGregor): Proposed contrasting views of human nature, influencing management styles.

3. Modern Management (1950s-Present):

This era introduced systems thinking, contingency approaches, and quantitative analysis to management.

- Systems Approach: Viewed organizations as interconnected systems with various components working together.
- Contingency Approach: Emphasized that there is no single best way to manage and that the most effective approach depends on the specific situation.
- Quantitative Approach: Utilized mathematical models and statistical analysis to improve decision-making.

4. Contemporary Management (Present Day):

This era is characterized by data-driven decision-making, agile methodologies, and a focus on adaptability and innovation.

- Data-Driven Decision-Making: Utilizing data analytics to inform strategic choices and operational improvements.
- Agile Methodologies: Employing flexible and iterative approaches to project management and product development.
- Adaptability and Innovation: Focusing on building organizations that can quickly respond to changing market conditions and technological advancements.

Human Relations

Human relations in management focuses on the social and psychological aspects of employees to improve productivity and motivation

Principles and Concepts:

1) Employee Well-being:

- Human relations theory recognizes that employees have social and psychological needs beyond just financial compensation.

2) Positive Work Environment:

- Creating a workplace where employees feel valued, respected, and supported is crucial.

3) Communication:

- Open and honest communication is vital for building trust, resolving conflicts, and ensuring everyone is on the same page.

4) Participation:

- Involving employees in decision-making processes increases their sense of ownership and commitment.

5) Teamwork and Collaboration:

- Encouraging teamwork and collaboration fosters a sense of belonging and shared purpose.

6) Motivation:

- Understanding individual differences and tailoring motivational strategies to meet diverse needs is important.

7) Recognition and Appreciation:

- Acknowledging and appreciating employees' contributions is essential for boosting morale and motivation.

8) Conflict Resolution:

- Addressing conflicts(Argument/Fight) constructively is vital for maintaining a positive and productive work environment**.**

Benefits of Human Relations Approach:

1) Increased Productivity:

- When employees feel valued and motivated, they are more likely to be productive.

2) Reduced Turnover:

- A positive work environment and strong employee relations can lead to lower employee turnover rates.

3) Improved Morale:

- When employees feel their needs are being met, their morale and job satisfaction tend to increase.

4) Enhanced Creativity and Innovation:

- Open communication and collaboration can foster a more creative and innovative work environment.

Levels of Management

A) Top Level Management: Top level management derives its powers and authority directly from the owners of the enterprise. They are Board of Directors, Chairman, Managing Directors, CEO etc.

- **Functions**

1. They are setting out the fundamental objectives of the enterprises.
2. They frame major policies for the business.
3. They design the strategies for the attainment of organizational objectives.
4. They appoint key managerial personnel for the middle management.
5. Develop master plans in areas of finance, human resource, technology, marketing and other functions of organization.
6. To represent the business outside, particularly in discussing business problems with the Government trade association and so on.

B) Middle Level Management: they are departmental managers (Head of Department) like Production managers, Marketing managers, Personnel managers, Finance manager, Regional manager and other managers.

- **Functions:**

1. They play the role of a linking pin between top level management and the lower level management.
2. They explain the objectives, strategies, policies laid down by the top level management to the low level management.
3. Communicates the problems, suggestions and view points of the lower management to the top management.
4. They prepare the departmental plans.
5. They submit reports on the performance at various departments to the top management.
6. They offer suggestions and recommendations to the top management for the betterment of overall management of the enterprise.

C) Lower Level of Management: It is called as operating level management or supervisory level. This is the level where actual operational work for the enterprise in the areas of production, finance, marketing, personnel, etc is performed by workers. This level of management consists of manger like supervisors, the foreman, the sales officers the accountants the sectional officers.

