



## LEARNING OBJECTIVES

- Meaning of Planning
- Importance of Planning
- Features of Planning
- Limitations of Planning
- Process of Planning
- Types of Plans or the Hierarchy of Plans
- Essentials of an Ideal Plan

## INTRODUCTION

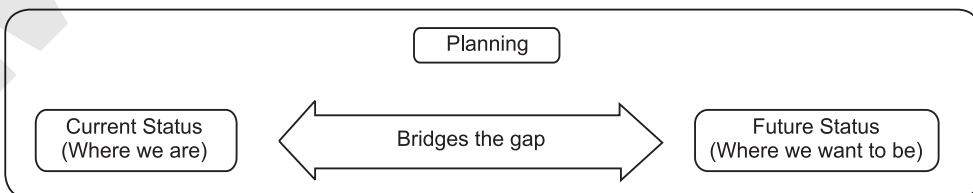
Planning is the first function of management. This function precedes all other functions viz., Organising, Staffing, Directing and Controlling. All these functions take place on the basis of planning. Planning function decides how the goals (which are the basic reasons of the existence of any business organisation) will be achieved. For this purpose, objectives are set which are supported by the derivative plans like Strategy, Policy, Procedure, Methods, Rule, Programmes, Budgets, etc.

Every organisation, whether it is government or private, large or small, economic or non-economic, etc., requires to plan. Government sets five years plans for the country whereas a business organisation sets plans for its own divisions and departments.

Every business organisation dreams to achieve higher production, lower costs, higher sales, higher profits, diversify the products, expanding the business, etc. In order to achieve these targets, different managers at the different levels have to work hard and think how these targets would be achieved. This thinking process is known as planning.

## MEANING OF PLANNING

Planning is the process of thinking before doing. Planning bridges the gap between where we are and where we want to be. It involves determination of goals as well as the activities required to be undertaken to achieve the goals. **Planning is also known for matching the resources with opportunities.**



Planning consists of deciding in advance:

- What is to be done?
- Where is it to be done?
- By whom is it to be done?
- How is it to be done?
- When is it to be done?

Planning is closely connected with creativity and innovation. It involves making choices from various alternatives available to achieve the objectives of the organisation. Planning must consider the time factor since if the objectives are not achieved on time, the existence of the organisation may come at stake and the purpose of planning would become futile. Planning will also serve no purpose if the plans are not implemented or actual work is not achieved as planned.

Well Plan is Half Done

### DEFINITIONS OF PLANNING

*“Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap from where we are to where we want to go.” ...Koontz and Donnell*

*“Planning is that function of a manager in which he decides in advance what he will do. It is an intellectual process in which creative thinking and imagination are essential.”*

*...Haynes and Massie*

*“Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives.” ...M.E. Hurley*

*“Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses.” ...Urwick*

### IMPORTANCE OF PLANNING

Planning is essential due to the presence of various alternatives to achieve the goals of any enterprise. If there would have been only one way to achieve the goals, then there would be no need for planning. The management of every organisation always dreams to achieve the higher targets, but these dreams can be turned into reality if the managers plan in advance what to do and how to do? The essence of planning can be understood with the help of the following quotation.

People don't Plan to Fail but they Fail to Plan.

**1. Provides Direction.** Planning ensures that the goals and objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are well aware of what the organisation has to do and what they must do to achieve those goals. If there were no planning, employees would be working in different directions and the organisation would not be able to achieve its desired goals.

**2. Reduces the Risk of Uncertainty.** Planning is necessary because the future is uncertain and changeable. One can hardly be certain about future events. However,

by forcing managers to look ahead, anticipate change, develop appropriate responses, planning reduces uncertainty.

**3. Reduces Overlapping and Wasteful Activities.** Planning is directed towards the objectives of the business undertaking. It coordinates the activities of all divisions, departments and individuals. Therefore, the attention of every manager is focused on these objectives in the very course of performing their respective planning functions. Executives are generally engaged in their day to day problems. It is planning which helps them solve these problems.

**4. Promotes Innovative Ideas.** Planning is thinking in advance and therefore, there is a scope of finding better and different methods and procedures to achieve the desired objectives. Under planning, new ideas take the shape of concrete plans. It helps the organisation in deciding how to maintain its competitive edge in the market.

**5. Facilitates Decision Making.** Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and thus take the most rational or scientific decision.

**6. Establishes Standards for Controlling (to compare the actual results with planned or standard results).** Plans provide goals or standards for controlling employees' performance against which actual performance is measured. By comparing the actual performance with some standards, managers can determine whether they have actually been able to attain the goals or not. If there is any deviation, it is corrected in time. If there were no goals or standards, then finding deviations which are a part of controlling, would be impossible.

## FEATURES OF PLANNING

The following features throw light on the nature and scope of planning.



**1. Focuses on Achieving Objectives.** Determination of objectives is the primary condition of planning after the goals have been set. Planning cannot be thought of in

the absence of objectives. Once the objectives are fixed, the next step is to determine the steps which are to be followed to achieve those objectives.

**2. Primary Function of Management.** It is often called the first function of management. It lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions. This is also referred to as the primacy of planning (prime function of management).

**3. Planning is Pervasive (Universal).** Planning is required at all levels of management of the organisation. It is neither an exclusive function of top management nor of any particular division or department. Every individual in his/her own individual capacity makes planning to a certain limit within his/her scope of authority.

**Example.** The top management undertakes planning for the organisation as a whole. Middle management does the departmental planning and at the lowest level, day to day operational planning is done by foremen and supervisors.

**4. Planning is a Continuous Process.** Planning is an ongoing process. Environment changes so fast that if we continue with a single best way of doing things just like the rule of thumb, then we will be losing the market. Every business person or organisation has to remain in touch with the changing environment and continue to make changes as and when required.

**5. Planning is Futuristic.** Planning involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively and efficiently to the best advantage of an organisation. Planning is never done for the past but done for the future to achieve certain objectives. Planning is, therefore, regarded as a forward looking function through which future events and conditions are anticipated and plans are drawn accordingly.



Bad Planning is buying a new Saddle for an Old Horse

**6. Planning involves Decision Making.** Planning cannot be imagined in the absence of alternatives. If there are alternatives, then there is a need for evaluating them and selecting the best one for implementation. **There is no need for planning if there is only one way of doing something.**

7. **Planning is a Mental Exercise.** Planning is a mental process and therefore job of planning must be separated from operational work as suggested by Taylor. Planning is an outcome of mental exercise involving imagination, foresight and sound judgment. It is neither guesswork nor wishful thinking. It is thinking rather than doing which must be based on past experiences, logical reasoning, facts and forecasts.

## LIMITATIONS OF PLANNING

On the basis of opportunities available in the market, goals of the organisations are set but these are affected by the threats which creates hindrances in the achievement of goals. These threats come in the form of components of general environment like change in the taste of customers, changes in the government policies, rise in the costs, decline in the sales, etc. We have to keep the scope for flexibility and make the desired changes in the plans. The factors creating hindrances come in the form of limitations such as follows:

1. **Planning leads to Rigidity.** Rigidity of planning mismatches the current performance. In other words, planning is inflexible and cannot be changed completely. Inflexibility may be both internal as well as external.

**Internal Inflexibility.** It relates to plans, policies, programmes, rules and methods. Once these are designed, employees become habitual to do the work accordingly. Any change in these would mean internal reconstruction which is a difficult task but not impossible.

**External Inflexibility.** It relates to general environment consisting of political, industrial, technological, legal and economic changes. Any change in the external environment affects the organisation adversely which are beyond its control.

2. **Planning may not work in a Dynamic Environment.** The business environment is dynamic where nothing is consistent. The environment consists of a number of dimensions such as economic, political, technological, legal and social factors. The organisations have to adapt themselves constantly to the changes in the environment. It becomes difficult to assess the future trends accurately in the environment if changes in the dimensions of business environment take place.

3. **Planning reduces Creativity.** Planning is not very flexible in reality as big changes cannot be made through it. If all goes well, managers have to blindly follow the same plan without any deviation. As a result, even if they come across any new innovative method, they are not permitted to apply the same in the existing plans.

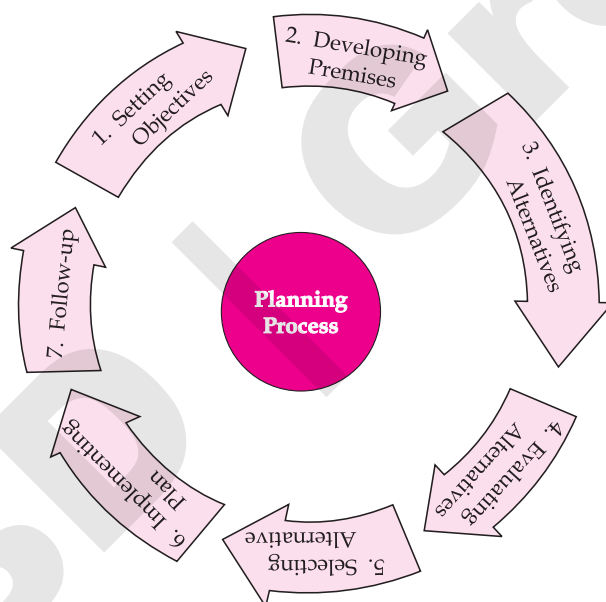
4. **Planning involves Huge Costs.** Formulation of a plan involves too much costs. Such costs may be in terms of time, money and accuracy of facts. If these costs are not justified by the benefits derived from the plan, it may leave harmful effects on the enterprise. There are a number of incidental costs (which cannot be anticipated in advance) as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the feasibility of the plans.

5. **Planning is a Time Consuming Process.** Planning consumes a lot of time in thinking, analysing the situation, finding various alternatives for doing a particular work, developing the planning premises (possibilities) and then finding the best feasible (practicable) and applicable alternative. Due to such a long process, sometimes decisions get delayed, opportunities are lost and there is not much time left for their implementation.

6. **Planning does not Guarantee Success.** The success of an enterprise is possible only when plans are properly drawn up and implemented, otherwise, plans formulated become meaningless. Moreover, managers have a tendency to rely on previously tried and tested successful plans and do not bother to draw new plans. This type of false sense of security leads to failure instead of success for the business.

