

INFS 212

Principles of Management

Session 4 – The Planning Function

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UNIVERSITY OF GHANA

College of Education

School of Continuing and Distance Education

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Session Overview

This Session takes a look at the first fundamental function of management, *Planning*. This basic activity is essential to good management. You will agree with me that planning is an ever-present feature of modern life. Everyone plans in one way or another, at least in the general sense. We may plan leisure activities after school or work. We make career plans. Personal and informal plans give purpose to our lives. In a similar way more formalised plans enable managers to organise themselves better to accomplish organisational goals. This Session defines and explains planning and touches on the need for planning. Other issues discussed include the types of plans, the planning process, and the benefits of planning.

Session Objectives

Objectives

At the end of the session, the student should be able to

- Define and explain planning
- Explain why it is important to plan
- Identify and explain the different types of plans
- Describe the planning process
- Discuss the concept MBO
- Discuss how information helps in planning

Session Outline

The key topics to be covered in the session are as follows:

- Topic One: Meaning and Nature of Planning
- Topic Two: Classifying Plans
- Topic Three: Planning Process
- Topic Four: Benefits of Planning
- Topic Five: Management by Objectives
- Topic six: Information and planning

Reading List

1. Robbins, S.P. & DeCenzo D.A. (2008) *Fundamentals of Management: Essential concepts and applications*, (Sixth Edition), Pearson, Prentice Hall: Upper Saddle River, NJ. **(Read Chapter 3, pages 70-77)**

2. Chandan JS (2002). *Management: Concepts and Strategies*. New Delhi, Vikas Publishing House, PVT Ltd **(Read Chapter 6, pages 125-145)**.

Topic One

MEANING AND NATURE OF PLANNING

Slide 6



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Meaning and Nature of Planning

Planning Defined

- Planning is the process of setting **goals** and choosing the **means** to achieve those goals.
- Planning is an activity we perform **before taking action**. “It is anticipatory decision-making ... a process of deciding **what** to do and **how** to do it before action is required.” (Kinard, 1982)



Meaning and Nature of Planning con't

Planning Defined

Planning is the process whereby managers select goals, choose actions (strategies) to attain those goals, allocate responsibility for implementing actions to specific individuals and units, measure the success of actions by comparing actual results against goals and revise plans accordingly.

Meaning and Nature of Planning con't

Planning, therefore, entails:

- Defining the organisation's **objectives** or **goals**.
- Establishing an overall **strategy** for achieving those goals.
- Developing a comprehensive **hierarchy** of **activities** required to achieve those goals.

Meaning and Nature of Planning con't

In simple terms planning involves finding answers to the following questions:

Where are we now?

Where do we want to go?

How much will it cost us to get there?

How will we know when we have arrived?

Meaning and Nature of Planning con't

Planning Defined

Hill and McShane (2000) declare: Planning is a process of marshalling resources and deciding who should do what with respect to allocating roles and responsibilities and resources.

It is a control mechanism: by comparing actual results against the plan, managers determine whether the organisation is attaining its goals and make adjustments if required.

Meaning and Nature of Planning con't



Meaning and Nature of Planning con't

Formal Planning:

Goals are written and shared with organisational members. Specific action programmes exist for achieving goals

Informal planning:

Nothing is written down and there is little or no sharing of goals with other members of the organisation