Functions:

1. They do day to day operational planning in view of the instructions given by the middle level management.
2. They provide necessary instructions to operators for the best performance of their assigned jobs.
3. They supervise the work of operators to ensure that their performance is in accordance with the standards laid down in plans.
4. They submit reports on the performance of operating staffs to the middle management.
5. They operate as a channel of communication between the middle management and the operators.
6. The problems, suggestions and recommendations of operators are informed by them to the middle management.

Functions of Management

- **Planning:** Planning means forecasting or predicting the future activity in a specific manner or structure. It is the basic function and essential for all the organization.
- **Organizing:** It is collection or joining of all the resources available within the organization and outside, in order to achieve the organizational goal with efficiency.

- **Staffing:** It involves appointing the right man for the right job at the right time. The management is to analyze the human resource, see if he is suitable for the job and accordingly allocate the work in the organization.
- **Directing:** It is showing the correct path or correct way to achieve the organizational goal within the stipulated time.
- **Controlling:** Controlling as a function involves regulating the person or examining the person whether he is working in the right way or not. In order to achieve the common goal as efficient as possible.
- **Coordinating:** It is a type of support function. It involves accumulating the work to achieve the task.
- **Budgeting:** It means allocation of the resources. It involves financial planning for the future activities.
- **Reporting:** It is a statement showing the various activities to the top management. It shows the status of the work done.

Process of Management

- A process is a set of activities that are ongoing and interrelated.
- The management process consists of four primary functions that managers must perform: planning, organizing, leading, and controlling.
- It will continue through each step until organizational goals are achieved because it is not possible to plan for every problem the organization will face.
- As the management process proceeds, changes and modifications are made when unforeseen events arise. Managers make sure the necessary changes are implemented and that the unity and integrity of the entire process is maintained.

- **Planning:** Planning means defining performance goals for the organization and determining what actions and resources are needed to achieve the goals. Through planning, management defines what the future of the organization should be and how to get there. Strategic plans are long-term and affect the entire organization. A strategic plan bridges the gap between what an organization is and what it will become. Tactical plans translate strategic plans into specific actions that need to be implemented by departments throughout the organization. The tactical plan defines what has to be done, who will do it, and the resources needed to do it.
- **Organizing:** Once plans are made, decisions must be made about how to best implement the plans. The organizing function involves deciding how the organization will be structured (by departments, matrix teams, job responsibilities, etc.). Organizing involves assigning authority and responsibility to various departments, allocating resources across the organization, and defining how the activities of groups and individuals will be coordinated.

- **Leading/Directing**: Nearly everything that is accomplished in an organization is done by people. The best planning and organizing will not be effective if the people in the organization are not willing to support the plan. Leaders use knowledge, character, and charisma to generate enthusiasm and inspire effort to achieve goals. Managers must also lead by communicating goals throughout the organization, by building commitment to a common vision, by creating shared values and culture, and by encouraging high performance. Managers can use the power of reward and punishment to make people support plans and goals. Leaders inspire people to support plans, creating belief and commitment.
- **Controlling:** There is a well-known military saying that says no battle plan survives contact with the enemy. This implies that planning is necessary for making preparations, but when it's time to implement the plan, everything will not go as planned. Unexpected things will happen. Observing and responding to what actually happens is called controlling. Controlling is the process of monitoring activities, measuring performance, comparing results to objectives, and making modifications and corrections when needed.

Unit-2

Planning

Concept of Planning

Planning may be defined as deciding in advance what is to be done in future. It is the process of thinking before doing. It involves determination of goals as well as the activities required to be undertaken to achieve the goals.

Planning is a detailed programme regarding future courses of action. It is rightly said WELL PLAN IS HALF DONE.