## PROCESS OF PLANNING

*Planning is not an event and rather is a process consisting of many steps.* Following are the common steps in the formulation of a plan:



1. **Setting Objectives.** After having gone through the opportunities available to a firm, the objectives are laid down. The general/primary objectives are first set then objectives of each department are implemented. Objectives are the central point of planning around which the whole process revolves. Following qualities should be present in the objectives:

- Very clearly specified.
- Expressed in measurable terms as far as possible.
- Be controllable (easily comparable with set standards).
- Within the physical and financial resources of the organisation.

**2. Developing Premises (Possibilities).** Developing premises means the assumptions, bases or ideas about the future. These assumptions are the base material upon which the plans are to be set. These bases may be in the form of past performance, forecasting, competitor's policies, market trends, etc.

The important point is that the assumptions once selected must be adopted in the same way throughout the organisation and all the managers working at the different levels must be aware of the said premises while setting the plans at different levels.

**3. Identifying the Alternative Courses of Action.** There are different alternative ways through which an organisation can achieve the desired objectives. In this step, a list of alternatives is prepared so that there is flexibility in selecting the one which will be best suited.

- Adding more products.
- Offering discounts.
- Increasing expenditures on advertisements.
- Increasing share in the market
- Emphasising to lower the cost of production.

**4. Evaluating Alternative Courses.** After making a list of various alternatives along with the assumptions supporting them, the manager evaluates each and every alternative and notes down positive and negative aspects in the light of feasibility, consequences and objectives to be achieved.

**Example.** In any risk return investment, the more risky an investment is, the higher returns are likely to arise. So, while making the final decision relating to such investment, detailed calculations of earning per share, interest, taxes, and dividends, etc., are evaluated.

**5. Selecting an Alternative.** The best alternative which is most feasible, profitable with least negative impacts is selected. Sometimes, if required, a combination of different alternatives can also be selected.

Subjectivity and the manager's experience, judgment and intuition play an important role in selecting the most viable alternative.

**6. Implementation of Plans.** Implementing the plans mean putting the plans into action, i.e., what is required to be done. The managers communicate the plans to the employees very clearly and allocate the resources according to the specification of the plans as the employees are the persons who have to convert the plans into action.

**7. Follow-Up.** Monitoring the plan constantly and taking feedback at regular intervals is called follow-up. Managers do not wait for the production cycle to get over. Regular checks and comparisons of the output with set standards are done to ensure success in the uncertain future. In case of any deviations, quick changes are made.

## TYPES OF PLANS OR THE HIERARCHY OF PLANS

Planning is a pervasive (universal) function which means that it is not only the task of top managers but also for the managers working at different levels. The plans framed by top-level manager may differ from the plans formed by the middle and lower-level managers. The different types of plans or common plans formed by the managers at different levels are:

**1. Goals.** *A goal is a desired state of affairs which an organisation needs to realise. Goals are collective ends towards which organisations direct their energies and activities. These are also known as mission aims of the organisation.* Goals may be long-term or short-term in nature. **These are expressed in general (non-measurable) terms** like the goal of an automobile company can be to provide cost effective and economic automobiles to the public.

### Examples:

(a) **Improve Product Quality.** By making detailed marketing research, innovation, taking feedback from the customers, Mr. Ratan Tata decided to take the feedback personally from the customer to improve the quality of Nano Car or *Lakhtakia* Car.

(b) **Improve Communication.** By conducting frequent meetings by the managers at the different levels with their subordinates.

(c) **Improve Social Responsibility.** By providing employment opportunities to the disabled, construction of hospitals or orphanage by the business organisations.

(d) **Improves Sales of Detergent Powder.** By distributing free samples or selling it in the form of small sachets or pouches.

Set your goals high, and don't stop till you reach there

**2. Objectives.** *Objectives are based on goals, expressed in quantitative, measurable or concrete terms, in the form of a written statement of desired results to be achieved within a specified period of time.* Objectives consist of a single specific topic, relating to a result, measurable in quantity and time deadline to achieve them. For example, **10,000 cars are planned to be produced in a year.**

### Examples:

(a) Loss of quality not more than 2%.

(b) Hold weekly meetings to improve communication.

(c) Recruiting 50 disable employees every year.

(d) Increasing sales of detergent power by 3% every year.

**Note:** *Goals are the aims of an organisation whereas the objectives are set to achieve the goals.*



Hierarchy of Plans



**3. Strategy.** Strategy is based on objectives and refers to future decisions defining the organisation's direction and scope in the long run. A strategy is a detailed plan for accomplishing objectives of an organisation.

**Example.** A detailed course of action needed by a construction company to construct a shopping mall is called as strategy. It includes (Dimensions/Elements) *determining long-term objectives, adopting a particular course of action and allocating necessary resources.* Whenever a strategy is formulated, the business environment needs to be taken into consideration. The changes in the business environment also affect an organisation's strategy.

**4. Policy.** *Policy is based on the strategy and can be defined as organisation's general response or solution to a particular problem or situation. It is the basis and guide for implementing a strategy.* It is the organisation's own way of handling the problems. Policies are made at every level because the managers at every level need to decide or predetermine the way of handling a situation with the consultation of the employees.

*Policy is a means of encouraging discretion (self-decision making) and initiative, but within limits.* The amount of freedom will depend upon the policy.

**Example 1.** A school may grant admission to those students who secure more than 60 % marks and above.

**Example 2.** It may be the policy of a company to resolve the complaints of the customers within a month.

**Other Examples.** Dividend Policy, Sales Promotion Policy, Policy on Transfer, Policy on Salary Promotion, Marketing Policy, Price Policy, etc.

**5. Procedures.** *A procedure tells us the exact manner in which an activity must be performed. A procedure always provides step by step hints or instructions which have to be followed in the same order.* Procedures are generally rigid and have almost no scope for discretion.

Sometimes, the procedure to handle a particular task may involve many departments at the same time. In such a case, all departments must be aware of the entire procedure to understand the importance and sequence of their involvement in it.

**Example.** Procedure for admission in a school is as follows:

- (a) To sell the admission form at the school counter or make it available to download from the school's website.
- (b) Receive the filled forms through traditional mails or e-mails.
- (c) Scrutinising of the application forms.
- (d) Deciding the points for admission.
- (e) Preparing the merit lists for successful applicants.

**6. Methods.** *Methods provide the prescribed ways or manner in which a task has to be performed.* It deals with a task comprising one step of procedure and specifies how a particular step has to be performed. Methods may vary from task to task. Selection of appropriate methods removes doubts in the mind of the employees, saves time, makes comparison of the work possible, simplifies and standardises the work.

**Example.** For imparting training at higher level, orientation programme or lecturer method may be adopted whereas at supervisory level on-the-job training methods may be adopted.

**7. Rules.** *Rules spell out the Do's and Don'ts. They are the simple plans which prescribe the actions to be taken or not to be taken.* There is no scope for individual discretion. They must be followed strictly in violation of which strict action can be taken against the violators. Rules are made to create discipline in the organisation.

**Example:** Rules may be in the form of:

- (a) Smoking cigarette in the premises is prohibited.
- (b) Littering or spitting is a punishable offence.

**8. Programmes.** *Programmes are a combination of goals, objectives, policies, procedures, rules, task, assignments, steps to be taken, resources to be employed and other elements necessary to carry out a given course of action.* They are ordinarily supported by budgets.

**Sum of Plans = Programme**

Programmes include the entire gamut or range of the activities as well as the organisation's policy and how it will contribute to the overall business plan.

**9. Budget.** *A budget is a plan which is expressed in measurable and monetary terms.* In other words, budgets describe the desired results in numerical terms. The budget is a fundamental planning instrument (standard) which also helps in controlling. We may have many kinds of budgets like, Sales Budget, Cash Budget, Capital Budget (fixed assets budget), Production Budget, Master Budget (sum of all budgets), etc.

A budget helps a company in making plans in advance and achieve them within the specified time. *When we prepare a budget, it is related to planning and when we use it as a tool to measure the deviations, it becomes controlling.*

### **Single Use Plans and Standing Plans**

Planning is a crucial element of starting and operating a business. Entrepreneurs create plans to address an array of issues. Plans help business owners think through complex processes and address each of the series of requirements to accomplish the specified goals. Managers draft both standing plans and single use plans to address the range of challenges they confront in their leadership roles. Understanding the difference between the two can help in creating effective business plans.

#### **Single Use Plan**

*Single use plans are created to address short-term challenges or to provide guidance for short-term initiatives.* These are one-time plans and are applied to the activities which do not repeat. Such plans are developed to meet the need of a unique situation. The scope of these plans is generally smaller than the scope of standing plans. Time duration of such plan may be from a day or week to month.

**Example.** Budget, Programmes, Projects, Schedules, Seminar, Workshop, Event, Conference etc.

### Standing Plans

*Standing plans are used over a long period of time to meet long-term challenges sometimes indefinitely, and can be altered to adapt to the changing circumstances.* They are made once and are repeated when needed in future. These are also known as recurring plans.

**Examples.** Method, Policies, Procedure, Rules, etc.

**Note:** The plans 'strategy' and 'objectives' are usually not classified as single use or standing plans.

### DIFFERENCE BETWEEN SINGLE USE AND STANDING PLANS

Basis	Single Use Plans	Standing Plans
1. Meaning	A single-use plan in a business refers to plans developed for one-time project or event that has one specific objective.	A standing plan in a business refers to plans developed for using over and over again because they focus on organisational situations that occur repeatedly.
2. Objective	Single use plan is developed to carry out a course of action that is not likely to be repeated in future time.	Standing plan however is developed for activities that occur regularly over a period of time.
3. Scope	Single use plans generally encompass a narrow scope targeting a specific project or event.	Standing plans generally encompass a wider scope involving more than one department or business function.
4. Stability	Single use plans are discarded when the situation, project or event is over.	Standing plans are relatively stable and used over and over again with necessary modifications or updates.
5. Example	Budget for Annual General Meeting of shareholders.	Recruitment and selection procedure for a particular post in the company.

### DIFFERENCE BETWEEN GOALS AND OBJECTIVES

Basis	Goals	Objectives
1. Purpose	Goals are overall or collective ends.	Objectives are specific and particular ends.
2. Measurement	Goals are not expressed in numerical terms.	Objectives are always expressed in numerical terms.
3. Period	Goals are generally made for long term.	Objectives are mostly made for short term and must be achieved in a specific time limit.
4. Examples	Improve sales of detergent powder.	Increase sales of detergent powder by 3 % within specified time limit.

