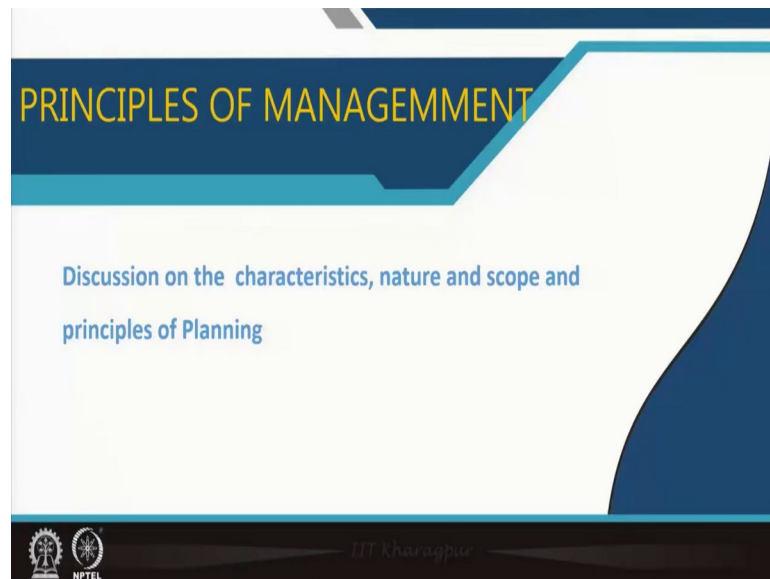


Principles of Management
Prof. S Srinivasan
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Module – 02
Lecture - 07
Characteristics, Nature & Scope and Principles of Planning

Welcome to module 2, lecture 2. Today, we are going to discuss about Characteristics, Nature, Scope of and Principles of Planning, ok.

(Refer Slide Time: 00:31)



And in the first lecture we discussed about the definition of planning and types of planning and you know certain challenges of the planning. Now, we are going to barriers of the planning. Now, today we are going to discuss about the characteristics, nature, scope and principles of planning, ok.

(Refer Slide Time: 00:47)

Characteristics of Planning

Characteristics of Planning may be categorized as follows:

- 1. Planning is continuous:** Plans are prepared for a specific period of time and at the end of time another plan is prepared in lights of new requirement and given situations.
- 2. Planning is flexible:** Planning is always an exercise for the expected result in future which is uncertain and unpredictable. As a result of that, there is always a scope to modify as per changing situation in future.
- 3. Planning ensures efficiency:** Planning helps to obtain desired result at the given time with cost effective and proper utilization of resources.
- 4. Planning is basic of function:** All other functions of management are performed with the foundation laid by planning in management.

The slide features a blue and white color scheme with decorative icons of a gear, a lightbulb, and a network diagram. A small video inset in the bottom right corner shows a man in a blue shirt speaking. The NPTEL logo is visible in the bottom left corner.

We will begin with the characteristics of planning. As we said you know planning is the basic and primary functions of management. We also should need to understand the characteristics of the planning.

Why we need to understand? Because when we are getting into a management role or managerial roles it is important that know you understand and, the characters of the planning, so that know you do not miss out the important aspects in the planning, so that know you are comprehensively add knowledge to the organizations when they are making the plan ready, ok. We will see one by one.

Planning is continuous. You know why planning is continuous? Planning always prepare for a specific period of time, but at the end of the particulars period to the next plan is already on. So, you know next set of planning is happened subsequently, then that set of you know plans around.

So, that know based on the new requirement or the given situations how we are going to move forward as an organization, the next planning is already on, that next set of goals are already device to the organization or the people who are going to be in the organization. So, that is why planning is a continuous process. It is not a one-time process, where know you would make a plan and then you sit idle for next 10 years. So, all is going to be smoothly happening, no. So, planning is always a continuous process.

Why? It is also, one more reason is that know as we have discussed in the previous lecture planning also requires some contingency approaches, right. So, what we have decided we need to ensure that know if we are going in a right direction. Let us say know there if all of a sudden because of the government policy or the new rule regulations has come up, so we need to make a quick change to the planning. So, that is also important why we are saying planning is always a continuous activity, it is not a one-time activity as such.

And planning is flexible. You know planning is always an exercise for an expected result in the future which is uncertain unpredictable because you know we are only you know forcing or forecasting with our anticipation that know we are making a best estimation or inferences about the future.

But you know if you look at know any future course of action which are uncertain unpredictable. Why we say unpredictable? Of course, you know with a lot of you know estimations or mathematical modelling we are applying the principle you know statistics and other things we are able to try to reduce the error. But still you know the business environmental is always you know unpredictable uncertain.

Now, the volatility is really very high, so you are as a result know there is always a scope to modify as per the changing situation. Let us say you know we anticipated something that know let us talk about take the let me take an example of a mobile phones one we use, right.

