Planning

Standard difficulty · 20 questions · 40 marks · Time: 39 minutes

Name: _____ Date: _____ Score: ____ / 40

Show your working for Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. Planning is the first function of management. This shows that it is a:
   (a) continuous function **(b)** mental exercise
   (c) pervasive function **(d)** primary function

2. Sales of 20,000 units are expected in the next quarter. Which type of plan is this?
   (a) budget **(b)** strategy **(c)** method **(d)** rule

3. So much time is spent planning that the chance to act is lost. Which limitation of planning does this show? Planning:
   (a) may not work in a dynamic environment **(b)** involves huge costs
   (c) leads to rigidity **(d)** is time consuming

4. Everyone knows what is to be done and in which direction. Which importance of planning does this show? Planning:
   (a) provides direction **(b)** facilitates decision making
   (c) reduces the risks of uncertainty **(d)** promotes innovative ideas

5. Which of these is a standing plan?
   (a) The firm expects to spend ₹40 lakh on advertising next year.
   (b) “Smoking is strictly prohibited in the factory.”
   (c) Sales of 20,000 units are expected in the next quarter.
   (d) A detailed plan lists the tasks, staff and resources for opening a new branch.

6. In the planning process, which step comes just after “implementing the plan”?
   (a) identifying alternative courses of action
   (b) setting objectives
   (c) follow-up action
   (d) developing premises

7. Last year a firm sold 13,000 units. Its planning premise is that demand will grow by 25%. What sales target should it plan for?
   (a) 16,250 units **(b)** 19,500 units **(c)** 3,250 units **(d)** 13,025 units

8. A sales budget expects 32,000 units to be sold at ₹160 each. What is the budgeted sales revenue?
   (a) ₹5,120,000 **(b)** ₹32,160 **(c)** ₹51,200,000 **(d)** ₹512,000

Section B — Short answer — 8 × 2 = 16 marks

9. What is planning?

10. Name the type of plan in each case. (a) The firm expects to spend ₹40 lakh on advertising next year. (b) The company wants to earn a 15% return on investment.

11. Which limitation of planning does each show? (a) Gathering data and hiring experts for the plan costs a lot. (b) So much time is spent planning that the chance to act is lost.

12. Which importance of planning does each show? (a) Managers choose the best of several courses of action. (b) Managers think of new ways to meet targets.

13. Put these steps of the planning process in order: (a) identifying alternative courses of action (b) selecting an alternative (c) evaluating alternative courses

14. Identify the type of plan and say whether it allows the manager any discretion: (a) Goods are sold only for cash, though the manager may allow credit to old customers. (b) Workers are told the exact way to pack each item to avoid damage.

15. Last year a firm sold 38,000 units at ₹570 each. It assumes sales will rise by 10% at the same price. Find (a) the sales target in units (b) the budgeted revenue.

16. A department's budget for the year was ₹160,000; it actually spent ₹240,000. By how much did it differ from the plan, and was it over or under?

Section C — Word problems — 4 × 4 = 16 marks

17. Explain the importance of planning.

18. Read about Navrang Paints Ltd. (a) The company wants to earn a 15% return on investment. (b) “No worker may leave before 5 p.m. without a gate pass.” (c) The firm chooses lectures and role play as the way to train its staff. Identify the type of plan in each part and explain it briefly.

19. At Tarang Motors Ltd: (a) A well-made plan still fails because it was badly carried out. (b) Staff only carry out plans and stop suggesting new ideas. (c) Gathering data and hiring experts for the plan costs a lot. Identify the limitation of planning in each, and suggest how the firm can reduce one of them.

20. Brightway Toys Ltd sold 75,000 units last year at ₹280 each. It sets the objective of raising sales by 15%, assuming prices stay the same. (a) Which step of planning is the assumption about prices? (b) Find the target in units and the budgeted revenue. (c) Name the step that comes after implementing the plan.

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Answer key

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Q	Answer	Working
1	**(d) primary function**	—
2	**(a) budget**	—
3	**(d) is time consuming**	—
4	**(a) provides direction**	—
5	**(b) “Smoking is strictly prohibited in the factory.”**	—
6	**(c) follow-up action**	—
7	**(a) 16,250 units**	13,000 + 25% of 13,000
8	**(a) ₹5,120,000**	32,000 × 160
9	**Deciding in advance what to do and how to do it.**	—
10	**(a) budget (b) objective**	—
11	**(a) involves huge costs (b) is time consuming**	—
12	**(a) facilitates decision making (b) promotes innovative ideas**	—
13	**a, c, b**	identifying alternative courses of action → evaluating alternative courses → selecting an alternative
14	**(a) policy: allows discretion (b) method: little discretion; steps are set**	—
15	**(a) 41,800 units; (b) ₹23,826,000**	38,000 × 1.1; 41,800 × 570
16	**₹80,000; over**	240,000 − 160,000
17	**It provides direction, reduces risks of uncertainty, reduces overlapping and wasteful activities, promotes innovative ideas, facilitates decision making, and establishes standards for controlling.**	—
18	**(a) objective: the end result the firm wants (b) rule: a specific statement with no discretion (c) method: the way a task is done**	—
19	**(a) planning does not guarantee success (b) planning reduces creativity (c) planning involves huge costs; e.g. review plans often and keep them flexible**	—

Q	Answer	Working
20	**(a) developing premises (b) 86,250 units; ₹24,150,000 (c) follow-up action**	75,000 × 1.15; × 280

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