

## **Planning Process and Types of Plans**

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## **Objectives**

- To develop an understanding of the concept of planning
- To know the different types of plans
- To develop skills of writing objectives

## **Introduction**

An initial task of a manager is to plan the work. Organizing, directing, and controlling are other tasks that follow. This reading will concentrate on key aspects of planning relevant to your work as educational managers. Planning is critical to your role as a teacher educator. Inadequate planning will adversely affect the efficiency and effectiveness of your whole organization; for example, it will result in wastage of valuable and scarce resources, and inadequate or inappropriate remedial action. This does not indicate that by doing a plan performance and expected outputs will be maximized. The success of your organization also depends on the proper implementation of a plan. What does this mean to us who work in educational institutions? The simple answer is that whether you work in an educational organization with its service oriented-nature or in any business establishment with a profit orientation, planning is a necessary managerial requirement. In education one uses the word macro planning and micro planning or institutional planning to apply to national level plans and others at different institutional levels.

### **4.1 What is Planning?**

Planning involves the clarification of the goals and objectives of the organization, and establishing appropriate and timely strategies for the achievement of those goals. Planning identifies the necessary activities, as well as how they should be integrated and coordinated. Planning, therefore, is concerned with what is to be done and how it is to be done. In simple terms a plan will show where an organization wants to be in the long-term as well as the short-term and the ways of moving from one place to another. Planning provides a direction in which to move in the future. It also reduces the impact of changes, minimizes waste and repetition and sets standards to measure the achievement of outcomes and output.

Kreitner(1995) pg.164 opines that ' Planning is the process of coping with uncertainty by formulating future courses of action to achieve specified results. Planning enables humans to achieve great things by providing a pathway from concept to reality.'

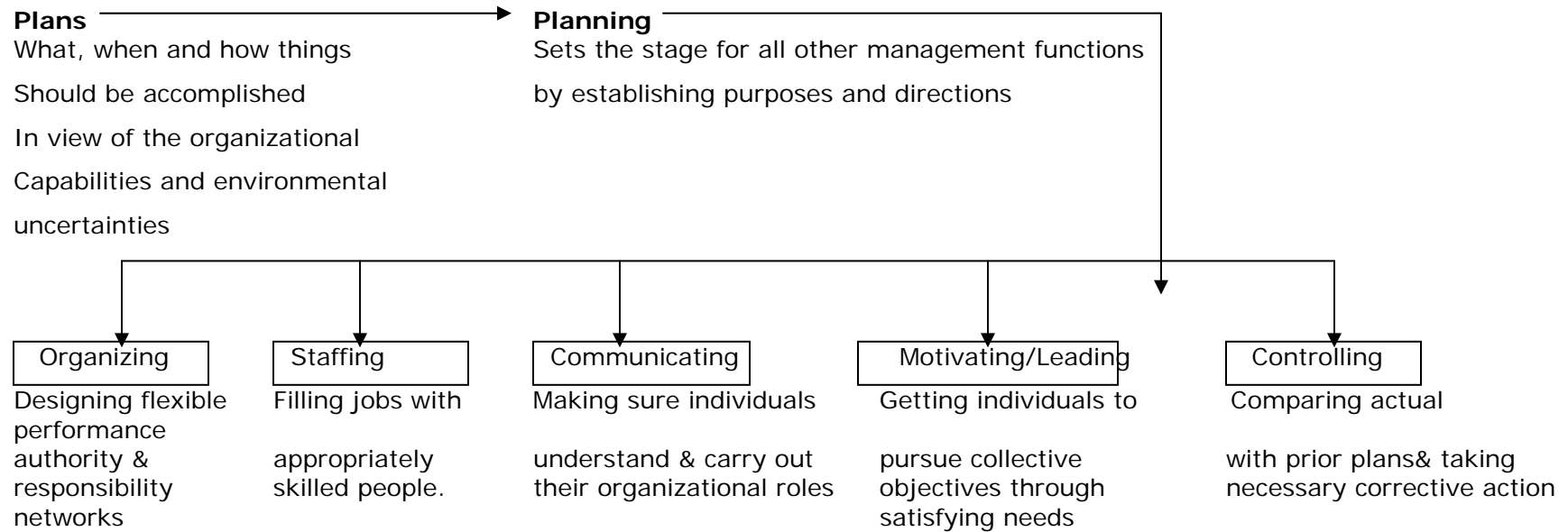
Since planning affects all downstream management functions it has been called the primary management function.

