Major Principles or Guides for the Managerial Functions of Planning, Organizing, Staffing, Leading, and Controlling

By

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Although a complete set of empirically proven, interrelated principles has not been discovered and codified, experience and observation of managing indicate certain fundamental managerial principles or guides. They not only provide managers with a conceptual scheme but also indicate to scholars areas for research. To be sure, the key abstractions need to be applied with due consideration for the situation—and this is an art. In this appendix, the principles, which perhaps would be more appropriately called guides to management, are organized (as this book is) according to the managerial functions of planning, organizing, staffing, leading, and controlling. Each principle is given a number with a letter that represents the type of managerial function.

Major Principles or Guides for Planning
The most essential guiding principles for planning are the following.

The Purpose and Nature of Planning
The purpose and nature of planning may be summarized by reference to the following principles.

P1. Principle of contribution to objective. The purpose of every plan and all supporting plans is to promote the accomplishment of enterprise objectives.

P2. Principle of objectives. If objectives are to be meaningful to people, they must be clear, attainable, and verifiable.

P3. Principle of primacy of planning. Planning logically precedes all other managerial functions.

P4. Principle of efficiency of plans. The efficiency of a plan is measured by the amount it contributes to purpose and objectives offset by the costs required to formulate and operate it and by unsought consequences.

The Structure of Plans
Two major principles dealing with the structure of plans can go far in tying plans together, making supporting plans contribute to major plans and ensuring that plans in one

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department harmonize with those in another.

P5.  *Principle of planning premises.* The more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

P6.  *Principle of the strategy and policy framework.* The more strategies and policies are clearly understood and implemented in practice, the more consistent and effective will be the framework of enterprise plans.

**The Process of Planning**

Within the process of planning, there are four principles that help in the development of a practical science of planning.

P7.  *Principle of the limiting factor.* In choosing among alternatives, the more accurately individuals can recognize and allow for factors that are limiting or critical to the attainment of the desired goal, the more easily and accurately they can select the most favorable alternative.

P8.  *The commitment principle.* Logical planning should cover a period of time in the future necessary to foresee as well as possible, through a series of actions, the fulfillment of commitments involved in a decision made today.

P9.  *Principle of flexibility.* Building flexibility into plans will lessen the danger of losses incurred through unexpected events, but the cost of flexibility should be weighed against its advantages.

P10. *Principle of navigational change.* The more that planning decisions commit individuals to a future path, the more important it is to check on events and expectations periodically and redraw plans as necessary to maintain a course toward a desired goal.

The commitment principle and the principles of flexibility and navigational change are aimed at a contingency approach to planning. Although it makes sense to forecast and draw plans far enough into the future to be reasonably sure of meeting commitments, often it is impossible to do so, or the future is so uncertain that it is too risky to fulfill those commitments.

The principle of flexibility deals with the ability to change that is built into plans. The principle of navigational change, on the other hand, implies reviewing plans from time to time and redrawing them if this is required by changed events and expectations. Unless plans have built-in flexibility, navigational change may be difficult or costly.
Major Principles or Guides for Organizing

Although the science of organizing has not yet developed to the point where its principles are infallible laws, there is considerable agreement among management scholars and practitioners about a number of them. These principles are truths (or are believed to be truths) of general applicability, although their application is not precise enough to give them the exactness of the laws of pure science. They are more in the nature of essential criteria for effective organizing. The most essential guiding principles of organizing are summarized below.

The Purpose of Organizing

The purpose of organizing is to aid in making objectives meaningful and to contribute to organizational efficiency.

O1. Principle of unity of objectives. An organization structure is effective if it enables individuals to contribute to enterprise objectives.

O2. Principle of organizational efficiency. An organization is efficient if it is structured to aid the accomplishment of enterprise objectives with a minimum of unsought consequences or costs.

The Reason for Organizing

The basic reason for the organization structure is the limitation of the span of management. If there were no such limitation, an enterprise might have only one manager and no organization structure.

O3. Principle of the span of management. In each managerial position, there is a limit to the number of persons an individual can effectively manage, but the exact number will depend on the impact of underlying variables.

The Structure of Organization: Authority

Authority is the cement of the organization structure, the thread that makes it possible, the means by which groups of activities can be placed under a manager and coordination of organizational units can be promoted. It is the tool by which a manager is able to exercise discretion and to create an environment for individual performance. Some of the most useful principles of organizing are related to authority.

O4. Scalar principle. The clearer the line of authority from the ultimate management
position in an enterprise to every subordinate position, the clearer will be the responsibility for decision making and the more effective will be organizational communication.

O5. **Principle of delegation by results expected.** Authority delegated to all individual managers should be adequate to ensure their ability to accomplish expected results.

O6. **Principle of absoluteness of responsibility.** The responsibility of subordinates to their superiors for performance is absolute, and superiors cannot escape responsibility for the organizational activities of their subordinates.

