Principles of Management

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Contents

Introduction

Even with the division of labor and specialization of today's management, managers are required to have a working knowledge of the many facets of the business world, including the Principles of Management. Management candidates should understand and be able to recall information that is necessary to perform their job with excellence. While organizations will vary greatly, depending on industry and the goals of the organization, managers should have factual knowledge, recall of information, and general understanding of the purposes, functions, and techniques of management. A manager who is well grounded in the Principles of Management should be able to go from one industry or organization to another without feeling terribly lost after he or she has grasped the industry standards, regulations, guidelines, etc. And that is the goal of this text: to create a foundation on which managers can stand with confidence.

On the job, every manager will, at times, be confronted with an issue that they do not understand or have preconceived ideas about. They will be challenged to recall what they know to apply it to specific organizational problems or emergencies. And even though they may not have an instant answer, having a good managerial foundation will point them in the right direction and give them a good start on finding their answer or solution. This is particularly true for young or novice managers who do not have years of experience under their managerial belt. This text will provide you with specific factual knowledge and understanding of management theory, functions, techniques, terminology, processes, management data, and so forth that can be recalled and applied for success in any organization.

Guide for Using this Text

This text is created for easy reading and understanding. It is best used by reading through one chapter at a time in chronological order. However, if your study path requires you to skip from one aspect of management to another, by all means, access the chapter that is applicable for what you need at any given time. Each chapter is a stand-alone chapter, and each chapter reviews material from previous chapters.

Stopping at the end of each chapter to reflect on what has been read is beneficial for remembering the content of the chapter. Taking the time to review and do the activities, keywords, and exercises at the end of some chapters may help you focus and recall the information.

When reading through any chapter, stop and read the information presented in the graphics. The more of your senses that you involve in your reading, the more information you may retain. When you want to recall the information presented, the graphics may come to mind and reveal to you the information that you are trying to remember. The information that is part of the graphics is key information that helps you grasp key concepts of the chapters. Do not ignore the graphics!

As you read through the text, take notes on any material that you feel is important to you personally, or on any material that you feel you need to memorize. If there is a concept that you do not understand or a concept that you want to know more about, conduct your own research by using the keywords of the information you read. Let your curiosity take you down trails where you can explore more about your topic. The more you know about a topic, the better and broader your understanding will be for applying the knowledge to academic testing and real life situations. This can prove invaluable in the business world.

Approach this study text with confidence, rather than dread. Embrace the concept that time spent studying is never time wasted. The information that you absorb through your studies will, at some time, become information that you will use in one form or another. Never regret having studied.

As you study this text, observe what is happening in the business world around you. When you patronize a business, take notes. When you attend meetings and work in your organization, take notes. Correlate your notes with the content that you are studying, and form your own ideas. Doing this will add excellence and depth to your studies, and make your studies all the richer. Warren Bennis (1925-2014), an American scholar, consultant, and pioneer in the field of leadership skills, said, “Excellence is a better teacher than mediocrity. The lessons of the ordinary are everywhere. Truly profound and original insights are to be found only in studying the exemplary."

Chapter 1 : Intro to Management

"From the outside, business can look like 'a seemingly mindless game of chance at which any donkey could win provided only that he be ruthless. But that is of course how any human activity looks to the outsider unless it can be shown to be purposeful, organized, systematic; that is unless it can be presented as the generalized knowledge of discipline." Peter F. Drucker

CHAPTER OBJECTIVES

- Definition of management
- Three levels of management
- Titles of managers in three levels of management
- Four Functions of Management
- Four Types of Planning

To borrow from Peter Drucker's thoughts in the quote above, to outsiders, it can seem as though a business operates smoothly and efficiently on its good luck and stubbornness. However, those on the inside of any organization know better. They know that nothing can be left to chance for meeting organizational goals, whether the goal is efficient production, effective marketing and branding, or excellent customer service. None of these goals happen on their own. A great deal of time, effort and resources are invested in meeting organizational goals. The process of planning, organizing, staffing, leading, and controlling are the *functions of management.*

Management is a broad term that spans various definitions, depending on the type and level of management referenced, the context in which the term is used, and the philosophical views and perspective of the author of the definition. Management can be viewed as a discipline, a group of people (managers), or as a process. Most definitions of management indicate that it is a process of managing an **organization** to accomplish the desired outcome with the resources that are available. Keywords or additional thoughts are often included in the definition to reflect a particular focus or philosophy. Frederick Taylor's definition of management, "knowing exactly what you want [people] to do, and then seeing that they do it in the best and cheapest way" (Taylor, Shop Management, 1903), shows Taylor's interest in efficiency and cost in management.

In this text, management is succinctly defined as *the action of working with and through people and resources to effectively and efficiently achieve the organization's main goals*.

Even though there are some evergreen management principles, management changes constantly, and organizations must adapt as needed to meet new challenges and embrace new opportunities. New concepts and principles of management derive from philosophy, psychology, sociology, as well as economics, statistics, and other sources. Often, management is referred to as an art that one can master or science that one can prove by following certain methods. However, it is important to note that the action of management, no matter the approach, is not something that is done one time and finished at that time. Management is a continuous process in every organization, and it evolves as people become more sophisticated and educated, as economics and markets shift, and as technology develops.

Management involves function, as well as people to carry out the function. Good management creates an organized, cooperative environment that is conducive to meeting and furthering organizational goals. Within an organization, some people may work alone, but by design and definition, management is cooperative work, as multiple departments work on a specific part of the goal. This is even truer today, as management structure is less rigid and strict authoritarian management style is less prevalent than in times past.

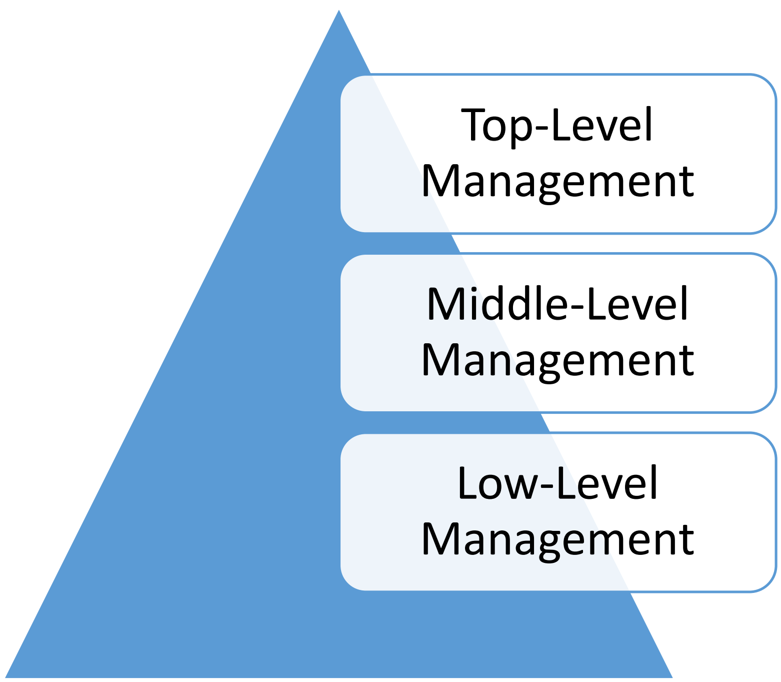
You may think of management as only about the employees of a company, but management also extends to and benefits the company's customers, as managers use resources effectively to make sure that customers are satisfied with their experience and products.

> Management: the action of working with and through people and resources to effectively and efficiently achieve the organization's main goals.

Levels of Management

The traditional management system for most organizations is a hierarchical system that marks levels of power and responsibility. Traditionally, there are three distinct levels of management: Top-Level Management, Middle-Level Management, and Low-Level Management. Although most of the Classic Theories of Management propagate distinct division between management and workers, today some organizations are moving away from the rigidity and authoritarian aspects of management levels. They are moving toward the concept that managers view their work as support and service to one another and employees, rather than working “under” authoritarian figures. With the diversity in managers’ and employees’ backgrounds, education, and interests, some organizations find that people work better together, and goals are successfully reached without a distinct hierarchy of management. Others maintain that tight organization management unites employees and provides a sharper sense of direction for better productivity.

The manager’s tasks and the responsibility that they shoulder varies at each level of management, but all managers must come to the position with certain knowledge and skills to perform their job well. Fortunately, serious study and observation can help prepare a manager at any level for their job. One thing that is certain is that effective management at each level of the organization does ensure order and productivity.



Top-Level Managers

Top-Level Managers are at the very top of the organization, and their decisions affect every other employee in the company. Top-Level Managers are senior-level executives that hold job titles such as Chief Operating Officer (COO), Chief Executive Officer (CEO), Chief Financial Officer (CFO), President, and Vice President. Top-Level Managers are responsible for developing the organization's mission and vision. They are focused on market positioning through long-range strategic planning. Thus, top-level managers may be known as visionaries; the men and women who can look at where a company is, where it needs to be at a future date, and strategize how to get it there. Top-level managers control the organization, develop policies, determine the direction that the organization takes, and make sure that major long-term organizational goals are achieved.

Middle-Level Managers

Middle-Level Managers make decisions within their area of responsibility. They oversee projects that meet organizational goals, in whole or in part, that their staff can accomplish. Middle-Level Managers include job titles such as directors, assistant directors, regional directors, or branch managers. They serve as a liaison between the Top-Level Managers and the staff or employees. They receive information from top-level managers, interpret plans, and carry out the agenda. While Middle-Level Managers just shoulder much of the responsibility for the executives' agenda, they do not have the same authority or freedom for setting policy as the executives.

Low-Level Managers

Low-Level Managers include the head of the department jobs, such as human resources manager, accounting manager, shift manager, or team leader. They oversee staff and employees on a daily basis and interact directly with the employees to ensure tasks and performance goals are completed correctly and on schedule. They provide performance feedback and may train or educate staff or employees.

Top-Level Management

- Chief Operating Officer (COO)
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Board Members
- President
- Vice President

Middle-Level Management

- Directors
- Assistant Directors
- Regional Directors
- Branch Managers

Low-Level Management

- Department Head
- Supervisor
- Shift Leader
- Team Leader
- Line Leader

Functions of Management

Derived from Fayol's Five Management Functions, the Four Functions of Management that is still widely used today and essential for every organization in every industry are **planning**, **organizing**, **leading**, and **controlling**. Take note that the Four Functions of Management can be remembered as the POLC method of management:

Planning

Organizing

Leading

Controlling

Each of the functions is equally important in management, and together, they form a process that gets the necessary work done to meet organizational goals. The four functions of management are explained and illustrated individually in Chapters 5-8 of this text, but below is a short explanation for each function.

Planning

FOUR FUNCTIONS OF MANAGEMENT

PLANNING
LEADING
ORGANIZING
CONTROLLING

Planning is a major fundamental element for management, and the other management functions depend on planning and are derived from planning. Planning determines what an organizing wants and needs to accomplish and decides how it will achieve that goal. A top-level manager's planning will be different than a middle-level or lower-level manager's planning. For top-level managers, planning is done on a broader scope that affects the whole organization. Top-level managers must plan for the big picture while also focusing on upcoming shorter-term goals for the organization. Middle managers may plan for specific goals for their department. Lower-level managers plan for their team goals on a monthly, weekly, or daily basis. For all levels of management, planning includes goals and steps to achieve the goals. Planning is an ongoing function of management, and managers at every level must have the necessary experience and knowledge, as well as accurate information, to plan effectively.

Managers are expected to understand:

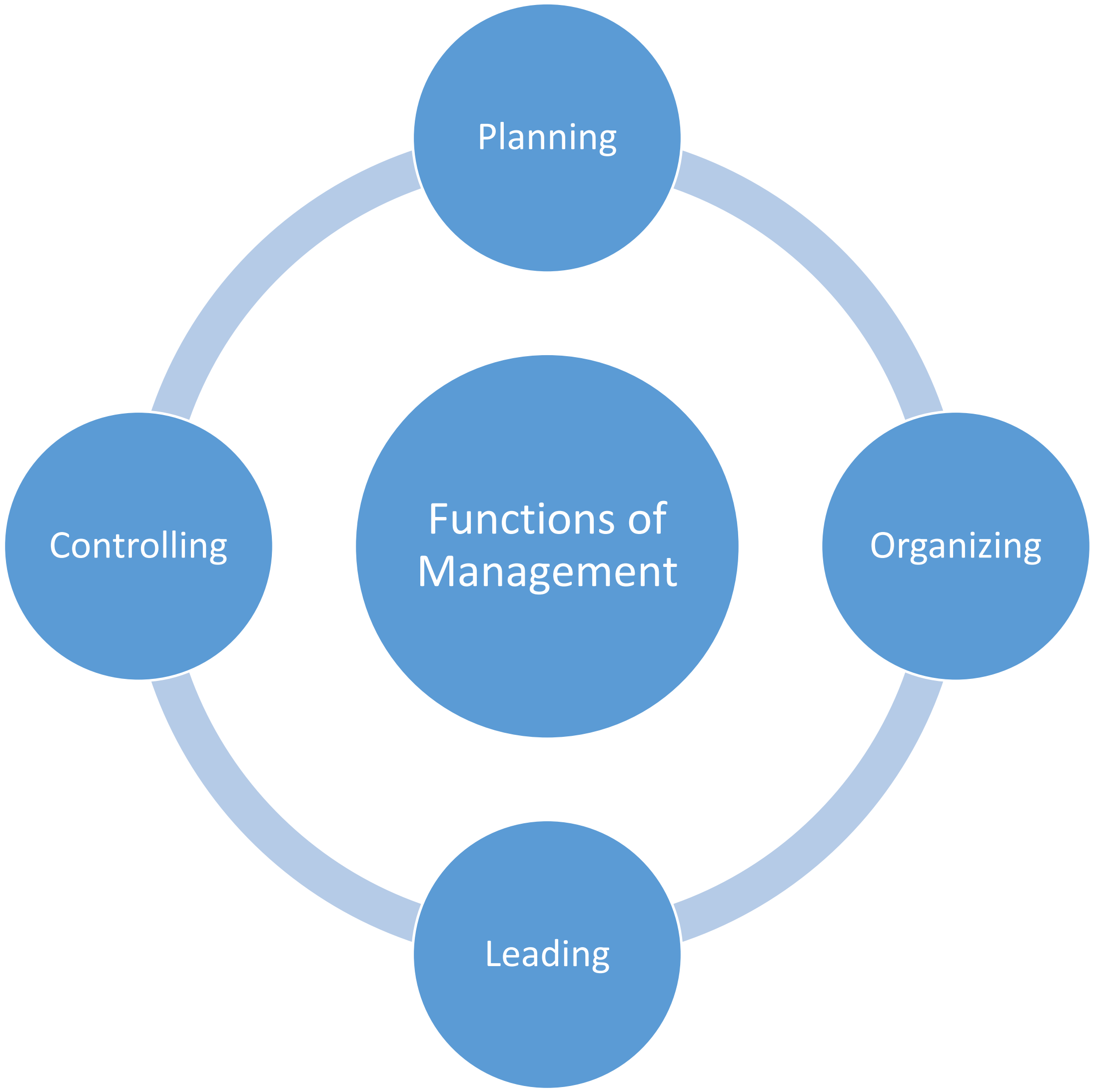
Strategic planning

Tactical planning

Operational planning

Contingency planning

These four types of managerial planning will be explained in detail in the Planning chapter of this text, but it’s important to understand that planning is a critical part of management. Every manager must be a good planner whether it comes naturally to them or not, for the four types of managerial planning work together to achieve the goals of the organization.


Planning
Functions of Management
Controlling
Organizing
Leading

Organizing

Once a manager understands what the organization needs are, and has created a plan to achieve the goals, he or she must utilize the managerial function of organizing. Simply put, organizing requires the manager to determine how to best distribute the company resources and to position employees in the best possible way to meet organizational goals. Organizing requires the manager to understand how to make quality decisions, distribute information, educate staff, delegate authority, assign work for the staff, provide direction for employees, and respond to problems that arise as the staff progresses with meeting goals.

Leading

The function of managerial leading involves how the manager manages the employees. Leading requires that a manager is able to connect with their staff on an interpersonal level and communicate, encourage, direct, and motivate them to do their jobs in a manner that helps the organization reach their goals.

Controlling

Managers are responsible for ensuring that objectives are consistent with one another throughout an organization. They must measure actual performance and evaluate results against the goal, then take necessary corrective action, and make sure the staff continues to work toward the goal. Part of the controlling function of management is performance evaluations, budget, communication between departments, ensuring compliance with regulations, and so forth.

The Significance of the Principles of Management

It's not uncommon for people to desire to become managers because they believe they can truly make a positive difference in their organization and/or department and industry. These employees may have their own ideas about what management is or is not, as well as ideas about how they would "manage" if given the opportunity. Because much of a manager's work is done in planning and carrying out tasks behind the closed office door, employees may not realize all of the work that a manager does. They may not know how many problems are avoided or solved because a manager is standing on the solid foundation of the Principles of Management. While it is great to utilize creativity that correlates with a particular organization, product or service, in general, management is not a position where certain principles and organization of information and processes can be tossed. In other words, there is a purpose and practical application of Principles of Management. Study the graphics on the following pages to embrace the significance and purpose of the Principles of Management.

Principles of Management provides direction and unity for management training

- Managers can train with confidence and with a standardized education in management
- Helps managers understand their strengths and weaknesses

Principles of Management improves understanding of the organization

- Managers develop overall view of their job to plan, organize, lead, and control
- Managers understand why organizations operate as they do

Principles of Management serve as reference

- When in doubt, managers can access foundational principles that apply to present situation
- Managers have precedent for dealing with specific problems or situations

Principles of Management improves efficiency	• Serves as a guide for efficiency • Serves as established principle for manager to use when solving problems
Principles of Management provides organization and procedure	• Provides organizing knowledge • Gives some direction for how to proceed with solving problems
Principles of Management allows for practical application	• Managers can build on concepts to apply to their organization • Manageers can research and compare theories for a good match for their organization

Management Principles in Action

During his studies of Principles in Management, Kelly determined that he was drawn to the woodworking industry, and he felt he would enjoy a career in mid-level management at a cabinet shop. Since his highschool days, when he had helped his uncle in his uncle's woodworking shop on Saturdays, Kelly had always had a keen interest in the manufacturing of wood products.

At the age of 19, while studying management, Kelly took a job at a local cabinet shop. His job was to sand components of the cabinets after the parts were cut out. Because he had studied Classical Management theories, including Frederick Taylor's (known as the father of Scientific Management) studies and theories of maximizing productivity and efficiency, Kelly realized that he could make a few simple changes in the sanding process that would help him work faster and more efficiently. He discussed the changes with his manager, and upon the approval of the manager, Kelly implemented the changes. He increased his productivity by about 30%, and needless to say, impressed his manager.

Over the next two years, Kelly continued to study the Principles of Management and to apply what he learned in the workplace. He observed and noted the differences in management styles. He determined his leadership strengths. As Kelly quickly moved through the different phases of production, his wages increased with each new job. He became more valuable to the company as he learned each phase of production. He was well received by each supervisor, as he always brought new ideas and knowledge with him, but he knew that to be a good leader he must also respect the authority and knowledge of each supervisor, and not overstep his boundaries.

