

# Planning is the Basis of all Industrial Activity

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## ABSTRACT

This paper is a summarised version of a Project Report on the Investigation into the Planning Process of a few select Industries in Hyderabad. It was found that though Planning formed the basis of all Industrial Activity, many Industrialists were still ignorant of it. The Large Scale sector Company whose case has been studied here even though it doesn't have a Corporate Planning Cell, has been able to realise most of its plans due to proper Co-ordination between the top management and other personnel of the Industry. Lack of funds seems to be the biggest hurdle for effective Planning. The Governments and the Financial Institutions play a major role in the failure or success of an Organization with respect to Planning. Lack of timely clearance of Projects and lack of allotment of sufficient funds, keeping the time factor in view have contributed to the Planning Process going haywire.

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MANAGERS MUST MAKE PLANS TO PREPARE THE COMPANY FOR SURE NEEDS, PROBABLE developments, and even any uncertain eventualities of the years ahead. In the fast moving Indian scene, it is apparent that markets, products, the qualifications of the people needed to staff the Organization, manufacturing methods and other important factors are changing all the time. The Company both creates and responds to such changes. The firm that triggers a well-planned shift often seems to fare better than the one that follows later. Executives are noticing increasingly that many significant developments are the result not of a lucky flash of genius—which is nevertheless valued highly—but of years of persistent scientific, engineering or other effort. Great numbers of decisions and steps are usually required for product development, for Organization changes such as decentralization, for plant construction for raising new Capital, or for distribution changes. Lead times are long, so many a need must be identified and acted upon long before the result is required.

## A BASIC VIEW OF PLANNING

BUSINESS PLANNING IS CARRIED ON TO HELP ASSURE THE SURVIVAL AND GROWTH of the Company. But Planning, especially for the longer term involves a paradox.

It is essential to plan because one cannot foretell the future. For that reason, we must clarify our Objectives and determine what action must be taken, by whom, and at what cost to achieve our goals. By thinking about the future of our Business, we become aware of events now on the horizon that may present to us, in the future, grave problems or great Opportunities. We can make some plans now that will prepare us for a range of eventualities which might happen.

The Contribution of the Business Planner is this: Despite the impossibility of accurately forecasting the future, he identifies a range of possibility and prepares for them. Once this is understood, the difference between planning and forecasting becomes clear. "Forecasting" is the attempt to find the most probable course of events a range of possibilities. "Planning" is deciding what one will do about them. A Business Plan is a preparation for action. It involves making decisions and scheduling results. Scheduling starts with the knowledge of what is required and works backward.

## KINDS OF BUSINESS PLANS

There are mainly three kinds of Business Plans:  
(1) Plans for doing Current Business (2) Plans for Con-

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tinuing in Business and (3) Plans for Business development and growth.

Business Planning usually involves the following steps: (1) Gathering information on both the external environment and the Company internally. (2) Identifying and studying the factors which may limit the Company's efficiency and growth in future. (3) Formulating basic assumptions such as for example "A continuation of the present economic trends for the planning period" etc., (4) Laying down the objectives (5) Determining the actions that must be taken to achieve the Objectives and (6) Setting up of a Time-Table for these actions.

"What do we need to do to improve this department, this business ten years from now" is the definition of Planning Purpose given by a Senior Executive of the firm. Sales forecasting, gathering information on Population Statistics, buying habits and buying power are all often described as Planning. While identifying the Planning needs of an enterprise, the emphasis should be on one or more of the following approaches: (1) Asking essential questions (2) Reviewing recurring problems (3) Contemplating Crisis situation (4) Reviewing Opportunities and (5) Planning for a decisive superiority.

Among the problems encountered in starting to plan, the most important ones are (1) The tendency on the part of some Planners to be too concerned with Paperwork and forms (2) The need to clarify the role of the chief Executive in long range Planning (3) The need to recognise the problems of Motivation and Communication and (4) The necessity of considering the design work of individuals and how the work ought to be redesigned in order to meet the needs for Planning at individual centres of work.

