Management 101: The Five Functions of Management

A Short Course

Management 101: The Five Functions of Management from learn.com

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Management: Effective Allocation and Use of Available Resources

Overview - What is Management? Who is a manager? "I'm just an employee, why do I need to know how to manage? Isn't that what the boss gets paid to do?" Heard these questions before? Perhaps you've even voiced one or two of them yourself. The truth is all of us are managers. Regardless of your position or title, you will have to manage something at some time or another. In this chapter, we will define what management is and show you how you can best apply the principles of management to your benefit.

WHAT IS MANAGEMENT?

Simply stated from an organizational perspective, management is the achievement of [organizational] objectives through people and other resources. A more detailed examination of the principle of management would reveal that it is also the process of setting and achieving goals through the execution of the five basic functions of management (planning, organizing, staffing, directing, and controlling) utilizing human, financial and material resources.

OBJECTIVE - The objective of the management process is evident in it's definition. But your objective in learning and applying management is two-fold, (1) to increase your professional skills, and (2) to enhance your personal growth and development. You will, of course, apply management principles on the job daily, and in your personal life you will also apply these principles. You will use some of the five basic functions of management to administer virtually every facet of your life, your job, and career.

METHOD - How you apply these principles of management and the five basic functions will depend on what you are working on. When working with certain resources, you will use all five of the functions of management. In other cases, you may use only two or three of them. A brief description and definition of each of the functions of management may help you to understand just what management is and how you may apply it in your life or career.

The Five Functions
**Planning.** This managerial function concerns itself with anticipating the future and determining the best course of action to achieve organizational objectives.

**Organizing.** Organizing is defined as the management function that blends human and material resources through the design of a formal structure of task and authority.

**Staffing.** The staffing function concerns itself with recruiting, selecting, training, and assigning the right person to the right position within the organization.

**Directing.** Guiding and motivating employees towards organizational objectives.

**Controlling.** The final function of management is controlling wherein the organizations performance is evaluated to determine whether or not it is accomplishing it's objectives.

**Fayol's Principles Of Management**

Henri Fayol, (1841-1925), author of the textbook, *Classical Administrative Theory Of Management*, that is often used today, identified the five basic management functions (planning, organizing, staffing, directing, and controlling). He developed the fourteen basic principles of management that underly all managerial tasks.

As a supervisor, your job will be to directly administer the functions of management, I feel it is particularly appropriate to review those fourteen basic principles of management here. Use of these managerial (supervisory) principles will help you to be a more effective and efficient supervisor. Theses principles are identified as "management" principles, and are equally applicable at the first-line supervisory level of management as they are at the middle- or top-level of management.

**Henri Fayol's General Principles of Management**

1. **Division Of Work:** Specialization allows workers and managers to acquire an ability, sureness, and accuracy which will increase output. More efficient work will be produced with the same effort.

2. **Authority:** The right to give orders and the power to exact obedience are the essence of authority. Its roots are in the person and the position. It cannot be conceived of apart from responsibility.

3. **Discipline:** Discipline is comprised of obedience, application, energy, behavior, and outward marks of respect between employers and employees. It is essential to any business. Without it, no enterprise can prosper. It is what leaders make it.

4. **Unity Of Command:** An employee should receive orders from one superior only. It's generally better to have one supervisor than a duality of command.
5. **One Head, One Plan:** One supervisor with one objective should lead a group of activities having the same objective.

6. **Subordination Of Individual Interest To General Interest:** The interest of one person or group in a business should not prevail over that of the organization.

7. **Remuneration Of Personnel.** The price of services rendered should be fair and should be satisfactory to both employees and employer. A level of pay depends on an employee's value to the organization and on factors independent of an employee's worth -- such as cost of living, availability of personnel, and general business conditions.

8. **Centralization:** Everything that serves to reduce the importance of an individual subordinate's role is centralization. Everything that increases the subordinate's importance is decentralization. All situations call for a balance between these two positions.

9. **Scalar Chain:** The chain formed by managers from the highest to the lowest is called a *scalar chain of command*. Managers are the links in the chain. They should communicate to and through the links as they occur in their chains. Links may be skipped or circumvented only when superiors approve and a real need exist to do so.

10. **Order:** This principle is simple advocacy of a place for everyone, and everyone in his or her place; a place for everything and everything in its place. The objective of order is to avoid loss and waste.