In his third year at the company, Kelly was offered a position as a mid-level manager, along with a significant increase in salary. Once in his new management position, Kelly continued to rely on the Principles of Management to provide the foundation he needed for **planning, organizing, leading,** and **controlling**.

In conclusion, this introduction to management and overview of the functions of management helps you realize the necessity for good management for any organization. It is evident that without management functions, reaching organizational goals would be, at best, difficult and stressful. Management brings a sense of order, security, and unity of an organization and allows the organization a system for utilizing their available resources and people to meet their desired goals.

Chapter Review

- Management is defined as the action of working with and through people and resources to effectively and efficiently achieve the organization's main goals.
- Traditionally, levels of management include: Top-Level Managers, Middle-Level Managers, and Lower-Level Managers
- Functions of Management include: Planning, Organizing, Leading, and Controlling (POLC)
- Principles of Management are a significant help and influence in a manager's job

Key Words to Know

Organization—people working together and coordinating their skills, resources, knowledge, and actions to achieve specific goals

Goal—a desirable future condition that the organization works to make happen

Management—the action of working with and through people and resources to effectively and efficiently achieve the organization's main goals

Effectiveness—a measure of how appropriate the goal is for a particular outcome, and the degree to which the goal is achieved

Efficiency—a measure of how well resources are used to achieve a particular goal

Test Your Knowledge and Understanding

1. **Write the definition of management.**
2. **List the four functions of management.**
3. **List the levels of management and managers that represent each level.**
4. **What are the four types of planning that managers must be able to accomplish?**

Chapter 2 : Ten Roles of Managers

"I believe the real difference between success and failure in a corporation can be very often traced to the question of how well the organization brings out the great energies and talents of its people."   Thomas J. Watson, Jr., A Business and its Beliefs (1963)

Chapter Objective

- **Ten Roles of Managers**
- **Henry Mintzberg**

Obviously, the work of management does not get done without humans to carry out the action. The people who carry out the action of management are managers. As stated earlier, there are three levels of management: Top-Level Managers, Middle-Level Managers, and Lower-Level Managers. Managers at each level have specific titles and roles that they play in their organization. To be effective in their role, managers must have an understanding of how business works, and it is a given that managers possess the understanding of strategic, tactical, and operational responsibilities for their role.

A manager's job description may not list everything that he or she does in the company, but a manager must always be prepared for whatever his or her role requires on a daily basis. This may mean having the knowledge (and patience) to coach a new employee that seems lost; use excellent communication skills to resolve conflict between two employees; the ability to recognize when an employee is discouraged and failing in their job; the math skills and understanding of formulas to figure out if production is up or down; or the ability to research and find a solution to a problem that has suddenly presented itself. In short, a manager must know all of his or her roles and how to perform them, as each role a manager plays should further the achievement of the organization's goals.

Henry Mintzberg, the author of several significant books on management and business strategy, observed CEOs first, and then managers at other management levels, and discovered that managers spent most of their time in ten specific roles. Mintzberg classified the ten roles into three categories: interpersonal, informational, and decisional roles.

Interpersonal Roles

Interpersonal roles involve the behaviors related to human interaction in the organization. In this role, managers interact with their staff to achieve the organization's goals. **Figurehead, leader, and liaison are manager roles that are categorized under the interpersonal role**. As a **figurehead**, a manager is expected to meet with staff and inspire them and encourage them in their endeavor to meet organizational goals. This role requires that the manager meet social, ceremonial, and legal responsibilities to the employees. As an example, Casey works for a socially responsible organization that sponsors after school educational programs for students who are high risk for dropping out of school before graduation. The programs are designed to help students explore career options and choose an organization to work with throughout their junior and senior years in high school in order to gain real-world experience that can be transferred to a career. As a manager, Casey meets with the students at regular intervals. He also sets up mentoring teams within his organization, and arranges for special celebrations when the students who work with his organization meet certain goals.

Managers as **leaders** are required to direct and manage the performance of employees. This usually happens through a formal or informal process known as performance evaluation. For performance evaluation, a set of criteria that is pre-explained to the employee is used to check an employee's performance for a set period. The manager completes the evaluation and reviews it with the staff member. Sometimes wages and continued employment are based on performance evaluations.

The leader supports their staff through staff development, feedback, presenting reachable goals, and continued training and education. They determine performance goals, trains or sets up training, and mentors employees toward success in their job.

As a **liaison**, a manager networks and connects people to whom or what they need. For a simple way to remember how the manager functions in the role of liaison, think about the role that Mom might play in a family unit. When a child needs supplies for a school project, he or she may go to their mom, knowing that she is the person who can get them what they need so they can complete their school project. Mom does not have the supplies needed, but she knows how to get the funding for them and where to purchase them. For the sake of simplicity in this illustration, let's say that Mom is not the holder of the checkbook, but she oversees the household, the children, and their school activities. Let's give Dad the job of controlling the budget and allocating family funds.

Mom acts as the liaison between the student and Dad, the allocator of funds. Mom meets with the student to figure out what the student needs, then she meets with Dad and explains what the student needs for their project. Dad writes a check for Mom to pass on to the student for project supplies.

In much the same way, employees come to their manager for resources to effectively and efficiently do their job and help meet organizational goals. Resources may include money, space, information, equipment, goods or even influence and access. It's important to note that the liaison role is not the same as the resource allocator role. The manager role does not necessarily already have resources in their possession or directly allocate resources, but he or she makes connections between staff and allocators, and may influence allocators to provide staff with what they need to do their job.

Informational Roles

In the informational role, the manager must perform the duties of the **monitor**, **disseminator**, and **spokesperson**. As the role name implies, a manager must be able to acquire and share knowledge with their staff so that the staff may achieve organizational goals. The manager gathers information in various ways, including feedback from employees and those outside of his company, including customers and competitors. Conducting research, studying data, and monitoring processes, etc., based on the research and data is another managerial task when in the informational role. The manager uses the information and data to perform their job and also disseminates the information to those in the organization who need it to achieve their goals. This may be in the form of reports to Top-Level management or in the form of staff development meetings for staff.

The manager may also be required to act as a spokesperson on behalf of the organization, and share information with those outside of the organization.

Decisional Roles

The decisional role of manager includes the entrepreneur, disturbance handler, resource allocator, and negotiator. In the decisional roles, a manager must understand the process of using the information to make critical decisions.

As an entrepreneur, the manager is always searching for ways to improve the company for which he or she is responsible. Working within company boundaries, the manager may make decisions and blaze new trails that benefit the company. Managers must work to ensure profits by maintaining budget and productivity goals, but may also be required to take risks to increase or maintain profits.

The role of disturbance handler puts the manager in the place of intervening when there is conflict. This may mean taking corrective action or taking action to avoid conflict. The manager must represent the policies of the company and enforce the policies on the staff while working cooperatively with Human Resources.

As a resource allocator, the manager determines the best place for the organization's resources to be distributed. They must determine the most effective use of all budgeted resources.

As a negotiator, the manager is called on to act as a representative of the organization, department, team, or individual during negotiations. It is the manager's duty to be well informed and make quality decisions representing the needs and desires of the company at large while balancing the request of the staff representation. As an example, a middle-level manager may negotiate for higher wages and differential compensation for their staff.

Henry Mintzberg, a Canadian professor at McGill University in Montreal for over 40 years, got the attention of the business world with a 1975 *Harvard Business Review* article. Mintzberg declared that his observations revealed that managers were not the "robotic paragons" of efficiency that they were usually made out to be. In his studies, Mintzberg found that managers actually jump from topic to topic and thrive on interruptions, and usually complete an item (task) in ten minutes or less. He also found that more than three-fourths of a senior manager's time is spent in verbal communication, and concluded that "the job of managing is fundamentally one of processing information, notably by talking and especially by listening" (Hindle).

Chapter Review

Henry Mintzberg discovered that managers spent most of their time in ten specific roles. Mintzberg classified the ten roles into three categories: interpersonal, informational, and decisional roles.

Interpersonal Roles

- **Roles managers assume to coordinate and interact with employees.**
  - Figurehead role: symbolizes the leader for the organization or department
  - Leader role: trains, counsels, mentors, inspires, and encourages employees to improve productivity
  - Liaison role: link and coordinate people inside and outside of the organization to help achieve goals

Informational Roles

- **Associated with the tasks needed to obtain and disseminate information.**
  - Monitor role: analyzes information from both the internal and external environment
  - Disseminator role: manager transmits information to influence performance, attitudes, and behavior of employees
  - Spokesperson role: sharing of information to positively influence people inside and outside of the organization

Decisional Roles

- **Associated with the methods managers utilize to plan, strategize, and use the organization's resources**
    - Entrepreneur role: determining new projects or processes in which to invest for better productivity
    - Disturbance handler role: handling conflict, unexpected situations, or crisis
    - Resource allocator role: assign resources between functions and divisions, set budgets for lower management
    - Negotiator role: negotiates solutions between other managers, unions, customers, or shareholders

Test Your Knowledge and Understanding

Write the definition of the terms below, as they pertain to a manager's role:

Figurehead

Leader

Liaison

Negotiator

Entrepreneur

Monitor

Disseminator

Resource Allocator

Disturbance Handler

Entrepreneur

List the managerial tasks that are categorized under each role:

Interpersonal Role

Informational Role

Decisional Role

Chapter 3 : Ancient Management and Classical Management Theory

"Success in management requires learning as fast as the world is changing." Warren Bennis

Chapter Objectives

- **Understand how the Industrial Revolution affected business and management**
- **Bureaucratic Management Theory**
- **Scientific Management Theory**
- **Administrative Management Theory**
- **Fayol's 14 Principles of Management**
- **Fayol's 6 Functions of Management**
- **Human Relations Theory**

The practice of management can be traced back to ancient times. As long as there have been groups of people and a need for accomplishing tasks to allow the people to function as a unit, there has been management. It is often wondered how the Egyptians were able to construct the great pyramids, but much of the mystery may be solved by realizing that the Egyptians used the management functions of planning, organizing, and controlling to successfully complete their task. Ancient military leaders used a form of management to command and lead their armies. The Romans developed a detailed organizational structure that facilitated control and communication. Before 2500 B.C., the Babylonians used an extensive set of laws and policy for governing. Plato's writings described job specialization in 350 B.C. (Wren).

However, in modern history, until the 1800s, the focus of study for commerce was economics rather than management. Since the owners of family-run businesses "managed" their own shops, each was operated as the owner saw fit. Business pedagogy did not exist for the common business owner. Business education became more common after the world's first business school, ESCP Europe, was founded in Europe in 1819, and the first US business school, the Wharton School of the University of Pennsylvania, was founded in 1881.

Today, it is difficult to imagine the business world without management. Management has evolved over time, but many of the principles that originated during the Industrial Revolution are still in use today. Therefore, it is beneficial to understand the Classical Management theories and how they continue to influence management today.

Management Theory is the set of general rules that guide managers in managing their organization.

Classical Management Theories

Before the Industrial Revolution began in Britain in the late 1700s, America was an agrarian, rural country. In general, families supported themselves from their family farms, or they were merchants that supported their business from products from family farms. At that time, most manufacturing took place in homes or small shops set up in outbuildings or barns at the home site. Most small shops consisted of hand tools and a few basic machines or jigs created to do a single function. The manufacturer and his family members did most of the work in the shop. For the more fortunate, extra help sometimes came in the form of an apprentice or one or two employees. No matter, the manufacturing process was labor intensive and incredibly slow.

Women sewed garments and household fabric items, and sold them directly to their customers, or they received raw goods and equipment from merchants that would pay the women for the finished product. The clothes and other items were then sold in the merchants' shops.

With the development of the steam engine and the industrialization of the iron and textile industries, there were significant improvements in transportation, banking, communication, and manufacturing. The invention of machines meant a significant rise in productivity. Factories that cheaply, quickly, and efficiently produced goods and food replaced small family businesses. With machines, productivity levels increased and consumer costs of products went down. Because consumer costs went down, demand for products went up. Factory owners built larger factories, creating demand for more factory workers. It soon became apparent that the machines could not necessarily be manipulated for more efficiency, but the employees that operated the machines could be coached and monitored for better productivity and efficiency.

As the companies grew, so did the challenge of the owners to control and lead their companies. They were faced with challenges that they had previously not encountered. Employees became dissatisfied with working conditions and demanded changes. Because a significant workforce was required for the larger factories, employers couldn't simply ignore the workers and continue with business as usual, but did not know how to meet the demands. How could they control the workforce for optimum productivity? How could they improve production? What was the most efficient way to package and ship their product? How could they let people in other areas know about their product? Without a precedent for these challenges, business owners found themselves in the dark. They wanted to know the best possible way to organize, control, and lead their company. The best they could do is theorize about what might work for leading their organizations.

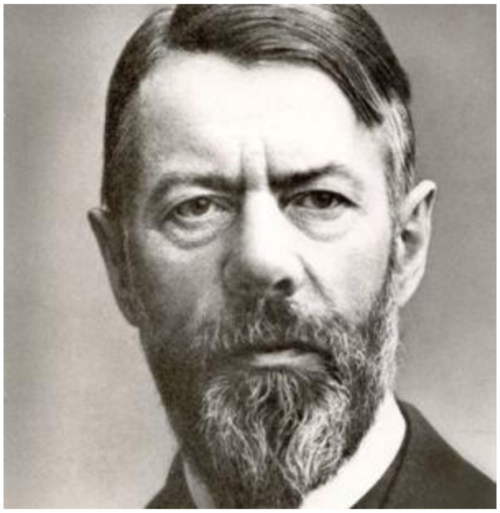
Business owners began to accumulate and share knowledge about what worked for organizing and controlling their businesses and factories. They developed theories for better quality control, efficiency, employee issues, and cost effectiveness. In short, they wanted methods that would eliminate concerns and create flow and stability in their company while allowing them to generate the most output for their input. Their observance, studies, and trial of new processes resulted in management practices that are still used in the business world today.

Some of the renowned people who created early management theories include Adam Smith, Frederick Winslow Taylor, Frank and Lillian Galbreth, Max Weber, Herbert R. Townes, and Henry L. Gantt. Some of these forward thinking people created the three branches of Classical Management Theory: Bureaucratic Management, Classical Scientific Management, and Classical Administrative Management.

Classical Management Theory Branches

1. **Bureaucratic Management**
2. **Scientific Management**
3. **Administrative Management**

Bureaucratic Management


Max Weber

Max Weber (1864-1920), a German sociologist and political economist, is known as the father of the Bureaucratic Management Theory. Weber believed that organizations should be operated with more formality than the family-run businesses of the past. He believed that a formal structure with rules and clear lines of authority was appropriate for business. Today, most large enterprises in the private and public sector are bureaucratic organizations.

Weber's characteristics of Bureaucratic Management include:

- Well-defined formal hierarchy of authority and command where those who hold higher positions supervise those who hold lower positions.
- Formal written records are used to document all rules, policies, regulations, and actions taken by an organization and its members to ensure consistency and accountability.
- The organization sets forth detailed rules, regulations, and standard operating procedures that create consistency in organizational and management practices.
- Division of labor and work specialization to match employees with their ability to perform their job, based on experience and expertise.
- Employees are selected, assigned positions, and promoted based on their competence, not their personalities.
- Managers must maintain professional, impersonal working relationships with employees, and not develop personal, friendly relationships with blurred lines of business and pleasure. This is for the sake of ensuring that all employees are treated fairly and that unbiased decisions can be made.

Today, many large organizations such as prisons, higher learning institutions, police departments, and government organizations use a bureaucratic form of management. These organizations, and many others, are so large that the formality and strict structure of bureaucratic management is the best way for the organization to function. There are so many departments within the organization that several layers of management are required. This includes management levels from executives to regional managers to shift supervisors. In this way, authority and information flow from the top of the organization to the bottom, with the majority of power and authority held by the highest ranking managers.

In bureaucratic organizations, rules and job responsibilities are clearly defined and stated. Whether a top-level manager, middle-level manager, or lower-level manager, the manager is required to perform their duties per their written job description. Senior management has a significant amount of control over the organization, but micro-managing is common in bureaucratic organizations.

Employees are hired based on their knowledge, skills, and experience and held accountable for knowing their role well enough to perform at a professional level. Managers salaries are usually based on an established pay-grade system, where certain jobs are assigned numbers and the employee receives the pay assigned to that number. Strict regulations and operating procedures require that all employees and managers are treated fairly. Additionally, Bureaucratic organizations usually have professional Human Resource Departments that serve as an excellent resource for management and employees.

Change usually comes slowly at bureaucratic organizations, as it can take months or sometimes years to implement new programs, policies, and procedures. This is partly due to the fact that "approval" for major change must come from top-ranking managers, and that alone can take time as the manager must coordinate all aspects of the change and determine the effect it will have on the organization, what the cost for the change will be, and whether the benefit will outweigh the cost.

While bureaucratic organizations may be known for "red tape" and slow changes, they are organized for serving a large number of customers at once.

Classical Scientific Management

Time and Motion

Frederick Winslow Taylor (1856-1915), an inventor and engineer, is the mind behind the Scientific Management Theory, although Frank Gilbreth and Lillian Gilbreth, as well as Henry L. Gantt, contributed to the theory and furthered the theory with their studies and research. Taylor's goal, and the focus of the scientific management theory, was to increase productivity and efficiency by developing specialized work processes and providing employees with necessary skills and tools to complete all tasks efficiently. This was accomplished by timing and recording how long it took to do a particular task and then finding ways to shorten the time for the completing the task. The recorded data determined the most effective and efficient methods and tools for completing tasks. Taylor published his findings in 1911 in his book, *The Principles of Scientific Management*. The data also resulted in Taylor's well-known four principles of scientific management:

- Management should provide workers with a precise, scientific approach for how to complete individual tasks.
- Management should carefully select and train each employee to do one specific task.
- Management should communicate with employees to ensure the method used to complete the task is the most productive and efficient.
- Management should create the appropriate division of labor.

Frank Gilbreth and his wife Lillian Moller Gilbreth were acquainted with Taylor and his studies, but took the studies a step further. Just as Taylor had, they timed workers performing a task, but as the task was performed, they also photographed the worker's movements in slow motion. Upon analyzation of the photographs, they determined which movements were not necessary for the completion of the task. They removed the unnecessary, wasted movements from the worker's process to increase their efficiency and productivity. The Gilbreth's studies were known as *time and motion studies* and were applied to jobs in various industries, as well as to personal tasks such as getting dressed quicker and with fewer movements.

With the application of the four principles, a manager can study the job that must be done and determine the best and most efficient way for it to be done. Then break the job down into smaller jobs that can each be completed by an employee that is trained specifically for that job. This means the product should move from one employee to the next on the production line, and at the end, the various parts are assembled. Of course, the four principles of scientific management were instrumental in the creation of the assembly line.

