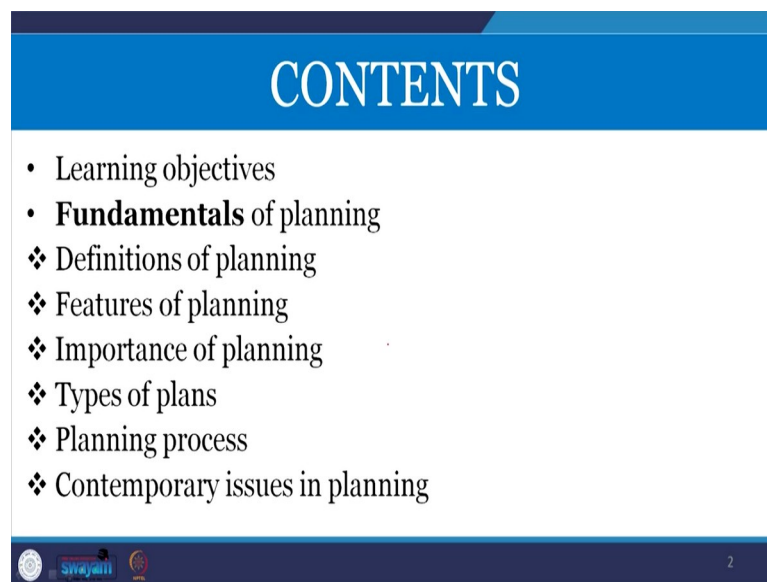


Principles of Management
Prof. Usha Lenka
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture – 09
Planning – I

Yeah, today in this lecture we will be discussing about Planning. As discussed in the previous lectures, in the first part of Principles of Management. We discussed the various functions of management, the roles of managers and the skills possessed by managers. And, then further we discussed about the evolution of management theory and its relevance in the current business environment.

(Refer Slide Time: 01:08)



CONTENTS	
•	Learning objectives
•	Fundamentals of planning
❖	Definitions of planning
❖	Features of planning
❖	Importance of planning
❖	Types of plans
❖	Planning process
❖	Contemporary issues in planning

Today, with respect to that we will discuss about planning and in this planning, the contents of the lecture would be as follows. We will discuss about learning objectives, the fundamentals of planning, the definition and purpose of planning, features of planning, importance of planning various types of plans we will discuss and how the planning process, plans are being formed and contemporary issues in planning.

(Refer Slide Time: 01:15)

INTRODUCTION

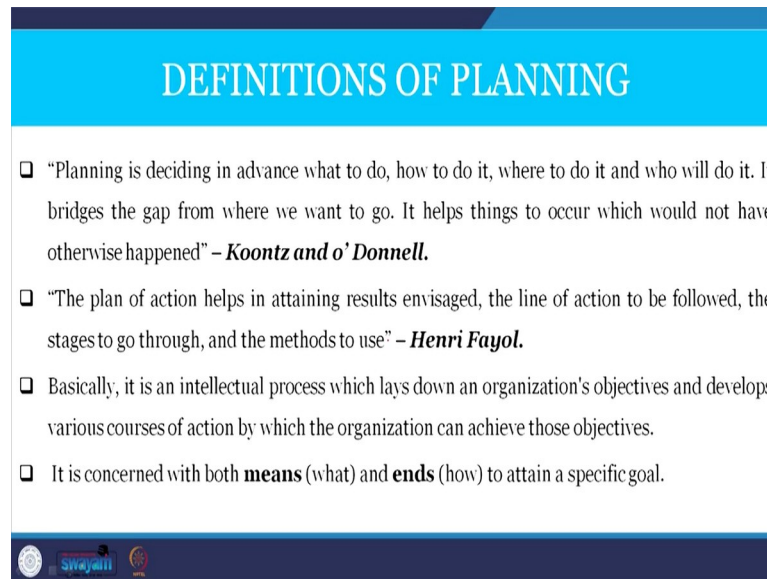
- ❑ Organizations have **limited resources** at their disposal.
- ❑ **Effective utilization** of organizational resources assumes a paramount importance.
- ❑ This can be **achieved through developing effective planning** mechanism.
- ❑ Planning is the **first and most basic** managerial function.
- ❑ Planning **bridges the gap** between the present and future.
- ❑ Planning provides a **forward-looking approach** to organizations.

So, to begin with the planning and its importance; why plans are being required and plans are basically used to design an effective environment for performance of people who are working in groups, so that they will work according to the goals. They will work according to the desired actions, desired plans of an organization.

Organizations have limited resources at their disposal. They do not have ample of resources and as we discussed earlier the resources have to be optimally in utilized or optimally used in order to attain the goals. So, effective utilization of resources assumes a paramount importance. This can be achieved through an effective planning mechanism. Planning also gives consistency in developing or consistency in acting towards the desired goals and objectives.


Planning is the first and primary step in a managerial or basic function of management. Planning bridges the gap between the present and the future desired status. Planning provides a forward looking approach to organizations.

