The Impact of Planning In Business Operations and As a Tool for Its Success in the Competitive Environment

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***Abstract* - This study examines the impact of planning in the business operations in competitive environment. Globalization is seriously transforming and reshaping the operations, performance and future of businesses. As the world is integrating new challenges and opportunities were emerging due to competition, technological advances, and globalization, these generate amazing trouble changes in the operations of businesses, they were collapsing and falling, new ones were coming and bubbling up in the environment that didn't exist just few years ago. This paper studies the need for business managers to ensure that they understood the significant and impact of planning as a guide and foundation of businesses and as a determinant of its survival, success and growth. They should start upwith virtuous plans that will state their vision, mission, and objectives such would equip and prepare them to face globalization, technological advances and competition. Planning gave managers an insight to be aware of their environmental conditions and challenges facing their business organization and to forecast future conditions and its success.**

Keywords: **Planning, Competition, Growth, businesses operations.**

I. INTRODUCTION

Business plans are nothing; planning is everything in the word of Dwight Eisenhower as reported by Steers, Ungson and Mowday (1985). This remaind us that the business organizations need not only get ready to do plan in this millennium globalised business environment, but to plan more effectively. The growing complexities of business problems that have made planning necessity equally make it to be difficult. To design relevant effective plans of business operation, managers/businesses require ingenuity in understanding the past, current and future needs of business operation so as to win competitors. Attempts to view planning as a common practice which assumes a high degree of continuity, stating out as a rule of business operation with trends of yesterday projecting into the future using different mix of, with very much the same elements and same configurations of business operational architecture, is no longer going to work now. Today's business environment is characterized with the significant texture of change, speed, convergent of markets, universality of knowledge, information widespread and increases of government control and power. These, however, result to need of planning system for the business operation which is very systematic, having inbuilt flexibility and adaptive to global business arena.

Planning business operation is not a mere statement of what the business/manager wishes to do, or want to do but a statement of what will be doing. Within the will do context, there is a design to influence the stakeholders: customers, bankers, government, suppliers, community etc. Successful business planning depends on the ability to understand how to plan, It is not about describing the business vision, mission, goals, objectives, strategy and tactics that will be employed to achieve success, but is about how capable an organization is in delivering unique relevant value to its customers. Planning as the first function of management allows manager to develop and implement strategic action steps aimed at reaching an organizational goal and face competition. It is a process of selecting missions and objectives and the actions to achieve them. It requires decision making that is, choosing from among alternative future courses of action.

It lays down a rational system by which stated objectives can be achieved. Simply stated, planning is deciding in advance, what is to be done, when, where, how and by whom it is to be done. It is a tool for finding best future and path to reach the destination. Development of planning system ensures clarification of business operation's plans that makes key leaders of the organization to be on the same script. However, some organizations do react to unexpected changes and problems instead of anticipating them and preparing for them in the name of crisis management, not planning.

They spend a great deal of time and energy in playing catch up game plan, use up their energy in coping with immediate problems which result to only little energy left to anticipate, confront and prepare for next future challenges that are unblocking day in day out, untimely and at speed. The vicious cycle always lock organization into a reactive posture (Taiwa & Idunnu 2007). As the bases for operational budgets, targets, procedures and management control, it should be noted that no two businesses exist and are identical and as such no two plans of business operation are ever exactly the same. Therefore, who are the potential audience for business planning that would facilitate success in business

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operation in the uncertain future and globalized world. The researcher used descriptive research method, which investigates the practice of planning and its implementation on some SME's within Kano state. Related literatures were also reviewed in the study.

II. PURPOSE OF THE PAPER

The aim of the study is to evaluate the practice of business planning practices in a competitive business organization. Specifically the objectives of the study are:

- ✓ To identify the importance and needs of business planning in the business organization operating at a competitive environment.
- ✓ To identity characteristic, elements and process of planning in business environment.
- ✓ To examine the strategies for effective business planning practice of the business organization at a competitive environment.

III. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

1.1 Concept of Planning in Business Management

Planning has been defined as selecting missions and objectives and the actions to achieve them; it requires decision making, i.e. choosing from among alternative future courses of action. It lays down a rational system by which stated objectives can be achieved. Simply stated, planning is deciding in advance, what is to be done, when, where, how and by whom it is to be done.