Topic Two

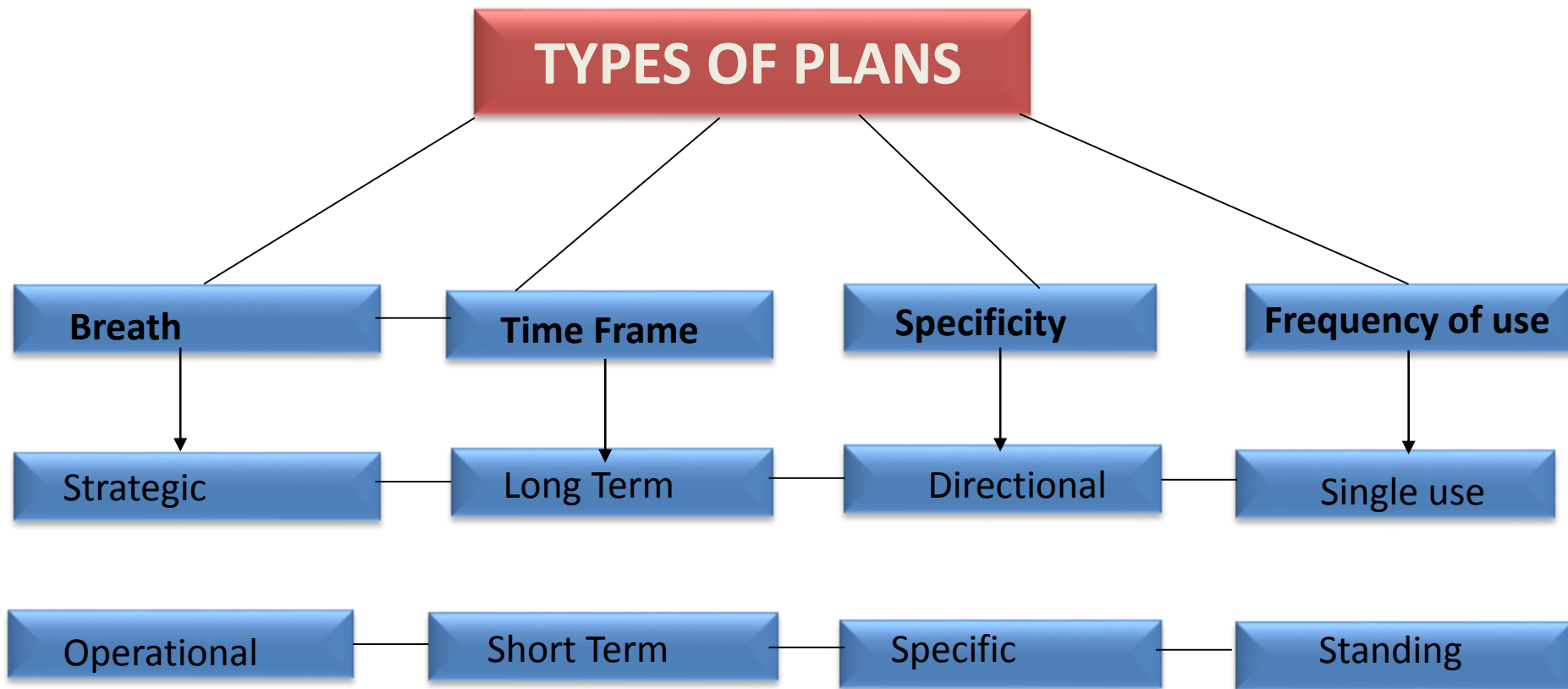
CLASSIFY PLANS / TYPES OF PLANS

Slide 14



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Classify Plans / Types Of Plans



Classifying Plans / Types Of Plans (Cont.)

- Breath
- Time Frame
- Specificity
- Frequency of Use

Classifying Plans / Types of Plans con't

□ Breath

Strategic Plans

- Apply to the entire organisation
- Establish the organisation's overall goals
- Seek to position the organisation in terms of its environment

Operational Plans

- Specify the details of how the overall goals are to be achieved
- Cover short time period

Classifying Plans / Types of Plans con't.

□ Time Frame

Long term and short term plans

- These plans cover relatively short or long periods of time.

Classifying Plans / Types of Plans con't.

□ Specificity

- Specific plans
 - Established to achieve a specific objective and are terminated after objectives have been achieved
- Directional plans
 - Established with guidelines. Provide focus but do not tie managers to specific objectives or courses of action.

Classifying Plans / Types of Plans con't.

□ Frequency of Use

- Single-use plans
- Standing plans

Standing plans

They are designed to deal with organisational problems which managers face frequently.

Classifying Plans / Types of Plans con't

Types of Standing Plans

1. Policies

General statements that guide decision making. An organisations may have Policies for

- Training and development
- Recruitment
- Employee conduct
- Attendance and Time off
- Substance abuse

Classifying Plans / Types of Plans con't

Examples of policy statement

When recruiting employees, consider those who are **technically competent or show promise of becoming technically competent.**

No employee at the procurement office shall accept gifts that are **substantial enough in value** to cause undue influence over one's decision on behalf of the organisation

Classifying Plans / Types of Plans con't.

Examples of policy statement

- “This company is committed to a fair and equitable recruitment process based on Equal Employment Opportunities and merit based appointment”
- “Recruitment procedure must ensure that the most suitable applicant is appointed to vacant position by using ethical standards in the recruitment, selection and induction of employees consistent with business requirements”

Classifying Plans / Types of Plans con't.

2. Rules

Specific statements about what may or may not be done

Classifying Plans / Types of Plans con't.

Examples

- All candidates are expected to present valid university ID cards for inspection during the course of examinations
- Candidates should be seated 30 clear minutes before the start of examinations
- No mobile phones are allowed in examination halls

Classifying Plans / Types of Plans con't

3. Procedures

- A series of tasks that make up the **chronological sequence** and the **established way** of performing the task to be accomplished.

