

CHAPTER TWO

Initial Perspectives on Management Functions and Processes

INTRODUCTION

What This Chapter Is About

Management is both a science and an art. As a science, it is a compilation of the knowledge, concepts, theories, principles, and techniques involved in the practice of managing. As an art, it is the application of that knowledge to obtain desired results in real-world situations. Managing is artfully applying management concepts, theories, principles, techniques, and practices in order to design, establish, and maintain an organization that effectively and efficiently utilizes human, financial, and other resources to accomplish predetermined missions and objectives.

The basics of this chapter begin with several models that provide an overview of the fundamental management functions. First are the think-work functions (analyzing, goal setting, planning, budgeting, and decision making). Then come the implementation functions (organizing, staffing, guiding, coordinating, reporting, and evaluating or appraising performance).

Going beyond the basics, this chapter then (a) provides a number of new perspectives on these functions and the process as a whole, (b) relates the managerial process to a problem-solving process, and (c) discusses the relationships of management by objectives, management by responsibility, management by exception, and management by results to the integrative process. Because the chapter emphasizes the think-work functions, it goes on to describe several obstacles to better think-work.

What Consultants, Trainers, and Facilitators Can Get Out of This Chapter

A better understanding of the basic functions of management is key to designing and implementing any change effort aimed at improving the management or leadership of an organization.

After covering this chapter and reviewing its study guide, consultants, trainers, and facilitators should be able to

- Help participants consider what management really involves and how it may differ from and be similar to leadership
- Reflect on traditional or classical views of management and consider how some may still apply, while others may require retooling for today's business environment
- Conceptualize a working overview of management that relates traditional concepts, recent concepts, and company- or culture-specific concepts and can be used to help guide the organization's achievement of its strategic objectives

What Practicing Managers, Participants, or Students Can Get Out of This Chapter

After studying and discussing this chapter, a student or seminar participant should be able to

- Describe very insightfully what is involved in managing
- Think about and perform management functions within the context of an overall process
- Perform management functions in an appropriate order
- Understand how management functions and problem-solving functions are directly related
- Fit the contents of subsequent chapters into this initial framework or perspective

How Instructors and Participants Can Use the CD-ROM's Supplementary Materials

The accompanying CD-ROM contains the following materials for Chapter Two:

- *Chapter Two Study Guide.* This session preparation guide should be completed by students and seminar participants. It asks them to think about (a) what they are reading; (b) how it applies to themselves, their unit, or their organization; and (c) how the task-related, organizational, individual, social, and external socio-technical factors being discussed may be influencing their motivation, attitudes, capabilities, practices, behavior, interpersonal interactions, and performance. Thinking about these phenomena and issues prepares participants for the superior-subordinates discussion, OD application, and team-building sessions that will be conducted once all participants in the MD/OD program have completed the educational and developmental materials in Module 1 (which contains Chapters Two through Seven).

- *Quotations on Management and Leadership.* These quotations make a number of management- and leadership-related points very poignantly. They can be printed out and provided to participants as course handouts.

THE BASICS

When participants in management seminars are asked, "What is management about? What are some of the functions or activities that managers (and supervisors) perform?" the result is invariably a list of forty to forty-five activities: analyzing, processing information, innovating, setting goals, planning, programming, budgeting, establishing policies, establishing procedures, making decisions, organizing, staffing, recruiting, selecting, hiring, promoting,

terminating, orienting, training, coaching, counseling, implementing, motivating, leading, communicating, informing, instructing, assigning, directing, delegating, coordinating, following up, controlling, monitoring, measuring, reporting, evaluating, appraising, disciplining, changing, improving, solving problems, resolving conflicts, and taking corrective action.

