UNIT 2

PLANNING

Planning: Meaning, Nature, Purpose, Types of Plans, Planning Process, Limitations of Planning.

Decision Making: Meaning, Importance, Decision Making Process, SWOC Analysis.

INTRODUCTION

Planning is an important and primary function of management. It sets all other functions into action. It is the beginning of management process. It is a fundamental function of management. It is pervasive of all other management functions. Planning is the process through which a manager looks into the future and discovers alternative course, of action for the effective corporate achievements at all levels. It is deciding in advance about the future course of action.

DEFINITIONS

According to **Koontz and O'Donnell,** "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap from where we are to where we want to go"

According to **George Terry,** "Planning is a continuous process of making present entrepreneurial decisions-systematically, with best possible knowledge of their futurity and organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized, systematic feedback."

According to **Koontz and O'Donnell,** planning is an intellectual process involving mental exercise, foreseeing future developments, making forecasts and the determination of the best course of action.

NATURE OF PLANNING

The Nature or Characteristics of planning are summarized as follows:

1. Primary Function

Planning is the beginning of the process of management. A manager must plan before he can possibly organize, staff, direct or control. Because planning sets all others into action, it can be seen as the most basic function of management. Without proper planning other activities become meaningless activity, producing nothing but chaos. It is a primary requisite to the managerial functions of organizing, staffing, directing, motivating, coordinating, communicating and controlling.

2. Intellectual Process

Planning is an intellectual process. That is, it is a mental exercise. It requires thinking reflection, analysis of information and judgment. A good plan is based upon collection, study and analysis of the requisite facts, evaluating alternative combination of factors and deciding the most appropriate lines of action, depending upon the ability and intelligence of management.

3. Goal Objectives / Focus on objectives

Planning is linked with certain goals or objectives. A plan starts with the setting of objectives and then, develops policies, procedures, strategies, etc. to achieve the objectives. Planning has no meaning, if it does fix up objectives. If planning is not related to goals or objectives, it becomes an empty mental exercise or mere day- dreaming. Planning focuses attention on setting up organizational objectives and suggests ways to achieve them.

4. Pervasive

Planning pervades all levels of management. That is, planning is done at all levels of the management. In other words, every manager, whether he is at the top, in the middle or at the bottom of the organizational structure, plans.

Planning is essential for every sort of business activities. Every department whether, purchase, sales, accounts, auditing, marketing etc. needs systematic planning.

5. Decision-Making

Planning is essentially a decision-making process, since it involves careful analysis of various alternative courses of action and choosing the best. Decision-making is an integral part of planning. It is defined as the process of choosing among alternatives. Obviously, decision-making will occur at many points in the planning process. The success of an organization depends to a great extent on the type of decisions that are made at the various level of an organization.

6. Integrated

It involves not only the determination of objectives but the formulation of sound policies, programmes, procedures and strategies for the accomplishment of these objectives. It is the first of managerial functions and facilitates other functions like organizing, staffing etc. It indicates that it facilitates and integrates all other functions of management.

7. Selective

Planning is a selective process. That is, it involves the selection of best course of after a careful analysis of the various alternative courses of action. Planning is choosing the best possible alternative out of the various alternatives.

8. Flexible

The process of planning should be adaptable to the changes that take place in the environment.

Planning should be adaptable to the changing business environment. If planning is made rigid then it will not be able to achieve business goals. Planning is a dynamic process and it adjusts with the needs and requirements of situations.

9. Continuous

Planning is a never-ending activity of a manager. Planning is necessary for situations when things are going well as well as when troubles are faced. Planning continues as long as an enterprise is in existance. All types of situations require continuous planning.

10. Inseparable

Planning and control are inseparable, which means that they are Siamese twins of management. Unplanned action cannot be controlled, for control involves keeping activities in course by correcting deviations from plans. And any attempt to control without plans should be meaningless. In short, planning without control is fruitless exercise and control without planning is impossibility.

