BBA (ITM) SEM. - I

PRINCIPLES OF MANAGEMENT
(CODE: UM01DBBI21)

UNIT 1

MANAGEMENT AND PLANNING

MANAGEMENT

- Meaning & Definition of Management
- Significance of Management
- Functions of Management (POSDCoRB)
- Management V/S Administration
- Levels of Management

PLANNING

- Meaning & Definition of Planning
- Nature and Importance of Planning
- Planning Process
- Types of Plans

INTRODUCTION

Management is an art of getting things done by a group of people with the effective utilization of available resources. A minimum of two people are essential to form a management. These perform the function in order to achieve the objectives of an organisation.

Whenever, two or more person come together to achieve some common objectives, management comes into play. Wherever there are group efforts, management becomes inevitable. Management, therefore, is a group of activities. Management is what management does, it plans, organizes, directs and controls. It works with men, materials, machines and money to achieve some objective.

DEFINITION

C. S. George has given a very simple definition of management. "Management consists of getting things done through others. Manager is one who accomplishes the objectives by directing the efforts of others."

Koontz and O'Donnell emphasize the same aspect in the following definition of management. Management is defined as the, "accomplishment of desired objective by establishing an environment favourable to performance by people, operating in organized groups."

Peterson and plowman emphasize the efficient utilization of group efforts for achieving the goals. "Management may be defined as technique by means of which the purposes and objectives of a particular human group are determined, clarifies and effectuated."

Peter Drucker defines "Management is an organ; organ can be described and defined only through their function."

SIGNIFICANCE/ IMPORTANCE OF MANAGEMENT

Management is a must for every enterprise. The existence of management ensures proper functioning and running of an enterprise. Management can plan the activities to achieve the objectives and utilize the available resources at minimum cost.

Every business needs a direction. This direction is given by the management. The resources of production are converted into production. The resources will remain as resources in the absence of management. The conversion process is performed through the co-ordination of management.

The significance or importance of management is briefly explained below:

1. Management meet the challenge of change:

In the modern business world, there are frequent changes place the business in a dangerous position. Only an efficient management can save the business form the dangers brought in by the challenges.

2. Accomplishment of group goals

The achievement of objectives of a business depends upon three factors. The proper planning of available resource, adjusting possibility of business environment and the quality of decision taken and control made by the business unit are the factors responsible for achieving objectives.

3. Effective utilization of business

There are eight M's in the business. These are said to be man, money, materials, machines, methods, motivation, markets and management. Management is the topmost of all other M's. Management has control over other remaining 'M's.

4. Effective functioning of business

Ability, experience, mutual understanding, co-ordination, motivation and supervision are some of the factors responsible for the effective functioning of business. Management makes sure that the abilities of workers are properly used and co-operation is obtained with the help of mutual understanding. Besides, management can know the expectation of workers and the workers and the expectation is fulfilled through motivation techniques.

5. Resource development

Efficient management is the life boat of any developed business. The resources of the business may be identified and developed by the management. The term 'resources' includes men, money, material and machines.

6. Sound organisation structure

Management lays down the foundation for sound organisation structure. Sound organisation structure clearly defines the authority and responsibility relationship – who is responsible to whom, who will command whom and when is responsible for what. Care is taken in appointing qualified persons to the right job by the management.

7. Management directs the organisation

The human mind directs and controls the functioning of human body. Similarly, the management directs and controls the functioning of an organisation.

8. Integrates various interests

Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organisation.

9. Stability

The functions of business are stabilized by the management. The fluctuations of business are caused by the changing policy of the government, pressures on the part of competitors and changing preferences of customers. The efficient management can run the business as per the policy framed by the government, face the competitors in the market and produce the articles as per the preferences of customers.

10. Innovation

New ideas are developed by the management and implemented in the organisation. Better performance is achieved through new ideas.

11. Co-ordination and team spirit

All the activities of business are grouped department-wise. Management co-ordinates the activities of different departments and establishes team-spirit to achieve the objectives.

12. Tackling problems

Good management acts as a friend or a guide of workers while tackling problems. When workers get over confidence of solving the problems for effective performance of a job, they fail in tackling the problems efficiently.

