

Chapter 5

PLANNING& DECISION MAKING

INTRODUCTION TO PLANNING (TU 2074)

Planning is the process of making course of action in advance to achieve a desired goal. It involves the creation of a plan. It provides the standards to be achieved. It is related to the formulation of objective of a business organization and its achievement. Not any work can be done without planning. Not any work of an organization can be done without planning. It is a basic management function involving formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources.

According to **Marry Cushing Niles**, "Planning is the conscious process of selecting and developing the best course of action to accomplish an objective."

According to **Stephen P. Robbins**," Planning is deciding in advance about what to do, how to do it, when to do it, and who is to do it. It provides the ends to be achieved."

According to **Louis Allen**," Planning involves the development of forecasts, objectives; policies, programs, procedures, schedules, and budgets. It is a trap laid to capture the future. "

In conclusion, planning is the conscious process of selecting and developing the best course of action to achieve the goals of organization. It determines objectives, develops premises regarding future conditions, identifies, and chooses among alternatives, and implements action plan to evaluate results. It is course of action for future. It decides best alternative among others to perform different managerial functions in order to achieve goals of the organization.

Nature of Planning

1. Intellectual process: It is related to thinking before doing something, thus, it is a mental exercise. A planner has mainly to think about the following questions: How to do it? Who is to do it? What to do? And When to do it? A planner should be educationally and mentally sound. It is impossible to make plans without logical and intellectual capacity. So, the quality of plan depends on the intellectual capacity of the planner.

2. Focuses on achieving goals: Planning begins with the determining of organizational goal. In the absence of goal no organization can ever be thought about. With the determining of goal, the way to achieve the goal is decided in the planning. All kinds of plans are linked with a goal of the organization. Without goals a plan has no meaning. It is thus clear that planning is helpful in the attainment of goals of the organization.

3. Primary function: Planning is the primary function of management. It is a preparatory step. It starts with the setting of practical, acceptable, workable, and achievable objectives. In the absence of planning no other functions of management such as organizing, directing, co-ordinating, and controlling can be performed effectively.

4. Pervasiveness: Planning is pervasive. Every work needs planning to accomplish its objectives. It has equal importance at all levels of management. The top level managers formulate strategic plans while the middle level managers formulate tactical plans, and the lower level managers formulate operational plans. All plans should be integrated for the achievement of organizational goals. Plans are equally necessary in every sector of the universe.

5. Directed towards efficiency: Planning is directed towards efficiency. A successful plan shows what to do in future, where to do, why to do, when to do, by whom to do, and so on. Plans should be practical, acceptable, and achievable. A best plan does not satisfy only the planner, it also satisfies all the sides concerned with the organization. It should ensure organizational effectiveness.

6. Continuous process: It is endless. Planning is a continuous process for the following reasons: (i) Plan is prepared for a particular period. Hence, there is need for a new plan after the expiry of that period, (ii) In case of any difference plans are to be revised, and (iii) In case of rapid changes in the business environment plans are to be revised.

7. Related to future: Planning is the course of action for future. It decides the plan of action what is to be done, how is it to be done, when it is to be done, by whom is it to be done all these questions are related to future. Under planning, answers to these questions are found out. Since planning is concerned with future activities, it is called innovative. It defines objective, means, and policy for future works. Thus, it is related to future.

Types of Plans (TU 2072)

A. On the basis of Hierarchy

1. Strategic plans: It is a plan outlining decisions of resource allocation, priorities, and action steps necessary to reach strategic goals. Strategic plan is a long-term plan. It has the long-term effect on the organization. It is related to the existence, development, and expansion of an organization. Strategic plans are formulated by top level managers of an organization. The strategic plan is about setting a direction for the organization.

2. Tactical plans: A tactical plan is a plan aimed at achieving tactical goals of the organization. It follows strategic goal. It has the mid-term effect on the organization. They are formulated by middle level managers of an organization.

3. Operational plans Operational plan is a plan aimed at achieving operational goals of the organization. It explains in detail the methods how the goals can be achieved. Operational plans

are prepared by lower level managers. Such types of plans are short-term plans and are related to each operational unit. The operational plan provides the what, who, when, and how much.

B. On the basis of Time

1. Long-term plans: A long-term plan is a plan aimed at achieving strategic goals of the organization. Long-term plans cover many years, perhaps even decades; common long-term plans are for five years or more. Long-term plans are formulated by top level managers. All the strategic plans are long term plans. **2. Mid-term plans:** A mid-term plan is a plan aimed at achieving tactical goals of the organization. A mid-term plan generally covers one to five years. Mid-term plans are prepared by middle level managers. All the tactical plans are mid-term plans.

3. Short-term plans: A short-term plan is a plan aimed at achieving operational goals of the organization. A mid-term plan generally covers generally covers one year or less. Such plans are prepared by lower level managers. All the operational plans are short-term plans.

C. On the basis of Specificity

1. Flexible plans: Flexible plans are directional plans. They set out general guidelines. Such plans give only simple guidance or direction to the organization. They can be changed easily. When uncertainty is high and management must maintain flexibility in order to respond top unexpected changes.

2. Specific plans: A specific plan is a document designed to implement the goals and policiesof the general plan. Specific plans have clearly defined objectives and leave no room for misinterpretation.

D. On the basis of Use

1. Single use plans: A single-use plan is a set of activities aimed at achieving a specific goal within a particular budget and time period that is unlikely to be repeated in future. It refers to plans developed for a one-time project or event. The length of a single-use plan differs greatly depending on the project or event. It may last a week or a couple of weeks, even couple of months. Budget can be taken as an example of single use plan.

2. Standing plans: Standing plans are often policies, procedures, and programs developed to ensure the internal operations of a given business are operating smoothly. They are often developed once and then modified to suit the business needs as required. Policies and procedures are the examples of standing plans. Such plans are prepared for long-term.

Hierarchy of Planning

A hierarchy is a structure in which items are ranked according to importance. Planning hierarchy consists of missions, goals, strategies, policies, procedures, rules, programs, and budgets.

