

GROUP PRESENTATION | COMPONENT 1

The Five Functions of Management

Applying Henri Fayol's Classical Framework to a Contemporary Business: A Case Study of Tesco PLC

Module: LCBB4015 – BA (Hons) Business Management

Lecturer: Mohammed Rahman

Group Members: Florian Tudic, student ID: **2513665**: Rares Constantinescu, Student ID: **2516174**

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Henri Fayol and the birth of classical management

HENRI FAYOL

1841 – 1925

“To manage is to forecast and plan, to organise, to command, to co-ordinate and to control.”

Fayol (1949, p. 6)

1

A French mining engineer and executive

Fayol led the Commentry-Fourchamboult mining company and turned decades of managerial practice into the first general theory of management (Cole and Kelly, 2020).

2

Author of *Administration Industrielle et Générale* (1916)

His book identified 14 principles of management and five core functions that every manager performs, regardless of sector.

3

A foundation for modern management thought

Later theorists such as Drucker, Mintzberg and Koontz built upon Fayol's functions. Most current textbooks still frame the manager's job around them (Mullins, 2019).

The five functions of management at a glance



Source: adapted from Fayol (1949) and Mullins (2019).

Tesco PLC – A profile

One of the world's largest grocery retailers

Founded in 1919 by Jack Cohen in East London, Tesco has grown from a single market stall into a multinational retailer headquartered in Welwyn Garden City, United Kingdom.

The company operates supermarkets, convenience stores (Tesco Express), large hypermarkets (Tesco Extra) and a growing digital business across the UK, Ireland and Central Europe.

Tesco has long been used in management textbooks as an example of a large, diversified, functionally structured retailer (Johnson et al., 2020).

Figures approximate; students should verify against Tesco's latest Annual Report before delivery.

1919

Year founded by Jack Cohen

c. 4,800

Stores worldwide (approx.)

c. 330k

Employees globally

5 countries

UK, Ireland, Czechia, Hungary, Slovakia

Planning: setting the direction of the organisation

DEFINITION

What is planning?

Planning is the process of establishing objectives and deciding in advance what actions must be taken, by whom, and using which resources, to achieve them (Cole and Kelly, 2020).

Fayol described it as “examining the future and drawing up a plan of action”. Modern writers extend this to strategic, tactical and operational planning (Mullins, 2019).

1

Strategic planning

Long-term direction (3–5 years). Set by top management; concerns the whole organisation.

2

Tactical planning

Medium-term departmental plans (1–2 years) that convert strategy into functional targets.

3

Operational planning

Short-term, day-to-day plans and schedules that guide front-line activity.

Planning in practice at Tesco

How Tesco converts direction into concrete plans

Strategic level	Tactical level	Operational level
<i>Board-level long-term vision</i> Tesco's multi-year strategy focuses on serving customers, colleagues, communities and the planet. This shapes decisions such as store portfolio, investment in Clubcard Plus and expansion of Tesco Mobile and Tesco Bank services (Tesco PLC, 2024).	<i>Divisional business plans</i> Category directors set 12-month tactical plans covering own-brand ranges, price positioning against Aldi and Lidl, and marketing campaigns. The Aldi Price Match programme is a good example of a tactical response to competitive pressure.	<i>Store and supply-chain schedules</i> Store managers use daily rotas, hourly footfall forecasts and just-in-time replenishment schedules. Distribution centres run 24-hour operational plans to ensure fresh produce reaches shelves within tight time windows.

● Effective planning at Tesco links long-term vision to daily execution – a hierarchy of plans that is essential in a business of this scale.

Organising: building the structure to deliver the plan

DEFINITION

What is organising?

Organising is the process of dividing work into tasks, grouping those tasks into roles and departments, allocating authority, and providing the human and material resources needed to achieve organisational goals (Cole and Kelly, 2020).

For Fayol, organising created the “body corporate” of the business – the framework in which people can act.

Division of work

Specialisation improves efficiency and skill.

Authority & responsibility

The right to give orders must match the duty to deliver.

