

CHAPTER 1

Understanding the Manager's Job

Part I: An Introduction to Management introduces students to the world of management and establishes a foundation for the rest of the book. Part I has two chapters. Chapter 1 is entitled “Understanding the Manager’s Job.” Chapter 2 is entitled “The Environment of Organizations and Managers.”

CHAPTER SUMMARY

Chapter 1 provides an overview of management and the manager’s job. After a brief introduction, the chapter describes the management process, the various kinds of managers, and managerial functions and skills. Next, the science and art of management is described. The history of management is then discussed, beginning with a discussion of the role of theory and history in management. Next, the chapter introduces and discusses in detail the classical, behavioral, and quantitative perspectives of management. Integrating perspectives for managers are then described. The chapter concludes by identifying several contemporary management challenges.

LEARNING OUTCOMES

After studying this chapter, students should be able to:

1. Define *management*, describe the kinds of managers found in organizations, identify and explain the four basic management functions, describe the fundamental management skills, and comment on management as a science and art.
2. Justify the importance of history and theory to managers, and explain the evolution of management thought through the classical, behavioral, and quantitative perspectives.
3. Identify and discuss key contemporary management perspectives represented by the systems and contingency perspectives, and identify the major challenges and opportunities faced by managers today.

MANAGEMENT IN ACTION

Reed Hastings Creates Chaos with Netflix

The opening incident describes how Reed Hastings (and co-founder Marc Randolph) launched Netflix and made it into the industry leader in DVD rentals. The incident explains how the company continues to be at the forefront of innovation by establishing a strong position in the growing video-on-demand market and by offering its own original series and movies. The incident ends with Hastings contemplating the company’s next move.

Management Update: Netflix reported strong revenue and profit gains for fiscal 2016. Its market capitalization was \$68.56 billion in mid-May 2017 and the stock price was over \$160 a share.

LECTURE OUTLINE

I. An Introduction to Management

An **organization** is a group of people working together in a structured and coordinated fashion to achieve a set of goals. **Management** is a set of activities (including planning and decision making, organizing, leading, and controlling) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving organizational goals in an efficient and effective manner. A **manager** is someone whose primary responsibility is to carry out the management process.

Teaching Tip: Note the similarities and differences among the kinds of resources used by profit-seeking and not-for-profit organizations. For example, both an airline and a university may buy food in bulk, but they have different revenue sources to pay for that food.

Group Exercise: A good icebreaking exercise for the first day of class is to have students form small groups, select two or three different kinds of organizations, and identify examples of the different kinds of resources used by those organizations.

Efficient means using resources wisely and in a cost-effective way. **Effective** means making the right decisions and successfully implementing them.

A. Kinds of Managers

1. Levels of Management

- a. *Top managers* are the small group of executives who control the organization by setting its goals, overall strategy, and operating policies. Top managers also represent the organization to the external environment. Job titles for top managers include chief executive officer (CEO), president, and vice president (VP).

Management Update: In 2016, CEOs of S&P 500 Index companies received, on average, \$13.1 million in total compensation. In contrast, production and nonsupervisory workers earned an average of \$37,632 in 2016. This means that top CEOs made about 350 times more than the average worker.

- b. *Middle managers* are the largest group of managers in most companies. These managers hold positions such as plant manager, operations manager, and division head. They primarily take the policies and plans designed by top managers and put them into effect. They supervise lower-level managers.
 - c. *First-line managers* supervise and coordinate the activities of operating employees. They often have job titles such as supervisor, coordinator, and office manager. The majority of their work is direct supervision of their subordinates.
- ##### 2. Managing in Different Areas of the Organization
- a. Marketing managers work in areas related to the marketing function of the organization. They help to find ways to get consumers and clients to buy the organization's products or services.
 - b. Financial managers deal primarily with an organization's financial resources and are involved in such activities as accounting, cash management, and investments.
 - c. Operations managers are concerned with creating and managing the systems that create an organization's products and services. They achieve their goals through

production control, inventory control, quality control, site selection, and plant layout.

- d. Human resources managers are responsible for hiring and developing employees. They are concerned with recruiting and selecting employees, training and development, and discharging low-performing and problem employees.