### DIFFERENCE BETWEEN POLICIES AND OBJECTIVES

Basis	Policies	Objectives
1. Meaning	Policies are organisation's own way of solving a particular problem.	Objectives are the results to be attained in a given time by the organisation.
2. Emphasis	Policies prescribe how the work is to be done.	Objectives prescribe what is to be done.
3. Formulation	Policies are formulated at top, middle and lower level.	Objectives are determined by the owners or top management of the business.
4. Base	Policies explain the mode of achieving the objectives.	Objectives are the end points of planning.

### DIFFERENCE BETWEEN POLICIES AND PROCEDURES

Basis	Policies	Procedures
1. Meaning	A policy is a guide to thinking and a step to decision-making.	Procedure is a guide to action. It contains steps to be taken in a chronological (serial) order.
2. Nature	It is flexible.	It is more or less rigid.
3. Discretion	It leaves some scope for manager's discretion.	It leaves no scope for discretion.
4. Expression	It is expressed in the form of a general statement.	It is expressed in specific terms.
5. Usage	It is derived from objectives of the organisation.	It is laid down to implement some policy.

### DIFFERENCE BETWEEN PROCEDURES AND METHODS

Basis	Procedures	Methods
1. Meaning	Procedures are sequences of steps to be followed for performing a job.	Methods are formal way of doing a job.
2. Purpose	Develop steps to complete an activity	Standardised way of completing a step of the procedure
3. Base	Help in implementation of policy.	Help in standardisation and co-ordination.

### DIFFERENCE BETWEEN POLICIES AND RULES

Basis	Policies	Rules
1. Meaning	These are general statements.	The most specific statements.
2. Influence	They guide in thinking and decision-making.	They guide behaviour.
3. Flexibility	They are quite flexible.	They are most rigid.
4. Discretion	Discretion is permitted.	Discretion is not permitted at all.

## DIFFERENCE BETWEEN RULES AND METHODS

Basis	Rules	Methods
1. Meaning	They are norms for action and non-action.	These are formal ways of doing routine jobs.
2. Aim	To ensure discipline.	To increase efficiency of an operation.
3. Standardisation	Not required.	It is quite essential.
4. Origin	These are based on common sense and objectives.	These are based on research and analysis.
5. Violation	Penalty is imposed on violation.	No penalty is imposed on violation.
6. Flexibility	These are very specific and rigid.	These are specific but flexible.
7. Example	No Smoking.	Method to import training.

## ESSENTIALS OF AN IDEAL PLAN

1. **Simple.** A good plan should always be stated in the most simple, measurable and quantitative terms which will make it easy and achievable.

2. **Objective.** A good plan should not be based upon/influenced by guess work, likes and dislikes of the planners. It should be based on genuine facts, figures and data from reliable sources.

3. **Time Period.** The longer the operation period, the more is the chance of risk. So, as far as possible, the period in which the plan is to be achieved should not be very long.

4. **Employee's Participation.** Employees feel highly motivated if their suggestions are incorporated in the plan. So, in order to get full cooperation of employees, their valid and valuable suggestions must be included in the plan.

5. **Controllable.** A good plan always lays down the standard in such a manner that, later on, controlling is possible with minimum hassles. If a plan cannot facilitate control, the whole exercise becomes a waste.

### GLIMPSES

- **Planning.** Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap from where we are to where we want to go.
- **Importance of Planning**
  - (a) Provides Direction
  - (b) Reduces the Risk of Uncertainty
  - (c) Reduces Overlapping and Wasteful Activities
  - (d) Promotes Innovative Ideas

- (e) Facilitates Decision Making
- (f) Establishes Standards for Controlling
- **Features of Planning**
  - (a) Focuses on achieving Objectives
  - (b) Primary Function of Management
  - (c) Planning is Pervasive (Universal)
  - (d) Planning is a Continuous Process
  - (e) Planning is Futuristic
  - (f) Planning involves Decision Making
  - (g) Planning is a Mental Exercise

- **Limitations of Planning**
  - (a) Planning leads to Rigidity
    - (i) Internal inflexibility
    - (ii) External inflexibility
  - (b) Planning may not work in a Dynamic Environment
  - (c) Planning reduces Creativity
  - (d) Planning involves Huge Costs
  - (e) Planning is a Time Consuming Process
  - (f) Planning does not Guarantee Success
- **Process of Planning**
  - (a) Setting Objectives
  - (b) Developing Premises
  - (c) Identifying the Alternative Courses of Action
  - (d) Evaluating Alternative Courses
  - (e) Selecting an Alternative
  - (f) Implementing the Plans
  - (g) Follow-up
- **Single-Use Plan.** Single-use plans are created to address short-term challenges or provide guidance for short-term initiatives.
- **Standing Plans.** Standing plans are used over a long period of time, sometimes indefinitely, and can be altered to adapt to the changing circumstances.
- **Types of Plans or the Hierarchy of Plans**
  - (a) **Goals.** A goal is a desired state of affairs which an organisation needs to realise. Goals are collective ends towards which organisations direct their energies and activities.
  - (b) **Objectives.** Objectives are based on goals, expressed in measurable terms of

desired results to be achieved within a given period of time.

(c) **Strategy.** Strategy is a detailed plan for accomplishing objectives of an organisation based on objectives.

(d) **Policy.** Policy is based on the strategy, can be defined as organisation's general response or solution to a particular problem or situation.

(e) **Procedures.** A procedure prescribes the exact manner step by step with hints or instructions in which an activity must be performed.

(f) **Methods.** Method provides the prescribed ways or manner in which a task has to be performed which may vary from task to task.

(g) **Rules.** These are simple plans which spell out the Do's and Don'ts, prescribe the actions to be taken or not to be taken with no individual discretion.

(h) **Programmes.** Programmes are a combination of goals, objectives, policies, procedures, rules, tasks, assignments and steps necessary to carry out a given course of action.

(i) **Budget.** A budget is a fundamental planning instrument (standard) expressed in measurable and monetary terms which also helps in controlling.

- **Essentials of an Ideal Plan**

- (a) Simple
- (b) Objective
- (c) Time Period
- (d) Employee's Participation
- (e) Controllable

## OBJECTIVE TYPE QUESTIONS

### MULTIPLE CHOICE QUESTIONS (MCQs)

1. "Planning is deciding in advance what to do, when to do it, and who is to do it." This has been described by
 

(a) Koontz and O'Donnell	(b) Haimann
(c) Allen	(d) Terry

2. Planning is a
- (a) mental Process
  - (b) physical Process
  - (c) guess work Process
  - (d) none of these
3. Planning is the function of the
- (a) manager
  - (b) accountant
  - (c) organisation
  - (d) none of these
4. Any work without proper planning will create
- (a) confusion
  - (b) create doubts
  - (c) illusion
  - (d) all of these
5. Planning is a
- (a) continuous Process
  - (b) intellectual Process
  - (c) managerial Efficiency
  - (d) all of these
6. A company plans to help government to immunise children against polio. Which type of plan is it?
- (a) Objective
  - (b) Strategy
  - (c) Programme
  - (d) Policy
7. Planning is required at all levels of management and in all departments of the organisation. This fact illustrates which feature of planning?
- (a) Planning is continuous
  - (b) Planning is futuristic
  - (c) Planning is pervasive
  - (d) Planning involves decision making.
8. In response to general increase in demand for 4G mobile phones, a company decides to modernise its plant to produce them. This is an example of which type of plan?
- (a) Policy
  - (b) Strategy
  - (c) Programme
  - (d) Objective
9. A manager is required to make certain assumptions about the future which may be in the form of forecasts. This step in planning process is known as
- (a) setting objectives
  - (b) identifying alternative courses of action
  - (c) follow up action
  - (d) developing premises.
10. On monitoring, the employees of a company found involved in the misuse of internet facility by watching videos. The company decides to penalise such employees, the type of plan applicable to the above situation is
- (a) Procedure
  - (b) Strategy
  - (c) Policy
  - (d) Rule

11. Match the column I with column II in the following information:

Column I	Column II
1. Comprehensive plan to achieve objectives	(a) Policy
2. Strategy and Objective	(b) Strategy
3. Provides basis for interpreting strategies	(c) Procedure
4. Exact manner how the work is to be performed	(d) Neither single use and standing plan

Find the correct option:

(a) 1-b, 2-d, 3-c, 4-a

(b) 1-d, 2-b, 3-a, 4-c

(c) 1-b, 2-d, 3-a, 4-c

(d) 1-b, 2-a, 3-d, 4-c

12. Certain steps in the process of planning are listed below:

(1) Developing premises

(2) Identifying alternatives

(3) Setting objectives

(4) Evaluating alternative courses

Order of the above steps will be

(a) 3, 1, 2, 4;

(b) 1, 2, 3, 4;

(c) 1, 3, 4, 2;

(d) 4, 2, 3, 1

13. Which of the following do not come either understanding plan or single use plans?

(a) Objectives and Policies

(b) Strategy and Procedure

(c) Objectives and Strategies

(d) Rules and Methods

#### ANSWERS

1. (a) 2. (a) 3. (a) 4. (d) 5. (d) 6. (c) 7. (c) 8. (d) 9. (d)  
10. (d) 11. (c) 12. (a) 13. (c)

#### FILL IN THE BLANKS WITH CORRECT WORDS

- \_\_\_\_\_ is closely connected with creativity and innovation.
- A \_\_\_\_\_ plan is developed for a one-time event or project.
- A \_\_\_\_\_ is used for activities that occur regularly over a period of time.
- \_\_\_\_\_ and \_\_\_\_\_ are the plans which don't come under single use plan or standing plan.
- \_\_\_\_\_ are the collective ends towards which organisation direct to their energies and activities.
- \_\_\_\_\_ can be said to be the desired future position that the management would like to reach.
- \_\_\_\_\_ strategy is a comprehensive plan for accomplishing an organisation objectives.
- A \_\_\_\_\_ provides a basis for interpreting strategy which is usually stated in general terms.
- \_\_\_\_\_ suggests the sequence of steps or actions to be taken to enforce a policy.
- \_\_\_\_\_ deals with a task comprising one step of a procedure and specifies how this step is to be performed.