1. **Missions:** A mission is a statement of the purpose of an organization. Every organization has its certain mission. For instance, the mission of a business organization is to earn profits. The mission of a hospital is to provide health services. The mission of a university is to provide education and carry out. A mission statement represents long-term commitment of an organization. The mission should guide the actions of the organization, spells out its overall goals, provides a path, and guide decision making. It should provide the framework within which the organization's strategies are formulated. Mission normally remains unchanged over time.
2. **Goals:** Goals are desired future state of affairs of an organization. It focuses on its long range intentions for operating and its overall business philosophy that can provide useful guidance for employees seeking to please their managers. Goals give the organization clearly defined targets. Plans can then be made to achieve these targets. Every organization has its goals. There should be effective coordination between the overall goal and departmental goals.
3. **Strategies:** Organizational strategy is the creation, implementation, and evaluation of decisions within an organization that enables it to achieve its long-term objectives. It specifies the organization's mission, vision, and objectives and develops policies and plans, often in terms of projects and programs, created to achieve the organization's objectives. The word strategy is derived from military sector in business sector. Strategies should be made to achieve organizational mission and objectives. Strategies lead an organization towards the height of success by protecting from risks and uncertainty. Strategy gives concrete, precise, and decisive program for the organizational success.
4. **Policies:** Policy is a set of principles, rules, and guidelines formulated and adopted by an organization to reach its long-term goals. Top level managers formulate policy and communicate it to concerned employees or departments through statement, circular, or as direction. Policy is a kind of plan, which provides guidance in decision making. It also brings uniformity and coordination in decision making. Policies such as production, marketing, financial, recruitment, and selection, promotion, transfer; training and development, distribution etc. are the main policies of an organization. Organizational policy should be flexible not rigid.
5. **Procedures:** Procedure is the specific methods employed to express policies in action in day-to-day operations of the organization. As the procedure is the method of policy implementation, it shows a standard way of performance. It also ascertains time and process how to perform a particular work. It facilitates the task of assessment and control and brings effectiveness in performance. In the absence of clear and scientific procedure to implement programs and policies organizational goal cannot be achieved. Policy

guides in the decision making process and procedure guides in performance. While preparing procedure, one should consider its stability and flexibility. Procedure should be practical, acceptable, and flexible. Procedures might just be a few bullet points or instructions. Sometimes they work well as forms, checklists, instructions, or flowcharts.

6. **Rules:** Rule is one of a set of clear or understood regulations governing conduct or procedure within a particular area of activity. It describes the operations, definitions, and constraints that apply to an organization. Policy and rule are different things. Policy leaves a little place to managers and employees to use their judgment whereas rules do not. Policy is a direction and it is flexible, but rules become inflexible. If the rule is dishonored the concerned person or department deserves punishment. Similarly, there is difference between rule and procedure. Procedure gives guidance to performances. It is supposed as rule, but rule is formulated only to ensure procedure. Rule may or may not be a part of procedure.
7. **Programs:** A program is like a recipe. It contains a list of ingredients and directions. It is a plan of action aimed at accomplishing a clear business objective, with details on what work is to be done, by whom, when, and what means or resources will be used an organization can launch programs such as organizational plan involves various functions for whose performance program should be advertising, sale promotion, publicity, opening new workshops, etc. to achieve the objective of organizational promotion.
8. **Budgets:** Budget is an estimation of the revenue and expenses over a specified future period of time. In other words, it is an estimate of income and expenditure for a set period of time, say one year. It is a quantitative expression of a plan. It is an important tool of a plan. It expresses the expected result in numerical form (Rupees or unit). It is related to plan and control. Budget is prepared in traditional and zero based methods. Different types of budgets are prepared on the basis of the nature of business organization. For example- production budget, sale budget, program budget, financial budget, project budget, manpower budget, and so on.

Importance of Planning

Planning is very crucial in management. The following points depict the importance of planning: **1. Helps to achieve objectives:** Planning helps to achieved organizational objectives. Every business activities are conducted to achieve objectives or purposes. Planning avoids doing some random activities. All activities are objectives oriented. It keeps hard working.

2. Reduces business risks: Risk is common in business. There are different kinds of risks involved in any type of business. Planning takes necessary precautions to avoid these risks. It provides alternative ways to lead the organization towards development and prosperity despite uncertain and changing environment. Thus, business organization can remain free from worries from changing in demands, needs, interests, fashion, technology, etc. Thus, planning reduces business risks.

3. Economy in operation: Planning provides profitable course of action due to which business organizations become successful to acquire the best result at minimum costs. So, cost-effective management can be conducted doing away unproductive as well as unnecessary work through well planning.

4. Helps in effective coordination: In order to achieve an objective of a business organization, there should be better coordination among all the activities, departments, sections, and employees. As the plan is the basis of better coordination, it maintains coordination by defining authority and responsibility of all the employees

5. Effective control: Planning and controlling are related with each other. Planning provides standard to compare actual performance and if any deviations are found, the corrective action can be taken immediately. Thus, planning keeps effective control over organizational performance

6. Increases in efficiency and effectiveness: Better planning ensures optimum utilization of all available resources. It also helps to reduce wastage and avoids duplication. It aims to give the highest returns at the lowest possible cost. It thus increases the overall efficiency.

7. Encourages creativity and innovation: Planning gives birth to new ideas. It encourages managers to use their creativity and innovation. It also encourages employees towards creative and innovative work. It brings satisfaction to both managers and employees.

8. Utilizes available resources: Planning utilizes all available resources such as human resource, physical resource, financial resource, and informational resource. Hence, all the resources give considerable benefits to the organization.

9. Helps in decision making: Planning helps in rational decision making. A manager makes many different plans. Then the manager chooses the best of all available plans. Choosing something means to take a decision. Thus, decision making is facilitated by planning.

Process of Planning

1. Identification of need for planning: The first step of planning is need identification. Planning is an important managerial function. It is important to take a preliminary look at possible future opportunities and see them clearly and completely. A planner should analyze both internal and external environments to know the strengths, weaknesses, opportunities, and threats of the organization.

2. Establishing objectives: The second step of planning is to establish objective. The objective is a specific result that a system aims to achieve within a time frame and with available resources. The objectives of planning can be long-term or mid-term or short-term range. The objective should clearly specify the desired results or end points

what is to be done. It should provide the direction or course of action to the organization. Available resources are identified for the fulfillment of the objectives.