So, you know when the feature phones are which only very basic phones then you know mobile industry as if they fought that, ok, so it is going to be different. Now, we are coming up with you know different types of you know smartphones have come up, the applications are increasing. Now, with the you know wide usage of the smartphones and now companies are always come up with a new plan.

Now, let us say you know the RAM size is increasing, you know storage size is increasing and if you look at it you know every month you happen to see that know there is a quick change. You know 3 people, previously people never talked about a selfie, now mobiles are people are so fond of taking selfies, now see the plans is changing.

Now, people have to spend you know previously only the main cameras you know pixel is very high now because people are so fond of taking selfies, now companies are coming with a new plan, right. Now, plan has changed, you know it is a flexible.

So, I said increase the you know pixel range high in the you know front camera as well, right that is a classic example that I can say you know planning is flexible. As an organization you cannot be rigid, right.

Its things are changing based on the situations, you need to quickly make the changes, so that know you are actually being competitive, continue to be competitive in the business environment and that is very important, right. In any or business environment we need to ensure that know we are as competitive, as realistic possible and as futuristic also. So, that is why you know planning should be flexible.

Then planning ensures efficiency. You know planning always you know takes the you know decisions or the goal based on the available resources and the moment they know what are our you know available resources, what our limitations, you know the planning always ensure that know we are making a better efficient processes or the sequences in which you know we are able to achieve the result or desired goals with a limited use of the resources or with whatever the available resources we have. You know the planning actually increases your efficiency in managing your businesses well.

So, planning ensures the efficiency because you know it talks about you know utilization of the resources in an effective way. Let us say you know I have only few manpower is left with me, but know I am having a job in hand that I need to deliver certain quantities of the product to my customer.

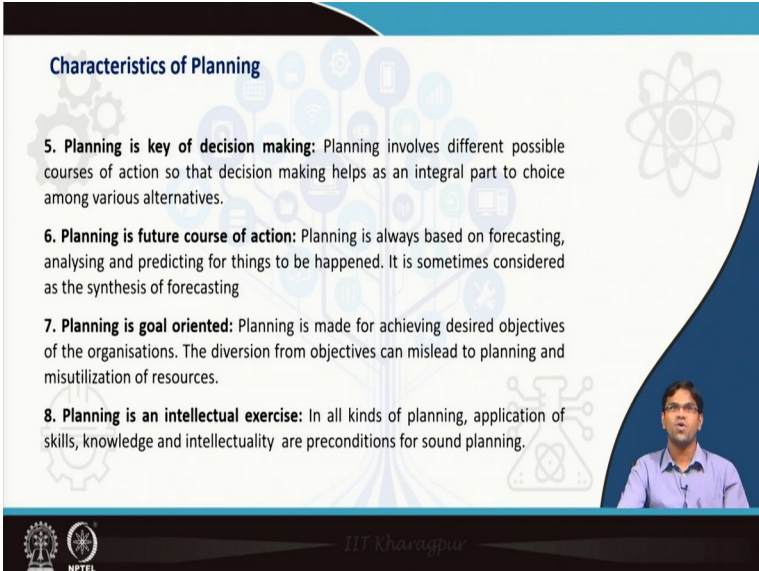
So, when I know that know I have only few people left with me to produce the product, then what do I do? I effectively plan it, ok, how we are going to you know they may plan like you know long work hours or let us say you know rotational shifts. So, you know there are effective ways in which know we are able to utilize the resource., That is why planning actually ensures the efficiency to decide how we need to plan it accordingly, when planning is a basic function.

So, as we said you know we are reinstating it again, reaffirming the fact that know planning is the basic and primary functions of the management, unless planning is

happening no subsequent actions of the management can come into picture. So, there is no planning, there is no goals been set, then you cannot talk about you know staffing, controlling, directing or you know whatever we are talking about other functions of management.

When you are having a goal been set that becomes a standard or that becomes the you know measurable you know standard, right to against which we can also see are we progressing or not, are we deviating from our goals or not. If you are deviating then you direct them. You know you are showing your control, so that know we are making sure that know we are on track again towards the goal. So, that is why planning is a basic function of the management.

(Refer Slide Time: 06:35)



Characteristics of Planning

- 5. Planning is key of decision making:** Planning involves different possible courses of action so that decision making helps as an integral part to choice among various alternatives.
- 6. Planning is future course of action:** Planning is always based on forecasting, analysing and predicting for things to be happened. It is sometimes considered as the synthesis of forecasting
- 7. Planning is goal oriented:** Planning is made for achieving desired objectives of the organisations. The diversion from objectives can mislead to planning and misutilization of resources.
- 8. Planning is an intellectual exercise:** In all kinds of planning, application of skills, knowledge and intellectuality are preconditions for sound planning.

The slide features a blue and white color scheme with decorative icons of gears, a lightbulb, and a network diagram. A small video inset in the bottom right corner shows a man in a blue shirt speaking. The footer includes the IIT Kharagpur logo and the NPTEL logo.