11. \_\_\_\_\_ are the simplest type of plans because there is no compromise or change unless a policy decision is taken.
12. A \_\_\_\_\_ includes the entire gamut of activities as well as the organisation's policy and how it will contribute to the overall business plan.
13. A \_\_\_\_\_ a budget is a control device from which deviations can be taken care of.
14. \_\_\_\_\_ means the assumptions, bases or ideas about the future.
15. Strategy includes determining long term objectives, adopting a particular course of action and allocating \_\_\_\_\_ .
16. \_\_\_\_\_ seeks to \_\_\_\_\_ the gap between where we are and where we want to go.
17. A \_\_\_\_\_ plan is used for activities that occur regularly over a period of time.
18. \_\_\_\_\_ describe steps to be followed in particular circumstances.
19. \_\_\_\_\_ provides basis to frame policy and \_\_\_\_\_ drawn within the broad policy framework.
20. Sum of plans is equal to \_\_\_\_\_
21. A \_\_\_\_\_ include determining long term objectives, adopting a particular course of action, and allocating resources necessary to achieve the \_\_\_\_\_.
22. Budgets, programmes and projects come under \_\_\_\_\_ plans.
23. Planning is conducted at \_\_\_\_\_ level(s) of management.
24. Goals are expressed in general \_\_\_\_\_ terms.
25. Managers have a tendency to rely on previously tried and tested successful plans but such false sense of security may not work always when the environment is \_\_\_\_\_ in nature.
26. Planning requires logical and systematic thinking rather than guess work or wishful thinking as planning is a \_\_\_\_\_ exercise.
27. \_\_\_\_\_ serves as the basis of \_\_\_\_\_ the activities and efforts of different divisions, departments and individuals.
28. Planning involves setting targets and predicting future conditions, thus helping in taking \_\_\_\_\_ decisions.
29. Planning precedes other functions of management, therefore is also referred to as the \_\_\_\_\_ of planning.
30. Planning reduces \_\_\_\_\_ as the plans are \_\_\_\_\_ in nature.

#### ANSWERS

- |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|
| 1. Planning             | 2. Single-use           | 3. Standing plan        |
| 4. Objective / strategy | 5. Goals                | 6. Objectives           |
| 7. Strategy             | 8. Policies             | 9. Procedure            |
| 10. Method              | 11. Rule                | 12. Programme           |
| 13. Budget              | 14. Developing premises | 15. Necessary resources |
| 16. Planning; bridge    | 17. Standing            | 18. Procedures          |
| 19. Strategy; procedure | 20. Programme           | 21. Strategy; objective |

22. Single use	23. Top level	
24. Measurable or non- measurable)		
25. Dynamic	26. Mental	27. Planning; coordinating
28. Rational	29. Primacy	30. Creativity; rigid

### STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE

1. Objectives and strategy come under single use plans.
2. Objectives are set in qualitative terms.
3. Strategy is based on the fact how policy has been framed.
4. Procedure tells us the exact manner in which an activity must be performed.
5. Standing plan is used ensure that the internal operation of a given business is operating smoothly.
6. Methods are the simple plans which prescribe the actions to be taken or not to be taken.
7. Strategy defines an organisation's direction and scope in the long run.
8. Policy guides the employees in an organisation about how they should work with various steps set in a chronological order.
9. Rules do not allow for any flexibility or discretion.
10. Single use plans focus on a unique or rare situation within the organisation.
11. Objectives and strategy come under single use plans.
12. Objectives are set in qualitative terms.
13. Strategy is based on the fact how policy has been framed.
14. Procedure tells us the exact manner in which an activity must be performed.
15. Methods are the simple plans which prescribe the actions to be taken or not to be taken.
16. Planning is an exclusive function of top management.
17. Goal is a broader concept than objective.
18. Single use plans related to non-recurring situations.
19. Strategy and objective do not come under either single use plans or standing plans.
20. Planning is based on the results obtained under controlling process.
21. The need of planning does not arise if there are no alternatives.
22. Policies, procedures, methods and rules come under single use plans.
23. Standing plan is used for activities that occur regularly over a period of time.
24. Planning is a prerequisite for controlling.
25. Developing premises relate to find out the different alternatives available to achieve the objectives.
26. Planning provides the goals or standards against which actual performance is measured.
27. Objectives are set to achieve goals and strategy is prepared to achieve objectives.
28. Procedure provides step-by-step instructions whereas method is a step of procedure.
29. Rule is a type of plan in which there is no compromise or change unless a policy decision is taken.

30. Under planning process, setting objectives is followed by identifying different courses of action.

**ANSWERS**

1. F	2. F	3. F	4. T	5. T	6. T	7. T	8. F	9. T	10. T
11. F	12. F	13. F	14. T	15. T	16. T	17. T	18. F	19. T	20. T
21. T	22. F	23. T	24. T	25. F	26. T	27. F	28. T	29. T	30. F

## REMEMBERING AND UNDERSTANDING QUESTIONS

### VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. Which level of management is primarily engaged in policy formation?

**Ans.** Planning.

2. One of the functions of the management is considered as the base for all the other functions. Name that function.

**Ans.** Planning.

3. Name the function of management which establishes standards for controlling.

**Ans.** Planning.

4. Name the function of management, which involves setting of objectives and developing appropriate course of action to achieve these objectives.

**Ans.** Planning.

5. Why is planning a pervasive function of management?

**Ans.** Planning is a pervasive function of management because it is required in all types of organisations and at all levels of management.

6. At which level of management is planning function conducted?

**Ans.** At all levels of management.

7. What are all qualities required for planning?

**Ans.** Intelligence, Imagination, Foresight and Sound Judgement.

8. Planning is related with other functions of management. Which management function is most closely related with planning?

**Ans.** Controlling.

9. Name the feature of planning which states that planning is a forward looking function?

**Ans.** Planning is futuristic.

10. Which is the most crucial step in planning process?

**Ans.** Setting objectives.

11. At which level of management more time is consumed on planning as compared to other levels?

**Ans.** Top-level of management.

12. How does planning help in controlling?

**Ans.** Planning provides standards against which the actual performance is measured.

13. How does planning create rigidity?  
**Ans.** Planning creates rigidity by putting adverse effect on initiative taken by the managers.
14. What is the basis for creating future course of action?  
**Ans.** Forecasts.
15. How does planning reduce the risk of uncertainty?  
**Ans.** Planning reduces the risks of uncertainties by anticipating them well in advance and preparing for them to deal in future.
16. In spite of many advantages, state how planning can be detrimental?  
**Ans.** Planning can be detrimental if it is not dealt with flexibility or is dealt with rigidity.
17. Give examples of single use plans.  
**Ans.** Budget, Programmes, projects, schedules, etc., are the examples of single use plans.
18. Give examples of standing plans.  
**Ans.** Methods, policies, procedures, rules, etc., are examples of standing plans.
19. Name the plan which neither comes under 'Single use plans' nor 'Standing plans'?  
**Ans.** Strategy and Objective.
20. What is meant by 'follow up' as involved in the planning process?  
**Ans.** Follow up means to ensure that activities in the organisation are being performed according to the plans laid down.
21. What is the most critical step in the planning process?  
**Ans.** Finding the best possible alternative among the different alternatives is always the critical step in the process of controlling.
22. Increasing output by 10% or earning profits of 5% is an important type of plan. Identify the type of plan.  
**Ans.** Objective.
23. "Zebra Cosmetics Ltd. offered discount on its products to compete with the offer of free gift by the rival company." What type of plan is it?  
**Ans.** Strategy.
24. Reservation of 10 % seats in IIMs for girls. What type of plan is it?  
**Ans.** Policy.
25. What are the derivative plans?  
**Ans.** Derivative plans are plans formulated to support and implement the main plans.
26. Name the type of plan in which the move of competitors is considered.  
**Ans.** Strategy.
27. "Switch off all the lights and fans after the school is over." What type of plan is it?  
**Ans.** Rule.

### SHORT ANSWER TYPE QUESTIONS

(3–4 MARKS)

1. What do you mean by planning premises?  
**Ans.** "Planning premises means the assumptions, bases or ideas about the future. These assumptions are the base material upon which the plans are to be set. These bases

may be in the form of past performance, forecasting, competitor's policies, market trends, etc.

For example, demand for a product, cost of raw materials, interest rates, state of technology, intensity of competition, government policies, etc., are the planning premises on the basis of which entire planning structure is created.

2. How is planning a pervasive function of management?

**Ans.** Planning is required at all levels of management of the organisation. It is neither an exclusive function of top management nor of any particular division or department. Every individual in his own individual capacity makes planning to a certain limit within his scope of authority.

**Example.** The top-level management undertakes planning for the organisation as a whole. Middle management does the departmental planning and at the lowest level, day to day operational planning is done by foremen and supervisors.

3. "Planning reduces creativity." How?

**Ans.** Usually in an organisation, planning function is performed by the top management and the rest of the members are required to implement these plans. As a result, middle management and other members are neither allowed to deviate from plans nor are they granted authority to act on their own. Hence, most of the initiative and creativity in them gets reduced.

4. 'Planning does not guarantee success.' Comment.

**Ans.** The success of an enterprise is possible only when plans are properly drawn up and implemented, otherwise, plans formulated become meaningless. Moreover, managers have a tendency to rely on previously tried and successfully tested plans and do not bother to draw new plans. This type of false sense of security leads of failure instead of success for the business.

5. How is planning forward looking?

*Or*

Planning is 'futuristic'. Explain.

**Ans.** Planning involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively and efficiently to the best advantage of an organisation. Planning is never done for the past but, done for the future to achieve certain objectives.

Planning is, therefore regarded as forward looking function through which future events and conditions are anticipated and plans are drawn accordingly. For example, on the basis of sales forecasts, annual plans for production and sales are drawn.

6. "Planning involves decision making." Explain.

**Ans.** Planning is essentially a process of making choice from among various alternatives. There will be no need for planning, if there is only one course of action, because there will be no choice. Hence, the need for planning depends on the availability of alternatives. A manager, after examining and evaluating the various alternatives, chooses the most appropriate one.

## ANALYSIS BASED QUESTIONS

### VERY SHORT ANSWER TYPE QUESTIONS

1. Name the feature of planning which helps managers know whether they have actually been able to attain goals and correct the deviation, if any.

**Ans.** “Planning establishes Standards for Controlling.”

2. Which aspect of planning states that planning helps to make a choice amongst various alternative courses of action?

**Ans.** Planning Facilitates Decision Making.

3. Sigma Garments Ltd. decided to reserve 30% seats for physically handicapped. Which type of plan is it referred here?

**Ans.** Policy.

4. A company wants to increase sales; the alternatives may be reducing prices, changing packing, improving packaging, innovating labeling, etc. Which step of planning process is referred here?