13. A tools for personality development

Management gives direction to workers for effective performance of a job. Besides, new methods or techniques are taught to workers. The training facilities are arranged by the management. In this way, management is a tool to develop the personality of workers to raise their efficiency and productivity ability.

FUNCTIONS OF MANAGEMENT

1. Planning

The first essential function to be performed by management is to formulate a plan of action. Planning involves the determination of what is to be formulating a plan of action. Planning involves the determination of what is to be done, how it is to be done, where is to done, who is to do it and how results are to be evaluated. Planning enable the manager to anticipate problems before they actually arise. There is no doubt that planning reduces the degree of uncertainly and risk and brings an element of stability.

2. Organizing

The next task is to prepare an organisation structure by delegation of authority and responsibility. This is done by identifying the activities of business and separates them into blocks or departments, put them in charge of specific groups for individuals and define the relationships among different groups for effective performance.

3. Staffing

The enterprise goals are achieved with the help of personnel only. Hence proper selection of the personnel for proper job is essential in modern management. Staffing includes planning of manpower requirements. Determining criteria for each job, remaining in constant touch with the sources of recruitment arranging for their training, promotion, remuneration schemes etc.

4. Directing

A business does not begin to operate until the manager gives direction, which includes the work of guiding and supervising subordinates. The function is speared over different heads of departments.

5. Co-ordinating

It is a process by which the manager achieves harmonious group effort and unifies of action in the pursuit of a common purpose. Coordination is the essence of management. Hence, it is not an exaggeration to say that manager is in essentially a coordinator. Without coordination there will result a chaos in the organisation.

6. Reporting

Two important aspects of control are reporting and budgeting. The subordinates have to prepare reports of their performances. Some reports pertain to the routing matter of the concern, while some are special prepared for some special purposes. Through reporting, a manager keeps himself informed about the day functioning of the organisation.

7. Budgeting

A budget is a very popular and effective tool of controlling. A budget is an estimate of future needs covering all the activities of an enterprise for a definite period of time. They are expressed in either monetary terms or in physical terms. A budget is prepared for each separate activity of business, e.g. sales, purchase, production, cash, capital expenditure, etc.

MANAGEMENT/ ADMINISTRATION

The terms administration and management are used synonymously. Some writers argue that both these have same meanings and there is no difference between these of government departments and non-profit institutions requiring skill is called administration.

Some writers argue that executive functions of a business unit are referred as Management and executive functions of other institutions are referred as administration. In this way, administration is distinguished as top level function while management as a lower level function. Policy and objectives of a business are determined by the top level executives (Administration). At the same time, the lower level people (Management) work to attain the objectives of the business unit and follow the policy framed by the administrators.

Board of Directors	Administration		Top Levels
General Manager	Department	Manager	
Supervisor		Management	
Workers			

Sr. No.	Basis of Distinction	Administration	Management
1	Policy and Objectives	Determines policy to be followed and decide the objectives to be achieved	Implement as the policy and achieve the objectives.
2	Directing of human efforts	Not directly involves in the execution of plan and achievement of objectives	Directly involves in the execution of plan and achieving objectives

3	Main functions	Planning, organizing and staffing	Direction, motivation and control
4	Levels of executive	Top level executives (owners or Board of Directors).	Lower level executives (Manager, supervisor and workers).
5	Position	Acts as a Principal	Acts as an agency
6	Knowledge	Requires administrative ability more than technical ability.	Requires technical ability more than administrative ability.

LEVELS OF MANAGEMENT

As we have already learnt that management does not refer to a single individual but it refers to a group of persons. In companies large number of persons are employed and placed at different places to perform different managerial activities.

To carry on these activities these employees are given necessary authority and responsibility. This grant of authority results in creation of chain of authority. This chain is divided into three levels which result in creation of three levels of management.

The main levels of management are:

1. Top level management.
2. Middle level management.
3. Supervisory level, operational or lower level of management.

1. Top Level Management:

Top level management consists of Chairman, Board of Directors, Managing Director, General Manager, President, Vice President, Chief Executive Officer (C.E.O.), Chief Financial Officer (C.F.O.) and Chief Operating Officer etc. It includes group of crucial persons essential for leading and directing the efforts of other people. The managers working at this level have maximum authority.

