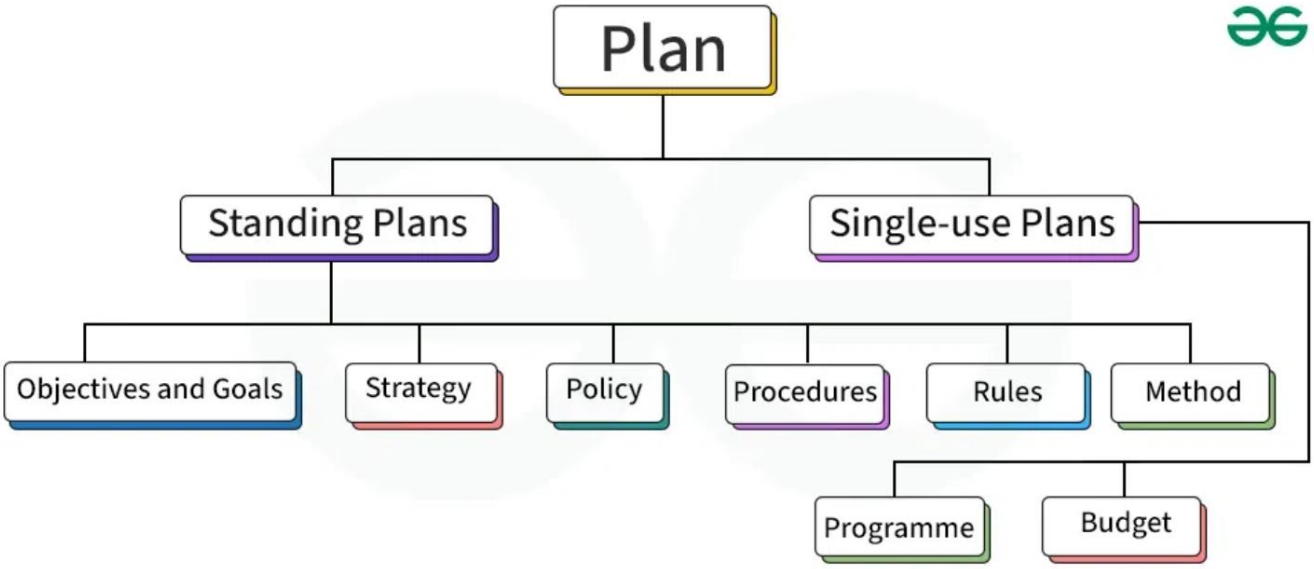
TYPES OF PLANNING

A management plan is a global plan that provides the objective of any organization's project. A plan certainly defines responsibilities, roles, etc., to ensure the achievement of the targeted goal. A plan is a resource that everyone in the firm can use, be it the top-level manager or the low-level manager. The plan creates an outline for the organization as to what should be the aim and objective, the strategies that the firm will use, and what method will the firm use to measure its performance. The plan is applicable in all types of organizations be they big or small. There are different types of plans that can be helpful for managers in making decisions and solving their problems.



Types of Planning

To provide guidelines to the managers for taking decisions and solving problems, there are various kinds of plans. These plans are helpful in managing day-to-day affairs and in

regulating the work behaviour of the subordinates. These various types of plans are grouped into two categories that are **standing plans** and **single-use plans.**

I. Standing Plans

Standing plans are those plan which is used again and again whenever a particular situation arises. It is designed to make sure that the internal operations of an enterprise run smoothly. These plans are developed once but are designed to be used over the years. It is generally developed in such a manner that it can be modified when needed. These plans are also known as multiple-use plans or repeated-use plans. These plans are generally prepared by top-level managers. Standing plans include objectives and goals, strategy, policy, procedure, rules, and methods. The following are explained below:

1. Objectives and Goals

Both the terms are used interchangeably, as both imply the target one desires to accomplish. Goals are the desired set of affairs that an organization wants to accomplish. Whereas objectives are specific targets within the general goal to achieve a certain task. Thus objectives are specific with support in the attainment of goals. The process of planning beings with the setting up of objectives. The planning stage includes courses of action and identifies the results that the company desires. These are usually set up by the top level. All organizations large or small can identify problems and establish overall goals for their business, but they need specific objectives to progress.

For example, the managers of a department may have the objective to increase sales by 15%. This becomes an objective of selling more units for his employees. Objectives refer to purposes or aims that an organization wants to achieve at different periods. Activities of an organization are directed towards the objectives. In other words, objectives indicate the destination of the organization.