11. **Equity:** Kindness and justice should be practiced by persons in authority to extract the best that their subordinates have to give.

12. **Stability Of Tenure Of Personnel:** Reducing the turnover of personnel will result in more efficiency and fewer expenses.

13. **Initiative:** People should be allowed the freedom to propose and to execute ideas at all levels. A manager who is able to permit the exercise of initiative on the part of subordinates is far superior to one who is unable to do so.

14. **Esprit De Corps: In unity there is strength.** Managers have the duty to promote harmony and to discourage and avoid those things that disturb harmony.

**Planning**

Often referred to as the "first" function of management, planning lays the groundwork for all the other functions of management. Planning is a continual process that involves determining courses of action to answer the questions of what should be done, by whom, where, when, and how. As a manager, by planning properly you will devise a "blueprint" for the organizational or divisional activities necessary to reach objectives. The basic planning concept answers four questions: (1) What do we want to do?, (2)
Where are we in relation to that goal?, (3) Which factors will help or hinder us in reaching the goal?, and (4) What alternatives are available to us to reach the goal and which one is the best?

Through planning you will map out a course of action that will commit individuals, departments, and the entire organization for days, months, and even years to come. Planning achieves these ends by (1) determination of what resources will be needed, (2) identification of the number and types of personnel (technical, supervisory, or managerial) the organization will need, (3) development of the foundation for the organizational environment in which work is to be accomplished (the organizational chart or hierarchy), and (4) determination of a standard against which the progress toward the objectives can be measured so that corrections can be made if necessary.

Planning can be classified, on the basis of scope or breadth, into three separate categories, namely (1) strategic planning - determining the major objectives of the organization, (2) tactical planning - concern primarily with the implementation of strategic plans by mid-level management, and (3) operational planning - which focuses on planning required to accomplish the responsibilities of a specific managers job, section, or department.

THE THREE TYPES OF PLANNING

Strategic Planning. Strategic planning is concerned with the overall undertakings of the entire organization. It is initiated and guided by top-level management, but all levels of management must participate for it to work. The purposes of strategic planning are: (1) to have the entire organization plan long-range directions and commitments, (2) to provide multilevel involvement in the planning process, and (3) to develop an organization in which the plans of the sub-units are harmonious with each other.

Tactical Planning. Tactical planning focuses on implementation of activities specified by the strategic plans. These plans are concerned with what the lower level units within each division must do, how they must do it, and who will have the responsibilities for doing it. Tactics are the means needed to achieve a strategy. This step tends to be shorter-term than strategic planning, and focuses more on current and near-term activities required to implement overall strategies.

Operational Planning. An operating plan is one that a manager uses to accomplish his or her job responsibilities. It may be a single-use plan or an on-going plan. Single-use plans apply to activities that do not recur or repeat. Examples of single-use plans include a program and a budget. Examples of on-going plans include policies and procedures.

STEPS IN THE OPERATIONAL PLANNING PROCESS

STEP 1: Setting Objectives. Establishing targets for the short- and long-range future.
STEP 2: Analyzing and Evaluating The Environment. Analyzing the present position and resources available to achieve objectives.

STEP 3: Determining Alternatives. Constructing a list of possible courses of action that will lead you to your goals.

STEP 4: Evaluating The Alternatives. Listing and considering the various advantages and disadvantages of each of your possible courses of action.

STEP 5: Selecting The Best Solution. Selecting the course of action that has the most advantages and the fewest serious disadvantages.

STEP 6: Implementing The Plan. Determining who will be involved, what resources will be assigned, how the plan will be evaluated, and the reporting procedures.

STEP 7: Controlling and Evaluating The Results. Making certain that the plan is going according to expectations, and making necessary adjustments.

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Function Two: Organizing

Organizing establishes relationships between activity and authority. Warren Plunkett and Raymond Attner in their book "Introduction To Management", define the organizing function as the means by which management blends human and material resources through the design of a formal structure of task and authority.

There are four distinct activities of organizing:

1. To determine what work activities have to be done to accomplish organizational objectives.

2. To classify the type of work needed and groups work into manageable work units.

3. To assign the work to individuals and delegate the appropriate authority.

4. To design a hierarchy of decision-making relationships.

The end result of the organizing process is an organization -- a whole consisting of unified parts (a system) acting in harmony to execute tasks to achieve goals, both effectively and efficiently.