Classifying Plans / Types of Plans

con't

Examples of Procedures

Company recruitments procedure

- Identify vacancy
- Prepare employment request
- Advertise
- Review Applications
- Constitute interview panel
- Assessment tests (if need be)
- Conduct interviews
- Appoint suitable candidates
- Organise orientation for appointees

Classifying Plans / Types of Plans con't.

Single-Use plans

Single-use plans are used to meet the needs of particular or unique situation.

Classifying Plans / Types of Plans con't

Types of Single-use plans

1. Budgets

- Describe resources required to implement a plan
- A financial plan covering a specified period of time
- Determine how funds can be raised and applied for procuring resources

Classifying Plans / Types of Plans con't

2. Projects

- A single-use plan designed to carry out a specific activity
- Once the projects goals have been achieved, it is discontinued

Topic Three

PLANNING PROCESS OR STEPS IN PLANNING

Planning Process

Being Aware of opportunities

Market, competition, Customers, Strengths Weakness

Establishing objectives

Where we want to be, what to achieve and when

Developing premises

In what environment (I & E), scenarios

Determining alternative courses

How many and which are most promising

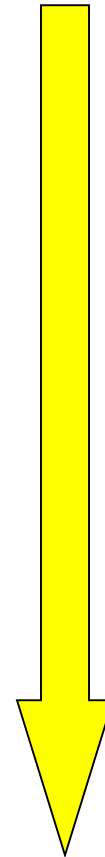
Evaluating alternative courses

In the light of objectives

Selecting a course

Formulating derivative plans

Quantifying plans by budgeting



Planning Process

□ Being aware of opportunities

All managers should take a look at **future opportunities** and see them clearly and completely.

They should know their **strengths** and **weakness**, understand what problems they wish to solve and why, and know what they expect to **gain**.

Setting realistic objectives depends on:

- (i) Market
- (ii) Expected competition
- (iii) What customers wants

Planning Process or Steps in Planning

□ Establishing Goals

- The second step in planning is to establish goals and identify objectives that contribute to the attainment of goals.
- Objectives specify the expected results and indicate the end points of
 - (i) What is to be done
 - (ii) Where the primary emphasis is to be placed
 - (iii) What is to be accomplished by the strategies, policies, procedures, rules, budgets and programs.



Planning Process or Steps in Planning

□ Developing Premises

- Managers establish the premises or assumptions on which their action statement are built.

Managers need to rely on forecasting when establishing premises. Forecasting predicts or projects what will happen under a given set of circumstances in the future.

E.g. What kind of markets will be there? What volume of sales? What prices? What products? What technical developments? What cost? Etc.

Planning Process or Steps in Planning

□ Identifying Alternative Courses of Action

- Managers decide how to move from their current position towards their goal.
- Choosing a course of action involves determining alternatives by drawing on research, experimentation and experience; evaluating alternatives; and selecting a course of action after carefully considering the merits of each alternative.

Planning Process or Steps in Planning

□ Evaluating Alternative Courses

- After determining alternative courses and examining their strong and weak points, the next step is to evaluate the alternatives.

Planning Process or Steps in Planning

□ Selecting a Course

- Selecting an alternative is the real point of decision making. This is the point at which the plan is adopted.
- The manager has to decide one best alternative or several alternative courses of action.

Planning Process or Steps in Planning

❑ Develop Budgets

- Money must be budgeted for every element included in the action plan
- The budget will indicate how much money a manager can afford to spend on each action plan.