Nature of Planning

Nature of planning is

1) **Planning is goal oriented:** Planning is that which help to achieve the goals. Thus planning is purposeful, planning has no meaning unless it contributes to the achievement of predetermined organizational goals.
2) **Planning is a primary function:** Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of plans drawn. Thus planning precedes other functions.
3) **Planning is Pervasive:** Planning is required at all levels of management as well as in all departments of the organization. It is neither an exclusive function of top management nor of any particular department.
4) **Planning is Flexible:** Plans are drawn on the basis of forecasts. Since the future is uncertain, planning must cope with changes in future conditions.
5) **Planning is Continuous:** Plans are prepared for a specific period of time, may be for a month, a quarter, a year. At the end of that period there is need for a new plan to be drawn on basis of new requirements and future conditions.
6) **Planning is futuristic:** planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organization.
7) **Planning involves choice:** planning essentially involves choice from among various alternatives and activities. If there is one possible goal or only one 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.
8) **Planning is a mental exercise**: Planning requires application of the mind involving foresights, intelligent imagination and sound judgment. It is basically an intellectual activity of thinking rather than doing, because planning determines the actions to be taken.

Purpose of Planning

- The planning helps people in concentrating their efforts on the most important jobs rather than wasting time on the lesser important work.
- The purpose of planning is also to minimize the cost of performance and eliminate unproductive efforts.
- Every plan should be linked with some objectives. The planning done by managers is aimed at achieving the organizational goals.
- It also helps the management in adopting and adjusting according to the changes that take place in the environment.
- Planning also provides a basis for teamwork as when the goals are properly defined assignments can be fixed and all the members can start contributing in the achievement of these objectives.
- Planning gives a sense of direction and ensured that efforts are being put to useful purpose instead of being wasted. Planning also facilitate control because without planning there will be nothing to control.

Planning Process (Steps Involved In Planning / Stages Involved In Planning)

1. **Identifying business opportunities**: it is necessary to make an analysis of both the internal and external environment to know the trends in the near future. Business activities are influenced by internal as well as external factors, regulations, technological changes, competition etc. the businessmen therefore have to look for opportunities always by observing the business environment.

2. **Establishment of objectives**: planning process is to establish the organization objectives in tune with the opportunities identified, taking into account the resources available. The overall objective of the organization must be stated along the specific objectives of departments

3. **Determination of Planning Premises**: planning premises are the assumptions about the future happenings. As planning is for future and future is uncertain, certain assumptions about the future become necessary Eg. Employee attitude, technology uses, managerial decisions making process etc. are some of the factors influencing the internal environment of business. The external environment is like demand, buyer behavior, competitor's action, government regulations, supplier's actions.

4. **Identifying the alternative course of action**: there are always alternative ways of carrying out any task just as here are different routes to reach a destination point. To attain the objective of a business different course of action may be available. Eg. To maximize profits any of the following method used.

1. large scale production

2. curtailing the cost of production and distribution

3. maximizing sales

4. Increasing the market share and so on.

5. **Evaluating alternative courses of action**: once the alternative courses of action are identified, the next step is to evaluate the same. Evaluating means studying the merits and demerits of each alternative should be examined carefully to decide on its suitability.

6. **Selecting the best course of action**: once the alternative course of action has been evaluated the next step is to select the best. The one finally selected should help the organization in making an optimum use of the available resources and help to attain the objective.

7. **Formulation of derivative plans**: after the basic plan of the organization has been determined the next step is to prepare the subsidiary plans to support the basic plan.

8. **Periodic evaluation and review**: once the implementation of the plan starts it becomes necessary to evaluate performance of periodic intervals to ensure that the activities of the originations precede in the right direction and as laid down in the plan.

Types of Planning

- **Operational Plan**: Operational plans are the plans which are formulated by the lower level management for 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.
- **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 to achieve the strategic goals. The tactical plan is also known as coordinative or functional plan.
- **Strategic Plan**: a Strategic plan is a plan which is formulated by the top level management for a long period of five years or more. They decide the major goals and policies to achieve the 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, mission, and control system to implement plans.

