

Module-1

Management and Planning

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources and natural resources.

Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to 'manage' oneself, a pre-requisite to attempting to manage others.

Basic roles

- **Interpersonal:** roles that involve coordination and interaction with employees, networking.
- **Informational:** roles that involve handling, sharing, and analyzing information.
- **Decisional:** roles that require decision-making.

Management skills

- **Political:** used to build a power base and establish connections.
- **Conceptual:** used to analyze complex situations.
- **Interpersonal:** used to communicate, motivate, mentor and delegate.
- **Diagnostic:** the ability to visualize most appropriate response to a situation .

Formation of the business policy

- The mission of the business is the most obvious purpose—which may be, for example, to make soap.
- The vision of the business reflects its aspirations and specifies its intended direction or future destination.
- The objectives of the business refer to the ends or activity at which a certain task is aimed.
- The business's policy is a guide that stipulates rules, regulations and objectives, and may be used in the managers' decision-making. It must be flexible and easily interpreted and understood by all employees.
- The business's strategy refers to the coordinated plan of action that it is going to take, as well as the resources that it will use, to realize its vision and long-term objectives. It is a guideline to managers, stipulating how they ought to allocate and utilize the factors of production to the business's advantage. Initially, it could help the managers decide on what type of business they want to form.

Implementation of policies and strategies

- All policies and strategies must be discussed with all managerial personnel and staff.
- Managers must understand where and how they can implement their policies and strategies.

- A plan of action must be devised for each department.
- Policies and strategies must be reviewed regularly.
- Contingency plans must be devised in case the environment changes.
- Assessments of progress ought to be carried out regularly by top-level managers.
- A good environment and team spirit is required within the business.
- The missions, objectives, strengths and weaknesses of each department must be analysed to determine their roles in achieving the business's mission.
- The forecasting method develops a reliable picture of the business's future environment.
- A planning unit must be created to ensure that all plans are consistent and that policies and strategies are aimed at achieving the same mission and objectives. All policies must be discussed with all managerial personnel and staff that is required in the execution of any departmental policy.

Organizational change is strategically achieved through the implementation of the eight-step plan of action established by John P. Kotter: Increase urgency, form a coalition, get the vision right, communicate the buy-in, empower action, create short-term wins, don't let up, and make change stick.

Policies and strategies in the planning process

- They give mid- and lower-level managers a good idea of the future plans for each department in an organization.
- A framework is created whereby plans and decisions are made.
- Mid- and lower-level management may adapt their own plans to the business's strategic ones.

Levels of management

Most organizations have three management levels: low-level, middle-level, and top-level managers.^[citation needed] These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid. Each level is explained below in specifications of their different responsibilities and likely job titles.

Top-level managers

Consists of board of directors, president, vice-president, CEOs, etc. They are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business. In addition, top-level managers play a significant role in the mobilization of outside resources and are accountable to the shareholders and general public.

According to Lawrence S. Kleiman, the following skills are needed at the top managerial level.

- Broadened understanding of how: competition, world economies, politics, and social trends effect organizational effectiveness .

Middle-level managers

Consist of general managers, branch managers and department managers. They are accountable to the top management for their department's function. They devote more time to organizational and directional functions. Their roles can be emphasized as executing organizational plans in conformance with the company's policies and the objectives of the top management, they define and discuss information and policies from top management to lower management, and most importantly they inspire and provide guidance to lower level managers towards better performance. Some of their functions are as follows:

- Designing and implementing effective group and intergroup work and information systems.
- Defining and monitoring group-level performance indicators.
- Diagnosing and resolving problems within and among work groups.
- Designing and implementing reward systems supporting cooperative behavior.

low-level managers

Consist of supervisors, section leads, foremen, etc. They focus on controlling and directing. They usually have the responsibility of assigning employees tasks, guiding and supervising employees on day-to-day activities, ensuring quality and quantity production, making recommendations, suggestions, and upchanneling employee problems, etc. First-level managers are role models for employees that provide:

- Basic supervision.
- Motivation.
- Career planning.
- Performance feedback.
- Supervising the staffs.

It's both.

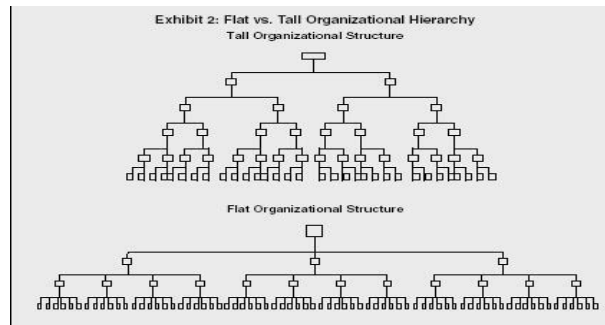
ART because you have to deal with people. You have to study organization behaviour and know what motivates people and what puts people off. You have to know Maslow's hierarchy of need etc. This is more qualitative.

