

## **PLANNING PROCESS**

**a) Perception of Opportunities:** Is not strictly a planning process. However, this awareness is very important for planning process because it leads to formulation of plans by providing clue whether opportunities exist for taking up particular plans. From this point of view, it can be considered as the beginning of planning process. Perception of opportunities includes a preliminary look at possible opportunities and the ability to see them clearly and completely, knowledge of where the organization stands in the light of its strengths and weaknesses, an understanding of why the organization wants to solve uncertainties, and a vision of what it expects to gain.

**b) Establishing Objectives:** The first and primary step in planning process is the establishment of planning objectives or goals. Definite objectives, in fact, speak categorically about what is to be done, where to place the initial emphasis and the things to be accomplished by the network of policies, procedures, budgets and programmes, the lack of which would invariably result in either faulty or ineffective planning.

**c) Considering the Planning Premises:** Planning premises are assumptions about the future understanding of the expected situations. These are the conditions under which planning activities are to be undertaken. These premises may be internal or external. Internal premises are internal variables that affect the planning. These include organizational policies, various resources and the ability of the organization to withstand the environmental pressure. External premises include all factors in task environment like political, social technological, competitors' plans and actions, government policies, market conditions. Both internal factors should be considered in formulating plans. At the top level mainly external premises are considered. As one moves downward, internal premises gain importance.

**d) Identification of alternatives:** Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives. For instance, to achieve the objectives of securing desired profits, necessary plant and machinery should be established in the organization. The machinery can be of different types like: Manual plant, Semi automatic plant, complete automatic plant. While developing the alternatives, organizational framework like constraint of capital, manpower and philosophies may be taken into account.

**e) Evaluation of alternatives:** At this stage, an attempt is made to evaluate how each alternative contributes to the organizational objectives in the light of its resources and constraints. This presents a problem because each alternative may have certain positive points on one aspect but negative on others. For example, one alternative may be most profitable but requires heavy investment with long gestation period; another may be less profitable but also involves less risk. Moreover, there is no certainty about the outcome of any alternative because

it is related with future and future is not certain. This is the reason why more sophisticated techniques of planning and decision-making have been developed.

**f) Choice of alternative plans:** After the evaluation of various alternatives the fit one is selected. Sometimes evaluation shows that more than one alternative is equally good. In such a case, a planner may choose more than one alternative. There is another reason for choosing more than one alternative. Alternative course of action is to be undertaken in future, which is not constant. A course of action chosen keeping in view the various planning premises may not be the best one if there is change in planning premises. Therefore, planner must be ready with alternative, normally known as contingency plan, which can be implemented in changed situations.

**g) Formulating of Supporting Plans:** After formulating the basic plan, various plans are derived so as to support the major plan. In an organization there can be various derivative plans like planning for buying equipments, buying raw materials, recruiting and training personnel, developing new product, etc. These derivative plans are formulated out of the main plan and, therefore, they support it.

**h) Establishing sequence of activities:** After formulating basic and derivative plans, the sequence of activities is determined so that plans are put into action. Based on plans at various levels, it can be decided who will do what and at what time. Budgets for various periods can be prepared to give plan more concrete meaning or implementation.