It might be useful here to understand the types of uncertainty that an organization can face. Three such types are identified: -state uncertainty is one of them. This may be a situation where the environment is unpredictable. The second type is known as effect uncertainty, where the impact of environmental changes are unpredictable. The third type is named response uncertainty, which means that the consequences of decisions are unpredictable.

A plan can also be defined as a specific documented intention consisting of an objective and an action statement. The objective portion is the end and action statement represents the means to that end. It indicates the 'what' 'when' 'how'.

Since planning is identified as the primary management function it can be of interest to understand this concept further.

Diagram 4.1 Planning: The primary Management Function

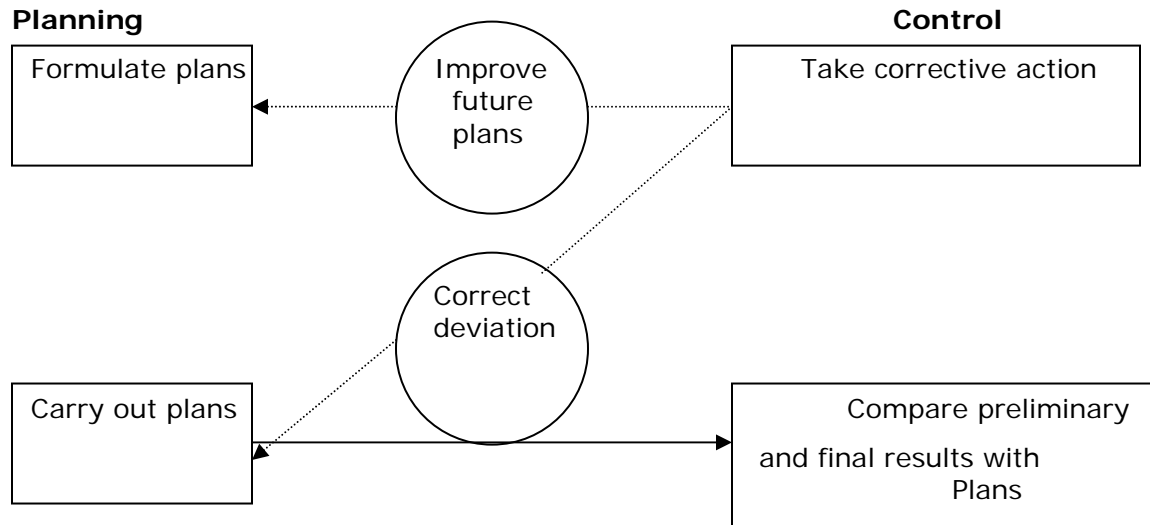


Adapted from Kreitner (1995) pg.165

The above diagram shows the varied tasks under each of the management functions.

Planning and controlling are linked together in a cycle as given in diagram 4.2.

Diagram 4.2 Planning and /Controlling Cycle



Kreitner1995 pg.177

## 4.2 Planning, Goals and Objectives

The objectives of an organization have been identified as the foundation of planning. The terms 'goals', 'aims' and 'objectives' need to be discussed at this point. Strictly, they have slightly different meanings, primarily relating to the longevity of the desired outcome. It is important as a manager to know, however, that most people in your organization will use them as synonyms to mean the same thing. Organizations have many goals and objectives. The nature of the goals and objectives often are influenced by whether the organization is service or profit oriented. It is usual for many of the objectives of educational organizations to differ significantly from those of the business sector because the key objective for the business sector is to make money while the key objective for the education sector is to promote learning.