And planning is a key of decision making. You know when we are talking about planning, also tells me you know the goals, of course, it is saying the goals, but it is also tells me what kind of decision I make because you know planning also talks about know looking at alternate you know possible ways of making things happen and then, alternate choices.

Then, against the alternatives we are choosing you know best alternative best possible way then we are it is actually including the decisions and how it has to be done. For example, we are saying you know limit utilizing the limited resources, it also tells me how you can make a better decision. If you let us say know planning tells me, you are

only left with few resources then your decisions should ensure that know how we can optimize using the limited resources constrained resources.

So, when actually planning drive the how the decision has been made. And you know it is actually you know decision is also part of the you know planning process because you know it will actually drive me, for example, forecasting, decision making in terms of you know to setting the targets, goals for the year, target for the year. So, it is also a decision making. So, planning is also you know engaging the decision-making processes, ok.

Planning is the future course of action as we said planning decides the future course of action. Planning will tell me, what are my goals, what are my set targets, so based on that it will tell me how I need to plan my activities, you know who has to do what and where, who by whom, all that is being done it. You know, it is actually a future course of actions. Planning is always futuristic oriented because it tells me how I am going to be there in the you know upcoming months or the year, ok.

Then planning is goal oriented. Planning is always made for achieving your desired objectives of the organization. As in you know or you know every organization exists for a particular reason, right. Every organization would have their missions and the visions, then translating into goals planning actually helps me to you know how to achieve the organization missions, how we are able to achieve the mission of the organizations.

So, it is actually you know making in terms of the goals, translating the mission to goals, then it is actually helping an organization to plan their activities. So, that they are able to achieve their mission statement through achieving the goals, right. So, it is also goal oriented Then.

planning is an intellectual process. You know planning and decision making most often it is an intellectual process because you know it is not like an operational level where you are talking about you know, sometimes you know some activities might require you know physical and other aspects of it.

But you know when we are talking about planning it is most often it is an intellectual process. You know it requires the application of skills and knowledge you learnt, and you know where you need to talk about you know forecasting things you know. Sometimes you know quantitative, sometimes qualitative forecasting you know

gathering information, knowledge about the business, knowledge about the existing policies, government, regulations rules.

You need to have a lot of intellectual thought process in the it is in the always an intellectual exercise because you know you need to collate every information, debate around the information available, organize the knowledge, so that know you are able to make a successful planning, ok,

(Refer Slide Time: 09:50)

Characteristics of Planning

9. Planning is independent exercise: Planning involves a collective action of different departments of an organisations which is an independent and integral exercise.

10. Planning considers limiting factors: Planning is mainly based on organisational objectives which are attained as per stipulated time and resources limited for the same.

11. Planning creates coordination: Planning helps to establish coordination within and and outside of the organisations to achieve the goals.

12. Planning is precision of actions: What kind of activities planned to be taken up is made in a precise way to have clear picture on it.

The slide features a blue and white color scheme with various icons (gears, atom, network) in the background. A small video inset in the bottom right corner shows a man in a blue shirt speaking. At the bottom, there are logos for IIT Kharagpur and NPTEL.

Then, planning is an independent exercise. Planning involves a collective action of a different department. You know every department is you know collectively involved in making a decision, but organisation which an independent integral exercise. You know sometimes you know it is also an independent how you know it is been decided though it will tell me how each department has to work, but it is an independent exercise.

You know people independently do this exercise, collating the knowledge as I said, you know comprehensively understanding the you know business domain the existing situation, socio political economical perspective, and the demand from the customers, my specific industry specific domain knowledges you know then they will make an independent decision of it.

But when they making an independent exercise, but they will also consider the resources existing in the organization. They take stock of the organization in terms of all

perspectives, but it is an independent exercise. It is not the you know lower level people or let us say you know functional departments, we will say this is has to be done, no. Planning always an independent exercise. but they will always you know take the inputs before in hand, but you know it is an independent exercise.

Planning constraints limiting factors. A planning is mainly based on you know organizational objective which are attained as per stipulated time and resource limited for the same, ok. You know why because you know planning has to be done in a for a specific defined period of time, you know it is also some sometimes you know time constraint one at the similarly you know resource constraint things are there in the place, so a planning always considers some limiting factors.

It cannot always wait till get the comprehensive information collectively. You know because if there is a time constraint you need to quickly make your decision and planning has to be done, then you may not able to wait till the time you get everything ready, right. So, it sometime based on the limited factor you will make I have to make the planning.

Planning creates coordination. How planning will create coordination? Because planning will tell me, these are the goal set and it also tell me how we are going to achieve the goal. The moment we are saying how we are going to achieve the goals it tells me how different functional areas or how different teams or the projects or the different people in the organization has to work to achieve the goals. So, it is actually creating the coordination between the team.

