The Basic Management Cycle: A Systems Approach to the Management Process

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ABSTRACT: *This paper presents a new theoretical approach for understanding the management process in organizations. Synthesizing both classical and systems ideas, the concept of a Basic Management Cycle is developed. By reifying the ordering and processes of the essential elements of management, what is developed may be described as a cascading means-ends chain of organized, loosely coupled, interconnected systems, moving from generality toward specificity, that serve as a normative template for the management process. The importance of this paper lies mainly in its synthesis of a number of existing ideas not configured heretofore in the manner presented.*

Keywords: Management, management process, systems theory, systems thinking.

INTRODUCTION

Through the practice, study, and teaching of management, I became convinced that there should be elemental components in every action taken by a manager in the performance and execution of managerial duties. It seemed as though whatever elements there were should be "ordered" or "structured" in a more definitive manner than the frequently presented planning-organizing-leading-controlling paradigm shown as a cycle beginning with, and returning to, planning (hereinafter referred to as the traditional model). If whatever elements could be more logically expressed then it should be possible to express the "means" by which management achieves "ends." Said differently, it might be possible to "map" what goes on managerially in an organization from top to bottom. This thinking is consistent with numerous attempts to capture the essential elemental order and processes of managerial activity universally applicable to organizations (cf., Wren 1994).

Salient among earlier efforts is the work of Fayol (1916), Mooney et al. (1931), and Urwick (1937, 1938, 1943). Although space limitations preclude even a basic rendering of the work of such pioneers, it is in the general spirit of these contributions that the present paper is written. More specifically, this paper sets forth a theoretical approach to mapping the process of management using both classical ideas and fundamental notions derived from systems theory. The sociological, psychological, and political aspects of management and administration, while accepted as important, are not considered relevant to this paper and are not addressed. The concept of a *Basic Management Cycle* (BMC), considered a template overlaying and "measuring" each managerial "action," is discussed with its application for managerial analysis and practice.

DEVELOPMENT OF THE BASIC MANAGEMENT CYCLE

Recognizing that management is the process by which organizations get things accomplished it seemed logical to focus attention on the notion of "process." Systems theory holds that any process, in order to be called a process, is conformable to the well known basic systems model: input-transformation-output-feedback (to input). Accordingly, if management is a process, the components of the basic systems model need to be explicitly recognizable, thus, what constitutes input becomes the first area to explore.

Planning, contrary to the traditional model, did not seem to be the logical first step for, in the words of Urwick (1943, p. 26) it is impossible to plan in a void, about nothing; the conception of making a plan postulates that it is a plan *to do something*. Barnard (1938) expresses this "something" as the "purpose" of an organization. Viewing an organization as a system, Barnard (1938, p. 77) maintains that regardless of the level of the system being analyzed, *all* levels contain three universal elements: (1) willingness to cooperate, (2) *common purpose* (emphasis mine), and (3) communication (Wren 1994, p. 268). Deductively, planning activity may be conceived as emanating from purpose at every level of the organization. (The left column of Table 1 provides a list of elements being developed. Hereinafter, all BMC elements will be capitalized.)

BMC Element	Elemental Orientation			
	Within BMC(s)	Between BMC(s)		
		Management Level		
		Top	Middle	Supervisory
Purpose	Generality (macro)	Relatively Broad	Mid-range	Relatively Narrow
Longer Term Planning	↓	Longest	Mid-range	Shortest
Longer Term Objectives/Goals		Relatively Imprecise	Mid-range	Relatively Precise
Shorter Term Planning		Longest	Mid-range	Shortest
Shorter Term Objectives/Goals		Relatively Imprecise	Mid-range	Relatively Precise
Implementation		Situationally Specific	Situationally Specific	Situationally Specific
Intended Accomplishment		Task Specific	Task Specific	Task Specific
Actual Accomplishment		Specific	Specific	Specific
Evaluation/ Control	Specificity (micro)	Situationally Specific	Situationally Specific	Situationally Specific

Table 1: General Elemental Orientations Within and Between Basic Management Cycles

Purpose, as a theoretical construct, is a more complex matter than intuition might suggest (see, e.g., Behling et al. 1976, pp. 166-188). Included also is the value pattern of the organization (Parsons, 1960) since this legitimizes its existence as a system relative to the more generalized values of the superordinate social system. Purpose at the top level of an organization, as used in the present paper, is also sometimes referred to as organizational objectives or an organization's core principles. For present needs it is sufficient to say that Purpose at the top management level is broad in scope, philosophical in nature, and multidimensional in concept. This paper is not concerned with how Purposes are derived but rather that they exist as a precondition to planning, or, said differently, that they serve to guide planning activity at all organizational levels.