"Frederick Winslow Taylor crop". Licensed under Public Domain via Commons - https://commons.wikimedia.org/wiki/File:Frederick_Winslow_Taylor_crop.jpg#/media/File:Frederick_Winslow_Taylor_crop.jpg

Classical Administrative Management

Planning

Fayol was a contemporary of Frederick Taylor and is known for his theory of forecasting and planning in management. Fayol began his work as an engineer at a large mining company in France when he was 19. He later became managing director of the mining company that employed over 1,000 employees. He was an administrator who focused on the relationship between work and the worker, and he gave managers the necessary resources to do their jobs more efficiently. This was not common in the workplace at that time, as managers had very few resources for effectively doing their jobs. He held that position for over 30 years. He developed his concept of administration as he worked, and in 1916 he published his thoughts and ideas in his book, *Administration Industrielle et Generale.* In 1949, the English translation of his book was published, *General and Industrial Administration*, and the rest of the world received his major contribution to Classical Management: "14 Points of Management" and the corresponding "Six Functions of Management." Fayol's main focus was to help managers interact with and manage workers more effectively. Fayol's points are not widely used by today's managers but have had a significant influence on the development of management interaction with staff in today's business arena.

Fayol's 14 Principles of Management (and explanation of each)

1. Division of Work—Employees become more skilled and efficient when they specialize in a particular task, so rather than assign an entire job to one worker, the job should be divided and assigned to several workers, with each worker doing their part of the job. As an example, in a woodworking factory, if the job was to produce rocking chairs, one worker might be assigned to build each component of the rocker, such as the spindles or legs; while another employee might be assigned to do the lathe work; while yet another assigned to assemble the rocker, and another assigned to the finishing process. The division of work principle also applied to managers. This allowed managers to specialize in their particular area of management.

2. Authority—It is mandatory for managers to have the authority to give orders to employees, but managers must realize that authority comes with responsibility. Managers must be willing to take the ultimate responsible for the outcome of their direction, supervision, and instruction.

3. Discipline—Discipline must be administered in the workplace, but various methods of discipline may be used. Fayol seemed to define discipline as obedience, respect for authority, as well as following established rules and regulations.

4. Unity of Command—Each worker should have only one direct supervisor in order to avoid confusion and conflict. It could be unfair for an employee to divide their loyalty between two supervisors that demand different actions and have different expectations of employees. Unity of Command may also prevent power struggles between competing supervisors.

5. Unity of Direction—Workers with the same objective should work as a team with the same plan and under the supervision of one supervisor. Employees should not bear the disadvantage of dividing their attention among several different plans.

6. Subordination of Individual Interests to the General Interests—The interests of the group of employees or managers is prioritized over the interests of one employee. This

principle keeps the organization healthier, even if it means the concerns of an individual employee are not met.

7. Remuneration—Fair financial and non-financial compensation for employee satisfaction. Employees may be more motivated to work harder and remain loyal to their organization if they are satisfied with their pay and receive monetary and non-monetary incentives.

8. Centralization—The organization should maintain balance in how close employees are to the decision-making process. While managers should retain their authority, there should be some allowance for employees to make some of the less important decisions in the workplace, particularly the ones that affect them on a personal level, as long as the decisions do not interfere with the important goals of the organization.

9. Scaler Chain—Employees should understand the chain of command, know the status of their place in the organization's chain of command or hierarchy, and follow the chain of command. As an example, employees are required to report specific situations to their manager, who will in turn report it to their manager, and on up the ladder of command.

10. Order—The workplace and its employees must be organized. Fayol believed this could be accomplished by maintaining material order for the physical resources of a company, and maintaining social order for the people of the organization. He is known for believing that a *proper place for everything and everything in its place* was a key factor in keeping order.

11. Equity—Managers should always be fair and impartial to all employees, treating them equitably within the boundaries of what is appropriate for their performance.

12. Stability of Tenure of Personnel—Managers should effort to retain employees rather than have constant employee turnover, as labor turnover is a result of poor management and increases company expenses.

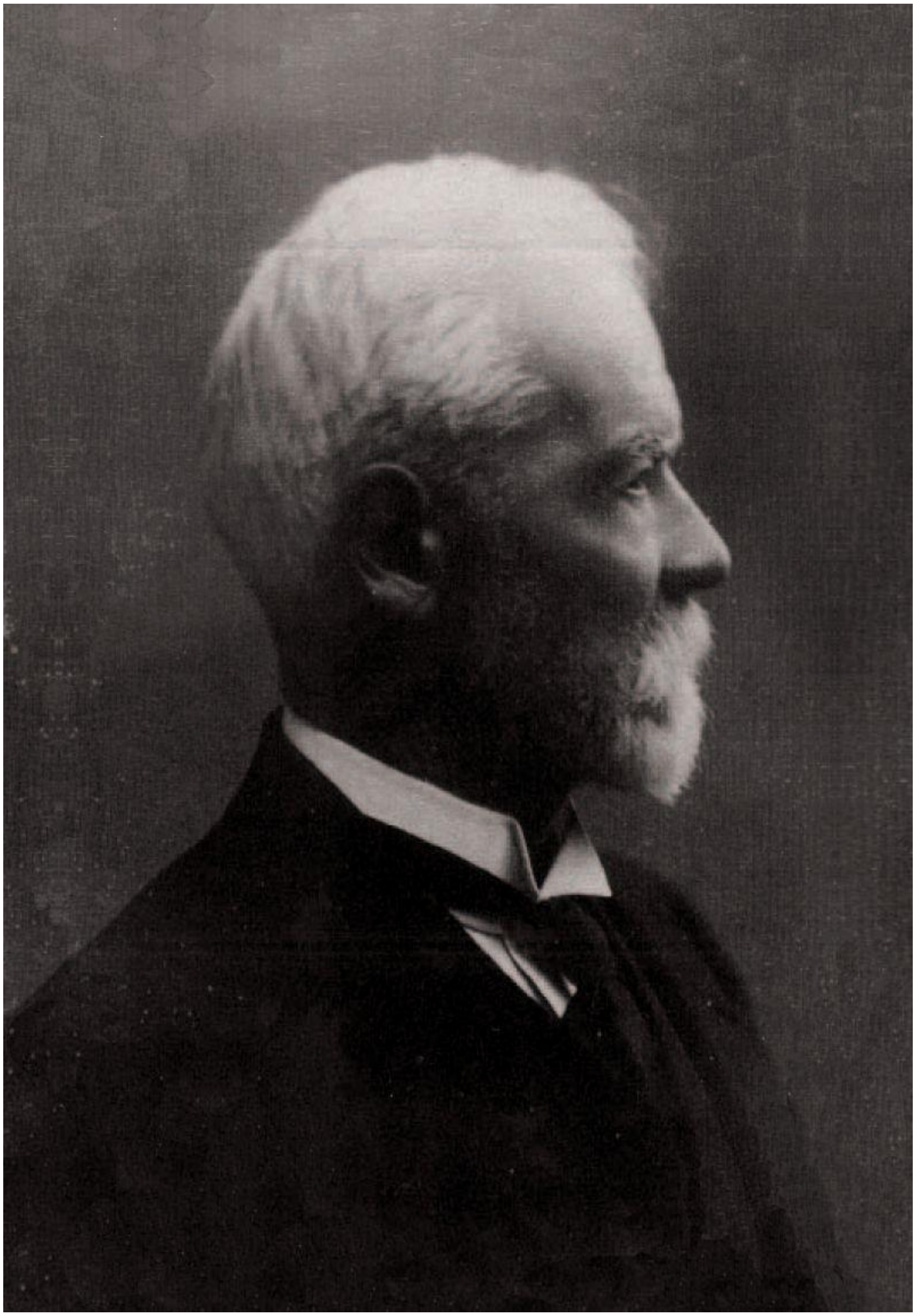
13. Initiative—Workers should have the appropriate freedom to, within the boundaries of authority and discipline, express their thoughts and feelings regarding their job. In other words, employees should be able to have open discussions in a professional manner about their job.

14. Esprit de Corps—Team spirit and unity should be developed in the workplace.

Fayol's Six Functions of Management

1. Forecasting
2. Planning
3. Organizing
4. Commanding
5. Coordinating
6. Controlling

Fayol's Six Functions of Management have now been revised to Four Functions of Management known as the POLC method (Planning, Organizing, Leading, Controlling). There is more information on planning, organizing, leading, and controlling in upcoming chapters of this text.



"Fonds Henri fayol" by Unknown - early 20th-century photograph (first version found online at centre-histoire.sciences-po.fr. Licensed under Public Domain via Commons -
https://commons.wikimedia.org/wiki/File:Fonds_henri_fayol.jpg#/media/File:Fonds_henri_fayol.jpg

In addition to Fayol's studies and contributions to administrative management theory, Luther H. Gulick (1892-1993), who advised President Franklin D. Roosevelt and several other leaders on public management, was one of the first to study the role of the executive in modern government. From 1921 until 1962, Gulick acted as president of the Institute of Public Administration. During his career, Gulick solved high-profile public management problems and served on a committee assembled by President Roosevelt that reorganized the executive operations of the Federal Government.

https://en.wikipedia.org/wiki/James_D._Mooney)

Another executive who contributed much to the administrative management theory is James D. Mooney (1884-1957). Mooney was an engineer and corporate executive at General Motors, but may be best known for his book, *Onward Industry!* The book, written in 1931 is still widely read and referenced today.

Today, administrative management involves finding a rational way to design and manage an organization by implementing the clear division of labor and delegation of power and authority. As an example, in a large corporation, each department is responsible for a specific aspect of the firm's action toward the achievement of goals. The board of directors creates overall policy, but the CEO is responsible for ensuring the policy is implemented; therefore, the board of directors is required to give the CEO the authority to do their job of implementing the policies. The CEO may not be able to do the job alone, and will then delegate authority to the vice presidents, who will delegate to the middle-managers.

The Board of Directors gives direction to the CEO, who then gives direction to the vice president of each division. The vice presidents pass on direction to their middle-level managers, who then provide direction to the supervisors of front-line employees.

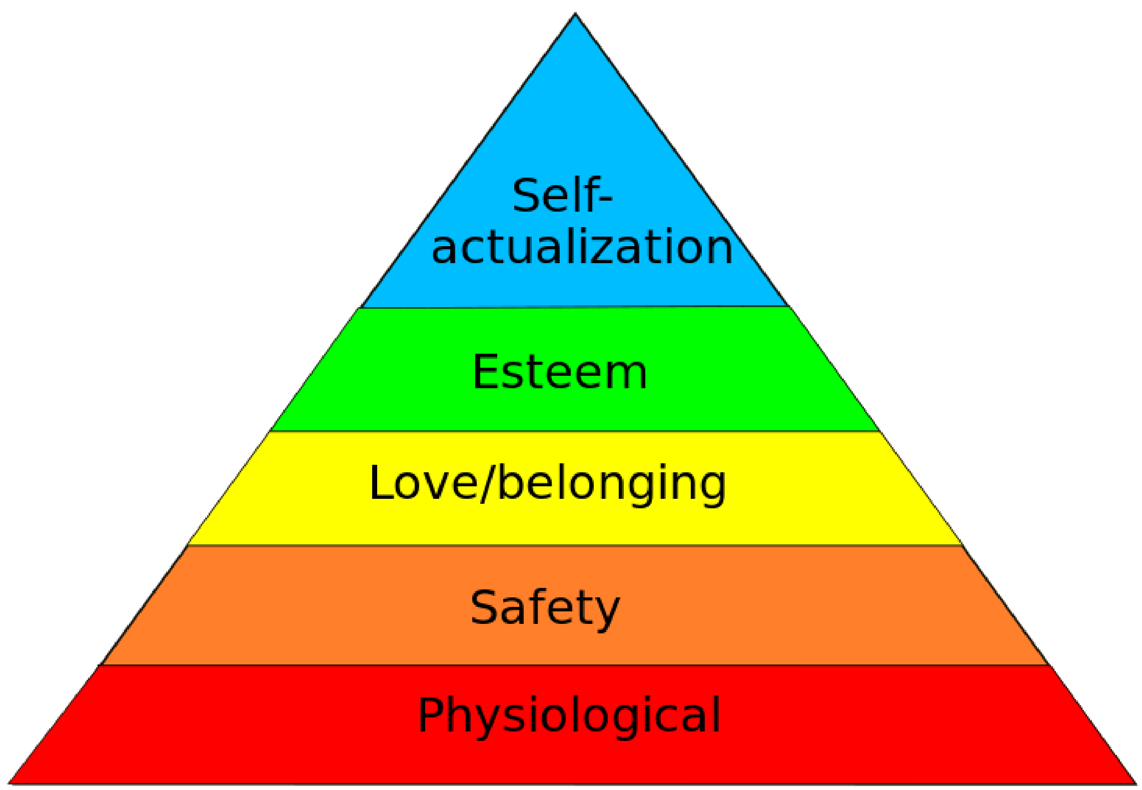
Human Relations Theory

During the time that the Scientific Management Theory was widely accepted, the Human Relations Theory began with the Hawthorne Experiments conducted by Elton Mayo (1880-1949). Mayo was born in 1880 in Australia. He was a lecturer at the University of Queensland from 1911-1923. From 1926-1949, he served as a professor of Industrial Research at Harvard University.

The experiments were conducted at a Western Electric plant in Chicago, to find out the impact that lighting changes had on the productivity of the plant's 29,000 employees. When Mayo conducted his experiments, he focused on how the worker's environment and emotional health related to the worker's productivity. Mayo interviewed workers and observed worker productivity levels under different environmental conditions. Based on his observations and experiments, Mayo concluded that workers who are able to impact their working conditions and output requirements are more satisfied with their jobs are motivated far more by factors such as attention and group cohesiveness than by monetary rewards or working conditions. Mayo's work also helped the business world understand that good interpersonal skills are important for managers.

Abraham Maslow and Douglas McGregor

Two writers that helped advance the human relations movement in regard to how companies were managed were Douglas McGregor and Abraham Maslow. Maslow presented a theory that suggested that people are motivated by a hierarchy of needs, including monetary incentives and social acceptance (Maslow, 1943). Below is an image that illustrates Maslow's Hierarchy of Needs.



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Notice that at the bottom of the triangle are the psychological needs that represent basic survival and biological function. In a business sense, these needs might be adequate wages; clean, safe, positive work environment that provides comfortable protection from the elements, adequate lighting, appropriate temperature for the season, and so forth.

The safety needs for a secure physical and emotional environment are in the next level up on the triangle. In a business sense, this might translate as employees wanting the security of their job and their paycheck at regular intervals and for the correct amount. It could also mean that employees need the security of having protection from managers or supervisors who abuse power and create unfair work hours, discrimination, etc. Another area of security for employees is adequate health insurance, retirement package, and sick leave.

Love and belonging on the triangle may symbolize a need for the worker to be accepted by superiors and co-workers, without being isolated or feeling inferior. It may be viewed as a need to belong to a team with common goals.

Esteem needs may be addressed in the workplace with the manager helping workers develop confidence in their ability to do their work well by providing them with reasonable challenges. Managers can enhance the esteem of staff by recognizing the achievements of the workers.

Self-actualization is closely related to esteem needs, and involves helping workers realize their potential for continued growth and development. In this category, managers may be able to direct employees to good resources for development, as well as create a culture that promotes self-actualization.

Today, many managers write about organizational behavior from a holistic view that better reflects the complexity of human relationships as we now understand them. However, many aspects of the theories that were developed decades or even over a century ago are still somewhat relevant in today's business world.

Terms to Know and Understand:

- Management Theory
- Industrial Revolution and the impact on business and management
- Three branches of Classical Management Theory
- Bureaucratic Management
- Classical Scientific Management
- Classical Administrative Management
- Human Relations Theory
- Fayol's 14 Principles of Management
- Fayol's 6 Functions of Management

List the three classic branches of Classic Management Theory

1.

2.

3.

FYI: Improvements and inventions during the Industrial Revolution created large business and high volume manufacturring, which created the need for management.

Timeline For Inventions From 1712-1908

Date	Event
1712	Invention of the steam engine (Thomas Newcomen). Using steam to power machines is an important factor for manufacturing.
1764	Invention of spinning jenny (James Hargreaves). The jinny spins more than one thread at a time, creating efficiency for textile manufacturers.
1769	James Watt designs more efficient steam engine that eventually powered trains, steamboats, and factories.
1794	Eli Whitney invents machine that makes it easier and far less time consuming to separate cotton seeds from cotton fiber.
1844	Samuel Morse invents the telegraph, so messages can be sent quickly.
1846	Elias Howe invents the sewing machine. This allows for commercialization of producing clothes in factories.
1855	Henry Bessemer invents process for quickly and cheaply making steel out of iron, which leads to growth in building industry.
1866	Alfred Nobel invents dynamite, making it more efficient to clear land for roads and railroad tracks.
1876	Alexander Graham Bell patents the telephone, changing communication around the world, and particularly in business.
1879	Thomas Edison created a light bulb that lasted longer than others, allowing people to work at night.
1903	Orville Wright makes the first powered airplane flight.
1908	Henry Ford creates the Model T automobile, made on an assembly line.

Chapter 4 : Managerial Skills

"Leadership is lifting a person's vision to high sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations." Peter Drucker

Chapter Objectives

- **Manager Defined**
- **Roles of Managers (Review)**
- **Technical Skills**
- **Human Skills**
- **Conceptual Skills**
- **Self-Development**

In this chapter, the discussion of managerial skills is focused mainly on first-time managers at middle-level management. By the time a manager reaches top-level management, they have usually gained the experience and education to undergird their career; and lower-level management is usually trained more specifically for the company and department for which they work. However, basic managerial skills and the functions of management are applicable to all managers at any level. Some of the information in this chapter will overlap with previous and future chapters, but developing managerial skills is such an important concern for managers, that the review and repetition is beneficial.

What is a Manager and What Do They Do?

From previous chapters, it is understood that a manager shares the common task of working with an organization's people and resources to accomplish the goals of the organization. Every organization is designed to accomplish goals, and therefore, they depend on their managers to understand their goals and objectives, and to find the best ways for the objectives to be met. In the words of Frederick Taylor, management is, "…knowing exactly what you want people to do, and then seeing that they do it in the best and cheapest way" (Taylor, Shop Management, 1903).

Whether the goal is to have the best product or service, to increase sales, or to be the most socially responsible company in their country, every organization seeks out the competitive advantage and strategies for moving ahead of their competitors. Managers must be willing to work hard in their role and at their tasks to make this happen.

How important is a manager to their organization? Perhaps Peter F. Drucker (1909-2005), author and management consultant, said it best in his book, *The Practice of Management*:

> "*The manager is the dynamic, life-giving element in every business. Without his leadership, the resources of production remain resources and never become production. In a competitive economy, above all, the quality and performance of the managers determine the success of a business, indeed they determine its survival."* (Drucker)

While management entails both function and the people who carry out the function, managers are the people in the organization who must plan, lead, organize, and control to meet long term and short term goals that help determine the success of the business.

Obviously, the specific responsibilities of a manager correlate to their specific position, and varies from organization to organization, but managers' duties are well defined in Fayol's 14 Principles of Management. The principles are illustrated in this picture of a day in the life of Michael, a middle-level manager for a division of a national non-profit organization.