- e. Administrative managers are generalists who have some basic familiarity with all functional areas of management rather than specialized training in any one area.
- f. Specialized types of managers include those who work in public relations, R&D, internal consulting, and international business.

Discussion Starter: Point out for students that their major will play a large role in determining the area of management they enter after graduation (assuming that they go to work for a large organization). For example, a marketing major's first job is likely to be a first-line management position in the marketing function, whereas a finance major will more likely start out as a first-line financial manager.

Discussion Starter: Ask students to identify additional examples of managers, with an emphasis on as many different kinds of organizations and management positions as possible. The wide variety of answers that is likely to emerge can be used to stress the diversity that exists in managerial work.

B. Basic Management Functions

The management process, as noted earlier, involves the four basic functions of planning and decision making, organizing, leading, and controlling.

Extra Example: Larry Page, the CEO of Google, can be used to illustrate the basic management functions. He plans how the firm will increase the value of its stock. He fosters an organization design that helps to better integrate the firm's many business units. He has a reputation for being well liked by his employees. He continually monitors the firm's progress toward its goals.

- 1. Planning
 - a. **Planning** means setting an organization's goals and deciding how best to achieve them.

Cross-Reference: Chapters 3–5 in Part II discusses planning and decision making.

- b. **Decision making**, a part of the planning process, involves selecting a course of action from a set of alternatives.
- 2. Organizing

Organizing involves determining how activities and resources are to be grouped.

Management Update: The most significant trend in organizing today is the elimination of management layers to create organizations that are leaner and flatter.

Cross-Reference: Organizing is discussed more fully in Chapters 6–8 in Part III.

- 3. Leading

Leading is the set of processes used to get members of the organization to work together to further the interests of the organization.

Cross-Reference: Leading is discussed more fully in Chapters 9–13 in Part IV.

- 4. Controlling

Controlling is monitoring the progress of the organization as it works toward its goals to ensure that it is effectively and efficiently achieving these goals.

Cross-Reference: Controlling is discussed more fully in Chapters 14–15 in Part V.

C. Fundamental Management Skills

1. Technical Skills

Technical skills are necessary to accomplish or understand the specific kind of work done in an organization.

Extra Example: When Louis Gerstner was appointed as CEO of IBM, some critics argued that he knew nothing about computers. However, he silenced his critics by immersing himself in the study of new technology and soon became a knowledgeable expert.

2. Interpersonal Skills

Interpersonal skills rely on the ability to communicate with, understand, and motivate individuals and groups.

3. Conceptual Skills

Conceptual skills include the ability to think in abstract terms and the mental capacity to understand the “big picture” or the overall workings of the organization and its environment.

4. Diagnostic Skills

Diagnostic skills consist of the ability to recognize the symptoms of a problem and then determine an action plan to fix it.

5. Communication Skills

Communication skills are abilities to effectively convey ideas and information to others and effectively receive ideas and information from others.

Extra Example: Kevin Plank, the CEO of Under Armour, is known for his ability to effectively convey a vision of the firm's future to both workers and investors.

6. Decision-Making Skills

Decision-making skills include the ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities.

7. Time Management Skills

Time management skills are abilities such as prioritizing work, working efficiently, and delegating appropriately.

Management Update: In recent years, there has been a renewed interest in the concept of managerial skills. There are useful self-assessment skills exercises found at the end of each chapter in this book.

Extra Example: Richard Branson, founder of Virgin Group, is known for his effective delegation skills. He feels that it is vital to the success of a business for a CEO to be able to delegate, as this allows the CEO to focus more on the big picture and achieve things that need to be done to make the business's products or services stand out.

D. The Science and the Art of Management

1. The Science of Management

Management is partly a science, because some aspects of management are objective and can be approached with rationality and logic.

Discussion Starter: The science of management might be analogous to the activities of developing computer hardware or playing a violin. There are specific right and wrong ways of doing things, and mistakes are easily noted.

2. The Art of Management

Management is partly an art, because some aspects of management are subjective and are based on intuition and experience.

