



INDIAN SCHOOL AL WADI AL KABIR

Class: XII Business Studies	Department: Commerce
Worksheet No: 1	Topic: Planning

Select the correct option:

- Which of the following is a feature of planning: -
 - Focuses on achieving goals
 - Pervasive
 - Mental exercise
 - All of the above**
- By comparing _____ with standards manager can know whether the goals are achieved or not: -
 - Risk
 - Ideas
 - Actual performance**
 - Costs
- Planning provides direction is a _____
 - Importance of planning**
 - Limitation of planning
 - Characteristics of planning
 - Method
- _____ guides for decision making
 - Rule
 - Policy**
 - Procedure
 - Method
- _____ type of plan is not likely to be repeated in future:-
 - Standing plan
 - Programme
 - Single use plan**
 - Method
- Advertising of a product is a part of _____
 - Strategy**
 - Rule
 - Budget
 - Method
- The sub ordinates are given complete freedom in taking decisions is a part of
 - Rule
 - Strategy
 - Policy**
 - Procedure

8. _____ are detailed statements about a project which outlines the objectives, rules, etc.
- (a) Budget
 - (b) Programme**
 - (c) Single use plan
 - (d) Policy
9. _____ forecasts the sales of different products in each area for particular month:-
- (a) Sales budget**
 - (b) Sales accounts
 - (c) Sales cost
 - (d) None of the above

BOARD QUESTIONS

1. Super Fine Rice Ltd. has the largest share of 55% in the market. The company's policy is to sell only for cash. In 2019, for the first-time company's number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on its previously tried and tested successful plans which didn't work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in its sales. Identify these limitations.

Answer:

The two limitations of planning which led to decline in its sales are:

- Planning does not guarantee success.
 - Planning may not work in dynamic environment.
2. Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business venture, they short listed the option to sell ready-made and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short-listed options.
- a) Name the function of management being discussed above and give any one of its characteristics.
 - b) Also, briefly discuss any three limitations of the function discussed in the case.

Answer:

- a) Planning is the function of management which is being discussed above. Planning involves decision-making: Planning essentially involves application of rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.
 - b) The limitations of planning are described below:
 - Planning may not work in a dynamic environment
 - Planning reduces creativity
 - Planning involves huge costs
3. Two years ago, Madhu completed her degree in food technology. She worked for some time in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same. One of her objectives was to earn

10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the Production Manager who decided the exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of ₹ 100 per day for not wearing caps, gloves and apron was announced.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed.

Answer:

The different types of plans discussed above are listed below:

1. **Objectives:**

“One of her objectives was to earn 10% profit on the amount invested in the first year.”

2. **Policy:**

“It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.”

3. **Procedure:**

“She also decided to follow the steps required for marketing of the products through her own outlets.”

“The exact manner in which the production activities are to be carried out.”

4. **Rule:**

“While working on the production table, a penalty of ₹100 per day for not wearing caps, gloves and aprons was announced.”

5. **Budget:**

“Mohan also prepared a statement showing the number of workers different products for the forthcoming quarter.”

4. Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Instead of appreciating him, Rahul’s supervisor ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage. The above paragraph describes one of the limitations of the planning function of management. Name and explain that limitation.

Answer:

planning reduces creativity: The top management undertakes planning of various policies and procedures whereas the other members are expected to merely implement these plans. This restricts the creativity of the middle level managers as they are neither allowed to deviate from plans, nor permitted to act on their own.

5. Josh Ltd. is a one of the largest two-wheeler manufacturer in India. It has a market share of about 42% in the two-wheeler category. The company had witnessed almost a 35% drop in the booking as the currency crunch was prompting people to withhold new purchases due to demonetization. Therefore, the production manager of the company had decided to align production to factor in slower sales in the market.

In context of the above case:

- Identify and explain the function of management being discussed in the above lines.
- Which limitations of the function of management as identified in part (a) of the question was the production manager trying to overcome due to demonetization?

