

• There are some limitations of planning in business :- ②

- 1) Rigidity : Once the planning function is complete and the action plan is set, then the manager tends to only follow the plan. The manager may not be in a position to change the plan according to circumstances.
- 2) Not ideal in Dynamic Conditions : In an economic environment rarely anything is stagnant or static. Economic, political, environmental, legal conditions keep changing. In such a dynamic environment it becomes challenging to predict future changes.
- 3) Planning can also reduce creativity : While making a plan takes creativity after that managers blindly follow the plan. They do not change the plan according to the dynamic nature of the business.
- 4) Planning is Expensive : Planning is a cost-consuming process since it is an intellectual and creative process, specialized professionals must be hired for the job.
- 5) Not Completely Accurate : When planning we have to forecast the future and predict certain upcoming events in the organization and the industry. So, of course, there cannot be hundred percent certainty in such cases.

Ques? • There are some significances of planning in business :- ①

- 1) 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.
- 2) 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.
- 3) 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.
- 4) Planning invokes Innovation : Planning actually involves a lot of innovation on the part of the managers. Being the first function of management it is a very difficult activity.
- 5) 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.
- 6) Establishes Standards : Once the business planning is done, the managers now have set goals and standards. This provides the manager's standards against which they can measure actual performances.