> Michael arrives at his office at 8:00. Even though he does not punch a time clock, and can arrive at the office at any time he chooses, Michael wants to be at the office before the staff arrives. He feels it's important to be well prepared for his day, as well as set regular working hours to be a good example for his staff.
>
> Upon arrival at the office, Michael checks his email and phone messages, and prioritizes them for his response. Communication with staff, team supervisors, other managers, and superiors is an important part of keeping the workflow going.
>
> Michael has an appointment with a candidate for employment. It's Michael's responsibility to recruit the best candidate for any specific job, to see that the new hire is trained/educated and is able to continue with the same job that he or she was hired to do, in order develop expertise at the job.
>
> Michael meets with team supervisors to give orders for completing a project that is running behind schedule. Michael knows that he must ultimately take responsibility for the timeline for the project, so he expects the team supervisors to follow his orders and complete the project on time. Michael is their only supervisor, so there are no

conflicting orders. He knows that completing the project on time will require the team supervisors to work together, and Michael reminds them that they have the common goal of completing the project on time.

When one supervisor complains that another is delaying the project and breaking company policy by skipping work without reason, Michael gives a stern reminder that all rules and policies will be followed by all employees. Then, he offers advice and encouragement to the supervisors and tells them about a new program that he has ordered for them that will help make their work easier. Michael always does the best he can to provide the best equipment and resources for the staff to do their job.

Michael receives a phone call from an employee who is representing front-line employees who have a request to work overtime for the following three months. Michael has given careful thought to the request and has contacted the appropriate financial managers, but must deny the request because it would create a significant burden on the payroll. Michael knows that he must always put the best interests of the organization above the interests of any individual member or group. Michael also knows that he must be certain that his staff receives proper pay and benefits for their contributions to the organization, so he is searching for another way to help the front-line employees receive more pay and better benefits. He encourages them to take the initiative to advance in their department because the pay scale correlates with position held.

When possible, Michael sets aside time in the afternoon for one-on-one meetings with staff. When an employee comes to Michael's office to voice her concern about a supervisor who is seemingly choosing favorites among the staff, and allowing the favorites special privileges to the detriment of the rest of the staff, Michael promises to investigate the situation immediately and take appropriate action, because the organization's policy is that all employees are treated equally. Michael makes a note to confer with Human Resources to talk about a solution and to make sure he does not violate any state or federal laws, or company policy in his dealings with this employee.

Another employee talks to Michael about his fear of losing his job due to changes in the organization. Michael tells the employee that he does his best to establish job security for his staff at all times, even throughout times of organizational changes.

Michael has his weekly phone call with his manager. The weekly call allows him the opportunity to tell his manager what he has accomplished, what he intends to accomplish in the near future, any problems that have surfaced, and so forth. Michael is happy to report to his superior. He is aware that his organization allows him some power and authority to make decisions, and he is aware of the chain of command and where he stands in the chain of command. He uses the authority granted to him to make quality decisions that help reach organizational goals.

An hour before time to leave for the day, Michael invites the staff to come to one of the conference rooms. The staff enters the room to see several large pizzas and salads, and two large cakes on the conference table. Michael announced that it was time to relax and celebrate excellent performance and "numbers" during the previous month.

Types of Organization Managers

Whether a manager is a top-level, middle-level, or lower-level manager, he or she may work in a specific area of the organization. The most common areas of management may include financial, marketing, human resource, operations, and administrative. Other areas of management are specialized for the organization and may include managers such as public relations or research and development.

- **Administrative managers** are sometimes known as general managers, and are not associated with any particular department. Administrative managers do not specialize, but have general knowledge of the whole organization's functions. General managers may be required to recruit, select, train, coach, and discipline managers; develop strategic plans and recommend objectives based on research of financial and technology opportunities; accomplish subsidiary objectives by creating budgets, plans, and reports of results; establish plans and budgets; allocate resources; execute mid-course corrections; coordinate services, policies, and practices; coordinate actions with corporate staff; build company image; maintain quality service through enforcement of organization standards.

- **Financial managers** manage the company's financial resources. Financial managers are responsible for such activities as accounting, cash management, and investments. The financial manager for small businesses is often the owner of the company. In large corporations or in businesses such as banking, there may be several financial managers.

- **Operations managers** create and manage the systems that produce the company's products and services. Operations managers are responsible for production control, inventory control, quality control, plant layout, and selection of site for production or services.

- **Marketing and Sales managers** oversee areas of the company that deal with marketing. Their job is to get customers to purchase the company's services or products, so their job description includes product development, promotion, and distribution. The marketing manager performs the same jobs as most managers in recruiting, training, scheduling, monitoring, resolving problems, and disciplining employees. Additionally, he or she does the work to identify marketing opportunities by identifying target markets and customer needs. They maintain their key accounts with excellent customer service and support. They collect, analyze and summarize data and marketing trends, and contribute marketing and sales information and recommendations to strategic plans. Marketing and sales managers prepare and complete action plans; implement production, productivity, quality and customer service standards; complete audits, identify trends, and make system improvements. The marketing and sales manager also determines annual and gross-profit plans by forecasting and developing annual sales quotas. They establish pricing strategies and recommend pricing. They project expected sales volume and profit for all products (new and existing), as well as monitor costs.

- **Human Resource managers** are responsible for dealing with company matters that involve employees. HR managers maintain the company's human resources by planning, implementing, and evaluating employee relations and human resources policies and programs. Some of the responsibilities of human resources managers include, updating job requirements and job descriptions; establishing a system for recruiting, testing, and interviewing candidates for employment; develops orientation and training programs; evaluates and selects compensation and benefits plan for employees, and directs the process of benefit claims; conducts job evaluations and recommends pay changes; hears and resolves employee grievances (may work with union representatives on grievances); counsels managers and supervisors regarding action to take with employees; ensures legal compliance with federal and state requirements; prepares, updates and recommends human resource policies and procedures.

Where Do Managers Work?

Managers by the same title and in the same area may have the same basic job description, but there may also be duties involved that are specific to the type of company for which they work. Mangers may work for:

- For profit organizations
- Small and start-up businesses
- International businesses
- Non Profit organizations
    - Government organizations
    - Educational organizations
    - Healthcare facilities

The Management Process

A manager is expected to set clear vision and goals for the organization or their region or department, and then set up a structure to make the goals happen. The manager carefully selects those who will work with him or her accomplish the goals. He or she also keeps a finger on the pulse of how well the company is performing. In doing this, the manager is carrying out the four basic functions of mangers: planning, organizing, leading, and controlling.

In chapter 2, Henry Mintzberg's Ten Roles of Managers was introduced. It is understood that managers function in three roles: Interpersonal, Informational, and Decisional. Knowing the three roles that a manager must take, helps one to understand the skills that a manager must possess or develop in each role in order to do their job appropriately and effectively.

Review of Ten Roles of Managers

Interpersonal Roles

- **Roles managers assume to coordinate and interact with employees.**
    - **Figurehead role**: symbolizes the leader for the organization or department
    - **Leader role**: trains, counsels, mentors, inspires, and encourages employees to improve productivity
    - **Liaison role**: link and coordinate people inside and outside of the organization to help achieve goals

Informational Roles

- **Associated with the tasks needed to obtain and disseminate information.**
    - **Monitor role**: analyzes information from both the internal and external environment
    - **Disseminator role**: manager transmits information to influence performance, attitudes, and behavior of employees
    - **Spokesperson role**: sharing of information to positively influence people inside and outside of the organization

Decisional Roles

- **Associated with the methods managers utilize to plan, strategize, and use the organization's resources**
    - **Entrepreneur role**: determining new projects or processes in which to invest for better productivity
    - **Disturbance handler role**: handling conflict, unexpected situations, or crisis
    - **Resource allocator role**: assign resources between functions and divisions, set budgets for lower management
    - **Negotiator role**: negotiates solutions between other managers, unions, customers, or shareholders

In any job, one must possess a certain skill set to properly and effectively do the job. Managing on any level is no different. To do their job effectively, managers need managerial skills. Managerial skills are typically categorized into three sets: technical skills, human skills, and conceptual skills.

Technical Skills

When you think of technical skills, your mind may automatically go to technology, but **technical skills** are not just related to technology. Technical skills are the knowledge and capabilities to perform specialized tasks related to any specific field. Technical skills allow managers to use various techniques to accomplish a task. Every manager must possess some technical skills related to their organizational work. As an example, saving the knowledge and capability to create financial reports is a technical skill that is required for managers of accounting departments. In a marketing firm, technical skills may include graphic design skills. Technical skills are not relegated to only production tools and equipment, but also include skills necessary for marketing and branding, increasing sales, or improving services.

A manager does not need to necessarily have all of the skills necessary to do all of the tasks of their staff. No one person can know everything about a job, but having a working knowledge of most of the tasks is extremely beneficial. Having the technical skills required for a task can help the manager foresee potential problems or troubleshoot and find solutions when a problem arises. Managers with technical skills are able to effectively communicate with front line employees about the task, coordinate projects, determine realistic timeframes for any given task, and evaluate the outcome. When a manager has technical skills, he or she is especially beneficial to novice employees that need additional communication and guidance in learning their job. When a manager has the sufficient skill set to navigate systems, he or she is not caught in a bind if an employee suddenly leaves the organization.

Employees often complain that their manager does not understand their tasks, and therefore can't possibly be fair in assigning or evaluating their work. Sometimes employees develop a poor attitude that if the manager does not know how to do a particular task, he or she should not expect them to do it without the manager's guidance. Managers can help prevent this attitude by communicating clearly and admitting that they do not know every aspect of the job, but they are willing to listen, provide resources, and learn.

On the other hand, the more technical skills the manager develops, the more often he or she can tell their staff that they understand what the staff is saying or doing. Starting at ground level of a company and working through all of the processes of the department or organization is one way a manager can increase their skill set. Other ways to develop useful skills include enrolling in online classes or classes at their local community college, reading books and periodicals and watching videos on the subject, hiring a tutor, observing long term employees and asking them questions as they do the task, or attending workshops.

Managers are always short on time, and may not want to take the time to develop new skills, but learning new technical skills is a good investment of time.

Human Skills

Human skills or interpersonal skills involve communication and relationships. A manager uses human skills for working with his or her employees, superiors, and those outside of the organization, such as vendors and customers. Managers use human skills to maintain professional relationships, create open communication, and develop trust with their staff. Human skills are used in all the managerial roles and at every level of management.

Because they must work with people, human skills are critical for successful management. Yet, human skills do not come naturally to all managers, and they must acquire or improve the skills through a means such as classes or self-learning by observing other people with good human skills. Managers can help develop their human skills by becoming aware of how they interact with others and how they can improve.

Conceptual Skills

Conceptual skills allow managers to solve problems with analytical thinking. A manager must be able to think analytically to dissect a problem into smaller parts, visualize how the parts relate, brainstorm possible solutions, and recognize the implications of any one problem for the others. Conceptual skills are used by managers to solve simple everyday problems such as scheduling conflicts for employees, and to solve major organizational issues, such as restructuring.

The manager must be able to look at the big picture and be able to understand the overall workings of the organization and grasp how all the parts of the organizations work together. Think of it as the organization being a physical human body. The manager must know how the arm relates to the hand and how the two must work together in order for either the arm or the hand to accomplish what needs to be accomplished.

Managerial work description cannot be put into a small box that applies to every company. It does not follow a specific systematic progression, as there are many variables involved from one company to another and even within the same company. A manager’s work may be different from one day or one week to the next. The best thing a manager can do is prepare themselves for whatever may come within the context of their job.

Managers Must Manage Themselves

Managers assume a tremendous amount of responsibility. They are leaders in their organization, and anytime one is leading they are assuming responsibility for doing the best they can for the desired outcome of the organization.

Within their managerial roles, managers can develop certain technical, human, and conceptual skills to do their job effectively. But managers are human beings and they must also focus on personal development. They must develop personal traits that enhance their job.

Managers may be very good at managing others, but they must not hesitate or forget to manage themselves. **Self-discipline** and the ability to maintain **self-control** is a significant factor for success in management. In fact, Brian Tracy, a renowned author and leader in strategy for personal and corporate success, says,

> *"All successful men and women are highly disciplined in the important work that they do. All unsuccessful men and women are undisciplined and unable to control their behaviors and their appetites. And when you develop the same levels of high, personal discipline possessed by the most successful people in our society, you will very soon begin to achieve the same results that they do."* (Tracy, n.d.)

In the quote above, Tracy makes it clear that success is associated with self-discipline, while the lack of self-discipline is associated with not being successful. Managers who are not self-disciplined can create their own professional failures.

Sometimes, for several reasons, a manager can be their own worst enemy. Perhaps they are not prepared for the job. Maybe they have developed attitudes that create problems in their position. Sometimes managers have personal fears that affect their ability to manage efficiently, or they have character traits that deprive them of the respect of their staff. For their sake and the sake of their job, it is imperative that managers take the time to evaluate and improve their personal development.

At a conference, John Maxwell, management theorist, was asked what has been his greatest challenge as a leader. His answer was, "Leading me!" (Conrad, n.d.) If a remarkable leader such as Maxwell feels that way, where does that leave everyone else! Actually, the great news is that anyone can learn and develop what it takes to be an excellent manager. Some tips for personal development:

- Make personal development a priority. It is easy to think that you will do it later, but time can fly by quickly and lack of personal development can cause problems for your managerial career in the meantime. If you are serious about personal development, make it a priority in your schedule.

- Take an evaluation that will help you determine what you need to work on. When you consider what you need to work on, do not just consider goals for today, but also consider development that will help you reach future goals.

- Personal development is not just about your job—remember it is personal. Instead of just focusing on how to develop managerial skills, focus on developing better people skills in general. Personal skills will enhance your management.

- Attend seminars that focus on your area of development.

- Read books and periodicals (or listen to the audio version) that are inspirational and helpful in your area of development.

- Seek out free webinars and podcasts about your area of development.

- Learn to observe others who may have mastered what you are trying to develop in your own life. While retaining your individuality, there is nothing wrong with letting the good habits of others influence your behavior.

In conclusion, managers must utilize **technical skills**, **human skills**, and **conceptual skills** to fulfill their roles in management. An important aspect of managing is for the manager to manage himself or herself and continue in personal development.

Test Your Knowledge

1. What are the three types of skills that every manager should possess?
2. Give examples of each type of skill listed above.

Personal Reflection

Think about and/or write about your personal development goals that you believe will enhance your life and your job as a manager.

List some of the most common areas of managers

Do you believe management is an art or more scientific? Is one more important than the other in management?

Give an example of when viewing management as an art would be more appropriate than viewing it as science.

Skill Self-Assessment

Instructions: Indicate the extent to which the following statements describe you. Circle the number that best represents your self-evaluation, using the following key:

- **VM = very much like me**
- **SW = somewhat like me**
- **0 = occasionally like me**
- **S = seldom like me**
- **N = nothing like me**

Statement	Very much	Somewhat	Occasionally	Seldom	Nothing
1. I am comfortable with written and oral communication, including listening	1	2	3	4	5
2. I handle stress well and have good time management skills	1	2	3	4	5
3. I can make decisions that affect me and others	1	2	3	4	5
4. I can identify, analyze, and solve problems effectively	1	2	3	4	5
5. I am effective at getting others to perform well	1	2	3	4	5
6. I can delegate tasks to others to involve them	1	2	3	4	5

and help them learn					
7. I set goals and establish long term vision for what I do, and can help others do the same	1	2	3	4	5
8. I am aware of my own strengths and weaknesses	1	2	3	4	5
9. I work well with groups and can help others develop effective teams	1	2	3	4	5
10. I handle conflict well and am able to help others resolve conflict	1	2	3	4	5

Total the numbers that you have circled. The lower the total number, the more you believe that you have the skills of an effective manager. Take a close look at your responses. Any response of 3 or 4 suggests skills that you need to develop.

In what areas do you need development?

Chapter 5 : Manager or Leader?

"Leadership is the capacity to translate vision into reality." Warren Bennis

Chapter Objectives

- **The difference between managers and leaders**

Manager or Leader?

The question is often asked, "What is the difference between managing and leading?" And it is a very good question. Often management and leadership, manager and leader are used interchangeably. This is understandable as there are often thin lines between what is management and what is leadership. The answer to the question is further complicated by the fact that leaders are often required to manage, and managers are often required to lead, even though there are managers who do not lead, and leaders who are not managers. Peter Drucker stated, "Management is doing things right; leadership is doing the right things." Drucker's statement helps with the realization that management entails work and process, while leadership deals with people, social issues, ethics, and the "heart" matters.

Grace Murray Hopper (1906-1992), American computer scientist, furthered this notion when she said, "You manage things; you lead people." Others have said that people *work for* managers and *follow* leaders. In the above quotes, managers and leaders are attributed *different* characteristics.

Managers focus on resources and tasks, manage budget constraints, control standards, coordinate and direct project duties, gather and utilize resources, and solve problems that hinder production, sales or other goals. Managers use numbers to measure results. Managers carry out the four functions of management: planning, organizing, leading, controlling. Does the fact that one of the functions of managing is *leading* mean that all managers are leaders? Some managers are very good at performing the leading function of management. These managers are able to inspire, encourage, and motivate their employees using leadership skills. Their employees follow them *voluntarily*, which further demonstrates that they are doing a good job with leading, but the employees are still subordinates.

In reality, most managers are not necessarily leaders, and their focus is on getting things done rather than on leading people. When managers are leaders, it is usually because the person who is in the management position happens to also have the personality, mindset, and skills of a leader.

Leaders do not have to be managers. Most organizations have leaders, but the leaders may not have any title at all. Leadership is not a *position*. While managers must make sure that work gets done now, leaders are more focused on the long-term vision or goal of an organization. Rather than set strict rules for employees, they are more likely to motivate, inspire, encourage, and empower employees to be team players and meet goals. With strong leadership skills, leaders can persuade staff to voluntarily follow them and *want* to be a winner. Leaders are discerning when it comes to quickly getting to the root of the problem and is happy to coach employees through difficulties. Teaching, mentoring and empowering people are the norms for leaders, even when they do not have any formal authority over their followers.

In conclusion, a manager is hired by an organization to get results through systems, processes, procedures, controls, and structure. A manager used the four functions of management, planning, organizing, leading, and controlling to do their job. Managers are results oriented, and they get paid for doing their job well enough to get results. Those who do the work that the manager requires of them are subordinates, not necessarily followers. People work for managers because it is their job to do the work.

An individual in the company who possesses leadership qualities can be a leader. Being a leader does not require a formal title. Leaders are interested in investing their time and effort in people. They encourage, inspire, and motivate people to do their personal best and reach goals, and therefore, people voluntarily follow them.

Personal Reflections

Do you think of yourself as a manager or a leader? Why?

Suggested Reading

World Changers: 25 Entrepreneurs Who Changed Business as We Knew It, written by John A. Byrne

Chapter 6 : Management Styles

"The conventional definition of management is getting work done through people, but real management is developing people through work." Agha Hasan Abedi

Chapter Objectives

- **Recognize management styles**

Volumes have been written on types of managers and management style. Perhaps this is because managers are constantly trying to improve their ability to do their work more efficiently and with better results, as their organization expects excellent results in meeting organizational goals. Management styles fade away and new ones are announced and become popular. In many cases, the "new" management style is some combination of previous styles with changes that better serve a new generation of managers, a changing economy, or significant shifts in the business world.

Some view management as a science, and others view it as an art. It is true that many managerial duties require the science of logical, objective, systematic thinking. It is also true that many managerial duties require that the manager make decisions and solve problems using the wisdom they have gained from personal experiences, intuition, instinct, and personal insight. This is especially true when problems arise that fall outside of the "normal" problems. A well rounded manager can see the value in viewing management as both science and an art.

