

1.12: Primary Functions of Management

Learning Outcomes

- Explain the primary functions of management.
- Differentiate between the planning, organizing, leading, and controlling functions of management.

We have defined management as a process to achieve organizational goals. A **process** is a set of activities that are ongoing and interrelated. **Ongoing** means that the activities are not done in a linear, step-by-step fashion where responsibility is passed from one activity to the next. Instead, the activities are continued as new activities are started. **Interrelated** means that the results of each activity influence the other activities and tasks. It is the responsibility of management to see that essential activities are done efficiently (in the best possible way) and effectively (to achieve the desired result).

Effective management involves four primary functions and related skill sets: planning, organizing, leading, and controlling. Although there's a logical sequence to the functions, in practice the four functions are often performed in a dynamic manner.

For example, a manager would need to develop or reference a departmental or organizational plan prior to executing on it just as you would reference a map prior to embarking on a road trip. The proverb “if you fail to prepare you are preparing to fail” underscores the importance of this function. However, just as when road or airport closures or other factors might cause you to change your original route, unanticipated internal or external factors might cause a manager to revisit and revise the original plan, requiring a change in the other functions and associated tasks. Thus, achieving organizational goals—arriving at your intended destination—requires ongoing management of the process and an understanding of the interrelationship of the four functions.

As Figure 1 illustrates, a factor that impacts leading, for example, will have implications for controlling, planning and organizing. In summary, it is a management responsibility to ensure that unanticipated changes are factored in to the process and the integrity of the process is maintained.

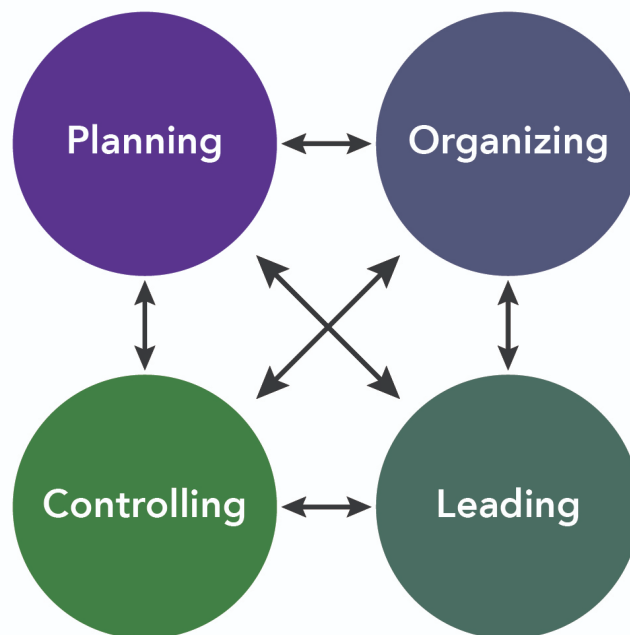


Figure 1. The key functions in the management process are connected, but not always linear.

Planning

Planning means defining performance goals for the organization and determining what actions and resources are needed to achieve the goals. Through planning, management defines what the future of the organization should be and how to get there. **Strategic plans** are long-term and affect the entire organization. A strategic plan bridges the gap between what an organization is and what it will become. **Tactical plans** translate strategic plans into specific actions that need to be implemented by departments throughout the organization. The tactical plan defines what has to be done, who will do it, and the resources needed to do it.

For instance, recall the example used at the beginning of this module. It described how ThyssenKrupp AG decided to become an elevator manufacturing and servicing company because of increased competition from Chinese steel. The management of the company set a goal of deriving the majority of its revenue from elevator-related activities. To do this, the management team made plans to create partnerships or take over existing elevator companies. The team devised plans to develop new human resources and to acquire other material resources. The company also had to divest existing steel-related resources to raise capital for the new initiative. This example is a long-term strategic plan that will take years to complete and require many changes along the way. But it starts by defining a goal and a preliminary path to achieve it.

Organizing

Once plans are made, decisions must be made about how to best **implement** the plans. The **organizing** function involves deciding how the organization will be structured (by departments, matrix teams, job responsibilities, etc.). Organizing involves assigning authority and responsibility to various departments, allocating resources across the organization, and defining how the activities of groups and individuals will be coordinated.