#### CASE STUDY

The writer interviewed the General manager of a Cement Company producing 66,000 tones/year of Ordinary Portland Cement. According to the General Manager, the Company has different plans for Production, Spare Parts, Finance, routine Operations and for diversification. All the managers of the Company are involved in the Planning Process which has been going on since 1984. No one in the Organization has been specifically trained to plan nor does the Company has a separate Corporate Planning Cell.

To quote the General Manager "We have full faith in the Planning Process of our Company and the results speak for themselves. Our turnover is already more than Rs. 1 Crore and during the last six months we have been able to despatch more than 50,000 tons of Cement. This was possible due to Good Planning".

Problems of timely clearance are involved wherever State or Central Governments are involved. He feels that there is no necessity of Model Planning in their Company. Their plans have been quite successful with the present set up of the Organization. Decision making depends on the situation and based on Marketing and Production strategy.

To conclude, the General Manager said that Planning is a must. Both short-term and long-term planning is practised. All guidelines are issued by the top management which are strictly followed by the entire staff of the Company.

#### A SKETCH OF THE TOP MANAGEMENT OF THE COMPANY.

	Board of Directors	
	Managing Director	
President	General Manager	General Manager
(Operations)	(Admn.)	(Works)

#### RESULTS OF CAREFUL PLANNING :—

(1) Business Success (2) Increased ability of Managers to recognise problems (3) Improved Budget Planning (4) Managers motivated to high level of achievement (5) A clear statement of priorities (6) Reduction of waste and duplication of work and (7) A clear visualisation of the kinds of changes in Organizations that needed to be made.

#### CONCLUSIONS :

(1) The first activity in time and importance, for which management must make itself responsible in undertaking a program of long-range Planning is an examination of the Planning Process. Through a study of its sequential elements a procedure can be outlined which will enable the Business to anticipate and take advantage of its most profitable growth possibilities. This approach is most basic to most programming-if not the only effective means of controlling costs, pricing and in general Operating a Business successfully.

(2) Planning can and often does go on independently in every area of the Business. Someone clearly must reconcile the varied efforts—a task that may be nearly impossible. A device is needed to prevent them from taking off in all directions. The axis about which they must revolve, opportunities for profitable growth.

(3) The first step in the Planning Process calls for taking a look at the environment in which the Business will be operating in the future. Judgements must be made concerning Customer needs, Customers and Competition. The problem for management is how the necessary information is to be developed, organized and used.

(4) General, but continuing and important guidance for Company Planning is provided by the chosen area of Operation (Scope) and the timeless intentions of the business (Purpose). Both are the responsibility of General Management.

(5) The basic frame of reference for business planning must be provided by Marketing. There is a prescribed sequence for its refinement and use by research, engineering, manufacturing, finance and general management, and planning within each of these areas of specialization bears a definite relationship to planning for the business as a whole.

(6) The General Manager is the ultimate beneficiary of Business Planning. At the same time he must serve as the Pilot, responsible for the strategic thinking which

guides the Business as a whole in its pursuit of the desired Opportunities.

(7) Hard-nosed, practical results are the natural output of this Business Planning Process, and the customer-oriented approach of which of it is a major part. To this end, Objectives and Targets must be established to assist management not only in Planning but in integrating and measuring Business Operations. These Objectives and Targets are, in fact, the primary basic reference points for evaluating the progress of programmes and personnel and of their contribution to further planning in the future.

8) Lastly, just as the systematic measurement of result is an essential part of the management job, so the effectiveness of any particular tool or process must be determined from time to time. Not only that the Planning Process must be studied carefully before its introduction but it must be periodically reviewed after its installation to see, whether in practice it is meeting the Company's needs and whether improvements may not be possible.

#### REFERENCES :

1. "How Companies Plan" by Stewart Thompson.
2. "The Corporate Planning Process" by Melville C. Branch.
3. "Customer—Oriented Planning" by Robert W. Ferrall.