According to Priyali Sharma, "Planning is a preparatory step for action". It means systematized pre-thinking for determining a course of action to achieve some desired result. Planning is essentially a process of deciding in advance what is to be done, when and where it is to be done, and how it is to be done, and by whom. To plan is to look ahead and chalk out the future course of operations of an enterprise. Through planning, the manager fixes the objectives of the organization as a whole and in the light of this, the goals of its various departments. Then he proceeds to prepare a kind of 'blueprint' mapping out the ways of attaining these objectives. Therefore, Priyali Sharma defined planning as the process by which the managers of an organization set objectives, make an overall assessment of the future and chart the courses of action with a view to achieving the organizational goals. "

1.2 Needs and Importance of Planning in Business Organization

For survival and growth in competitive environments, organizations have to be able to predict the future business conditions and opportunities in order to take advantage of them. Without planning, the organization may not be able to survive and grow on the long run.

(a) Planning Minimizes and Reduces the Risk of Uncertainties: In today's highly complex environment, managers face many uncertainties and unexpected situations every day. While Planning, managers try to foresee the future and make some assumptions regarding the future keeping in mind their past experiences and scanning of business environments. It provides a more rational, fact based procedure for making decisions, planning allows managers or organizations to minimize risk and uncertainty.

(b) Formulating Objectives Of The Company: Setting organizational goals, policies, procedures, methods and rules, etc. are the first step in planning process. When employees follow the plan they are leading towards the achievement of objectives. Planning helps the organization to focus all its activities and resources on selected goals.

(c) Attains And Leads To Success Towards Goals: Planning helps the organization to perform better and achieve their goals successfully. Organizations that plan have a higher probability to succeed than those which do not plan.

(d) Enable Managers Face Global Competition: Today, a business concern has to face competition not only in the domestic market but also in the international markets. To face such fierce competition, proper planning in all functional areas is a must.

(e) Manage Technological Changes Technology is changing rapidly and the existing machines and processes are becoming obsolete at a fast rate. With proper planning, it is possible to keep pace with technological changes to the advantage of the organization.

(f) Planning Facilitates Control: Controlling means comparison between planned and actual output and if there is variation between both then find out the reasons for such deviations and take measures to match the actual output with the planned.

(g) Planning Provides Sense Of Direction And Focus: It provides the directions and focus on defined goals to the employees, this reduce wasteful activities. Planning makes clear what employees have to do, how to do, etc. By stating in advance how work has to be done, planning provides direction and focus on action. Members of organizations know in advance in which direction they have to work, this leads to unity of direction.

(h) Planning Support Decision Making: Planning helps the managers to take various decisions. In planning, goals are set in advance and predictions are made for future. These predictions and goals help the manager to take fast decisions which promotes innovative ideas.

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IV. TYPES OF PLANNING IN BUSINESS ORGANIZATION

R N Anthony identified three levels of planning within an organisation:

1. *Strategic Planning*; it is the process of determining desired objectives or benchmarks, and developing ways to reach them mostly over the long term. "What do we want the future to be? What must we do now to better ensure that the desired future is achieved?" Strategic planning typically is the responsibility of top management to states the organization's mission and vision and describes the set of goals, policies, structure and funding of the organization. It takes time to execute and the time frame of strategic planning is usually long. Strategic plans include corporate strategy plans, business strategy plans and functional strategy plans.
2. *Tactical Planning;* tactical planning is intermediate-range (usually from one to three years), it is designed to develop relatively concrete and specific means to implement the strategic plan. It supports strategic plans by translating them into specific plans relevant to a distinct area of the organization. Tactical plans flow from, and must be consistent with a strategic plan. While strategies are often used in general terms, tactics must specify resources and time frame. Tactical planning requires the use of human resource, and managers involved in tactical planning spend a great proportion of their time with other people. Thus, tactical plans are used to accomplish specific parts of a strategic plan; and each strategic plan is implemented through several tactical plans. Strategic planning is critical to the success of any organization; tactical planning makes the difference on how well strategies really work. Broad, long-term goals are the focus of strategic planning; tactical plans are used to accomplish specific parts of a strategic planning. Each strategic plan is generally implemented through several tactical plans. Effective tactical planning involves both development and execution. An example of tactical planning is the annual budget.
3. *Operational Planning;* this is a detailed planning of activities, often at a supervisor or junior management level, for the achievement of short term goals and targets. All operational plans are focused on the specific procedures and processes that occur within the lowest levels of the organizational. It translates the broad concepts of the tactical plan into clear numbers, specific steps, and measureable objectives for the short term. Operational planning is concerned with efficiency, cost effective application of resources to solving problems and meeting objectives.