By managerial level:

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

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

By time:

- **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.
- **Intermediate Plan:** Intermediate planning covers six months to 2 years. It outlines how the strategic plan will be pursued. In business, intermediate plans are most often used for campaigns.
- **Short-term Plan:** Short-term plan involves pans for a few weeks or at most a year. It allocates resources for the day-to-day business development and management of the strategic plan. Short-term plans outline objectives necessary to meet intermediate plans and the strategic planning process.

By use:

- **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.
- **Standing Plan:** These plans are formulated once, and they are repeatedly used. These plans continuously guide the managers. That is why it is said that a standing plan is a standing guide to solving the problems. These plans include mission, policies, objective, rules and strategy.

Objectives of Planning

- **Define Clear Goals and Objectives:** Planning helps set clear, specific, and achievable goals for an organization, department, or project. It provides direction and ensures that everyone involved understands the desired outcomes.
- **Efficient Resource Allocation:** Planning ensures that resources (such as time, money, personnel, and materials) are allocated efficiently and effectively to achieve the desired goals.
- **Minimize Uncertainty and Risk:** By forecasting potential challenges and preparing for them, planning helps organizations reduce uncertainty and mitigate risks. Contingency plans can be developed for unexpected events.
- **Provide Coordination and Integration:** Planning integrates the efforts of different departments or teams within an organization, ensuring that everyone works toward common goals in a coordinated manner.
- **Improve Decision-Making:** Planning provides a framework for better decision-making by outlining objectives, priorities, and courses of action. It ensures that decisions are consistent with the organization's overall strategy.

- **Ensure Flexibility and Adaptability:** Effective planning takes into account the dynamic nature of business environments, allowing organizations to be flexible and adaptive to changes.
- **Facilitate Control and Performance Measurement:** Planning sets benchmarks and standards that can be used to monitor progress, assess performance, and make adjustments as necessary.
- **Promote Innovation and Creativity:** Planning encourages organizations to think ahead and explore new opportunities, fostering innovation and creative problem-solving.
- **Motivate and Engage Employees:** A well-communicated plan can motivate employees by providing a sense of direction, purpose, and understanding of how their roles contribute to overall goals.
- **Ensure Sustainability and Long-Term Success:** Planning ensures that an organization remains sustainable and competitive over the long term by preparing for future challenges and opportunities

Setting objectives in planning:

Setting objectives is a crucial first step in the planning process, defining what an organization aims to achieve. It involves establishing clear, measurable, and achievable goals that guide decision-making and resource allocation. Objectives should be specific, time-bound, and aligned with the overall organizational strategy.

1. Defining Objectives:

- Objectives are the desired outcomes that an organization strives to achieve.
- They should be clearly articulated and specific, leaving no room for ambiguity.
- Objectives should be measurable, allowing for tracking progress and evaluating success.
- They should also be achievable, realistic, and time-bound, using the SMART framework, according to resources on goal setting.

2. Breaking Down Objectives:

- High-level organizational objectives are often broken down into departmental and individual objectives.
- This ensures that everyone understands their contribution to the overall goals.
- For example, a company might set a high-level objective of increasing market share, which would then be translated into specific objectives for sales, marketing, and product development.

3. Aligning Objectives:

- Objectives should be aligned with the overall organizational strategy and vision.
- This ensures that all efforts are focused on achieving the same goals.
- Alignment also helps in resource allocation and decision-making.

4. Monitoring and Evaluation:

- Regularly monitoring progress towards objectives is essential.
- This allows for adjustments to be made if necessary and ensures that the organization stays on track.
- Evaluation helps to assess the effectiveness of the chosen objectives and strategies.

5. Key Considerations:

- **Think about the results**: Focus on the desired outcomes rather than the specific actions required.
- **Make them clear**: Ensure objectives are easy to understand and communicate.
- **Set realistic timescales**: Give yourself enough time to achieve the objectives.
- **Get buy-in**: Involve relevant stakeholders in the objective-setting process.
- **Be prepared to adapt**: Objectives may need to be adjusted as circumstances change.