Luther Gulick and Lyndall Urwick (1937) are acknowledged as the first to conceive a frame of reference that organized these activities into the seven major categories of the POSDCORB frame of reference: P (plan), O (organize), S (staff), D (direct), CO (coordinate), R (report), and B (budget). Today, because budgeting is now considered part of the planning process, many authors and management trainers replace the *B* at the end with an *E* for “evaluate.” Also, some say “control” instead of “coordinate,” and others say “retain” instead of “report.” This sequence of managerial activities constitutes what Gulick and others have called the managerial process.

Since Gulick and Urwick, management theorists such as Henri Fayol (1949), W. H. Newman and C. E. Summer, Jr. (1961), and Henry Mintzberg (1973) have refined the POSDCORB frame of reference and developed more sophisticated management models. They have arranged the same basic management functions into the same sequence but have gone a step further by relating more specific management activities to the basic functions. For example, R. Alec Mackenzie (1969) published an elegant model entitled “The Managerial Process in 3-D.” As shown in Table 2.1, which adapts Mackenzie’s model and integrates it with others’ similar models, five broad categories of activities each involve a number of more specific activities.

R. D. Cecil revised, integrated, and simplified several of these models, developing another useful model (shown in Figure 2.1). It organizes the management functions into two basic groups, governed by the words “THINK” and “IMPLEMENT” at the center of the model. The first group consists of the initial *think-work functions*, which we occasionally call “think-work phases.” The second group consists of the subsequent *implementation functions*. While some people call all of these functions “management functions,” they might better be called “integrative functions.” In modern management, they are used not only to make effective, efficient use of resources but also to integrate (coordinate) specialized jobs and units. Indeed, they are used to integrate tasks with tasks, people with their tasks, people with people, and people with the organization and its resources.

The Think-Work Functions

The following major functions are shown in the top half of Figure 2.1.

- *Analyzing*: analyzing the industry, marketplace, business environment, organization, problems, and other areas
- *Goal setting*: formulating specific goals (perhaps based on broader, longer-range objectives) that state desired results
- *Planning (or programming)*: formulating strategies, tactics, programs, projects, and action plans for reaching goals, for organizing and staffing the organization, and for guiding and controlling performance
- *Budgeting*: identifying, costing, and allocating the resources involved in implementing plans
- *Establishing policies, procedures, and rules*
- *Decision making*: choosing among alternative sets of goals and their associated plans and budgets

Performed in the order shown in the preceding list, these functions constitute what is often called the “planning process.” It can be performed within the context of strategic or long-range

Table 2.1. Adaptation of Management Models Offered by Luther Gulick, R. Alec MacKenzie, and Others

<i>Plan</i>	<i>Organize</i>	<i>Staff</i>	<i>Direct</i>	<i>Control</i>
Forecast	Establish structure	Select	Delegate	Establish reporting system
Set objectives	Delineate relationships	Orient	Motivate	Develop performance standards
Develop strategies	Create position descriptions	Train	Coordinate	Measure results
Program	Establish position qualifications	Develop	Manage differences	Take corrective action
Budget			Manage change	Reward
Set procedures				
Develop policies				

Sources: Gulick, 1937; MacKenzie, 1969.