O7. **Principle of parity of authority and responsibility.** The responsibility for actions should not be greater than that implied by the authority delegated, nor should it be less.

O8. **Principle of unity of command.** The more complete an individual’s reporting relationships to a single superior, the smaller the problem of conflicting instructions and the greater the feeling of personal responsibility for results.

O9. **Authority-level principle.** Maintenance of intended delegation requires that decisions within the authority of individual managers should be made by them and not be referred upward in the organization structure.

The Structure of Organization: Departmentalized Activities
Organization involves the design of a departmental framework. Although there are several principles in this area, one is of major importance.

O10. **Principle of functional definition.** The more a position or a department has a clear definition of the results expected, activities to be undertaken, and organizational authority delegated, as well as an understanding of authority and informational relationships with other positions, the more adequately the individual responsible can contribute toward accomplishing enterprise objectives.

The Process of Organizing
The various principles of authority delegation and of departmentation are fundamental truths about the process of organizing. They deal with phases of the two primary aspects of organizing: authority and activity groupings. There are other principles that deal with the process of organizing. It is through their application that managers gain a sense of proportion or a measure of the total organizing process.

O11. **Principle of balance.** In every structure, there is a need for balance. The application
of principles or techniques must be balanced to ensure overall effectiveness of the structure in meeting enterprise objectives.

**O12. Principle of flexibility.** The more that provisions are made for building flexibility into an organization structure, the more adequately an organization structure can fulfill its purpose.

**O13. Principle of leadership facilitation.** The more an organization structure and its delegation of authority enable managers to design and maintain an environment for performance, the more they will help the leadership abilities of those managers.

The principle of balance is common to all areas of science and to all functions of the manager. The inefficiencies of broad spans of management must be balanced against the inefficiencies of long lines of communication. The losses from multiple commands must be balanced against the gains from expertness and uniformity in delegating functional authority to staff and service departments. The savings of functional specialization in departmentalizing must be balanced against the advantages of establishing profit-responsible, semi-independent product or territorial departments. It is apparent, once again, that the application of management theory depends on the specific situation.

The principle of flexibility demands that devices and techniques for anticipating and reacting to change be built into every structure. Every enterprise moves toward its goal in a changing environment, both internal and external. The enterprise that develops inflexibilities, whether these are resistance to change, overcomplicated procedures, or too-firm departmental lines, is risking the inability to meet the challenges of economic, technological, biological, political, and social changes.

Since managership depends to a great extent on the quality of leadership of those in managerial positions, it follows from the principle of leadership facilitation that the organization structure should do its part in creating a situation in which a manager can most effectively lead. In this sense, organizing is a technique of promoting leadership. If the authority allocation and the structural arrangements create a situation in which heads of departments tend to be looked upon as leaders and in which their task of leadership is aided, organization structuring has accomplished an essential task.

**Major Principles or Guides for Staffing**

There are no universally accepted staffing principles. Nevertheless, those listed below are useful as guidelines for understanding the staffing function.

**The Purpose of Staffing**

The purpose of staffing is summarized by the following principles.
S1. **Principle of the objective of staffing.** The objective of managerial staffing is to ensure that organizational roles are filled by qualified personnel who are able and willing to occupy them.

S2. **Principle of staffing.** The clearer the definition of organizational roles and their human resource requirements, and the better the techniques of manager appraisal and training employed, the higher the managerial quality.

The first principle stresses the importance of the desire and ability to undertake the responsibilities of management. There is considerable evidence of failure to achieve results when these qualities are lacking. The second principle rests on an important body of knowledge concerning management practices. Organizations that have no established job definitions, no effective appraisals, and no system for training and development will have to rely on coincidence or outside sources to fill positions with able managers. On the other hand, enterprises applying the systems approach to staffing and human resource management will utilize the potentials of people in the enterprise more effectively and efficiently.

**The Process of Staffing**
The following principles indicate the means for effective staffing.

S3. **Principle of job definition.** The more precisely the results expected of managers are identified, the more the dimensions of their positions can be defined.

S4. **Principle of managerial appraisal.** The more clearly verifiable objectives and required managerial activities are identified, the more precise can be the appraisal of managers against these criteria.

S5. **Principle of open competition.** The more an enterprise is committed to the assurance of quality management, the more it will encourage open competition among all candidates for management positions.

The first principle is similar to the principle of functional definition in organizing. Since organizational roles are occupied by people with different needs, these roles must have many dimensions that induce managers to perform, such as pay, status, power, discretion, and job satisfaction.

The second principle suggests that performance should be measured both against verifiable objectives—as in an appraisal approach based on management by objectives—and against standards of performance as managers. The appraisal of managers as
managers considers how well the key managerial activities within the functions of planning, organizing, staffing, leading, and controlling are carried out.