SCIENCE because you have to know how to be accountable. You have to count how many people are in the office, the turnover rate, profit and loss, accounting etc. It's more quantitative.

Management as a Science:

Science is an organized or systematized body of knowledge pertaining to a particular field of enquiry. Science is systematized in the sense that it establishes cause and effect relationship between different variables.

Levels of management



The term —**Levels of Management**’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories: -

1. **Top level / Administrative level**
2. **Middle level / Executory**
3. **Low level / Supervisory / Operative / First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



LEVELS OF MANAGEMENT

Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.
- h. They are also responsible for inspiring lower level managers towards better performance.

3. Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, —Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees. In other words, they are concerned with direction and controlling function of management. Their activities include -

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.

- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

Modern Management approaches

A worker does not work for money only. Non-financial rewards such as affection and respect for co-workers are also important factors. The emphasis was on employee-centered, democratic and participative style of supervisory leadership as this is more effective than task centered leadership. This approach was however criticized for its emphasis on the importance of symbolic rewards and not on material rewards. The belief of this approach that an organization can turn into one big happy family where it is always possible to find solutions which satisfies everybody has also been questioned.

Behavioral Approach:

An approach that recognizes the practical and situational constraints on human rationality for making decisions>

Behavioral scientists attach great importance to participative and group decision making. They are highly critical of the classical organization structures built on traditional concepts and prefer more flexible organization structures.

Two major theorists, Abraham Maslow and Douglas McGregor, came forward with ideas that managers found helpful.

Abraham Maslow: He developed the theory of motivation that was based on three assumptions. First, human beings have needs that are never completely satisfied. Second, human action is aimed at fulfilling the needs that are satisfied at a given point in time. Third, needs fit into a hierarchy, ranging from basic and lower level needs at the bottom to higher level needs at the top.

Douglas McGregor: He developed a concept of Theory X versus Theory Y dealing with possible assumptions that managers make about workers. Theory X managers tend to assume that workers are lazy, need to be coerced, have little ambition and are focused mainly on security needs. Theory Y managers assume that workers do not inherently dislike work, are capable of self control, have capacity to be creative and innovative and generally have higher level needs. This approach helped managers develop a broader perspective on the nature of workers and new alternatives for interacting with them.

Quantitative Approach:

An approach that focuses on the use of quantitative tools for managerial decision making.

The quantitative management viewpoint focuses on the use of mathematics, statistics and information aids to supports managerial decision making and organizational effectiveness. Three main branches have evolved: operations research, operations management and management information systems.

Operations Research: Operations Research is an approach aimed at increasing decision effectiveness through the use of sophisticated mathematical models and possibilities as they can accomplish extensive calculation. Some operations research tools are linear programming, querying, waiting line, routing and distribution models.

Operations management: Operation management is a field that is responsible for managing the production and delivery function of an organization's products and services. Operations management is generally applied to manufacturing industries and uses tools such as inventory analysis, statistical quality control, networking etc.

Management Information System: Management Information System refers to the designing and implementing computer based information systems for use by the management. Such systems turn raw data into information that is required and useful to various levels of management.

Contingency Approach: A view point which believes that appropriate managerial action depends on the peculiar nature of every situation.

This approach is a viewpoint which argues that there is no best way to handle problems. Managerial action depends on the particular situation. Hence, rather than seeking universal principles that apply to every situation, this theory attempts to identify contingency principles that prescribe actions to take depending on the situation.

Systems Approach to management:

Systems theory is an approach based on the notion that organizations can be visualized as systems. A system is a set of interrelated parts that operate as a whole in pursuit of common goals. Every system has four major components:

1. Inputs are the various resources required to produce goods and services.
2. Transformation processes are the organization managerial and technological abilities that are applied to convert inputs into outputs.
3. Outputs are the products, services and other outcomes produced by the organization.
4. Feedback is information about results and organizational status relative to the environment.

Resources: (1) Human (2) Materials (3) Equipment (4) Financial (5) Informational

Managerial and Technological Abilities: (1) Planning (2) Organizing (3) Leading (4) Controlling (5) Technology

Outcomes: (1) product and services (2) Profits and losses (3) Employee growth and satisfaction.