Continuing down the left column of Table 1, Planning has been subdivided into two components: Longer Term and Shorter Term, with the key distinction between them being merely that of time frame. At the top management level these are frequently called Strategic Planning and Operational Planning, respectively. The principal reason for distinguishing the time frame is to capture the notion that we move away from the generality of Purpose toward greater degrees of specificity as we move toward Accomplishment (shown in the second column of Table 1). Said differently, we generally move from a macro-orientation toward a micro-orientation.

The essential flow of logic has now been established. Longer Term Planning is rooted in Purpose with the result being expressions of the Longer Term Objectives/Goals to be achieved. In turn, these statements serve as guidance in Shorter Term Planning activity, which leads to statements of the Shorter Term Objectives/Goals to be achieved. (This paper will not distinguish between objectives and goals since the literature is equivocal in this regard; conceptually, they are being treated as equivalent.)

As specificity becomes greater, and recognizing that the ultimate desire is concrete action, there must be a point in the flow of logic where Planning is converted into potential action. This is recognized in Table 1 with the element designated Implementation. A dictionary definition of Implementation suffices: (1) to give practical effect to and ensure of actual fulfillment by concrete measures; (2) to provide instruments or means of expression for (Webster's 1979). An extensive discussion of Implementation means is beyond the purview of this paper; however, standard management education and practice would address concepts such as organizational structure, policies, administrative practices, rules, regulations, standards, procedures, power, authority, leadership, budgeting, and communications. Fundamentally, Implementation means any activity, technique, device, or scheme necessary for the organization to translate Planning into Intended Accomplishment.

Planning and Implementation yield Intended Accomplishment, meaning, simply, that which is desired in a particular situation. Intended Accomplishment has been distinguished from Actual Accomplishment because the

two are conceptually different. Doing this also permits the recognition of a potential "gap" between Intended versus Actual Accomplishment.

The results of Actual Accomplishment (i.e., that which actually occurs) will need to be compared to what was Intended in order for there to be proper Evaluation and Control. Control itself is considered to be only the mechanistic comparison of Actual versus Intended Accomplishment. The fact that the organization did what it set out to do (i.e., there is no gap) is not necessarily "good." It may be that the organization engaged in unrealistic Planning and/or dysfunctional, inappropriate, or ineffective Implementation. Alternatively, the presence of a gap is not necessarily "bad." Obviously, much can happen that may render Actual Accomplishment as different from that which was Intended. The critical task is Evaluation, i.e., determining by appropriate and careful analysis the significance underlying the presence versus absence of the gap(s). Said differently, Evaluation as used here is considered qualitatively to be a higher order of Control, where some determination is made of the relative "goodness" of the fit between Intended and Actual Accomplishment and the relative need for any corrective action.

To illustrate the BMC further (and economize due to space limitations), it is necessary to use Figure 1, which shows the means-ends chain of management in terms of a cascading series of BMCs (the full import of this figure is to be discussed later).

In Figure 1, note that the boxes identified as 1-9 correspond to the BMC elements discussed earlier. We can now illustrate the feedback component of a BMC by addressing our attention to the upper-left portion labeled Top Management BMC(s).

Given satisfactory Planning (relative to Purpose) and Implementation, and a satisfactory Evaluation, in a given BMC we would generally follow the feedback line from Evaluation to Implementation thence back through Intended and Actual Accomplishment for a continuing examination of the current activity. This acknowledges an iterative aspect to managerial activity. It would seem that this path will produce the greatest quantity (or “volume”) of feedback.

Sometimes the Evaluation may suggest the need to alter the Shorter Term Objectives/Goals, or the Shorter Term Planning, or the Longer Term Objectives/Goals, or the Longer Term Planning, or, indeed, Purpose. Presumably the smallest degree of alteration would occur at the Purpose level. Or, said differently, the smallest quantity (or “volume”) of feedback would occur here.

As a test of the veracity of our reasoning thus far, we should be able to superimpose the basic systems model on a given BMC. This is easily done. We can conceptualize Purpose as "input;" Longer Term Planning, Longer Term Objectives/Goals, Shorter Term Planning, Shorter Term Objectives/Goals, Implementation, and Intended Accomplishment as "transformation;" and Actual Accomplishment and Evaluation and Control as "output." The "feedback" component is obvious. Thus, the BMC has all four components represented. All elements of the BMC have now been identified and their interrelationships discussed.

We now consider Figure 1 *in toto*, wherein the management of an organization is extended in the conventional manner to include middle and supervisory levels as well as the top level. We should note that each of the three levels indicates identical BMCs.

A major argument of this paper is the idea that every managerial "action," regardless of its scope, that is, be it macro or micro in nature, has an associated BMC. In Figure 1, it is intuitively obvious that the managerial "work" of top management is not a singular BMC but rather a great number of them, each potentially having, as contended in this paper, the same associated elements and each emanating from the organization’s Purpose. By extension, there must be a subset of BMCs which convey Purpose to the next lower level of management, since this is a part of the "work" of top management. (The word "convey" is used by design to get away from the possible conclusion that higher management necessarily "dictates" to the next lower level its Purpose.)

