

Ques 7

Ans 7 Importance of Business

Planning :-

Planning is an important function of management, it tells the manager where the organization should be headed. It also helps the organization reduce uncertainty. Let us take a look at some important functions of Planning.

★ Planning provides a sense of Direction

Planning means coming up with a predetermined action plan for the organization.

It actually states in advance what and how the work is to be done.

The helps provide the workers and the managers with a sense of direction a guidance in a way.

★ Planning reduces Uncertainty.

Planning not only sets objectives but also anticipates any future changes in the industry or the organization.

So it allows the managers to prepare for these changes and allow them to deal with the uncertainties.

★ Planning reduces Wastefulness.

The detailed plans made keep in mind the needs of all the departments. This ensures that all the departments are on the same page about the plan and that all their activities are coordinated.

★ Planning invokes Innovation:

Planning actually involves a lot of innovating on the part of the managers. Being the first functions of management it is very difficult activity.

★ Makes Decision = Making Easier

In business planning the goals of the organization have been set, an action plan developed and even predictions have been made for future events. The decision-making process also become faster.

⇒ Limitations of Planning

While business planning is important and a requisite for every organization it does have some limitations.

Let us take a look at some limitation of business planning.

★ Rigidity: Once the Planning function is complete and the action Plan is set. The manager tends to only follow the plan. The manager may be unwilling to change the Plan.

This sort of rigidity is not ideal for an organization.

★ Not ideal in Dynamic conditions.

In an economic environment rarely anything is stagnant or static. Economic, Political, environmental legal conditions keep changing.

★ Planning can also reduce creativity.

While making a plan takes creativity after that manager blindly follow the Plan. They do not changes the Plan according to the dynamic nature of the Business. The work becomes routine.

★ Planning is Expensive.

Planning is a cost-consuming process. Since it an intellectual and creative process, specialized professionals must be hired for the job.

At certain times the cost of the Planning process can outweigh its Benefits.