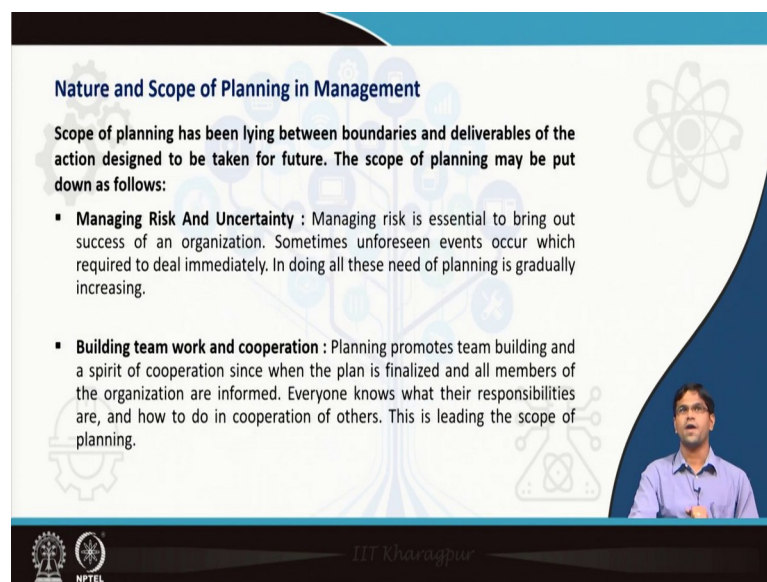
For example, let us say know once we decide on the plan then it will tell me, accounting department need to look after the financial perspectives. Then you have to then operational department. So, operational department will tell me what kind of a material I can buy and what quality of the material I buy, then the accounts department say see come on you need to understand this is my available resources in terms of you know financial terms.

You know this is the budget I have available for the sourcing of the materials, then operational department will think about, how much of inventory I can hold. If my budgeting department my finance department says you know I have only this much of the amount available for the you know procuring materials, then you know operational

department will think that know rather than going for you know holding lot of inventories they will plan very efficiently that know you when whenever based on the need basis they will procure the materials.

So, now it is actually creating a coordination, right. So, this is how we need to understand how planning actually create the coordination. Now, planning is the precision of actions. You know planning will tell me what kind of activities are planned to be taken up in is made in a precise way to have a clear picture on it. You know it actually tells a precisely plans, this is how we are having to do our activities, so that know we are actually going to achieve the targets or the goals being set, ok.

(Refer Slide Time: 13:21)



Nature and Scope of Planning in Management

Scope of planning has been lying between boundaries and deliverables of the action designed to be taken for future. The scope of planning may be put down as follows:

- **Managing Risk And Uncertainty** : Managing risk is essential to bring out success of an organization. Sometimes unforeseen events occur which required to deal immediately. In doing all these need of planning is gradually increasing.
- **Building team work and cooperation** : Planning promotes team building and a spirit of cooperation since when the plan is finalized and all members of the organization are informed. Everyone knows what their responsibilities are, and how to do in cooperation of others. This is leading the scope of planning.

The slide features a blue and white color scheme with a background of faint icons including a gear, a lightbulb, and a network diagram. A presenter is visible in the bottom right corner. The NPTEL logo and 'IIT Kharagpur' are at the bottom.

Now, we will see the nature and scope of planning, ok. So, managing one of some of the important scopes of the planning is managing risk and uncertainty. You know managing risk is essential to bring out the success of an organization.

You know why sometimes unforeseen events occur which required to deal immediately in doing all this need of planning is gradually increasing, ok. So, managing risk and uncertainty is very important. You know scope of planning comes into a place where we are you know every organization always try to reduce the uncertainty, right.

So, how do we you know reduce the uncertainty or how do we manage the risk? Planning becomes an important player. How? Because you know let us say when we are

engaging in planning, we will always do a lot of analysis in terms of all different perspective as I was saying.

You know you will consider the macro economical you know situations, micro economic situations and the organization level, political level or you know intra country relationship you know multinational level, for example, World Trade Organization might make some decisions you know European, let us say an for example, if your company serving to an European Union clients, then if the European Union is making some policy changes or decisions it might create lot of uncertainty. So, there are a lot of things involved.

When you are you know how do you reduce this uncertainty? When planning goes that effectively trying to study create the knowledge basis, considering all the perspectives and bringing those perspectives when you are making your forecasting, when you are making your predictions, how I can plan my activity, then it is actually some way it is trying to reduce the uncertainty.

Next way that for example, you plan something and you are into the know business and you started producing something. All of a sudden you will see that you know unforeseen events are occurring then planning comes, you know how quickly you have to plan you know reshape yourself to respond to the you know unforeseen events.