11. Future Oriented

Planning is future oriented. Its essence is looking ahead. It's undertaken to handle future events effectively and achieve some objectives in future. We always plan for future. We anticipate future requirements and availability of resources. Plans are always put to practice in future. It is only a setting, thinking and arrangement in advance for the future. Planning in this way is looking ahead.

12. Action Oriented.

Planning is action-oriented. That is, planning should be undertaken in the light of organizational preferences. The course of action determined must be realistic. That is, it should be neither impossible nor too easy to achieve.

13. Inter-Dependent

Planning is a process. It requires the cooperation of various sections and sub-sections of the organization.

14. Participative

Planning involves the participation of all the managers as well as the subordinates. Plans must be formulated in an atmosphere of the participation and high degree of concurrence.

PURPOSE OF PLANNING

1. **Planning is Complementary to All Management Functions**: All management functions, viz. organizing, directing, co-ordination, controlling, staffing motivation, etc. are directly related to planning. In fact, planning is the starting point of all managerial activities.
2. **It Helps Management to Face the Future with Confidence:** The most certain thing about future is that it is uncertain. Planning cannot change the future but if certainly equips managers with clear visions and great determination to face the future with greater strength and confidence.
3. **It Focuses its Attention on Objectives:** Plans are objective-oriented. Hence, they help in synchronizing the efforts of everyone in the organization towards the fulfilment of pre-determined organizational

objectives. This helps in minimizing deviations and thereby, reducing wastage.

4. **It Leads to Optimum Utilization of Resources:** Planning recognizes the alternative courses of action and chooses the best alternative in terms of cost and resources. It also exercises a control over the acquisition and employment of resources, and thereby ensures their optimum use.
5. **It Increases Overall Efficiency:** It is said that more sweat on the parade ground, lesser blood on the battlefield. Planning prepares the organization to meet unforeseen contingencies in future, and thus, reduces wastage of organizational resources and increases overall organizational efficiency.
6. **It Provides Premise for Effective Control**: Planning lays down the track on which the work should proceed within the given unit of time, labor and cost. Thus, it provides bases for comparing the actual performance with the targeted ones, and thereby, locates deviations and helps managers to take corrective action in time
7. **It Guides Decision-making**: Though planning in itself amounts to decision-making, it acts as a guide to further decision-making by the middle level and lower-level managers. Organizational or strategic plans set the boundaries within which decisions can be taken by middle level and lower-level managers.
8. **It Facilitates Co-ordination:** A well-defined plan clearly lays down the objectives and defines the role of each individual and department in the organization. These objectives lay down boundaries for individual performance, co-ordinate their efforts, and convert them into a homogeneous activity.
9. **It Helps in Performance Evaluation:** Planning defines the total volume of work, lays down alternative courses of action and identifies constraints. It is a time-bound exercise. Hence, a plan provides a yardstick for evaluation of the performance of managers and employees.
10. **It Makes Provisions for Contingencies:** A plan anticipates the possible unforeseen contingencies in advance. Moreover, it makes provision for such contingencies in the form of reserves and equips the organization to face these contingencies with confidence. Hence, a plan provides cushion for absorbing future shocks.

TYPES OF PLANS

I. ON THE BASIS OF NATURE (Hierarchical Plan):

1. Strategic Plan

Strategic plan is a plan which is formulated by top level management for a long period of time of five years or more for entire organization. They decide the major policies to achieve their goals. It takes in a note of all the external factors and risks involved and make a long-term policy of the organization. Top level plans are formulated by general managers and directors. These plans include the objectives, budget policies etc., for the whole organization. These plans are mostly long-term plans. Strategic Plan looks ahead to where we are to where we want to be in 3,5,10 years.

2. Tactical Plan

Tactical plan is the plan which is concerned with the integration of various organizational units and ensures implementation of strategic plans on day-to-day basis. It involves how the resources of an organization should be used to achieve strategic goals. The tactical plan is also known as a coordinative or functional plan.