Each person is unique, and thus each manager's personality, belief system, experiences, and education play a part in his or her management style. The type of management is established and directed by the organization, and the organization hires managers that they believe are a good match and will fit in with their type of management. But within the management type, managers have their own style. As an example, if a large corporation with bureaucratic management hired a middle-level manager, the manager would be required to manage within the tenets of bureaucratic management, but would still be able to have preferences for his own *style* of management.

Management Styles

Management style is the manner in which a manager manages its employees and their work activities. The culture of the organization, as well as the mission and goals of the organization help determine the management style. Management style may also be influenced by the manager's education and experience.

Rosalind Cardinal, Principal Consultant of Shaping Change, and known as "The Leadership Alchemist," says, "The key to being an effective leader is to have a broad repertoire of styles and to use them appropriately." With diversity in mind, let us explore some of the many management styles in use today.

Values-Driven Manager

In *Management Skills* (Rohlander, 2014), Jim Burke, CEO Johnson and Johnson from 1976-1989, is used as an example of a values-driven manager. Why? In 1982, when seven people in Chicago died from cyanide-tainted Tylenol capsules, Burke immediately issued a recall of 31 million bottles of Tylenol. Rather than trying to shelter the company from publicity about the recall, Burke stepped up to the plate and informed the public, medical community, and press. Burke made a values-driven decision. The Johnson and Johnson statement of beliefs states that the company's responsibility is first to its customers, then to its employees, then to its community, and finally to stockholders (Rohlander, 2014).

Like Burke, a values-driven manager will make decisions based on the values of the organization. If an organization places a high value on social responsibility, the managers' decisions should reflect that. If a company's statement says they strive to protect the environment, the managers' decisions should line up with that value. A values-driven manager who consistently bases his or her decisions on the company values will win the respect of their staff, superiors, and the public. In 2003, Jim Burke (1925-2012) was named one of History's 10 Greatest CEOs by *Fortune* magazine.

Many values-driven companies are highly successful. Customers do their homework and intentionally support companies that promote their own values versus just claiming to support values. The same customers expect the managers of the company to support the values in their professional role as manager. According to *Five Easy Ways to Tell if an Organization is Really Values-Driven* (Stoner, 2011) managers of values-driven companies are expected to make decisions based on the values of the company and may be expected to answer questions and expound on company policies and procedures that reflect espoused values. Some of the questions and reflections for a values-driven manager may be:

- Are values presented clearly and with specific definition so they are easily understood by employees?
- Are the values practiced in the company the same as presented in the mission statement and public literature about the company?
- Do your employees know what the values of the company are? Can they quickly recall the values and tell how the values are carried out in the daily operation of the company?
- Do the decisions made by the company reveal that values are important? Or does the company use vague buzzwords and dabble in a few activities to appear that values are important?

Managers who are accustomed to working with traditional organizations that believe making a profit for shareholders is more important than anything else in the company may need to be retrained to work for a values-driven company. Profit is important to a values-driven organization, but values and social responsibility are equally or more important.

The Results-Driven Manager

For results-driven managers, it is all about high performance that leads to exceeding goals and getting the numbers or the dollars that prove you are the best; you are a winner in your organization and in your field. For results-driven managers, second place isn't good enough. The employee may share in the winnings, but he or she will be required to give their best at all times if they want to play in the winners' circle. Anything less is not tolerated by the results-driven manager. His or her team is a winning team.

The results-driven manager is willing to study and develop any skills that will give them an edge, and they expect their staff to do the same. On the other hand, results-driven managers know that *action and results are not the same things.* They realize that their staff can stay very busy, but not get good results. Their eyes are always on results.

Participative Management

Managers who use a participative style of management are community minded. They are happy to provide employees with plenty of information and encourage them to participate in the decision-making process for matters that affect them. With this style of management, strict chain of command is not upheld, but rather educated, skilled employees work cooperatively to do tasks and reach goals. This type of management is often seen in cutting edge technology companies. In participative management, employees are rewarded for their team effort. An example is the G5 Digital Marketing company in Bend, Oregon. Their website shows their commitment to employees. Their core values are listed as:

- Dare to Delight.
- Make a Difference.
- Change the Game.
- Do the Right Thing.
- Kill it.

Authoritative Management

The authoritative style management, sometimes known as visionary or autocratic management, is often viewed as an old fashioned style of management. The old fashioned view is because the style stems from a time when employees simply did as they were told and had little, if any, feedback or participation in the decision-making process. Today, when employees have the representation of unions, Human Resources departments, and legal departments, the authoritative management style is rarely used as the sole management style, but it is often combined with less rigid styles for balance.

The authoritative manager is a visionary. He or she is able to set marks for consistently reaching production and financial goals. He or she makes decisions about the organization or their department based on the most time and cost effective way to reach the goals. The mindset of the authoritative manager is to "get the job done." If you have heard a manager say things such as "I don't care how you do it, just get it done," or "I need it done yesterday," or "All of that doesn't matter, we're on a tight deadline here," you were probably listening to an authoritative leader.

Even today, typically, with authoritative management, the manager creates decisions on tasks, processes, etc. without input from the staff. The authoritative manager is determined for the work to be done correctly and produce good results, so he or she does not put a great deal of trust in their staff.

The authoritative management style may work well for short term urgent situations when the work load increases and the deadline is tightened; or for companies with very precise goals that are time sensitive and there is little margin for error.

Coaching

The manager who has a long-term interest in the development of the employees may use the coaching method to accomplish their goals. This manager may be referred to as the developmental manager, as he or she sees the potential in employees, and he or she coaches them to develop the skills and knowledge necessary to improve their performance and reach their goals. The coaching manager may not always do all of the coaching, teaching, and mentoring themselves. They stay abreast of seminars, classes, webinars, and reading material that might be useful for their staff. They are adamanat about staff attending staff development days and any educational courses the organization offers employees.

Managers who use the coaching management style must be willing to invest in people rather than just work for results. They must be patient with the developmental and be willing to dedicate their personal and office time to mentoring. They must also be willing to consistently educate themselves.

The coaching management style works well with employees that are interested in remaining with the company and developing their career.

Democratic or Empowerment Management Style

A democratic manager allows employees to participate in the decision making process. He or she empowers staff by giving them the authority and responsibility to complete the tasks they are assigned. The tasks can be completed in whatever way, within reason of course, the employee chooses, but must be completed on time. Employees with a democratic manager have the freedom to be creative and use their strengths to accomplish their task. They can take ownership of the task, rather than feel as though they are being ordered to do the task for someone else. The result of taking ownership is usually high-quality work that the employee is proud to present to the manager.

The democratic manager works well with creatives and those who use self-discipline and initiative. The drawbacks to a democratic management style is that work and processes may be slowed because the decision-making process takes longer for a group than for one manager. Additionally, some employees may not appreciate the freedom they have for completing their tasks, and they may slack off, causing the other team members to have to do extra work to finish the task on time.

Management by Walking Around

In general, managers may spend a significant amount of time behind a desk in their office, but the manager who manages by walking around spends more time on the ground, observing, gathering information, and listening to employees. The reasoning behind this method is so the manager knows exactly what is going on with the staff at all times, enabling them to be aware of problems or mistakes as they happen instead of later when issues have escalated.

The list of management styles is a long one that started with classic theories and styles during the Industrial Revelution and expands to the views of Douglas McGregor's **Theory X** or **Theory Y** management styles created during the 1960s and based on models of workforce motivation, or current management styles that appeal to Millenials. There is no management style that is right or wrong, good or bad, but there are styles that work better for certain organizations and people.

Personal Reflection

1. What do you view as your management style?

2. Why did you choose this management style?

3. Is there a particular leader that you admire? Why do you admire them?

4. If you are currently employed, do you believe your manager is a leader or a manager? Why?

Chapter 7 : Planning

"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort." Paul J. Meyer

Chapter Objectives

- **Four types of planning: strategic, tactical, operational, contingency**
- **Decision Making**
- **Mission Statement**
- **SWOT**

Planning is one of the four management functions. Mangers must determine in advance what needs to be done and how to do it. Managers use the company's **mission statement** to understand what the company stands for and why it exists. Mission statements are written when an organization is formed. The statement defines the company's goals, culture, and ethics and provides a framework for evaluating opportunities and deciding if the opportunities are in line with the core business model and strategy. The statement is a constant reminder to organizational leaders of where the company wants to go, and helps them create the strategies necessary for getting there. It serves as a guide to managers and employees and informs outsiders such as investors, suppliers, and customers of the company core values and what they strive to achieve as a company. The basis for all goals and plans throughout the organization derive from the mission statement.

Planning is a prerequisite to implementing all of the other management functions. Why must managers be good planners?

- Planning provides clear direction and reduces the risks of uncertainty.
- Planning helps managers stay on budget and reduce waste.

- Planning helps managers anticipate problems.
- Planning helps management cope with change.
- Planning process can spark creativity and help managers gain insight for projects and goals.

Managers do various types of planning to help them reach organizational goals. There are three main types of plans that a manager uses in their job: operational, tactical, and strategic. The plans work together as a net that covers all aspects of the organization. **Operational plans** are used to attain **tactical plans**, and tactical plans lead to the achievement of **strategic plans**. The plans that are backup plans are **contingency plans**.

Operational Plans

The operational plan is created by low-level managers once the managers understand what they need to achieve. The operational plan supports the day-to-day activities and processes that support the tactical plan of middle-level managers. The operational plan is very detailed, but is limited to one part of the organization, such as a specific manufacturing plant in a division of a corporation. Each division manager creates their own operational plan.

Operational plans can be **single-use plans** that are specifically for a specific problem or time period or **ongoing plans** that are for long-term plans. Single-use plans are for events that only occur one time, such as a specific sales event. An example of a single-use plan would be to implement double shifts during the production of an extremely large order.

Ongoing plans may be revised and updated, but are plans that are used over time. Ongoing plans are most often policies, procedures, and rules that help the manager understand his or her responsibilities in their managerial role. **Policies** involve managerial duties such as hiring, training, employee performance evaluations, disciplining, and termination of subordinates. **Procedures** provide step-by-step details of the process of carrying out a specific task. **Rules** are specific guidelines of behavior so the manager understands what behavior is required.

Strategic Plans

Strategic plans may be looked at as a plan that defines or outlines the goals and objectives for the entire organization instead of just certain divisions or departments. They are created and executed by visionaries, top-level managers such as the president or CEO who must have a clear understanding of where the organization currently stands and a vision for where it needs to go. Strategic plans are long-term plans that take the organization from the current state to the future desired state over one, three, five, or ten years. Strategic plans reveal long-term strategies for organizational growth, profitability, production, customer service, and social responsibility.

Tactical Plans

Once the middle-level managers understand their part in reaching organizational goals, they must create plans of action. The tactical plans include what steps need to be taken and in what order, what equipment, tools, and other resources are needed for the actions, what departments and employees will be involved, and what the timeline will be. Tactical plans are used on a day-to-day basis.

Contingency Plans

Managers know that they must plan carefully, but also be flexible and understand that things do not always go as planned. There are variables and matters over which the manager has no control. They must be prepared for what could change for any number of given reasons. Contingency plans are developed as alternative plans in the event of change or poor results with the current plan. Of course managers cannot foresee the future, but because they have a thorough understanding of their industry and their particular situation, they should be able to anticipate some issues that could arise, and plan accordingly.

Planning requires time out of the manager's busy day. It may be tempting for the manager to use their time otherwise, as there is always plenty of work for the present day, and it is easy to put off future responsibilities. It is always a mistake for the manager not to devote time for planning. As the old saying goes, *failing to plan is planning to fail*. Without solid plans in place, the manager cannot expect that goals will be met. Planning provides direction and a common sense of purpose to the organization. Planning helps every division and department of the organization to do their part.

Planning is not a skill that comes naturally to every manager, but every manager must learn to plan. Planning requires gathering accurate and pertinent information so that the plan has solid facts to rely upon. Planning with inaccurate or inferior information can be disastrous. One of the ways that managers plan accurately is to use the SWOT analysis.

SWOT

Managers are trusted by their company to make decisions. Most of the decisions that managers must make fall into one of two categories: programmed decisions or non-programmed decisions.

A **programmed decision** is one that is somewhat structured and/or recurs frequently. As an example, a programmed decision for a store manager may be that an inventory is done on the first day of the month, every quarter. This decision is made once and then carried out each quarter. The manager doesn't need to make the decision again and again. This programmed decision can be made because the manager has certain information that lets him or her know that inventory must be done at this particular interval.

N**on-programmed decisions** are relatively unstructured. They are decisions that must be made sporadically because there is not enough particular information available to form a state of certainty. There is not enough certainty to create a programmed decision. As an example, a manager may decide that the delivery date for some products will be different each month because the company does not have confirmed exact delivery dates from their suppliers, and manufacturing will depend on the delivery.

As you may know from your personal life, some decisions are easy, and others are very difficult to make. In your personal life, you may decide on what you will do by writing a list of pros and cons and determining which answer has more pros and less cons. Managers may not have enough information enough to feel confident in making some decisions. They must base decisions on what they know, which can sometimes be limited. Managers must consider the logical process of decision making, as well as the behavioral aspects. They must consider many factors including organizational politics, ethics, and economics.

When a company has to make decisions, there are usually risks involved that make the decision-making process difficult. Though it is not as simple as only weighing pros and cons, managers must analyze various factors to determine the best plan of action, and certainly determine what the risks are for any given answer. The manger can create an overview and have a better understanding of the current and potential situation, as well as recognize its opportunities and threats in the market by using the SWOT analysis, also known as situational analysis. The acronym SWOT stands for **internal strengths**, **internal weaknesses**, **external opportunities**, and **external threats**. In short, when a manager uses the SWOT analysis, they are creating an organized list of the company's strengths, weaknesses, opportunities and threats. Below is a sample template for a SWOT analysis.

SWOT Analysis template

Strengths (internal positive factors)	Weaknesses (internal negative factors)
Opportunities (external positive factors)	Threats (external negative factors)

FYI: Tips for Writing a Mission Statement

Every organization needs a mission statement. As stated at the beginning of this chapter: The statement defines the company's goals, culture, and ethics and provides a framework for evaluating opportunities and deciding if the opportunities are in line with the core business model and strategy. The statement is a constant reminder of where the company wants to go and helps create strategy. It serves as a guide to managers and employees and informs outsiders such as investors, suppliers, and customers of the company core values and what they strive to achieve as a company.

Answering the following questions can help you decide what to include in the mission statement. Keep in mind that the best mission statements are clear and concise. You may elaborate on the answers to these questions, but once you begin writing your statement, you will revise for clarity and to make the statement as succinct as possible.

1. Who is your company?
2. What do you do? What do you stand for? Why do you do what you do?
3. Are you a for-profit or non-profit company? What is the focus for your company?
4. What markets do you serve? What benefits do you offer? How is your market better because of what you do or offer?
5. How do you want others to perceive your company?
6. What is your philosophy for work environment for employees? What defines your company's culture?

Sample Mission Statements (Notice how significant meaning is packed into few words.)

- **Public Broadcasting System (PBS)**: To create content that educates, informs and inspires.
- **March of Dimes**: We help moms have full-term pregnancies and research the problems that threaten the health of babies
- **Wounded Warrior Project**: To honor and empower wounded warriors.
- **National Wildlife Federation**: Inspiring Americans to protect wildlife for our children's future.
- **American Heart Association**: To build healthier lives, free of cardiovascular diseases and stroke.
- **New York Public Library**: To inspire lifelong learning, advance knowledge, and strengthen our communities.

- **Heifer International**: To work with communities to end hunger and poverty and care for the Earth.
- **Pennsylvania State University**: "Penn State is a multicampus public research university that educates students from Pennsylvania, the nation and the world, and improves the wellbeing and health of individuals and communities through integrated programs of teaching, research, and service...As Pennsylvania's land-grant university, we provide unparalleled access and public service to support the citizens of the Commonwealth. We engage in collaborative activities with industrial, educational, and agricultural partners here and abroad to generate, disseminate, integrate, and apply knowledge that is valuable to society."

Chapter Review

List the four types of plans that managers must create.

1.

2.

3.

4.

Think of a fictitious organization for which you are a top-level manager, then a middle-level manager, then a lower-level manager. Tell which plan you would write for each level, and how the plan would be used.

Write definitions for the following words:

Programmed decision

Non-programmed decision

Policies

Procedures

Rules

What does the acronym SWOT stand for?

Chapter 8 : Organizing

"Management is, above all, a practice where art, science, and craft meet." Henry Mintzberg

Chapter Objectives

- **Organizing defined**
- **Four types of organization design**
- **Elements for organizational design**

In the previous chapter, the management function of planning was discussed. In this chapter, the next management function of organizing will be explored, as once a plan is created, it must be executed to effectively accomplish the organizational goals.

Organizing as a function is a broad term to define. A simple definition is: Organization is the overall set of structural elements and the relationships among those elements used to manage the total organization. The behavioral model and the bureaucratic theories of management served as early universal models of organization design. Today, many organizations use one of four basic organization designs:

1. **Functional**
2. **Conglomerate**
3. **Divisional**
4. **Matrix**

To help explain the organizational structure, consider two children at play. There is a big tub of Lego™ blocks on the table, and the children are instructed to each take out the blocks they need to build a castle. One child takes out several blocks of various colors and sizes. The other child takes out only a few larger blocks. Each child uses the blocks they chose to build the castle that they envisioned. Of course, because each child chose different building blocks, the castles are different, but both children reached their goal of building a castle.

Organizing is deciding how to best group certain organizational elements. Managers must determine which elements are best utilized and how to organize them to reach their goals. In doing this, they are creating an organizational structure, which can be thought of as the framework of the company. There are six “building blocks” or elements that the manager can use in constructing an organizational design:

- **design jobs**
- **grouping jobs**
- **establish reporting relationships between jobs**
- **distribute authority among jobs**
- **coordinate activities between jobs**
- **differentiate between positions**

Organizational structure allows the company to implement operating procedures and decision-making processes that are a good match for the company.

Designing Jobs

The first building block is for the manager to design the jobs that must be done. The manager may choose to implement **job specialization**, requiring a worker to do the only the same job each day, to help save time and allow workers to become better and faster at what they do. If a manager chooses not to use job specialization, some other “blocks” that he or she may choose are **job rotation, job enlargement, work teams**, or **job enrichment**.

Grouping Jobs

The second building block of organizational structure is the grouping of jobs. This process is called departmentalization. In other words, departments are created. The four most common bases for departmentalization are: function, product, customer, and location.

> **Functional departmentalization** groups together jobs that involve the same type of activities.
>
> **Product departmentalization** involves grouping and arranging work around products or product groups.
>
> **Customer departmentalization involves** structuring work to respond to and interact with specific customers or customer groups.
>
> **Location departmentalization** groups jobs based on defined geographic areas. Police precincts, transportation companies, and fire departments are examples of location departmentalization.

Establishing Reporting Relationships

The third element of organizing is the establishment of reporting relationships among positions. The manager must determine a clear chain of command so that each department head knows to whom they must report. They must also establish *how many* workers will report to each manager. This is known as the **span of management or span of control.**

Distributing Authority

Another building block in structuring organizations is the distribution of authority. This building block allows the manager to decide how to delegate authority among positions, so those with the authority can make decisions that further the goals of the organization. As an example, the manager may give sales personnel the authority to make decisions about delivery dates, shipment, and added perks for the customer.