Discussion Starter: The art of management might be analogous to the activities of writing computer software or conducting the orchestra. More intuition and “feel” are needed to complete these activities, and mistakes may be harder to pinpoint.

II. The Evolution of Management

A. The Importance of History and Theory

1. Why Theory?

A **theory** provides a simple conceptual framework for organizing knowledge and providing a blueprint to help organizations achieve their goals.

Teaching Tip: Many students react negatively to the concept of a “theory.” Ask for student opinions about the reasons for the popularity or lack of popularity of a particularly high-profile politician (such as the President of the United States) or other public figure (such as a sports figure or movie star). Then point out that their explanation is a theory. Go on to stress the point that theories are simply frameworks of thought and that most people hold a number of different theories.

Management Update: Andrew Grove, former CEO of Intel, continued to espouse his theory of organizations at Intel until his retirement in 1990. He gave the theory credit for Intel’s continued success in the semiconductor business.

2. Why History?

Contributions from past industrialists have molded the American culture, and managers can benefit from an awareness of these contributions.

Discussion Starter: Ask students if they have read any books about history that may help them be better managers.

B. The Historical Context of Management

While the practice of management can be traced back thousands of years, it was not given serious attention until the 1800s, when large organizations emerged.

Global Connection: Many Japanese executives today give some of the credit for their success to a book written in 1645. The book, entitled *The Book of Five Rings*, was written by a samurai warrior. The book describes numerous ideas and concepts for successful competition that can be generalized to management.

Global Connection: Note that many of the early management pioneers were British. One reason is that the Industrial Revolution advanced in England more quickly than in most other parts of the world

Extra Example: Note that the very first introductory management textbook (*Principles of Management* by George Terry) was published in 1953.

C. The Classical Management Perspective

The **classical management perspective** includes two approaches: scientific management and administrative management.

1. Scientific Management

Scientific management focuses on ways to improve the performance of individual workers.

- a. Frederick W. Taylor saw workers **soldiering**, or deliberately working beneath their potential. He divided each job into parts and determined how much time each part of the job should take, thus indicating what each worker should be producing. He designed the most efficient way of doing each part of the job, and instituted a piecework pay system with incentives for workers who met or exceeded the target output level.

Discussion Starter: Ask students if they have ever observed soldiering. Ask them if they have ever been “guilty” of such behavior themselves.

Extra Example: Frederick Taylor applied many of the concepts of scientific management to his favorite sports—lawn tennis and croquet.

- b. Frank and Lillian Gilbreth, a husband-and-wife team, also helped to find more efficient ways for workers to produce output.

Extra Example: Another area in which Frank and Lillian Gilbreth made substantial contributions was in assisting the handicapped. In particular, they helped develop vocational training methods for assisting disabled veterans.

Extra Example: Other businesses today that rely heavily on scientific management concepts include poultry processing plants and recycling centers that sort glass, plastics, and papers into different categories.

2. Administrative Management

Administrative management focuses on managing the total organization.

- a. Henri Fayol was the first to identify the four management functions—planning, organizing, leading, and controlling—and he developed guidelines for managers to follow.

Discussion Starter: Ask students to discuss the relevance of each of Fayol's principles to modern management.

- b. Lyndall Urwick is best known for integrating scientific management with administrative management.
- c. Max Weber outlined the concept of bureaucracy based on a rational set of guidelines for structuring organizations in the most efficient manner. His work is the foundation of contemporary organization theory.

Global Connection: Note the influence of foreign scholars. For example, Fayol was French, Urwick was British, and Weber was German.

Cross-Reference: Weber's work is discussed in more detail in Chapter 6.

3. The Classical Management Perspective Today
 - a. Contributions of the classical management perspective are that it laid the foundation for management theory; it identified key techniques and approaches that are still relevant today; and it made management a valid subject of scientific inquiry.
 - b. Limitations include that it is not well suited for complex or dynamic organizations, it provided universal procedures that are not appropriate in all settings, and it slighted the role of the individual in organizations.
- D. The Behavioral Management Perspective

The **behavioral management perspective** placed more emphasis on individual attitudes and behaviors and on group and behavioral processes. Hugo Munsterberg and Mary Parker Follett were early contributors to this perspective.

