

3.10: Pros and Cons of Planning

Learning Objectives

- Explain benefits of planning.
- Explain the drawbacks of planning.



Achieving business goals starts with planning.

Planning is the process of setting goals and defining the actions required to achieve the goals.

Planning begins with goals. Goals are derived from the vision and mission statements, but these statements describe what the organization wants to achieve, not necessarily what it can achieve. The organization is affected both by conditions in its external environment—competitors, laws, availability of resources, etc.—and its internal conditions—the skills and experience of its workforce, its equipment and resources, and the abilities of its management. These conditions are examined through a process called a SWOT analysis. (SWOT will be discussed in greater detail in another module.) Together, the vision and mission statements and the results of the situation analysis determine the goals of the organization. This idea is illustrated by the figure that follows.



Using the mission, vision, and values of a company, along with situation analysis, can help the company set goals.

The rest of the planning process outlines how the goals are to be met. This includes determining what resources will be needed and how they can be obtained, defining tasks that need to be done, creating a schedule for completing the tasks, and providing milestones to indicate progress toward meeting goals. The planning process will be discussed in more detail in the following section.

Benefits of Planning

In today's chaotic environment, planning more than a few months in advance may seem futile. Progress, however, is rarely made through random activity. Planning does provide benefits that facilitate progress even when faced with uncertainty and a constantly changing environment. Some of the benefits include the following:

- **Planning provides a guide for action.** Plans can direct everyone's actions toward desired outcomes. When actions are coordinated and focused on specific outcomes they are much more effective.
- **Planning improves resource utilization.** Resources are always scarce in organizations, and managers need to make sure the resources they have are used effectively. Planning helps managers determine where resources are most needed so they can be allocated where they will provide the most benefit.
- **Plans provide motivation and commitment.** People are not motivated when they do not have clear goals and do not know what is expected of them. Planning reduces uncertainty and indicates what everyone is expected to accomplish. People are more likely to work toward a goal they know and understand.

- **Plans set performance standards.** Planning defines desired outcomes as well as mileposts to define progress. These provide a standard for assessing when things are progressing and when they need correction.
- **Planning allows flexibility.** Through the goal-setting process, managers identify key resources in the organization as well as critical factors outside the organization that need to be monitored. When changes occur, managers are more likely to detect them and know how to deploy resources to respond.

? ? Practice Question

<https://assessments.lumenlearning.co...essments/12164>

Drawbacks to Planning

Planning provides clear benefits to organizations, but planning can also harm organizations if is not implemented properly. The following are some drawbacks to planning that can occur:

- **Planning prevents action.** Managers can become so focused on planning and trying to plan for every eventuality that they never get around to implementing the plans. This is called “death by planning.” Planning does little good if it does not lead to the other functions.
- **Planning leads to complacency.** Having a good plan can lead managers to believe they know where the organization is going and how it will get there. This may cause them to fail to monitor the progress of the plan or to detect changes in the environment. As we discussed earlier, planning is not a one-time process. Plans must be continually adjusted as they are implemented.
- **Plans prevent flexibility.** Although good plans can lead to flexibility, the opposite can also occur. Mid- and lower-level managers may feel that they must follow a plan even when their experience shows it is not working. Instead of reporting problems to upper managers so changes can be made, they will continue to devote time and resources to ineffective actions.
- **Plans inhibit creativity.** Related to what was said earlier, people in the organization may feel they must carry out the activities defined in the plan. If they feel they will be judged by how well they complete planned tasks, then creativity, initiative, and experimentation will be inhibited. Success often comes from innovation as well as planning, and plans must not prevent creativity in the organization.

? ? Practice Question

<https://assessments.lumenlearning.co...essments/12165>

Key Points

Goals and plans do not have to be formal documents. In small organizations, they may exist only in the minds of the manager. But research and experience have shown that planning brings clear advantages to an organization, whether through formal procedures or informal intuition. However, when plans become the object instead of a means to an objective, they can have negative consequences for the organization. For example, General Motors missed the opportunity to become the first American automaker to produce an electric car because it was committed to its plan rather than its goals. GM had EV-1 prototypes designed and produced in the 1990s and literally destroyed the cars rather than sell them.

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