- 3. Developing of premises:** The third step of planning is developing of premises. They are assumption about the environment in which the plan is to be carried out. It is important for all managers involved in planning to agree on the premises. Analysis of market, quantity, price, cost, technical development, wage rate, tax, and policies of government, dividend policy, political and social environment, financial market, etc. is essential to forecast the business premises. If this is not done, it becomes difficult to achieve success in the future.
- 4. Identification of alternatives:** Identification of alternatives is the fourth step of planning process. At this step, possible alternatives are identified. There may be several alternatives for solving problems. The manager should reduce the alternatives to locate and analyze the most promising alternative. He/she take the help of mathematical tools and computer to determine alternative courses of action. He/she must find out the fruitful alternatives.
- 5. Evaluating of alternative courses:** Evaluation of alternatives is the fifth step of planning process. Alternatives are evaluated by weighing them in the light of premises and goals. One alternative may appear to be the most profitable but it may require a large cash outlay and have a slow payback; another may look less profitable but may involve less risk; still another may better suit the company's long range objectives. Alternatives are evaluated with the help of arithmetical model and computer.
- 6. Selecting a best alternative:** The sixth step of planning is to select the best alternative from the several alternatives. In this step, a manager or planner should be very careful in selecting the best alternative. He/she can select one or more alternatives. Size, nature, context, etc. are considered to select the best alternative.
- 7. Formulating action plans:** The seventh step of planning process is formulating action plans. After the best alternative has been selected, a detailed action plans are formulated to achieve the basic objective of the organization. Action plans give the clear answers of the questions such as what to do, where to do, when to do, how to do, by whom to be done etc. The action plans are supplementary of the main plan, so, they should not contradict the main plan.
- 8. Numbering plans by budgeting:** Numbering plans by budgeting is the final step of planning process. After the plans have been properly formulated, they should be converted into budget by numbering them. Budget is the monetary document of future programs. Estimated revenues and expenses are explained in budget in quantitative form. The overall budgets of an organization represent the sum total of income and expenses, with resultant profits or surplus, and budgets of major balance sheet items such as cash and capital expenditures.

STRATEGIC PLANNING (TU 2072)

Meaning of Strategic Planning

Strategic planning is an organization's process of defining its strategy or direction and making decisions on allocating its resources to pursue this strategy. It is the process of formulating and implementing strategic plans. It involves identifying the major objectives of an organization, choosing the strategies needed to achieve them, creating plans to implement the strategies, and then doing the required work. Strategic plans apply to the entire organization, establish the organization's overall goals, and seek to position that organization in terms of its environment. Strategic planning defines the "where" that your company is heading. Strategic planning is a systematic process of imagining a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them. It is a systematic approach of analyzing environmental opportunities and challenges and evaluating strong and weak aspects of an organization, which plays an important role for achievement of organizational goal. A planner must have high quality strategic vision. It requires work- now. Strategic planning offers following benefits:

- Establishes direction
- Increases, job satisfaction: meaningful and full of purpose
- Makes rational and quick decisions
- Makes your future happen don't let it happen to you
- Creates longevity of the business
- Increases profitability and market share of the organization

Formulation of Strategic Plans

Strategy is a plan chosen to bring about a desired future, such as achievement of an objective or solution to a problem. Strategies must be evaluated and revised on a regular basis in order to meet the changing needs and challenges of the marketplace and business environment. The responsibility of strategy formulation is top level management. The process of strategy formulation involves following steps:

1. Setting organizations' objectives: The first step of strategy formulation is setting organizations' objectives. Strategy is formulated to achieve objectives of the organization. It is known that strategy is generally a medium for realization of organizational objectives. Objectives stress the state of being there whereas strategy stresses upon the process of reaching there.

2. Evaluating the organizational environment: The second step of strategy formulation is to evaluate the general business environment. The purpose of such evaluation is to identify own strengths and weaknesses as well as competitors strengths and weaknesses. After identifying its strengths and weaknesses, an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources. Similarly, another purpose of evaluation of organizational environment is to identify opportunities and threats of the organization.

3. Setting quantitative targets: The third step of strategy formulation is setting quantitative targets values for some of the organizational objectives. It is essential to compare and evaluate the contribution of operating departments. Controlling function cannot be done without this setting.

4. Aiming in context with the divisional plans: Aiming in context with the divisional plans is the fourth step of strategy formulation. In this step, the contributions made by each department are identified. It requires a careful analysis of macro-economic trends.

5. Performance analysis: The fifth step of strategy formulation is performance analysis. It includes monitoring and controlling the performance. A critical evaluation of the past performance, present performance, and the target performance must be done by the organization.

6. Choice of strategy: The final step of strategy formulation is choice of strategy. The alternative or course of action is actually chosen after considering organizational objectives, strengths, weaknesses, opportunities, and threats.

Implementation of Strategic Plans

Strategy implementation is the translation of chosen strategy into action to achieve strategic objectives. It follows strategy formulation. An organization should develop, utilize, and join organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance. It involves all those means related to executing the strategic plans. Strategy implementation is the most difficult task. It is a more difficult job than strategy formulation. It requires specific motivational and leadership traits. The ability to implement strategies is one of the most valuable of all managerial skills.

Strategy implementation is mainly an administrative task based on strategic and operational decisions. When undertaking strategy implementation, it is important for managers to firstly consider the organization as a whole and its ability to accept

strategies and perform to a high standard to realize the fruition of objectives and tasks.

In conclusion, strategy implementation is the translation of chosen strategy into action to achieve strategic objectives of the organization. Strategy implementation is the most difficult task. It is more difficult job than strategy formulation. It requires specific motivational and leadership traits. The following things should be considered to get success in strategy implementation.

1. Communication After the strategy has been prepared, it should be effectively communicated. The managers and employees related to the implementation of strategic plan should be made fully familiar with the plan. What, how, when and what to do, etc. have been understood by the concerned sides. So, strategic plan should be communicated to the concerned sides so that they can know about their role in its implementation.

2.Participation All the related persons or employees must be involved in the success of strategy plan. If the sides who are involved in the implementation of strategy are also involved in the formulation of strategy, its implementation becomes more effective, because those who are involved in formulating strategy become familiar with every aspect of the plan, its expected result, and its importance. From this, their feeling, desire, and necessities are fulfilled along with opportunities. Hence, they become fully satisfied and remain active in effective implementation of the strategy

3. Organization structure The task of improving, changing, or redefining goals, strategies, policies, operational procedures come under this plan. So, organizational structure should also be changed with the changes made in the strategy for its effective implementation. From this, classification of activities, delegation of authority, communications, coordination, decision process etc. become effective. If the organizational structure is not changed according to change in strategy, it cannot be implemented effectively.

4. Provision of resources Different resources should be properly managed for the effective implementation of strategy. For the implementation of strategy, generally physical, human, and financial are needed. Sufficient physical resources should be properly managed for the success of strategy. Similarly, proper human resources should also be managed. Only skilled, efficient, sincere, hardworking, and mentally capable employees can implement strategy. In the same way, necessary financial means should be collected from proper source for the implementation of strategy. In the lack of necessary means and resources strategy cannot be effectively implemented.