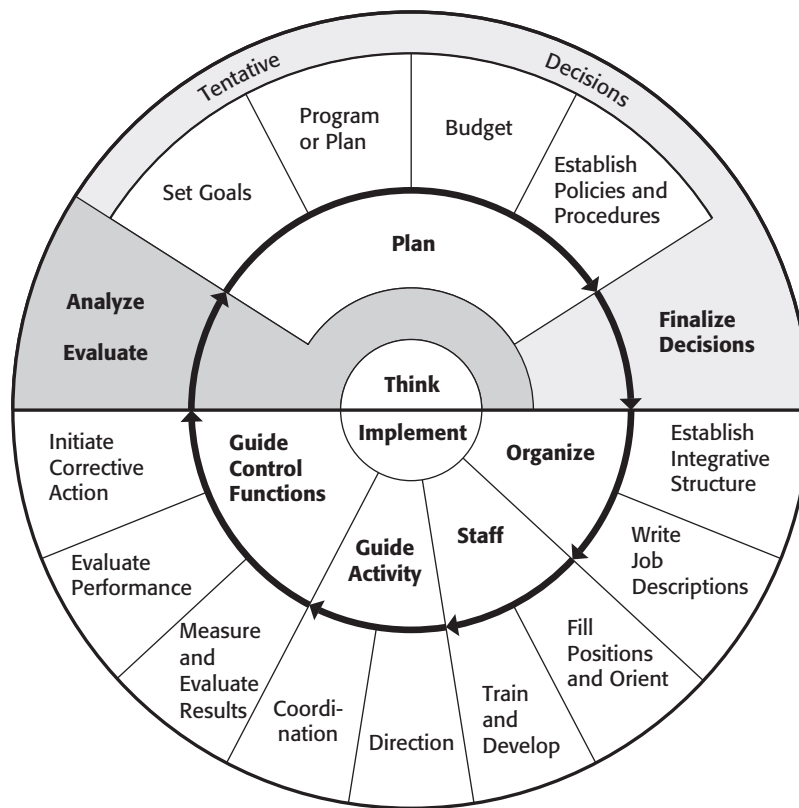


Figure 2.1. The Managerial (Integrative) Process

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planning or within the context of annual operational planning. Note in Figure 2.1 that during a planning process, managers are drawing conclusions and making tentative decisions that constitute alternative solutions or plans, which are inputs to decision making.

Studies conducted by management researchers such as Louis A. Allen (1958, 1982), Robert H. Guest (1955), Jim H. Horne and Tom Lupton (1965), Raymond O. Leon (1971),

R. Alec Mackenzie (1997), and Phillip Marvin (1980) have shown that managers generally spend only 30 percent (or less) of their time performing these crucial functions. However, Allen (1958, 1982) has estimated that executives should be spending 75 percent of their time performing think-work functions; middle managers, about 55–60 percent; and first-line supervisors, about 50 percent. Conclusions of others' studies were essentially the same: managers in general spend too much time doing (performing action-oriented operational activities) and not enough time actually managing (performing and guiding thought-oriented management functions).

Having performed the think-work functions, it then becomes a matter of actually implementing what has been planned. For example, organizing a department or unit essentially involves implementing plans for establishing an integrative structure, writing job descriptions that assign responsibilities or tasks, and perhaps delegating authority to make certain decisions. Similarly, staffing a department or unit essentially involves implementing plans for hiring or selecting personnel, orienting them to their jobs, and further educating, training, or developing them.

The Implementation Functions

These functions are shown in the bottom half of Figure 2.1.

- *Organizing*: establishing an organizational structure, establishing job descriptions
- *Staffing*: hiring or selecting, orienting, training, and developing personnel
- *Guiding activity*: providing advice and information, so that people apply efforts and skills in the right directions and in a coordinated manner
- *Guiding control functions*: providing advice and information with respect to monitoring, measuring, reporting, and evaluating organizational results; evaluating individual performance; and initiating corrective action

Again, performing these functions is essentially a matter of implementing the plans, policies, and procedures that were formulated in order to organize and staff the organization and to guide activities and control results.

Allen's time management studies also concluded that managers generally spend about 70 percent of their time implementing (directing, coordinating, and controlling), but should be spending closer to 25 percent of their time doing so, and that supervisors in general spend 75–90 percent of their time directing, coordinating, and controlling, but should be spending closer to 50 percent doing so (Allen, 1958, 1982).

BEYOND THE BASICS

Fresh Perspectives on the Managerial (Integrative) Process

You may have already detected several major differences between others' models and the model shown in Figure 2.1.