(Refer Slide Time: 02:39)



DEFINITIONS OF PLANNING

- ❑ “Planning is deciding in advance what to do, how to do it, where to do it and who will do it. It bridges the gap from where we want to go. It helps things to occur which would not have otherwise happened” – **Koontz and o’ Donnell**.
- ❑ “The plan of action helps in attaining results envisaged, the line of action to be followed, the stages to go through, and the methods to use” – **Henri Fayol**.
- ❑ Basically, it is an intellectual process which lays down an organization's objectives and develops various courses of action by which the organization can achieve those objectives.
- ❑ It is concerned with both **means** (what) and **ends** (how) to attain a specific goal.



Definitions of planning: planning has been defined by several authors differently. Koontz and Donnell define; planning is deciding in advance what to do, how to do it, where to do it and who will be doing or who will do it. It bridges the gap between the present and the future. It helps an organization to reach its desired status quo. It helps things to occur which would not have been possible otherwise.

So, the plan of action helps in attaining results as proposed or as envisaged, the line of actions plan to be followed, the stages through which the organization, the stages through which the people working can move on and the various methods or techniques to be adopted. Henri Fayol has discussed that planning helps in attaining results.

So, basically it is an intellectual process. It is a process through which the managers can lay down an organizations objectives and develop various courses of actions, various plans by which organization can achieve those objectives. It is concerned with both means of doing things and ends of attaining a specific goal or objective.

(Refer Slide Time: 04:46)

FEATURES OF PLANNING

- ❖ It is a **primary function** of management.
- ❖ It focuses on **achieving objectives**.
- ❖ It is **pervasive** (required at all levels of management as well as in all departments of the organization).
- ❖ It is **continuous** process.
- ❖ It is **futuristic** (involves looking ahead and preparing for the future).
- ❖ It involves **decision making**.
- ❖ It is a **mental exercise**.

Features of planning: planning is basically a primary function and it focuses on achieving or attaining objectives. Planning is pervasive in all managerial levels whether in the lower level of management or middle management or the top management. Planning is required across hierarchical levels and in all the departments.

So, planning is pervasive in the entire organization. It is a continuous process of making plans and attaining objectives. It is futuristic or forward looking involves looking ahead and preparing for future. Planning involves decision making and it is a mental exercise. So, overall we can say planning helps an organization to sequentially move towards a desired objective.

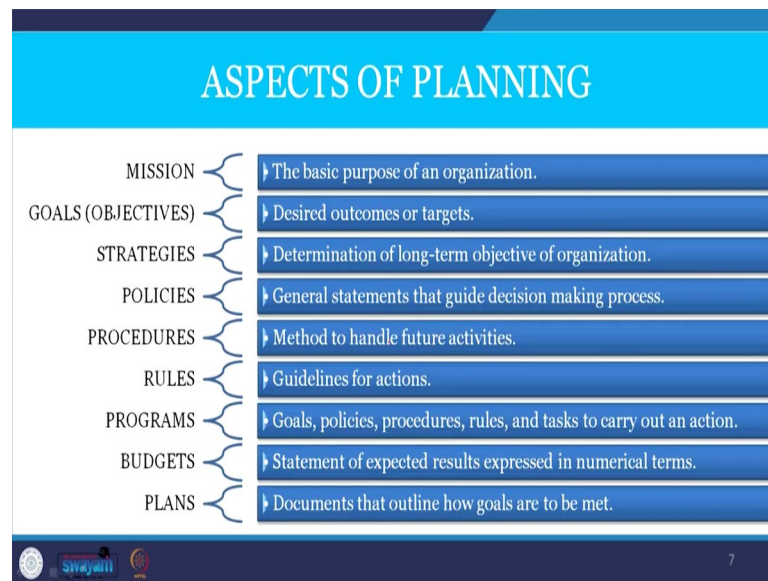
(Refer Slide Time: 04:53)

IMPORTANCE OF PLANNING

- ❖ Provides **future direction**.
- ❖ Reduces the **risks of uncertainty**.
- ❖ Avoid **overlapping and wasteful** activities.
- ❖ Promotes **innovative** ideas, as planning is an intellectual process.
- ❖ Facilitates **decision making**.
- ❖ Establishes **standards for controlling**.

Why planning is important? It gives direction to the organization and it reduces the risk of uncertainty. And, it avoids overlapping and wasteful activities; it helps an organization to optimally utilize various resources. If an organization moves with a proper plan so, there would not be any riskier move. Facilitates decision making- so, planning helps in improving the decision making, it establishes standards of controlling.

(Refer Slide Time: 05:30)



Planning, various aspects of planning: It includes mission statements, goals or objectives, strategies, policies, procedures, rules, programs, budgets and plans. As we can discuss each of them before that we will just know few points that planning includes vision, mission, objectives, strategies, goals, strategies, policies etc.

So, vision when an organization plans so, it should have a kind of a vision or which gives a direction to the organization. Vision is something which is a kind of a fuzzy statement. It does not give you exactly. It does not lead a manager to know exactly the right steps through which the person has to carry out the plans.

So, vision it gives a direction, vision provides long term statement and vision is basically it provides an overall direction for an organization. Mission is the purpose of an organization. Purpose basically very purpose of an organization talks about, how an organization, who are the customers of an organization, what are the products and services of an organization.