In the case of ThyssenKrupp AG, the management had to determine how to support two very different sets of activities in order to achieve its long-term goal. Management needed to continue steel production activities to provide continuity of funds as the emphasis gradually shifted to elevator production. It also had to develop new skills and resources to build the company's elevator capabilities. A new organizational structure was needed that could support both business activities as one was downsized and the other built up.

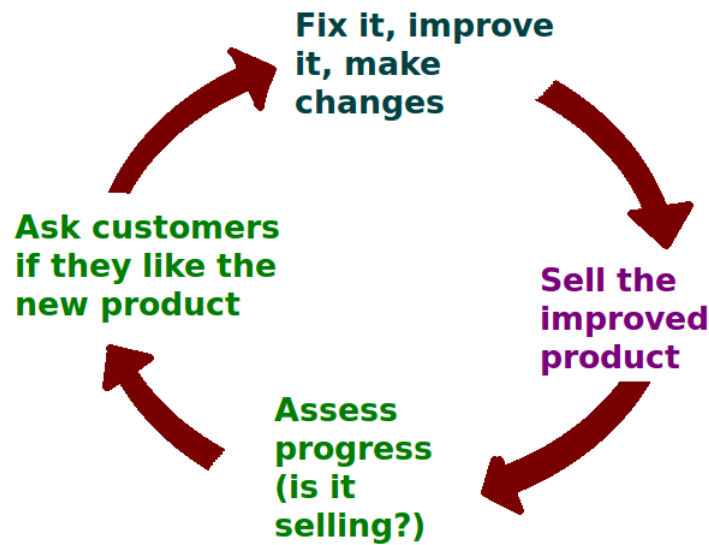
Leading

Nearly everything that is accomplished in an organization is done by people. The best planning and organizing will not be effective if the people in the organization are not willing to support the plan. **Leaders** use knowledge, character, and charisma to generate enthusiasm and inspire effort to achieve goals. Managers must also lead by communicating goals throughout the organization, by building commitment to a common vision, by creating shared values and culture, and by encouraging high performance. Managers can use the power of reward and punishment to make people support plans and goals. Leaders inspire people to support plans, creating belief and commitment. Leadership and management skills are not the same, but they can and do appear in the most effective people.

It is very difficult to motivate people when plans involve radical change, particularly if they include downsizing and layoffs. Many people are naturally resistant to change. When the change means loss of jobs or status, people will be very resistant. At ThyssenKrupp, the labor unions vehemently opposed the shift from steel production to elevator manufacturing. Although the people involved in the new business functions were excited by the plans, people involved with steel production felt abandoned and demotivated. Management would have been wise to get union support for its vision of the company's new future.

Controlling

There is a well-known military saying that says no battle plan survives contact with the enemy. This implies that planning is necessary for making preparations, but when it's time to implement the plan, everything will not go as planned. Unexpected things will happen. Observing and responding to what actually happens is called controlling. **Controlling** is the process of monitoring activities, measuring performance, comparing results to objectives, and making modifications and corrections when needed. This is often described as a **feedback loop**, as shown in the illustration of a product design feedback loop.



Product design feedback loop

Controlling may be the most important of the four management functions. It provides the information that keeps the corporate goal on track. By controlling their organizations, managers keep informed of what is happening; what is working and what isn't; and what needs to be continued, improved, or changed. ThyssenKrupp had little experience in elevator manufacturing when it was making plans. It was developing new products and processes and entering new markets. The management knew it could not anticipate all the difficulties it would encounter. Close monitoring as the plan progressed allowed the company to make changes and state-of-the-art innovations that have resulted in a very successful transition.

Watch the following video for an overview of the management process and a simple example of how the management functions work together.

A link to an interactive elements can be found at the bottom of this page.

You can [view the transcript for "The Management Process.mp4" here \(opens in new window\)](#).

? Practice Questions

<https://assessments.lumenlearning.co...essments/12140>

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Who Directs Each Function?

Although these functions have been introduced in a particular order, it should be apparent that the different activities happen at the same time in any one organization. The control function ensures that new plans must be created. Leaders often step up as needed when a crisis or unexpected bump demands immediate action. All managers perform all of these functions at different times, although a manager's position or level in the organization will affect how much of his or her time is spent planning as opposed to leading or to controlling.

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