Topic Five

MANAGEMENT BY OBJECTIVES



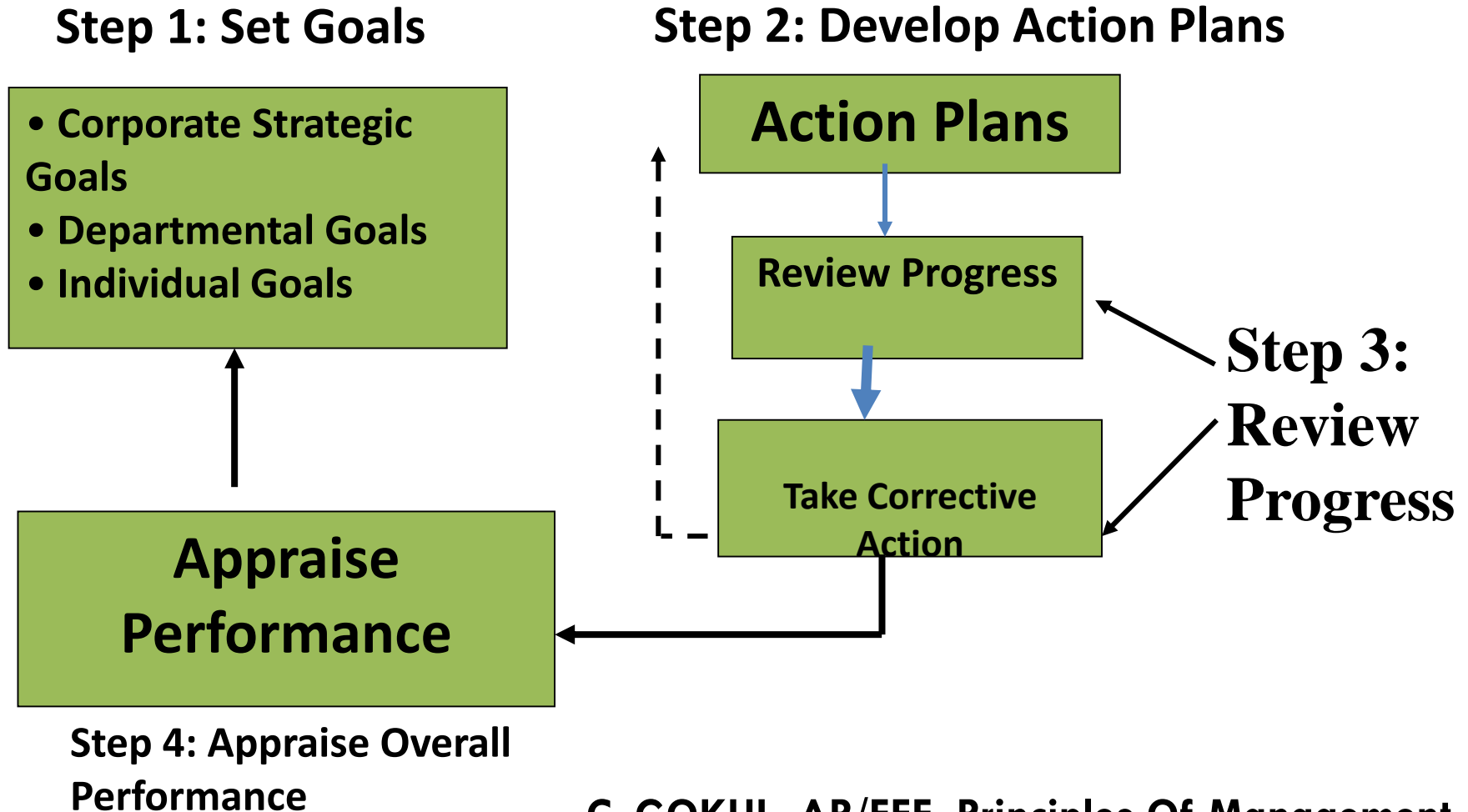
Management by Objectives (MBO)

Is a method whereby managers and employees define goals for every department, project, and person and use them to monitor subsequent performance.

4 major activities:

1. Set goals
2. Develop action plans
3. Review progress
4. Appraise overall performance

Major Activities in MBO



C. GOKUL AP/EEE, Principles Of Management

Benefits and Problems of MBO

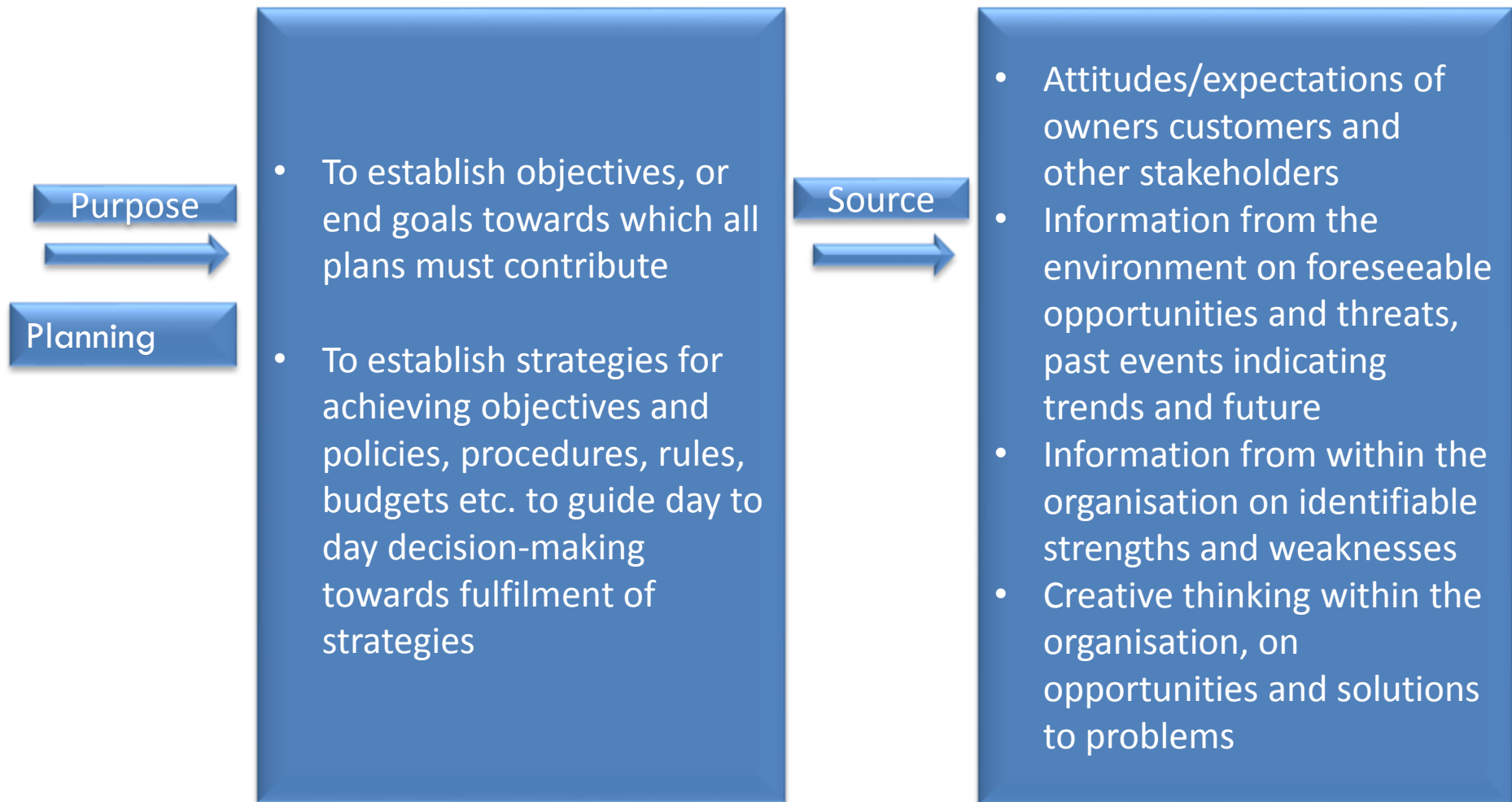
Benefits of MBO	Problems with MBO
1. Improvement of management	1. Danger of inflexibility
2. Performance can be improved at all company levels.	2. An environment of poor employer-employee relations reduces MBO effectiveness.
3. Employees are motivated.	3. Strategic goals may be displaced by operational goals.
4. Departmental and individual goals are aligned with company goals.	4. Mechanistic organisations and values that discourage participation can harm the MBO process.
	5. Too much paperwork saps MBO energy.

Topic Six

INFORMATION AND PLANNING



Information and Planning



Summary

- Planning involves defining the organisation's goals and objectives and establishing an overall strategy for achieving those goals. It is concerned with ends (what is to be achieved) and means (how it can be achieved).
- Planning is necessary for many reasons. It helps managers to organise people and resources effectively. It provides managers with a clear idea of what they want to do. Without a plan managers and their followers have little chance of achieving their goals or knowing when and where they stray from their path.

Summary con't

- Plans are the outcome of the planning process.
- There are different types of plans categorized according to their **breadth** or where they are formulated in an organisation, (strategic, tactical, operational), **Specificity** (specific and directional), **time frame** (short and long term) and **frequency of use** (single-use and standing) plans.
- The planning process assists managers and other employees to look into the future and anticipate problems and plan feasible solutions.

Summary con't

- The planning process includes: defining the present situation; establishing goals and objectives; determining aids and barriers; developing budgets; implementing the plan; and controlling the plan
- While planning has many benefits to organisations it is also true that a plan is no guarantee of success because of its limitations.

Sample Questions for consideration

1. What is planning? Why is it necessary to plan? Discuss the relationship between planning and decision-making
2. Discuss steps in the planning process?
3. What are short range and long range plans? How do their purposes differ? How are they related?
4. What do you understand by Management by Objectives? Is it a myth or a fact that MBO contributes towards success of an organisation?

References

1. Robbins, S.P. & DeCenzo D.A. (2008) *Fundamentals of Management: Essential concepts and applications*, (Sixth Edition), Pearson, Prentice Hall: Upper Saddle River, NJ. **(Read Chapter 3, pages 70-77).**

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