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# UNIT 6 PLANNING AND DECISION MAKING

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## 6.0 OBJECTIVES

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After reading this Unit **you** should be able to:

- **realise** the importance of **planning** and decision making for building and bringing up any organisation,
- familiarise **yourself** with various techniques of planning and decision making,
- develop **skills** required for effective planning and decision making, and
- plan your own strategies and objectives for improved performance in any organisation.

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## 6.1 INTRODUCTION

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In Block-1, Unit-1, we mentioned Planning as an essential process of Management. In fact, when you take up any managerial task, entrepreneurial assignment or areas like tourism development, promotion, marketing, etc. there is one function which you cannot afford to miss, and that is - Planning. Every tourism related activity, **service** or development at a particular location, region or level requires a lot of planning. In **TS-1, Unit-29** you have already been familiarised with the **National Action Plan on Tourism** formulated by the **Department of Tourism, Government of India**. Similarly, in **Unit-27 of TS-2** the **Tourism Plan of Maharashtra** was discussed. Today planning has emerged as a **specialised** area and you have planners, estate planners, corporate planners, tour planners and so on. To establish your own business, to be an entrepreneur or a manager you have to plan.

This emphasis on planning is not something very recent, but has evolved over the years because of two factors:

- i) Planning has indeed become specialised, being applied to more and more aspects of our business and personal lives.
- ii) While planning was once an **activity** in which one engaged in order to get through crisis situations or to **fill** unoccupied time, now it is clearly **recognised** as a task **essential** to tourism business and personal well being.

**But** if you ask why it is essential, the answer is simple. Planning **can** be described "**as the process through which we determine how best to commit present available resources in order to influence future events.**" In this Unit we discuss the various steps involved in the **planning process** along with the advantages of planning. Sound planning for the future leads us to sound **Decision Making**. The Unit also takes into account certain other aspects related to Decision Making:

## 6.2 PLANNING DEFINITIONS AND FEATURES

Planning is a process that involves the determination of any future **course** of action, i.e. **why** take an action, what action, how to take action and when to take action. **These** why, what, how and when are related with different aspects of the planning process. All these **aspects** are the parts of the process which determines in advance the future accomplishments and the means to achieve them. For a manager it means, clearly putting down the actions which he or she intends to take for achieving the organisational goals. For an entrepreneur it **means** drawing a blue print of the activities to be undertaken for establishing the business anticipated problems, etc. However, the nature and scope of planning varies as per the level of the manager. For example, an escort may plan for the day tour or the group's total **tour** but the tour operator will plan for packaging the tour, marketing it and catering to the group etc. Here, you should also remember that planning is needed primarily for two reasons:

- i) Committing and allocating an organisation's (this can be your own business or **the** company you work in) available resources for achieving its stated goals, and
- ii) Anticipating the future problems and opportunities.

Planning also implies:

- **making** choices from the diverse available opportunities, and
- a time limit for achieving the goals.

For your own clarity you should take note of the features of planning. Planning is:

- a process rather than **behaviour** at a given point of time. It is the process which determines the future **course of** action.
- concerned basically with the future and requires forecasting of the future situation.
- the process of selection of a suitable course of action keeping in view the available resources.
- not restricted to a certain section of the organisation but is undertaken at all levels. This is because all levels of management are concerned with the determination of the future course of action.

flexible as commitment is based on future conditions which are always dynamic. As such an adjustment is needed between the various factors and planning.

- a pervasive and continuous management function involving complex processes of perception, analysis, conceptual thought, decision and action.

Here one must take note of the advantages of planning:

- you can direct the activities in an orderly way for achieving the goal,
- unproductive work and wastage can be minimised,
- proper resource allotment can be done,
- better utilization of available resources is possible,
- problems and competition, etc. can be anticipated,
- things can **be** looked at in totality, etc,

At the same time certain disadvantages of planning have also been pointed out like: predictions cannot always be accurate; planning makes you work in a preconceived framework and discourages initiative and innovation; planners **overdo** their job; some feel planning is only theoretical, etc. However, all such disadvantages should again be taken as challenges by the managers **and** entrepreneurs. You should remember that the magnitude of planning is too vast in managerial tasks. You need a plan to **organise, mobilise, allocate, operationalise, finance, market compete, monitor, control, improve, change** or innovate, etc.

## 6.3 TYPES OF PLANS

Planning is a vast area as all managers plan to achieve the stated goals of an **organisation**. Within that, every unit or department has its own plans and so on. Generally, plans can be of two types:

- i) **Strategic plans**
- ii) **Operational or Tactical plans**

Strategic plans are devised to **meet** the organisational goals whereas, operational plans are devised to implement the strategic plans. However, above **all** these is the mission statement which defines the organisation's goals.