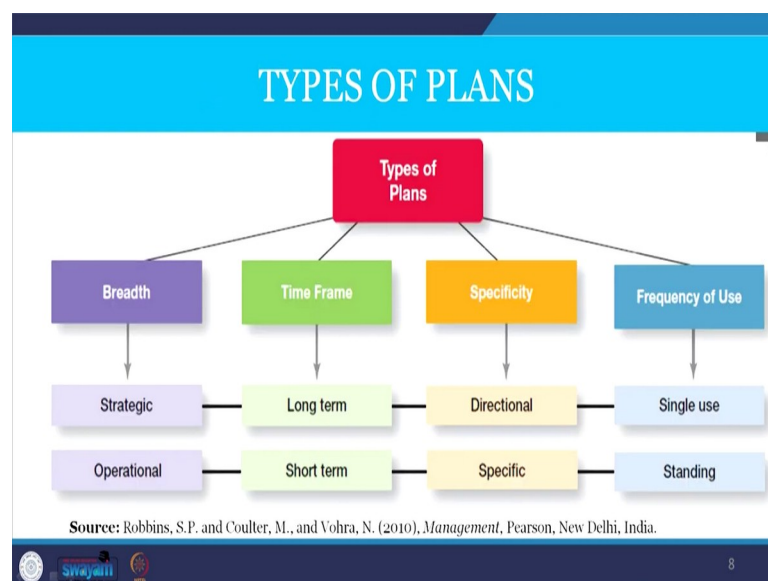
Then what technology or methods the organization need to adopt the geographical area of operations or the market or the customer segments, customer groups the organization is targeting its products. It also throws light on the core values, values of an organization.

So, every organization has a mission statement and say for example, the service organizations or say manufacturing organizations. The purpose of manufacturing organization have innovative products, cost effective products and the purpose of service organizations is to offer service. For example, an educational institute offers quality teaching, the purpose of a hospital is to provide good patient care. So, these are the purposes of organizations.

Goals are desired outcomes or targets strategies are determination of long-term objectives of organizations. Policies are general statements or guidelines which help in decision making and procedures are methods, methods to handle future activities, methods through which the future directives or future actions can be obtained.

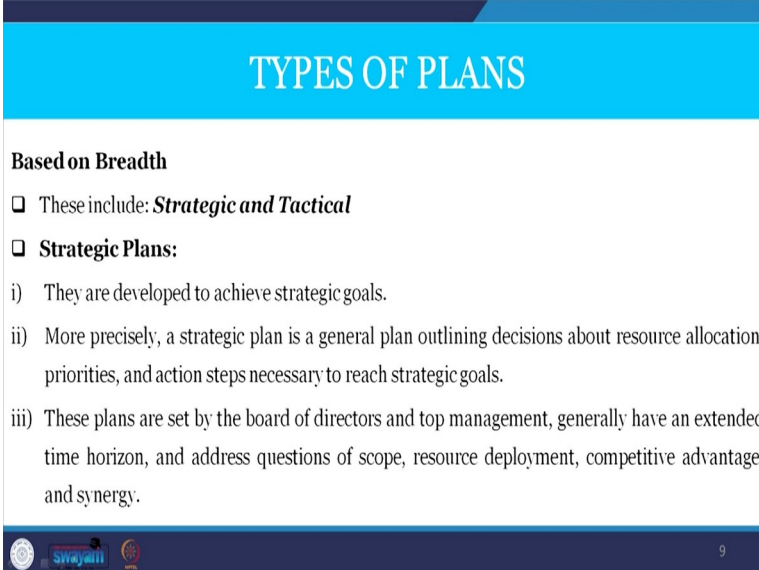
Rules are guidelines for actions, the certain guidelines or certain lines of actions. Programs are goals, policies, procedures, rules and tasks to carry out an action. Budgets are statements of expected results expressed in numerical terms and plans are documents that outline how goals are to be met.

(Refer Slide Time: 08:29)



Then there are various types of plans. The plans can be categorized on the basis of breadth, their time frame, specificity and frequency of use. The breadth of the plan, the plan can be strategic and operational time frame based long-term and short-term plans on the basis of specificity of purpose, the plans can be directional and specific and frequency of use – single use plan and standing plans.

(Refer Slide Time: 08:56)



The slide is titled "TYPES OF PLANS" in a blue header. Below the header, the text "Based on Breadth" is followed by a list of items. The first item is "These include: *Strategic and Tactical*". The second item is "Strategic Plans:", followed by three sub-points: i) They are developed to achieve strategic goals. ii) More precisely, a strategic plan is a general plan outlining decisions about resource allocation, priorities, and action steps necessary to reach strategic goals. iii) These plans are set by the board of directors and top management, generally have an extended time horizon, and address questions of scope, resource deployment, competitive advantage, and synergy.

TYPES OF PLANS

Based on Breadth

- ❑ These include: *Strategic and Tactical*
- ❑ **Strategic Plans:**
 - i) They are developed to achieve strategic goals.
 - ii) More precisely, a strategic plan is a general plan outlining decisions about resource allocation, priorities, and action steps necessary to reach strategic goals.
 - iii) These plans are set by the board of directors and top management, generally have an extended time horizon, and address questions of scope, resource deployment, competitive advantage, and synergy.