V. CHARACTERISTICS OF PLANNING

A planning procedure should possess certain characteristics according to Green; Planing should be simple, practical, selective, adaptive, flexible, precise and have a reliable information. Also, it should be synthesizing, synchronizing, motivating, have direction and with minimum paper work.

VI. ELEMENTS OF PLANNING

According to Sharman Planning as a managerial process constitute some elements or components: they include:

- *Objectives* are the goals towards which all managerial activities are aimed at. All planning work must spell out in clear terms the objectives to be realized from the proposed business activities.
- *Forecasting* is the analysis and interpretation of future in relation to the activities and working of an enterprise. Business forecasting refers to analyzing the statistical data and other economic, political and market information for the purpose of reducing the risks involved in making business decisions and long range plans.
- *Policies* are laid down principles that guide and direct managers at various levels in making decisions
- *Procedures* are policies that provide guidelines to thinking and action, they are definite and specific steps to thinking and action
- *Rules* specify necessary course of action in a particular situation. It acts as a guide, rules prescribe a definite and rigid course of action to be followed in different business activities without any scope for deviation or discretion.
- *Programmes* are precise plans of action followed in proper sequence in accordance with the objectives, policies and procedures. Thus, it leads to a concrete course of inter-related actions for the accomplishment of a purpose.
- *Budgets* are estimates of men, money, materials and equipment in numerical terms required for implementation of plans and programmes.
- *Project* is a single-use plan which is a part of a general programme. It is part of the job that needs to be done in connection with the general programme.
- *Strategies* are the devices formulated and adopted from the competitive standpoint as well as from the point of view of the employees, customers, suppliers and government.)

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VII. THE PLANNING PROCESS (STEPS IN PLANNING)



Source: Resacher openion

(a) Being Aware Of Opportunities
The manager must first identify the opportunity that calls for planning and action in the external environment. It is the starting point in planning process because it leads to formulation of plans in line with the company's strengths and weaknesses.

(b) Establishing Objectives
The next step in the planning process lies in the setting up of objectives to be achieved by the enterprise in the clearest possible terms for the long term as well as in the short range. Objectives specify the results expected in measurable terms 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 by the network of strategies, policies, procedures, rules, budgets, and programmes.

(c) Developing and Building the Planning Premises
This involves collection of facts and figures necessary for planning the future course of the enterprise. 'Planning Premises' are planning assumptions about the environment in which plan is to be carried out Developing planning premises is to establish, circulate, and obtain agreement to utilize critical planning premises such as forecasts, applicable basic policies and existing company plans.

(d) Determining Alternative Courses of Action.
The next step in planning is to search and examine various alternative courses of action based on organizational objectives and planning premises. A particular objective can be achieved through various actions. For example, if an organization has set its objective to grow further, it can be achieved in several ways like expanding the field of business or product line, joining with other organizations, or taking over another organization, and so on.

(e) Evaluating Alternative Courses of Action.
The next step is to evaluate the alternative by weighing them in the light of premises and goals. Alternative courses of action can be evaluated against the criteria of cost, risks, benefit and organizational facilities. The strong and weak points of every alternative should be analyzed carefully. Since there are so many complex variables connected with each goal and each possible plan, the process of comparative evaluation is extremely difficult. For example, one alternative may be the most profitable but requires heavy investment; another may be less profitable but also involves less risk.

(f) Selecting a Course of Action
After the evaluation of various alternatives, this is the point at which the plan is adopted – the most appropriate one is selected as the plan. Sometimes evaluation shows that more than one alternative are equally good. In such a case, the manager may choose more than one alternative at the same time. There is another reason for choosing more than one alternative, alternative course of action may be required to be undertaken in future in changed situations. So, the planner must also be ready with alternative—normally known as contingency plan—that can help coping up with the changed situation.