Expected Questions:

1. Define management. What are the nature and characteristics? Explain its function.
(june10, june11, dec09, june09)
2. Is management a science, art or profession? Explain. (June10, june11, jan10, july09, dec08)
3. What are the modern management approached? Explain briefly the contingency approaches of management. (June10, july09)
4. Explain the various roles of a manager (june10, july09, jan09)
5. Explain the contribution of FW Taylor to the theory of management
(jan10,dec10)

Planning

Meaning and Definition of Planning

Planning is the primary function of management. It focuses on the future course of action. It specifies the objectives to be achieved in future and selects the alternative course of action to reach defined objectives. It also involves many activities like analyzing and decision making about technical, personnel, financial, and other elements essential to implement predetermined course of action. Thus, planning is mental and paper activities which look ahead for drawing the future course of action.

—Planning is that function of manner in which he decides in advance what he will do. It is a decision making process of a special kind, its essence is futurity. | Hayness and Massie

—Planning is deciding in advance what to do, how to do, when to do and who is to do it. Planning bridges a gap between from where we are to where we want to go |

Procedure of Planning

For systematic approach to planning, it is essential to complete some procedures or steps. The major steps of planning are as follows:

Procedure of Planning

1. **Analyze Opportunities:** Generally, this is not a step of planning. It is known as pre-step of planning. It is essential to make a successful plan. The management has to analyze strengths; weakness, opportunities and threats (SWOT) of changing environment of the business. Here, strengths and

2. **Setting objectives:** This is the first and real starting point of planning. The objectives must be specific, clear and practical. They should be time bound and expressed in numerical terms. They should not be idealistic or over ambitious. A minor mistake in setting objectives might affect in implementation of plan.

3. **Determination of premises:** After setting objectives, another step of planning is to determine premises. Premises are the assumptions about the future (a) **Tangible and intangible:** Tangible premises involve capital investment, unit of production, units sold, cost per unit, time available etc.

4. **Determination of alternatives:** The next step, after establishment of objective and premises of the planning is to discover the various alternative courses of action for the achievement of organizational objectives.

5 **Evaluation of alternatives:** This is another step after determination of alternative courses of action to evaluate them from their expected cost and benefits.

6 **Selecting a course of action:** Next step of the planning after evaluation of alternative courses of action is to select a best course of action.

7 **Formulation of derivative plans:** This is the next logical step after the selection of a course of action. After the selection of course of action, it is essential to formulate action plans for each step of work and to all departments of the organization. These action plans involve formulation of policies, rules, schedule and budget to complete defined objectives.

8 **Implantation of plans:** This is one of the significant steps of planning. Without this step, other this procedure of plan will remain as paper work.

9 **Reviewing the planning process:** The planning procedure is continuous function up to the attainment of defined objectives.

Types of planning

The following are the major types of plan prepared in the organization: I, Corporate or strategic plan

Ii Tactical or Division plan

Iii Operational or Unit plan

i. **Corporate or Strategic Plan:** This plan is prepared by the top level management by taking the long term objectives of the organization into consideration. It clearly defines the objectives of the organization and strategies to achieve the defined objective. Here goal focuses on the result that an organization wants to achieve. It is the end point of planning.

ii **Tactical or Division Plan:** Tactical plan is prepared by the middle level management It is consistent with corporate plan. In simple words, it is the sub-division of corporate plan to implement in practical field. Here, divisional managers identify the priorities of the works. They focus to allocate work and resources on the basis of programs.

iii **Operational or Unit Plan:** This plan is prepared by the lower level management. It is consistent with tactical plant. In simple sense, it is the action plan of each and every activity of the department.

Advantages (Benefits/Importance) of Planning

Planning is the foundation of the organization. It is the primary function of management which clearly defines the organizational objectives and line of action. The quality of planning is important for successful operation of the organization. The following points clarify the importance of planning in the organization:

Advantages of Planning

Goal Focus

Minimize Uncertainty

Improve efficiency

Facilitates to Control

Innovation and Creativity

Better Coordination

Ensures Commitment

Aid to Business Success

Brings Systematization

Strategy and Business policy

Strategy is meant to fill in the need of organizations for a sense of dynamic direction, focus and cohesiveness. Objectives alone do not fill in the need of organization. Strategy provides an integrated framework for the top management to search for evaluation of opportunities, to perceive and meet threats and crises to make full use of resources to make major decision.

Strategy may be defined as long range blueprint of an organization's desired image, direction and destination what it wants to be, what it wants to do and where it wants to go.

The concept of strategy is ancient. The word itself comes from the Greek *Strategoia*, which means the art or science of being general. The connection that managers today make between business and strategy is a relatively recent one. Only since World War II has emerged that strategic planning and acting on those plans constitute a separate management process- the process we call Strategic management.