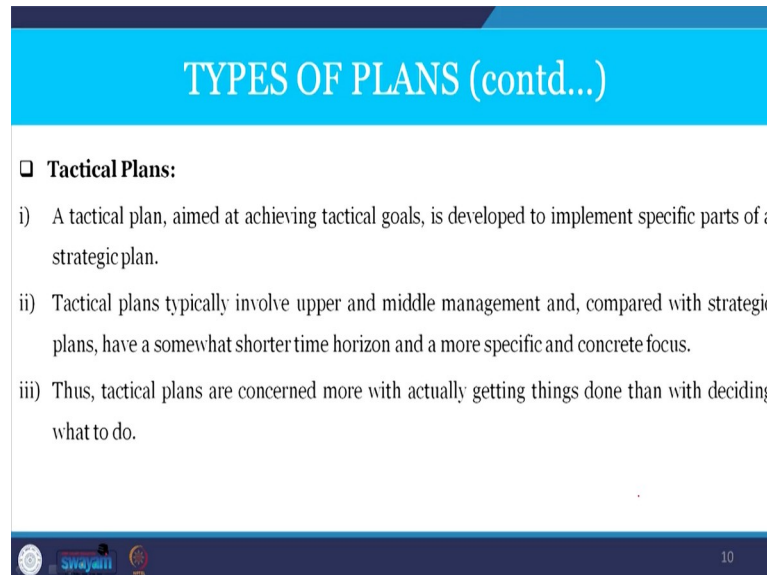
So, let us discuss each one in details based on the breadth. This includes strategic and tactical plans. Strategic plans are developed to achieve strategic goals. The strategic goals of an organization are more precisely. Strategic plan is a general plan outlining decisions about resource allocation, priorities and action steps necessary to reach strategic goals. These plans are set out by board of directors and top management, generally have an extended time horizon and address questions of scope, resource deployment, competitive advantage and synergy.

Strategic plans- let us take one example like an organization which invests or which intends to grow in a particular market, what is the scope of venturing in that market? If the market will have large number of customers, how much of resource to be allocated, how much of budget or man power to be deployed and which competitive strategy whether cost as a competitive strategy or innovation as a competitive strategy?

What are the core strengths of an organization, so that the organization can be more competitive in that market? So, such plans basically these are the overall or precisely a

strategic plan which gives a general outline to take decisions about allocation of resources and action steps to meet the strategic objectives.

(Refer Slide Time: 10:47)



The slide is titled "TYPES OF PLANS (contd...)" in a blue header. Below the header, the text "□ Tactical Plans:" is followed by three numbered points (i, ii, iii) describing tactical plans. The slide has a dark blue footer with logos and the number 10.

TYPES OF PLANS (contd...)

□ **Tactical Plans:**

- i) A tactical plan, aimed at achieving tactical goals, is developed to implement specific parts of a strategic plan.
- ii) Tactical plans typically involve upper and middle management and, compared with strategic plans, have a somewhat shorter time horizon and a more specific and concrete focus.
- iii) Thus, tactical plans are concerned more with actually getting things done than with deciding what to do.

10

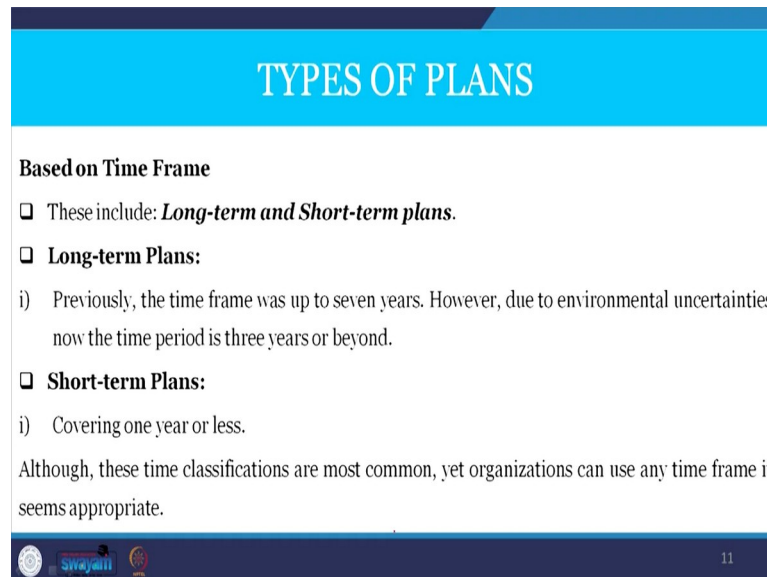
Tactical plans, a tactical plan is basically aimed at achieving tactical or operational goals. Basically, it is developed to implement specific parts of a strategic plan. The organization ventures in a new market as discussed in the previous example. So, in a new market what would be the operational plan to venture in a market? Whether to have a kind of tie up with the local markets or whether to hire local employees, what type of hiring strategy to be deployed are the parts of tactical or operational goals.

Tactical plans typically involve upper and middle level of management and as compared with strategic plans have some somewhat a shorter time horizon. Unlike the strategic plans they have a short time period and they are more specific and concrete focused. Like, say if cost minimization or innovation is the strategy of an organization in a particular market if the new product is to be launched in the market.