Using the logic employed earlier for developing the conception of a BMC, it follows in Figure 1 that there will be a BMC associated with each middle and supervisory management managerial "action" as well. As at the top management level, at the middle management level there is a subset of BMCs which convey Purpose to the next lower level, i.e., the supervisory management level. Thus the managerial "work" of middle management consists of a great number of BMCs as does the managerial work of supervisory management.

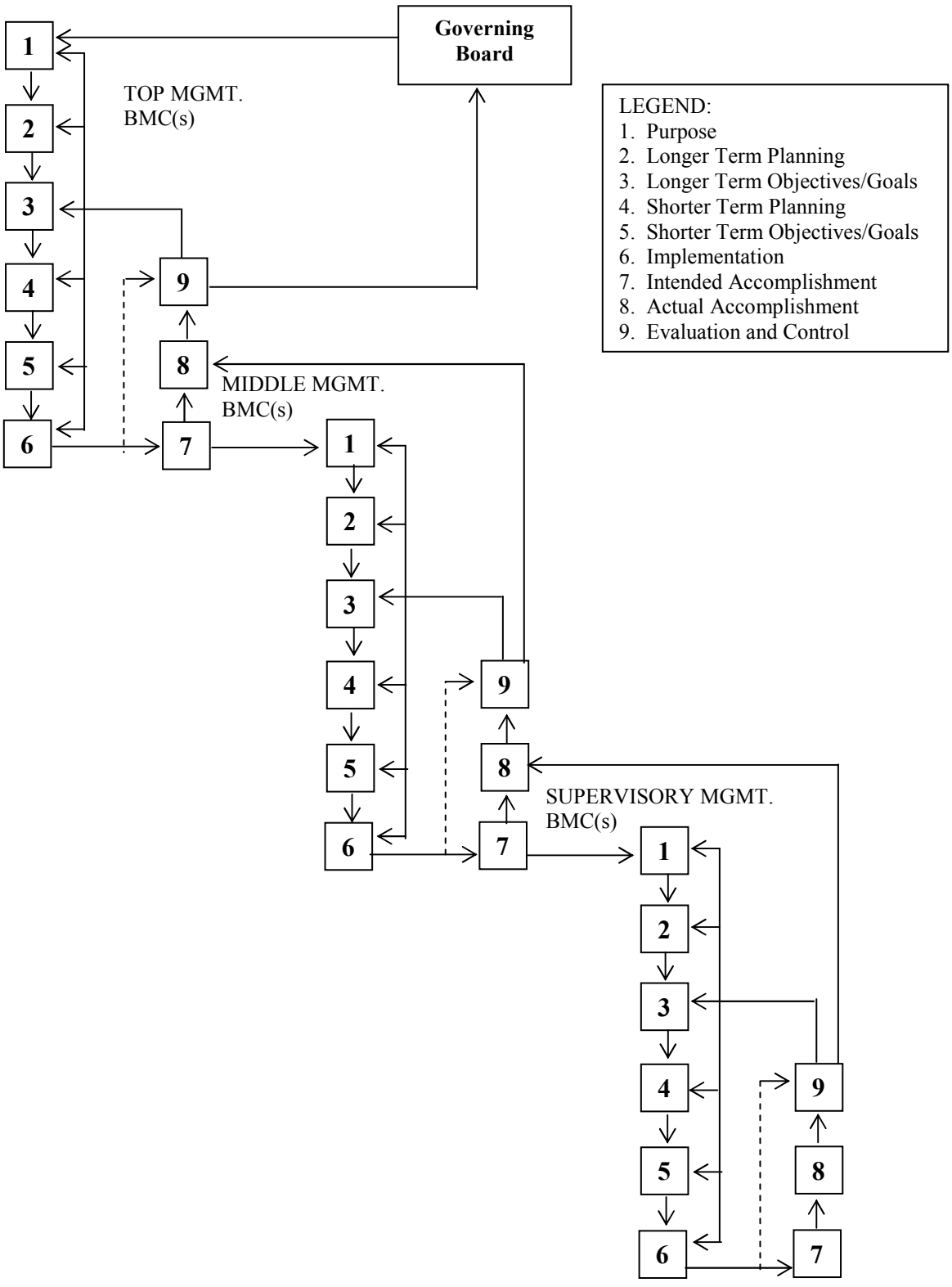

Figure 1: The Means-Ends Chain of Management

Taken together, Figure 1 actually reflects what is traditionally depicted as the "management" of an organization. However, it does not reflect the operative (operational) level (also called "labor" in the management-labor dichotomy). Nonetheless, there is an important extension of the BMC idea to the operative level. As before, it is contended that for supervisory management there is a subset of BMCs which convey purpose to those at the operative level, though now we might use the more conventional term "role." This recognizes that every member's role is linked with the management of the organization.

