**CHAPTER - 4**

**PLANNING**

Q1.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the step in the planning process where other managerial functions also curve into the picture. (1)

(a) Evaluating alternative courses

(b) Selecting an alternative

(c) Implementing the plan

(d) Following action

Q2. Which of the following statements is false? (1)

(a) Planning reduces creativity

(b) Planning is economical

(c) Planning focuses on achieving objectives

(d) Planning is a mental exercise

Q3. \_\_\_\_\_\_\_\_\_\_ is a statement of expenses, revenue and income for a specified period. (1)

(a) Programme

(b) Budget

(c) Objective

(d) Rule

Q4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ will include the entire gamut of activities as well as the organisation's policy and how it will contribute to the overall business plan. (1)

(a) Policy

(b) Programme

(c) Budget

(d) Objectives

Q5. A \_\_\_\_\_\_\_\_\_\_\_ provides the broad contours of an organisation's contour. (1)

(a) Objective

(b) Strategy

(c) Policy

(d) Programme

Q6. A plan is framed, it is implemented , and is followed by another plan on the basis of new requirements and future conditions. Which of the following best describes the above statement? (1)

(a) Planning focuses on achieving a objective

(b) Planning is continuous

(c) Planning is futuristic

(d) Planning is a mental exercise

Q7. Rama Stationary Mart has made a decision to make all the payments by e-transfers only. The type of plan adopted by Rama Stationary Mart:

(a) Strategy

(b) Policy

(c) Rule

(d) Procedure

Q8. Which one of the following is a standing plan?

(a) Programme

(b) Budget

(c) Project

(d) Policy

Q9. How does planning provide direction? (3)

Q10. " Failing to plan is planning to fail." Comment. (3)

Q11.Why are rules considered to be plans? (3)

Q12. What are the main points in the definition of planning? (3)

Q13. What are the main features to be considered by the management while planning? (4)

Q14. Give the meaning of‘policy’ and‘strategy’ as type of plans. (4)

Q15. Give the meaning of **‘**Objective’ and ‘Procedure’ as types of plans. (4)

Q16. Nalini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide ‘health food’ at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analyzing various options for starting her business venture, they short listed the option to sell readymade and ‘ready to make’ vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short listed options.

1. Name the function of management being discussed above and give any one of its characteristics.
2. Also briefly discuss any three importance of the function discussed in the case. (4)

Q17. Two years ago, Radhika completed her degree in food technology. She worked for sometime in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same.  
One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Rohan as the Production Manager who decided the exact manner in which the production activities were to be carried out. Rohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Radhika informed Rohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and apron was announced.  
Quoting lines from the above paragraph, identify and explain the different types of plans discussed. (4)

Q18. Flipkart is an e-commerce company founded in the year 2007 by Sachin Bansal and Binny Bansal. The company is registered in Singapore, but has its headquarters in Bangaluru, India. The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and Search Engine Optimization. In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular ‘Cash on Delivery’ facility. All the products sold by the company under a particular category may have different return/replacement period. Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it. The company plans to spend about 75 crores on e-Commerce advertising in the year 2016. Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the website if it is brought to Flipkart’s notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents, etc. are not eligible to use the website.  
In context of the above case, identify and explain the different types of plans being used by Flipkart by quoting lines from the paragraph.

Q19. What are the steps taken by management in the planning process? (6)

Q20. Why is it that organisations are not always able to accomplish all their objectives? (6)

**Answers**

Ans 1. (c) Implementing the plan

Ans 2. (b) Planning is economical

Ans 3. (b) Budget

Ans 4. (b) Programme

Ans 5. (b) Strategy

Ans 6. (b) Planning is continuous

Ans 7. (b) Policy

Ans 8. (d) Policy

Ans 9. Planning is the process of creating a structure in advance regarding the work that needs to be done. It is helpful in defining the objectives and goals that need to be achieved by an individual or organisation. Objectives and goals provide managers with the right direction on the course of action that needs to be followed in order to achieve them. The plan also ensures that the thoughts have clarity and that the right action can be taken in the right direction, which will result in achieving the objectives. Planning helps in making each department know what exactly their functions are so work takes place in a coordinated manner in achieving the organisation’s common objective. If there is no planning, it will result in work being done haphazardly, which results in inefficiency. Therefore, planning ensures that the organisation’s desired goals are achieved smoothly.