So, if the innovation is the strategy what type of work force to be hired, what type of facilities or say practices should be provided to the employees? Whether the employees to be provided a conducive environment or they should have a kind of a group culture, so that they are more innovative. Should there be more resource allocated or money or reward to motivate people to share knowledge, so that they can be more creative and innovative.

So, these are basically the tactical or the operational plans which will help an organization to attain its objective. Thus tactical plans are concerned more with actually getting things done than with deciding what to do. So, this is practical implementation of the desired objective.

(Refer Slide Time: 12:43)



TYPES OF PLANS

Based on Time Frame

- ❑ These include: *Long-term and Short-term plans.*
- ❑ **Long-term Plans:**
 - i) Previously, the time frame was up to seven years. However, due to environmental uncertainties now the time period is three years or beyond.
- ❑ **Short-term Plans:**
 - i) Covering one year or less.

Although, these time classifications are most common, yet organizations can use any time frame it seems appropriate.

11

So, based on time frame, the plans can also be divided. These include long and short term plans. Previously, the time frame for long-term plans was setup to 7 years. However, due to environmental uncertainties, the uncertainties which are cause because of competitiveness or increasing customer demands or due to advent of information and communication technology which has made the market more dynamic, now the time period for the long term plans has been reduced to 3 years or beyond.


Short-term plans are those covering one year or less although the time period classification are most common yet organizations can use any time frame it seems appropriate.

(Refer Slide Time: 13:23)

TYPES OF PLANS

Based on Specificity

- ❑ These include: *Directional and Specific plans.*
- ❑ **Directional Plans:**
 - i) Flexible plans that set out general guidelines.
 - ii) Provide focused but does not bind managers into specific goals or actions.
- ❑ **Specific Plans:**
 - i) Clearly defined and leave no scope for interpretation.
 - ii) They have clearly defined objectives. There is no ambiguity and misunderstanding.

12

Based on specificity there are two types of plans like directional and specific plans. Directional plans are flexible plans that set out general guidelines. They provide focused, but does not bind managers into specific goals or actions.


Specific plans are clearly defined and leave no scope for interpretation. They are well defined and they do not leave any ambiguity. They have clearly defined objectives and there is no ambiguity and misunderstanding in specific plans. So, broadly what we say? Directional plans are flexible plans and set out general guidelines and specific plans are clearly defined and there is no ambiguity in specific plans.

(Refer Slide Time: 14:06)

TYPES OF PLANS

Based on Frequency of Use

- ❑ These include: *Single use and Standing plans.*
- ❑ **Single Use Plans:**
 - i) One time plan specifically designed to meet the needs of unique situation.
- ❑ **Standing Plans:**
 - i) Ongoing plans that provide guidelines for activities performed repetitively.
 - ii) Include policies, rules, procedures.

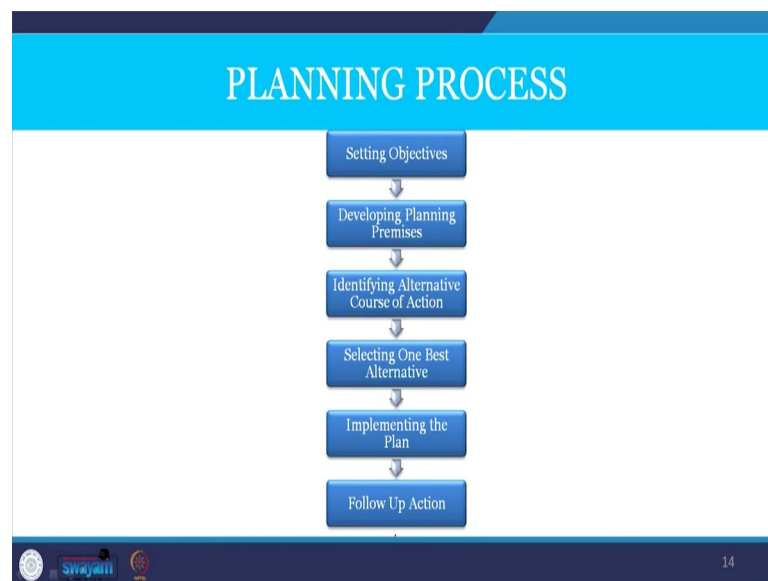
13

Based on the frequency of use planning can be divided into single use and standing plans. Single use plans are one time plans specifically designed to meet the needs of unique situations. Standing plans are ongoing plans that provide guidelines for activities performed repetitively include policies, rules, procedures etc.

So, we will take some examples like in case of standing plans. Standing plans for example, the policies of recruitment, policies of say disciplinary action committees and policies for improving for sexual harassment and so on. These are the long term ongoing plans that just provide guidelines to improve the activities performed repeatedly.

They help in decision making; they include policies, rules, procedures. Single use plans are the plans which are specifically designed to meet the needs of a unique situation, in a specific situation how the decisions can be taken.

(Refer Slide Time: 15:17)



Then the planning process, we will discuss about how the plans can be set or how plans can be formulated. It starts with setting the objectives and developing planning premises, identifying alternative courses of actions, implementing the plans and follow up actions.