Answer:

- a) Planning is the function of management which is being discussed in the above lines. Planning is deciding in advance what to do, how to do, when to do and who has to do it. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives.
- b) The production manager is trying to overcome the following limitations of planning:
- Rigidity
 - Planning may not work in dynamic environment
6. The term demonetization has become a household name since the government pulled the old Rs. 500 and Rs. 1,000 notes out of circulation in November 2016. Prior to the year 2016, the Indian government had demonetized bank notes on two prior occasions—once in the year 1946 and then again in the year 1978. In both cases, the purpose was to combat tax evasion by ‘black money’. Identify the types of plan being discussed in the above lines.

Answer:

Objective and Strategy

7. Flipkart is an e-commerce company founded in the year 2007 by Sachin Bansal and Binny Bansal. The company is registered in Singapore, but has its headquarters in Bengaluru, India. The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and Search Engine Optimization. In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular ‘Cash on Delivery’ facility. All the products sold by the company under a particular category may have different return/replacement period. Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it. The company plans to spend about ₹ 75 crores on e-Commerce advertising in the year 2016. Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the website if it is brought to Flipkart’s notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents, etc. are not eligible to use the website.
- In context of the above case, identify and explain the different types of plans being used by Flipkart by quoting lines from the paragraph.

Answer:

The different types of plans being used by Flipkart are listed below:

1. **Objectives:** Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives.
“The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and Search Engine Optimization.”
2. **Strategy:** A strategy is a comprehensive plan for achieving the objectives of the organisation. This comprehensive plan involves:
 - Determining long term objectives
 - Adopting a particular course of action
 - Allocating resources necessary to achieve the objective.

“In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular ‘Cash On Delivery’ facility.”

3. **Policy:** A policy is a set of general guidelines that help in managerial decision making and action.
“All the products sold by the company under a particular category may have different return/replacement period.”
4. **Method:** A method refers to the prescribed ways or manner in which a task has to be performed considering the objective.
“Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery.”
5. **Procedure:** A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.
“The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it.”
6. **Budget:** A budget refers to a financial plan that is expressed in -numerical terms.
“The company plans to spend about ₹ 75 crores on e-commerce advertising in the year 2016.”
7. **Rule:** A rule is a specific statement relating to the general norms in terms of Do’s and Don’ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.
“Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the Website if it is brought to Flipkart’s notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents etc. are not eligible to use the Website.”

8. ‘Apna Ghar’ a company dealing in consumer durables, plans to increase the sale of its products by 25% around Diwali this year. Moreover, in order to cash on the implementation of the seventh pay commission by that time, which is likely to raise the income of 47 lakh serving employees of the Central government and 52 lakh pensioners, the company has created 30 advertisement films which will be aired across 85 national and regional channels until Diwali.
In context of the above case:
 - i) Identify the two different types of plans that ‘Apna Ghar’ proposes to implement by quoting lines from the paragraph.
 - ii) Distinguish between the two types of plans as identified in part (i).

Answer:

1. Objective and Strategy are the two different types of plans that ‘Apna Ghar’ proposes to implement.
Objective: “Apna Ghar’, a company dealing in consumer durables, plans to increase the sale of its products by 25% around Diwali this year.”
Strategy: “Moreover, in order to cash on the implementation of the seventh pay commission by that time which is likely to raise the income of 47 lakh serving employees of the Central government and 52 lakh pensioners, the company has created 30 advertisement films which will be aired across 85 national and regional channels until Diwali.”

The difference between objectives and strategy is outlined below:

S. No.	Basis	Objectives	Strategy
1.	Meaning	Objectives are the end results of the activities that an organisation seeks to achieve through its existence.	A strategy is a comprehensive plan prepared for winning over the given challenge or problem.
2.	Source	Objectives are based on the mission or philosophy of the organisation.	A strategy is based on the objectives of the organisation.
3.	Level of persons involved	Objectives are determined by top level management.	A strategy may be determined by top level or middle level management.