Levels of Management

Main functions of top level management are:

(a) Determining the objectives of the enterprise. The top level managers formulate the main objectives of the organisation. They form long term as well as short term objectives.

(b) Framing of plans and policies. The top level managers also frame the plans and policies to achieve the set objectives.

(c) Organising activities to be performed by persons working at middle level. The top level management assigns jobs to different individuals working at middle level.

(d) Assembling all the resources such as finance, fixed assets etc. The top level management arranges all the finance required to carry on day to day activities. They buy fixed assets to carry on activities in the organisation.

(e) Responsible for welfare and survival of the organisation—Top level is responsible for the survival and growth of the organisation. They make plan to run the organisation smoothly and successfully.

(f) Liaison with outside world, for example, meeting Government officials etc. The top level management remains in contact with government, competitors, suppliers, media etc. Jobs of top level are complex and stressful demanding long hours of commitment towards organisation.

(g) Welfare and survival of the organisation.

2. Middle Level Management:

This level of management consists of departmental heads such as purchase department head, sales department head, finance manager, marketing manager, executive officer, plant superintendent, etc. People of this group are responsible for executing the plans and policies made by top level.

They act as a linking pin between top and lower level management. They also exercise the functions of top level for their department as they make plans and policies for their department, organise and collect the resources etc.

Main functions of middle level management are

(a) Interpretation of policies framed by top management to lower level. Middle level management act as linking pin between top level and lower level management. They only explain the main plans and policies framed by top level management to lower level.

(b) Organising the activities of their department for executing the plans and policies. Generally middle level managers are the head of some department. So they organise all the resources and activities of their department.

(c) Finding out or recruiting/selecting and appointing the required employees for their department. The middle level management selects and appoints employees of their department.

(d) Motivating the persons to perform to their best ability. The middle level managers offer various incentives to employees so that they get motivated and perform to their best ability.

(e) Controlling and instructing the employees, preparing their performance reports etc. The middle level managers keep a watch on the activities of low level managers. They prepare their performance appraisal reports.

(f) Cooperate with other departments for smooth functioning.

(g) Implementing the plans framed by top level.

3. Supervisory Level/Operational Level:

This level consists of supervisors, superintendent, foreman, sub-department executives; clerk, etc. Managers of this group actually carry on the work or perform the activities according to the plans of top and middle level management.

Their authority is limited. The quality and quantity of output depends upon the efficiency of this level of managers. They pass on the instruction to workers and report to the middle level management. They are also responsible for maintaining discipline among the workers.

Functions of lower level management are:

(a) Representing the problems or grievances of workers before the middle level management. The supervisory level managers are directly linked with subordinates so they are the right persons to understand the problems and grievances of subordinates. They pass these problems to middle level management.

(b) Maintaining good working conditions and developing healthy relations between superior and subordinate. The supervisory managers provide good working conditions and create supportive work environment which improve relations between supervisors and subordinates.

(c) Looking to safety of workers. Supervisory level managers provide safe and secure work environment for workers.