Policies of Planning

Planning policies are the guiding principles and frameworks that inform and shape the planning process, ensuring it aligns with broader goals and objectives. They provide a consistent approach to decision-making and resource allocation, ensuring that planning efforts are effective and contribute to the overall strategic direction. These policies can encompass various aspects, including land use, infrastructure development, environmental protection, and social equity.

Aspects of Planning Policies:

1. Guiding Principles:

- Policies provide a framework for decision-making, ensuring that actions are consistent with broader goals and objectives.

2. Framework for Action:

- They outline the scope and boundaries within which planning decisions can be made, providing a consistent approach to resource allocation and project implementation.

3. Alignment with Objectives:

- Planning policies should be aligned with organizational objectives and strategic goals, ensuring that planning efforts contribute to overall success.

4. Flexibility and Adaptability:

- While providing direction, policies should also be flexible enough to adapt to changing circumstances and emerging needs.

5. Clarity and Communication:

- Policies should be clearly defined and communicated to all stakeholders, ensuring a shared understanding of expectations and responsibilities.

6. Consistency and Coordination:

- Policies should be consistent across different levels of planning and across various departments or units within an organization, ensuring a coordinated approach.

Types of Planning Policies:

1. Strategic Policies**:**

- These policies guide long-term planning efforts, setting the overall direction and priorities for the organization.

2. Operational Policies**:**

- These policies focus on day-to-day operations and implementation of plans, providing guidelines for specific tasks and activities.

3. Functional Policies**:**

- These policies relate to specific functional areas, such as sales, marketing, or human resources, providing guidance for decision-making within those areas.

4. Land Use Policies**:**

- These policies guide the development and use of land, including zoning regulations, infrastructure development, and environmental protection.

5. Public Policy**:**

- These policies address broader societal issues, such as public health, education, or social welfare, guiding the development and implementation of public programs and initiatives.

Importance of Planning Policies:

1. Improved Decision-Making:

- Policies provide a framework for decision-making, ensuring that decisions are aligned with broader goals and objectives.

2. Enhanced Efficiency and Effectiveness:

- By providing clear guidelines, policies help to streamline the planning process and improve the efficiency and effectiveness of planning efforts.

3. Reduced Risk and Uncertainty:

- Policies help to mitigate risks and uncertainties by providing a framework for anticipating and responding to potential challenges.

4. Improved Coordination and Integration:

- Policies promote coordination and integration across different levels and functional areas, ensuring that planning efforts are aligned and working towards common goals.

5 Increased Accountability:

- Policies help to establish clear lines of responsibility and accountability, ensuring that planning efforts are transparent and results-oriented.

What is Planning Premises?

- A planning premise is a **set of assumptions** that are derived from **forecasting the future**. It is a logical and systematic estimate of the future factors that can affect planning. Planning premises provide a background against which the estimated events take place. These are the events that affect planning. Establishing planning premises is a critical element in the planning phase, which ensures that all managers in the organization are in sync with each other. To explain planning premises, let us consider a few examples from business and government planning:
- In the budget, there is an announcement of even changes in the tax laws. These are known conditions on which planning is based.
- A competitor might enter the same market as yours with the same kind of product. This is an anticipated event; the possibility of that happening is not particular.

Importance of Planning Premises

- The premise of planning is the framework on which planning is based. Amid uncertainty surrounding business and management, it is these planning premises that imply not just assumptions about the future but also predictions.
- Without proper planning premises, the planning does not have a solid foundation. If panning premises change, the plans need to change as well. Here are the primary reasons for establishing planning premises:
- They help in **well-organised planning.**
- The **risk of uncertainty is reduced** considerably.
- There is a **reduction in the risk of flexibility**.
- Managers can do **effective coordination**.
- It also increases **profitability**

Types of Planning Premises

Internal and External Premises

- The premises which exist within the boundaries of the business are internal premises. Some of the internal premises are men, money, material, and methods. Your planning would be based on how competent is your workforce and how much money you have at your disposal.
- External premises are derived from the environment that surrounds the business. They are centered around the market like money market, product market, government policies, growth in population, etc.