For an organisation's growth it is imperative that operational plans reflect the strategic plan. For example the various regional managers of the **Department** of tourism make promotional plans for their regions, but the guiding factor for them are the principles mentioned in the strategic plan designed by the Department of tourism. However, it must be remembered here that strategic plans have a long span of **time** compared to operational plans. For example, as a tour operator you may have a strategic plan to cater to 100 groups of tourists in a five year time. To achieve this target you may have operational plans for catering to 20 groups in a year. Similarly, your strategic plan **will** cover a broad range of organisational activities whereas your operational **plan will** have a limited scope. It is interesting to note that your simple strategic goal of 100 groups leads to complex operational **planning**, taking into account your marketing strategies, linkages, infrastructure, etc.

**Strategic plans decide the aims and policies of the organisation. Accordingly, the programmes and methods for their fulfilment are also detailed.** Once this is done, at any given time, questions like where the organisation stands or where it intends to go, are answered by the strategic plan. But how the organisation will get there is answered by **the** operational plans.

For formulating a strategic plan you can begin with asking the following questions:

- What service is to be provided by you?
- What sort of competition do you have?
- What are the resources and **infrastructural** needs?
- What kind of social, economic or political environment is there?
- What unique features you offer? etc.

Though, such strategic planning may not predict your future but surely **a strategic plan enables you meet future contingencies; correct errors; take timely decisions and avoid deviations.**

Operational planning determines the tasks to be accomplished, determines responsibility, allocates resources and sets measurements for every task.

Besides these two types of plans, there are **certain** other types of plans dealt with by managers in their routine. These may involve **individual activity, departmental activity or entire organisational activity**. Such plans are related to **policy matters, procedures, methodologies, quality assurance, budgets, projects or technologies**. You must remember here that planning

is an ongoing activity relevant for both managers as well as employees. In a service industry like tourism it is essential that not only the top or middle managers but the employees also plan their activities keeping in view the organisational goals. This will add to their efficiency.

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## 6.4 PLANNING SKILLS

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You often hear or make these statements, "he or she is very good at planning," "they have planned well"; the plan is excellent and we must congratulate the planners." We have mentioned earlier that planning has become a specialisation. Not only individuals, partners or organisations do their planning, but today there are professionals who as consultants make plans for organisations. Planning requires certain skills **like** the ability to:

- think ahead,
- forecast future trends,
- state organisational goals,
- choose strategies, and
- **arrive** at performance standards, etc.

Planners must be able to determine the framework of purpose for the organisation. There is always a multiplicity of objectives like: profitability, growth, turnover, social responsibility survival, continuity, etc.

The organisation's objectives are identified and articulated in a **mission statement**.

The mission statement should be such that it clarifies:

- the nature of the **organisation**,
- in what business the organisation is,
- what the long term objectives are,
- what are the short term objectives, and
- the methods to be adopted for achieving these objectives.

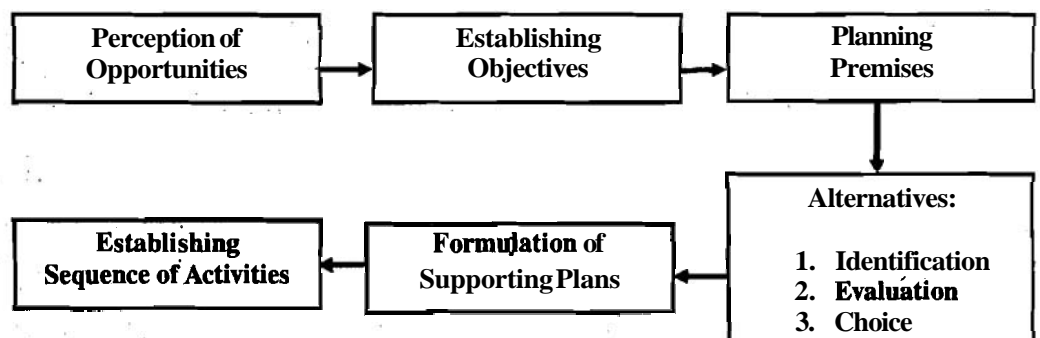
A mission statement is relevant for big as well as small organisations and for both profit making as **well** as non profit **making** organisations.

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## 6.5 STEPS IN PLANNING

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A particular planning process may not be applicable for **all** organizations and for **all** types of plans. This is because the various factors that go into the planning process may differ from plan to plan or from one organisation to another. But with minor modifications the following planning process is **applicable** to all types of plans.



You may use a similar sequence of steps for formulating a plan. This structure leads to the translation of your ideas into action by reaching to the state of establishing the sequences of activities. The contribution of each stage in the **planning** process is given below:

### 1. Perception of Opportunities:

- Perception of opportunities **includes**:
- a **preliminary** look at possible **opportunities** and the **ability** to see them clearly and completely,
- a knowledge of where the organisation stands in the light of its strength and weaknesses,
- an understanding of why the organisation wants to solve **uncertainties**, and
- a a vision of what is expected to be gained.