Unity of command

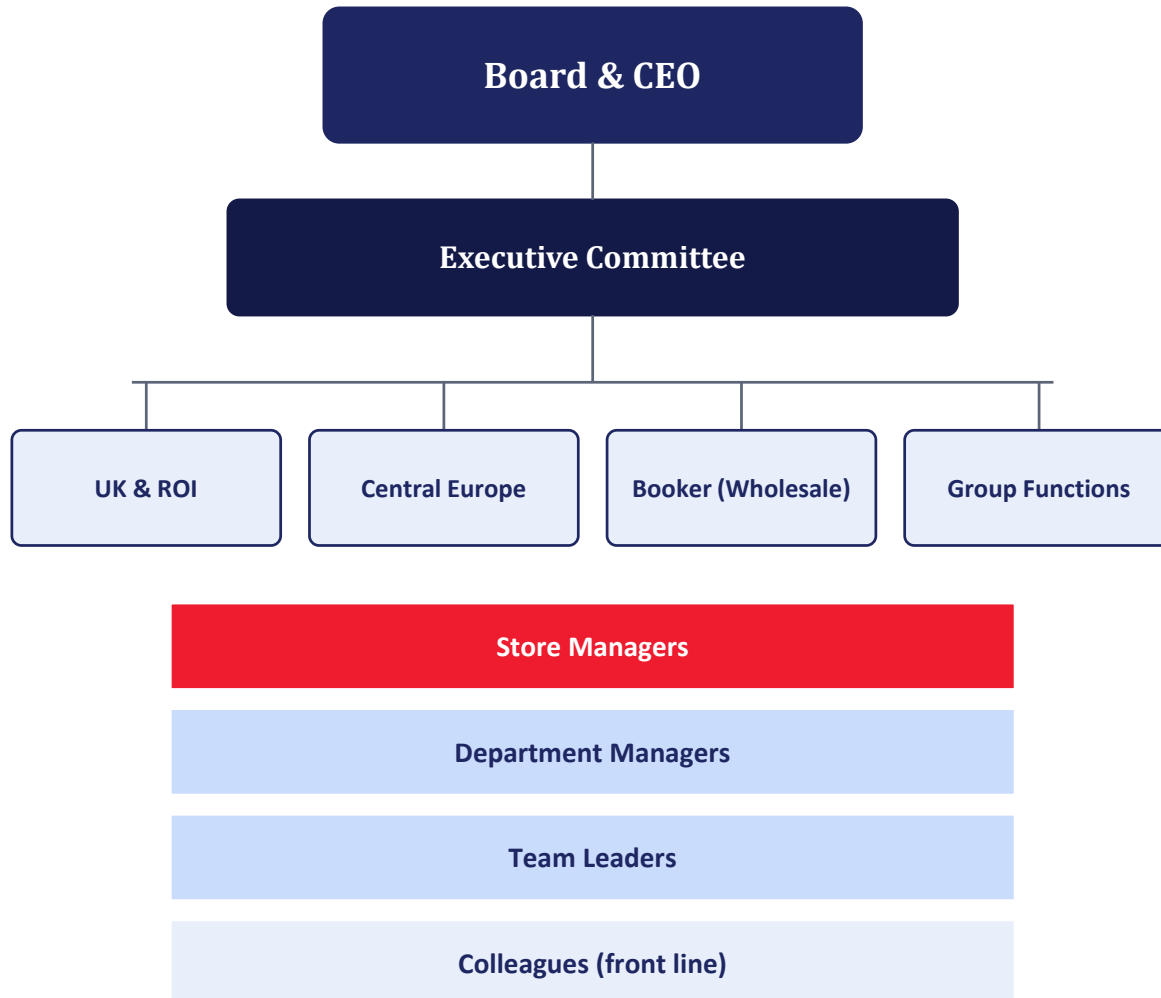
Each employee should report to only one superior.

Scalar chain

A clear line of authority from top to bottom of the organisation.

Fayol's 14 principles of management – selected here for illustration (Fayol, 1949; Mullins, 2019).

Organising in practice at Tesco



An illustrative view of Tesco's structure

A hybrid divisional and functional structure. Tesco is organised primarily by geography (UK & ROI, Central Europe) and by business (Booker, Tesco Bank), each led by a divisional CEO reporting into the Group CEO.

Clear scalar chain. From the Board down to store colleagues, there is a defined line of authority, reflecting Fayol's scalar chain principle.

Specialised group functions. Finance, HR, Technology, Property and Sustainability act as centres of expertise supporting all divisions – an example of Fayol's division of work.

Empowered store managers. Each store operates as a mini business unit, illustrating decentralised responsibility within a centralised framework (Johnson et al., 2020).

Commanding: from directing to leading

DEFINITION

What is commanding?

Fayol’s function of commanding is the act of “maintaining activity among the personnel”(Fayol, 1949). It is about giving instructions, setting expectations and ensuring subordinates carry out their duties.

Modern textbooks re-label this function as “leading”, reflecting a shift from authority-based direction to influence-based leadership (Northouse, 2021).

Then vs now

Dimension	Classical (Commanding)	Contemporary (Leading)
Focus	Directing tasks	Inspiring people
Basis of power	Formal authority	Vision & trust
Communication	Top-down instructions	Two-way dialogue
Employee role	Compliant follower	Engaged contributor

Adapted from Northouse (2021) and Mullins (2019).