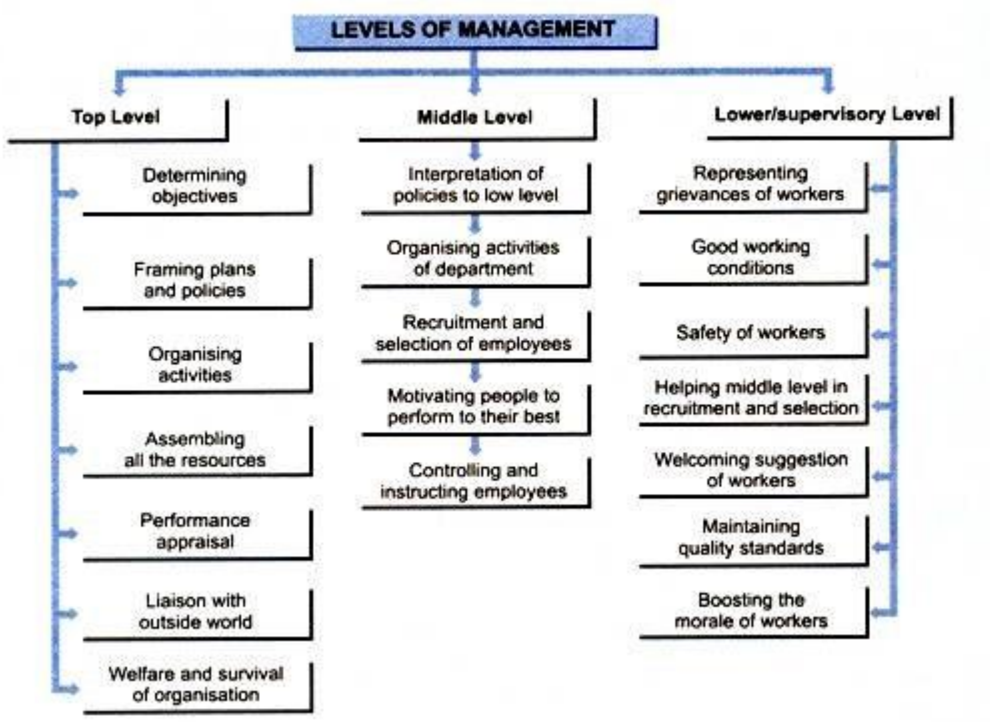
(d) Helping the middle level management in recruiting, selecting and appointing the workers. The supervisory level managers guide and help the middle level managers when they select and appoint employees.

(e) Communicating with workers and welcoming of their suggestions. The supervisory level managers encourage the workers to take initiative. They welcome their suggestions and reward them for good suggestions.

(f) They try to maintain precise standard of quality and ensure steady flow of output. The supervisory level managers make sure that quality standards are maintained by the workers.

(g) They are responsible for boosting the morale of the workers and developing the team spirit in them. They motivate 'the employees and boost their morale.

(h) Minimising the wastage of materials.



PLANNING

PLANNING: CONCEPT

Planning is not one single activity. It is a continuous process having various sub-activities. It makes selection among various alternatives, planning is the most basic of all management functions. Every individual plans for one or more thing in life at different stages of life. Example: Even a child who plays by making castle plans, bird's plans to make a nest at the time of their requirement. Every manager plans, no matter at what level he operates. Planning takes what to do, when to do, how to do and who will do a particular task.

There is a famous saying that' 'if you do not know you are going then no road can help you to reach the destination. In the same way if there is no planning on-one will be able to do the required things or achieve the target or goal of any kind of activities.

PLANNING: MEANING

Planning is an intellectual process of thinking resorted to decide a course of action which helps achieve the pre-determined objectives of the organisation in future.

F. W. Tayler had pointed out in his report on Scientific Management, that planning is separated form execution. Separate plans are prepared for various departments; then, the top executive of the organisation takes steps to co-ordinate the various departmental plans.

DEFINITION OF PLANNING

Koontz and O'Donnel, "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap form where we are to where we want to go."

According to Terry, "Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualisation and formulation of proposed activities believed necessary to achieve desired results."

M. S. Hurley, "Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes form among alternatives."

H. Fayol, "Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the pre-determined goals."

IMPORTANCE OF PLANNING

Very few people will dispute the fact that planning is essential for all business units. In fact, planning has now become indispensable not only in business field, it is necessary almost in every walk of life. The main benefits/ importance of planning are as follows:

1. **All activities become purposeful and orderly:**

When a definite and clear goal is established, all efforts are pointed towards desired results. All activities of the unit are too coordinated that the goal may be related with least cost and within shortage possible time.

2. **It helps in economizing by reducing wastage**:

This is because it helps in avoiding unproductive activities. Every activity is thoroughly examined before it is started. Hence, maximum possible output can be obtained within a short period. Thus, planning saves time and thereby reduces cost of production.

Planning leads to economic use of resources in another way also. It helps in full utilization of the existing productive capacity. Hence maximum production is achieved with minimum resources. This is beneficial not only to the concerned unit, but also to the society which can obtain a larger supply of goods at lower prices.

3. **Useful in facing future changes and uncertainties:**

Future is always uncertain. A manager attempts to make an accurate estimate of production and costs etc. in the next month. But all his estimates may go wrong as the result of such unexpected occurrences as fire, strikes, etc. Planning is essential to cope with such contingences. It makes enough provisions for future changes in circumstances, so that they may not adversely affect the actual results.

