

Product Planning



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ABSTRACT

Production planning is concerned with deciding in advance what is to be produced, when to be produced, where to be produced and how to be produced. It involves foreseeing every step in the process of production so as to avoid all difficulties and inefficiency in the operation of the plant. Production planning has been defined as the technique of forecasting or picturing ahead every step in a long series of separate operations, each step to be taken in the right place, of the right degree, and at the right time, and each operation to be done at maximum efficiency. In other words, production planning involves looking ahead, anticipating bottlenecks and identifying the steps necessary to ensure smooth and uninterrupted flow of production. It determines the requirements for materials, machinery and man-power; establishes the exact sequence of operations for each individual item and lays down the time schedule for its completion.

Introduction

Product planning is a process used to identify and develop new products. The purpose of planning is to make choices about which product ideas a company should invest in. Companies can approach product planning from a number of different perspectives. Having a system in place before planning begins is important as it helps to avoid wasted time and creates a framework for decision making. Consultants who specialize in marketing and corporate decision making can be involved in the development of a product planning system for a company, which will accommodate the company's approach to business while helping it avoid expensive dead ends.

At any given time, a company should have numerous ideas for new products and services circulating. These ideas come from customers, distributors, people within the company, and research conducted by the company. This research can include surveys, research on competitors, and study of the market to identify emerging needs. A company must be able to act quickly on time-sensitive product ideas while also stopping bad ideas in their tracks.

People responsible for product planning can come from diverse departments within a company. This is designed to ensure that many different perspectives are incorporated from the start. A group can describe a proposed product, explain

why it would be valuable to start selling, and demonstrate what kinds of costs would be associated with development and production. Reports from individual product planning groups can be evaluated to single out candidates for further development.

Objectives of Production Planning.

1. Effective utilization of resources Production planning results in effective utilization of resources, plant capacity and equipments. This results in low-cost and high returns for the organization.
2. Steady flow of production Production planning ensures a regular and steady flow of production. Here, all the machines are put to maximum use. This results in a regular production, which helps to give a routine supply to customers.
3. Estimate the resources Production planning helps to estimate the resources like men, materials, etc. The estimate is made based on sales forecast. So production is planned to meet sales requirements.
4. Ensures optimum inventory It prevents over-stocking and under-stocking. Necessary stocks are maintained. Stock of raw material is maintained at a proper level in order to meet the production demands. Stock of finished goods is also maintained to meet regular demands from customers.
5. Co-ordinates activities of departments Production planning helps to co-ordinate the activities of

different departments. This results in profit to the organization.

6. Minimize wastage of raw materials It ensures proper inventory of raw materials and materials handling. This helps to minimize wastages of raw material. It also ensures production of quality goods. This results in a minimum rejects.

7. Improves the labour productivity

Here, there is maximum utilization of manpower. Training is provided to the workers. The profits are shared with the workers in form of increased wages and other incentives. Workers are motivated to perform their best. This results in improved labour efficiency.

8. Helps to capture the market

Production planning helps to give delivery of goods to customers in time. This is because of regular flow of quality production. So the company can face competition effectively, and it can capture the market.

9. Provides a better work environment

Workers get improved working conditions, proper working hours, leave and holidays, increased wages and other incentives. This is because the company is working very efficiently.

10. Facilitates quality improvement

Production planning facilitates quality improvement because the production is checked regularly. Quality consciousness is developed among the employees through training, suggestion schemes, quality circles, etc.

11. Results in consumer satisfaction

Production planning helps to give a regular supply of goods and services to the consumers at far prices. It results in consumer satisfaction.

12.Reduces the production costs

Production planning makes optimum utilization of resources, and it minimizes wastage. It also maintains optimum size of inventories. All this reduces the production costs.

Steps of product planning

1.Developing the Product Concept

The first phase of product planning is developing the product concept. Marketing managers usually create ideas for new products by identifying certain problems that consumers must solve or various customer needs. For example, a small computer retailer may see the need to create a com-

puter repair division for the products it sells. After the product idea is conceived, managers will start planning the dimensions and features of the product. Some small companies will even develop a product mock-up or model.

2.Studying the Market

The next step in the product planning process is studying the competition. Most small companies will order secondary research information from vendors such as the NPD Group and Forrester Research. Secondary research usually provides details on key competitors and their market share, which is the percent of total sales that they hold in the marketplace. Some companies may also do a SWOT analysis .The business can then determine places in which it has an advantage over the competition to identify areas of opportunity.

3.Marketing Research

A company should consider doing both qualitative and quantitative marketing research for its new product. Focus groups allow companies to ask their consumers about their likes and dislike of a product in small groups. Phone surveys enables a company to test its product concept on a larger scale, the results of which are more predictable across the general population.

4.Product Introduction

If the survey results prove favorable, the company may decide to sell the new product on a small scale or regional basis. During this time, the company will distribute the products in one or more cities. The company will run advertisements and sales promotions for the product, tracking sales results to determine the products potential success. If sales figures are favorable, the company will then expand distribution even further. Eventually, the company may be able to sell the product on a national basis.

5.Product Life Cycle

Product planning must also include managing the product through various stages of its product life cycle. These stages include the introduction, growth, maturity and decline stages, Sales are usually strong during the growth phase, while competition is low. However, continued success of the product will pique the interest of competitors, which will develop products of their own. The introduction of these competitive products

may force a small company to lower its price. This low pricing strategy may help prevent the small company from losing market share. The company may also decide to better differentiate its product to keep its prices steady.

Conclusion

Industries have a challenge to manufacture products at economical prices. They need to embrace management principles surrounding production processes, which are effective for the

products manufactured by them. An upfront planning and study of the critical factors of the manufacturing processes will not only help the entrepreneurs to understand the steps they need to take in selecting the most appropriate manufacturing process but also help them identify areas of risk so that necessary control procedures are put in place. This will eventually help the entrepreneur to eliminate the wastages and increase the production, productivity and profit

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