

management plans

planning as a base for human actions...

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THE FIRST and perhaps the most important basic function of management is planning. Planning has been considered to be managerial decision making in advance of a noncrisis atmosphere; in essence, it means determining the activities to be performed by both human and physical facilities. In simple language, it is merely laying out the work. The result of that process of planning is a plan which is the **basis** for human action within the organization. Planning and plans are, thus, concerned with the future and the realization that in many organizations there is a constant

state of change. It is the dynamics of an organization that point up the significance of the planning function. Involved is the application of reflective thinking concerning the how, what, where, by whom, when, and why of obtaining the organizational objectives in an everchanging environment.

The function of planning is basic to the entire work management. The other function of management. The other functions of management—which are organizing, coordination of effort, and



controlling—cannot be performed unless planning decisions are made as to who is to be organized, what is to be coordinated, and so on. This does not necessarily mean that the manager must precede the other functions with that of planning. In fact, he may usually have to consider all the functions at the same time. Even so, the planning process must normally be done before effort takes place.

No Planning Without Forecasting

The most important thing about an organization is its future, and no planning concerning the future should be made without considering the possible or anticipated results. The analyses and predictions concerning expected future behavior are commonly referred to as forecasting. Typically, we think of forecasting as the attempt to predict or estimate future changes and factors relating thereto. The businessman and the economist watch the barometers for indications as to the nature of future changes. Professionally trained people are continuously at work utilizing various statistical tools as they seek accurate glimpses into the future. As yet, however, forecasting has not been perfected; nor is it likely to be. Nevertheless, the experts in the field are to be complimented for doing a remarkably good job considering the many variables involved.

Managers, too, must make forecasts even though the methods used may often be somewhat less than sophisticated. The personnel manager, for example, may be called on to forecast the labor situation for his organization in the future. In this connection, he should have some opinions as to the probable turnover of employees, and the promotions and retirements expected. The sales manager will need to anticipate sales, including the likely rates of increases and decreases. And the production manager may have to present data concerning new capital needed for installation of new methods and equipment.

The methods of forecasting are varied, and it is not the intent of this article to go into any depth concerning them. But a few words concern-

ing the general methods employed may be in order. The process of using opinion to predict and make decisions about the future is far more common than most top-level managers would like to admit. Nor is this method entirely unsuitable. A man with many years' experience may be surprisingly accurate in his forecasts, which are based solely on his opinions and are unsupported by statistical data. However, if his forecasts are incorrect, he will have a difficult problem in substantiating his decisions. Simply saying, "I thought this or that would happen," may not satisfy his superiors.

Better than using one person's opinion is the method of using the opinions or estimates of a group. For example, a sales forecast figure may be derived by combining the opinions of the salesmen in each of the sales territories. In such a case, the estimates of the optimistic salesmen may counterbalance those of the more pessimistic, resulting in a pretty accurate figure.

Another method commonly employed is that of historical evaluation and progression analysis. In this instance, a look is taken at past trends, and those trends are projected into the future. Armstrong Cork, whose major product of floor coverings has a very great variance in seasonal demand, has traditionally used this method. Demand for different patterns of floor coverings is analyzed for the past several years, and projection is made for the immediate future. The important thing to remember when using this approach is to carefully ascertain why the fluctuations occurred.

But perhaps the most popular method of forecasting today is that of some type of statistical analysis based on directed and applied research. National barometers are scanned continuously, competitors' actions are evaluated, consumer surveys are taken, economists businessmen are polled, and so forth. Masses of statistical data are compiled and analyzed, and predictions are made. Closely related to this method is correlation analysis. This system is often used in forecasting product demand. For example, demand for baby foods may be correlated with the birth-rate in the market area; durable consumer



appliances purchased may correspond to expendable income; and a high rate of unemployment may mean a greater demand for less expensive foodstuffs.

Even so, all forecasts deal with the future, and it is well to note that all predictions, no matter how sophisticated the methods used or how accurate the data gathered, contain some guesswork.

Types of Plans

The process of planning is very broad, ranging all the way from overall organizational objectives and goals to short-range planning concerning a very minor department. Thus, there is a hierarchy of plans determined by the level in the organization at which plans are formed and by the relative importance of them. The long-range type of plan will most likely be formulated by the top executives of the organization. This plan must recognize the major long-run objectives and identify the problems related thereto. The short-range type of plan obviously covers a much shorter span of time and is designed to facilitate or implement the long-range plans.