4. Focuses attention on objectives of the unit:

An attempt is made through planning to realize the basic objectives within a definite period of time. The manager in each department tries his best to reach the targets entrusted to him. In the absence of planning each head of the department will keep only short run benefits to his department and neglect the long term goals. Thus, planning can keep all managers conscious of the basic goals of business.

5. Planning imparts accuracy:

Planning is based on definite calculations of costs and benefits. There is no room for guesswork in planning. This removes the possibility to duplication of any activity and also of any unnecessary activity. Under planning, all relevant facts are accumulated, they are systematically classified and then decisions are made after analyzing those facts. This means that, under planning, decisions tend to be more scientific and rational.

6. Planning helps other functions of management:

An efficient organisation can be evolved through planning only. If policies and programmes are clearly laid down, it can be decided how many employees are to be engaged, what sort of training will they need and how are they to be directed etc. and budgeting is nothing but planning.

7. Planning facilitates control:

If it is not known, what is to be done and how it is to be done, then there is nothing to be controlled. Planning provides us with definite standards on the basis of which we can evaluate the actual activities. We can compare the actual results with the standards. If there is any discrepancy between them, causes responsible for it can be identified and measure can be taken to remove them. Thus, planning assures us that actual performance corresponds to activities planned.

8. **Planning helps visualize a clear and complete picture of the business:**

A clear and complete picture of the entire business unit can emerge before the management as the result of planning. The management can have a clear idea of the relationships between various activities of business. They can have a fuller understanding of each activity. This makes coordination of various activities easier.

9. **Secures cooperation form employees:**

Under planning, each employee clearly known what he has to do and how he has to do it. There is neither ignorance nor misunderstanding about his activity on the part of any of the employees. The management selects employees on scientific basis; and jobs are assigned to them very carefully according to their ability and aptitude. Wage rates and other terms of employment are fixed by an agreement beforehand. As a result of all this, a congenial atmosphere of cooperation between labour and management prevails in business. This leads to an increase in output and reduction in cost.

10. **Maintains a balance between various activities:**

If production manager plans to produce 100 units of a commodity due to limited resources at his disposal, and if an energetic sales manager supply 1500 units? This is what happens in the absence of planning. Balance between different can be ensured through planning only.

STEPS IN PLANNING PROCESS

The planning process is different form one plan to another and one organisation to another. Given below is a planning process which may be treated as commonly acceptable.

1. **Analysis of External Environment**

It is necessary to consider the external environment of an organisation. The term external environment includes socio-economic conditions and political conditions prevailing in a country. Socio-economic condition refers to classification of society on the basis of income, age, class, living conditions, aspirations, expectations and the like. These factors are not controllable trends in the external environment.

2. **Analysis of Internal Environment**

It can be otherwise called as Resource audit. Resource audit means an analysis of the strength and weaknesses of an organisation. Due consideration is made on the availability of resources, profitability, plant capacity, available manpower, communication effectiveness and the like.

3. Determination of Objectives

The objectives of an organisation are pre-planned. Objectives specify the results expected. Once the organisation's objectives are determined, the section-wise or department-wise objectives are planned at the lower level. Defining the objectives of every department is a very essential one; then only clear-cut direction is available to the departments. Control process is very easy if the objectives are clearly defined.

4. Determining planning premises and constraints

Planning is forward looking. Therefore, planning is based on forecasting. Forecasting means the assumption of and the anticipation of certain events. It implies a calculation of how certain factors will behave in future. The planning must consider the likely behaviour of these factors. In this sense, these constitute the planning premises.

Generally, forecasting is made in the following ways:

i. What will be the market force? Market force refers to demand, supply, buying capacity and the like.
ii. The expectation of volume of sales.
iii. What kind of products are to be sold and in what price?
iv. What would be their manufacturing costs?

v. What would be the tax policy and economic policy of the Government?
vi. The expectation of technology change in production.
vii. How is the finance raised for expansion and/or modernization of the business?

5. Examination of Alternative Courses of Action

An action may be performed in many ways but a particular way is most suitable to the organisation. Hence, the management should find alternative ways and examine them in the light of planning premises.