Ans 10. "If you've failed to plan, then you've planned to fail". The following reasons vouch for this statement:  
(1)Planning provides direction: Planning provides direction by stating in advance what is to be done. It leads to unity of direction. If there were no plans, then the employees would've been working in directions and organisational goal could never be achieved.  
(2) Planning reduces the risk of uncertainties: Planning involves making assumptions and predictions regarding future on the basis of past experiences of managers. Accordingly, assets can be kept aside for meeting uncertainties associated with events such as loss by fire or accidents.  
(3) Planning establishes standards for controlling: Controlling refers to comparing actual performance with specified standards, finding out deviations (if any) and taking corrective measures. If there were no planned performance, then the manager would have no basis for comparison of actual performance.

Ans 11. Rules are set of standards or statements that help us understand what needs to be done. Rules can be considered as plans because of the similarity in their nature. A rule can be considered a simple type of plan. Planning is mostly involved with thinking and deciding about the action required for the future. Similar to these, rules are also statements that help in deciding if any action needs to be carried out or not. Rules can be rigid in nature and need to be followed. Not complying with the rules can result in disciplinary action that can be taken by the organisation.

Ans 12. The main points in the definition of planning are as follows  
(i) Planning is deciding in advance what to do and how to do.  
(ii) It is one of the basic managerial function.  
(iii) Planning involves setting objectives and developing an appropriate course of action to achieve these objectives.  
(iv) It bridges the gap between where we are and where we want to reach.

Ans 13. The main features to be considered by the management while planning are  
(i) It Focuses on Achieving Objectives - Planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.  
(ii) It is the Primary Function - Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other function.  
(iii) Planning is Pervasive - Planning is required at all levels of management as well as in all departments of the organisations. The top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.  
(iv) Planning is Continuous **-**  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 need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.

Ans 14. Policy: Policy are general statements that guide managerial decision making. If is determined by top level management. It is a general statement. It provides scope for managerial discretion. Policies are framed to achieve the objectives of an organisation. They all guides in implementing the strategy. It is a type of standing plan.

Strategy: A strategy is a comprehensive plan prepared for winning over the given challenge or problem. A strategy is based on the objectives of the organisation. A strategy may be determined by top level or middle level management.

Ans 15. Objectives: Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives. Objectives are based on the mission or philosophy of the organisation. Objectives are determined by top level management. For example, the objectives of a newly started business is to earn 30% profit on the amount invested in the first year.

Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities. It is determined by lower and middle level management. It is a specific statement. There is no scope for managerial discretion. Procedure is framed to implement a policy. It is a type of standing plan.

Ans 16. 1. Planning is the function of management which is being discussed above.  
Planning involves decision-making: Planning essentially involves application of rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.

2. Following is the importance of planning : (any three)

(i)Planning Provides DirectionsPlanning provides the directions to the efforts of employees. Planning makes clear what employees have to do, how to do etc.  
(ii) Planning Reduces the Risk UncertaintyPlanning helps the manager to face the uncertainty because planners try to force the future by making some assumptions. The plans are made to over come uncertainties.  
(iii) Planning Reduces Over Lapping and Wasteful Activities**-** Planning evaluates the alternatives uses of the available and prospective resources of the business and makes their must appropriate use.  
(iv) Planning Promotes Innovative Ideas- Planning requires high thinking and it is an intellectual process. So it makes the managers innovative and creative.  
(v) Planning Facilitates Decision Making**-** Planning helps the managers to look in to the future and make a choice from amongst various alternative courses of action.  
(vi) Planning Establishes Standards for Controlling**-** It has predetermined goal with which the actual performances are compared to find out deviation and suggest remedial measures.