So, the that is also important know, right, you know you how quickly you come back and shape up yourself to respond to the you know unforeseen events that is why you know planning is important, how quickly short term planning we are talking about range, right on based on the time. Short term range plans you quickly make a short-term range plans, so that know you are responding towards the you know unforeseen events or uncertainties you are talking about.

Then, you know building teamwork and cooperation. Planning promotes team building spirit of cooperation because you know once the plan is done it is always at the higher level, right. So, I say I have created a set of goals or I set the target ready and now it has to be communicated and you expect people to work in tandem and you know coordination should be seamlessly planned, so that you know we are collectively approaching towards the goal.

Because you know you cannot have teams work independently not connected with each other not coordinating, they are working on a competition principle not on the cooperation principle.

Then, it is impossible for you to you know achieve the goals of the organization. That is why you know planning actually will tell me, it will create a scope how do we build, who has to be cooperated to whom. For example, let us say you know after the planning then you know it will say from 1 to 2 and 2 to 3 and it will say all, from let us say from 2 to 6 there should be coordination how the planning will tell me, how we need to be connected with each other all these numbers.

So, it will also tell me creating a coordination between these teams, between these different department, differently between these functional areas. Let us say you know operation department works independently without the support of the human resource, but imagine.

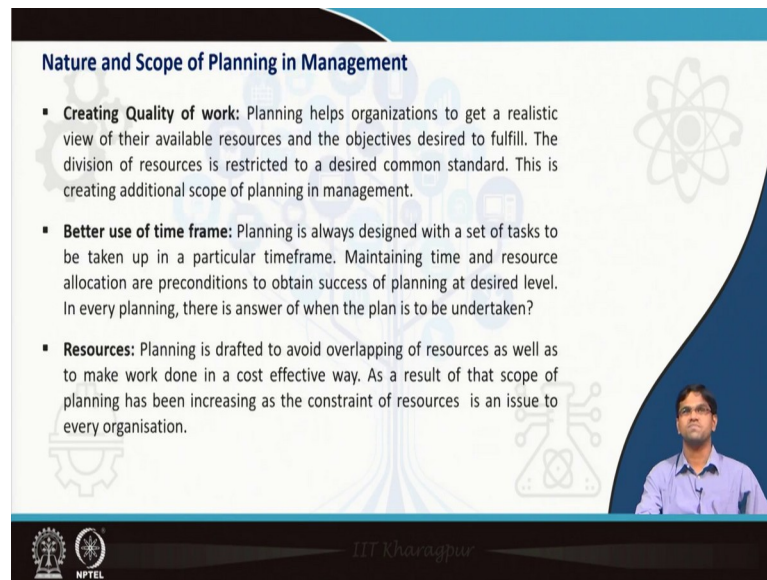
So, let us you know in the shop floor let us say you know I am planning for producing this number of products on a day. Then there is a demand from the customer, customer says I need to accelerate the demand, accelerate my you know supplying capacity know then they say know to every time I need to supply him 100 units per day imagine that is, I am giving an example.

Then all of a sudden, my customer says from next week onwards you need to send me 500 units per day. Now, the volume is increasing, the moment volume increasing operation department has to increase the production, right. How do they increase unless the you know manpower is sufficient? Now, there is needs a coordination between the human resource department and the operation department.

Now, operation department has to you know work in tandem with the human resource department and then place the requirement that, ok, now we have 50 people in place we are producing 100 units. Now, based on that calculations we look at you know we need to increase we need to have 200 more people, so that you know we are able to continue to produce 500 units because my customer demand is increased.

So, that is how you know planning actually going to create building teams and cooperation between the functionaries.

(Refer Slide Time: 18:21)



Nature and Scope of Planning in Management

- **Creating Quality of work:** Planning helps organizations to get a realistic view of their available resources and the objectives desired to fulfill. The division of resources is restricted to a desired common standard. This is creating additional scope of planning in management.
- **Better use of time frame:** Planning is always designed with a set of tasks to be taken up in a particular timeframe. Maintaining time and resource allocation are preconditions to obtain success of planning at desired level. In every planning, there is answer of when the plan is to be undertaken?
- **Resources:** Planning is drafted to avoid overlapping of resources as well as to make work done in a cost effective way. As a result of that scope of planning has been increasing as the constraint of resources is an issue to every organisation.

IIT Kharagpur
NPTEL

And planning actually contributes towards creating quality of work. Planning helps organisation to get a realistic view of their available resources and objectives desired to fulfil, ok.

You know because you know planning actually considers all different possible information, right, the available resources, what are my limited resource, the realistic situations in my organizations, considering all that constraint all the limitation within the organisation the planning will always give me the best possible way to achieve my desired goals. So, it will actually focus on the quality of work to be done, so that you know we are actually able to move towards our set goals, ok.