5. Authority and responsibility Authority and responsibility of the concerned manager and employees should be clearly specified for the implementation of

strategy. As any work becomes impossible to carry out without authority, it should be delegated to the related managers and other employees. If only authority is given but not responsibility, their concentration and sincerity towards work diminishes. So, along with the delegation of authority, responsibility should be given to them. The concerned managers and employees also should accept the authority and responsibility. While giving authority and responsibility to them, environment of conflict among them should not be created. By giving authority and responsibility on the basis of ability, suitability, and sincerity of the managers or employees, implementation of strategy becomes effective. Otherwise the strategy becomes meaningless.

6. Motivation For the successful implementation of strategy, all the managers and employees should be motivated. Motivation brings effectiveness in performance. Their personal goals should be integrated with organizational goal and made to participate directly in the successful return of the strategy, or they also may be motivated by giving financial and non-financial incentives. That satisfied employees and managers are the decisive factors for the organizational success should be kept in mind. Strategy cannot be effectively implemented without motivated managers and employees.

7. Performance appraisal Performance appraisal should also be made for the effective implementation of the strategy. Strategy clearly spells out the works to be done by managers and employees and the objective to be achieved. The performance should be appraised by comparing the really performed works and goal to be achieved. An arrangement of reward and punishment should be made on the basis of effectiveness of performance. The managers and employees work sincerely with the hope of reward and fear of punishment. As a result, strategy is implemented effectively.

8. Adjustment Strategy is formulated on the basis of certain premises. So, if the premises taken in planning could not be as expected, it becomes unsuccessful. Difficulties and problems arise in the implementation of strategy. So, the strategy should be assessed, evaluated according to the environmental changes, and made necessary amendments, changes adjusted. In the lack of it, effectiveness does not take place in the implementation of the strategy.

9. Charismatic leadership The leadership should play a vital role in the effective implementation of the strategy. Regular directions and guidance should be given to the subordinate managers and employees by the top level management. Only wise leadership of the competent leader can bring efficiency in the performance of employees. While providing leadership, the leader should think about given situation and consider it because the employees expect something more from the leadership. The leadership by understanding such expectations should take necessary steps to

motivate them. Help and encouragement should also be given but not only orders and directions.

The differences between strategy formulation and strategy implementation are as follows:

Strategy Formulation	Strategy Implementation
1. Strategy formulation includes planning and decision-making involved in developing organization's strategic goals and plans. 2. Strategy formulation is placing the forces before the action. 3. Strategy formulation is an entrepreneurial activity based on strategic 4. Strategy formulation is an entrepreneurial activity based on strategic decision making.	1. Strategy implementation involves all those means related to executing the strategic plans. 2. Strategy implementation is managing forces during the action. 3. Strategic Implementation is mainly an administrative task based on strategic and operational decisions. 4. Strategy formulation emphasizes on effectiveness

ENVIRONMENTAL SCANNING

Concept of Environmental Scanning

Environment refers to the forces that impact the organization's performance. They provide opportunities and threats to the organization. Environmental scanning is essential to grab the opportunities. It is the act of environmental assessment. It can be defined as the study and interpretation of the political-legal, economic, socio-cultural, and technological elements which influence a business, an industry, or even a total market. Environmental scanning is a kind of sensor to scan the world systematically and signal the new, the unexpected, the major, and the minor. Environmental scanning is the acquisition and use of information about events, trends, and relationships in an organization's external environment, the knowledge of which would assist management in planning the organization's future course of action. Organizations scan the environment in order to understand the external forces of change so that they may develop effective responses which secure or improve their position in the future. They scan in order to avoid surprises, identify threats and opportunities, gain competitive advantage, and improve long-term and short-term planning. Environmental elements keep on influencing the business organization in both the ways positively and negatively. Some environmental elements remain under the control of business organization while the others remain out of control.

According to **Richard Stress**, "Environmental scanning involves monitoring changes and development in the environment that have potential impact on the organization."

Methods of Environmental Scanning

1. SWOT analysis: SWOT analysis is a study undertaken by an organization to identify its internal strengths and weaknesses as well as its external opportunities and threats. It is an extremely useful method of environmental scanning.

2. PEST analysis: PEST analysis is an analysis of external environment that affects all firms. PEST is an acronym for the political-legal, economic, socio-cultural, and technological factors of the external environment. These factors are beyond the control of management. PEST analysis is very useful in environmental scanning.

3. Industry analysis: An industry analysis is a marketing process that provides statistics about the market potential of your products and services. It provides complete and specific information about the current state of the industry.

4. Competitor analysis: A competitor analysis is a popular method of environmental scanning. It is a critical part of marketing plan. You can obtain the information about the strengths and weaknesses of your competitors and you can make your product or service unique through competitor analysis.

5. Scenario analysis: Scenario analysis is a process of analyzing possible future events by considering alternative possible outcomes. It is simple as well as popular method of environmental scanning. It involve aspects of systems thinking, specifically the recognition that many factors may combine in complex ways to create sometime

surprising futures. It can be analyzed to take proper steps to overcome the possible events and problems.

6. Delphi technique Another popular method for environmental scanning is Delphi technique. It is a structured communication method originally developed as a systematic and interactive forecasting technique which relies on a panel of experts. The Delphi technique typically includes at least two rounds of experts answering questions and giving justification for their answers, providing the opportunity between rounds for changes and revisions. The multiple rounds, which are stopped after a pre-defined criterion is reached, enable the group of experts to arrive at a consensus forecast on the subject being discussed.

7. Possibility Diffusion Matrix Possibility Diffusion Matrix is another crucial method of environmental scanning. The environmental elements related to business and their diffusion is kept in table or matrix. Necessary tactical strategy is formulated with the help of table or matrix by identifying possible opportunities, threats, and their diffusion. This technique is used for long-term forecasting.

8. Customer Value Profile Another important as well as simple method of environmental scanning is Customer Value Profile. Customers are the important aspects of a business organization. Their social value and norms may change. Customer Value Profile should be prepared for the following reasons: (i) identify the attributes that matter to your customers and the competitors' customers, (ii) show exactly how customers define these attributes, (iii) quantify the company's performance and your competitor's performance, (iv) show which competitors have superior value propositions and what can be done, (v) reveal which market players are poised to gain or lose market share, (vi) provide a fact-based, data driven system for making decisions, beating the competition and tracking progress.

9. Survey Survey is another widely used method of environmental scanning. It is a method of gathering information from individuals. It has a variety of purposes, and can be conducted in many ways. It is conducted to gather information through a printed questionnaire, over the telephone, by mail, in person, by diskette, or on the web. Strategic plan can be formulated on the basis of the facts shown by survey and it becomes easy to achieve the goal of the business organization.