3. Operational plans

Operational plans are the plans which are formulated by the lower-level management for a short-term period i.e., up to one year. It is concerned with the day-to-day operations of the organization. It is detailed and specific, usually covers functional aspects such as production, finance, human resources etc.,

II. On the basis of use:

1. Single plans

Single use plans are meant for one-time use. Single plans are connected with some special problems. These plans end the moment when the problems are solved. They are not used once again; they are further recreated whenever required. The various types of single use plans which are used frequently in business are Programmes, Budget, Schedules, Forecast and Project.

2. Standing plans

Standing plans are formulated once and they are repeatedly used or are used when the need arises. These plans continuously guide managers. That is why it is said that a standing plan is standing guide to solve the problems. These plans include mission, vision, policies, strategies, Procedures and Rules.

III. On the basis of time:

1. Short term plans

Short term plans involve plans for a few weeks or utmost a year. It allocates resources for day-to-day business development and management within the strategic plan.

2. Medium term plans

Intermediate plans cover six months to two years. It outlines how the strategic plan will be pursued. In business, intermediate plans are most often used for campaigns.

3. Long term plans

Long term plans is the long term process that business owners use to reach their business mission and vision. It determines the path for business owners to reach their goals. It also reinforces and makes corrections to the goals as the plan progresses.

IV. On the basis of managerial levels:

1. Middle level plans

Middle level plans are made by the departmental managers; a corporation has many departments like the purchase, sales, finance, personnel etc. The plans formulated by the departmental managers are called middle level plans.