**Ans.** Identifying alternative Courses of Action.

5. The employees will get the promotion after the confirmation in their job. Which type of plan is referred here?

**Ans.** Policy.

6. Name the aspect which must be considered while forming business strategies.

**Ans.** Business Trends.

7. “These are the general statements that guide thinking and channelise energies towards a particular direction and help in solving routine problems.” Identify the type of plan.

**Ans.** Policy.

8. Name the type of plan which serves as a guide for overall business planning and defines the end result which the organisation strives to achieve.

**Ans.** Objective.

9. Bata Shoes Ltd. wishes to advertise its product on media channels. Which type of plan should it prepare?

**Ans.** Strategy.

10. One of the functions of management is closely connected with creativity and innovation. Identify the function of management.

**Ans.** Planning.

11. “Planning eliminates changes and uncertainties.” Do you agree? Give reason in support of your answer.

**Ans.** No, planning can help in reducing the effects of changes and uncertainties but cannot eliminate them as business operates in a dynamic environment.

12. “For imparting training at higher level, orientation programme or lecturer method may be adopted whereas at supervisory level, on-the-job training methods may be adopted.” Name the type of plan which may relate to the above statement.

**Ans.** Method.

13. "It includes determining long-term objectives, adopting a particular course of action and allocating necessary resources." Name the type of plan which may relate to the above statement.

**Ans.** Strategy.

14. A company needs a detailed plan for its new project-construction of a Cineplex. What type of plan is it?

**Ans.** Strategy.

15. "These are also known as aims of the organisation and may be long-term or short-term in nature. These are expressed in general non-measurable terms." What is being referred here?

**Ans.** Goals of the organisations.

16. "Holding weekly meetings to improve communication is one type of plan." Name the type of plan is referred here.

**Ans.** Objective.

17. "When we prepare it, it is related to planning and when we use it as a tool to detect the deviations it becomes controlling." It is referred to one of the plan. Name the type of plan.

**Ans.** Budget.

18. "A company has to resolve the complaints of the customers within a month." Which type of plan is referred here?

**Ans.** Policy.

19. How does planning reduce the risk of uncertainty?

**Ans.** Planning reduces the risk of uncertainty by visualising/assessing future events and providing remedies/courses of action for such kinds of events to the extent possible.

20. "These are general statements that guide thinking and channelise energy towards a particular direction and help in solving routine problems". Identify the type of plan.

**Ans.** Policy.

21. A company wants to increase sales, the alternatives may be reducing prices, improving packaging, offering trade discount, cash discount after sales due to credit sales, free samples, etc. Which step of planning process relates with the above example?

**Ans.** Identifying alternative courses of action.

22. The Supreme Court directed the central government to shift mobile towers from residential areas based on a Public Interest Litigation (PIL) filed by the group of residents' welfare associations. Name the type of plan being referred to here.

**Ans.** Rule

23. "Mr. Mohan, financial manager of ABC Ltd., has prepared the annual statement of proposed expenditure to be presented in the Annual General Meeting". Identify the type of plan formulated by the financial manager. (Sample Paper 2018-19)

**Ans.** Budget.

24. 'Dreams can be turned into reality only when managers think in advance what to do and how to do it: Name the function of management indicated by the statement.

(Delhi Compartment 2014)

**Ans.** Planning

25. 'Deciding in advance what to do and how to do is one of the basic management functions.' Give the meaning of this function. (Outside Delhi Compartment 2014)

**Ans.** Planning (Explain briefly)

26. "To see whether plans are being implemented and activities are being performed according to schedule," is a step of planning process. Identify the step.

(Outside Delhi 2013)

**Ans.** Follow-up action.

27. "Planning always leads to success." Do you agree? Give reason in support of your answer. (Outside Delhi 2012)

**Ans.** I don't agree with the above statement that planning always leads to success because planning may fail due to dynamic nature of environment, lack of flexibility in the implementation of plans, tendency of management on tried and tested plans under each situation, etc.

28. 'Planning is done for achieving the organisational goal.' Do you agree? Give reason in support of your answer. (Delhi 2012)

**Ans.** Yes, I do agree because planning states goals and objectives so that they can act as guide to take appropriate actions under different situations.

### SHORT ANSWER TYPE QUESTIONS

1. "Planning is a challenging activity." Why?

**Ans.** Business operates in a dynamic environment. Changes take place rapidly and these changes sometimes cannot be anticipated due to external factors of environment which are out of control for any organisation. So, it becomes a challenging job for a manager to cope up with the changes.

2. What is meant by primacy of planning?

**Ans.** Planning is the first function of management. The success of all other functions of management depends upon the accuracy in the planning function. This is the reason why planning is known as primacy of management functions.

3. "Planning always leads to success." Give reason in support of your answer.

**Ans.** Planning cannot always lead to success as the business environment is always dynamic and there are always chances of deviation from planning and little scope of flexibility has to be maintained.

4. How can (i) political climate and (ii) policies of competitors obstruct planning?

**Ans.** (i) **Obstruction in planning due to political climate:**

When the government regulates the business practices or introduces new trade policies, the plans of business enterprises may get upset. Also political instability affects business plans.



For example, change in the taxation policy reduces the divisible profits for the shareholders.

(ii) **Obstruction in planning due to policies of competitors:** The policies of competitors may lead to change in business policies.

For example, discounting policies of the competitors may lead to change in pricing policy of a business enterprise.

5. Give an example each of any three limitations of planning which are beyond the control of an organisation.

**Ans.** Limitations of planning on which the organisations don't have control are as follows:

S.No.	Limitations	Examples
1.	Planning may not work in a dynamic environment.	Frequent changes in the political or economic environment may upset the financial plans.
2.	Planning leads to rigidity.	Following a pre-decided plan when circumstances have changed.
3.	Planning involves huge costs.	Incidental expenses such as expenses on boardroom meetings and discussions with professional experts involve huge costs.

6. 'Planning is the basic function of management.' Comment.

**Ans.** Every management starts with planning. All other functions like organising, staffing, directing and controlling are based on planning. It precedes the execution of all other managerial functions and allows managers to organise, direct and control the activities in a better way so as to achieve organisational goals. All the activities are created in such a way that plans can be easily carried out. This is also referred to as primacy of planning.

7. "Planning promotes innovative ideas." Explain.

**Ans.** Planning is thinking in advance and there is always a scope of finding better and different methods and procedures to achieve the desired objectives. Under planning, new ideas take the shape of concrete plans. Planning encourages managers to think creatively, generate innovative ideas, improve methods for work execution, etc. Dealing with uncertainties of future, planning is the most challenging function, which provides basis for growth and prosperity of the business enterprise

8. Why is planning considered as a mental exercise?

**Ans.** Planning is an intellectual activity requiring application of the mind, imagination and sound judgment. It is a thinking function rather than a doing function as it determines the actions to be taken. Moreover, planning requires logical and systematic thinking based on the analysis of facts and figures.

9. Explain how controlling is not possible without planning.

**Ans.** Planning provides the yardsticks against which the desired output has to be achieved. If there is no planning, it won't be possible to evaluate the actual output. Employees would stand benefitted as they would have no specific objectives to

achieve. With planning, managers are able to compare the actual output with the standard output, find deviations of actual output from standard and take corrective steps instantly to prevent further losses. Such deviations also help to revise the standards if necessary.

10. "Planning focuses on achieving objectives." Explain.

**Ans.** Planning is a goal-oriented process which helps in defining objectives, and preparation of necessary action plans to achieve goals. Thus, planning is focused on clarifying what is to be done and how is it to be done. Planning serves no purpose if it does not focus on achievement of preset organisational or corporate objectives.

11. An ideal plan would be based on subjectivity, a manager's experience and judgement; and at times, intuition plays an important part in selecting the most viable alternative.

- (a) Identify the step of planning referred to here.
- (b) Name briefly the previous two steps in the above process.

**Ans.** (a) Selecting an alternative

(b) Previous two steps are:

- (i) Identifying alternative courses of action and
- (ii) Evaluating an alternative course of actions

12. Identifying the limitation of planning, explain how political climate and policies of competitors can obstruct planning.

**Ans. Limitation of Planning:** Planning may not work in a dynamic environment.

**Obstruction in planning due to political climate:** When the government regulates the business practices or introduces new trade policies, the plans of business enterprises may get upset. Also political instability affects business plans. For example:

- (a) Demonetisation of currency, towards making India cash less or less cash economy, disturbed the functioning of many business enterprises which mainly deal in cash,
- (b) Replacement of different indirect taxes with Goods and Services Tax (GST) will not only increase the revenue of the government but will also increase the productivity of business enterprises,
- (c) Change in taxation policy reduces the divisible profits for shareholders.

**Obstruction in planning due to policies of competitors:** The policies of competitors may lead to change in business policies. For example: Discounting policies of the e-commerce commerce like Flipkart, Snapdeal, and Amazon etc. led to a change in pricing policy of the brick-and-mortar retailers (off-line retailers).

13. Which plan acts as a guide for overall business planning and are defined as the end results towards an organisation wishes to reach? State three points which should be kept while framing such a type of plan.

**Ans. Setting of objective** are defined as the end results towards which an organisation wishes to reach. The following points must be kept in mind while framing objectives:

- (a) These should be specific and achievable

- (b) These should be in the written form
- (c) These should be set for a specific period of time.

14. State the main aspects required in the concept of planning.

(CBSE Sample Paper 2016–17)

**Ans.** The main aspects required in the concept of planning are:

- (a) **Setting objectives:** (Explain briefly)
- (b) **Formulating various courses of action:** (Explain briefly)
- (c) **Selecting the best possible alternative:** (Explain briefly)

15. It is deciding in advance what to do and how to do. It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge the gap between where we are and where we want to go and is performed at all levels of management.

In spite of this function of management referred above, it has a number of limitations. Explain any two such limitations.

(Delhi Compartment 2015)

**Ans.** *Refer:* Limitations of planning.

16. 'In addition to providing directions and reducing the risk of uncertainty planning helps managers in the many other ways.' Explain any four such ways.