(Refer Slide Time: 15:31)

PLANNING PROCESS

(1) Setting Objectives

- ❖ This is the primary step which specifies the objective of organization i.e. which and what types of objectives an organization wants to achieve.
- ❖ Objectives are the end results which the management wants to achieve by its operations.
- ❖ These must be specific and measurable in terms of units.
- ❖ Objectives are set firstly, for the organization as a whole for all departments and then departments set their own objectives within the framework of organizational objectives.

Example:

Nokia company sets the objective to sell 2,00,000 units of phones by next year, which is double the current sales. Now, it is the responsibility of all the departments varying from operations to finance, hence organizations must ensure proper delegation of authority with responsibility in order to achieve the target.

To begin with setting the objectives this is primarily the step in which specific objectives of an organization like which and what type of objectives of an organization wants to achieve. Objectives- primarily this step involves the specific objective of an organization – whether the organization is providing service, the organization is producing services or the products. So, the basically it talks about the objective of an organization, which and what type of objectives an organization want to achieve.

Hospitals as discussed earlier hospitals provide patient care. Schools and colleges- they provide services to improve quality of education. We can define quality education in terms of quality teaching, research, industry exposure or industrial consultancy and administration.

So, the purpose of each organization is different overall customer experience or patient care is the purpose or objective of hospitals. Similarly, hospitality industry provides tourist an overall experience to tourist, in terms of convenience, in terms of comfort and so on.

So, setting the objectives the primary or the first step specifies the objective of each organization is different which and what type of objectives an organization wants to achieve, whether the objective is in terms of quantity of products, so, it can be quantifiable or the turnover of the organization or it can be in terms of the profits the surplus or profit earned or it attains the qualitative goals or in terms of the customer

experience or customer satisfaction or say providing a value to the customers or stakeholders.

So, objectives are basically the end results which management wants to achieve by through various operations. There must be specific and measurable in terms of units. So, overall when setting the objectives, the care must be taken like to decide what is the objective of an organization, how the objectives can be obtained, what management wants to achieve through various operations, what type of operations or actions or methods the organization would prefer in order to attain the objectives.

So, there must be specific objective and measurable in terms of units. Overall the objectives are set first for the organization as a whole and then the departments set their own objectives within the framework of organizational objectives. So, the objective while setting objectives first it starts with the objective of the organization, then departments, work units and the individual employees are delegated various task or actions or methods through which they will attain the objectives.

So, example is Nokia company set the objective to sell 2 lakh units of phones by next year which is double the current sales. Now, it is the responsibility of all departments whether operations or finance or marketing, hence all organizations must ensure proper delegation of authority and responsibility to achieve the target.

So, if an overall organization has set the objective of say certain number of units of products to be developed, now this objective is distributed or objective is set for all the other departments or interdependent units and collectively they work towards attaining the final objectives of the organization.

(Refer Slide Time: 19:50)

PLANNING PROCESS (contd...)

(2) Developing Planning Premises

- ❖ Planning is essentially focused on the future and there are certain events which are expected to affect the policy formation.
- ❖ Such events are external in nature and affect the planning adversely if ignored.
- ❖ Their understanding and fair assessment are necessary for effective planning.
- ❖ Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

Example:

Nokia company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favorable Government policy towards digitization of transactions.

16

Developing planning premises, what is planning premise? Planning is of course, essentially focused on future and certain events which are expected to affect the policy formulation.

Such events are external in nature and affect the planning adversely if ignored. So, planning premises are basically we discuss about the external factors which may influence adversely overall objective of an organization if they are ignored, if no proper timely action is taken.

Their understanding and fair assessment is necessary for effective planning. For effective planning or for planning to be perfect the assessment of environment or the planning premises need to be discussed in details. Such events are assumptions on the basis of which plans are drawn and are known as planning premises.

For example, if an organization has planned to have 2 lakh units of a product or say 5 lakh units of a product in a specific market. So, it must also take care of the government policies and impact of various favorable government policies towards the final product.

And, for example, Nokia companies' objective of 2 lakh unit sales on the basis of forecast done on the premises of the favorable government policies towards digitization of transactions. So, environmental assessment or awareness of the premises is very important in order to avoid any kind of chaos or to be more effective in attaining organizational goals.

(Refer Slide Time: 21:37)

PLANNING PROCESS (contd...)

(3) Identifying Alternative Courses of Action: Once objectives are set, assumptions are made. Then the next step is to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified.

Example: Nokia may have many alternatives like reducing price, increasing advertising and promotion, after sale service etc.

(4) Evaluating Alternative Course of Action: In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved. Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Example: Nokia will evaluate all the alternatives and check its pros and cons.

17

Identifying alternative courses of actions, when a plan is being formulated, so, there is a desired objective, , but there must be an assessment of alternative courses of actions. Yes, of course, there is a plan through which we can attain those objectives or means to attain the objectives, but there must be assessment of alternative courses of actions.

Once objectives are set assumptions are being made then the next step of action is to act on them. There may be many ways to attain objectives and all alternative courses of actions need to be determined. For example, Nokia may have many alternatives like to reduce cost to increase advertising and promotion and to have more innovative product so, and after sale service and so on. So, assessment of each of the alternative courses of actions is very important in order to be perfect in planning.