Violation of the open competition principle has led many firms to appoint managers with inadequate abilities. Although social pressures strongly favor promotion from within the enterprise, these forces should be resisted whenever better candidates can be brought in from the outside. At the same time, the application of this principle obligates an organization to appraise its people accurately and to provide them with opportunities for development.

S6. Principle of management training and development. The more management training and development is integrated with the management process and enterprise objectives, the more effective the development programs and activities will be.

S7. Principle of training objectives. The more precisely the training objectives are stated, the more likely are the chances of achieving them.

S8. Principle of continuous development. The more an enterprise is committed to managerial excellence, the more it requires that managers practice continuous self-development.

The first of these three principles suggests that, in the systems approach, training and development efforts are related to the managerial functions, the aims of the enterprise, and the professional needs of managers.

The analysis of training needs is the basis for determining training objectives that give direction to development and facilitate the measurement of the effectiveness of training efforts. The second principle brings into focus the contribution that training makes to the purpose of the enterprise and the development of individuals.

The third principle reminds us that, in a fast-changing and competitive environment, managers cannot stop learning. Instead, they have to update their managerial knowledge continually, reevaluate their approaches to managing, and improve their managerial skills and performance to achieve results.

Major Principles or Guides for Leading

The managerial function of leading can be summarized by several principles or guides.

L1. Principle of harmony of objectives. The more managers can harmonize the personal goals of individuals with the goals of the enterprise, the more effective and efficient the enterprise will be.

L2. Principle of motivation. Since motivation is not a simple matter of cause and effect, the more managers carefully assess a reward structure, look upon it from a
situational and contingency point of view, and integrate it into the entire system of managing, the more effective a motivational program will be.

L3. *Principle of leadership.* Since people tend to follow those who, in their view, offer them a means of satisfying their personal goals, the more managers understand what motivates their subordinates and how these motivators operate, and the more they reflect this understanding in carrying out their managerial actions, the more effective they are likely to be as leaders.

For organizational communication to be effective, managers should take note of the following principles.

L4. *Principle of communication clarity.* Communication tends to be clear when it is expressed in a language and transmitted in a way that can be understood by the receiver.

L5. *Principle of communication integrity.* The greater the integrity and consistency of written, oral, or nonverbal messages, as well as of the moral behavior of the sender, the greater the acceptance of the message by the receiver.

L6. *Principle of supplemental use of informal organization.* Communication tends to be more effective when managers utilize the informal organization to supplement the communication channels of the formal organization.

The sender has the responsibility to formulate the message so that it is understandable to the receiver. This responsibility pertains primarily to written and oral communication and points to the necessity for planning the message, stating the underlying assumptions, and applying the generally accepted rules for effective writing and speaking.

Informal organization is a phenomenon managers must accept. Information, true or not, flows quickly through the informal organization. Consequently, managers should take advantage of this device to correct misinformation and to provide information that cannot be effectively sent or appropriately received through the formal communication system.

**Major Principles or Guides for Controlling**

From the discussions in the chapters on management control, there have emerged certain essentials, or basic truths. These, which are referred to as “principles,” are designed to highlight aspects of control that are regarded as especially important. In view of the fact that control, even though representing a system itself, is a subsystem of the larger area of management, certain of these principles are understandably similar to those identified in the discussions of the other managerial functions.
The Purpose and Nature of Control
The purpose and nature of control may be summarized by the following principles.

C1. Principle of the purpose of control. The task of control is to ensure the success of plans by detecting deviations from plans and furnishing a basis for taking action to correct potential or actual undesired deviations.

C2. Principle of future-directed controls. Because of time lags in the total system of control, the more a control system is based on feedforward rather than simple feedback of information, the more managers have the opportunity to perceive undesirable deviations from plans before they occur and to take action in time to prevent them.

These two principles emphasize that the purpose of control in any system of managerial action is ensuring that objectives are achieved through detecting deviations and taking action designed to correct or prevent them. Control, like planning, should ideally be forward-looking. This principle is often disregarded in practice, largely because the state of the art in managing has not regularly provided for systems of feedforward control. Managers have generally been dependent on historical data, which may be adequate for collecting taxes and determining stockholders' earnings but are not good enough for the most effective control. If means of looking forward are lacking, reference to history, on the questionable assumption that “what is past is prologue,” is better than not looking at all. But time lags in the system of management control make it imperative that greater efforts be undertaken to make future-directed control a reality.

C3. Principle of control responsibility. The primary responsibility for the exercise of control rests in the manager charged with the performance of the particular plans involved.

C4. Principle of efficiency of controls. Control techniques and approaches are efficient if they detect and illuminate the nature and causes of deviations from plans with a minimum of costs or other unsought consequences.

C5. Principle of preventive control. The higher the quality of managers in a managerial system, the less will be the need for direct controls.