10. Other Apart from the aforementioned methods or techniques, other methods also can be used for environmental scanning such multi-effect analysis, mathematical models, network method, brainstorming, Cross-impact Matrix, Missing Link Approach, etc. These methods also become very useful in environmental scanning.

SWOT ANALYSIS

1. Strengths Strength is the internal capacity or ability of an organization. The organization can get victory over its competitors by using strengths. Manufacturing efficiency, skilled workforce, good market share, strong financing, superior

- reputation, etc. are the strengths of an organization. The organization should be able to gain strategic benefits by using such strengths.
2. **Weaknesses** Weakness is the internal limitation of an organization. It leads an organization to the situation in which the organization cannot compete with competitors. So, weaknesses of the organization should be identified properly and minimized them immediately. Outdated facilities, inadequate research and development (R&D), obsolete technologies, weak management, past planning failure, etc. are the weaknesses of an organization. Any business organization should immediately minimize such weaknesses to get strategic benefits.
 3. **Opportunities** Opportunity is the favorable situation which receives from external environment. Several opportunities may come in the organization. An organization should fully utilize such opportunities to weaken its competitors. Possible new markets, strong economy, weak market rivals, emerging technology, growth of existing market, etc. are the opportunities of an organization. An organization should reap strategic benefits through utilization of such opportunities.
 4. **Threats** Threat is the unfavorable situation which happens from external environment. An organization should face threats for getting victory in competition. Emergence and addition of new competitors in markets, shortage of resources, changing market tastes, new regulations, substitute products, etc. are the threats of a business organization.

QUANTITATIVE TOOLS FOR PLANNING (TU 2074)

1. **Liner Programming** Liner programming is a mathematical tool for finding optimal solutions to problem that can be expressed using linear equation. In the words of Robbins and Coulter linear programming is a mathematical technique that solves resource allocation problems. However it can be used in organizational planning. It is widely used quantitative tools for planning. It determines the adjustment of available resources and different activities.
2. **Breakeven Analysis** Breakeven analysis is a technique widely used by production management and management accountants. It is based on categorizing production costs between those which are variable and those that are fixed. Variable costs change when the production outputs changes and fixed costs not directly related to the volume of production. Breakeven analysis is also a very widely used quantitative tool in planning. It explains the relations among variables. The most important elements of breakeven analysis are revenues and profits. According to Robbins and Coulter (2006), breakeven analysis is a technique for identifying the point at which total revenue is just sufficient to cover total costs. Thus, it refers to the level of sales volume at which total revenue is just

equal to the total costs, indicating no losses and no profits. The breakeven point analyzes to find out the profits that can be collected from which degrees of production and sale. Breakeven method is a type of tool which helps to formulate plan by studying and analyzing cost, quantity, and profits.

3. **Simulation** Another tool for planning is simulation. It is the imitation of the operation of a real-world process or system over time. The act of simulating something first requires that a model be developed; this model represents the key characteristics or the selected physical or abstract system. An organizational simulation is a model of a real world situation that can be worked to discover how it functions. Simulation can be used to find out how it works. Simulation method is more explanatory than fixed.
4. **Program Evaluation and Review Technique-PERT** Program Evaluation and Review Technique (PERT) is another important tool for planning. PERT-network is a flow chart like diagram showing the sequence of activities needed to complete a project and the time or costs associated with each. Nowadays, this technique is used by big companies in different ways. While using this tool, at first the activities to be performed are identified. Then a network is developed to show their relation. Different events contain in PERT - network. So, necessary time to reach from one event to other is calculated. After developing network and determining the time between each event, the longest path of time needed for the completion of plan is identified. PERT is basically a management planning and control tool. It can be considered as a road map for a particular program or project in which all of the major elements have been completely identified, together with their corresponding interrelations. It is widely used for planning and coordinating large scale projects. It uses network to make plan in which different activities are done and have interrelationship among such activities. After developing network, expected time needed to each event is determined and the longest time point is identified which is called critical path. The decisive path shows the shortest time to complete the plan.
5. **Forecasting** Forecasting is another quantitative tool for planning. It is an act of developing assumption in advance about the future happening. It can be of sales, technology, or other resources such as human resource, financial resource, physical resource, etc. Time series, Regression models, Economic Models, etc. help to forecast appropriately. Thus, it is very useful and important tool for planning.

DECISION MAKING

A decision is a choice from the available alternatives. It is the process of developing and analyzing alternatives and making a choice. It is a rational process of choosing best alternatives from a set of alternatives. The decision making process has an action, a recommendation, or an opinion. A major part of decision making involves the analysis of a defined set of alternatives against selection criteria. For example, when choosing a place to establish a new business, the criteria might include rental costs, availability of

skilled labor, access to transportation and means of distribution, and proximity to customers. Decision making is a rational process of selecting a best alternative from the available alternatives. It is an important managerial function of an organization. Whatever the manager does, it is done by decision. All decisions influence managerial performance and organizational effectiveness. Decision should be quick and rational. All the activities such as planning, organizing, leading, coordinating, communicating, controlling etc. are done by rational decision. A manager has to take many decisions in a single day. They may be strategic or operational. Decision making is a continuous process. Decision making is the solving problem whereas problem solving is looking at the potential causes of the problem.

According to **John R. Schermerhorn, Jr.**, “A decision is a choice among alternative courses of action for dealing with a problem. “

According to **George R. Terry,**” Decision making is the selection based on some criteria from two or more possible alternatives. “

Approaches of Decision Making

- 1. Classical approach** Classical approach is also called perspective approach. According to classical approach, a manager faces clearly defined problems. This approach views the manager as acting in a certain world. This approach is better for rational decision and the decisions become goal oriented. This approach believes that the manager becomes able to solve problem by selecting the best alternatives. Major premises of classical approach are as follows: clearly defined problem, knowledge of all possible alternatives and their consequences, and choice of the optimum alternatives.
Although, this approach presents an ideal model of decision making, it is not free of comments and criticisms. It has been criticized with the following points:
 - (i) this approach is based on the certain environment, but such environment cannot be found in real world,
 - (ii) due to cognitive limitation, it becomes difficult for the manager to make rational decision, and
 - (iii) Because of the cognitive limitation, bounded rationality is created, as a result, the managerial decisions become rational only within the same limitation. They may not be rational beyond that limitation.
- 2. Behavioral approach** Behavioral approach is called descriptive approach. According to behavioral approach, a manager faces not clearly defined problem. This theory assumes people act only in terms of what they perceive about a given situation. The manager or decision maker has partial knowledge about the available action alternatives and their consequences. Consequently, the first alternative that appears to give a satisfactory

resolution of the problem is likely to be chosen. Herbert A. Simon calls this satisfying. Then he/she continue searching until he/she found best possible decision. Thus, this approach is suitable to explain unclear problem and take decision in risky and uncertain situation. Major premises of behavioral approaches are as follows: problem are not clearly defined, knowledge is limited to possible alternatives and their consequences, choice of satisfactory alternative.