First and foremost is how Figure 2.1 (and Table 2.2) relate problem solving and decision making to the managerial process. Many management textbooks and seminars discuss the POSDCORE functions first, then later discuss problem solving and decision making as though they were separate functions. Also, they point out that problem solving is involved in the managerial process in one or both of two ways. First, problem solving occurs toward the end of the managerial process, when managers are performing control functions such as evaluating performance or

Table 2.2. Relationships Between Management Functions and Phases of the Analytic Approach to Problem Solving

	<i>Problem-Solving Process</i>	<i>Managerial Process</i>
What has happened, or what is going on—and why?	Analysis of Situation	Analysis of Situation (including evaluation of past results and performance)
What needs to be done, or what might be done—and how?	Formulation of Alternative Solutions (including plans for their implementation)	Planning Goal setting Formulating strategies and tactics Planning (programs and projects) Budgeting Formulating policies, procedures, rules
What course of action should be taken?	Decision Making (Analytically test, compare, and select among the alternatives)	Decision Making (Analytically test, compare, and select among alternative sets of goals, plans, budgets, policies, and procedures)
Take action; do something.	Implementation of Chosen Solutions	Implementation Organizing Staffing Guiding and coordinating activities Guiding control processes

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results, identifying problems, and initiating corrective action (solutions). Second, solutions to problems may be embedded in the next performance period's goals and plans.

In contrast, Figure 2.1 and Table 2.2 emphasize that the managerial process does not just involve problem solving. In essence, *the managerial or integrative process is a problem-solving process*. But it's not just any problem-solving process (for example, utilizing solutions based on past experience or using a trial-and-error approach). The managerial process can be equated with the process involved in the analytic approach to problem solving—especially if one wishes to maximize organizational and individual results.

Table 2.2 shows that the two processes are almost exactly alike. The first phase involves *analyzing* the problem (or analyzing the organizational situation). The managerial or integrative problem might be stated as follows: "How can we utilize and integrate human and other resources most effectively and efficiently in order to maximize attainment of organizational objectives over time?" The second phase, *planning*, involves formulating alternative solutions—that is, formulating alternative sets of goals, each with their associated sets of strategies, tactics, programs, (specific) projects, action plans, budgets, and policies, procedures, and rules. The third phase, *decision making*, involves choosing among the

alternatives—that is, choosing among possible solutions or choosing among the alternative sets of goals and associated plans.

Seminar participants and students have asked, “Does the fact that you show think-work functions in one half of the diagram and implementation functions in the other half mean that half of management is think-work and the other half is action, or that thinking is somewhat more important than taking action?” The answer to both parts of the question is “yes.” It is the think-work that managers are being paid the extra bucks to do; otherwise, they are no more than glorified expeditors, conflict smoothers, or wheeler-dealers (among many other ancillary roles). Indeed, as numerous management experts have pointed out, many managers are so busy being busy performing implementation functions—such as directing, coordinating, expediting, and controlling—that they seldom take the time to do the more important think-work that determines what should be done and how to do it well. Indeed, Henry Mintzberg (1975) of McGill University’s School of Business was accurate when he quite frankly pointed out that most managers are mostly involved in *doing*, and that when they are involved in think-work, they are only satisficing rather than optimizing. In other words, they do just enough thinking to get by. They formulate adequate goals, plans, solutions, or decisions rather than thinking things out fully and coming up with the best possible goals, plans, solutions, and decisions. Consequently, they do not deal with all the underlying causes of problems, nor do they deal with all the factors that could influence whether—and how—they take advantage of opportunities or cope with threats and problems.

A second major difference between other models and the model in Figure 2.1 is that it starts with and places much more emphasis on *analyzing*, not just formulating planning premises (which many textbooks and courses on management discuss before covering planning). Our many years of management training and consulting have convinced us that *analyzing is the single most important management function*. The effectiveness with which individuals analyze situations determines whether they formulate the most appropriate goals, the most effective solutions to problems, the best-designed organizations, or the best strategies, tactics, programs, projects, action plans, budgets, or policies, procedures, and rules. In other words, if the analysis phase is not performed well, none of their goals and plans are going to be the best they could formulate. And if their goals and plans are not the best, then neither will be their final decisions. Furthermore, whatever is implemented cannot possibly maximize organizational viability and success over time. Therefore, how well a planning or problem-solving situation is analyzed is key to how well solutions, goals, and plans are formulated. It is also key to how well goals and plans help achieve results through people.