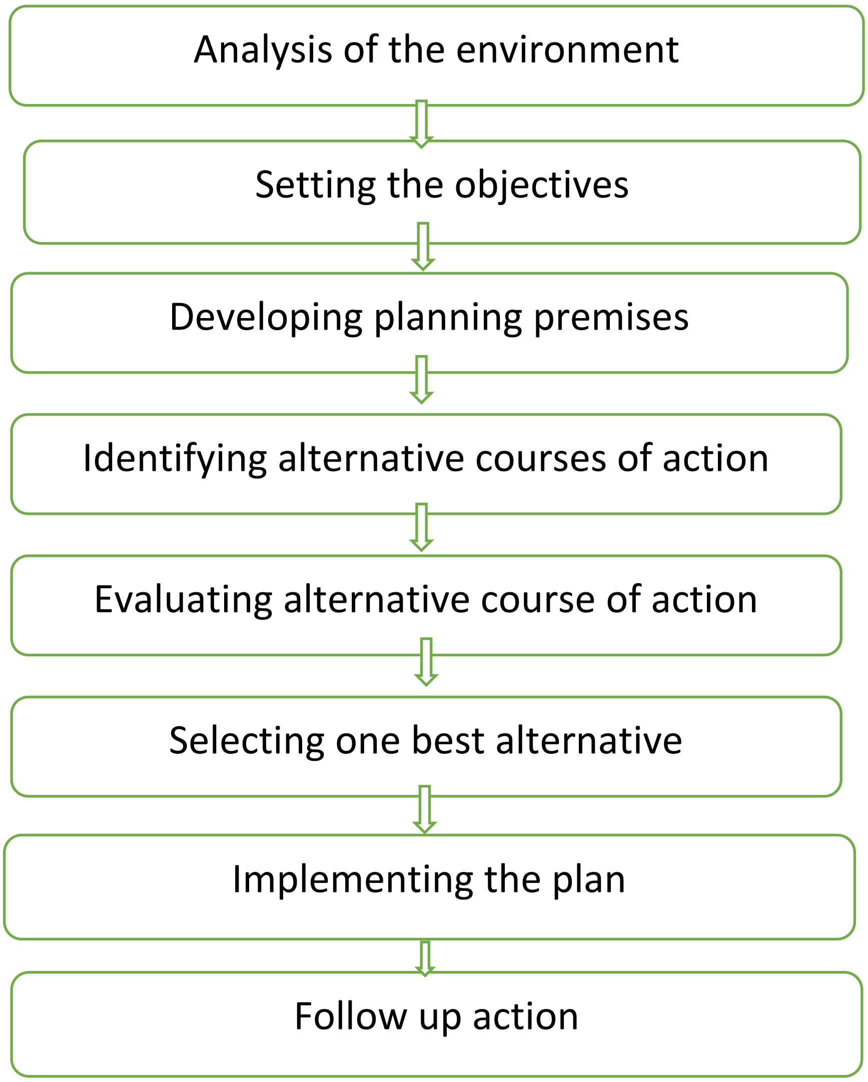
2. Lower-level Plans

Lower-level plans are prepared by the foreman or the supervisors. They take the existence of the actual work and the problems connected with it. They are formulated for a short period of time.

V. Contingency Plans:

A contingency plan is a course of action designed to help an organization respond effectively to a significant future event or situation that may or may not happen. A contingency plan is also referred to as "Plan B" because it can be also used as an alternative for action if expected results fail to materialize. Its major objectives are to ensure the containment of damage or injury to, or loss of, personnel and property, and continuity of the key operations of the organization.

PLANNING PROCESS



1. **Analysis of the environment.**

Planning begins with the awareness of the opportunities in the external environment and within the organization. For this SWOT analysis would be more suitable. Strength and weakness are the internal factors, opportunities and threats are the external factors which are to be analyzed.

2. **Setting the objectives.**

The primary step in the process of planning is to specify the objectives of an organization, i.e., what an organization wants to achieve. The planning process begins with the setting of objectives as a whole for all departments in the organization and then departments set their objectives within the framework. The set objectives should be more specific and measurable.

Example: A company sets the objective to double the current sales.

3. **<u>Developing planning premises</u>**.

Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation. Such events are external in nature and affect the planning adversely if ignored. Their understanding and fair assessment are necessary for effective planning. Such events are the assumptions about market demand, cost of raw material, technology to be used, population growth, government policy etc., are to be made while formulating the plan.

Example: The Company has set the objective to double the current sales, on the basis of forecast done on the premises of favorable changes in the government policies.

4. **<u>Identifying alternative courses of action.</u>**

The objectives are set, assumptions are made, and then the next step is to act upon them. There may be many ways to act and achieve objectives. Different alternatives are identified against factors like cost, risk and benefits involved in following a specific course of action and the best alternative is chosen.

Example: The company identifies many alternatives like reducing price, increasing advertising and promotion, after sale service etc.

5. **<u>Evaluating alternative course of action.</u>**

The positive and negative aspects of each identified alternative need to be evaluated in the of objectives to be achieved. Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Example: The company will evaluate all the alternatives and check its pros and cons.

6. **<u>Selecting one best alternative.</u>**

The best alternative which is most profitable and which has minimum negative effects is selected for implementation. The manager's experience and judgment play an important role in selecting the best alternative.

Example: The Company selects more TV advertisements and online marketing with great after sales service.

7. **Implementing the plan.**

In this step other managerial functions come into the picture. Managers communicate the plan to the employees clearly to help convert the plans into action and allocate resources. Ultimately this step is doing what is required.

Example: The Company hires salesmen on a large scale, creates T.V advertisement, starts online marketing activities, trains employees for after sale service and sets up service workshops.

8. **Follow up action.**

Implemented plans are constantly reviewed to ensure their relevance and effectiveness with the changing dynamics in the business environment. Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.

Example: A proper feedback mechanism was developed by the company throughout its branches so that the actual customer response, revenue. collection, employee response, etc. could be known.

Limitations of Planning

The limitations of Planning are furnished below:

1. **Planning Leads to Rigidity**

The plans are rigid in nature and have to be complied with throughout the organization. Such rigidity of plans may be internal as well as external.