Strategic management provides a disciplined way for managers to make sense of the environment in which their organization operates, and then to act.

Stages in formulation of strategy

A number of framework have been developed for identification the major strategic alternatives that organization should consider when choosing their business – level strategies. The several stages involved in formulating a strategy .

- 1. Determination of corporation vision, mission, and purpose*
- 2. External environmental appraisal*
- 3. Internal environmental appraisal*
- 4. Gap analysis*
- 5. Strategic search*
- 6. SWOT analysis*

Types of Strategies

- 1. Stability strategy*
- 2. Growth strategy*
- 3. Diversification strategy*

4. *Acquisition strategy*
5. *Retreat strategy*
6. *Combination strategies*

The Importance of Planning

The importance of the planning function should have been clear to you. We can outline the importance of planning function as follows: **Provides Direction:** Planning provides a clear sense of direction to the activities of the organization and to the job behavior of managers and others. It strengthens their confidence in understanding where the organization is heading and what for, how best to make the organization move along the chosen path, and when should they take what measures to achieve the goals of the organization.

Provides opportunity to analyze alternative courses of action: Another source of importance of planning is that it permits managers to examine and analyze alternative course of action with a better understanding of their likely consequences. If managers have an enhanced awareness of the possible future effects of alternative courses of action, for making a decision or for taking any action, they will be able to exercise judgment and proceed cautiously to choose the most feasible and favorable course of action.

Reduces uncertainties: Planning forces managers to shake off their inertia and insular outlook; it induces them to look beyond those noses, beyond today and tomorrow, and beyond immediate concerns. It encourages them to probe and cut through complexities and uncertainties of the environment and to gain control over the elements of change.

Minimizes impulsive and arbitrary decisions: Planning tends to minimize the incidence of impulsive and arbitrary decisions and ad hoc actions; it obviates exclusive dependence on the mercies of luck and chance elements; it reduces the probability of major errors and failures in managerial actions. It injects a measure of discipline in managerial thinking and organizational action. It improves the capability of the organization to assume calculated risks. It increases the freedom and flexibility of managers withing well-defined limits.

King-pin function: As stated earlier, planning is a prime managerial function which provides the basis for the other managerial functions. The organizational structure of task and authority roles is built around organizational plans. The functions of motivation, supervision, leadership and communication are addressed to implementation of plans and achievement of organizational objectives. Managerial control is meaningless without managerial planning. Thus, planning is the king-pin function around which other functions are designed.

Resource Allocation: Planning is means of judicious allocation of strategic and scarce resources of the organization in the best possible manner for achieving strategic goals of the organization. The strategic resources include funds, highly competent executives, technological talent, good contacts with government, exclusive dealer network and so on. If the organization enjoys a distinct advantage in possession of such resources, a careful planning is essential to allocate them into those lines which would strengthen the overall competitive position of the organization.

Resource use efficiency: For an ongoing organization, planning contributes towards a more efficient functioning of the various work units. There is better utilization of the organization's existing assets, resources and capabilities. It prompts managers to close gaps, to plug loopholes, to rectify deficiencies, to reduce wastage and leakages of funds, materials, human efforts and skills so as to bring about an overall improvement in resource use efficiency.

Adaptive responses: Planning tends to improve the ability of the organization to effectively adapt and adjust its activities and directions in response to the changes taking place in the external environment. An adaptive behavior on the part of the organization is essential for its survival as an independent entity. For a business organization, for example, adaptive behavior is critical in technology, markets, products and so on.

Anticipative action: While adaptation is a behavior in reaction and response to some changes in the outside world, it is not enough in some situations. In recognition of this fact, planning stimulates management to act, to take hold initiatives, to anticipate crises and threats and to ward them off, to perceive and seize opportunities ahead of other competitions, and to gain a competitive lead over others. For the purpose, some enterprises establish environmental scanning mechanism as part of their planning systems. Thereby such enterprises are able to direct and control change, instead of being directed and controlled by the pervasive external forces of change.

Integration: Planning is an important process to bring about effective integration of the diverse decisions and activities of the managers not only at a point of time but also over a period of time. It is by reference to the framework provided by planning that managers make major decisions on organizational activities, in an internally consistent manner.

Nature and Characteristics of Planning management

Managerial function has some unique characteristics of its own which separate it from other functions. They are:

Primacy of Planning: Planning is the first and foremost activity of Managerial function.

Planning a Process: Planning is a process of management which starts with identification of mission and goals of the organization and ends with making arrangements for fulfilling the goal.