Coordinating Activities

Coordinating activities is the fifth element of organizing. After jobs are broken down into smaller units and then combined into departments, the department activities must be linked together and a system must be put into place to ensure the activities of the departments are carried out in a way that is consistent with the company's goals.

Differentiating Between Positions

Differentiating between line and staff positions in the organization is called **differentiating between positions**. A **line position** is a poistions in the direct chain of command that is responsible for accomplishing organizational goals. A **staff position** is intended to provide expertise, advice, and support for line positions. A line manager works directly toward goals and a staff manager supports and assists the line line manager. A line manager's authority is usually clear, while a staff member's authority may be less defined.

Basic Forms of Organization Design

Functional (U-Form) is based on the functional approach to departmentalization. Economist Oliver E. Williamson termed the deisgn as the U-Form for "unitary". Using the U-Form design, the members and units of an organization are grouped into functional departments such as marketing or production. This requires the manager to create effective coordination across all departments.

Conglomerate (H-Form) Design is best used when an organization is made up of several unrelated businesses. In this design each business is operated by a general manager that operates independently from the other businesses. With the H-Form design, a corporate staff usually evaluates the performance of the independent businesses, allocates resources, and makes decisions about buying and selling the businesses.

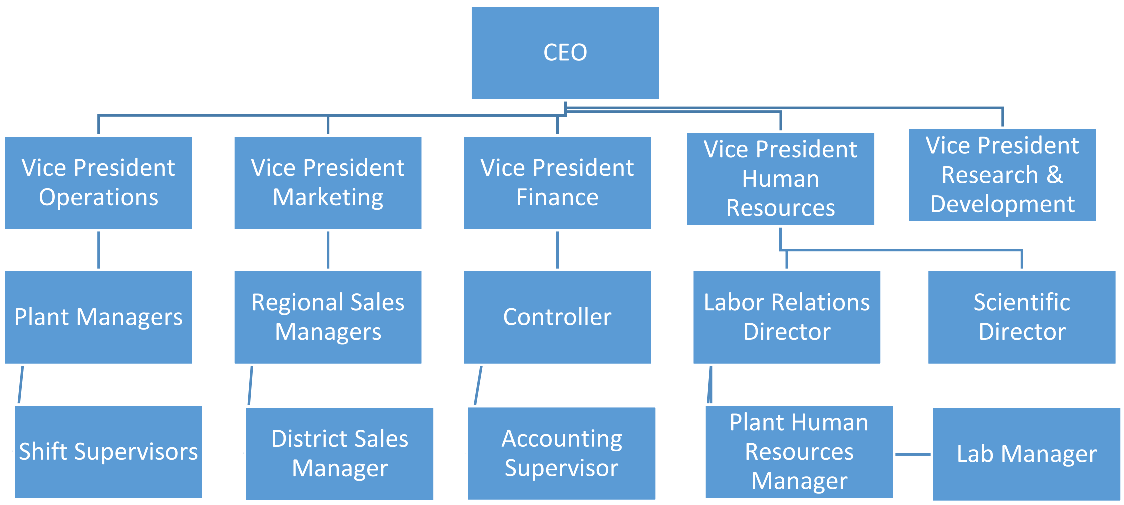
Divisional (M-Form) Design is known as the divisional design (“M” stands for multidivisional). The design is similar to the H-Form, but the divisions in the M-Form design are related to one another, and even though each division has its own general manager, the divisions coordinate some activities.

Matrix Design is an organizational design where a product-based form of departmentalization overlaps an existing functional arrangement.

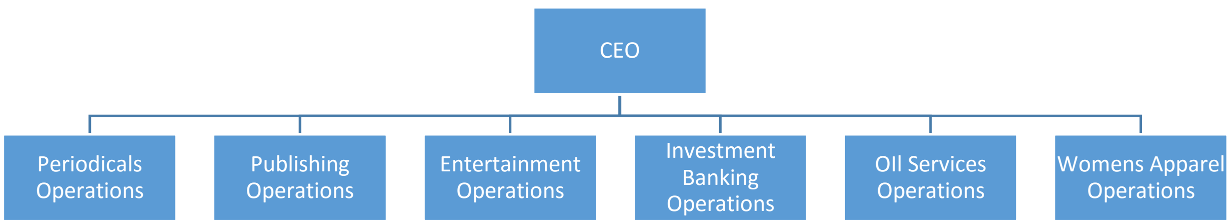
Of course, some companies use a hybrid of the main designs or use different aspects of each design to create a custom design that works for their particular needs.

Study the designs on the next pages to obtain a good grasp of organization design.

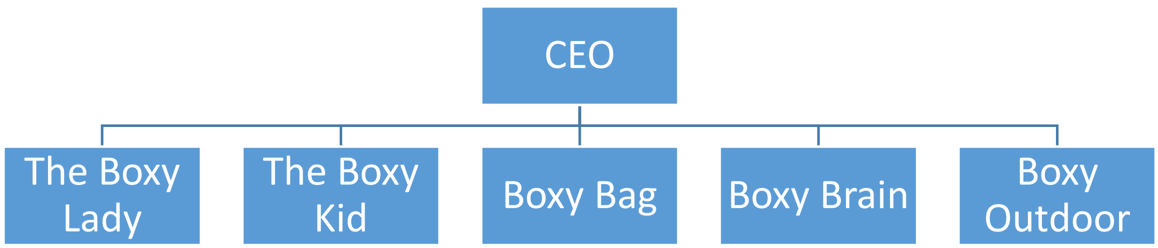
Functional (U-Form) Design for small manufacturing company



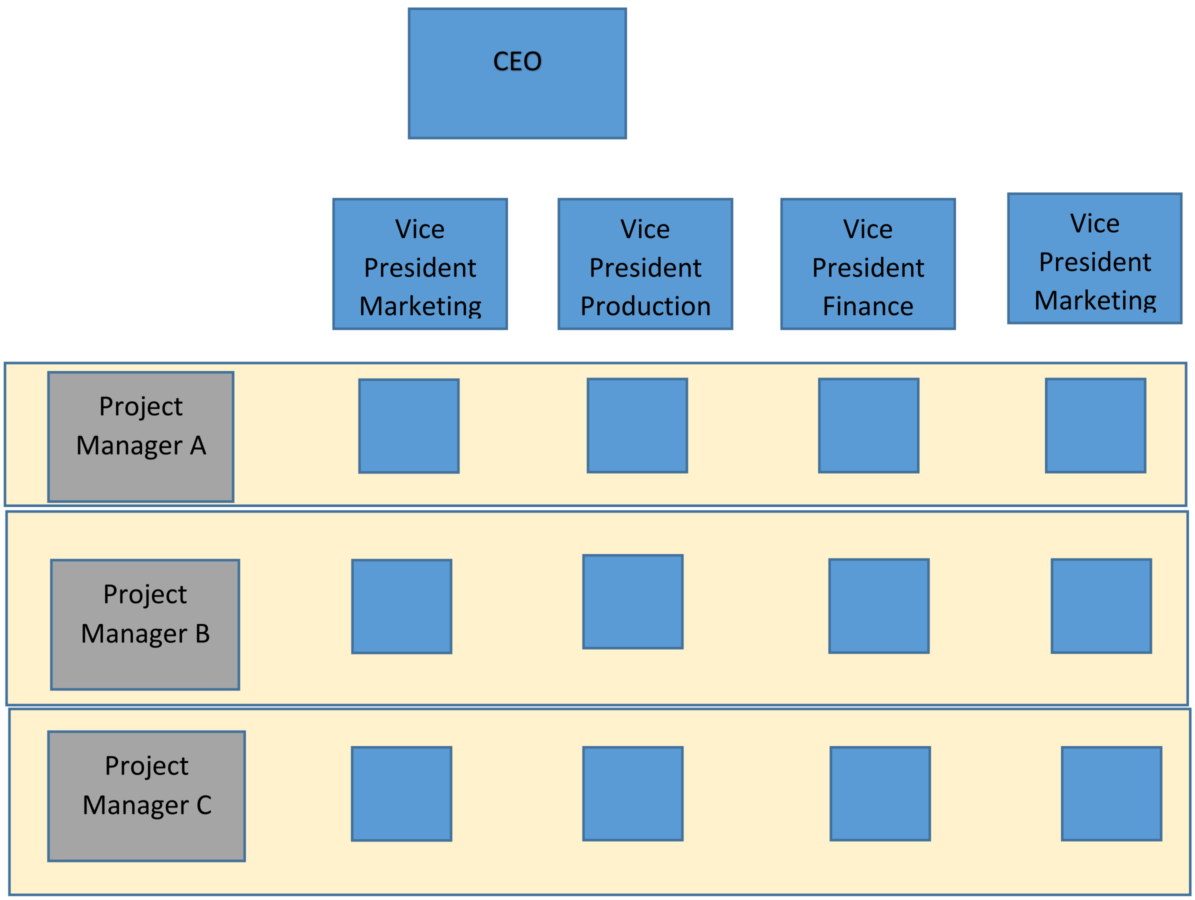
Conglomerate (H-Form) Design at Jackson PLC



Multidivisional (M-Form) Design at Boxy, Inc.



Simple Matrix Organization



Test Your Knowledge

The four common organizational designs include:

1.

2.

3.

4.

Write the six "building blocks" or elements that the manager can use in constructing an organizational design:

1.

2.

3.

4.

5.

6.

See it in the real world:

Select an organization, do research on the organization, and determine the type of organizational structure of the company.

Chapter 9 : Leading

“Nothing so conclusively proves a man’s ability to lead others as what he does from day to day to lead himself.” Thomas J. Watson, former Chairman IBM

Chapter Objectives

- **Leading defined**
- **Selecting employees**
- **Motivating employees**
- **Empowering Employees**
- **Leadership traits**
- **Types of leadership**

Leading is a management function. Leading in an organization can be tricky because it is a function, but involves the personality of the leader. Personality is defined as the stable set of psychological and behavioral attributes that distinguish one person from another (Pervin, 1985). A person’s personality is shaped by their hereditary characteristics, society, culture, etc. By the time an adult applies for a job as a manager, their personality is established. There are times when a manager’s personality may be altered by their work in an organization, but usually the changes are temporary or situational. Organization interviewers consider the manager candidate’s personality in their hiring decision-making process. Personalities do matter in management positions.

Managers must also realize that employees have established, distinct personalities. When the personality of the manager and the personality of the employee are a good match, the manager’s job and the employee’s job is easier and more pleasant. Unfortunately, this is not always the case. Even though organizations may strive for an optimal person-job fit, it doesn’t always happen. Therefore, to be a good leader, managers must have some understanding of their personality and their employees’ personalities, and understand how to work with the personality differences rather than let the differences work against them.

Motivation

Managers must understand how they can lead in a way that motivates their employees to behave in a way that is beneficial and contributes to reaching organizational goals. For success in their job, employees must have three things: the desire to do the job, the capability to do the job, and the appropriate work environment to do the job. When an employee does not have the capability to do the job, the manager can provide training for the worker. Most companies have a system in place that enables employees to get the training or education that is needed to be successful in their job. If there is not a system in place, the manager may need to work with the employee one-on-one. The manager also has the ability to provide the right tools, information, materials, etc. to get the job done. Employees should not be expected to be enthusiastic for doing a job for which they do not have the appropriate equipment, tools, and information. But if an employee lacks motivation (desire to do the job), it can be a challenge for the manager. Motivation is essential for every employee. With some management styles, the manager may be more sensitive to the feelings of the employee and may have an understanding of how to share literature on employee motivation so the employee understands how to help himself or herself.

There are reasons an employee may not be motivated to do their job, but the crux of the problem is that unmotivated employees experience a need or deficiency. The need or deficiency must be identified, then the manager must look for ways to meet the need and offer the employee choices for meeting the need. The manager must remain vigilant with monitoring the employee's results with the choices he or she has made. As a simple example, if an employee feels they are underpaid, they may not feel motivated to work hard. They may even feel justified in slacking off to "compensate" themselves for not being paid the amount they believe they are worth. If the manager can offer the employee some options for making more money, the employee may accept one of the offers and increase their level of productivity. Because they are making more money, the employee does not feel a deficiency in their job, and they are happier and more motivated to put forth the expected effort in their job.

Content perspectives answer the question, "What does an employee need?" Some experts believe employees can be motivated by more pay, better schedules, shorter working hours, and better working conditions. Some companies offer "perks" to help their employees feel appreciated and valued as a person and for their work. Others believe that having more autonomy and more responsibility helps motivate employees to work harder for the company.

Two theories that focus on the needs of employees are Maslow's Hierarchy of Needs (discussed in chapter 3) and ERG Theory of Motivation, which was developed by Clayton Alderfer. The ERG Theory suggests that employees' needs are categorized into three overlapping groups: existence, relatedness, and growth. Research has shown that three important needs for individuals are achievement, affiliation, and power.

There are several other theories that provide insight into what people need to be satisfied with their jobs. It is worthwhile for managers to study theories on motivation, but with today's less formal management styles common sense and courtesy goes a long ways toward motivating employees. In general, employees want to be treated with dignity, respect, and consideration. They want to feel they are looked upon as a person with emotions and needs, and not looked upon and treated as just a worker that is of no value aside from the work that they perform for the company.

In a survey of employees that was conducted between February 2012 and April 2012 by MSW Research on behalf of Dale Carnegie Training (Dale Carnegie Training Uncovers Major Drivers of Employee Engagement in US Workforce, 2013), the following conclusions were reached:

> *"The first and most dramatic finding shows that if an employee is dissatisfied with their immediate supervisor, there is an 80% chance that they are disengaged. This statistic reinforces the significance of building positive relationships in the workplace. Similarly, having a "caring" manager is one of the key elements to a positive and successful employee engagement strategy. Employees want to feel valued and have their manager take an interest in their personal lives, health and well-being."*

And secondly,

> *"The second driver that impacts employee engagement is a belief in senior leadership. Employees are inspired by having role models that encourage goal achievement, contributing to positive engagement and a better overall workplace environment. Finally, employee engagement is highest among those who take pride in working for their company. The study identified the following four characteristics needed for engagement:* ***enthusiasm, empowerment, inspiration*** *and* ***confidence****."*

The same study also found:

- 49% of employees who were satisfied with their direct managers were engaged, while 80% of employees who were very dissatisfied with their immediate supervisors were disengaged.
- 61% of employees who have confidence in their leadership abilities and think that senior leaders are moving the organization in the right direction are fully engaged.

This study supports that leadership in an organization definitely affects whether employees are engaged and satisfied with their jobs.

Empowerment of Employees

One of the major factors in whether an employee is happy in their job and with their manager is how empowered the employee feels. Whether they realize it or not, people are empowered. An effective leader acknowledges that employees are empowered and helps give them the voice and authority to exercise the power they already have. In other words, an employee is empowered when their manager gives them the freedom, trust, and autonomy to do their jobs.

Empowerment sounds simple, and in many ways it is, but it is not always easy for a manager. Why? Because the manager's goal is to utilize human resources to meet the organization's goals. It can be difficult for the manager to trust an employee to do what is necessary, and do it successfully, so that the organization's goals are met. Managers know that they must take responsibility for any issues that arise from a subordinate's work. Managers that fear their employees may not do a good job without their constant input may micromanage and not give employees the freedom needed for empowerment, but effective managers look for ways to empower their employees. These managers know that empowered employees work harder, are more creative, and take on a sense of purpose in their work. The organization benefits from this. Empowered employees function in a way that makes the manager look good! Theodore Roosevelt said, "The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it."

"The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it."
Theodore Roosevelt

Empowerment is not just about the manager. Empowerment rewards employees with self-satisfaction and a sense of achievement. They associate their success with their own abilities, which in turn causes them to stretch themselves to meet higher demands and reach bigger goals. Empowerment can create a positive cycle for employees.

What can a manager do to help employees realize empowerment? Not all organization cultures work well for empowerment of employees. If the organization culture is for transformational leadership, the challenge will not be so great. However, in other cultures, the manager may have to work harder to help his or her employees understand that they are empowered.

It's common for a manager to assign a worker a task and give clear instructions, only to have the employee keep coming back to the manager with questions. In some instances, this is necessary, and in most organizations an employee is cautioned to do tasks exactly the way the manager says to do them. It can be difficult when the manager has the expectation that the worker will use initiative, skill, and imagination to complete the tasks on their own within the parameters that have been given. For this to happen, managers must select employees that are trustworthy and have the appropriate training and education, and then *train* them to trust their own knowledge, decision-making, and skills to do the job without being completely reliant on their manager.

Employees are often afraid to engage in risky activities. They do not want to "mess up" or risk being fired. This is especially true in an environment where the employee is corrected constantly before they have the opportunity to complete a project. They learn to look to and rely on their superior to make every tiny decision through the process. It is almost as though the employee purposely wipes away all of their creativity, decision-making skills, knowledge, etc., and follows instructions by rote rather than take the risk. When the manager provides a safe environment for the employee to expand their thinking beyond just what the manager said, the employee feels empowered to think for himself or herself and brings diversity, originality, and new solutions to the job. Of course, when one takes risks, sometimes the results are not what was wanted, and in that case, the manager must stand behind the employee rather than browbeat them or view the task as a failure. Employees need to know that the manager appreciates their effort, even if the task yielded unfavorable results.

If a leader wants their employees to realize empowerment, they must find ways to help employees with the resources and knowledge they need. The manager can accomplish this by budgeting for and directing the employee toward personal development training.

Empowering employees is not the same as allowing them to do their own thing and not hold them accountable for what they do. Employees must always know the consequences of their decisions and actions, and must understand that they must be accountable. This helps them to also understand that the manager is putting a great deal of trust in them as a person, as an employee, and as one who has shown themselves trustworthy. Knowing that the manager trusts them is empowerment that motivates workers to do their best work.

Tips for Motivating Employees

Managers must find ways to motivate employees if they expect the employees to remain productive and do good work. There are many ways that managers can motivate workers to do their jobs cheerfully and with excellent results. Below are some tips that managers can use for motivating employees. In some instances, it may be pertinent to speak with Human Resources regarding employee motivation and to stay within company policies and guidelines regarding employee reward systems and to make sure the manager is not crossing boundaries regarding favoritism among employees.

- **Appreciate employees. Managers can stop and think about how much employees contribute to their success** at the company, and take the time to personally thank employees for a job well done. This can be done in person or in writing. When an employee knows they are appreciated, they work harder.

- **Offer rewards and thank you.** Some managers can offer bonuses for specific jobs handled well or quotas met. Bonuses are a great incentive for employees to work harder, smarter, and faster. Even if there is no budget for bonuses, many managers have a budget for rewarding jobs well done with a small gift, such as a gift card to a coffee shop or local lunch spot. It may seem like a small gift, but employees usually appreciate it because they know the manager is reaching out and saying thank you. A thank you note that is enclosed with the gift gives the manager an opportunity to be specific about the positive work habits and skills of the employee.