- Internal rigidity relates to plans, policies, programs, rules, and methods, etc.
- External rigidity relates to political, industrial, technological, legal and economic changes, etc.

2. **Planning May Not Work in Dynamic Environment**

The environment in which a business survives is dynamic as it keeps on changing. It is difficult for an organization to access future trends, the taste of customers, natural calamity, competitors' policies and effects of changes in the different components of the environment. The organization has to constantly adapt itself to changes because it is difficult to forecast the future changes with absolute accuracy. The dynamic environment may sometimes lead to failure of plans.

3. Planning Reduces Creativity

Planning is mostly done by the top management and other members like middle and lower levels of management have to follow these plans. They can't deviate or change the plans made by their seniors. Under such circumstances, employees become orders following machines and don't involve creative thinking from their side. Such rigidity to comply with the laid plans kills the creativity of some talented persons.

4. Planning Involves Huge Cost

Formulation of plans can be too much costly because there is a lot of time and money is involved. Some costs are incidental in nature like- expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the feasibility of the plan. Checking the accuracy of facts and scientific calculations may involve lots of time. Sometimes, cost incurred may not justify the benefits derived from the plans; it may leave a harmful effect on the enterprise.

5. Planning is a Time-consuming Process

Planning is a very lengthy process as it consumes a lot of time for collection, analysis, and interpretation of data. Due to such a lengthy process, sometimes decisions get delayed, opportunities are lost and there is not much time left for the implementation of plans.

6. Planning Does Not Guarantee Success

The success of an enterprise is possible only when plans are properly drawn up and implemented. Plans become meaningless if it is not translated into action. Managers have a tendency to rely on previously tried and tested successful plans. It is not necessary that a successful plan in the past will bring success in the future also as every business organization survives in a dynamic and uncertain environment. Plans must be implemented in the light of changing environment otherwise it may lead to failure of the business.

STRATEGIC PLANNING:

Strategic planning means planning for strategies and implementing them to achieve organizational goals. Strategic planning helps in knowing what we are and where we want to go, so that environmental threats and opportunities can be exploited, and identify the strengths and weaknesses of the organization.

Definitions:

Strategic planning is the process of determining a company's long-term goals and then identifying the best approach for achieving those goals.

Strategic planning is an organization's process of defining its strategy or direction and making decisions on allocating its resources to pursue this strategy, including its capital and people.

Strategic planning is a continuous and systematic process where people make decisions about intended future outcomes, how outcomes are to be accomplished, and how success is measured and evaluated.

Features of Strategic Planning

1. **Process of Questioning**: It answers questions like where we are and where we want to go, what we are and what we should be.
2. **Time Horizon:** It aims at long-term planning, keeping in view the present and future environmental opportunities. It helps organizations analyze their strengths and weaknesses and adapt to the environment. Managers should be farsighted to make strategic planning meaningful.
3. **Pervasive Process**: It is done for all organizations, at all levels; nevertheless, it involves top executives more than middle or lower- level managers since top executives envision the future better than others.
4. **Focus of Attention:** It focuses organization’s strengths and resources on important and high-priority activities rather than routine and day-to-day activities. It reallocates resources from non- priority to priority sectors.
5. **Continuous Process:** Strategic planning is a continuous process that enables organizations to adapt to the ever-changing, dynamic environment.
6. **Co-Ordination:** It coordinates organizations internal environment with the external environment, financial resources with non- financial resources and short-term plans with long-term plans.