Evaluating alternative courses of actions – in this step the positive and negative aspect of each alternative plan need to be discussed need to be evaluated in the light of the objectives which have been formulated.

Every alternative is evaluated in terms of low cost, in terms of risk, in terms of high returns and with planning premises and within the availability of capital or the budget. So, example Nokia will evaluate all the alternatives and check its pros and cons.

(Refer Slide Time: 23:10)

PLANNING PROCESS (contd...)

(5) Selecting One Best Alternative

The best plan which is the most profitable plan and with minimum negative effects is adopted and implemented. In such cases, the manager's experience and judgement play an important role in selecting the best alternative.

Example: Nokia selects more T.V advertisements and online marketing with after sales service.

(6) Implementing the Plan

This is the step where other managerial functions come into the picture. This step is concerned with "doing what is required." In this step, managers communicate the plan to the employees clearly to convert the plans into action. It involves allocating the resources, organizing for labour and purchase of machinery. **Example:** Nokia hires salesman on a large scale, creates T.V advertisement, and starts online marketing activities and set up service workshops.



Selecting one best alternative: the best plan which is the most profitable one most viable one with minimum negative impact is adopted and implemented. In such cases, manager's experience and judgment. So, the role of manager is to be more judgmental in taking a decision regarding selecting the best possible alternative.

A manager's experience and judgment play an important role in selecting the best possible alternative. For example, Nokia selects more TV advertisements and online marketing with after sale service. So, in such a situation it depends on the managers and their intuitive decisions and their past experience which play a major role in selecting the best possible alternatives.

Implementing the plans this is step were managerial functions come into picture. The step is concerned with doing what is required. In this step managers communicate the plan to the employees clearly to convert the planning into action and it involves allocating resources, organizing for labour and purchase of machinery. Examples of Nokia hires salesman on a large scale, creates TV advertisement, starts online marketing activities and set up service workshops.

(Refer Slide Time: 24:42)

PLANNING PROCESS (contd...)

(7) Follow Up Action

- ❖ Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- ❖ Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- ❖ Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

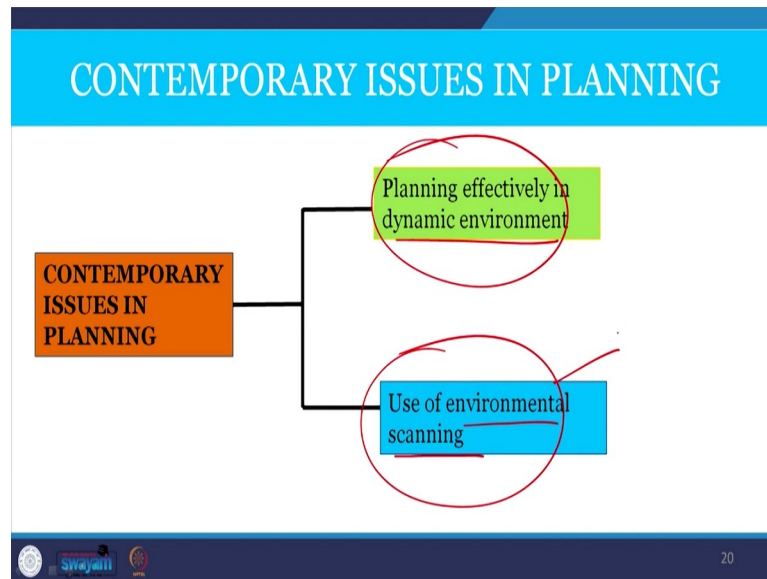
Example: A proper feedback mechanism must be developed by the Nokia company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known.

Follow up action is the next step or the 7th step monitoring the plan constantly and taking feedback; taking feedback on a regular time period to know whether the plan is moving towards a right direction or not. Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule or as per the actions.

Regular checks and comparisons of the results with the standards are done to ensure that objectives are achieved. So, this means that follow up action is otherwise a control step. So, planning and controlling go hand in hand. These are like two Siamese twins which need to go together in order to attain the objectives without any deviation.

So, proper feedback mechanism must be developed by the company throughout it is branches and the actual customer response need to be communicated, so that a corrective measure or action can be taken up in right time – revenue allocation, employee response etc. could be known.

(Refer Slide Time: 25:43)



So, contemporary issues in planning. So, next we will discuss about contemporary factors which will influence planning process. Planning effectively in a dynamic environment and use of environmental scanning. These are two important points to be discussed with respect to contemporary issues and planning.

Planning in a dynamic environment: an environment today is not stable as discussed earlier environment is more dynamic the reasons are the present environment is highly competitive in nature because there are more options, there are many competitors available, as well as there is a threat of new entrants in the market and the customers are more informed with advent of information and communication technology and smart phones.

The customers have information about the competitors' product, customers have awareness and customers are more informed about each and every product attribute available, their price ranges and they have become more demanding. So, as a result this has impacted the company's planning of an organization.

Planning in a dynamic environment is now very challenging. It has become very challenging as the suppliers' substitute products are many. So, which helps an organization to now evaluate the plans continuously and come up with best possible alternative each time.