3. **Heuristic approach** This approach is also known as judgmental approach. Due to complex environment, limited information, and cognitive limitations, people tend to use simplifying strategies for decision making which is called heuristic, their use can cause decision errors.

The following availability heuristic, representative heuristic, and adjustment heuristic help to improve managerial decisions:

- **Availability heuristic:** Decision makers take decision on the basis of readily available information in the available heuristic. For example, the decision whether to invest or not in any sector is decided by But the easily available information may be wrong and represent irrelevant elements.
- **Representative heuristic:** Decision maker takes decision on the basis of comparisons with similar circumstances in the representative heuristic. For example, if any person is to be appointed in a vacant position of the organization, the candidate should be graduates from the college from which qualified persons have been already working in the organization. Or the decision is taken to appoint the graduates come from the same college or university from whose production the organization has got satisfaction. In such appointment, the new appointee from the same college or university may not have job requirement, career, and efficiency which the organization has needed.
- **Anchoring and adjustment heuristic:** Decision maker takes decision on the basis of current situation in the anchoring and adjustment heuristic. For example- salary can be revised on the basis of present market price of cost of living.

Types of Managerial Decisions

There are several types of managerial decisions, among them, the main are as follows:

- Programmed and non-programmed decisions
- Strategic, tactical, and operating decisions
- Individual and group decisions
- Long-term and short-term decisions

1. Programmed and non-programmed decisions

- **Programmed decisions:** A programmed decision is a decision that is fairly structured or repeats with some frequency or both. Programmed decisions typically do not require much more discussion. They routine or repetitive decision. They may be based on habit, or established policies, rules and procedures. For example, organizations often have standardized routines for handling customer complaints. Programmed decisions are mostly made by middle or lower level managers. For instance, if any employee comes late to the office, the concerned manager takes decision, about what to do to him/ her.

- **Non-programmed decisions:** On the other hand, non-programmed decision is a decision that is relatively unstructured, occurs much less often than programmed decision. Non-programmed decisions are unique decision that requires a custom made solution. The decision related to opening new branch, launching of new product in market, purchasing new machines etc. are examples of non-programmed decisions. Such decisions are unique and non-recurring. The decision maker must have highly intellectual capacity, creativity, and experience to take non-programmed decision. Non-programmed decisions are taken by top level managers.

2. Strategic, tactical, and operating decisions

- **Strategic decisions:** Strategic decisions are concerned with non-programmed decision. They prescribe long-term corporate goals and strategy. They are often complex and multi-dimensional. Strategic decisions consider the entire organization and represent a complex aspect of business planning. They involve large sums of money and time and they have a long-term impact. Strategic decisions are taken by top level managers.

- **Tactical decisions:** Tactical decisions are medium term decision. They support the strategic decisions of the organization. Tactical decisions are concerned with departmental goals such as personnel, manufacturing, marketing, engineering and so on. They involve significant resources and they have medium-term implications. Tactical decisions are taken by middle level managers.

- **Operational decisions:** Operational decisions are relate to the daily operations of an organization. Operational decisions should be consistent with strategic and tactical decisions. Operational decisions have measurable results such as customer satisfaction; profitability and productivity. They involve more limited resources and have shorter-term applications. Operational decisions are taken by middle or first line managers.

3. Individual and group decisions

- **Individual decisions:** If a decision is taken without other's opinion is an individual decision. Mostly programmed decisions are taken individually in the organization. This is the more traditional decision making approach and can work effectively in small organization. Individual decision can be quicker than group decision.

- **Group decisions:** Group decision is collaborative decisions. They are also known as team decisions. Individuals collectively make a choice from a set of alternatives in group decision. Group decision is more effective than individual decision. Decisions of Board of Directors

or a committee for special purpose are group decisions. The managers who believe in democratic leadership prefer group decisions.

4. Long-term and short-term decisions

- **Long-term decisions:** Non-programmed and basic decisions are long-term decisions. The long-term decisions have long-term implications in the organization. Long-term decisions consider the entire organization and represent a complex aspect of business planning. They involve huge resources such as money, time and so on. Strategic decisions are taken by top level managers.

- **Short-term decisions:** Programmed or routine decisions are short-term decision. They have short-term implications in the organization. Such decisions repeat daily or frequently. They involve more limited resources. Mostly, middle and lower level managers take short-term decisions

Decision Making styles

1. **Directive style** Managers or decision makers using directive style have low tolerance for uncertainty and a rational way of thinking. They are efficient and logical and make quick decision. They focus on short-term results instead of long-term solutions. They do not need bulks of information to make decision. Directive decision makers are aggressive and expect immediate results. They tend to follow the rules and an excellent verbal communicator.
2. **Analytic style:** Managers or decision makers using analytical style have high tolerance for ambiguity than directive style and they think rationally. They need a lot of information for taking decision. They consider more alternatives and they are very careful in making decision. The analytic style is a decision making style characterized by a high tolerance for ambiguity and a rational way of thinking.
3. **Conceptual style** Managers or decision makers using conceptual style are very liberal and untaught thinker. They become thoughtful. They look many alternatives broadly and focus on long-term. They find creative solution of any problem. Thus, conceptual style is a decision making style characterized by high tolerance for doubt and an intuitive (natural) way of thinking.
4. **Behavioral style** Managers or decision makers using behavioral style have become low tolerance for ambiguity. They are intuitive thinkers and they think deeply. They receipt suggestions, advice, and information from others. Such managers like to avoid conflict. Thus, behavioral style is a decision making style characterized by a low tolerance for ambiguity and an intuitive way of thinking.

Decision Making Conditions

Decision making is the process of selecting the best alternative from the available alternatives. The decision maker has to take decisions under certainty, risk, and uncertainty conditions.

1. Condition of certainty: Certainty is a situation in which a decision maker can make accurate decision because all outcomes are known. In other words, it is a state of certainty exists only when the decision maker knows the available alternatives as well as the conditions and consequences of those actions. There is little uncertainty and relatively low possibility of making a bad decision. It assumes that manager has all the necessary information about the situation. The decision would quick and rational in certainty condition. Decision making under certainty is rare because all other things are rarely equal. Decision makers should skillfully use own individual qualities such as intuition, knowledge, ability, experience, etc.