(Delhi Compartment 2014)

**Ans.** *Refer:* Importance of planning.

### LONG ANSWER TYPE QUESTIONS

1. "Though planning is an important tool of management, yet it is not a remedy for all types of problems." Do you agree with this statement? Give any three reasons in support of your answer.

Or

Why do plans fail in spite of the best efforts of management?

**Ans.** No doubt planning is an important tool of management, yet it is not a remedy for all types of problems due the following limitations of planning:

- 1. **Planning does not Guarantee Success:** (Explain briefly)
- 2. **Planning involves Huge Costs:** (Explain briefly)

**Examples:** Incidental costs, expenses on boardroom meetings, discussions with professional experts and preliminary investigations.

- 3. **Planning may not work in Dynamic Environment:** (Explain briefly)

### APPLICATION, CREATIVITY AND EVALUATION BASED QUESTIONS

#### VERY SHORT ANSWER TYPE QUESTIONS

1. Raj Auto Ltd. was engaged in manufacturing motor cycles. Its long term objective was to capture the market by increasing sales every year. For this, it analysed the pricing policy of the competitors. To achieve this objective it decided to offer a discount of ₹ 3,000 and free insurance on purchase of every motor cycle. This attracted the customers and the sales increased.

Identify the type of plan being followed by Raj Auto Ltd. (CBSE Compartment 2019)

**Ans.** Strategy.

2. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organization in the long run. (CBSE 2019 Delhi Region)

**Ans.** Strategy.

Reason : Strategy is based on objectives and refers to future decisions defining the organisation's direction and scope in the long run.

3. 'Aviashi Cement Limited' purchased raw material from Bangur Industrial Supplies Limited. It was agreed and finalised to allow the latter to use former's building situated at a prime location for advertising and hence earning revenue as purchase consideration. What type of plan is it for 'Avinashi Cement Limited'? Give reasons.

**Ans.** It is a **strategy** if payment is settled as one time basis and **policy** if payment is settled on the regular basis.

4. In spite of the instructions displayed by the school authorities outside its premises as 'No Smoking Zone', still some visitors were found smoking at the spot.

Name the type of plan which can relate to the above situation.

**Ans.** The type of plan referred here is 'rule'.

5. A car manufacturing company facing falling sales of its cars found that rising rate of petrol and interest rates on loans were the major causes for slump. So, it decided to manufacture high efficiency eco-friendly small diesel cars at affordable prices with fabulous attractive schemes and discounts to attract the masses.

Name the type of plan adopted by the management of the company.

**Ans.** Strategy is the plan adopted by the company.

6. Saurabh decided to start a chocolate manufacturing business. He sets the target of earning 10% profit on sales in the first year. As a good businessman, he was concerned about the future of the business, which was uncertain. He gathered information that the demand for chocolates is increasing day-by-day. He used this information as the base for future planning and shared it with his team. On the basis of the gathered information, he scheduled a meeting in the following week to find innovative ways to achieve the objectives.

List the first two steps, which have been followed by Saurabh that are related to the process of one of the functions of management. (Delhi/Outside Delhi 2018)

**Ans.** Steps followed under planning process:

(a) Setting objectives – 10% profit

(b) Developing premises – use of information as base for future planning

**Note:** Marks allocation as per CBSE marking scheme [ $\frac{1}{2}$  mark for each step \* 2 = 1 mark]

7. On the introduction of Goods and Services Tax Act, experts in the field of business started analyzing and forecasting its impact on various sectors and industries. Vivek, an established businessman, attended a few seminars and conferences organised by such experts to familiarise himself with this information. He wanted to use these forecasts to reduce the uncertainty in making decisions for the future in his business.

Name the step in the planning process that is being discussed in the above paragraph.  
(Compartment Delhi/Outside Delhi 2017)

**Ans.** Developing Premises.

8. Super Fine Rice Limited has a share of 55% in the market. The company's policy is to sell only on cash basis. In 2015, for the first time, the company's number one position in the market had been threatened because other companies started selling rice on credit basis also. But the managers of Super Fine Rice Limited continued to rely on their previously tried and tested successful plans, which, however, didn't work because the environment does not remain static. This led to a decline in the rice sales of Super Fine Rice Limited. The above situation is indicating two limitations of planning which led to a decline in its sales. Identify these limitations.

(CBSE Sample Paper 2016–17)

**Ans.** (a) Planning does not guarantee success.

(b) Planning may not work in a dynamic environment.

9. Laxmi Chemicals Limited, a soap-manufacturing company, wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report, the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavender, Mogra, Lemon Grass, Green Apple, Strawberry, etc. The Unique Selling Proposition (USP) was to promote eco-friendly living in the contemporary life-style. The company decided to allocate ₹30 crores to achieve the objective.

Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market.

(CBSE Sample Paper 2016)

**Ans.** Strategy.

**Note:** It is strategy as the case has covered three dimensions of strategy. These are  
(i) **Determining long-term objectives:** Reason: to increase market share,  
(ii) **Adopting a particular course of action:** Reason: decided to diversify its new variety of soaps, (iii) **Allocating resources necessary to achieve objective:** Reason: company decided to allocate ₹30 crores.

10. 'Bawa Cycles' was in the business of manufacturing racing cycles and had a monopoly in the market. The business was doing well and the company was consistently meeting its objective of 10% increase in sales every year. Encouraged by the good track record, the Managing Director of the company kept an ambitious target of 15% increase in sales for the next year. The same year, two competitors also entered the market and because of this the company was not able to meet target.

Identify the limitation of one of the functions of management because of which the company was not able to achieve its target. (Outside Delhi 2015)

**Ans.** Planning may not work in dynamic environment.

### SHORT ANSWER TYPE QUESTIONS

1. Gautama, Product Head at Ashok Leyland Limited, plans to make his company of the decade. For this purpose, he sets objectives, prepares strategies and other action plans keeping the internal as well as external forces in mind so that departments and individuals working in the organisation are able to decide what action should be taken and in which direction.

- (i) Identify the function of management referred in the course of action of Mr. Gautama.
- (ii) One point of importance of this said function is reflected in the above case. State it by quoting the line.
- (iii) One of the limitation has been mentioned in the above case, state such limitation of planning by quoting the line.

**Ans.** (i) The function of management being performed here is 'Planning'.  
(ii) **Planning provides direction:** Planning states the objectives in advance and provides direction to departments and individuals how the work is to be done.  
Quote: What action should be taken and in which direction.  
(iii) **Planning leads to Rigidity:** (Explain briefly)  
Quote : Keeping internal as well as external forces in mind.

2. The vice president of a company formulates specific goals along with the activities to be undertaken to achieve goals. It is not limited to top level of management, whereas planning is done by departmental heads and supervisors by peeping into the future while analyzing and predicting the future.

Identify the features of planning referred to in the above paragraph by quoting the lines.

**Ans. Features of Planning:**

(a) **Planning focuses on achieving objectives**

*Quoted Line:* Activities to be undertaken to achieve goals.

(b) **Planning is pervasive**

*Quoted Line:* Planning is done by departmental heads and supervisors.

(c) **Planning is futuristic**

*Quoted line:* Peeping into the future.

3. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analyzing and predicting the future to meet future events effectively.

As they are responsible for providing direction to the organization, facts are thoroughly checked using scientific calculation. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.

State any two limitations and any two features of planning discussed above.  
(CBSE 2019 Delhi Region)

**Ans.**

- (a) Features of Planning
- (i) Planning is Futuristic : (Explain briefly)  
Quote : Predicting the future
  - (ii) Planning is a Mental Exercise : (Explain briefly)  
Quote : Intellectual activity
- (b) Limitations of Planning : (Explain briefly)
- (i) Planning Leads to Ridigity : (Explain briefly)  
Quote : Managers are neither allowed to deviate.
  - (ii) Mental Exercise : (Explain briefly)  
Quote : Activity requiring intelligent imagination.

4. Rozana deals in convenience products (daily use items). It decided to increase sales by 15% for a year and spent a substantial time on research to give the best packaging to its products. The financial budget was increased considerably. After the products with innovative packaging were launched, the competitors followed the suit and started selling the products below the standard price. This resulted in Rozana suffering from heavy losses.

Identify any two limitations of planning by quoting the lines from the above case.

**Ans.** (a) **Planning is time-consuming**

*Quoted lines:* Spent a substantial time on research...its products.

(b) **Planning involves huge costs**

*Quoted lines:* The financial budget increased considerably.

5. Rahul decided to start a desert cooler manufacturing business. He sets the target of earning 20% profit on sales in the first year. He was very much concerned about the future prospects of the business, which were uncertain. For this, he gathered information from the potential market and analysed that the demand for wall-mounted coolers is increasing day by day. He used this information as the base for future planning. On the basis of the gathered information, he called a meeting in the following week to find new methods to achieve the objective.

- (a) Identify the function of management involved in the above case.  
(b) Enumerate the next two steps, which have been followed by Rahul that are related to the process of one of the functions of management.

(Sample Paper 2018-19)

**Ans.** (a) Planning

- (b) (i) Identifying alternative courses of action. (Explain briefly)  
(ii) Evaluating alternative courses of action. (Explain briefly)

6. Vardan Patel started the business of preparing and supplying sweets through home delivery at a production-cum-showroom 'Express Sweets' at Ahmedabad. He made a plan forecasting the sales of different types of sweets in various localities of Ahmedabad for each month of the year to earn a profit of 20% on capital employed. He sets a sales target of ₹ 20,00,000 in the current year with a 10% increase every year. He

then set the criteria for selecting suppliers from whom he would make purchases of raw material. The planning paid off and the business was able to achieve its targets.

- (a) Identify any two types of plans by quoting the lines from the above.  
(b) Also give the meaning of the types of plans identified in part (a) above.

(Compartment Delhi/Outside Delhi 2018)

**Ans.** (a) The two types of plans are:

(i) **Objective**

*Quoted line: 'He set a sales target of ₹ 20,00,000 in the current year with a 10% increase every year.'*

Or

*Quoted line: 'to earn a profit of 20% on Capital employed.'*

(ii) **Policy**

*Quoted line: 'set the criteria for selecting suppliers'*

(b) **Objective:** (Brief explanation)

**Policy:** (Brief explanation)

**Note:** Marks allocation as per CBSE marking scheme ( $\frac{1}{2}$  mark for identification +  $\frac{1}{2}$  mark for quoting line) 2 + (1 mark for the meaning \*2) = 4 marks]

7. In 2015, Naveen left his luxurious life in Mumbai, where he worked as a manager for Blue Birds Ltd. He shifted to Begampur, Chhattisgarh to fulfil his grandmother's dream of converting their 25-acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals. Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To aid farmers he launched his own company 'Innovative Agriculture Solutions Pvt. Ltd.' It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales. He also found that the farmers grew only paddy, which was an activity of 3–4 months and the land remained idle for the rest 8–9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown.