### 2. Establishing Objectives:

Major organisational and unit objectives are set at this stage. They specify the results expected and indicate the end points of:

- what is to be done,
- where the primary emphasis is to be **placed**, and
- what is to be accomplished by various types of plans.

### 3. Planning Premises:

Planning premises are planning assumptions - the expected environment and internal conditions. Thus planning premises are both, external as well as internal:

- External premises include total factors in task environment like political, social, technological, competitors' plans and actions, government policies, etc.
- a Internal factors include the organisation's policies, resources of various types and the ability of the organisation to withstand the environmental pressures.

### 4. Identification of Alternatives:

At this stage, various alternatives are identified based on the organisational objectives and planning premises. The selected alternatives are then reduced so that the most promising ones may be taken for detailed analysis. The concept of various alternatives suggests that a particular objective can be achieved through various actions.

### 5. Evaluation of Alternatives:

At this stage, an attempt is made to evaluate how each alternative contributes to the organisational objectives in the light of its resources and constraints.

### 6. Choice of Alternatives:

Once the alternatives are evaluated, the one which fits best in the **organisation** is selected. In case, of more than one alternative fitting the organisational needs and constraints, the planner should choose more than one alternative. This provides the **flexibility** to the plan and the contingency plan (**i.e.** the alternate plan) can be implemented in changed situations.

### 7. Formulation of Supporting Plans:

Once the basic plan is formulated, various plans are derived so as to support the main plan. These derivative plans are formulated out of the main plan and, therefore, they support it.

### 8. Establishing Sequence of Activities:

After formulating the basic and derivative plans, the sequence of activities is determined so that plans are put into action.

A fact that is particularly true to the tourism industry is that the sale of a product signals the beginning and not the end of the obligation to the customer. Of course this is not unique only to tourism and travel industry but in varying degrees, customer obligations must be considered by all planners. This leads to what is known as **Service Capability**. If service capabilities are low, it will not take long for this condition to have a profound and negative impact on sales. Service should be analysed in the **light** of the business you are really in and in terms of the end results. Analysis of the service to be provided, in terms of end, provides a different perspective of the business.

#### Features of a Business Plan

Introduction of the Project
Market Assessment
Size of the Project
Organisational Structure
Infrastructural Requirements (Physical, Raw Materials, Utilities, etc.)
Manpower Requirements
Capital Estimates and Sources
Profits
Time Schedules

#### Check Your Progress-1

1) How would you define Planning?

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2) Discuss the different types of plans.

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3) What are the various steps involved in formulating a plan?

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## 6.6 DECISION MAKING

The process followed for **identifying and choosing a course of action in order to solve a specific problem is known as decision making**. Decision **making** is both, a managerial function as well as an organisational process. It is organisational in the sense that many decisions transcend the individual manager and become the products of groups, teams, committees, etc. It is managerial in the sense that decision making is the basic responsibility of a Manager, whether it is giving shape to a company's planning or choosing alternatives, etc. Managers have to take decisions and hence need to develop skills for decision making and problem solving.

No Managerial function or responsibility whether it is planning, **organising** or controlling can be complete without decision making. In each function, **decision making** holds a central place. It, in fact, **is an** inherent or in-built function in all the managerial responsibilities. For example, in planning one has to take decisions for setting objectives, scheduling the project, budgeting etc. Similarly, in **organising**, decisions have to be taken regarding delegating project implementation, establishment of communication channels etc. The position in controlling is also the same where decision making is required for performance, evaluation, etc.

Decision **making** involves three aspects of human behaviour :

- 1) **Cognition** - i.e. activities of the mind associated with knowledge.
- 2) **Conation** - i.e. the action of mind implied by such words as willingness, desire and aversion.
- 3) **Affectation** - i.e. the aspect of mind associated with emotion, feeling, mood and temperament. .

Generally, it is taken that decision making and planning are the same. **This** is not true because one can take decisions for many activities but it is through planning only that the decision will be implemented. Nevertheless, the role of decision making is highly important in planning as it permeates Managerial functions and is at the core of planning.

## 6.7 STEPS IN DECISION MAKING

It may not be guaranteed that any approach to decision making will always lead towards a right decision. Yet, the Managers follow certain steps which help them to understand the decision making process and provide a process to be adopted for rational decision making.' Generally, the following steps are adopted for decision making. Before we outline the steps, we must make it clear that the decision **making** process is required for achieving certain specific objectives. Setting of specific objectives itself is an outcome of earlier decisions. Hence, setting up of a specific objective, though not truly the first step of the decision making process, provides a framework for the process.