Importance of Strategic planning

1. **It provides direction**: A strategic planning aids in establishing realistic objectives and goals that are in line with the vision and mission of the organization, and thereby provides direction to the individuals and departments in the organization.
2. **It allows organization to be proactive:** A strategic plan allows organizations to foresee future and to prepare accordingly. It helps companies to anticipate certain unfavorable situations and to take necessary precautions to mitigate their impact.
3. **It develops competitive strength:** The firms which have competitive advantage have better financial performance. This is possible, if they foresee the future with precision.
4. **It has several financial implications:** Companies that makes strategic plans have higher sales volume, low operational costs, higher earnings per share and high profits.
5. **It minimizes risk:** Risks are inherent to every business organization. Lack of strategy or framing wrong strategies or ineffective implementation of strategy cannot be afforded by business operating in an ever-changing and dynamic environment.
6. **It is needed for long gestation projects:** The time gap between investment and income generation is called gestation period. During this period, changes in the external factors and forces can affect implementation of decisions. It discounts future and enables managers to face changes in the external environment with confidence.
7. **It leads to optimum utilization of resources:** Strategic planning makes the best utilization of available resources to achieve the maximum output. Resources are scarce and limited in nature and it helps in their use in the areas where they are required the most.
8. **It promotes motivation and innovation:** Strategic planning is undertaken at the top level of management, but it involves managers at all levels. This motivates managers at all levels, as they know that their views are honored and efforts are contributing to organizational goals.

Limitations of strategic planning

1. **Expensive:** Strategic planning adds lot of expenses to an organization. It requires hiring expenses of strategic planners, expenses towards analysis of external and internal environment and application of tools for implementing strategic planning process. Hence small and medium cannot afford this planning.
2. **Time-consuming:** Strategic planning is a complex and comprehensive activity. Thus, it becomes a time-consuming process. The strategic plans are formulated by the top-level management becomes ineffective due to continuous changes in external and internal environment.
3. **Delayed actions**: No plan can succeed without proper implementation. Strategic planning is the result of continuous efforts put in by the management experts. These decisions are taken by top managers through consensus and deliberation. This leads to delayed decisions and actions.
4. **Unsuitable for small units:** Strategic planning is a continuous process undertaken by top-level mangers and management experts. It involves considerable amount of time, money and labor. It also requires specialized machinery for research, which necessitates huge investment. Therefore, it is not suitable for small units.
5. **Lack of Knowledge**: Strategic planning requires lot of knowledge, training and experience. Managers should have high conceptual skills and abilities to make strategic plans. If they do not have the knowledge and skill to prepare strategic plans, the desired results will not be achieved. It will also result in huge financial losses for the organization.
6. **Interdependence of Units**: The success of strategic plan depends upon coordination between various level business units in the organization. If business units at different levels (corporate level. business level and functional level) are not coordinated, it can create problems in the effective implementation of strategic plans.
7. **Managerial Perception:** In order to avoid developing risky and challenging objectives and strategies which they may not be able to achieve, managers may land up short-term framing sub- optimal commitments goals instead and plans. of framing Sometimes, long-term managers strategies. All these factors defeat the very purpose of strategic planning.

Strategic Management Process

The Strategic Management Process can be studied under five, different components.

1. Missions and Objectives:

A mission statement reveals the long-term vision of an organization in terms of what it wants to be and whom it wants to serve. It describes an organization's purpose, customers, products or services, markets, and basic technology. The mission statement describes the company's business vision, including the unchanging values and purposes of the firm and forward-looking visionary goals that guide the pursuit of future opportunities. Objectives may be defined as "those ends which the organization seeks to achieve by its existence and operations". It covers long-range company aims, more specific department goals, and even individual assignments.

2. Environmental Scanning or Surveying the Environment:

This is central to strategic planning. The second aspect of the strategic planning process is the environmental analysis. Since the basic objective of strategies is to integrate the organization with its environment, it must know the kind of environment in which it has to work. This can be known by environmental analysis. The process of environmental analysis includes collection of relevant information from the environment, interpreting its impact on the future organizational working, and determining what opportunities and threats-positive and negative aspects are offered by the environment.

i. Macro Environmental Factors or External Factors:

Under the macro environmental factors, it studies the demographic, socio-cultural, economic, political and legal environment. Business-specific environmental factors include emerging trends in the industry, structure of the industry, nature of the competition and the scope for invasion by substitute products.

ii. Internal Factors:

This is the process of assessing the company's capabilities and resources, strengths and weaknesses, core competencies and competitive advantages. The firm also has to examine which of its perceived strengths actually constitutes the competitive advantage for the firm.