Global Connection: Again, note the international influence on management, as evidenced by Hugo Munsterberg, a German psychologist.
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1. The Hawthorne Studies

- a. The Hawthorne studies, performed by Elton Mayo, showed that when illumination was increased, productivity increased. However, productivity also increased in a control group, where the lighting did not change. The increase in productivity was attributed to the fact that the workers were having extra attention paid to them for perhaps the first time.
- b. Other studies found that employees will not work as fast as they can when being paid piecework wages. Instead, they will perform to the level informally set by the group in order to be accepted by the group. These two studies, and others, led Mayo to the conclusion that individual and social processes played major roles in shaping employee attitudes and behavior at work.

Discussion Starter: Recent evidence suggests that important details about the Hawthorne studies were not reported properly. For example, all the workers in the illumination study were paid extra for participating. What, if any, implications might be drawn from this?

2. The Human Relations Movement

The **human relations movement**, which stemmed from the Hawthorne studies, is based on the idea that a manager's concern for workers will lead to increased satisfaction and improved performance. The movement includes the need theories of motivation, such as Maslow's hierarchy of needs and McGregor's **Theory X** and **Theory Y**.

Teaching Tip: Use Table 1.1 to summarize the assumptions of Theory X and Theory Y.

Cross-Reference: Maslow's theory is discussed in more detail in Chapter 15.

3. Contemporary Behavioral Science in Management

The emergence of organizational behavior occurred because of the too-simplistic descriptions of work behavior by the human relationists. **Organizational behavior** takes a holistic view of behavior and addresses individual, group, and organization processes.

4. The Behavioral Management Perspective Today

- a. Contributions include that it gave insights into interpersonal processes, focused managerial attention on these processes, and challenged the view of employees as tools and not resources.
- b. Limitations include that prediction is difficult due to the complexity of human behavior, managers may be reluctant to adopt some of the behavioral concepts, and contributions may not be communicated to practicing managers in an understandable form.

- E. The Quantitative Management Perspective

The **quantitative management perspective** focuses on decision making, cost-effectiveness, mathematical models, and the use of computers in organizations. The two branches of the quantitative perspective are management science and operations management.

1. Management Science

Management science focuses specifically on the development of mathematical models. These models help organizations to try out various activities with the use of a computer. Modeling can help managers locate the best way to do things and save money and time.

2. Operations Management

Operations management is an applied form of management science that helps organizations develop techniques to produce their products and services more efficiently.

Extra Example: General Motors uses elaborate management science and operations management models to determine the optimum number and types of cars to make during a given period of time, what options to put on them, and so forth.

Extra Example: Many business programs today have separate courses in management science and/or operations management. If your school has either or both courses, identify them by number and title for your students and briefly review their topical coverage (i.e., their course description).

Cross-Reference: Operations management is discussed in more detail in Chapter 15.

3. The Quantitative Management Perspective Today

- a. Contributions include that it developed sophisticated quantitative techniques that improve decision making, and it increased understanding of complex organizational processes.
- b. Limitations are that it cannot fully explain or predict behavior, that mathematical sophistication may come at the expense of other important managerial skills, and that the models may require unrealistic or unfounded assumptions.

III. Contemporary Management Perspectives

A. The Systems Perspective

1. A **system** is an interrelated set of elements functioning as a whole. An organization as a system is composed of four elements: inputs (material, human, financial, and informational resources), transformation processes (technological and managerial processes), outputs (products or services), and feedback (reactions from the environment).

Group Exercise: Break students up into small groups. Have them select an organization and diagram its inputs, transformation processes, outputs, and feedback mechanisms.

2. **Open systems** are systems that interact with their environment. **Closed systems** do not interact with their environment.
3. **Subsystems** are systems within a broader system.
4. **Synergy** refers to units that are more successful working together than working alone.
5. **Entropy** is the process that leads to decline.

Teaching Tip: Note the subtle but important distinction between entropy and poor management.

B. The Contingency Perspective

Universal perspectives try to identify the “one best way” to manage organizations. The **contingency perspective** argues that universal theories cannot be applied to organizations because each organization is unique.

