LIMITATIONS OF PLANNING:

1. PLANNING LEADS TO RIGIDITY: In an organization, a well defined plan is srawn to achieve specific goals. These plans then decide the future course of action and managers may not be in a position to change it. This leads to rigidity and difficulty. Managers need to be given some flexibility to cope up with the changes. Following pre decided plan, when circumstances have changed may not turn out to be in the organization interest.
2. PLANNING MAY NOT WORK IN DYNAMIC ENVIRONMENT: Business environment is dynamic. It consists of number of dimensions like political, legal social etc. competition in the market, change in sales target ,the organization has to adapt to the changes. Planning cannot foresee everything and thus there may be obstacles for effective planning.
3. PLANNIN G REDUCES CREATIVITY: Planning activity is done by the top management and rest of the members just implement these plans. They are neither allowed to deviate the plan nor permitted to act on their own. Thus planning reduces creativity. There is nothing new or innovative.
4. PLANNING INVOLVES HUGE COST: Detailed plans require scientific calculations to ascertain facts and figures. Collection of accurate information involve huge cost. There may be number of incidental costs as well like expenses of board meetings, discussion with professionals and preliminary investigation to find out viability of the plans.
5. PLANNING IS TIME CONSUMING: Sometimes plans to be drawn takes so much of time that there is no much time for their implementation.
6. PLANNING DOES NOT GUARANTEE SUCCESS: The success of the enterprise is possible only when plans are properly drawn up and implemented. Any plan should be put into action or it becomes meaningless. Managers have the tendency to try previous successful plans. It may not work out in all situations . Planning provides a base for analyzing future course of action, it is not a solution to all problems.

   PLANNING PROCESS.

   1. SETTING OBJECTIVES: This is the first and the foremost step in planning. Every organization must have certain objectives. Objectives may be set for the entire organization and each department or unit within the organization. Objectives or goals specify what the organization wants to achieve how the departments would contribute to goals . Objectives should be clearly stated ,simple and understandable and has to be within the frame work of the organization.if the end result is clear it becomes easier to work towards the goal.
   2. DEVELOPING PREMISES: Planning is concerned with future which is uncertain. There fore managers have to make certain assumptions. These assumptions are called premises. Forecast can be made about the demand of a particular product , policy change , interest rates, prices of capital goods tax rates etc. Accurate forecast therefore becomes essential for successful plans.
   3. IDENTIFYING ALTERNATIVE COURSE OF ACTION: Once the objectives are set and the assumptions are made, the next step is to act on them. There may be many ways to achieve the objectives. All alternative course of action have to be identified.
   4. EVALUATING ALTERNATIVE COURSES.The next step is to weigh the pros and cons of each alternative. To evaluate such proposals detailed calculations of earnings , earnings per share, interests, tax rates dividends etc are to be made and decisions are taken. Alternatives are evaluated in the light of feasibility and consequences.
   5. SELECTING AN ALTERNATIVE: This is the real point of decision making. The best plan has to be adopted and implemented . The ideal plan would be most feasible, profitable and least negative consequences.

6. IMPLIMENTING THE PLAN. This step is concerned with putting the plan into action. i.e. doing what is required. This step involves organizing all the resources of the business.
7. FOLLOW-UP ACTION: To see wether the plans are being implemented and the activities are performed according to the schedule, monitoring has to be done by the managers to achieve the desired objectives of the organization.

   TYPES OF PLANS:

   SINGLE USE PLAN: A single use plan is developed for one time event or project. Such course of action is not repeated in future, they are for non recurring situations. The duration of the plan depends on the type of the project. It may be a event or a seminar or conference. These plans include budgets, programmes and projects.

   STANDING PLAN: A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. Standing plan include policies, procedure, methods and rules.

   OBJECTIVES: The first step in planning is setting objectives. Objectives are desired future positions that the management would like to reach. Objectives are the ends which the management seeks to achieve by its operations. It is the end results of the activities .Objectives need to be expressed in specific termsi.e. they should be measurable in quantitative terms in the form of written staqtement of desird results to be achieved within the given period of time.

   STRATEGY: Strategy is a comprehensive plan for accomplishing an organisation objectives. It includes three dimensions

   1) determining the long term objective

   2) adopting the particular course of action

   3)allocating resources necessary to achieve the objectives.

   The business needs to be taken into consideration the social, legal , political ,economic and technological environment while formulating strategy. Major strategic decisions include which line of business, how to combine new lines of business , marketing strategy who are the customers, what is the demand , which channel of distribution, what pricing policy etc.

   POLICY: Policies are general statements that guide thinking towards particular direction. They guide managerial action and implementation of strategy. There are policies for all levels and departments in the organisation. Major company policies are for all to know I,e, customers clients, competitors etc where as minor policies are applicable to insiders and contain minute details of information in the organisation. Policies define broad parameters within which managers may function. Eg purchase policy, recruitment policy, pricing policy etc.

PROCEDURES: Procedures are the plans prescribing the exact time sequence of the work to be done. They provide the details about the series of steps to be followed in a regular order for accomplishing any work. They are specified in a chronological order. They are generally meant for insiders to follow. Procedures are the guidelines to action and they are usually intended to the works which are repetitive in nature. Procedures and policies are interlinked with each other. Procedures are steps to be carried out within a broad policy framework.

METHODS: The presc ribed way or manner of doing each planned task for accomplishing the objectives is known as method. The method may vary from task to task. Selection of proper method saves time ,money and effort and increases efficiency. For imparting training to various levels from the top level to the supervisory level different methods can be adopted.

RULE: Rules are the specified statements that inform what is to be done. Rules are the established principles for carrying out the activities in a systematic manner. They are specific statements which prescribe the code of behaviour to the people of an organisation. They do not allow any flexibility . It reflects the managerial decisions . Their violation attracts deisciplinary actions ar penalty. Eg. No smoking, no admission without permission.etc.

PROGRAMMES:A programme is a detailed statement about a project which outlines policies, procedure rules, task, human and physical resources and the budget to implement any course of action. Programme is a precise plan which lays down the operations to be carried out to accomplish a given task within a specified period of time. Programmes are drawn in conformity with the objectives of organisation. They are framed for the work which are non- repetitive in nature. The minutest details are worked out i.e. procedure ,rules, budgets etc.

BUDGET: Budget is a statement of expected results expressed in numeric al terms. It is a plan which expressess the future facts and figures in quantitative terms for a specified period. Since budgets are represented in numbers it becomes easier to compare the actual with the expected figures , if any deviations , corrective actions can be taken. It is a control device from which deviations can be taken care of .