3. **Strategy Formulation:**

Given the information from the environmental scan, the firm should match its strengths to the opportunities that it has identified, while addressing its weaknesses and external threats. To attain superior profitability, the firm seeks to develop a competitive advantage over its rivals. A competitive advantage can be based on cost or differentiation.

4. **Strategy Implementation**:

The selected strategy is implemented by means of programmers, policies, budgets, rules and procedures. For effective implementation, the strategy needs to be translated into more detailed that can be understood and implemented at the functional levels of organization. The strategy should be translated into specific policies for functional area such as marketing, research and development, production, human resources and information system.

5. **Evaluation and Control:**

The strategy has to be monitored and adjustments that become necessarily have to be brought. Essentially, the thing had to be compatibility of the strategy with the environment as well internal realities. The as implementation of the strategy must be monitored and adjustments made as needed.

- Evaluation and control consist of the following steps:
- Defining parameters to be measured
- Defining target values for those parameters
- Performing measurements
- Comparing measured results to the pre-defined standards
- Making necessary changes.

DECISION MAKING

Decision-making is the core of planning. Decision-making is a process to arrive at a decision. It is the process by which an individual or an organization selects one position or action from several alternatives.

Definition

According to George Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives"

Characteristics of Decision Making

The essential characteristics of decision making are given below:

- It is a process of choosing a course of action from among the alternative courses of action.
- It is a human process involving to a great extent the application of intellectual abilities.
- It is the end process preceded by deliberation and reasoning.
- It is always related to the environment. A manager may take one decision in a particular set of circumstances and another in a different set of circumstances.
- It involves a time dimension and a time lag.
- It always has a purpose. Keeping this in view, there may just be a decision not to decide.
- It involves all actions like defining the problem and probing and analyzing the various alternatives which take place before a final choice is made.

Importance of decision making

1. Better Utilization of Resources
2. Facing Problems and Challenges
3. Business Growth
4. Achieving Objectives
5. Increases Efficiency
6. Facilitates Innovation
7. Motivates Employees

1. Better Utilization of Resources: Decision making helps to utilize the available resources for achieving the objectives of the organization. The available resources are the 6 M's, i.e., Men, Money, Materials, Machines, Methods and Markets. The manager has to make correct decisions for all the 6 Ms. this will result in better utilization of these resources.

2. Facing Problems and Challenges: Decision making helps the organization to face and tackle new problems and challenges. Quick and correct decisions help to solve problems and to accept new challenges.

3. Business Growth: Quick and correct decision-making results in better utilization of the resources. It helps the organization to face new problems and challenges. It also helps to achieve its objectives. All this results in quick business growth. However, wrong, slow or no decisions can result in losses and industrial sickness.

4. Achieving Objectives: Rational decisions help the organization to achieve all its objectives quickly. This is because rational decisions are made after analyzing and evaluating all the alternatives.

5. Increases Efficiency: Rational decisions help to increase efficiency. Efficiency is the relation between returns and cost. If the returns are high and the cost is low, then there is efficiency and vice versa. Rational decisions result in higher returns at low cost.

6. Facilitate Innovation: Rational decisions facilitate innovation. This is because it helps to develop new ideas, new products, new process etc. This results in innovation. Innovation gives a competitive advantage to the organization.

7. Motivates Employees: Rational decision results in motivation for the employees. This is because the employees are motivated to implement rational decisions. When the rational decisions are implemented, the organization makes high profits. Therefore, it can give financial and non-financial benefits to the employees.