- **Take time to listen to employees.** Managers are always busy. The daily to-do list is much longer than the number of hours in a day, so it is not always easy to meet with employees. Good managers schedule time for meeting with employees to listen to what they have to say *instead of just telling the employees what they want to say*. Ideally, managers can meet one-on-one with employees on a regular basis, but when it is not feasible, small group meetings work well and provide everyone an opportunity to speak.

- **Stand up for your employees.** When employees are being treated unfairly by the organization or outsiders associated with the organization, stand up and strive for justice. Employees need to know that, when merited, their manager is on their side and will fight for them.

- **Be sensitive to work-life balance.** All managers must make sure that employees are doing their part to help the organization meet the organizational goals, but some managers are so results-driven that they forget to consider that the humans that they utilize also have a life outside of work. Life outside of work requires that employees have the time and energy necessary for taking care of themselves, their families, and their personal business. Managers that are sensitive to the work-life balance of employees, do a tremendous service for employees and make it easier for them to do their job.

- **Managers can create a positive, open, fun work environment**. This allows employees to trust their manager and one another, and encourages team work. Employees who trust their manager and one another can think more creatively and feel free to express new ideas and solutions. This is good for everyone.

- **Manage with an even temper.** Managers who quickly lose patience or fly off the handle may think they are motivating their employees to work harder, follow rules, or be a better employee, but the opposite is true. Employees should know what to expect from their mangers and trust that the manger will act professionally in all circumstances.

- **Inform employees.** Some companies do not inform their employees of what is going on in the company. In some cases, this policy can be necessary, especially on a situational basis, but in general, employees feel more secure when they know what is going on. Managers can provide company updates and inform their staff of changes and how they affect employees. When employees are informed about issues that affect them, they can make necessary adjustments as needed. As an example, By the Sea restaurant needed to close for a month for extensive renovations. As soon as the manager had this information and had permission to inform the staff, he told the employees that the restaurant would close and the staff would be off work. Each employee had a two-month head start on making adjustments for the change in their work life. All of the employees agreed to stay on with the restaurant.

- **Give credit where credit is due.** Managers should not take credit for work or ideas that are the work or ideas of their subordinates. It does not motivate employees to share good ideas or do excellent work if the manager receives all the credit. Mangers can report employee accomplishments to their superiors and send out company "kudos" to employees.

- **When possible, involve employees in the decision-making process, especially if the decision affects the employees**. In the scenario above at By the Sea restaurant, the manager was able to ask the employees for their feedback on the timing of the restaurant's closure. The employees appreciated the consideration.

- **When possible, give their employees an incentive to work harder**. Monetary incentives are great, but not always within the budget, especially for smaller companies. Employees always appreciate incentives such as getting to leave work a few hours early on Friday or having a catered lunch at the office.

- **Take interest in the growth and development of your employees.** Let them know that you are committed to helping them improve their skills, get the education or training they need, and support them in their effort for growth and development.

- **Earn your employees' respect.** Some managers believe that the employee must respect them because of the position that they hold, but employees often believe that respect must be earned. When managers speak to their employees in a kind, professional manner, employees have more respect for the manager, and are most likely more motivated to perform their duties and follow company rules and regulations. Keep your word; employees won't respect a manager that they can't trust to keep their word. Do not belittle employees. Aside from possibly stepping into the litigious arena, belittling employees sends a clear message that they are not of value to the manager or the company. Employees who feel they are of no value to their manager will rarely show the manager any respect.

- **Take the time for morale building meetings and activities.** No matter how dedicated an employee is to their organization, they are vulnerable to burn-out and low morale. Employees need consistent encouragement and positive reinforcement to continue in their jobs, particularly during times when the company is going through a difficult time.

It's important to note that not one size fits all when it comes to motivation. When a manager knows his or her employees as individuals, they will have an easier time knowing the best type of motivation for that employee.

Leadership Traits

For many years, successful leaders have been studied from a personal, psychological, and physical traits perspective. This has been done under the assumption that the successful leaders would all have a set of common traits that would teach all leaders what to do to achieve the same results as they did. It was also thought that if the traits could be identified, perhaps potential leaders could be identified. Aside from being extremely beneficial during the interview for hiring process, companies would benefit greatly by having such dynamic leaders in their organization.

Researchers have identified different strong traits in leaders at different times throughout the history of studies. Traits for success in leadership have included intelligence, above-average height, good vocabulary, assertiveness, self-confidence, and so forth. While all of these things may contribute to successful leadership, researchers also found a long list of traits in successful leaders that are not conducive to strong leadership. In other words, there were too many variations and not enough concrete proof that possessing a certain set of traits automatically and necessarily equated to good leadership.

It has also been thought that the behavior of effective leaders was different from the behavior of non-leaders. Research at Ohio State and the University of Michigan (led by Rensis Likert) identified two basic forms of effective leadership behavior. One type of leadership is called **job-centered** where the leader is focused on work and performance, and the other type is called **employee-centered** where the leader focuses on employee welfare and support. Since both forms of leadership were deemed effective, it seemed reasonable to think that a combination of the two behaviors would produce good results for excellent leadership in an organization. But an additional study conducted at International Harvester Co. suggested that it wasn't quite that simple. The study found that when supervisors ranked high on initiating structure, their employees were high performers, but were not satisfied and had a higher absence rate. On the other hand, when supervisors focused on consideration of employees, the employees had low performance ratings, but were satisfied and had fewer absences.

Even though scientists, psychologists, writers, and high-profile leaders have attempted to narrow the traits that make a good leader down enough to create a specific pedagogy for leaders, it is not possible. Rather, the studies have made it obvious that there are many leadership theories and skills, and a combination of any given style or theory may be best for most leaders.

Charismatic Leadership

In 1977, Robert House proposed a theory of charismatic leadership. His theory was supported by his belief that leaders are self-confident, have firm convictions in their beliefs and ideals, and have a strong need to influence people. House also suggested that charismatic leaders tend to have high expectations about follower performance and express confidence in followers.

Since House's theory, dozens of books have been written on charismatic leadership. Perhaps it appeals to managers because it is a type of leadership that may be developed. Charismatic leadership traits include everything from self-confidence, to being a visionary, to being a motivator, to being a high-energy person.

Transformational Leadership

In 1978, James McGregor Burns, political scientist and historian, introduced the concept of transformational leadership in his book, *Leadership.* The definition that Burns gave transformational leadership is as a process where "leaders and their followers raise one another to higher levels of morality and motivation." Transformational leadership focuses on character traits such as integrity, going beyond ordinary expectations to owning a sense of mission and purpose for the work; sparking new learning experiences and enthusiasm for work; supporting co-workers; inspiring people to reach higher and go farther; and encouraging new ways of thinking. Perhaps it is easy to recognize transformational leadership in the popular phrase "think outside of the box," meaning the box of traditional management.

There are many ways that a manager can lead. An organization may have a specific style for management, but there are many factors that help determine the manager's personal style of management, including personality, beliefs, temperament, experiences, professional goals, and more. There is no right way or wrong way to lead, but leading is a crucial function for the manager.

Warren Bennis' Basic Ingredients of Leadership

No discussion on leadership would be complete without mentioning the work of Warren Bennis, American scholar, educational consultant, and author. Bennis provided what has become a standard set of "ingredients" for excellent leadership. Below are the leadership qualities that Bennis shares in his book, *On Becoming a Leader* (Bennis, 1989/1994).

BASIC INGREDIENT	**APPLICATION**
Guiding Vision	You have a clear idea of what you want to do—professionally and personally—and the strength to persist in the face of setbacks, even failures.
Passion	You have an underlying passion for the promises of life combined with a very particular passion for a vocation, a profession, a course of action. You love what you do.
Integrity	Your integrity is derived from self-knowledge, candor, and maturity. You know your strengths and weaknesses, are true to your principles, and have learned from experience how to learn from and work with others.
Trust	You have earned people's trust.
Curiosity	You wonder about everything and want to learn as much as you can.
Daring	You are willing to take risks, experiment, and try new things.

(Boyett, 1998)

Tips for Good Leadership

Managers can develop and improve their leadership skills if they are willing to put in the time and effort. Below are some tips for developing and exercising good leadership skills.

- **Be a good communicator.** Don't expect employees to read your mind or know what you expect. Communicate often. Communicate in a clear fashion that does not leave place for misunderstanding. Communicate with the authority that your position bestows.

- **Be a good decision maker.** Learn to collect all the facts and information needed to make quality decisions. Once a decision is made, unless you realize that you have made a mistake, stick with the decision. If you realize that you have made a mistake, admit the mistake and resolve any problems that are the result of your decision.

- **Demonstrate confidence.** Demonstrate confidence in your ability to lead and accomplish company goals. When things go wrong in the workplace, and they will, display confidence that you and your staff can get things back on track.

- **Be resourceful.** Leaders are able to think creatively and use the resources available to them to reach goals.

- **Maintain a positive attitude, even when a situation is negative.** Leaders with a positive attitude create a positive environment that is conducive to higher productivity.

- **Inspire your employees.** Good employees help employees to feel invested in the company and that their work is meaningful. Keep morale and energy levels high.

- **Take responsibility.** Good leaders take responsibility for their actions. They do not blame others for their mistakes or problems, but look for ways to immediately find solutions.

- **Show empathy**. Leaders that gain the respect and trust of employees must show empathy.

- **Be honest.** Honesty is not just a moral issue for leaders. Honesty builds trust. When a leader is not honest, he or she does not have the trust of others. Employees do not follow a leader that they do not trust.

- **Stay focused and follow through.** Successful leaders know how to prioritize, make firm commitments and follow through. They do not quit, unless quitting is the best solution for the specific situation.

- **Be proactive instead of reactive.** Leaders know that it is better to prepare and take action, rather than to procrastinate or do nothing and then react to circumstances.

Some are more natural at leading than others, but anyone can develop the skills necessary to lead in their organization.

Selecting Employees

Leaders lead people, and part of the leading process is selecting the people who will be led. Every managers dream is to have dream teams comprised of employees who are reliable, highly skilled, productive, and cooperative. Unfortunately, that does not magically happen. Even with the best selection process in place, it does not always happen.

The exact employee selection process varies from one company to another. In some instances, the managers are completely responsible for selecting and hiring employees, and in other organizations, managers are a part of the interviewing and selection process. No matter the process, it is important for any organization to do their best to hire the right candidates and avoid hiring mistakes. Employee turnover costs the organization time and money. Besides the cost of recruiting, interviewing, and training, new employees may require computers, phones, benefits, and so on.

Hiring a good candidate may seem like a no-brainer. For one who has never been responsible for hiring an employee, it may seem as simple as hiring the candidate with the most experience, best skills, and good references. Experience, skill, and good references are important, but there are other considerations:

- **Pay close attention during the screening process.** Resumes and applications may not make the best reading material, but the purpose of screening candidates by reviewing their application and resume is to avoid wasting time interviewing the candidates that are not hirable or are the least likely to be hired. Taking a careful look at resumes and applications can provide pertinent information such as whether the candidate has the necessary skills to do the job, is available to work the required hours, has experience, and fits in with the culture of the organization. Red flags may become apparent by carefully reading a resume. As an example, if a candidate has started and stopped three jobs in a year, you may need to ask why. If the application and resume screening give the green light, the manager can go to the next level of screening with a phone call screening. It is important to listen to what the candidate says and what they do not say during the phone interview. Sure, candidates will try to tell you what they want you to know, but if you listen carefully, you may hear much more than that. By what they say, can you tell that they truly understand the job? Do they sound confident or overly confident?

- **Does the candidate seem compatible with the company culture?** If an employee has the skills, expertise, and experience to do the job, but is not a good fit for the organization's culture, the hire could prove troublesome. While diversity is beneficial, when an employee feels like an outsider in the workplace, the employee is more likely to have work-related problems and leave the company. No employee will match the organization's culture completely, but they should not be highly uncomfortable in the culture.

- **Is this candidate committed to remaining with the company long enough to satisfy the initial investment in the employee?** Steven Prescher, a regional manager for a non-profit organization states that employees often come to work for his organization for the highly-coveted specialized training, but once the extensive training and education is completed, they quickly move on to a higher-paying for profit company. When he interviews job candidates, he asks about the candidate's future plans with the organization. He tries to determine if the candidate has an interest in long-term employment and if the organization would fit in with the candidate's long-term plan. Prescher says, "Sometimes the candidates are not honest about their plans, or their plans change unexpectedly, but I can at least try to determine whether we should invest in them or not. I do not like to waste valuable time investing in an employee who views their job as a quick stepping stone to the next job."

- **Try to imagine the candidate "doing" the job for which he or she is applying.** During the interview, ask questions about how the candidate would do a specific job or handle a certain scenario.

- **Will the candidate represent the company well?** Every organization projects a certain image. This does not mean that everyone in the company is the same or looks the same. It means that, while on the job, employees must represent the company in the way that the company chooses to be represented. In general, companies want to be represented by people who are hardworking, show integrity, take personal responsibility, have good communication skills, and take pride in their job and company.

- **Does the candidate have potential for growth and development?** When a candidate has potential for growth and development, they can benefit the company now, but even more so in the future. It's important to seek out employees that are enthusiastic about utilizing all available resources for education, training, personal growth, and developing new skills.

- **Is the candidate a good match for the salary and benefits package offered by the company?** It can be a big disappointment to think that the perfect candidate has been found, only to find out too late that the candidate requires a higher salary or better benefits package than the company can offer. It is best to know up front whether the candidate can agree to what the company offers.

Upon a new candidate being hired, depending on the organization's procedure, the manager of the new hire may be responsible for some of the following tasks. When HR professionals are available, they can be of significant help to the manager.

- Writing a letter of offer for the job (contingent upon clear background/security check)
- Arranging for background/security checks
- Arranging for new employee orientation
- Providing new hire with tax forms, payroll information, and other paperwork to be completed before first day of employment
- Arranging for training/education

In today's stormy business climate, it is critical that managers know how to lead by example, by creating good plans, by empowering employees, and walking with confidence in their managerial role.

Personal Reflection

Choose a management style and "try it on." Write what your day looks like as this manager.

Write a job description for a job for which your company needs to hire an employee. Is the job description accurate? Does it clearly identify the position for which the company is hiring?

As a manager, what interview questions would you ask candidates?

Test Your Knowledge

What is charismatic leadership?

What is transformational leadership?

What leadership characteristics do you admire?

Chapter 10 : Controlling

"Practice Golden-Rule 1 of Management in everything you do. Manage others the way you would like to be managed." Brian Tracy

Chapter Objectives

- **Purpose of controlling**
- **Areas of control**
- **Control process steps**
- **Operations control**
- **Financial control**
- **Structural control**
- **Strategic control**
- **Managing control**

Another important function of management is control. Control is the regulation of the organization's activities so that the performance of particular elements stays within acceptable limits. Control makes sure the organization does not get too far off course. If control is not in place, an organization can go astray and organizational leaders may not realize that the company is wandering off course. As an example, if Connie's Cupcakes determines that they must bake and decorate 2000 cupcakes per day to meet customer demand, but the manager sees that the bakers are only baking 1800 cupcakes on two days per week, he or she knows that the baking crew is off target and it will, sooner than later, create problems, as the company will lose customers if the bakery is out of cupcakes and cannot fill orders. If the manager was not paying attention to (controlling) the number of cupcakes that were produced daily, he or she would soon realize that there was a problem in sales and customer service, but not realize why the problem existed. With a properly designed control system, problems are avoided.

Control helps an organization adapt to environmental change, limit errors piling up without correction, minimize costs, and manage the organizational complexity.

Environmental Change

There is so much that no one, including top-level managers, have control over. Things happen! Even the best-planned activities can be hindered or brought to a stop by environmental change. A good control system helps minimize the damage that could be caused by changes.

Limiting the Accumulation of Error

There is a saying that if one takes care of the small stuff, there won't be any big stuff. While this is not entirely true, it serves as a good point: Be diligent in implementing an effective control system and you may be able to avoid the big stuff. Those who struggle with easily gaining weight know that the easiest way to gain way is to "fudge a little" here and there. Such carelessness is dangerous because at first one doesn't realize how many extra calories are consumed each day when small bites of food eaten here and there throughout the day are not counted. However, before long the unrealized and uncounted calorie count surpasses the number of calories needed to gain one or two pounds. One may not notice a weight gain of one or two pounds, but the two pounds becomes five and then ten pounds. When the slacks won't button, it is obvious that there is a problem.

If Connie's Cupcakes reported a loss of $800 per day in sales because they ran out of cupcakes too early in the day, the loss might not have a huge effect on the company for the first few weeks, but with one $800 loss at a time, the loss would add up to a number large enough to have a significant impact on the company.

Minimizing Costs and Coping with Organizational Complexity

If Connie's Cupcakes produces only cupcakes, the manager is able to set up a simple control system. But if Connie's Cupcakes also produced and sold several other products such as cakes, pies, doughnuts, and breads, the control system would be more complicated. The manger would need to order many more ingredients for producing the baked goods, and it would be more difficult to calculate how much of the ingredients was used for each product and whether the ingredients were used appropriately. If one of the bakers happened to enjoy the smell of cinnamon and used double the amount of cinnamon in each batch of cinnamon-raisin bread, the bakery would be paying for twice the amount of cinnamon necessary, and eventually the cost of cinnamon would affect the profit.

Control systems help companies, large and small, deal with complexities. Control can focus on any area of the organization. Most organizations use control for four basic types of resources that the company uses: physical, human, information, and financial resources.

Control of physical resources requires:

- Inventory management—stocking the right number of product
- Quality control—maintaining the right levels of output quality
- Equipment control—supplying necessary machinery and facilities

Control of human resources is required and is managed by systems for:

- Selecting and placing employees
- Training and development
- Performance appraisal
- Compensation.

Control of information resources includes:

- Sales and marketing forecasting
- Environmental analysis
- Public relations
- Production scheduling
- Economic forecasting

Financial control systems manage the organization's debt and keeps it in check so that the company has enough cash on hand to operate and meet financial obligations.

Traditionally, managers oversee the control systems. They decide which control systems will be used and implement the systems. They also use the information provided by the control system to take necessary action for remaining on target.

Large companies usually have one or more controllers. Controllers are specialized managers that are responsible for helping line managers with the control activities.

Any control process used by an organized has four fundamental steps:

- **A control standard is established** as a baseline against which future performance will be compared. The control standard is directly related to the specifics of the company and must follow logically from the organization's objectives. At Connie's Cupcakes, a control standard might be that cupcakes will not remain in the case for more than six hours in order to consistently have a fresh product for customers. At a book store in a town where there is no children's book store, a control standard may be that at least 50% of the books are children's books.

- **Measuring performance** is the second step in the control process. For most organizations, performance measuring is an ongoing activity. The control system will not serve its purpose effectively if the control measures are not valid. Getting the numbers and facts right is important. Sales figure measure sales performance, and production performance is measured in unit cost, product quality, or volume produced. Employee performance may be measured in quality of performance or quantity of output. Sometimes, job performance is not that simple and other forms of measuring must be used.

- **Comparing performance against standards** is the third step in the control process. This allows the manager to know if the standard has been met, lowered, or been raised, and lets them know if any action needs to be taken or if things can remain the same.