Also, note in Figure 2.1 that analyzing is a major part of the planning and decision-making processes. During the analysis phase, plans (solutions to problems and projects for improving operations) usually become obvious as the analysis identifies the real, underlying causal or influential factors. Then, during the planning phase, the following factors and others must also be analyzed: (a) parameters for goals; (b) organizational design and staffing options; (c) various strategies and tactics; (d) possible programs and projects; and (e) a range of budgetary levels. Finally, during the decision-making phase, alternative sets of goals and associated plans are analyzed (mentally evaluated, tested, and compared).

A third major difference from older models is that Figure 2.1 does not mention functions called “direct” and “control” because those terms are considered rather archaic today. In their place, we prefer to use more team-oriented or participative and increasingly accepted terms such as “guide activity” (that is, guide the directions in which team members are going and guide the team’s coordination of their own activities) and “guide control functions” (that is, guide the

team's performance of control functions such as measuring, reporting, and evaluating results). We have three reasons for this change in terminology:

1. Using the terms “direct” and “control” tended to encourage managers to use the authoritarian, or Theory X, managerial or leadership style, which is commonly described as “directive and controlling.”

2. Calling the functions and the whole process “managerial” reinforced an authoritarian approach by intimating that the functions should be performed only by a manager, not by a manager's subordinates. It encouraged managers to think as follows: “I should do the thinking. I should formulate the goals and plans. I should then organize, staff, direct, and coordinate. My subordinates should carry out my instructions and decisions and then report results to me. I, in turn, will report up the line to my superiors.” In our view, using the term “integrative functions” would be an improvement.

3. In order to be team-oriented, managers should first guide subordinates' participation in think-work processes—for example, guide their participation in analyzing what is going on and why and in formulating goals and plans. Next, they should guide the coordination of activities as their teams implement plans and measure and evaluate results. *In team or participative management, most of the basic functions are performed by the whole team, guided by the manager.* It is the team that works together to integrate tasks with tasks, people with their tasks, and people with people. Participative management also involves increasing subordinates' on-the-job motivation through their participation, not somehow pushing them to work by motivating them with carrots and sticks when directing their activities.

A fourth major difference is that today, most management and leadership experts associate “motivating” with all functions, not just older models' implementation function, “directing.” As nearly all of them have pointed out, one does not motivate people by directing and controlling them. One unlocks their internal motivation by helping to make their jobs more inherently motivating (more interesting, challenging, and satisfying). A major way to do so is to involve them in setting the goals, making the plans, and formulating the procedures that will affect their jobs and themselves personally. In other words, *participation helps make people's jobs their own “baby” (or undertaking), not just the boss's or the organization's.*

In fact, that is what the “people aspects” of modern management are all about. First, apply the Golden Rule to people in organizations: treat subordinates (and others) as you would have them treat you. Some suggest using the Platinum Rule: treat others as *they* would have you treat them. Second, using participative, developmental practices, help your subordinates make their job their own.

A fifth difference: As others have also pointed out, managing differences (or conflicts) and managing change cannot be accomplished very well by simply directing. Largely because of complex interdependencies and interactions among jobs and units, it takes appropriate teams of superiors, colleagues, and subordinates, all working together, to analyze a situation, identify conflicts, identify the needs for change or improvement, plan activities for bringing about the desired changes or improvements, and then implement the plans. Furthermore, *all* the management functions must be performed in order to manage change effectively.

A sixth difference: Delegation of authority can be done through the establishment of job descriptions, not just through older models' “direct” function.

A seventh difference: Performance standards and reporting systems are developed during the think-work phases of the process. *Plans* for their application or use are *implemented* during the “control” function.