DECISION-MAKING PROCESS

1. **Identifying the problem:**

The first step in the decision-making process is to find out the correct problem. It is not easy to define problem. It should be seen what is causing the trouble and what will be its possible solutions. It is said that a well-defined problem is half-solved. The problem under consideration may be financial, technical or related to marketing.

2. **Analyzing the Problem:** Analysis of the problem is as important as its diagnosis. The problem should be thoroughly analyzed to find out adequate background information and data relating to the situation. Sometimes it may be costly to get additional information or further information may not be possible. Peter.F. Drucker rightly says, "To make a sound decision, it is not necessary to have all the facts; but it is necessary to know what information is lacking in order to judge how much of risk the decision involves, as well as the degree of precision and rigidity that the proposed course of action can afford." Whatever information is available should be used to analyze the problem. If there are deficiencies in information then the manager must judge the degree of risk involved in the decision.
3. **Identifying Alternate Courses of Action**: The next step involved in decision making is to develop or find out alternative solutions or courses of action for the problem, Means have alternative uses. Similarly, one end can be achieved by different means. Deriving a variety of solutions to the problem under consideration by changing the ratio of time, cost and labor. In other words, developing multiple ways to solve same problem.
4. **Evaluating for the evaluation Alternatives:** Peter Drucker has recommended the following criteria for the evaluation of possible alternatives for decision-making:

- Degree of risk associated with each alternative.
- Cost, time and efforts involved in each alternative.
- Urgency of decision.
- Limitations of physical, financial and human resources.

5. **Choice of the Best Alternative**: After evaluating the various alternatives , the decision-maker can select the best alternative which can yield the maximum results with the minimum efforts. Alternative which is economical, less time-consuming and causes no inconvenience to anyone in the organization should be chosen. At the same time, it should be consistent with the objectives of the organization.
6. **Conversion of Decision into Action:** Selection of the best alternative completes the theoretical aspect of the decision-making while implementation is the practical aspect of it. For an effective implementation, the decision has to be communicated to each concerned in the organization and necessary training has to be imparted for its successful implementation. Whatever the possible alternative chosen have to be implemented in the organization to achieve organizational objectives.
7. **Progressive Review**: Feedback is necessary due to changes in the internal and the external environment. Revisions, modifications adjustments, etc. are necessary in order to ensure that the decisions are implemented as per the requirements of the ever-changing business environment. At the same time, review helps in locating deviations and taking timely corrective action.

SWOC ANALYSIS

- **Strengths:** Strengths are the characteristics of a business or project that give it an advantage over other market. In other words, strengths are the resources or capabilities of business that can be used for developing a competitive advantage. Strength are the Qualities of an organization to accomplish the organizational mission.

For example:

- Human Competencies.
- Process Competencies
- Financial Resources
- Products & Services
- Goodwill
- Brand Loyalty
- Patent
- Reputation
- Technical Know-how
- Broad Product line

- **Weaknesses:** Weaknesses are the characteristics that place a business or project at a disadvantage in relation to others in the industry. In fact, these are the strengths of competitor's business which place a particular business in disadvantageous position. These are the Qualities of an organization that prevent to accomplish an organizational mission

For example:

- Insufficient Research & Development facilities.
- Narrow Product Range
- Lack of patent protection
- poor brand image
- poor reputation
- high-cost structure
- poor relations with distributors
- Customer /Employee Dissatisfaction and Complaints
- Complex Decision Making

- **Opportunities:** Opportunities are the elements in the external environment that a business could exploit to its advantage. Opportunities arise when an organization take benefit of the conditions in its environment to plan and execute strategies to become more profitable.

For example:

- Customer and their changing need
- Introduction of new technology
- liberalization of economy
- Removal of international barriers
- Innovation in producing products

- **Challenges**

Challenges are similar to threat but have the chance to overcome. These are the elements in the external environment which trouble the smooth functioning of the business.

For example:

- Changes in Customer taste and preference
- Increasing Competition
- New Regulation
- Price fluctuations with the competitors
- New technology making our products obsolete.