What Does Organizing Do?

The organizing process will make it possible to attain the purpose of the organization as previously defined by the planning process. In addition, it should also provide the following benefits:

1. A Clarified Work Environment. Everyone should know what to do. The task and responsibilities of all individuals, departments, and major organization divisions should have been clarified. And, the type and limits of authority will have been determined.
2. **A Coordinated Environment.** Confusion should be minimized and obstacles to performance removed. The interrelationship of the various work units will have been developed. Guidelines for interaction among personnel will have been defined.

3. **A Formal Decision-Making Structure.** Through the organization chart, the formal superior-subordinate relationships have been developed. This allows the orderly progression up through the hierarchy for decision making and decision-making communications.

Plunkett and Attner go on to say that by applying the organizing process, management will improve the possibilities of achieving a functioning work environment.

**The Five-Step Organizing Process**

**STEP 1: Consider Plans And Goals.** Plans dictate the purposes and activities that organizations have or will have. New departments may be created; old ones may be given additional responsibilities; some may cease to exist. New relationships between groups of decision makers may come into being as well. Organizing will create the new structure and relationships and modify existing ones.

**STEP 2: Determine The Work Activities Necessary To Accomplish Objectives.** What work activities are necessary to accomplish the identified organizational objectives? Creating a list of tasks to be accomplished begins with those that will be ongoing tasks and ends with the unique or one-time-only tasks.

**STEP 3: Classify And Group Activities.** Managers are asked to perform three processes:

1. *Examine each activity identified to determine its general nature (marketing, production, etc.)*

2. *Group the activities into these related areas.*

3. *Establish the basic department design for the organization structure.*

**STEP 4: Assign Work And Delegate Appropriate Authority.** The concept serving as the foundation for this step is the principle of functional definition --in establishing departments, the nature, purpose, tasks, and performance of the department must first be determined as a basis for authority. This step is critical in both initial and ongoing organizing processes.

**STEP 5: Design A Hierarchy Of Relationships.** This step determines vertical and horizontal operating relationships of the organization as a whole. Vertical structuring results in a decision-making hierarchy showing who is in charge of each task. Horizontal structuring (1) defines the working relationships between operating departments, and
makes the final decision on the span of control (the number of subordinates under the direction) of each manager.

Function Three: Staffing

The people belonging to your company are the most important of all your organization's resources. Those human resources are acquired by and for the organization through the staffing function of management. In staffing, the organization attempts to identify, attract, and retain qualified personnel to fill its available positions. It begins with human resource planning and affects employees throughout their tenure with the organization.

The staffing function can be viewed as an eight-step process designed to provide the organization and its particular managers with the right people in the right positions. The eight steps include human resource planning; recruitment; selection; induction and orientation; training and development; performance appraisal; rewards, promotion, transfer, and demotion; and separation. Now, go to the next page to take a closer look at each of those eight steps.

The Eight-Step Staffing Process

1. Human Resource Planning. The purpose of human resource planning is to ensure that the personnel needs of the organization will be met. This is done in part by analyzing the plans of the organization to determine what skills will be needed in the future. There are three elements to the human resource planning process: (1) forecasting the personnel requirements, (2) comparing the requirements to the inventory of potential candidates within the organization, and (3) developing specific plans for how many people to recruit (from outside) or whom to train (from inside).

2. Recruitment. In this step, management will attempt to identify and attract candidates to meet the requirements of anticipated or actual vacancies. Two devices used during this phase are the job description and the job specification, both of which are developed as a result of job analysis. The actual recruitment of potential employees is traditionally done through newspaper and professional journal advertisements; employment agencies; contacts at trade schools or colleges; and other internal (and/or external) sources of the organization. More recently, job posting and recruitment is being handled via the Internet, as well, on job posting sites, such as headhunter.net or monster.com.

3. Selection. Following recruitment, those candidates who have applied for the position(s) advertised must be evaluated and one chosen whose credentials match job requirements. The steps in the selection process may include completing an application form, interviews, reference checks, and physical examination.