In Figure 1 we have established the essential means-ends chain of management, in the hierarchic sense, from top to bottom. In Table 1, when we look between BMCs by management level, we again see that the elements do not vary in kind but they do in matters of degree, generally speaking. It now remains to establish upward linkages between BMCs.

If we superimpose the basic systems model on a given management level in Figure 1 to test the veracity of our reasoning, we can conceptualize the conveying of Purpose as "input," boxes 2-7 of the BMCs as the "transformation," and Actual Accomplishment, the results of Evaluation and Control (which is reported to the next higher level), and the conveying of Purpose to the next lower level, together, as "output." The reporting, by whatever means, of a given level's Evaluation and Control to the next higher level's Actual Accomplishment is the necessary "feedback" loop. This information is then evaluated at the higher level and cycled through the BMC of that level as appropriate until it reappears in the Intended Accomplishment element of that level, wherein it becomes a part of the input to the level where it originated. At the top management level the feedback extends to a governing board which, in theory, represents the stakeholders' interests in the organization. The governing board, in concert with the top managers it appoints, has the responsibility for determining, and altering as necessary, the organization's Purpose. The total managerial system is now complete, incorporating all four components of the basic systems model at every organizational level.

By having developed a complete system, I do not wish to convey the idea that the system is static and closed. The managers of an organization, even though they all follow BMCs in their everyday work, still must interface appropriately with the external environment, as necessary, on an ongoing basis.

DISCUSSION AND IMPLICATIONS

What has been developed in this paper may be described as an organized, loosely coupled system of roles wherein interconnected sets of BMCs, both vertically and horizontally, serve as the means by which an organization achieves the ends associated with its raison d'etre. We can see that every role in any organization can be, and, indeed, should be, linked upward through a series of BMCs to the fundamental Purpose of the organization. This view concerning roles is consistent with the work of Katz et al. (1978) who have given the role concept a central place in their theory of organizations.

The general theory of the BMC as described in this paper is not only consistent with the work of Fayol (1916), Mooney et al. (1931), and Urwick (1937, 1938, 1943), it is also consistent with more recent seminal efforts such as those of March et al. (1958), Cyert et al. (1959), Burns et al. (1961), and Simon (1976). It acknowledges the primacy of purpose (Barnard 1938; Parsons 1960; Urwick 1938) and the universality of the hierarchical principle (Katz et al. 1978; Tannenbaum 1974). Its precepts are applicable to every social organization, public or private, profit or nonprofit, except those classified as primitive, which are described by Katz et al. (1978) as those organizations operating without a specialized feedback or regulatory mechanism. The BMC can be thought of as being a generic rendering of the process through which management achieves its ends.

The means-ends chain of BMCs (Figure 1) recognizes the well known hierarchy of objectives or values: A person's role or the tasks being performed should be consistent with the Purpose of the unit, which in turn should be consistent with the Purpose of the next higher level of management, and so forth, until the organization's Purpose is being served by all subdivisions of the organization. Further, every role (i.e., every employee) should be making a contribution to these various Purposes. Indeed, every role should have a path linking it ultimately to the Purpose of the organization via some hierachical set of BMCs. As an aside, roles are most easily clarified in profit making situations because of the ability to calculate relatively objective measures of effectiveness, such as profit, return on investment, return on assets, etc. As we move away from this relative objectivity, role clarification becomes more difficult.

In speaking of the conveying of Purpose to each successive level of the hierarchy, we should note that this does not preclude two-way interaction. Accordingly, both traditional and management-by objectives methods can be accommodated conceptually. Further, it is intuitively obvious that the managerial output of a given level to the next lower level will be qualitatively ideal if the input to the given level is unequivocal. The real world of management and administration, however, rarely, if ever, permits such ideal circumstances. Thus, we may postulate that the higher the degree of clarity in defining Purpose, the higher the degrees of effectiveness and efficiency for a given management level. This occurs, relatively speaking, because the associated BMCs will be better rooted and the output desired will be better understood. Said differently, both departments and people perform better when they clearly understand what is expected of them. Minimizing role conflict and role ambiguity is of obvious desirability.

From Figure 1, we make the observation that managerial activity in organizations is recursive in nature. By definition, this means: Of, relating to, or constituting a procedure that can repeat itself indefinitely or until a specified condition is met (Webster's 1979). The elements of managerial activity--expressed in this paper as the BMC--remain the same regardless of managerial level.

The importance of the present paper lies in its synthesis of existing ideas and its identification of the elements of managerial activity. Through the conception of a BMC and the application of basic systems theory, it has reified the order and processes of the essential elements of management. It has crystallized numerous concepts and molded them into a coherent system capable of serving as a normative template for understanding the process of management.

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