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Importance of Planning - Why Planning is Important?

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4-5 minutes

■ Importance of Planning

The following image depicts the need and importance of [planning](#).



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The main advantages of planning are as follows:

1. Planning increases the efficiency of an [organization](#).
2. It reduces the risks involved in modern [business](#) activities.
3. It facilitates proper coordination within an organization.
4. It aids in organizing all available resources.
5. It gives a right direction to the organization.
6. It is important to maintain good [control](#).
7. It helps to achieve the objectives of the organization.
8. It motivates the personnel of an organization.
9. It encourages managers' creativity and innovation.
10. It also helps in [decision-making](#).

Discussed below are top ten benefits of planning.

■ Why Planning is Important?

Now let's understand why planning is important for organization:

1. **Increases efficiency:** Planning makes optimum utilization of all available resources. It helps to reduce wastage of valuable resources and avoids their duplication. It aims to give the highest returns at the lowest possible cost. It thus increases the overall efficiency.
2. **Reduces business-related risks:** There are many [risks](#) involved in any modern business. Planning helps to forecast these business-

related risks. It also helps to take the necessary precautions to avoid these risks and prepare for future uncertainties in advance. Thus, it reduces business risks.

3. **Facilitates proper coordination:** Often, the plans of all departments of an organization are well coordinated with each other. Similarly, the short-term, medium-term and long-term plans of an organization are also coordinated with each other. Such proper [coordination](#) is possible only because of efficient planning.
4. **Aids in Organizing:** [Organizing](#) means to bring together all available resources, i.e. 6 Ms. Organizing is not possible without planning. It is so, since, planning tells us the amount of resources required and when are they needed. It means that planning aids in organizing in an efficient way.
5. **Gives right direction:** Direction means to give proper information, accurate instructions and useful guidance to the subordinates. It is impossible without planning. It is because planning tells us what to do, how to do it and when to do it. Therefore, planning helps to give a right direction.
6. **Keeps good control:** With control, the actual performance of an employee is compared with the plans, and deviations (if any) are found out and corrected. It is impossible to achieve such a control without right planning. Therefore, planning becomes necessary to keep a good control.
7. **Helps to achieve objectives:** Every organization has certain objectives or targets. It keeps working hard to fulfill these goals. Planning helps an organization to achieve these aims, but with some ease and promptness. Planning also helps an organization to avoid doing some random (done by chance) activities.

8. **Motivates personnel:** A good plan provides various financial and non-financial incentives to both managers and employees. These incentives motivate them to work hard and achieve the objectives of the organization. Thus, planning through various incentives helps to motivate the personnel of an organization.
9. **Encourages creativity and innovation:** Planning helps managers to express their creativity and innovation. It brings satisfaction to the managers and eventually success to the organization.
10. **Helps in decision-making:** A manager makes many different plans. Then the manager selects or chooses the best of all available strategies. Making a selection or choosing something means to take a decision. So, decision-making is facilitated by planning.

Therefore, planning is necessary for effective and efficient functioning of every organization irrespective of its size, type and objectives.

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