The traditional way of setting objectives is a way of control imposed by the top level of management. Top level (or senior) managers will tell the next level managers below them in the hierarchy what they expect from them, and will use those expectations as indicators of performance. The main thinking behind this kind of traditional 'bureaucratic' approach to objective setting has been that it is the 'right' of senior management to set objectives because only the senior managers have an overview or the whole picture of the organization. Under a bureaucratic approach, objectives set by senior management to each

succeeding management level serve to direct and guide and control individual employee's work behaviour. One major weakness of the traditional bureaucratic approach to objective setting is that, because only senior management has been involved in setting organizational goals, the objectives often seem ambiguous and difficult for middle level managers to put into operation. Therefore at the middle and bottom level, managers often apply their own meanings to the goals already set by the top. As a result, there can be different interpretations at divisional, departmental and individual levels which may cause more harm than benefits to the organization. A participatory approach – where employees, lower, middle and top management all engage in decision making to set the overall goals for the organization – is likely to minimise ambiguities and contradictions, and result in clearly defined and implemented objectives for all levels of the organization.

Goals are important for several reasons. First, they provide a sense of direction. If there are goals you are proactive rather than being reactive to environmental changes. Without goals people will not know what you want to achieve. Goals help to focus attention on the required tasks and activities, and to focus effort on achievement in the context of limited resources. Goals also help organizations to make key decisions both for the short and the long –term. Goals assist in the setting of quality standards and for evaluation of progress. This enables the manager to carry out the function of controlling, the process of making sure that efforts are in keeping with goals and plans set to achieve them.

Planning, as stated earlier is the process of setting goals and choosing the means to achieve these goals. Without a plan managers will not know how to organize people to carry out different tasks and how resources can be utilized for the achievement of goals in efficient and effective ways. Without a plan people may go astray and waste scarce resources too. This affects the entire organization and its future too will be at stake.

Goal or an objective is also defined as a specific commitment to achieve a measurable result within a given time frame.' It is very difficult to see how an organization or an individual can even begin to plan until concrete objectives are clearly defined' (Jack Bologna, Why MBO Programmes Do not Meet Their Goals, Management Review,69(Dec.1980):32 This emphasizes the importance of setting objectives before planning.

Experts have shown the way to write good objectives. According to one of them, they should be stated in measurable terms, quantitatively and in concrete terms in the form of a written statement of desired results to be achieved within a given time period.(Anthony P. Raia, Managing by Objectives,Glenview,111 Scott.Foresman,1974 p.24) The importance of

objectives are also highlighted in literature. They benefit managers by serving as targets and measuring sticks fostering commitment and enhancing motivation. Without objectives managers at all levels would find it difficult to make coordinated decisions. It is a measuring stick because when appraising performance managers need an established standard against which they can measure performance. Concrete objectives enable managers to weigh performance objectively on the basis of accomplished tasks rather than subjectively on the basis of personality or prejudice. It is a way of obtaining commitment as well. The very process of getting an employee to agree to pursue a given objective gives that individual a personal stake in the success of the enterprise. The objectives can be helpful in encouraging personal commitment to collective ends. An identification of objectives might pose a challenge to the employee in a sense that it is something to reach for. People will feel good about themselves when they note that the objectives are been reached.

Writers have attempted to relate the type of objectives to the different management levels of an organization. The three management levels are identified as top, middle and lower managers. The bottom level manager's objectives are narrow and could be achieved in the short run. The time target and the amount of units to be produced during that time are decided. The middle managers range becomes a little broader. Within a matter of a few months the middle manager should capture the market and increase it by 5%. The top manager should increase the corporate sales by millions by the end of the given year.

Diagram 4.3 A typical Means-Ends Chain of Objectives

|                                       |  |
|---------------------------------------|--|
| Top Management                        | Objective – To increase Corporate Sales by 250 Million by year-end |
| Middle Management                     | Objective – To increase Market share                               |
| Lower Management                      | Objective- To increase unit sales                                  |
| Adapted from Kreitner (1995, pg. 176) |  |

### **4.3 Need for Planning and its Importance**

One may ask the question why managers need to do planning. Planning provides a direction to both managers and employees, and clarifies their respective tasks. It promotes a coordinated effort; with all employees knowing where the organization is moving and what and how they must contribute to reach the objectives. Without planning different managers and departments will not be working together, and can even be working against each other and so prevent the organization from reaching the desired outcomes.