### 1) **Identifying/Defining the Problem**

This marks the beginning of the decision making process. A Manager should **be** clear in defining the problem in relation to the organisational objectives. Unless as a Manager, you define what the problem is, you may move in the wrong direction asking wrong questions and making wrong decisions.

### 2) **Analysing the Situation**

Once the problem has been **defined**, as a Manager one must **analyse** the situation. For example, what are the several elements the problem consists of and what must be solved or what should not be solved. At the same time, the manager should attempt to understand the **sources/causes** of the problem. Sometimes, the problems and the causes may **be** simple, whereas sometimes they may be complex. Hence, you must be extremely cautious in dealing with the problem and coming to decisions for solving them.

### 3) Gathering Information

The problem once identified and stated has to be solved. But for solving it, a Manager must gather information about different courses of action. For this, time as well as resources are crucial. At times, gathering information is a costly affair.

### 4) Search for Alternatives

**The decision maker must try to look for various alternatives available, in order to get satisfactory results from a decision.** To find out the various alternatives, the Manager should go for individual or group brainstorming sessions. For example, you are a Manager in a Tour Operating company. The person who used to look after the marketing aspect has left. Now, to face this problem, you can have the following alternatives:

- leave the vacancy **unfilled**,
- appoint a permanent person,
- promote the next person in hierarchy, or
- hire the services of a temporary person.

For a good Manager, it is a must that instead of one alternative, **he/she** should think of various alternatives.

### 5) Evaluation of Alternatives

Once a set of alternatives is available, a Manager must evaluate the alternatives keeping in view the advantages and disadvantages of each alternative. One should also ask questions about the feasibility of the alternatives and the consequences of the alternatives. This takes us to the choice of alternatives. While choosing an alternative, besides comparative analyses of various alternatives, one may also take into **account** earlier experiences, experimentation, research and analyses.

### 6) Action

Once the best alternative has been chosen, generally it is felt that the process of decision **making** has ended. However, decision making is a continuous and on-going process and at this stage it is the responsibility of the Manager to convert the decision into something operationally effective,

In the entire decision making process, there is always an element of risk and **one should not forget the possible risks and uncertainties linked to a decision.** That is why it is necessary that the implementation of a decision must also be closely monitored.

Different types of problems require different types of decision making and the nature of Managerial decision **making** is categorised as:

- **Programme decisions**, and
- **Non-programme decisions**

The programme decisions are as per the written or stated procedures, rules or policies and **are** generally used for dealing with both complex as well as simple issues.

Exceptional or unusual problems are dealt with through non-programme decisions. But one must remember here that a certain amount of risk is involved in all decisions.

The **following** aspects also play a role in decision making:

- Sometimes **intuition** plays a role in decision making where the Manager uses hunches and in this the psychological make-up of the individual plays a vital role.
- Depending on facts is another aspect of decision making. Facts provide a sound bases for decision **making**.
- Depending on **experience** is another aspect of decision **making**. Past occurrences are also important for decision making.



- Considered opinions are also taken into account in the decision making process. Many Managers use them for decision making as they are based on logic and reason.

Another question asked here is that who should be making decisions. This generally depends on the nature of the problems, the situation and the structure of the organisation. There can be individual decision **making** as well as group decision **making**. One should remember that though the responsibility of decision making rests with the Manager one should not ignore the subordinates as they **can also contribute** by their ideas and experiences.

**Check Your Progress - 2**

- 1) What do you understand by decision making ?  
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- 2) List the steps in decision making.  
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## 6.8 LET US SUM UP

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In this Unit, we explained to you the importance of **planning** and decision making while performing Managerial jobs. Sound planning and decision making helps not only in the growth of the organisation but also in meeting the **organisational** objectives. While planning, one should look at the advantages of planning and be very **clear** as to what kind of planning one is going in for. The various steps in **planning** and decision making mentioned in the Unit will be of use to you either as a Manager or as an entrepreneur. Very often, tourism services are not **planned** or are ill-planned and even the decision making process is not sound. This has been the case not just at the national or state level of planning but even with different segments of the tourism industry. In order to improve the **services**, infrastructure or the tourism product, proper planning and decision making is a must at every level.

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## 6.9 ANSWERS TO CHECK YOUR PROGRESS 'EXERCISES

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**Check your Progress-1**

- 1) See **Sec. 6.2** for your answer.
- 2) Different types of plans have been dealt with in **Sec. 6.3**. Read the **Sec.** for your answer.
- 3) Base your answer on the steps mentioned in **Sec. 6.5**.

**Check your Progress-2**

- 1) See **Sec. 6.6** for your answer.
- 2) In **Sec. 6.7**, we have listed certain steps. Check your answer with them.