CHAPTER - IX

PLANNING - ITS IMPORTANCE.

Planning is not the new discovery of this modern era. Planning in early organisations depended in large part upon the seasons and natural events. State planning and central of economic enterprises were rigidly practised by the Greeks, Romans and Egyptians. But there was no separation of powers.

As the time had changed and the tradition of preparing plan had been broken, planning assumed a great importance for entrepreneurs. They had to be active and innovative to meet the marketing needs. Gradually the atmosphere of marketing became complex and the entrepreneurs had to assume greater risks and take more cognizance of future. The factory required large-scale capital investments, work flows had to be arranged to meet the new industrial technology, and human resources had to be recruited and trained to meet the demands of factory system.

The large factories like railroads, textiles and others expanded the planning problems and finally it became very much intricated. Taylor and his co-workers placed great stress on the planning function because of its crucial import to the existing industrial environment. Taylor realized that time study in planning is essential. In the later periods, scholars had developed visual aids to planning and controlling and added time as a vital ingredient in the planning process and they also identified planning and forecasting as the first step in the process of managerial actions.

In the late 1950s and 1960s, scholars were showing a greater concern for integrating the formal aspects of
planning with the informal, human problems connected with budgeting, planning and controlling. Management science, soon enriched the planning activity with operation research techniques, and with the application of more rigorous quantitative methods. The planning activity, has evolved from a highly intrictive, command-oriented concept to one which is enriched by modern technology, by sophisticated aids.

Planning of modern era can be described as, it is a process which outline intended action of organization in a functional area i.e. marketing, production and finance etc. Plans are based on expectations and needs when organization's activity level and orientations have been determined, planning is undertaken. The process of planning includes objectives, decisions on resource allocations. Planning process is dependent on the sound awareness of external and internal elements which may affect accomplishment of objectives.

Planning directs a company where it wants to arrive and indicates how it would be able to achieve the end-result. It is the formal presentation of a Company's strategy for a certain period ahead. Planning indicate the pitfalls where decisions are necessary to be taken and point out their nature. The output of an effective planning process is a series of documents. Like a roadmap it gives the organization direction. It is a blueprint for achievement. The characteristics of planning are a) establishing general goals, b) Information collecting and forecasting, c) Making assumption, d) establishing specific objectives. The concept of planning can be grouped into objectives, policies, procedures, budget, time dimension.
Planning in general is of two types - long-range planning and short-range planning. But long-range and short range do not describe time spans but stages in every decision. Short-range is the stage before the decision has become fully effective. Long-range planning can be defined as a "Continuous process of making present entrepreneurial risk decisions systematically and with the best possible knowledge of their futurity, organizing systematically the efforts needed to carryout these decisions, and measuring the results of these decisions against the expectations through organized, systematic feed-back".

Requirements of long-range planning: - a) Objectives, b) Assumptions, c) Expectations, d) Alternative courses of action (in the business world, there can not even be one best decision, there must be wrong decisions that means the decisions which are inadequate to objectives and incompatible with the assumptions), e) decision making, f) Time-dimension of planning. In order to make long-range plan, the manager must have knowledge - the knowledge with respect to operation of business. They must have the knowledge of resource available, human resources, their capacities and limitations. And the ability to translate from business needs, business results and business decisions into functional capacity.

Importance: - Human beings can neither predict nor control future. If we can not at least assume the future, it will behave contradictorily. So long-range planning is necessary precisely because we can not forecase. If we can not decide
that what do we have to do today to be ready for an uncertain tomorrow, we would not be able to make decision. Decision-making is reciprocally related to time and the outline of the different stages of planning help the managers to make decision at the right time. The business organisations are related with economic activity - the most uncertain one. So the managers never be agreed to take risk without plans. They believe long-range planning is an attempt to eliminate risk and it is such an attempt which can cause erosion to irrational and unlimited risk and remove certain disaster. Risk is everywhere, without risk there is no great work. The managers must try to eliminate risk or to minimize it but essentially the risks taken be the right risk. The result of successful long-range planning is a capacity to take a greater risk and it is the way to improve enterprenural performance.

Long-range planning can not be prepared only by basing on the whims of the managers but it is the end-result of research or the juice entracted from expert's knowledge.

It demonstrate the life-cycle of the product, and can point out the necessity for new product development and product improvement if desired volume and growth are to be achieved. Long-range planning creates a sense of urgency about new business development. Long-range planning analyses both direct and indirect competition, it reveals opportunity for growth and eliminates the varied complexities. Planning compels the firm to match its capabilities against emerging market opportunities, and this is the basic process by means of which new business development occurs.
Planning is essential not only in the marketing world but to solve any societal problems and the problems of the world. The world today is facing a set of problems and opportunities. And changes occurring around us are so dynamic that have altered the rules under which nations and large organizations operate. These changes have sprung up and leading to "future shock" or an age of discontinuity and these are so interdependent that the solution to era can not be sought without considering the other. So the great statesmen will proceed gradually throughout systematic way and this systematic way is called planning. Without planning he could not find his "active genius" to utilize his efficiency in order to control or to solve the problems. Similarly in the marketing world, various problems have continuously been erecting and to meet these problems the expert plan-makers first identify the opportunity areas for future organizational activity. They include the assessment of the organization's economic and noneconomic responsibilities to society, forecasting of future - environment and technologies which might be important to the xx organizations.

At the time of preparing plan of any organization, the most serious has to do with the nurturing of new ideas. The flow of information constantly would come to the plan-makers or the managers but it is the conscious attempt on the part of the managers to impede the flow of ideas - because the ideas are the staff of which change is born. Therefore considering this practicality