Planning provides a way for organizations and individuals to look forward and anticipate change and to be prepared for the impact of change. Therefore planning helps to reduce the negative impact that results from the state of uncertainty that accompanies change. It reduces overlapping of effort and so avoids waste. Planning also provides standards that could be used for purposes of quality control. In planning we develop the objectives. For purposes of quality control, the actual performance then is compared with the set objectives. Significant actual or potential problems will then be identified and remedial measures applied. Without a plan it is difficult to ensure quality.

Planning itself is valuable even if the achievement of some objectives fall short of expectation. The availability of a well drawn up plan does not guarantee a higher return and high performance. In the course of time there may be several changes in the environment. Planning cannot totally eliminate the impact of change; it can, however, help reduce the negative features of change. Changes are anticipated as far as possible at the time of planning so that management is ready to some extent to face the possible upheavals. However much planning is perfect it does not necessarily lead to high performance. Writers such as Robbins and Coulter (2000 p.229) are of the opinion that formal planning is associated with higher profits, higher returns on assets, and other positive financial results. Further, these studies have suggested further that the quality of planning and proper implementation of the plans contributes more to high performance than the extent of planning. With ever greater changes taking place in the external environment managers may be unable to achieve all of the desired targets. The importance of short term operational planning is that they relate to the day to day activities of the organization. The long range strategic and tactical planning are important because they set and keep an organization on course for the attainment of its principal objectives and they determine the resources and the organization structures.



## 4.4 Types of Plans

In the literature it is argued that organizations are managed by mainly two types of plans: strategic and operational (Robbins & Coulter, 2000 p.230). Further, both strategic and operational plans can be classified according to their time frame (short- or long-term), specificity (specific or multi-purpose), and frequency of use (single or multiple applications).

**Strategic Plans-** These plans apply to the whole organization. Strategic plans establish the organization's overall goals or objectives and identify processes for achieving those outcomes. In strategic planning an attempt is made to place the organization in the context of its environment as the operational opportunities and constraints for an organization exist in the context of their particular environment. An organization's environments can be either static (unchanging) or dynamic (constantly changing). Stoner, Freeman, and Gilbert (1996 p. 270). suggest that there are four steps in strategic management: goal setting; strategy formulation; strategy administration; and strategy control. The first two steps they call strategic planning, and the last two steps they call strategy implementation.

**Operational Plans-** Plans drawn up to specify the details of how the overall objectives are to be achieved are named operational plans. Whereas strategic plans generally target the long-term future, operational plans generally are for a shorter period, perhaps even for a year. A strategic plan may be supported by several operational plans, one or more for each phase and/or outcome of the strategic plan. The scope of operational plans is narrow and more limited than strategic plans, but they are much more detailed with respect to the processes of implementation.

**Long and Short Term-** Short term plans address the immediate future, usually no more than three to five years ahead, and often as short as one year or less. Long-term plans extend for a much longer period, usually beyond five years.

**Directional and Specific-** Directional plans are flexible and set out general guidelines that can be applied in multiple situations. Specific plans are clearly stated and leave little room for interpretation. Specific plans usually apply to one particular situation.

**Single-use Plans and Standing Plans –** Some plans developed are on-going while some others are used only once. A single –use plan is a one-time plan and is designed to meet a particular situation or a need. Standing plans are on-going plans that provide guidance for activities repeatedly performed in the organization. Once established, such standing plans

help managers save time because similar situations are looked after in a predetermined manner

Another approach has been suggested by Kreitner(1995) pg.173. It relates the type of plan to the level of manager in the organization. He too advocates three levels in the management hierarchy. and relate them to the type of plan undertaken by each.. The strategic plan for which the top manager is responsible may last for one to ten years. Strategic planning is described as the process of determining how to pursue the organization's long-term goals with the resources expected to be available. Intermediate planning is the process of determining the contribution the sub-unit can make with allocated resources. Operational planning is the process of determining how specific tasks can best be accomplished on time with available resources.