4. Induction and Orientation. Once selected, the new employee must be integrated into the organization. This is done in the induction and orientation step of staffing. The induction and orientation process includes introduction of the new employee to the work group and acquainting him with the organization's policies and rules.
5. **Training and Development.** Through training and development, the organization tries to improve the employee's ability to contribute to the organization's effectiveness. *Training* is concerned with improvement of the employee's skills. *Development* concerns the preparation of the employee for additional responsibility for advancement.

6. **Performance Appraisal.** A system designed to measure the actual job performance of an employee compared to designated performance standards.

7. **Employment Decisions.** Employment decisions in the areas of monetary rewards, transfers, promotions, and demotions will be made based on the outcome of the performance appraisal.

8. **Separations.** Voluntary turnover, retirements, layoffs, and terminations must also be a concern of management.

**Function Four: Directing**

Once your organization's plans have been formulated, the organizational structure has been created and staffed, the next step in the managerial process becomes that of directing people towards the achievement of organizational goals. In this function of directing, the manager's job is to accomplish the objectives of the organization by and through the guiding and motivating of subordinates.

The directing function is sometimes referred to as motivating, leading, guiding, or human relations, and is thus called the "people" function of management. Perhaps because of this, directing is most important at the "first-line" supervisory level simply because this is where the majority of the people of an organization are concentrated. Harkening back to our definition of leadership, "getting things done through people", if one is to be an effective supervisor or manager, he or she must be an effective leader as evidenced by how well he or she directs their people.

**THE VARIABLES IN DIRECTING**

The basis for the directions you give to your subordinates will be centered around your style of leadership (autocratic, democratic, or free-reign) and the decision-making process you use. There are many variables that will go into your decision of how to direct -- the urgency of the situation, your leadership style, the motivations of the subordinates, and others. Additionally, as a leader directing others, you should:

- Know all the facts about the situation.
- Consider the impact your decision will have on the mission.
- Keep the human element in mind when making your decision.
- Be sure the decision made is one that you should make.
In addition, as the person directing the activity of others, you should (1) assign all workers their initial task, (2) make orders clear and concise, and (3) follow up on each assignment, giving specific directions, either verbal or written.

For more information on the directing process, read the next page.

Guidelines For Directing

The following suggestions are excerpted from "What Every Supervisor Should Know" by Lester R. Bittel and John W. Newstrom.

1. Don't Make It A Struggle For Power. Try to focus your attention - and the worker's - on the goal that must be met. The idea to project is that it is the situation that demands the order, not a whim of the supervisor.

2. Avoid An Offhand Manner. If you want employees to take instructions seriously, give them that way.

3. Watch Out For Your Words. Words can be unreliable messengers of your thoughts! Watch the tone of your voice, too. Most people accept the fact that it is the supervisor's job to hand out orders and instructions. Their quarrel is more likely with the way these are made.

4. Don't Assume That The Worker Understands. Give the employee a chance to ask questions and raise objections. Have them confirm an understanding by repeating what you've said.

5. Be Sure To Get Feedback Right Away. Give the employee who wishes to complain about the assignment a chance to do so at the time you assign it. It's better to iron out resistance and misunderstanding before the job begins than afterward.

6. Don't Give Too Many Orders. Information overload will be self-defeating. Keep instructions brief and to the point. Wait until an employee has finished one job before asking that another be started.

7. Provide Just Enough Detail. For an old hand, there's nothing more tiresome than having to listen to familiar details.

8. Watch Out For Conflicting Instructions. Check to make sure that you're not telling your employees one thing while supervisors in adjoining departments are telling their people another.

9. Don't Choose Only The Willing Worker. Be sure that you don't overwork the willing person. Make sure the hard-to-handle people get their share of the rough jobs, too.
10. Try Not To Pick On Anyone. It is a temptation to punish a person by handing out an unpleasant assignment. Resist this temptation if you can.

11. Above All, Don't Play The "Big Shot." New supervisors are sometimes guilty of flaunting their authority. Older, more mature supervisors, usually feel more confident.

Leadership: Getting Things Done Through Others

OVERVIEW - In your capacity as an employee, the need to exercise leadership will be determined by the amount of authority and autonomy inherent in your position and/or that your job allows. We all practice leadership of some kind daily if not hourly. However, when dealing with people of diverse cultures, multi-national and/or multi-racial backgrounds, and persons of a variety of ethnicities on the job, you'll need to be adept at moving from one style of leadership to another. To help in your understanding of the leadership process, the different leadership styles, and how you might use them, we will first define the term, give examples of leadership, and then expound on the concept.