Group Exercise: Form small groups of students. Have them identify a problem or opportunity facing a business or other organization. Then have them identify elements and ideas from the classical, behavioral, and quantitative perspectives that might be relevant. In addition, ask them to discuss how systems and contingency perspectives might affect the situation.

C. Contemporary Management Challenges and Opportunities

1. Contemporary Applied Practices

Books that highlight the management practices of successful firms or outline conceptual or theoretical models to guide managers are having an important impact on the theory and practice of management today.

2. Contemporary Management Challenges

- a. Globalization is a significant challenge as managers must reach out across cultural and national boundaries.
- b. There is renewed importance placed on ethics, social responsibility, and corporate governance.
- c. Quality also poses an important challenge, as a basis for competition, lowering costs, and increasing productivity.
- d. The shift toward a service economy continues to be important, challenging managers who may be more familiar with manufacturing sectors.
- e. The economic recession of 2008–2010 and slow recovery in 2011–2015 pose many challenges as well as offer some opportunities.
- f. Managers must contend with the changing nature of the workplace, including workforce reductions and expansion.
- g. The management of diversity is an important opportunity and challenge, especially with regard to younger generations of workers.
- h. Organizations need more than ever to monitor the environment and change to keep pace with it.
- i. Technological advances, especially in communications, have increased the pace of work, reduced managers' available time to consider decisions, and increased the amount of information managers must process.

END-OF-CHAPTER

Questions for Review0

1. What are the three basic levels of management that can be identified in most organizations? How precise are the lines differentiating these levels? In which of the basic areas do managers work?

Top managers manage the overall organization. They create the organization's goals, overall strategy, and operating policies. Middle managers are primarily responsible for implementing the policies and plans developed by top managers and for supervising and coordinating the activities of lower-level managers. First-line managers supervise and coordinate the activities of operating employees. How well defined are the lines differentiating these levels often depends on the type of organization and its size.

Managers may work in various areas within an organization. Common areas include marketing, financial, operations, human resources, and administrative.

2. What four basic functions make up the management process? How are they related to one another?

Planning and decision making, leading, organizing, and controlling are the four basic management functions. Each is related to and must occur simultaneously with the others. Planning and decision making are perhaps the most intertwined with the three other functions. For example, managers must plan and make decisions about how to lead, organize, and control. Another example of an important interrelationship is how managers must balance the need for control against the need for autonomy that makes leadership easier.

3. Identify several of the important skills that help managers succeed. Give an example of each. How might the importance of different skills vary by level and area within an organization?

Managerial skills include technical, interpersonal, conceptual, diagnostic, communication, decision making, and time management. Technical skills are specialized skills related to a specific area or a specialized industry. An example is an oil and gas exploration project leader who holds an engineering degree.

Interpersonal skills are the ability to understand and motivate others. An example is a manager who knows how to give rewards that will motivate workers.

Conceptual skills consist of abstract and logical thinking that will aid the manager as an innovator and an integrator. An example is an architect who is able to see what a house will look like from just studying a blueprint.

Diagnostic skills are the ability to observe the current situation and understand the cause-and-effect relationships that are leading to success or failure. An example is a manager who recognizes that productivity is dropping in an area and is able to investigate and isolate the problem.

Communication skills are the ability to give and receive information. An example is a manager who has the skills needed to plan and run an effective business meeting.

Decision-making skills are the capacity to choose the correct course of action, based on information. An example is a manager who introduces a new product just at the time when customers are demanding that product.

Time management skills are the ability to prioritize appropriately and to use time resources effectively. An example is a manager who spends more time on critical tasks, such as training workers, and less time on routine tasks, such as reading routine reports.

In a large organization with distinct layers of management, these skills are likely to vary significantly, but may not be so in smaller organizations where these levels are not distinct.

4. Briefly describe the principles of scientific management and administrative management. What assumptions do these perspectives make about workers? To what extent are these assumptions still valid today?

The principles of scientific management and administrative management are founded upon concerns about efficiency. Scientific management looks at the performance of individual workers and attempts to improve productivity through measures such as incentive pay systems, optimal task design, specialized training, and careful selection of the most productive workers.