Tangible and Intangible Premises

- Any premise which can be quantitatively measured is a tangible premise. These premises can be quantified in terms of time, money, and units of production.
- On the other hand, intangible premises cannot be quantified. Some of the intangible premises are public relations, business reputation, the morale of employees, etc.

Controllable, Semi-Controllable, and Uncontrollable Premises

- Those premises which can be controlled by the management to a large extent come under controllable premises. Management has a lot of control over their future commitments when it comes to material, machines, and money.
- The business can partially control some premises or assumptions about the future. These fall under semi-controllable premises. Few examples of such planning premises are trade union relations, product demand, etc.
- Those premises which can not be controlled by the management of an organization come under uncontrollable planning premises. Some examples are weather conditions, natural disasters, etc.

Constant and Variable Premises

- These premises which do not change irrespective of actions taken are constant premises like men, money, etc. These premises behave similarly under all circumstances.
- Based on the course of action taken, some premises change which is termed as Variable premises. These premises cannot be controlled or predicted, for example, the sales volume of a firm, union and management relations, etc.

Process of Planning Premises

- **Selecting the Premise** - Not all the factors in the environment affect the operations of the business. The management must list down those premises which directly influence the development of organisational plans.
- **Reviewing Limitations** - Several practical factors limit the abilities of an organisation to achieve its goals. Such limitations should be anticipated and provided for. A few examples of such limitations are power, labour, money, and material.
- **Developing Alternative Premises -** Since it is not possible to predict all the factors that can affect organisational planning, managers must develop a set of alternative premises. These premises are established based on separate assumptions of future events. The alternative plans are developed since premises keep changing, some change slowly and some fast.
- **Verifying Premises -** In an organization, there are different departments and planning happens at different levels as per the judgment of people in that department. All these premises are sent to the top management for their approval. The premises developed

by line managers and staff are more consistent with each other than those of the top executives.

- **Communicating Premises -** The premises developed through this process are then supported by budget and various programs. Then the premises are communicated to all those who are part of the planning process at different levels of business. Documents like ETOP (environmental threat and opportunity profile) contain planning premises.

Aspects of Planning Policies:

- **Guiding Principles:**

  Policies provide a framework for decision-making, ensuring that actions are consistent with broader goals and objectives.

- **Framework for Action:**

  They outline the scope and boundaries within which planning decisions can be made, providing a consistent approach to resource allocation and project implementation.

- **Alignment with Objectives:**

  Planning policies should be aligned with organizational objectives and strategic goals, ensuring that planning efforts contribute to overall success.

- **Flexibility and Adaptability:**

  While providing direction, policies should also be flexible enough to adapt to changing circumstances and emerging needs.

- **Clarity and Communication:**

  Policies should be clearly defined and communicated to all stakeholders, ensuring a shared understanding of expectations and responsibilities.

- **Consistency and Coordination:**
  Policies should be consistent across different levels of planning and across various departments or units within an organization, ensuring a coordinated approach.

Types of Planning Policies:

- **Strategic Policies:**

  These policies guide long-term planning efforts, setting the overall direction and priorities for the organization.

- **Operational Policies:**

  These policies focus on day-to-day operations and implementation of plans, providing guidelines for specific tasks and activities.

- **Functional Policies:**

  These policies relate to specific functional areas, such as sales, marketing, or human resources, providing guidance for decision-making within those areas.

- **Land Use Policies:**

  These policies guide the development and use of land, including zoning regulations, infrastructure development, and environmental protection.

- **Public Policy:**
  These policies address broader societal issues, such as public health, education, or social welfare, guiding the development and implementation of public programs and initiatives.