According to Knootz and O'Donnell," There is seldom a plan made for which reasonable alternatives do not exist. Moreover, before weighing alternatives and reaching a decision, one is wise to search for alternatives that may not be immediately apparent. Quite often an alternative does not immediately prove to be the most profitable way of undertaking a plan."

6. Weighting Alternative Course of Action

All the alternatives are not suitable to an organisation. Each alternative has its own strong and weak points. So, there is a need for weighing all the alternatives to determine the best alternative.

7. Selection of the best Alternative Course of Action

The selection of the best alternative is based on the weighing of various alternatives. A course of action is determined according to the circumstances prevailing. No partiality is shown while selecting the best alternative.

8. Establishing the Sequence of Activities

The determined course of action is adopted for each section or department, product, for a quarter, month, week, etc. finally, the manager should draft a final plan in definite terms.

9. Formulation of Action Programme

The term action programme includes fixing time limit for performance, allocation of work to individuals and work schedule. These are necessary to achieve the objectives within the specified period.

10. Determining Secondary Plans

Secondary plans flow from the primary or basic plan. The preparation of a secondary plan is necessary to expedite the achievement of the basic plan. For, example, Once a basic plan of sales is decided upon, a number of secondary plans could be prepared. Here, the secondary plan includes production schedule, purchase of plant and machinery, purchase of raw materials, consumable stores, selection, training and placement of personnel and the like.

11. Securing Participation of Employees

The successful execution of any plan depends upon the extent of participation of employees. So, the management should involve employees in planning through communication, consultation and participation.

12. Follow-up and Evaluation

There should be a system of follow-up. The management should watch how the planning is being done. The shortcoming of planning can be identified through a follow-up action and rectified then and there. The continuous evaluation of planning and then corrective action is taken if there is any deviation.

TYPES OF PLANS

1. Primary or Basic Plan

The plan which is prepared to determine the principal objectives of an enterprise and the means to achieve them is called ‘Primary or Basic Plan’.

All other functions of the managers are managed and controlled on the basis of such plan.

2. Physical Plan

The plan made for constructing the building, establishing the machinery or equipment, installing the furniture’s, etc. is known as ‘Physical Plan’.

3. Master Plan

'Master Plan' is prepared for the performance of activities of the entire enterprise. This plan includes the objectives, policies, procedures, programmes, budget, time-schedule, strategies, etc. that are required for proper execution of management- activities.

4. Derivative Plan

The plans which are made in different departments of an enterprise are called 'Derivative Plans'. Such plans help in the implementation of the basic plan of the enterprise.

5. Functional Plan

When a plan is made for performing any one type or related functions, it is called 'Functional Plan'. Such a plan is concerned with a particular or several closely-related jobs. For performance of the routine work of the enterprise, this type of plan is prepared. 'Production Plan', 'Sales Plan', 'Financial Plan' etc. are the examples of functional plans.

6. Comprehensive Plan

In order to achieve the long-term objectives of an enterprise such type of plan is made. When a plan is prepared for the entire enterprise at a time, it is known as 'Comprehensive Plan'. It includes both physical plan and functional plan.

7. Standing Plan

This plan is needed for the activities of repetitive nature. It includes policies, procedures and rules. 'Standing Plan' determines the courses of action for recurring activities and frequently changing situations. This type of plan is prepared with the objective of maintaining the activities and conduct of the management personnel always similar in nature.

8. Long-range Plan

'Long-range Plan' means the plan which is formulated to cover a long period of time—usually for three to five years. Such plan is related to production, manpower planning, research and development, marketing, financing, and other managerial aspects.

9. Short-range Plan

The plan made for a short period of time, generally for a period of one or two years, is known as 'Short-range Plan'. It is concerned with the programmes, budget etc. which are required for getting the desired result in near future.

10. Single-use Plan

When a plan is prepared for implementation of a particular project, it is called 'Single-use Plan'. The Third Hooghly Bridge Project and Metro Rail Project in Kolkata are the examples of Single-use Plan.

11. Strategic Plan

'Strategic Plan' refers to the plan for determining the major objectives of an enterprise, adopting the courses of action and allocation of resources required to achieve those objectives. Such plan is the key to long-term success of an enterprise.