WHAT IS LEADERSHIP?

Simply stated, leadership is the process of influencing and directing people towards the accomplishment of a goal or objective. When you take the initiative and organize a group of friends or co-workers for a fund-raising drive to help the needy, or for a weekend get-together, or for a baby shower for a co-worker, you have shown leadership. When your boss says he'd like to get together with you later to discuss a pending project, he's displaying leadership. In the home, when you determine which chores your child will do, when and how they will do them, you're showing leadership. The point made here is that whether you are in a supervisory/managerial position or not, you will exercise leadership to some extent and of some type (style of leadership).

OBJECTIVE - Your goal in this area of your professional development should be to identify and acquire as many traits of effective leadership as possible, and to learn to identify the different styles and how and when to apply them (situational leadership).

Leadership Traits

There are numerous traits that have been identified by clinical and organizational psychologist to be characteristic of effective leadership. Some of the ones I feel are most important are listed below and briefly defined:

Sense of mission: belief in one's ability to lead and a love of the work of leadership itself.

Integrity: commitment to the highest personal and professional standards.

High character: ability to face hard facts and unpleasant situations with courage.
Loyalty: to superiors, peers, subordinates, family and organizations.

Job competence: the foundation for followership, expert power, referent power.

Commitment: devotion to job, career, and family.

Good judgement: common sense, tact, foresight, separation of important from unimportant.

Energy: enthusiasm, desire, desire to take the initiative.

Decisiveness: confidence in making timely decisions; a willingness to act.

Selflessness: sacrificing self (personal needs) for a greater cause.

While this list is by no means all-inclusive, it is representative of some of the more prominent traits or characteristics of a good leader. You may want to identify some person you feel is a good leader and study their leadership style. If this person is within reach (local), you might even consider corresponding with them and arranging an interview to discuss these traits along with other thoughts on his or her success and how they achieved it. If you are lucky, you might even find a mentor.

What Do Leaders Do?

As we've already mentioned, you don't have to be in a supervisory or managerial position to be a leader. We all lead in some capacity daily. However, there are some specific functions of a person who is a leader. Whether you're in a leadership position now or not, knowing what they are can help you. If you are not in a leadership position, knowing the functions of a leader gives you knowledge of what you need to know and do to practice effective leadership. If you are already in a leadership position, reiteration of these functions may serve as a review for you. Study them and judge your current effectiveness in each of the particular areas. How many of these functions do you perform on a regular basis? You may find out that you've been practicing the functions of a leader without the benefit of the title or the stress and responsibility of the position.

SOME FUNCTIONS OF A LEADER:

- Set the example for others to follow.
- Determine goals of organization.
- Functions as the resident expert.
- Educates the personnel.
- Provides counseling and guidance.
- Ensures work is done properly.
- Enforces policies and regulations.
- Acts as spokesperson for workers.
- Motivates workers toward goals.
Leadership Styles

Leadership involves the leader motivating people to perform well regardless of the tasks assigned to them. To do this effectively, you must be aware of all the factors influencing the situation, and then choose a leadership style appropriate for that situation. When we speak of leadership styles, we mean the way in which a leader uses available power to lead others. Below the three most common leadership styles are listed:

**Autocratic Leadership Style:** A leader who makes decisions without consulting others.

**Democratic Leadership Style:** This leader includes the subordinates in decision-making.

**Free-Rein Leadership Style:** Minimal supervision. Most decisions left to the subordinates.

**COMPONENTS OF THE LEADERSHIP SITUATION**

At least three components make-up the situation you will face when making a decision of leadership and leadership style, they include 1.) you - the leader, 2.) your followers - those who will help you accomplish the work to be done, and 3.) the situation itself - the goal to be accomplished, the work to be done. Consideration of each of these components prior to making a decision of leadership style is clinically referred to as situational leadership -- a theory advanced by Dr. Fred E. Fiedler which holds that the most appropriate style of leadership for a leader depends on the situation faced by the leader.

Now, let's take a brief look at each of the components of situational leadership.