2. Strategy

The term strategy is mostly used in military science and games. But in view of growing competition and a rapidly changing environment, now it has become equally relevant to the business organization. In business, it refers to a comprehensive (i.e., determining long-term objectives, adopting a course of action, and allocation of resources) and an integrated plan, which indicates the desired future of the organization. It is very often said that a proper strategy is the blueprint of an organization's desired destination. It is an elaborate, systematic and special type of plan, which is formulated to meet the challenges forwarded by the competitors or other external factors, such as changes in the economic, political, social, legal, and technological environment. It involves preparing itself for meeting unforeseen factors.

For example, Pepsi and Coca-Cola are competitors in the soft drink market. If Pepsi reduces the price, then the counter plan of Coca-Cola is to maintain its market may be considered a strategy.

3. Policy

The policy is a general statement that guides thinking or channelizing energy towards a particular direction. It also defines boundaries within which the decision can be made. It is a parameter within which managers use their discretion to apply the policy. There are policies for all levels and departments in the organization. There are major company policies that are common for all customers, clients, competitors, etc. Whereas minor policies are for the insiders of an organization and mainly contain minute details of information important to the employees.

For example, the policy of a company may be not to employ any person who is less than 18 years of age.

4. Procedures

A procedure refers to a particular course of action in order to achieve the desired result. Basically, it is a series of chronological steps to be taken to perform an activity. It simplifies the work by eliminating unnecessary steps and brings uniformity of action.

Procedures may bring rigidity in the working of all organizations by specifying the best way of doing it. It tends to become outdated unless reviewed and revised at periodic intervals. It provides no room for creative thinking and at times discourages initiatives.

For example, an enterprise may have the following procedure for the purchase of goods: Identification of various suppliers, inviting quotations from them, comparison of quotations, placing orders to the suppliers who offer the best quotation, receipt, and inspection of goods, and making the payment to the suppliers.

5. Rules

Rules are a set of directives or statements to do or not to do certain things, to behave or not to behave in a particular way. Every organization aims to operate in an orderly manner to regulate and control the working behaviour of employees. Rules are formed by the organization and these are enforced to maintain. They are rigid and do not allow derivations. The breach of rules usually carries a penalty. It aims to maintain discipline and thereby helps to improve efficiency. Any violation of the rule is generally associated with some sort of disciplinary action.

For example, a company may have a rule of no smoking in the office premises, 'smoking is strictly prohibited'.

6. Method

Methods are formalized techniques and standard ways of doing repetitive and routine jobs. It prescribes the manner of doing the task. They also provide detailed guidance for day-to-day activities and are helpful in the use of procedures with minimum expenditure of time, effort, and money. The method specifies the manner in which a work can be performed effectively and efficiently. It should be stated clearly and in precise terms to improve organizational efficiency and bring a sense of order to the workplace. It is a prescribed way in which one step of the procedure is to be performed. Specified techniques are to be used in a particular operation.

For example, there are different methods for the valuation of stock, like the FIFO method, LIFO method, and HIFO method. A business can select any one method for the valuation of the stock. Selecting a particular method avoids confusion and helps in the smooth functioning of the organization. (FIFO- first in first out, LIFO- last in first out, and HIFO- highest in first out).

II. Single-use Plans

Single-use plans are made to serve a specific objective. They cease to exist once such an objective is achieved. They are nonrecurring and the duration of this plan generally depends upon the type of project. These plans are short-lived and they have to be reformulated after every use. These plans include programme and budget, following are explained below:

1. Programme

Programmes are comprehensive plans designed to implement the policies and accomplish the objective by combining goals, task assignments, policies, resources, etc. They are usually single-use plans indicating the steps to be taken, resources to be used, and the period for completion of the task. It gives a step-by-step approach to guide the action necessary to reach a pre-determined goal. There are two types of programmes major and minor. Major programmes are basic plans for example- the poverty eradication programme. Minor programmes are derivative programmes designed to implement major programmes.

For example, a company may have a programme with respect to 'Construction of new factory premises'.

2. Budget

According to George. R. Terry," a budget is an estimate of future needs arranged to an orderly basis covering some or all of the activities of an enterprise for a definite period of time". A budget is a statement of expected results that are expressed in numerical terms for

a definite period. It is a single-use plan expressed in quantitative terms. It is a projection of anticipated cost results and the allocation of resources. On one hand, it is an instrument of planning, as it helps to make the plans clear, on the other hand, it is an instrument of control, as it serves as a standard for evaluating performance. It is prepared for one year.

For example, the sales department of an organization provides its budget, wherein they have estimated the figures about different types of material that will be needed for production, its quality, the time of purchase, and what amount is to be spent on it. There as other such departments that prepare these budgets.