(g) Formulating Supporting Plans
When a decision is made, planning is seldom complete. Formulating of supporting plans such as plans to buy equipment, materials, hire and train workers and the development of a new product, etc., are given prominence in planning.

(h) Numbering Plans by Budgeting
After decisions are made and plans are set, the final step in giving them meaning is to number them by converting them into budgets. The overall budget of an enterprise represent the sum total of income and expenses, with resultant profit or surplus, and the budgets of major balance sheet items such as cash and capital expenditures. Each department or programme of a business or some other enterprise can have its own budgets, usually of

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expenses and capital expenditures, which tie into the overall budget. If done well, budgets become a means of adding together the various plans and also set important standards against which planning progress can be measured.

(i) *Implementation*

This concerns the allocation of tasks, objective-driven action and collection of feedback data. Without this step, the previous steps are pointless. Implementation is the deployment of resources to put a plan into action. The manager must implement plans through others, motivating them to carry out the plan, rewarding them for successful performance and redirecting them when their actions lead to outcomes that differ from the objectives.

VIII. METHODOLOGY OF THE STUDY

The paper employs qualitative content analysis which allows detail examination of published documents for synthesis and evaluation. It has also used observation technique, a survey instrument that allows the researcher to see the subjects and the behavior without any element of manipulation. Journals' articles, newspapers, government documents and books serve as a means of collecting relevant information.

IX. STUDY AREA

For many centuries, Kano has enjoyed being the largest and most influential commercial town in the sub-Saharan, Sudan zone. It was claimed that Kano has been for one thousand years old and was first sited in vicinity of Dala hills, the source of iron which the inhabitants melted and fabricated. It is noted that the continued influences of the colonial administration and the eventual attainment of Nigeria's political independence in 1960, which led to series of administrative decentralization in the country resulting to the establishment of Kano as a state and political and commercial center in Nigeria. This phenomenon resulted in the tremendous growth and expansion of metropolitan Kano in both population and spatial terms. It is today referred to as the city of commerce depicting the leadership position in commerce (MAN Annual Report 2004).In addition, being the most industrial and largest commercial city in the northern part of Nigeria, Kano is cosmopolitan city that maintains a leadership position in terms of the state population in Nigeria. 2006 population census has estimated that there are more than 9 million people in the state. Kano Metropolitan area, however, comprises of 8 local governments which are municipal, Dala, Gwale, Fagge, Tarauni, Ungogo, Nassarawa and Kumbotso. All of them have the total population of 2,828,861, (FGN Gazette 2009). The Metropolitan area is a place where the majority of the companies and businesses operate.

X. CONCLUSION AND RECOMMENDATIONS

Planning involves setting the objectives for the organization and making plans for achieving those objectives. The planning process is a formal process and the end-result is a formal plan, authorized at an appropriate level in the management hierarchy. Formal plans include long-term business plans, budgets, sales plans, weekly production schedules, capital expenditure plans and so on.

In view of the above, it is recommended that managers must view their process of planning to acquire accurate information that is needed in order to make sensible plans - for example in order to prepare an annual budget, it is necessary to provide information about expected sales prices, sales quantities and costs, in the form of forecasts or estimates. The findings of this study shows there is lack of managerial skills from business owners to help them develop sensible plans and lack of involving management professionals that would assist in their business models. Also, there is lack of implementation of proposal or master plan. The environment in which businesses exist is dynamic and frequent changes occur. Most of the businesses were unable to manage and adopt these changes in the environment.

RECOMMENDATIONS

- Government should seriously intervene to offer free consultation to SME's, this would lead to survival and growth of the business which would provide entire economic growth and development.
- Government should create awareness campaign on planning to individual who are starting business.
- Business managers should concentrate toward development of rational planning
- Business managers should work towards monitoring actual performance and comparing it with the plans
- They should ensure strong effort on performance measurement towards planning implementation
- They should ensure strong performance measurement towards target settings on planning
- They should reward the successful achievement of targets or standards, for example by means of cash bonuses or other incentives.

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