The above case highlights the features of one of the functions of management. By quoting lines from the above identify and explain these features.

(Delhi/Outside Delhi 2018)

**Ans.** Features of planning

**Features**

(a) **Planning is futuristic:** (Explain briefly)

*Quoted lines: 'He wanted to ensure future events meet effectively the best interests of the company'*



Or

- 'Through sales forecasting, he prepared an annual plan for production and sales'*  
(b) **Focus on achieving objectives:** (Explain briefly)

*Quoted lines: 'Prepared an annual plan for production and sales'*

Or

- 'He set out specific goals along with the activities to be performed to achieve the goals'*  
(c) **Mental exercise:** (Explain briefly)

*Quoted lines: 'Correct foresight and logical and systematic thinking'*

- (d) **Involves decision making:** (Explain briefly)

*Quoted lines: 'All alternatives were examined and evaluated'*

Or

*'He not only identified but evaluated various alternatives ....remaining months of the year'.*

**Note:** Allocation of marks as per CBSE Marking Scheme [ $\frac{1}{2}$  mark for identifying the feature including quoting the lines +  $\frac{1}{2}$  mark for explanation) 4 = 4 marks

8. Having transformed 2,500 Kirana stores across eight cities into virtual super markets, the start-up 'Quick Bizz' further decided in advance, to collaborate with 15,000–20,000 store owners in top 30 cities of the country by the end of this year. The company has set its eye on digitizing over 1,00,000 kirana stores over next 18–24 months.

- (a) Identify and explain the step in the process of one of the functions of management discussed above.  
(b) Also explain the last step to be performed by Quick Bizz as part of the process.

(C.B.S.E. Sample Paper 2017-18)

- Ans.** (a) The following is the step in process of Planning:

**Setting objectives:** (Explain briefly)

- (b) The following is the last step to be performed by Quick Bizz as part of the process of Planning:

**Follow up action:** (Explain briefly)

9. After completing her studies in product design, Sarita wishes to start her own business to design products to cater to the mobility and communication requirements of persons with special needs.

She told her friend that she wanted to focus on supplying high quality products at affordable prices. The Unique Selling Proposition (USP) of the products would be sensitivity to the challenges and needs of the differently abled people.

She wants to employ only differently abled persons in her factory and sales offices across the country. This decision of Sarita provides the base for interpreting her strategy. This also defines the broad parameters within which the company may recruit the persons. Sarita has also to decide about the exact manner and the chronological order of how the selection of the differently abled applicants will be done.

In the above lines, Sarita is discussing about one of the functions of management. This function has several types. Identify and explain the types Sarita is discussing in the above lines.

(Compartment Delhi 2017)

**Ans.** Sarita is discussing about **Planning** as one of the function of management. The types of plans being discussed are:

(a) **Policy:** Policy is a general response to a particular situation by interpreting strategy within broad parameters how the manager can take action with his/her discretion.

*Reason:* She wants to employ differently abled persons only for her business.

(b) **Procedure:** *A procedure is a rigid statement with almost no discretion to enforce a policy. It prescribes the exact manner in a chronological manner in which any work is to be performed.*

*Reason:* Sarita has to do decide about the exact manner in which selection has to be done.

**Note:** *Though CBSE has not asked to mention the reason, it is advisable to give the reason in your own words or by quoting the lines from the case to validate your answer.*

10. After completing her studies in product design, Sarah wishes to start her own business to design products to cater to the mobility and communication requirements of persons with special needs. She told her friend that she wanted to focus on supplying high quality and affordable products on “no profit – no loss basis”. The Unique Selling Proposition (USP) of the products will be sensitivity to challenges and needs of the differently abled. She has to follow a series of steps to attain her predetermined objectives.

In the above lines, Sarah has discussed about one of the functions of management. Identify the function and state its steps in chronological order other than the one discussed in the above para.

(Compartment Outside Delhi 2017)

**Ans.** (a) Planning.

(b) **Steps in Planning Process:** (*Refer:* Planning Process, to write remaining steps except setting objectives)

**Note:** Writing steps in chronological order is compulsory.

11. Indian Drugs and Pharmaceuticals Limited is engaged in the business of manufacturing and distributing medicines. The company has set up an objective of increasing its sales turnover by 20%. To achieve this objective, the company has decided to diversify into baby healthcare products as well. Since the company has already set its objectives and developed premises based on the same, it wants your help for the remaining steps to be taken in this process. Explain these steps briefly.

(Compartment – Delhi/Outside Delhi 2016)

**Ans.** Remaining steps to be undertaken:

(i) **Identifying and evaluating alternative courses of action:** (Explain briefly)

(ii) **Selecting an alternative:** (Explain briefly)

(iii) **Preparation of derivative plans:** (Explain briefly)

(iv) **Implementing the plan and follow-up action:** (Explain briefly)

### LONG ANSWER TYPE QUESTIONS

1. An electronics company, G. Systems Limited, is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. For quality conscious consumers, the company is introducing new models with added features and new technological advancements.

You are required to:

- (a) Prepare a model business plan for G Systems Limited to meet the existing challenge. You need not be specific about quantitative parameters. You may specify which type of plan you are preparing.
- (b) Identify the limitations of such plans.
- (c) How will you seek to remove these limitations? (NCERT)

**Ans. (a) Preparation of model business plan:**

The type of plan is strategy. The company does not wish to deal with the customers who are sensitive to the prices. It means that the target segment of the customers is quality conscious customers who are ready to pay any reasonable price if the quality matches their expectations. The company may prepare following strategy to retain quality conscious customers:

- To decide the unique features different from the product of competitors.
- To incur expenditure on marketing research, development, technology and innovation.
- To select the media of advertisement on the basis of targeted customer and nature of product.
- To fix reasonable prices of the product which covers the operating cost and desired profit margin.
- To continue innovation in the existing product.
- To follow business ethics and not to indulge in any such campaign which tries to affect the image of competitors adversely.

**(b) Limitations of the plan:**

- It will involve huge costs.
- It will require experts from different fields.
- It is really a time-consuming process.
- Guarantee of success is not certain in the competitive market.

**(c) Remedial measures to overcome the limitations:**

- To prepare different budgets as required.
- Make thorough research for the feasibility of the business idea.
- To fix time limit to carry out the activities.
- To decide the time to launch the product.
- To fulfil the commitment to the inputs and customers.

2. The director of Educom happened to see Mr Vinesh, the founder of Commerce Teachers Hub, who had a long-term vision to provide quality material to the commerce fraternity. Mr Vinesh and the director of Educom decided to launch Sample Papers in Accountancy and Business Studies. Mr. Vinesh called a meeting of some teachers and set the objective to achieve the target. Subject coordinators were appointed to facilitate the preparation of sample papers. The team members were supplied required materials in terms of syllabus, previous years' papers, marking schemes, etc. The project was completed and papers were sent for publication in time.

- (a) Identify and explain the plan to achieve the objective as set by Mr Vinesh.
- (b) State the steps involved in this plan quoting the lines from the above case.

**Ans.** (a) **Strategy:** It is a detail plan to accomplish the objectives, i.e. scheduling meeting with the teachers, forming team and coordinators and sending the papers to the publishers for publication.

(b) **Steps involved in preparing Strategy**

(i) Determining long-term objectives : (Explain briefly)

*Reason:* Quality materials for the commerce fraternity.

(ii) Adopting a particular course of action : (Explain briefly)

*Reason:* Adopting the strategy.

(iii) Allocating resources necessary to achieve objectives : (Explain briefly)

*Reason:* Supply of required materials.

3. An Auto Company, Win Ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting. The following decisions were taken in the meeting:

(a) to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year.

(b) to change the criteria for choosing vendors for procuring supplies;

(c) to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management.

What are standing plans and single use plans? Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines.

(C.B.S.E. Sample Paper 2019-20)

**Ans.** (a) Standing plans: (explain briefly)

(b) Single use plans: (explain briefly)

Type of plans discussed above are classified as standing plans:

(i) Policy

Quote: “changing the vendors.....”.

(ii) Method

Quote: “Seminar for higher levels.....supervisory management”.

(iii) Rules

Quote: “Attending the meeting not discretion---- penalty”.

4. A company is manufacturing garments. The manager wants to increase the profits by purchasing new high speed machines, increasing the sale price or using waste material in manufacturing stuffed toys. He decided that using waste material to increase the profit is the best solution for him.

(a) Identify the concept of management involved.

- (b) Mention the steps involved in the above process by quoting the lines from the question.
- (c) To complete the process of their concept identified in (a) what further steps does the manager have to take? (Compartment Delhi/Outside Delhi 2009)

**Ans.** (a) The concept of management is planning.

(b) **Steps in the planning process are as follows:**

(i) **Setting objectives:** *Quoted line:* The manager wants to increase the profits...

(ii) **Developing premises:** *Reason:* Finding out the possibilities.

(iii) **Identifying the alternative courses of action:** *Reason:* Purchasing new high speed machines, or increasing the sale price, or using waste material in manufacturing stuffed toys.

(iv) **Evaluating alternative courses Selecting an alternative:** *Quoted line:* Decided to use the waste material.

(c) **Further steps to complete the process of planning:**

(i) Implementation of plans.

(ii) Follow-up.

5. Madhu completed her degree in food technology two years ago. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy working there and decided to start her own organic food-processing unit. She set the objectives and the targets and formulated an action plan to achieve the same. One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the production manager to formulate the exact manner in which the production activities shall be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, area-wise for the forthcoming quarter. While working on the production table, a penalty of ₹ 100 per day for not wearing caps, gloves and aprons was announced.

Quoting lines from the given paragraph, identify the different types of plans discussed. (Delhi/Outside Delhi 2016)

**Ans.** Different types of plans discussed:

(i) **Objective:** *Quoted lines:* One of her objectives ... invested in the first year.

(ii) **Policy:** *Quoted lines:* It was decided that ... organic crops only.

(iii) **Procedure:** *Quoted lines:* She also decided ... Her own outlets or she appointed Mohan ... to be carried out.