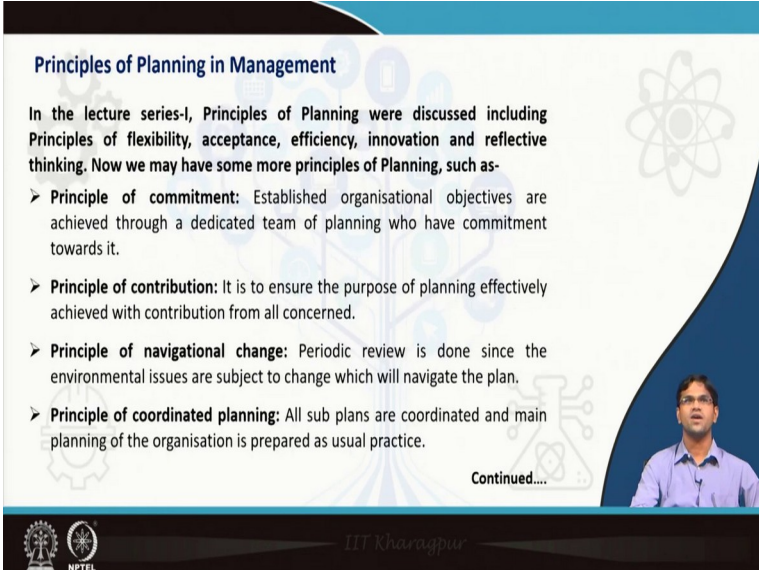
Better use of timeframe. A planning is always designed with a set of tasks to be taken in a particular timeframe, ok. So, maintaining time and resource allocations are preconditions to obtain success of planning at the desired level, right. Because you know in every planning there is an answer when the plan has to be undertaken.

It is always a time bomb you know there is a set time period and timeframe within which know we will work on it. So, it will also you know resource allocations has to be done within the defined time period. So, it is a better use of time frame is a one of the scopes for the planning.

Resources. Planning is drafted to avoid overlapping of resources as well as you know to make work done in a cost-effective way. You know planning actually engages in saying you know let us say you know avoid repetitive jobs or let us say you know overlapping of resources, repetitive process or a greater number of processes instead of you know reducing the there if there is a potential to have a smaller number of you know processes. So, you know planning actually tells me you know plan better way.

You know for example, you know critical path method analysis or the part we are talking about the project management, you know project evaluation review technique, you know critical path method will actually decide me what does is ways in which I can achieve my attire and goal and the finding the best possible method to do how within a less time frame, less number of process, how I can you know actually optimize way of working things. So, planning actually helps in planning the resources also, ok.

(Refer Slide Time: 20:31)



Principles of Planning in Management

In the lecture series-I, Principles of Planning were discussed including Principles of flexibility, acceptance, efficiency, innovation and reflective thinking. Now we may have some more principles of Planning, such as-

- **Principle of commitment:** Established organisational objectives are achieved through a dedicated team of planning who have commitment towards it.
- **Principle of contribution:** It is to ensure the purpose of planning effectively achieved with contribution from all concerned.
- **Principle of navigational change:** Periodic review is done since the environmental issues are subject to change which will navigate the plan.
- **Principle of coordinated planning:** All sub plans are coordinated and main planning of the organisation is prepared as usual practice.

Continued...

IIT Kharagpur

NPTEL

Now, we will go and understand the principles of planning. You know we have seen the principles of management. We also talked about principles of flexibility, acceptance, efficiency, innovation and reflective thinking in the module 1. Now, we will focus on the principles of planning, specifically, principles of commitment.

In the lecture 1, we also talked about the commitment from the management, right. So, the principles of commitment are important. You know people who are engaged in the planning has to have the commitment towards the planning, you know providing their

insights, sharing their knowledge and you know giving the available inputs to the decision making which are all very important. The commitment of the people engaging in the planning activities very important, that is a principle of commitment is comes the first one.

The principle of contribution. It is to ensure that the purpose of planning effectively achieved with contribution from all concerned. You know we need to ensure that know contribution comes from all different functional areas you know from all sections of the organization, so that you know planning is very effective, ok.

And principles of navigational change. As we were saying you know we cannot have a rigid planning or we cannot have a single plan for the whole year or you know 5 years. So, we should always have a periodic review, there should be a scope in the planning then that is a possibility of periodic review, when the periodic review is done we should always see you know if there is a scope for improvement, organisation actually should create the revenue, scope in within the planning there where you can actually make changes to the existing planning itself.

You know for example, I say I made a plan, so no more changes in the planning then it cannot be the way. There should be a review, once a review is done let us says something is not working out maybe we anticipated that know we sequence of 1, 2, 3, 4 will work. But later when we are operationally seeing then we realize that know 1, 2, 3, 4 is not working a, b, c, d is working better. So, that periodic review should actually help you to change the plan revise the existing plan and say, replace 1, 2, 3, 4 to a, b, c, d, right. So, you need to have this scope further.