Plans may also be classified as either creative or routine. The creative plan is one whose nature is original; it provides a basis for action not previously used. Such a plan may be formed at any level within the structure and deal with a minor problem, such as a training technique, or a major problem, such as a new line of products. The routine plan, on the other hand, deals with factors usually of a repetitive nature. These plans are customarily devised at a lower organizational level.

Another means of looking at types of plans has to do with functional areas. We talk of production plans or sales plans, for example. Plans are also sometimes referred to as administrative or operational. Again, there are internal plans dealing with the inner workings of the organization, and there are external plans which may deal with the various publics, governmental

bodies or the community. Even objectives of the organization have been called plans in that they are related to the future and require forecasting.

What Makes a Good Plan?

Again, we must consider that a plan is a **basis** for action. As such, the plan must indicate, either in a specific or implied manner, the general goals to be reached by following the plan. Usually, these goals may be broken down into smaller and more specific goals, resulting in a hierarchy of objectives. The basic components of the particular problem should then be identified, and described in such a manner that obstacles to carrying out the plan will be readily recognized.

Once the obstructions to the plan's success are determined, means for overcoming them must be ascertained and spelled out in the plan. This has to do with the "how" of solving the particular problems. Incorporated in this phase may be the planner's previous experience and knowledge; he will present the facts pertinent to the problems in a logical and coherent manner.

However, the manager making the plans for his unit must constantly keep in mind the human element—who precisely is to carry out the plan. Thus the manager's knowledge of the human resources available for participation in the plan must be kept up to date and be as definite as circumstances allow. This type of information is essential before the plan can be broken down and the various parts assigned to personnel. This aspect of planning means determining who is to be given the authority and responsibility for fulfilling parts of the plan.

Also, the time factor is always important in planning. The planner must consider the amount of time available for making the plans as well as carrying them out. Suffice it to say that the longer the span of time the plan is to cover, the greater will be the uncertainty and difficulty in forecasting because of the greater



likelihood of unexpected situations arising. Incorporating the time element in the plan provides a means of control or regulation. Time schedules should be set up, and checks and measures of progress should be spelled out. For example, in the case of a plan to fill a production order, the time schedule may show that on a particular date the status of the order should be thus and so, or the order should be in a working stage in a particular department. Sales quotas and cost control practices are checked from time to time to determine if behavior corresponds with results can be evaluated must be established.

Assuming that the features just described are successfully embodied in the plan, there are still certain characteristics by which a plan may be judged. Regardless of whether the plan is written, disseminated orally, or simply exists in the mind of the planner, it should be clear, as simple as is feasible, and comprehensive. Actually, if the plan is to cover a very long period of time, involves more than a very few people, or pertains to different departments, it should be written. The good plan will be stable, yet have a certain degree of flexibility. That is, it will allow for certain minor deviations as the changing situations warrant and still maintain the necessary stability to reach the objectives. Finally, the plan is nearly worthless unless it is properly disseminated to all personnel concerned. Full coordination of effort and cooperation of those to whom phases of the plan are delegated can hardly be expected unless they are fully aware of all parts of the plan and what it is to accomplish.

Nevertheless, it may sometimes happen that plans meet all of these criteria and are still never fulfilled. There are two important reasons why seemingly excellent plans are never carried out. There must, first be a **means** of carrying out the plans. This means may involve adequate

finances, it may be a question of enough personnel available, or it may be that there is not enough time for successful performance. The second reason for the plans' ultimate failure may be due to the personal attitudes of the planners. Situations change from day to day; the plan which is a good one today may be a poor plan tomorrow. The planner must be willing to change his plans when the situation calls for it. Julius Caesar, one of the greatest generals of all times, is reputed to have maintained that his success in battles was due not only to his excellent planning but also his willingness to change his plans when the conditions called for it.

Organizational Plans—A Quick Look

1. **Objectives.** No matter how simple or complex the plan becomes, it must always be devised to reach certain goals. There must be a purpose or reason—something which the plan is to bring about.

2. **Methods or procedures.** Since a plan is a basis for action, it must spell out the procedures to be employed in performing the action. Parts of the plan must be assigned to different personnel, and these personnel must be directed.

3. **Authority and responsibility.** These must be delegated so that accountability can be established. Precisely who is to be accountable for exactly what portion of the plan.

4. **Control.** Criteria must be set to measure progress in relation to the time factor.

5. **The superior's role.** Any plan is likely to be ineffective unless the top manager of the unit in which the plan is to be carried out gives it his complete support. Active participation on his part is positively essential.