Use of environmental scanning- the marketers need to also be aware of the environment and its impact the business environment and its impact on the plans. So, the general

environment also influences the plans like the government policies, the various kinds of like the use of environment like role of general environment, the political, legal, socio-demographic factors also influence in planning process. So, we will discuss each one in details.

(Refer Slide Time: 27:51)

The slide is titled "CONTEMPORARY ISSUES IN PLANNING" in a blue header. Below the header, the text "Planning in Dynamic Environment" is followed by a list of five bullet points. The first bullet point states "Business environment is continuously changing," with "continuously changing" circled in red. The second bullet point says "In an uncertain environment, managers should develop plans that are specific and flexible." The third bullet point says "Planning is an ongoing process. They should be ready to change directions if environmental conditions warrant. This flexibility is particularly important as plans are implemented." The fourth bullet point says "Managers need to stay alert to environmental changes and respond as needed." The fifth bullet point says "Make the organizational hierarchy flatter. This means allowing managers at lower levels to set goals and develop plans because there's little time for goals and plans to flow a top down approach." The slide footer contains logos and the number 21.

CONTEMPORARY ISSUES IN PLANNING

Planning in Dynamic Environment

- ❖ Business environment is continuously changing.
- ❖ In an uncertain environment, managers should develop plans that are specific and flexible.
- ❖ Planning is an ongoing process. They should be ready to change directions if environmental conditions warrant. This flexibility is particularly important as plans are implemented.
- ❖ Managers need to stay alert to environmental changes and respond as needed.
- ❖ Make the organizational hierarchy flatter. This means allowing managers at lower levels to set goals and develop plans because there's little time for goals and plans to flow a top down approach.

21

Planning in a dynamic environment: business environment is continuously changing there is a change. As discussed, the customers' preferences are changing every day. Customers are aware of the substitute products. So, sometimes it becomes a threat for a business organization to go with one plan.

So, in an uncertain environment manager should develop plans that are more specific and which are also flexible. The plan should not be rigid. Planning is an ongoing process. It is an ongoing process, it should not be a rigid process, should not have one approach or it should continuously the manager should evaluate; the alternatives should evaluate and take feedback from the environment and change their plans accordingly.

They should be ready to change directions, they should not be rigid in the plans and if environmental conditions warrant like say the flexibility is particularly important as plans are being implemented. The impact of political, economic factors, the PESTAL factors otherwise we can say the political factors, the economic factors; the socio-technical interventions will overall influence the planning process.

Managers need to stay alert to environmental changes the impact of environment need to be assessed and respond as needed make the organizational. So, organizations had to be flatter. There has to be the organization this means allowing managers at lower levels to set goals. It should not be a top down approach, but managers at across all levels need to be involved in planning and decision making. There is little time for goals and plans to follow a top down approach.

(Refer Slide Time: 29:33)

The slide is titled "CONTEMPORARY ISSUES IN PLANNING" in a blue header. Below the title, the section "Planning by Environmental Scanning" is introduced. It contains four bullet points, each marked with a diamond symbol. The first point states that environmental scanning involves screening information to detect emerging trends, with "detect emerging trends" circled in red. The second point identifies the fastest-growing form of environmental scanning as competitor intelligence, which is gathering information about competitors to anticipate their actions rather than merely reacting to them. The third point notes that it seeks basic information about competitors, including who they are, what they are doing, and how their actions affect the organization. The fourth point mentions that attending trade shows and debriefing one's own sales staff can also be good sources of information on competitors. The slide footer includes logos for Swayam and a page number of 22.

CONTEMPORARY ISSUES IN PLANNING

Planning by Environmental Scanning

- ❖ Environmental scanning involves screening information to detect emerging trends.
- ❖ Fastest-growing forms of environmental scanning is competitor intelligence, which is gathering information about competitors that allows managers to anticipate competitors' actions rather than merely react to them.
- ❖ It seeks basic information about competitors: Who are they? What are they doing? How will their actions affect us?
- ❖ Attending trade shows and debriefing your own sales staff also can be good sources of information on competitors.

Planning by environmental scanning: environmental scanning means screening of information to detect emerging trends – what are the trends, where the competition moves. Nokia has been out of competition because it could not sense and respond to the environmental demands when it was still manufacturing the mobile phones it had not ventured into the smart phone segment. So, it could not ignore the environmental demands.

Fastest-growing forms of environmental scanning is competitor intelligence. I would like to give an example of how Xerox has been moving out of competition as the environmental demands now have changed with the advent of smart phones.

Smart phones provide us an alternative to the photocopy segment and the customers are more moving towards a product where they do not need any photocopies now, hardcopies completely discarded in favor of the soft copies.

So, as a result Xerox is moving out of competition, Xerox is now assessing which market they would be more suitable for. So, screening of information to detect emerging trends is very important.

Gathering information about competitors that allows managers to anticipate competitor's actions rather than merely react to them. So, it basically seeks information about competitors, who are they, what are they doing and how will they that competitors actions influence or affect their planning. Attending trade shows, debriefing, organizing conferences, having own debriefing the sales staff can be good source of information on competitors.

So, overall what we have discussed, so far is the contemporary issues in planning, contemporary issues discuss about planning, effectively in dynamic environment and use of environmental scanning to make their plans more flexible and responsive to customer demands.