

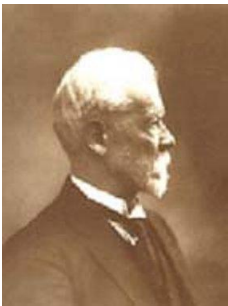
Henri Fayol

Planning, Organisation, Command, Coordination, Control

Thinker 016



Introduction



Henri Fayol (1841-1925) remained comparatively unknown outside his native France for almost a quarter of a century after his death. Then, Constance Storrs published "*General and Industrial Management*" - a translation of his (unfinished) work "*Administration Industrielle et Generale - Prevoyance, Organisation, Commandment, Controle*" - and he posthumously gained widespread recognition for his work on administrative management. Today he is often described as the founding father of the Administration School.

Background and career

Fayol spend his entire career in one company - the French mining and metallurgical combine Comentry-Fourchamboult-Decazeville. He began as a mining engineer, was appointed Director of a group of pits in 1872 and became Managing Director in 1888, a post which he held until his retirement in 1918 although he held the title as an honorific until his death.

When Fayol began his career, the financial health of the mining combine was poor. By the time of his retirement, there had been a complete turnaround to a position of prosperity. Fayol's success is often attributed to his development and championing of the 'functional principle'. This involved:

- preparing yearly and ten-yearly plans and acting on them;
- preparing organisation charts to demonstrate and encourage order;
- careful recruitment and training to ensure each employee was in the right place;
- adhering to the principle of the chain of command;
- meetings of heads of departments and heads of divisions to ensure coordination

Key work

"*Administration Industrielle et Generale - Prevoyance, Organisation, Commandement, Controle*" (General and industrial management - planning, organisation, command and control)

In his writing, Fayol attempted to construct a theory of management which could be used as a basis for formal management education and training. Fayol firstly divided all organisational activities into six functions:

1. Technical: engineering, production, manufacture, adaptation.
2. Commercial: buying, selling, exchange.
3. Financial: the search for optimum use of capital.
4. Security: protection of assets and personnel.
5. Accounting: stocktaking, balance sheets, costs, statistics.
6. Managerial: planning, organising, commanding, coordinating, controlling.

Although well understood in their own right, none of the first five of these functions takes account of: drawing up a broad plan of where the business is going and how it will operate, organising people, coordinating all of the organisation's efforts and activities, and monitoring to check that what is planned is actually carried out. Fayol's sixth function, therefore, acts as an umbrella to the previous five.

Fayol argued that to manage is to:

Plan: A good plan of action should be flexible, continuous, relevant and accurate, as it unifies the organisation by focusing on the nature, priorities and condition of the business, longer-term predictions for the industry and economy, the intuitions of key thinkers, and strategic sector analyses from specialist staff groups.

For effective planning, managers should be skilled in the art of handling people, have considerable energy and a measure of moral courage, have some continuity of tenure, be competent in the specialised requirements of the business, have general business experience and the ability to generate creative ideas.

Organise: Organising is as much about lines of responsibility and authority as it is about communication flow and the use of resources. Fayol lays down the following organisation duties for managers:

- ensure the plan is judiciously prepared and strictly carried out, see that human and material structures are consistent with objectives,
- resources and general operating policies
- set up a single guiding authority and establish lines of communication throughout the organisation
- harmonise activities and coordinate efforts, formulate clear distinct and precise decisions
- arrange for efficient personnel selection
- define duties clearly
- encourage a liking for initiative and responsibility
- offer fair and suitable recompense for services rendered, make use of sanctions in cases of fault and error
- maintain discipline
- ensure that individual interests are subordinated to the general interest
- pay special attention to the authority of command
- supervise both material and human order
- have everything under control
- fight against an excess of regulations, red tape and paperwork.

Coordinate: Coordination involves determining the timing and sequencing of activities so that they mesh properly, allocating the appropriate proportions of resources, times and priority, and adapting means to ends.

Command: Managers who have command should:

- gain a thorough knowledge of their personnel
- eliminate the incompetent (This is not as final as it sounds! Fayol takes pains to point out that any decision to separate with an employee should be the result of careful thought, that the employee should have had fairly assigned work for which (s)he was trained, that (s)he was fairly and objectively appraised and honest feedback was provided, that (s)he had been given every opportunity for additional training, offered guidance and that, where possible, (s)he was re-assigned to alternative work. Fayol also mentions procedures involving written warnings and protection against bias and "inequities").
- be well versed in the agreements between the business and its employees
- set a good example

- conduct periodic audits of the organisation
- bring together senior assistants to ensure unity of direction and focus of efforts
- not become engrossed in detail
- aim at making energy, initiative, loyalty and unity prevail amongst staff.