12. Operational Plan

'Operational Plan' is the plan which is formulated to determine the utilisation of allocated resources and introduce controlling system for the achievement of the pre-determined objectives. Such plan is concerned with the application of strategy and execution of the objectives.

It gives emphasis on the performance of job and so it is called operational plan. The plans for purchasing raw materials, training of the employees, maintenance of tools and machinery, measurement of the qualitative standard of product, etc. are under the category of operational plans.

13. Temporary Technical Plan

Such type of plan is prepared for tackling temporary situation which calls for immediate action. For instance, if any competitor reduces the price of his product the counterpart of the competitor has to consider whether he will also decrease the price of his goods or develop its quality for the interest of the customers. .

14. Developmental Plan:

This plan is formulated for organisational development of the enterprise. It is made keeping in view long-term possibilities such as—diversification, research and development, etc.

15. Corporate Plan:

'Corporate Plan' refers to the plan which involves all the departments of a company in the context of anticipating the probability of development in the market condition. Corporate plan includes determination of company objectives, evaluation of the internal and external factors which will affect the execution of these objectives, and making comprehensive but flexible plans to ensure that the objectives of the company are really achieved. The formulation of corporate plan depends on industry condition, competition, price of the products, input supply, market situation, technological development, government policy, etc.

16. Divisional Plans

Divisional plans are the separate plans for each of the divisions of the enterprise. These plans chalk out the programme of action for each of the divisions. Thus, if an enterprise has separate divisions for products like television sets, electronic calculators and spare parts, divisional plans have to be prepared for each one of these divisions separately. These plans require to be integrated with the overall master plan.

17. Geographical or Regional Plans

If an enterprise has regional divisions or zonal groups, it will have to prepare the plans for each one of these regions or zones. Such plans are, therefore, territorial plans.

COMPONENTS OF PLANS

1. Objectives

"Objectives are goals established to guide the efforts of the company and each of its components." Objectives are the goals which a business unit wants to achieve over a period of time. Objectives are the aims or purposes for which an organization is set up.

2. Policies

Policies are also plans. They are general statements which guide the subordinates in decision making in various departments in organization. Policies deal with 'how to do' the work. They only provide a framework within which decisions must be made by managers at all levels. Policies must be communicated to the staff in very clear terms. The reason for the policy may be explained to them, so that they willingly accept it. Policies ensure uniformly of action at various levels of organization. Policies give concrete shape to objectives. Policies facilities are administrative control by providing basis of evaluating results.

3. Strategies

A strategy is a type of plan which is prepared to meet the challenges posed by the activities of competitors and other environment forces. He can then weigh his own plans in the light of those of his competitor, modify them to take advantage of what his competitor is planning to do, and thus reach his own goals with greater certainty. Strategy is a contingent plan, as it is prepared to meet the demands of a particular situation. It relates an organisation to its external environment.

4. Procedures

They are guides to action. They lay down in detail, the exact manner in which a certain activity must be done. Procedures lay down a standard way of doing job; it ensures smooth functioning of various activities of organization. It also helps to integrate the efforts of different individuals. It also facilities training of employees, because they learn to do work form the procedures laid down. Procedure may be useful; it should be standardized and should be reasonable stable.

5. Rules

A rule is the simple plan of action. It dictates that a particular work is to be done in particular manner. It specifies what should be done or not done is a given situation. It is a rigid and definite plan and leaves no scope for deviation. Rules ensure uniformity of action. ‘smoking is prohibited in the Factory’ is an example of a rule.

6. Budgets

A budget is a plan giving the expected results expresses is numerical terms. It may be entirely expressed in financial terms or it may be expressed is no. of units, man hours or other any measurement that can be expressed in numbers. A budget may be prepared for sales, production, material, labour, any cash or capital expenditure. A budget, it then becomes a major tool for control. It provides a standard by which actual operations can be measured and variances are found out.

7. Programme

A programme is a sequence of activities taken to implement the policies and to achieve the objectives. It lays down very clearly the steps to be taken the resources to be used and time period within which the task it to be completed. The programmes are of two types: major programme and minor programme. In a company there may be expansion programme, increasing production by 50%. Now there will be minor programme to implement this major programme. Every programme will consist of definite steps to be taken to achieve the task.

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