Additional Perspectives on Management and Management Processes

First, many individuals emphasize doing things right. Others emphasize doing the right (important) things. As Peter F. Drucker suggested, efficiency involves doing things right, while effectiveness involves doing the right things. If managers are concerned with maximizing performance, they should emphasize *doing the right things right*. This involves performing the basic integrative functions both effectively and efficiently.

Second, effective management requires both thought and action. It especially requires *thinking before taking action*. As Sigmund Freud said, “Thought is action in rehearsal.”

Third, managing effectively requires *performing all of the integrative functions in the proper sequence*, not just managing by objectives, managing by responsibility, managing by exception, managing by results, managing change, managing quality, or managing whatever. When gurus promote managing by one thing or another, they are often placing new or greater emphasis on a particular function or are simply promoting some repackaged concept that has actually been around for years.

Fourth, *the entire sequence of management functions can be performed within several contexts and time frames*. Each function can be performed in turn for purposes of formulating and then implementing strategic or long-term plans. Each function can be performed in turn for purposes of formulating and then implementing annual or short-term operational plans. Each function can be performed in turn for purposes of formulating and implementing short-term, intermediate, or long-term projects (such as capital investment projects). Also, each function can be performed in turn on a semi-annual, quarterly, monthly, or weekly basis with respect to particular aspects of operating plans or programs. In addition, the entire sequence of functions can be performed in order to identify and solve problems—a process that may take only minutes, hours, or days but that may take weeks, months, or even years.

Fifth, in general, the management functions should be used to influence or improve any *significant* organizational and external variables that affect personnel’s development, motivation, attitudes, behavior, and performance.

Sixth, in our view, the think-work functions as a group—*analyzing, planning* (goal setting; planning or programming; budgeting; and establishing policies, procedures, and rules), and *decision making*—are the most important functions. How well they are performed largely determines the following: (a) the effectiveness of goals and plans; (b) how well the organization is structured and staffed; (c) how effectively and efficiently personnel perform (based on goals and plans); and (d) how well results are “controlled” (that is, monitored, measured, reported, and evaluated).

Seventh, *managing effectively takes time*—time to analyze, plan, and choose among alternative solutions or alternative sets of goals and plans, and do so effectively. As mentioned earlier, managers should spend a much greater percentage of their time performing these think-work functions. And they would if they took more time to perform them more effectively.

Eighth, traditional managers ran what they could see: machines and their personnel’s visible physical activities and tangible, easily measured and evaluated outputs. That is perhaps the greatest difference between traditional and modern management. *Modern management is more complicated and requires greater skill, because it involves managing both what can and cannot be seen*. The complexity grew over time as we learned that *what can be seen and rather easily run is actually caused by phenomena that cannot be seen*: (a) what goes on in people’s heads and hearts, and (b) how their thoughts, feelings, attitudes, behavior, interactions, and performance are all being influenced both by personal characteristics and by hundreds, if not

thousands of interacting task-related, social, organizational, and external socio-technical variables. Some might say that understanding behavior in terms of cause-and-effect relationships among socio-technical factors is theoretical. That is nonsense, because the phenomena are obvious when you know what to look for and what you are looking at. Although it is understandable that concrete thinkers tend to view such explanations as merely theoretical, a better term would be “conceptual.” Describing and explaining what cannot be seen generally requires using conceptual verbal constructs rather than concrete, visual images.

Basic Obstacles to Effective Think-Work

As mentioned earlier, various studies show that managers in general devote less than 30 percent of their time to think-work, and spend more than 70 percent of their time on implementation and on nonmanagerial activities.

In fact, according to time management expert Henry Mintzberg (1975), in 50 percent of the situations that arise, managers spend only nine minutes or less thinking about the situation, and in only 10 percent of situations do they spend as much as an hour thinking about the situation that confronts them.