Control: Controlling means:

- checking that everything occurs according to the plan adopted, the principles established and the instructions issued
- taking appropriate corrective action
- periodically checking for weaknesses, errors and deviations from the plan
- checking that the plan is kept up to date (it is not cast in stone but adapts to changing developments). (managers).

Fayol's Principles of Management

Fayol's five-point approach advises managers on their tasks, duties and activities. From his own experience he established a number of general Principles of Management which lend definition, description and technique to this approach.

- Division of work: specialisation allows the individual to build up expertise and therefore be more productive.
- Authority: the right to issue commands, along with the appropriate responsibility.
- Discipline: two-sided - employees obey orders only if management play their part by providing good leadership.
- Unity of command: one man-one boss, with no other conflicting lines of command.
- Unity of direction: staff involved in the same activities should have the same objectives.
- Subordination of individual interest to general interest: the interests of the organisation must come first over any group, just as the interests of any agreed team objectives should come first over the individual.
- Remuneration: should be fair and equitable, encourage productivity by rewarding well-directed effort, should not be subject to abuse.
- Centralisation: there is no formula to advocate centralisation or decentralisation; much depends on the optimum operating conditions of the business.
- Scalar chain: Fayol recognised that although hierarchies are essential, they do not always make for the swiftest communication, and that lateral communication is also fundamental.
- Order: Avoidance of duplication and waste through good organisation.
- Equity: "A combination of kindness and justice" in dealing with employees.
- Stability of tenure: The more successful the business, the more stable the management.
- Initiative: Encouraging people to use their initiative is a source of strength for the organisation.
- Esprit de corps: Management must foster and develop the morale of its employees and encourage each employee to use their abilities.

Influence

It is hard to over-estimate the influence Fayol has brought to bear on management thinking - and management thinkers. Labelled the founding father of the Administration school, he was the first author to look at the organisation from the 'top down', to identify management as a process, to break that process down into logical subdivisions and to lay out a series of principles to make best use of people - thereby establishing a syllabus for management education.

The fact that his influence has endured is expressed no better than in the influential (although perhaps prescriptive) classical management formula POSDCORB, a notion directly derived from Fayol's writings that managers Plan, Organise, Staff, Direct, Coordinate, Report and Budget.

But if we look back a little more closely at the detail and description of Fayol's five management activities, we see that the conflicts and concerns, the responsibilities and duties, the styles and the problems which he

identified 100 years ago are still just as relevant today. How do we "ensure that individual interests are subordinated to (harmonised with) the general interest"? How do we "encourage a liking for initiative and responsibility"? And if the "fight against an excess of regulations, red tape and paperwork" was problematic enough for Fayol to regard it as a management duty 100 years ago, he would arguably be disappointed at how little progress has been made.

Fayol's last two management activities - command and control - have also been taken to describe the hierarchical structure and management style which large organisations adopted from the 1950s through to the 1980s. Again, if we look closely at what Fayol actually says - especially about command - it would not be too distant from a description of an empowering, not a 'commanding', manager today.

Fayol's views have been criticised for weaknesses of analysis and assessment, for the overlap in his principles, elements and duties, for confusing structure with process, and for an over-reliance on top-down bureaucracy. Although criticised for lack of clarity, his principles of management do not differ greatly from the characteristics of formal organisations - or bureaucracies - as set out by Max Weber. His influence as the first to describe management as a top-down process based on planning and the organisation of people, will ensure his prominence amongst students and practising managers alike.

Key work by Fayol

The editions cited here are those held in, available for loan to members from, the CMI library. They may not always be the first edition.

Book

General and Industrial Management, Henri Fayol (revised by Irwin Gray)
London: Pitman, 1984

Further reading

Fayol on administration, M B Brodie
London: Lyon Grant and Green, 1967

The principles and practice of management, Edward Brech, 3rd ed
London: Longman, 1975

Great writers on organizations: the omnibus edition, Derek S Pugh and David J Hickson
Aldershot: Dartmouth, 1993

Financial Times handbook of management,
Stuart Crainer
London: Pitman, 1995

Revisiting Fayol anticipating contemporary management, Lee D Parker and Philip A Ritson,
British Journal of Management, Sep vol 16 no 3 2005, pp175-194

This is one of many thinkers available to all CMI members. For more information please contact

t: 01536 204222

e: enquiries@managers.org.uk

w: www.managers.org.uk

Chartered Management Institute
Management House, Cottingham Road, Corby NN17 1TT.

Text revised 2002
Further reading updated Jan 2012