Importance of Planning Policies:

- **Improved Decision-Making:**

  Policies provide a framework for decision-making, ensuring that decisions are aligned with broader goals and objectives.

- **Enhanced Efficiency and Effectiveness:**

  By providing clear guidelines, policies help to streamline the planning process and improve the efficiency and effectiveness of planning efforts.

- **Reduced Risk and Uncertainty:**

  Policies help to mitigate risks and uncertainties by providing a framework for anticipating and responding to potential challenges.

- **Improved Coordination and Integration:**

  Policies promote coordination and integration across different levels and functional areas, ensuring that planning efforts are aligned and working towards common goals.

- **Increased Accountability:**
  Policies help to establish clear lines of responsibility and accountability, ensuring that planning efforts are transparent and results-oriented.

In essence, planning policies are crucial for effective and efficient planning. They provide a framework for decision-making, ensure alignment with broader goals, and promote coordination and integration across different levels of planning.

Planning Tool and Techniques:

Common Planning Tools:

- **Gantt Charts:** Visual timelines for tracking project progress and scheduling tasks.
- **Kanban Boards:** Visual systems for managing workflow and progress in a continuous flow.
- **Project Management Software:** Programs like Super works that help manage various aspects of a project.
- **Ansoff Matrix:** A framework for planning growth strategies by considering products and markets.
- **SWOT Analysis:** A technique for analyzing an organization's Strengths, Weaknesses, Opportunities, and Threats.

Common Planning Techniques

- **Forecasting:**

  Predicting future conditions or events using expert opinions (qualitative) or statistical analysis of historical data (quantitative).

- **Contingency Planning:**

  Preparing for unexpected situations by developing alternative courses of action.

- **Scenario Planning:**

  Identifying and creating plans for various future scenarios to increase flexibility and preparation.

- **Benchmarking:**

  Comparing an organization's performance with the best practices of other high-performing organizations.

- **Goal Setting:**

  The process of establishing clear objectives to guide the planning and execution of tasks.

- **Work Breakdown Structure (WBS):**

  Breaking down a project into smaller, manageable components and tasks.

- **Critical Path Method (CPM):**

  A technique for scheduling tasks and determining the critical path that defines the project's minimum duration.

- **Participatory Planning:**

  Involving stakeholders in the planning process to increase commitment and collaboration.

- **PEST Analysis:**

  A tool for scanning the external environment by examining Political, Economic, Social, and Technological factors.

- **PDCA Cycle:**
  A continuous improvement process (Plan, Do, Check, Act) to monitor and adjust plans.

Decision making steps and Process:

The decision-making process generally involves identifying the problem, gathering information, generating alternatives, evaluating options, making a choice, implementing the decision, and reviewing the results

1. Identify the Decision/Problem:

- Clearly define the decision that needs to be made or the problem that needs to be solved.
- Understand the context and desired outcome.

2. Gather Information:

- Collect relevant data and facts about the situation.
- Research potential solutions and their feasibility.

3. Identify Alternatives:

- Brainstorm and generate a range of possible solutions or actions.
- Consider different approaches and perspectives.

4. Weigh the Evidence:

- Analyze each alternative based on its potential impact, costs, and benefits.
- Evaluate the pros and cons of each option.