**YOU** - Your ability to influence your followers will have a great impact on the outcome of the work to be accomplished. The greater your influence, the greater the expectation and probability of a satisfactory outcome. The better you know them, the better you can lead them. **Know your people!**

**YOUR PEOPLE** - Without them, you aren't a leader. Without them, the work doesn't get done. **Your power is derived FROM THEM.** Their needs must be considered. An educated, competent, confident employee will not respond well to autocratic or authoritarian leadership. He/She seeks autonomy to show their ability to perform on their own. You will need to know their needs in order to know how to motivate them.
THE SITUATION - A job requiring a high degree of structure, where minimal or no individual decision-making is permitted, will necessitate a highly directive approach to leadership - perhaps autocratic leadership. On the other hand, a job that allows for creativity or where the work can or must be shared by all members of a team can be more participative - perhaps democratic. Knowing how and when to use different styles of leadership appropriate for the current particular situation (Situational Leadership) is the mark of an experienced and educated supervisor or manager.

Ten Tips For Maintaining Leadership

1. **Prioritize request from superiors** and keep them informed of progress on those request.

2. **Handle paper one time only.** Get it done. This shows efficiency and keeps people informed.

3. **Monitor and follow-up** on the status of your work and your people. Keep them satisfied.

4. **Be consistent in your behavior.** Be predictable. Be reliable. This breeds confidence in you.

5. **Articulate. Don't fabricate!** If you don't know, say so. Know what you're talking about.

6. **Plan your work. Work your plan.** Anticipate future needs. Know how to get satisfy them.

7. **Educate and train your people.** Know how to evaluate them and the work they do.

8. **Motivate your people** to accomplish the goals you've set. Be goal and group oriented.

9. **Accept new responsibility willingly.** Be a person who can be counted on to get the job done.

10. **Be a role model.** Set the example for your people to follow - on the job and off.

Function Five: Controlling

Planning, organizing, staffing, and directing must be monitored to maintain their effectiveness and efficiency. Thus, controlling, the last of the five functions of management, is concerned with the act of monitoring each of these functions to evaluate the organization's performance towards meeting goals and objectives.
In the controlling function of management, you will establish performance standards that will be used to measure progress towards goals. These performance standards are designed to determine whether people and the various parts of an organization are on target, achieving the progress toward the objectives they planned to achieve.

**KEY CHARACTERISTICS OF CONTROLS**

- Acceptance by members of the organization.
- Focus on critical control points.
- Economic feasibility.
- Accuracy.
- Timeliness.
- Ease of understanding.

**The Four-Step Controlling Process**

The controlling function is closely linked with planning. In fact, the basic purpose of controlling is to determine how successful the planning function has been. This process can be reduced to four basic steps applicable to any person, item, or process being controlled. The four basic steps are:

1. **Establish Performance Standards.** A standard is a measuring device, quantitative or qualitative, that is designed to help monitor the performance of people, capital goods, or processes. Standards are used to determine progress, or lack of progress, towards goals. The exact nature of the standards to be used depends on what is being monitored. Whatever the standards, however, they all can be assigned to one of two groups: managerial standards or technical standards. Following is a description of each type.

   **A. Managerial Standards** - include such things as reports, regulations, and performance evaluations. All should focus on only the key areas and the kind of performance required to reach specific goals. Managerial standards state the who, when, and why of the business.

   **EXAMPLE:** Sales manager's requirement of a monthly report from all salespersons with the report showing monthly progress on the key areas of concern to the sales manager.

   **B. Technical Standards** - specify the what and how of the business. They apply to production methods and processes, to materials, machinery, safety equipment, parts, and suppliers. Technical standards can come from internal and external sources.

   **EXAMPLE:** Safety standards dictated by government regulation or manufacturer's specifications for their equipment.
2. **Monitor Actual Performance.** This step is included merely as a precautionary measure.

3. **Measure Performance.** In this step, managers measure performance and determine if it is in line with the set standards. If the comparison yields results or measurements that are acceptable - within prescribed limits - no action need be taken. If the results show a trend away from the acceptable or show the unacceptable, action may be called for.

4. **Correct Deviations From Standards.** Determining the precise action to be taken will depend on three things: the standard; the accuracy of the measurements that determined that a deviation exists; and the diagnosis of the person or device investigating the cause for the deviation. Keep in mind that standards can be too loose or too strict. Measurements may be inaccurate because of poor use of measuring devices or defects in the devices themselves. And, finally, people can use poor judgement in determining the corrective actions to be taken.

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