Ubiquity/pervasiveness of Planning: Planning is an function which exists in all levels of managerial hierarchy.

Future orientation: Planning are always future oriented. It is a process which look ahead or think ahead and making provision to tackle future event.

Information base: Information is the basis of planning. Without information planning is not possible.

Rationality: Planning is done based on reasons rather than emotions.

Formal and informal Nature: Normally planning is of formal and informal nature.

Intellectual Process: Planning is a process which needs the ability to think in a logical way and understanding things.

Pragmatic, action-orientation: Even if it is an intellectual process, it needs practical, flexible and sensible way of action rather than a fixed ideas or theories.

Decision making: Planning involves decision making and problem solving.

Dynamism: Planning is a dynamic process and it is based on the external and internal changes of environment

Levels and of planning: On the basis of scope there are two levels:

1. Corporate Planning covering the entire organization
2. Sub-corporate or functional Planning – within the various divisions or

units. On the basis of significance we may divide planning into

1. Strategic planning
2. Tactical or operational planning.

On the basis of time we can divide planning into:

1. Long term planning covering periods of more than one year.
2. Short term planning covering a period of one year or less.

Even if we divide planning into different levels to analyze, it must be coordinated and balanced to support one another and attain the objectives of the organization.

Types of plans: Plans are categorized into two groups:

1. Single use plans – those which are designed to meet specific, non-repetitive and unique situations
2. Standing Plans – those which are fairly stable and are meant to handle a wide range of repetitive situations over a period of time.

5 essential objectives of economic planning in India

Planning without an objective is like driving without any destination. There are generally two sets of objectives for planning, namely the short-term objectives and the long-term objectives. While the short-term objectives vary from plan to plan, depending on the immediate problems faced by the economy, the process of planning is inspired by certain long term objectives. In case of our Five Year plans, the long-term objectives are:(i) A high rate of growth with a view to improvement in standard of living.(ii) Economic self-reliance;

(iii) Social justice and(iv) Modernization of the economy(v) Economic stability

Planning Premises



What Is a Planning Hierarchy?

Definition

A planning hierarchy represents the organizational levels and units in your company for which you want to plan. A planning hierarchy is a combination of characteristic values based on the characteristics of one information structure.

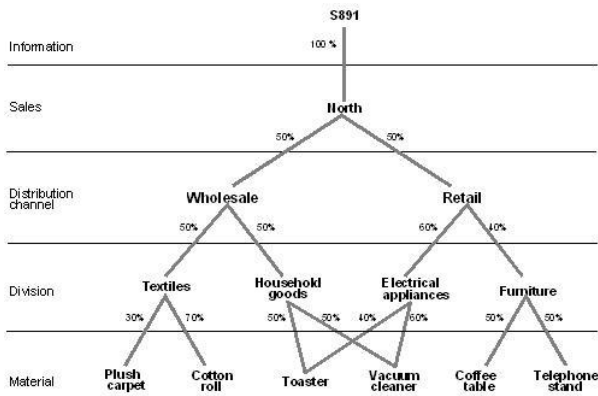
Planning hierarchies provide a framework for your planning activities in consistent planning and level-by-level planning. With these planning methods, a planning hierarchy must exist for the information structure before you can plan its key figures. You can create only one planning hierarchy for an information structure. However, a hierarchy can have as many different branches as you like. See also Planning Hierarchies Containing Product Groups.

You can create one or more planning hierarchies automatically when you install Release 3.0, with the Master Data Generator.

You can also create a planning hierarchy manually (see Creating a Planning Hierarchy). It consists of one or more planning levels to which you assign characteristic values.

You maintain planning hierarchies in much the same way as you maintain product groups, on a level-by-level basis, and define the aggregation factor and the proportional factor of each characteristic value just as you define them for the members of a product group. For more information, see Planning Hierarchy Maintenance Functions.

Example of a Planning Hierarchy



You might extend this planning hierarchy to include further branches, such as branches to represent the organizational structure of the company in sales organizations South, East, and West.



Expected Questions:

1. What is planning? Explain the steps involved in planning. And give the importance and purpose of planning process June10, June11, Jan09
2. briefly explain the types of planning. June10, June11, July09
3. Explain the process and steps involved in decision making and planning June10, June11, July09, model paper, Dec10, Jan09
4. Explain hierarchy of planning June10, Dec10,
5. Differentiate between strategic planning and tactical planning June10
6. what are planning premises? Explain the classification of planning premises. Jan10
7. what are the different types of decision? Explain briefly July09
8. discuss the limitations and importance of planning July09.