Diagram 4.4 Types of Planning

| Managerial Pyramid | Planning Horizon                             |
|--------------------|--|
| Top Management     | Strategic planning – 1 to 10 years           |
| Middle Management  | Intermediate planning – 06 months to 2 years |
| Lower Management   | Operational planning – 01 week to 1 year     |

Adapted from Kreitner (1995, pg.173)

## 4.5 Management by Objectives

Management by Objectives (MBO) is not a new concept. The idea was first proposed by Peter Drucker in his 1954 book 'The Practice of Management'. MBO refers to a formal set of procedures that begins with goal setting and continues through performance review. MBO "includes four common elements: goal specificity, participative decision making, an explicit time period, and performance feed back" (Robbins & Coulter, 2000, p.242). Managers and the employees work together to identify common goals. Each person's major areas of responsibility are clearly defined in terms of measurable expected results or objectives. These are used by managers and employees in the process of planning for purposes of progress monitoring. Performance appraisals are conducted by the managers together with respective employees on a regular basis for monitoring progress.

The main feature of MBO is the set of objectives which clarify specifically the individual actions needed to fulfill the units' functional strategy and annual objectives. MBO provides a method of combining the efforts of all the members of the whole organization, on the goals of higher management and overall organizational strategy. MBO makes objectives operational through a process of pushing them down through the organization to reach other levels of management and operation. The organization's objectives are translated into specific objectives for each succeeding level in the organization. Another feature of MBO is that objectives are set both from upwards and downwards in the organizational hierarchy. The benefit derived is that objectives at one level are linked to those at another level. It also has the advantage of having specific personal performance objectives and therefore provides an incentive for specific individual contribution.

The requirement that every individual be actively involved in setting objectives is recognized as another positive feature in MBO. This has been advocated by Drucker. He also suggested that managers should help those above them to set objectives so that they will acquire a better understanding of the strategies of the organization.

Steps in a typical MBO program are identified in Robbins and Coulter (2000 p. 242). There are eight steps.

1. The organization's overall objectives and strategies are formulated.
2. Major objectives are allocated among divisional and departmental units
3. Unit managers collaboratively set specific objectives for their units with their superiors
4. Specific objectives are collaboratively set for all department members.
5. Action plans, defining how objectives are to be achieved, are specified and agreed upon by managers and subordinates.
6. The action plans are implemented.
7. Progress toward objectives is periodically reviewed, and feed back is provided.
8. Successful achievement of objectives is reinforced by performance-based rewards.

## 4.6 Factors in Planning

There are several factors that affect planning in organizations. The level at which a manager functions in the organizational hierarchy determines what type of planning he or she will do. The first level of managers does mostly operational planning. As a manager moves up in the hierarchy they are involved in both operational and strategic planning. The top level or senior management is mostly involved in strategic planning only.

The degree of environmental uncertainty also influences the type of plans required. If the environment is volatile plans have to be more directional giving opportunity for required changes and also they have to be short –term in order to accommodate on-going change. If an organization is facing a rapidly changing environment, managers need to be very flexible in planning.

### Summary

In this reading we attempted to draw your attention to the topic 'Planning'. At first a definition was given, followed by clarifying the words, Goal, Aims and Objectives. We tried to answer the question why planning is needed. The different types of plans were discussed. Due to the importance attached to the MBO approach, it was elaborated as the next step. The factors that have a bearing on planning were discussed briefly.

## References

- Robbins, P. Stephen and Coulter, Mary (2000) **Management Fifth Edition**, Prentice-Hall of India Private Limited, New Delhi
- Stoner, James A.F. Freeman, R. Edward. Gilbert, Jr. Daniel R. (1996) **Management Sixth Edition** Prentice- Hall of India Private Limited, New Delhi
- Kreitner Robert (1995) **Management 5<sup>th</sup> Edition** Houghton Mifflin Company Printed in U.S.A.