Ans 17. The different types of plans discussed above are listed below:

1. Objectives: Objectives are the end results of the activities that-an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives.  
   “One of her objectives was to earn 10% profit on the amount invested in the first year.”
2. Policy: A policy is a set of general guidelines that helps in managerial decision making and action.  
   “It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.”
3. Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.  
   “She also decided to follow the steps required for marketing of the products through her own outlets.”  
   “The exact manner in which the production activities are to be carried out.”
4. Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Dont’s that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.  
   “While working on the production table, a penalty of 100 per day for not wearing caps, gloves and aprons was announced.”
5. Budget: A budget refes to a financial plan that is expressed in numerical terms.  
   “Mohan also prepared a statement showing the number of workers different products for the forthcoming quater.”

Ans 18. The different types of plans being used by Flipkart are listed below:

1. Objectives: Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives.  
   “The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and Search Engine Optimization.”
2. Strategy: A strategy is a comprehensive plan for achieving the objectives of the organisation. This comprehensive plan involves:
   * determining long term objectives
   * adopting a particular course of action
   * allocating resources necessary to achieve the objective.  
     “In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular ‘Cash On Delivery’ facility.”
3. Policy: A policy is a set of general guidelines that help in managerial decision making and action.  
   “All the products sold by the company under a particular category may have different return/replacement period.”
4. Method: A method refers to the prescribed ways or manner in which a task has to be performed considering the objective.  
   “Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery.”
5. Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.  
   “The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it.”
6. Budget: A budget refers to a financial plan that is expressed in -numerical terms.  
   “The company plans to spend about 75 crores on e-commerce advertising in the year 2016.”
7. Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.  
   “Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the Website if it is brought to Flipkart’s notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents etc. are not eligible to use the Website.”

Ans 19. The planning process involves the following steps  
(i) Establishing Objectives- The first step in planning is to determine objectives which must be realistic, specific and clear so as to specify what is to be accomplished by the network of policies, procedures, strategies etc.  
(ii) Developing Premises- They include assumptions or forecasts of the future and unknown conditions that will affect the operations of the plans. They provide an idea about the future which facilitates the work of planning.  
(iii) Identifying the Alternative Courses of Action- The next step in planning is to identify the various alternatives available to achieve the objectives.  
(iv) Evaluating Alternative Courses- The merits and demerits of different courses of actions are evaluated in the light of objectives to be achieved and their feasibility is judged i.e., how far they will be successful in helping to achieve the objective.  
(v) Selecting an Alternative -The next step is to find out the most suitable course to be followed. The efforts are directed towards selecting that course. Which increases efficiency in the organisation by maximizing output and profits at the minimum costs.  
(vi) Implement the Plan- At this step the best alternative chosen is put to use.  
(vii) Follow Up- Only putting the best alternative to action is not enough. The future is uncertain and dynamic. Therefore, it becomes important to check back whether the plan is giving results or not

Ans 20. Organisations are not always able to accomplish all their objectives due to the following reasons  
(i) Planning Leads to Rigidity - In an organisation a well-defined plan is drawn up with specific goals to be achieved, with in a specific time frame. These plans then decide how the work will progress in the future and managers may not be in a position to change it. This creates a problem as flexibility is very important. Always adhering to the plan may not give us the desired results always.  
(ii)Planning May not Work in a Dynamic Environment - The business environment is dynamic, nothing is constant. The business environment is a totality of external forces, where in some changes or the other keep on taking place. Plans decide in advance what has to be done in future. Planning cannot foresee everything and thus there may be obstacles to effective planning.  
(iii) Planning Reduces Creativity - Planning is generally done by the top management. Usually the rest of the members just implements these plans. As a consequence, middle management and other decisions makers are neither allowed to deviate from plans nor are they permitted to act on their own, thus planning in a way reduces creativity since people tend to think along the same lines as others, there is nothing new or innovative.  
(iv) Planning Involves Huge Cost - Planning involves huge cost in their formulation. These may be in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.  
(v) Planning is a Time Consuming Process - Sometimes plans to be drawn take up so much of time that there is not much time left for their implementation and the objectives to be achieved.  
(iv) Planning does not Guarantee Success - Any plans needs to be translated into action or it becomes meaningless. Managers have a tendency to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again.