5. Choose Among Alternatives:

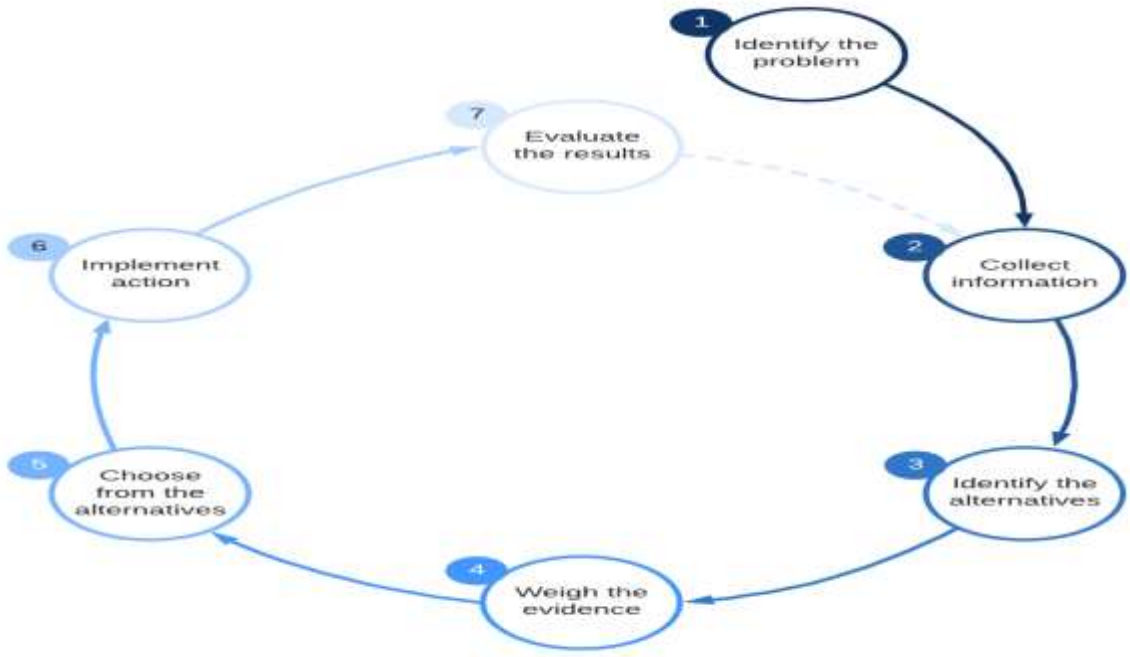
- Select the best course of action based on the evaluation.
- Consider the chosen option's alignment with goals and values.

6. Implement the Decision:

- Put the chosen solution into action.
- Develop a plan for implementation, including resource allocation and timelines.

7. Review the Decision:

- Evaluate the outcome of the decision after implementation.
- Assess whether the desired results were achieved.
- Identify lessons learned for future decision-making.



Setting objectives in planning:

Setting objectives is a crucial first step in the planning process, defining what an organization aims to achieve. It involves establishing clear, measurable, and achievable goals that guide decision-making and resource allocation. Objectives should be specific, time-bound, and aligned with the overall organizational strategy.

1. Defining Objectives:

- Objectives are the desired outcomes that an organization strives to achieve.
- They should be clearly articulated and specific, leaving no room for ambiguity.
- Objectives should be measurable, allowing for tracking progress and evaluating success.
- They should also be achievable, realistic, and time-bound, using the SMART framework, according to resources on goal setting.

2. Breaking Down Objectives:

- High-level organizational objectives are often broken down into departmental and individual objectives.
- This ensures that everyone understands their contribution to the overall goals.
- For example, a company might set a high-level objective of increasing market share, which would then be translated into specific objectives for sales, marketing, and product development.

3. Aligning Objectives:

- Objectives should be aligned with the overall organizational strategy and vision.
- This ensures that all efforts are focused on achieving the same goals.
- Alignment also helps in resource allocation and decision-making.

4. Monitoring and Evaluation:

- Regularly monitoring progress towards objectives is essential.
- This allows for adjustments to be made if necessary and ensures that the organization stays on track.
- Evaluation helps to assess the effectiveness of the chosen objectives and strategies.

5. Key Considerations:

- **Think about the results:** Focus on the desired outcomes rather than the specific actions required.
- **Make them clear:** Ensure objectives are easy to understand and communicate.
- **Set realistic timescales:** Give yourself enough time to achieve the objectives.
- **Get buy-in:** Involve relevant stakeholders in the objective-setting process.
- **Be prepared to adapt:** Objectives may need to be adjusted as circumstances change.