- **Considering corrective action** is the fourth and final step of the control process. The manager must decide if they will take corrective action. To take corrective action, the manager must utilize their analytic and diagnostic skills. Once a manager has compared performance measures against control standards, and performance has fallen short, they will take one of three actions:

    - Maintain status quo and take no corrective action
    - Correct the difference between the standard and the performance
    - Change the standard

CONTROL SYSTEMS

Control of physical resources requires:

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Control of human resources is required and is managed by systems for:

- Selecting and placing employees
- Training and development
- Performance appraisal
- Compensation.

Operations Control

Control must be carefully managed. Operations Control involves the processes the organization uses to transform resources into products or services. The three forms of operations control are preliminary, screening, and post action; and they all take place at different points in relation to the transformation processes.

- **Preliminary Control** concentrates on monitoring the quantity and quality of the financial, human, material, and information resources before they enter the organization.

- **Screening Control** relies heavily on feedback processes and focuses on meeting standards for product and/or service quality or quantity during the transformation process. Screening control allows workers to find mistakes or problems before the product or service is on the market.

- **Post action Control** deals with the outputs of the organization, after the transformation process is complete and the product is finished.

- **Financial Control** is the control of financial resources, such as revenues and shareholder investments, as they come into the organization, are held by the organization (working capital), and flow out of the organization (expenses).

- **Structural Control** ensures that the elements of the organization's structure are serving their intended purposes.

    - **Bureaucratic Control** is one of the two extreme types of structural control. Employee compliance is the goal of bureaucratic control, so with this type of design there is a rigid hierarchy and strict rules that ensure employee compliance.
    - **Clan Control** is an organizational design that is based on informal and organic structural arrangement, and is quite the opposite of bureaucratic control.

- **Strategic Control** focuses on five aspects of the organization: structure, leadership, technology, human resources, and information and operational control systems. Strategic control lets a company know whether the organization's strategic goals are being achieved.

Managing Control

At the operations, financial, structural, or strategic level, effective control regulates and monitors organizational activities. Managers must understand how control works if they are to use controls.

Effective control systems must include flexibility, accuracy, timeliness, and objectivity.

Control and planning go hand-in-hand, and the best way to integrate planning and control is to include control systems in the planning of goals. Effective control systems must include flexibility, accuracy, timeliness, and objectivity.

- **Flexibility.** If a control system is not flexible enough to cover changes, a new system must be designed every time a major change happens. The change could be a change in inventory, adding or losing a large account, change in production material, or a number of other changes. It can be expensive to design new control systems.

- **Accuracy.** Managers must depend on information that he or she gathers from others to create control systems. Sometimes the information received is not accurate. There is the human factor, and sometimes information is intentionally changed for the purpose of hiding problems, over-representation of work achieved, inflation of sales, or a number of other reasons. When a control system is based on false information, it can cause inappropriate managerial action.

- **Timeliness.** To be effective, control systems must provide information at the time that it is needed. As necessary, retail companies probably need sales reports daily to manage cash flow, but may only need inventory quarterly or annually. In general, unstable and uncertain circumstances require more frequent information.

- **Objectivity.** The control system should provide information that is objective. Reports should contain as much factual information as much as possible, rather than opinions or vague terms.

Test Your Knowledge

1. **What is the purpose of organizational control?**

2. **Name the steps in the control process.**

3. **Name the characteristics of effective control systems.**

Chapter 11 : Managing in a Contemporary Organization

"To manage men one ought to have a sharp mind in a velvet sheath." George Eliot

Chapter Objectives

- **Contemporary Structure**
- **Diversity**
- **Learning Organizations**

Most traditional organizations, continue to work with hierarchical structures where there are three levels of management: top-level managers, middle-level managers, and lower-level managers. In these organizations, the organizational chart that depicts organizational structure is vertical, meaning the chain of command flows from top to bottom. The authority of a person is defined by the position they hold in the chain of command. This structure has been used for decades and is still in use today because it provides control and stability to organizations.

However, modern management theory has changed and evolved considerably, and management is not as clearly defined as it was in previous times. But that does not mean that management has been devalued or disregarded. As long as there are groups of people who work together to reach organizational goals, there will be a form of management in place. What has changed is the focus of organizations. Today, customers demand that companies look outward, beyond the profit margins, so to speak. Customers are concerned that companies are socially responsible, diverse, and environmentally friendly. Companies must show responsibility for work-life balance for employees, equality for women and minorities, and an environment that meets certain mental and physical health standards for all. All of this has required significant change in traditional organizations and their management practices.

In his book, *Real Time Strategy*, F. Robert Jacobs, change consultant and author, said, "An organization's capacity to change is a key factor in its short and longer term success." He added that the “most successful organizations of the future will be those that are capable of rapidly and effectively brining about fundamental, lasting, system-wide changes” (Boyett, 1998).

Contemporary Management Trends

Contemporary management trends lean toward humanizing the work place by empowering employees and putting less emphasis on structured leadership. The organizational chart is shorter and flatter. Authoritarian management and rigid structure is not the focus of the organization. There is not as much of an emphasis on the authority of middle-level management, as the job they performed and the authority they possessed is shared with employees. The decentralization of power creates a team structure that empowers employees. The team structure is sometimes known as a network structure or virtual structure.

What does all of this mean for the contemporary manager? Since organizational structure provides the foundation for determining standard operating procedures and routines, as well as which individuals are permitted to participate in decision-making processes, the manager is affected by contemporary organizational structure. Instead of managed functional departments, the team structure utilizes teams that are comprised of employees of differing work specialties. A team may include a financial expert, a technical expert, a production expert, and a marketing specialist that work together to accomplish specific tasks. The “manager” of the group is the experience and knowledge that the experts bring to the job.

While traditional organizations are somewhat mechanical with every part having a specialized purpose and place, contemporary organizational setup is more organic, adapting as the work environment changes or evolves. The benefit is that the structure provides flexibility, and teams can make decisions and work as they see fit, and without delay, instead of waiting for permission from the command chain. There is a higher level of satisfaction when teams are allowed to direct and control their work without too much interference.

Lest it appear as though a team environment allows for undisciplined an unproductive workers and sloppy practices, a team environment requires that all team members do their best work without the rigid structure of traditional organizations. It requires that empowered employees remain productive in working toward the goals of the organization. In fact, team workers are expected to invest heavily in their own growth and development through training courses, seminars and workshops, classes, reading material, and attendance at guest lectures on self-development and empowerment.

Education, training, and reinforcement are critical to advancing an empowered environment in the workplace. Managers must be informed in order to inform their employees, and they must be prepared to provide workers with the tools for success. Effective empowerment is a process that requires trusting relationships and partnerships between management, employees, and customers, and empowerment doesn’t usually happen suddenly. Steps for gravitating to an environment of empowerment for employees can be implemented at any time. Some organizations make big sweeping changes all at once, but must continue to work on helping managers and employees to change their thinking. Other organizations may begin implementing small changes that eventually lead to their goal of an empowered workforce.

Corporate Social Responsibility

Due to pressure on organizations to reduce negative impact and increase positive impact on society, managers of organizations that want to remain sustainable have made necessary adjustments and applied management principles to solutions for social issues such as access to healthcare for employees, work-life balance for workers, locally-sourced materials, and environmental sustainability. This has caused organizations to shift from corporate philanthropy to direct engagement. Organizations have moved toward social responsibility. Social responsibility implies that an organization takes into account and takes responsibility for the financial, environmental, and social impacts of their decisions and actions.

There was a time when a manager's main goal was to increase shareholders' (people who own part of the business and share in the profits) value. Now, managers who want a competitive edge on their competitors may need to focus on increasing the value of the business in terms of stakeholders. (Stakeholders are the people who are affected by the performance and actions of the business. This includes customers, employees, shareholders, and associates.) Instead of just measuring an organization by economic performance, stakeholders are interested in economic, social, and environmental performance. This is known as the triple bottom line, and is becoming more common. When the triple bottom line is considered, the organization takes responsibility for considering whether people who are any part of their business are being exploited or endangered, paid fair wages, and work in good conditions. They also consider whether the business is having a positive or negative impact on the community and standard of living, as well as the environment.

Socially responsible organizations may seem like a great idea, but many business owners argue that social responsibility is not the purpose of a business; that the purpose of a business is to make a profit for the shareholders, and it can be difficult to do both except in the best of economic times. Several socially responsible organizations have shown this is not always the case, and that with an established culture of responsibility and ethics as an intrinsic part of the business, social responsibility is sustainable. Managers and the decisions they make are a major factor in establishing such a culture.

Servant Leadership

Servant leadership is an ancient form of leadership that contemporary management theorists are reviewing today. In a servant leader organization, a servant leader leads the organization by serving others. The needs of the employees or followers are prioritized over their own. Servant leaders are empathetic. They are able to discern and understand the emotions of others. They are also aware of the environment and issues that personally affect their organization and their staff or members.

Servant leaders gain their authority through persuasion, but view themselves as stewards over their organization and members. They are committed to their own personal development and growth and that of their followers.

Few for profit business organizations use servant leadership management, but it is common for nonprofit organizations such as religious organizations or charities to use this type of management.

Learning Organization

In 1990, Peter Senge, founding chairperson of Society for Organizational Learning, North America, pioneered the concept of the learning organization. Senge, the author of *The Fifth Discipline: the Art and Practice of the Learning Organization* and *The Necessary Revolution: How Individuals and Organizations are Working Together to Create a Sustainable World*, has lectured throughout the world, "translating the abstract ideas of systems theory into tolls for better understanding of economic and organizational change" (About Peter Senge, 2015).

According to the Society for Learning website, learning organizations focus on encouraging and facilitating learning throughout the organization in order to effectively transform itself in an ever-changing and challenging world. Learning organizations are comprised of employees with a vision and skill set to create, acquire, and transfer knowledge. These employees can help build a company culture of tolerance, diversity, and open discussions that can help the company think holistically and systematically, and adapt to changes more quickly than their competitors.

Even though learning organizations help organizations adapt and change, it has been a challenge for managers to adopt the concept. According to a Harvard Business Review article (David A. Gavin, 2008), some factors that contribute to the challenge are that the early discussion about learning organizations did not include concrete prescriptions that managers could use to establish a learning organization. Consequently, the learning curve and challenges to implement proved difficult. Also, the concept of learning organizations was aimed at top-level management rather than at managers of small departments and units where critical organizational work is done, so the middle-level managers had no way to assess how their teams' learning contributed to the organization. Finally, standards and tools for assessment were lacking.

Learning organizations display five characteristics:

- Systems thinking
- Personal mastery
- Mental models
- Shared vision
- Team learning

Diversity

Today, organizations must strive for diversity if they are to maintain a global perspective. Diversity is when an organization is comprised of people of varying backgrounds, education, creed, gender, and age. Organizations who strive for a diverse workforce attracts a wider range of qualified and skilled workers and are enriched with ideas and thoughts from various cultures, eras, and perspectives.

Managers that work in a diverse workforce must have a certain level of sensitivity for the differences in cultures, ages, and genders. For success, a manager must understand that it is their responsibility to create an environment where employees from different backgrounds can develop and flourish. They must also consider issues such as language and communication barriers and adjust their communication and tasks accordingly. In some cases, the manager must arrange for interpreters to ensure that projects are not delayed by lack of communication among workers. Managers should also be sensitive to the type of communication or language that could be especially offensive to those of certain cultures. It is the responsibility of the manager to understand differences in the way individuals learn and to provide each person with training that is right for the way they learn.

Different cultures vary greatly on viewpoints. In some cultures, men and women are treated very differently, values are different, and customs are different. For unity in the workplace, managers need to make all employees aware of how to best work together. Diversity training classes for all employees can be beneficial.

While diversity enriches an organization, it can also present challenges, but no challenge that cannot be met if managers are willing to prepare for and embrace diversity in the work place.

Managing Organizational Change

In his book, *Real Time Strategy*, F. Robert Jacobs, change consultant and author, said, "An organization's capacity to change is a key factor in its short and longer term success." He added that the "most successful organizations of the future will be those that are capable of rapidly and effectively brining about fundamental, lasting, system-wide changes" (Boyett, 1998).

At various times, and for various reasons, it is necessary for a company to transition from its current state to the state it wants to be in at a future date. As in one's personal life, change is not always easy, and some people find it very difficult to accept and embrace change. This may be especially true of employees who have "grown up" with a business and have become comfortable with the current state of things. Other employees may fear things will change in a way that is inconvenient for them. As an example if an organization decides to increase production and runs two shifts per day instead of one in order to meet product demand globally instead of just nationally, a single mom may fear she will be put on the night shift and will not be able to find night-time childcare. Some employees simply fear or dislike the unknown that comes with change. Some employees may feel as though some of their perks or even their rights will be diminished or removed during the change. Often, companies must change because the technology used is obsolete, and employees may dread or fear the learning curve for new technology. If employees feel the changes are not in their best interest, they may resist said changes, particularly when it involves new leadership that they do not respect or feel is capable.

Managers can minimize employee resistance to change by carefully planning and implementing the change. Here are some tips for managing change:

- Plan ahead for changes, whether it be significant change such as structural changes or small changes. Try not to suddenly spring changes on employees. No one likes surprises that create uncertainty.
- Communicate often! Don't tell employees about the changes once and then drop it. Keep the lines of communication open. Hold meetings to discuss each phase of the change. Listen to employee feedback, and answer questions. The questions may seem redundant to managers, but may be valid questions to employees who are looking for verification and certainty about their future.

- Take well-planned steps in good order. Chaos creates distraction, unproductiveness, and confusion.

- Gather as much information as possible ahead of time, and make sure the information is as accurate as possible. Anticipate what questions the employees might ask, and try to get answers before talking to employees about change. However, do not jump the gun with tossing out unconfirmed information. Make sure the information you share is not confidential, information that is for only a certain group, or information to be shared at a later date.

- Ensure employees that they will receive the appropriate training and education if their job changes. Some employees may have anxiety over not being able to do their new job well.

- When possible, involve employees in the decision-making process. At the very least, listen to their suggestions and try to implement some of them when possible.

- If possible, make changes in phases, with each phase fully explained to the employees. Sweeping changes can be more difficult.

- Even though changes must happen, keep the overall environment of the workplace as stable as possible. Even a bit of continuity and familiarity can help when an organization is going through changes.

- Remain positive about the changes. If managers are negative about the changes, the employees will be negative. Find the good aspects of the change, and repeat those often.

- When possible and appropriate, reward employees for their hard work and part in dealing with the change.

The process of change can create challenges for managers, but the benefits can far outweigh the challenges once the changes are complete.

Chapter 12 : Review of Management Principles Study Guide

Chapter 1 Highlights for Review

- Management is the action of working with and through people and resources to effectively and efficiently achieve the organization's main goals.

- The three levels of management include
  - Top-level Management
  - Middle-level Management
  - Lower-level Management

- Four Functions of Management are:
  - Planning
  - Organizing
  - Leading
  - Controlling

- Four types of planning include:
  - Strategic
  - Tactical
  - Operational
  - Contingency

Chapter 2 Highlights for Review

- Henry Mintzberg's 10 Roles of Managers divides managerial roles into three roles:
  - Interpersonal Roles
  - Informational Roles
  - Decisional Roles

Chapter 3 Highlights for Review

- The Industrial Revolution changed the structure of businesses and created a need for management.

- Management theory is the set of general rules that guide managers in managing their organization.

- Classical Management Theory consists of three branches:
    - Bureaucratic
    - Scientific
    - Administrative

- Leaders and theorists to study:
    - Max Weber
    - Frederick W. Taylor
    - Frank and Lillian Gilbert
    - Henry L. Gantt
    - Henri Fayol
    - Luther H. Gulick
    - James D. Mooney
    - Elton Mayo
    - Abraham Maslow

Chapter 4 Highlights Review

- Types of managers include:
    - Administrative
    - Financial
    - Operations
    - Marketing and Sales
    - Human Resources

- The four functions of management defined:
    - Planning—setting organizational goals and deciding how best to achieve them
    - Organizing—determining how to best group activities and resources
    - Leading—motivating staff and employees to work toward organizational goals
    - Controlling—monitoring and correcting ongoing activities to facilitate reaching goals.

- Managers must have and develop:
    - Technical skills
    - Human skills
    - Conceptual skills

Chapter 5 Highlights Review

- There is a difference between a manager and a leader. Leadership is not a position and is determined by the ability to lead so that others follow. A manager is hired to get results through processes, systems, procedures, and structure.

Chapter 6 Highlight Review

- Each person is unique, and thus each manager's personality, belief system, experiences, and education play a part in his or her management style. The type of management is established and directed by the organization, and the organization hires managers that they believe are a good match and will fit in with their type of management. But within the management type, managers have their own style. As an example, if a large corporation with bureaucratic management hired a middle-level manager, the manager would be required to manage within the tenets of bureaucratic management, but would still be able to have preferences for his own *style* of management.

- Some types of management styles include:
    - Values-driven
    - Results-driven
    - Participative
    - Authoritative
    - Coaching
    - Empowerment

Chapter 7 Highlights Review

- Four types of planning include:
    - Strategic—defines plans for entire organization
    - Tactical—plans of action to be taken
    - Operational—supports day-to-day operations
    - Contingency—back up plans to facilitate changes and unexpected activity

- Programmed decisions are structured decisions that recur frequently. Unprogrammed decisions are unstructured decisions that are made sporadically when not enough information is available for programmed decisions or when an unexpected activity happens.

- A SWOT analysis helps managers plan based on Internal Strengths, Internal Weaknesses, External Opportunities, and External Threats.

Chapter 8 Highlights Review

- There are six “building blocks” or elements that the manager can use in constructing an organizational design:
    - design jobs
    - grouping jobs
    - establish reporting relationships between jobs
    - distribute authority among jobs
    - coordinate activities between jobs
    - differentiate between positions

- The four basic organization designs include:
    - Functional
    - Conglomerate
    - Divisional
    - Matrix

Chapter 9 Highlights Review

- Managers must perform the tasks of leading in their organization. They must develop leadership traits, motivate employees, and empower employees.

- There are many types of leadership styles such as charismatic and transformational.

Chapter 10 Highlights Review

- Traditionally, managers oversee the control systems. They decide which control systems will be used and implement the systems. They also use the information provided by the control system to take necessary action for remaining on target.

- Control helps an organization adapt to environmental change, limit errors piling up without correction, minimize costs, and manage the organizational complexity.

- Control of physical resources requires:

    - Inventory management—stocking the right number of product
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    - Training and development
    - Performance appraisal
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- Control of information resources includes:
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    - Environmental analysis
    - Public relations
    - Production scheduling
    - Economic forecasting

- Financial control systems manage the organization's debt and keeps it in check so that the company has enough cash on hand to operate and meet financial obligations.

Chapter 11 Highlights Review

- Contemporary management trends lean toward humanizing the work place by empowering employees and putting less emphasis on structured leadership. The organizational chart is shorter and flatter.

- Due to pressure on organizations to reduce negative impact and increase positive impact on society, managers of organizations that want to remain sustainable have made necessary adjustments and applied management principles to solutions for social issues such as access to healthcare for employees, work-life balance for workers, locally-sourced materials, and environmental sustainability. This has caused organizations to shift from corporate philanthropy to direct engagement. Organizations have moved toward social responsibility. Social responsibility implies that an organization takes into account and takes responsibility for the financial, environmental, and social impacts of their decisions and actions.

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