To maximize the efficiency of controls, the above three principles should be observed. First, since delegation of authority, assignment of tasks, and responsibility for certain objectives rest in individual managers, it follows that control over this work should be
exercised by each of these managers. An individual manager’s responsibility cannot be waived or rescinded without changing the organization structure.

The second point to note is that control techniques have a way of becoming costly, complex, and burdensome. Managers may become so engrossed in control that they spend more than it is worth to detect a deviation. Detailed budget controls that hamstring a subordinate, complex mathematical controls that thwart innovation, and cumbersome purchasing controls that delay deliveries and cost more than the item purchased are examples of inefficient controls.

Lastly, most controls are based in large part on the fact that human beings make mistakes and often do not react to problems promptly and adequately. The more qualified managers are, the more they will perceive deviations from plans and take timely action to prevent them.

The Structure of Control
The principles that follow are aimed at pointing out how control systems and techniques can be designed to improve the quality of managerial control.

C6. Principle of reflection of plans. The more that plans are clear, complete, and integrated, and the more that controls are designed to reflect such plans, the more effectively controls will serve the needs of managers.

C7. Principle of organizational suitability. The more that an organization structure is clear, complete, and integrated, and the more that controls are designed to reflect the place in the organization structure where responsibility for action lies, the more controls will facilitate correction of deviations from plans.

C8. Principle of individuality of controls. The more that control techniques and information are understandable to individual managers who must utilize them, the more they will actually be used and the more they will result in effective control.

First of all, it is not possible for a system of controls to be devised without plans, since the task of control is to ensure that plans work out as intended. There can be no doubt that the more clear, complete, and integrated these plans are, and the more that control techniques are designed to follow the progress of these plans, the more effective the controls will be.

Secondly, plans are implemented by people. Deviations from plans must be the responsibility primarily of managers who are entrusted with the task of executing planning programs. Since it is the function of an organization structure to define a system of roles, it follows that controls must be designed to affect the role in which responsibility for
performance of a plan lies.

Although some control techniques and information can be utilized in the same form by various kinds of enterprises and managers, as a general rule controls should be tailored to meet the individual needs of managers. Some of this individuality is related to position in the organization structure, as noted in the second principle. Another aspect of individuality is the tailoring of controls to the kind and level of managers’ understanding. Company presidents as well as supervisors have thrown up their hands in dismay (often for quite different reasons) at the unintelligible nature and inappropriate form of control information. Control information that a manager cannot or will not use has little practical value.

The Process of Control
Control, often being so much a matter of technique, rests heavily on the art of managing, on know-how in given instances. However, there are certain principles that experience has shown have wide applicability.


C10. *Principle of critical point control*. Effective control requires special attention to those factors critical to evaluating performance against plans.

C11. *The exception principle*. The more that managers concentrate control efforts on significant exceptions from planned performance, the more efficient will be the results of their control.

There should be a simple, specific, and verifiable way to measure whether a planning program is being accomplished. Control is accomplished through people. Even the best manager cannot help being influenced by personal factors, and actual performance is sometimes camouflaged by a dull or a sparkling personality or by a subordinate’s ability to “sell” a deficient performance. Good standards of performance, objectively applied—as required by the principle of standards—will more likely be accepted by subordinates as fair and reasonable.

It would ordinarily be wasteful and unnecessary for managers to follow every detail of plan execution. What they must know is that plans are being implemented. Therefore, they concentrate their attention on salient factors of performance—the critical points—that will indicate any important deviations from plans. Perhaps all managers can ask themselves what things in their operations will best show them whether the plans for which they are responsible are being accomplished.

The exception principle holds that managers should concern themselves with
significant deviations—the especially good or the especially bad situations. It is often confused with the principle of critical point control, and the two do have some kinship. However, critical point control has to do with recognizing the points to be watched, while the exception principle is concerned with watching the size of deviations at these points.

C12. Principle of flexibility of controls. If controls are to remain effective despite failure or unforeseen changes of plans, flexibility is required in their design.

C13. Principle of action. Control is justified only if indicated or actual deviations from plans are corrected through appropriate planning, organizing, staffing, and leading.

According to the flexibility principle, controls must not be so inflexibly tied in with a plan as to be useless if the entire plan fails or is suddenly changed. Note that this principle applies to failure of plans, not failure of people operating under plans.

There are instances in practice in which this simple truth is forgotten: control is a wasteful use of managerial and staff time unless it is followed by action, as the principle of action stresses. If deviations are found in actual or projected performance, action is indicated, in the form of either redrawing plans or making additional plans to get back on course. The situation may call for reorganization. It may require replacing subordinates or training them to do the task required. Or it may indicate that the fault is a lack of direction and leadership in getting a subordinate to understand the plans or in motivating him or her to accomplish them. In any case, action is implied.