And principles of coordinated planning. All sub plans are coordinated and the main planning of the organization prepared as usual practice. So, when we have the main plan, then we will have the sub plans to every department will also as we say know functional level planning will also will happen. So, what is the important thing? We need to ensure that know sub plans are actually you know in alignment or parallely or going to relate with the main plan.

For example, you know as an organization we plan something, now the functional teams have to make the planning to make it you know operational, right. When they making that plan it has to be gone hand in hand, it cannot be like say know my organisation plan

is this and my functional plan is this. Then if you know both goes in a different direction then you cannot achieve. So, it should be a coordination. There should be a sync between the main plan and a sub plans, ok.

(Refer Slide Time: 23:28)

Principles of Planning in Management

- **Principle of continuity:** Planning is continuous process and subject to modifiable as per given time and resources.
- **Principle of timing:** In every organisations plans are arranged in a time bound manner.
- **Principle of promising plan:** Planning is related to future course of action so that it is based on several assumptions and promise to achieve.
- **Principle of framework:** It deals with policy framework that governs the functions of the organisation for achieving.
- **Principle of limiting factor:** It helps to identify the factors having limited achievement for the desired objectives.

IIT Kharagpur
NPTEL

Principles of continuity. As we begin this lecture with the you know we are talking know continuous planning is a continuous process. So, planning is always a continuous process you know, but of course, it is subject to some modification based on the you know constraint of time and constraint of resources, but it is always a continuity, a principle of continuity is there, the planning is a continuous process.

When one plan ends and the next plan is already in place it has to support the continuous activity. And as I was saying there is in any business changes are inevitable, it is always likely to happen, uncertainties are more, you know volatility is increasing. So, then you know as should also be continuous process.

You know keeping in mind you know what are the changes are happening parallelly, then you know you take observe those uncertainties and then quickly make the plan. So, the planning should be a continuous activity. It should not be a one-time activity.

Principles of timing. In every organization plan are arranged in a time bound manner. You know there should be a specified time period, right. You know I cannot have a plan which are not time bounded, right, you know every plan should be a time bounded one.

Then you know otherwise know it will become redundant plan, some plan which are not applicable to this particular time period, then you know what is the use of the plan, it becomes redundant not relevant at all, ok.

Principle of promising plan. Planning is related to the future course of action, so that it is based on several assumption and promises to achieve. It has actually known forgive me the promising perspective for me the future of the organization, right. It has to give me a promising scope that know this is what we are going you know, envisioning the future. So, planning should give a promising plan.

Right know, come on we have seen this we are going to reach to this level. So, that actually giving a promising scope for people to be you know motivated. The planning should also should motivate people because you know some times are unrealistic things which are actually demotivate people.

For example, it is you know as an organization let us say you are a 500-crore company, you might think of you know becoming a 1000 crore company. Yes, it is sensible possible. But sometimes we should know, we have 500 crore company this year, next year I want to become 10000 crore company.

Then, imagine the people of the team in our leadership level they will be shattered looking at know how come we can make the company which is 500 crore company in a one-year time to become a 10000-crore company. That will actually be demotivated, right. You should have some promising plans you know where you should be very realistic you know, people will be motivated looking at the you know plans, ok.

Principle of framework. It deals with the policy framework that governs the functions of the organization for achieving it. You know you need always you know planning should always create a framework that will actually go into guide the actions to be taken or the direction of the you know course of actions.

So, that should be a know framework should be provided, so that know we know within which framework we should work. Otherwise know what will happen people will move out of the framework and then they started to contribute and then he is going to in order to reduce the course of action, ok.

And principle of a limiting factor. As we said know sometime the planning might consider only the limited information which will actually result in you know making some decisions based on the incomplete information. For example, as you know I wanted to predict future course, let us say you know I wanted to should I one company is discussing, should I increase one more plant or not. Now, that is a point of discussion.

And to make the decision whether I should you know start a one more plant, now I need to go back and understand my history and my you know potential customer segmentations, my demand for the particular product in the market, and who are my suppliers, my competitors, you need to do a complete analysis.

And you know for example, if you are not considering all that and you are making some decision then, let us start a one more plant let us see how we will you know survive in the business then. With the limiting factors if you make the decision of starting a new plant maybe sometimes know with an unexpected thing you know you might do really well.

But you know most often if you are failing not to considering all these factors before you making a decision then you are investing huge cost and you now starting a new plant, but there is no demand there is you are not able to scale up your business then you are going to fail, ok. So, that is where now principles of limiting factor you, sometimes the planning happens with the limited information due to sometime due to the time constraint as well, ok.

(Refer Slide Time: 27:51)

Limitations of Planning in Management

Following are some limitations of planning-

- **Planning creates rigidity:** Planning is modifiable only in limited and small cases but in case of big changes planning is not modifiable. Both the external and internal factors are responsible for this rigidity.
- **Planning does not work in dynamic situation:** Planning is done for future happenings. Since future is uncertain and dynamic, the future anticipation is not always done.
- **Planning reduces creativity:** Planning is prepared in connection with all activities to attain objectives which are predetermined. Everybody works as per direction to do that for which scope of creativity is limited.
- **Planning is a time consuming process:** Because of its lengthy process, it can not address the sudden emergencies which can be in the form of unforeseen. t for the desired objectives.