Leading in practice at Tesco

01

A clear set of values that guide behaviour

Tesco expresses its “Core Purpose” (“Serving our customers, communities and planet a little better every day”) and values such as “No one tries harder for customers”. These are used by managers to frame day-to-day decisions and expectations (Tesco PLC, 2024).

02

Leadership development and coaching

The Options Programme and colleague development pathways allow team members to progress from shop-floor roles to management. Leaders are coached to move beyond command-and-control toward a transformational style (Northouse, 2021).

03

Regular communication and colleague voice

Weekly team huddles, colleague forums and the “Every Voice Matters” survey give managers direct feedback from staff. This closes the gap between senior direction and front-line reality.

Coordinating: pulling the parts together

DEFINITION

What is coordinating?

Coordination is the process of “binding together, unifying and harmonising all activity and effort” so that individual actions contribute to the common goal (Fayol, 1949).

In modern organisations, coordination is achieved through meetings, information systems, cross-functional teams and shared processes (Mullins, 2019).

Three common mechanisms

A

Vertical coordination

Aligning activity through the chain of command – objectives, reports and meetings that flow up and down.

B

Horizontal coordination

Cross-functional teams, task forces and shared services that link departments at the same level.

C

Coordination through systems

Shared IT, KPIs and standard operating procedures that make joint working possible at scale (Cole and Kelly, 2020).

Coordinating in practice at Tesco

01 Supply chain integration

Distribution centres, hauliers and stores share live data through Tesco's replenishment systems, keeping shelves stocked without over-ordering.

02 Cross-functional category teams

Buyers, marketers, supply-chain planners and finance work in shared category teams (e.g. Fresh Foods, Clothing at F&F) to launch products in a coordinated way.

03 Group-wide digital platforms

Common systems (finance, HR, e-commerce) mean UK, ROI and Central Europe operations use consistent data and processes, supporting horizontal coordination.

04 Weekly trading meetings

Senior leaders review sales, stock and customer metrics together each week, allowing quick joint decisions across functions.

Controlling: closing the loop

DEFINITION

What is controlling?

Controlling is the process of measuring performance against objectives, identifying deviations and taking corrective action (Cole and Kelly, 2020).

For Fayol, control ensured that “everything occurs in conformity with the plan adopted, the instructions issued and the principles established”.

The four steps of control

1

Set standards

Define objectives, targets and KPIs based on the plan.

2

Measure performance

Collect data on what is actually happening.

3

Compare & analyse

Identify gaps between actual and expected results.

4

Take corrective action

Adjust plans, resources or behaviour to close the gap.

Controlling in practice at Tesco

KPIs and monitoring tools used by managers

■ Like-for-like sales growth

Weekly comparison of sales in existing stores to spot underperformance.

■ Customer Net Promoter Score

Ongoing customer feedback used to correct service issues quickly.

■ Availability & waste %

Store metrics that flag issues in ordering, forecasting or logistics.

■ Colleague engagement

Every Voice Matters survey scores are tracked at store and division level.

■ Financial KPIs

Group margin, operating profit and cash flow reviewed monthly by the Executive Committee.

CASE INSIGHT

The 2014 accounting incident

In 2014 Tesco disclosed that profits had been overstated by around £263 million. Investigations pointed to weaknesses in internal financial controls and pressure to meet forecasts (Financial Reporting Council, 2017).

Since then, Tesco has strengthened its control environment: independent audit committees, revised commercial income policies and clearer governance codes – a real-world example of Fayol's control function being tightened after a failure.

Essential skills for managers in today's environment

01

Digital and data literacy

Managers must interpret data, use digital tools and lead teams through technology change (CIPD, 2023).

02

Emotional intelligence

Self-awareness and empathy are central to leading diverse teams and handling change (Goleman, 2020).

03

Strategic thinking

Seeing the whole picture, spotting patterns and connecting short-term action to long-term goals.

04

Agility and adaptability

Reacting to volatile markets, disruption and shifting customer expectations post-pandemic.

05

Ethical and sustainable leadership

Balancing profit with environmental, social and governance responsibilities (Northouse, 2021).

06

Communication and collaboration

Leading hybrid teams, giving feedback and building cross-functional relationships.

● These skills do not replace Fayol's functions – they equip managers to perform them in a faster, more complex environment.

Fayol's five functions still describe the manager's job today

1

A durable framework

Planning, organising, commanding, coordinating and controlling remain a useful lens for describing what managers actually do (Mullins, 2019; Cole and Kelly, 2020).

2

Alive in practice at Tesco

From long-term strategy to store-level KPIs, Tesco's managerial practices map directly onto Fayol's functions. Where they weakened – as in 2014 – the business paid a real cost.

3

Refreshed by modern skills

Digital literacy, emotional intelligence, ethics and agility do not replace the five functions; they update how they are delivered in a fast-moving, stakeholder-focused world.

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