2. Condition of risk: Risk is a situation in which a manager is able to estimate the likelihood of certain outcomes. In other words, it is a state of risk exists when the decision maker is aware of all the alternatives, but is unaware of their consequences. The decision under risk usually involves clear and precise goals and good information, but future outcomes of the alternatives are just not known to a degree of certainty. Risk can be strategic, financial, operational, legal, weather disasters, floods, earthquakes, and war or other conflicts. Decision maker under risk require experience, reliable information, and intelligence. Statistical tools can be used to calculate risk. Quality of decision depends on probability. Generally, all decision makers need to take decision under risky environment. If rational decision is taken under risky environment, organizational effectiveness can be achieved. The decision maker looks at the alternatives and their results in degree of possibility.

3. Condition of uncertainty: Uncertainty is a situation in which a decision maker has neither certainty nor reasonable probability estimates available. A state of uncertainty exists when the decision maker is unaware of all the alternatives and their consequences. Decision makers do not have enough information to calculate probabilities and degrees of risk in uncertainty condition. They require as much relevant information as possible to make rational decision. The modern organizations have to take decisions under condition of uncertainty. The decision makers lack knowledge about all alternatives and their risk due to the complex and dynamic environment. Under uncertainty condition, the decision maker cannot get sufficient information for the correct identification of alternatives and determination of the degree of probability. In such situation, group is used as the important source for solution of the problem. Decision maker requires intuition, correct judgment, and experience to make rational decision in uncertain condition.

DECISION MAKING PROCESS

Decision making is a process of choosing best alternative from two or more alternatives. This process consists of problem identification, developing alternatives, evaluation alternatives, and selection of best alternative, decision implementation and monitoring, and flow-up.

1. Problem identification: The first step of decision making process is problem identification. It consists of definition of the problem, diagnosis of the problem, and identification of decision

objectives. A problem is a inconsistency between an existing and a desired state of affairs. The most obvious problem situation faced by managers is a performance deficiency. The problem should be explained very clearly. For example, job left by an employee may appear as a simple problem in a business organization. But this may be both a problem and opportunity. It should be explained very clearly. If a key employee leaves the job, it is difficult to find such in labor market, and it directly affects the organizational goal, it may be a problem. If an unskilled employee leaves the job, a skilled employee can be recruited in his/her place. So, it becomes an opportunity for an organization. Thus, problem should define relating with the organizational goal. After defining the problem, the management should diagnose the problem. Diagnosing a problem is just like a diagnosis of the disease by a doctor. A decision maker should diagnose the problem with the help of following issues: What exactly is the problem? Why the problem shall solve? Who are the affected parties of the problem? Does the problem have a deadline or a specific time-line? and so on. After the problem has been defined and diagnosed, decision objective should be explored. The decision objective should be clear, acceptable, and achievable.

2. Developing of alternatives: The second step of decision making process is development of alternatives. Solution of a problem may have two or more alternatives. Thus, the manager should develop possible alternatives with the help of experts. In this step of the decision making process, you should list all possible and desirable alternatives for detailed evaluation.

3. Evaluation of alternatives and selection of alternatives: The third step of decision making process is evaluation and selection of alternatives. Alternatives are analyzed on the basis of time, cost, profit, and risk. You should use your judgment principles and decision making criteria to evaluate each and every alternative. In this step, experience and effectiveness of the judgment principles come into play. You need to compare each alternative for their positives and negatives aspects. For analysis the available alternatives, the manager should pay attention to the following issues: whether this alternative is appropriate? Whether any particular alternative is a satisfactory solution? and what may be the possible result for the organization? Detail and analytical evaluation of available alternatives helps to select best alternative. You can choose one or more alternatives among set of alternatives.

4. Decision implementation and monitoring: The fourth step of decision making process is decision implementation and monitoring. After the selection of the best alternative, you should convert your decision into a plan or a sequence of actions. It requires well established system and support of your subordinates. Regular evaluation and monitoring is essential for effective implementation. In this step, you experience the results of your decision and evaluate whether or not it has solved the need you identified in Step 1. If it has, you may stay with this decision for some period of time. If the decision has not resolved the identified need, you may repeat certain steps of the process in order to make a new decision. You may, for example, gather more detailed or somewhat different information or discover additional alternatives on which to base your decision.

5. Flow – up: This is the final step of decision making process. Effective flow-up is made with continuous evaluation and monitoring.

GROUP DECISION MAKING

Group is two or more interacting and interdependent individuals who come together to achieve particular goals. Group decision making is a situation faced when individuals collectively make a choice from the available alternatives. Many organizational decisions are made by groups. Managers may spend up to 30 hours a week in group meetings. Undoubtedly, the manager spent a large portion of time in identifying problems, developing solutions, and determining how to implement the solutions. Decisions made collectively tend to be more effective than decisions made by a single individual but only if a variety of conditions pertaining to group chemistry are satisfied. Group decision making is a type of participatory process in which multiple individuals acting collectively, analyze problems or situations, consider and evaluate alternative courses of action, and select the best alternatives. The number of people involved in group decision making varies greatly, but often ranges from two to seven. The individuals in a group may be demographically similar or quite diverse. The process of group decision making may be unstructured or structured.

There are three types of group decision making.

1. Interacting groups: In interacting group decision making, the members of an organization hold open discussions, put their own ideas and arguments and create consensus on the best alternative. Nowadays, many organizations form such groups or adopt this method in decision making.

2. Delphi group: The approach Delphi group was developed by Rand Corporation. Delphi group is a form of group decision making in which a group is used to achieve a consensus of experts opinions.

3. Nominal groups: Nominal group is a form of group decision, or it is a structured technique which is used to develop creative and innovative alternatives.

Advantages of group decision making

- Generate more complete information and knowledge
- Generate more diverse alternatives
- Increase acceptance of a solution
- Increase legitimacy

Disadvantages of group decision making

- Time consuming and expensive

- Minority domination
- Unclear responsibility
- Individual ability and skill is violated
- Pressure to confirm

PROBLEM SOLVING

A problem is a discrepancy (inconsistency) between an existing and a desired state of affairs. The most obvious problem situation faced by managers is a performance deficiency. This occurs when actual performance is less than expected performance. For example, a company had expected to sell its products worth 10 million rupees a year, but in reality, it could sell only 7 million worth. Here the difference between expected and real sales appeared by 3 million rupees. This is a problem for the company. If such problem appears in any company, effective method should be adopted to solve it promptly. Problem solving is the process of identifying a discrepancy between an actual and desired state of affairs, and then taking action to solve the discrepancy. While it is widely recognized that different diagnostic techniques are appropriate in different situations, problem solving as a formal analytical framework applies to all but the simplest managerial problems. Problem solving was popularized by W. Edwards Deming. He had expanded it at the TQM movement in the 1980s. He has proposed a step-by-step approach to solve the problem called PDCA cycle- Plan, Do, Check, and Act. The process for finding solution of the problem continues until a corrective action is taken.