The slide features a blue and white color scheme with a background of faint icons. A small video inset in the bottom right corner shows a man in a light blue shirt. At the bottom left are the logos for IIT Kharagpur and NPTEL.

Limitations of the planning. Planning creates rigidity. Sometimes know when the plans are set people never allow to modify it, it will become a you know strict rules you know you follow and whatever it been given to it in planning, so it creates a lot of rigidity know. There is no it will not give you some scope for creativity or innovation. People will feel like you know yes there is a rule that I need to follow, I cannot make my own contributions.

And planning does not work in dynamic situation. You know when you are as we know with a previous point rigidity and you know planning does not always work in a dynamic situation.

Now, if we see business is always a dynamic thing, right. It is ever known uncertainty is very high world we are talking about there is always likely changes then the you know demand then the volatility and uncertainty is really high, you cannot have you know strict framework, I know you need to be planning should also be dynamic in nature.

And planning reduces creativity. Yes of course, when there is a rigidity and there the planning is set then it is not allowing you to bring your you know perspective or add your value to the existing planning then it is actually restricting your creativity or innovations in the workplace. You know people will ask to follow with the predetermined, the waste it has to be done.

And planning is sometime you know time consuming process. People spend lot of time take the lot of time in planning it. By the time they plan and make their action the things would have changed.

So, what you are known planning for something then by the time you come let us imagine that I wanted to launch a you know smartphone with a 2 GB RAM and then you know 32 GB hard disk, then the by the time I you know planned and then implemented my competitor already introduced some you know 8 GB RAM processor. Also imagine, know time consuming process it will actually going to impact also, ok.

(Refer Slide Time: 29:34)

Limitations of Planning in Management

- **Planning does not ensure success:** In some organisations management thinks planning will bring all objectives fulfilled which neglects their real work and efficiency and adverse effect is being faced by the organisation.
- **Planning boosts a false sense of security:** The managers mostly becomes careless and think the main tasks will be done by subordinates. This attitude creates problems on the future actions of the organisation.

The slide features a blue and white color scheme with various icons representing management and technology. A presenter is visible in the bottom right corner of the slide frame.

Then planning does not ensure success. Planning it does not necessarily to ensure success. Planning will tell me how needed to you know do it and what how I am going to set the goals and how it we need to coordinate activities to achieve the goal, but it not necessarily assures you that know you will be successful.

Planning is actually giving you a direction and which will be going to guide you how you need to work, but it is not guaranteeing that know you will definitely succeed, right. So, you know sometimes you know it will neglect the real work or efficiency and maybe you know failing to consider certain important inputs when we are making the planning. So, planning it not necessarily provide you the success, unless it is been effectively implemented, ok.

Planning boost a false sense of security. So, managers mostly become careless and think that the main task will be done by the subordinates this attitude actually creates problem on future actions of the organizations.

You know because you know planning is done, they say know, these are the set of activities manager will feel that, my subordinate is going to do and that is where the functions of you know controlled, leading and reporting is also important. Unless otherwise you know manager has to look into it whether the subordinates are actually delivering or doing it, then it is impossible to ensure that know they are actually doing their part of the job.

So, you know it is actually you know planning boosts a false sense of security. You feel that know there are huge number of people are engaged, so I do not need to worry about it. Even if I fail to contribute some of my organization will succeed, so it is not possible. So, it will be you know planning sometimes will boosts a false sense of security, ok.

(Refer Slide Time: 31:05)



The slide features a dark blue header with the word 'REFERENCES' in yellow. Below the header, a list of four references is presented with blue arrowheads. A small video inset in the bottom right corner shows a man in a light blue shirt speaking. The footer contains the IIT Kharagpur logo and the NPTEL logo.

REFERENCES

- Bhattacharyya DK. (2012). Principle of Management, Text and Cases, Pearson, New Delhi
- Charles WL Hill and Steven L McShane. (2008). Principles of Management, Published by McGraw-Hill/Irwin
- Stoner AF. Principle of Management, Pearson, New Delhi.
- Ellen A. Benowitz. Clifford Quick Review Principle of Management, Hungry Minds, New York, NY 10022



IIT Kharagpur
NPTEL

These are the references.

(Refer Slide Time: 31:08)

CONCLUSION

In this lecture session, the characteristics, nature and scope and principles of planning in management have been discussed. After attending the discussion, learners will be able to have knowledge about various issues of planning and may be interested enough to implement in the practicing lives

  IIT Kharagpur

And you know today we discussed about the characteristics, nature and scope and some of the principles of planning, ok.

Thank you.