The following are just a few reasons why so many managers devote so little time to think-work:

- Thinking about a complex organization and its external environment is difficult. As Henry Ford said, “Thinking is the hardest work there is, which is the probable reason so few engage in it.” Virtually all situations or problems are either influenced or caused by complex systems of factors or variables. Associated with each factor is some corresponding fact. Therefore, thinking about most situations in real depth requires processing more information than human beings are mentally capable of juggling at one time. In fact, a 1956 Harvard study by George A. Miller (1994) indicated that people can only think about five to nine chunks of information (or factors) at once; seven is about average. Indeed, because the human mind is a great simplifier, most of the time, people think about only one or two variables. In essence, managers have an automatic inclination to use the KISS principle (“keep it simple, stupid”), which has hampered professional management for more than forty years. KISS is discussed further in Chapter Three.

- Because thinking is hard work, most people would rather do things that require only superficial thought. Abraham Lincoln confessed the following: “My father taught me to work; he didn’t teach me to love it. I never did like to work, and I don’t deny it. I’d rather read, tell stories, crack jokes, talk, laugh—anything but work.” It seems to us that Abe was everyman. How many people would not rather get together informally with superiors, colleagues, subordinates, customers, suppliers, or whomever and simply “toss things around” in rather simple and superficial terms? As John A. Holmes once said, “Speech is conveniently located midway between thought and action, where it often substitutes for both.”

- Managers have many additional time-consuming activities and requirements—for example, performing other managerial functions; writing reports; following internal policies, procedures, and rules; complying with external bureaucratic regulations; negotiating; promoting the organization; performing ancillary or collateral organizational duties; and meeting social responsibilities.

- Largely for the reasons mentioned earlier, many managers tend to be more action-oriented than thought-oriented by nature. Immediately taking action and getting results often provides

quicker feedback and satisfaction than taking the time to analyze, plan, and make decisions first, and then wait over time for plans to be implemented and results to occur.

- Managers often have too many current or urgent problems to solve. They are so involved in “fighting fires” that they are unable to take the time to think things out more fully. In fact, managers generally have many fires to fight *because* they never took the time to plan or to solve problems really well in the first place.

- Many managers fail to use all the tools that are available to aid thought processes. For example, computers can help format and process information in ways that will help managers gain insights and make decisions. Managers can more easily and effectively track and juggle many factors and facts with the help of visual aids such as the following: (a) situation diagrams, which help to analyze what is going on and why; (b) Gantt charts and PERT networks, which help in planning and coordinating activities and keeping track of costs over time; and (c) decision trees, which help to keep track of different combinations of possible acts and subsequent events. All these tools are more fully discussed in Chapters Three through Five.

- People know that both they and others do not like to think in real breadth or depth, for the reasons we have already discussed. Consequently, many managers and leaders hesitate to encourage subordinates to think more broadly and deeply about situations confronting them. Others may prefer not to complicate their relationships with subordinates, having read what Don Marquis once said: “If you make people think they’re thinking, they’ll love you; but if you really make them think, they’ll hate you.”

- Analytic, planning, and decision-making processes generally involve considerable paperwork. Action-oriented managers in particular dislike paperwork.

Solutions to these and related problems are discussed in various contexts throughout this book.

CONCLUDING REMARKS

Table 2.2 helps to illuminate a point illustrated in Figure 2.1 by aligning the management functions with the phases of the analytic approach to problem solving, thereby showing that the management process is actually a problem-solving process. This is a very important perspective, because the analytic approach is the thread that is common not only to management and problem-solving processes but also to decision-making, communication, and learning processes. In fact, Figure 2.1 is the framework used in this book to tie together all these processes and their related concepts, methods, and practices into the Unified Practice of Management model at the end.

Chapters Three through Six “hit the tops of the waves” in regard to the concepts, methods, practices, and tools that relate to think-work and implementation functions. Now that this chapter has shown that the managerial process is actually a problem-solving process and that the most important phase of that process is the analysis phase, Chapter Three will discuss analysis in detail.