In conclusion, a problem is a difference between an actual situation and desired situation. The most obvious problem situation faced by managers is a performance deficiency. Problem solving is the process of identifying a discrepancy between an actual and desired state of affairs and then taking action to solve the discrepancy. The manager should not try to solve the problems at hunch(guess). He/she has to follow the rational process to solve the problem.

Types of Problems

Manager has to face different problems, among them the most common problems are as follows:

1. Routine and non-routine problems
2. Expected and unexpected problems

1. Routine and non-routine problems:

Routine Problems arises on a regular basis and can be addressed through standard response. The routine problems repeatedly occur. Thus, solution is already known by past experience. For e.g. Quantity and quality of demand, date of delivery, terms and

conditions and so on. Programmed decision is taken to solve problems. Majority of routine problems are faced by lower level managers. A few of them are faced by middle level managers.

Non-routine problems are arising seldom(rarely). They are unique and new. They require a custom-made solution. Non-routine problems may not appear any time. Such problems cannot be addressed through standard response. Environment scanning is essential and updated, reliable and complete information is needed to solve these problems. The solution of non-routine problems depends on the intuition of the decision maker and external environment. Majority of non-routine problems are faced by top level managers. A few of them are solved by middle level managers.

2. Expected and unexpected problems

Expected problems are anticipated situations that will require decisions sometime in the future. Manager can make plan to solve such problems in advance and develop special method to solve them in future. As managers can anticipate such problems, they may be successful to prevent any problem. For example- problems may arise on transfer, promotion, downsizing, firing, and so on. The manager is ready to face such problems.

Unexpected problems are such problems which cannot be anticipated in advance. Managers need experienced and creative to solve unexpected problems. Unexpected problems are not even imagined. Such problems surprise the concerned persons. For example- extraordinary decline in sale, mass absence of employees at a time, high turnover of key employees, change in fashion, etc. are the unexpected problems.

Problem Solving Strategies

A) Traditional Strategies

1. Appeal: Appeal is made to solve problem to the concerned and person or organization or group with the belief that the solution becomes acceptable to all. Appeal is common strategy for problem solving. **2. Intuition of manager** Manager's intuition is another strategy for problem solving. The manager decides a solution on the basis of his/her experience, knowledge, belief, and intuition. It may or may not be rational.

3. Examples: Examples or precedence of previous events are also used as strategy for solving problem. The decision what had been taken in what situation previously, the same decision can be taken now if the situation is the same.

B) Modern Strategies

1. Problem solving team Business organization forms a team to face with problems. Problem solving team identifies and define the problem, develops and evaluates the alternative, and finds the best solution.

2. Operating procedures Routine nature problems are solved by applying operating procedures. Special initiative or wisdom is not needed to solve such problems. Middle and lower level managers solve using procedures.

3. Chief Executive Officer's discretion Non-routing and new types of problems are solved by Chief Executive Officer's discretion. A special process should be adopted for solving these kinds of problems.

CRISIS HANDLING

A crisis is an event which leads to an unstable and dangerous situation to the organization. It is unwanted or negative event. Accident, earthquake, natural calamity, insolvency, machinery breakdown, imitation, unfair competition, terrorism, labor strike, unfair competition, rapid change in demand of customers, defective product, etc. are causes of crisis

A crisis problem is an unexpected problem that can lead disaster if not solved quickly. It is a big problem. Crisis is unexpected. It creates uncertainty and seen as a threat to important goals. A crisis problem can occur as a result of an unpredictable event that had been considered a potential risk. Each and every individual or manager has to face with crisis. No one can avoid crisis. But, nowadays, such small crisis can be avoided by installing early warning system. Crisis management is the art of dealing with sudden and unexpected events which disturbs the employees, organization, as well as external clients. It is the application of strategies designed to help an organization deal with a sudden and crisis or significant negative event. According to techtargget.com, crisis management includes:

- (i) planning in detail for responses to as many potential crises as possible,
- (ii) establishing monitoring systems and practices to detect early warning signals of any predictable crisis,
- (iii) establishing and training a crisis management team or selecting an external crisis management firm with a proven track record in your business area, and
- (iv) Involving as many stakeholders as possible in all planning and action stages.

Organizational success depends on crisis management. Thus, crisis should manage properly and promptly. The manager should be suitable, experienced, and creative to manage crisis. Otherwise, the crisis management may generate another crisis.

Methods of Crisis Handling

1. Anticipation: Anticipation of crisis is one of the most important methods of crisis handling. First, we have to anticipate the crisis such as lack of support, strike of employee, firing, explosion, earthquake, tornado, flood, lockout, slogans, etc. It is better to prevent such crisis before they exist. Past experience helps us to anticipate and prevent such crisis.

2. Identification warning: Identification of crisis warning is another method of crisis handling. Crisis never arrives surprisingly. It gives signals or clues before it arrives. Such signals or clues do not wait us; we have to identify them in time and then should be taken wise step to prevent

them. Dynamic leadership can identify the warning of crisis and can take appropriate actions to prevent.

3. Recovery: Recovery is another method of crisis handling. If you are unable to manage crisis in time, you have to make recovery strategy. You can develop and implement strategies that will help your business recover from an incident or crisis. You should make contingency plans to cure business crisis. As a crisis handler, you have to understand all crises are not equally harmful.

4. Crisis management team: Another method of crisis handling is crisis management team. This team is formed to protect an organization against the adverse effects of crisis. This team prepares an organization for inevitable threats of crisis. This team primarily focuses on detecting the early signs of crisis, identifying the problem areas, and helps the organization come out of tough times, and also prepare it for the future. This team comprises of BOD, CEO, and HOD.

5. Help of expert: Help of expert is another method of crisis handling. It is popular and more practiced method of crisis handling. Expert can be an individual, or team, or agency. Experts are generally outsourcing. They are expert in crisis handling. You have to provide autonomy, resources, and time to the experts. Expert of crisis handler should be experienced, trustworthy, and reputed.