(iv) **Budget:** *Quoted lines:* Mohan also prepared ... throughout the year or Madhu informed Mohan ... for the forthcoming quarter

(v) **Rule:** *Quoted lines:* While working on ... Gloves and aprons was announced.

6. Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide 'healthy food' at reasonable price. She discussed the idea with her teacher (mentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the

option to sell ready-made and 'ready to make' vegetable shakes and sattu milk shakes. Then, they both weighed the pros and cons of both the shortlisted options.

- (a) Name the function of management being discussed above and give any one of its characteristics.
- (b) Also briefly discuss any three limitations of the function discussed in the case.

(CBSE Sample Paper 2016)

**Ans.** (a) **Function of management:** Planning.

**Feature of planning:** (*Refer:* The topic features of planning)

(b) **Limitations of planning:** (*Refer:* Limitations of planning)



## N.C.E.R.T. QUESTIONS



### VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. How does planning provide direction? Comment.
2. A company wants to increase its market share from the present 10% to 25% to have a dominant position in the market by the end of the next financial year. Ms Rajni, the sales manager had been asked to prepare a proposal that will outline the options available for achieving this objective. Her report included the following options. Entering new markets, expanding the product range offered to customers, using sales promotion teachings such as giving rebates, discounts or increasing the budget for advertising activities. Which step of the planning process has been performed by Ms Rajni?  
[*Hint: Identifying alternative courses of action*]
3. Why are rules considered to be plans? State.
4. Rama Stationary Mart has made a decision to make all the payments by e-transfers only identify the type of plan adopted by Rama Stationary Mart.
5. Can planning work in a changing environment? Give a reason to justify your answer.

### SHORT ANSWER TYPE QUESTIONS

(3–4 MARKS)

1. What are the main aspects in the definition of planning?
2. If planning involves working out details for the future, why does it not ensure success?
3. What kind of strategic decisions are taken by business organizations.
4. Planning reduces creativity. Critically comment.
5. In an attempt to cope with Reliance Jio's onslaught in 2018, market leader Bharti Airtel has refreshed its Rs. 149 prepaid plan to offer 2 GB of 3G/4G data per day. Twice the amount it offered earlier. Name the type of plan is highlighted in the given example. State its three dimensions also.  
[*Hint: Strategy it has three dimensions viz., (i) determining long term objectives, (ii) adopting a particular course of action and (iii) allocating necessary resources.*]
6. State the type of plan and state whether they are Single use or Standing plan.
  - (a) A type of plan which serves as a controlling device as well.
  - (b) A plan based on research and analysis and is concerned with physical and technical tasks.

[*Hint: (a) standing; (b) single use*]

## LONG ANSWER TYPE QUESTIONS

(5–6 MARKS)

1. Why is it that organizations are not always able to accomplish all their objectives?
2. What are the steps taken by management in the planning process?
3. Is Planning worth the huge costs involved? Comment.
4. An auto company C Ltd. Is facing a problem of declining market share due to increased competition from other new and existing players in the market its competitors are introducing lower priced models for mass consumers who are price sensitive. C Ltd. Realized that it needs to take steps immediately to improve its market standing in the future. For quality conscious consumers, C Limited plans to introduce new models with added features and new technological advancements. The company has formed a team with representatives from all the levels of management. This team will brainstorm and will determine the steps that will be adopted by the organization for implementing the above strategy. Explain the features of Planning highlighted in the situation given below.  
[Hints: (i) Planning is futuristic (improve its market standing in the future); (ii) planning is pervasive (representatives from all the levels); (iii) determination of steps (planning involves decision making); (iv) Planning is a continuous process (plans to introduce new models)]

## EXERCISE

### VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. What is planning?
2. Which function of management bridges the gap between where we are and where we want to be?
3. “Setting the objectives is the first step in the process of one of the functions of management.” Name the primary function of management.
4. “No smoking zone.” What type of plan is it?
5. Hyundai Motors wishes to sell its cars through exchange with old cars. What type of plan is it?
6. Which type of plan has least flexibility and why?
7. Smart Prep Education Pvt. Ltd. wishes to sell its products through advertisement on FM radio. Which type of plan is it?
8. What do you mean by policy as a type of plan?
9. Which type of plan has least flexibility?
10. Name the type of plan that is time-bound and linked with measurable outcome.
11. ‘Planning is futuristic.’ Why?
12. Planning is goal oriented. How?
13. Why is planning a mental exercise?
14. “Planning always leads to success.” Do you agree? Give reason in support of your answer.
15. What is meant by ‘selecting an alternative’ as a step in the planning process?
16. Which is the most critical step in the planning process?
17. Name the type of plan which provides broad contours of an organisation’s business.
18. Name the type of plan which is time bound and linked with measurable outcome.

## SHORT ANSWER TYPE QUESTIONS

(3–4 MARKS)

1. “Planning sometimes fails inspite of the best efforts of the manager”? Write down any four limitations of planning in light of the above statement.
2. “Planning is an important tool of management yet it is not a remedy for all types of problems.” Do you agree with this statement? Give any three reasons in support of your answer.
3. Explain the meaning of planning premises by giving a suitable example.
4. Describe the three main characteristics of an ideal plan.
5. Explain rule and method as types of plans. Give any two points of distinction between them.
6. Name and explain the plans which are created to address short-term challenges or provide guidance for short-term initiatives.
7. Name and explain the plans which are used over a longer period of time.
8. Correlate single-use plans and standing plans.

## LONG ANSWER TYPE QUESTIONS

(5–6 MARKS)

1. ‘Setting organisational objectives is the first step of the process of planning.’ Explain the other steps of this process.
2. Explain why planning is necessary for effective management.
3. Explain the steps involved in the process of planning.
4. Inspite of best efforts of managers, planning fails to achieve desired result due to its limitations. Why?
5. ‘Though planning is an important tool of management yet it is not a remedy for all types of problems’. Give any five reasons to support your answer.
6. How does planning help in ‘achieving coordination’, ‘facilitating decision making’ and ‘promoting creativity’?
7. ‘No enterprise can achieve its objectives without systematic planning.’ Do you agree with this statement? Give any five reasons to support your answer.  
[Note: Refer to the importance of planning.]
8. ‘Planning is beneficial to all.’ Explain in brief the benefits of planning function of management.
9. “Failing to plan is planning to fail.” Explain with suitable example.

## PREVIOUS YEAR QUESTIONS

### VERY SHORT ANSWER TYPE QUESTIONS

(1 MARK)

1. How does planning reduce the risks of uncertainty?  
(Compartment Delhi/Outside Delhi 2018)
2. Give the meaning of ‘Method’ as a type of plan. (Delhi/Outside Delhi 2018)
3. What are planning premises? (CBSE Sample Paper 2017–18)
4. What is meant by a ‘single-use plan’? (CBSE Sample Paper/Comp. Delhi 2016)
5. What is meant by a ‘standing plan’? (Compartment – Delhi/Outside Delhi 2016)
6. Give the meaning of ‘method’ as a type of plan. (Delhi Compartment 2015)
7. Define ‘planning’. (Outside Delhi Compartment 2015)



8. Define 'planning premises'. (Delhi 2015)
9. Define 'method as a type of plan. (Outside Delhi 2015)
10. Name the type of plan which is in the form of general statements, that guides thinking towards a particular direction and helps in solving routine problems. (Outside Delhi Comptt. 2014)
11. Give the meaning of 'policy' as a type of plan. (Delhi 2014)

### SHORT ANSWER TYPE QUESTIONS

(3-4 MARKS)

1. State any three limitations of Planning. (CBSE Compartment 2019)
2. How is 'Planning a pervasive function of Management?' Explain. (CBSE Comptt. 2019)
3. State any three points of importance of planning function of management. (Delhi/Outside Delhi 2017)
4. Give the meaning of 'objectives' and 'budget' as types of plans. (Delhi 2017)
5. State any three limitations of planning. (Delhi/Outside Delhi 2017)
6. Give the meaning of 'procedure' and 'rule' as types of plans. (Delhi 2017)
7. Give the meaning of 'policy' and 'strategy' as types of plans. (Delhi 2017)
8. State any three features of 'Planning' (Delhi 2017)
9. Give the meaning of 'Objectives' and 'Procedure' as types of plans. (Outside Delhi 2017)
10. State any three features of planning. (Outside Delhi 2017)
11. Give the meaning of 'Strategy' and 'Rule' as types of plans. (Outside Delhi 2017)
12. Give the meaning of 'policy' and 'Budget' as types of plans. (Outside Delhi 2017)
13. 'Planning is important as it tells us where to go; it provides direction and reduces the risk of uncertainty by preparing forecasts.' This statement enumerates some of the points highlighting the importance of planning.  
State any three points of importance of planning not mentioned in the statement. (Compartment – Outside Delhi 2016)
14. 'Unforeseen events and changes rise in costs and prices, environmental changes, governmental interventions, legal regulations – and all of these affect business plans'. In the light of the statement, state any three limitations of planning. (Compartment Outside Delhi 2016)
15. Explain any three features of planning. (Delhi 2016)
16. Explain any three limitations of planning. (Delhi/Outside Delhi 2016)
17. Explain the importance of planning. (Any three points) (Delhi/Outside Delhi 2016)
18. Define planning. Explain the first two steps in the process of planning. (Outside Delhi 2016)
19. After the following logical steps in the process of planning, explain the steps required to complete the process:  
(a) Setting objectives; (b) Developing premises; and  
(c) Identifying alternative courses of action. (Delhi Comptt. 2014)
20. How does planning 'Lead rigidity' and 'Reduce creativity'? Explain. (Outside Delhi Comptt. 2014)
21. How does Planning 'Not work in a dynamic environment' and 'Does not guarantee success'? Explain. (Outside Delhi Comptt. 2014)

### LONG ANSWER TYPE QUESTIONS

(5–6 MARKS)

1. Explain any four points of importance of planning. (CBSE Compartment 2019)
2. Explain any four characteristics of planning. (CBSE Compartment 2019)
3. Explain any four points of importance of planning function of management. (CBSE Compartment 2019)
4. State any five features of planning. (Delhi 2015)
5. Describe any five limitations of planning. (Delhi 2014)
6. State any five features of planning. (Delhi 2014)
7. Define 'Planning' State any four points of importance of planning. (Outside Delhi 2014)
8. Explain any five features of 'Planning'. (Delhi 2013)

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