Administrative management looks at the performance of the organization as a whole and attempts to improve overall organizational efficiency by utilizing bureaucracy, effective planning, top-down coordination and control, and so on.

Both scientific management theory and administrative management theory assume that workers do not like to work, accept responsibility, or change their behavior; that they are motivated only by money; and that they prefer to be told exactly what to do. One could argue that many of these assumptions are valid even today.

5. Describe the systems perspective. Why is a business organization considered an open system?

The systems perspective describes an organization as a set of elements that function together as a whole. The theory looks at the linkages between elements and at the functioning of the system, from inputs to transformation processes to outputs and feedback. Systems theory also investigates the interaction of the system with its environment. A business organization has a lot of interactions with its environment, including the labor force, customers, regulators, and local communities. Thus, a business organization is considered to be an open system because it interacts with its environment.

Questions for Analysis

01. Recall a recent group project or task in which you have participated. Explain how members of the group displayed each of the managerial skills.

Clearly, answers will vary. Students should have no trouble thinking of a situation. They should then describe how technical, interpersonal, conceptual, diagnostic, communication, decision-making, or time management skills were used in that situation.

02. The text notes that management is both a science and an art. Recall an interaction you have had with someone at a higher level in an organization (manager, teacher, group leader, or the like). In that interaction, how did the individual use science? If he or she did not use science, what could have been done to use science? In that interaction, how did the individual use art? If he or she did not use art, what could have been done to use art?

Students' answers will vary, depending on the situation they describe. Examples of the use of science would include mention of rational, systematic, objective decision making or the use of quantitative models and scientific approaches to problem solving. Examples of the use of art would include mention of intuition, experience, instinct or personal insights. Other examples would include the use of communication or interpersonal skills.

03. Watch a movie that involves an organization of some type. *Harry Potter*, *Avatar*, *The Avengers*, *Flight*, and *Up in the Air* would all be good choices. Identify as many management activities and skills as you can.

Depending on the movie selected, answers will vary. Students who choose a *Harry Potter* movie, for example, will find examples of leading and planning as well as a variety of roles and skills.

04. Young, innovative, or high-tech firms often adopt the strategy of ignoring history or attempting to do something radically new. In what ways might this strategy help them? In what ways might this strategy hinder their efforts?

Innovations that are truly radical are the only ones that have the potential to break through tradition and create something that has a chance of great success. Also, if the new firm is able to innovate in a way that is valued by consumers, they will attain an advantage over their rivals that may endure for a long time—a sustainable competitive advantage. On the other hand, willfully ignoring history increases the chances of repeating an error—for example, of trying a strategy or creating a product that has already been shown to be a failure or dead end. Also, by ignoring history, firms reject strategies and techniques that are known to work, and so they risk terrible failure.

05. Can a manager use tools and techniques from several different perspectives at the same time? For example, can a manager use both classical and behavioral perspectives? Give an example of a time when a manager did this, and explain how it enabled him or her to be effective.

Managers can and do use multiple tools and techniques at the same time. This is often necessary to effectively cope with complex, varied situations and persons. Students will give different examples, but here is one possibility: "When I worked at a fast food restaurant, the manager had problems with one employee. This employee made mistakes, arrived at work late, and had a poor attitude. First, the manager tried to use a behavioral approach, where the manager reasoned with the employee and asked the other employees to use peer pressure to change the problem employee's behavior. Next, the manager tried to use needs theories of motivation by threatening to cut the employee's pay if the employee continued to create difficulties. Finally, the manager used scientific management to assign that employee to tasks where politeness, accuracy, and timeliness were less important, such as cleaning the restrooms and taking out the trash."

Experiential Exercise

Johari Window⁰⁰

- a. Purpose

This exercise has two purposes: to encourage students to analyze themselves more accurately and to start them working on small-group cohesiveness. This exercise encourages students to share data about themselves and then to assimilate and process feedback.

- b. Format

Students individually complete three lists:

Quadrant 1—things that they and others know about themselves

Quadrant 3—things that they know about themselves that others do not know

Quadrant 2—things that they did not know about themselves but that they learned from others last semester

- c. Follow-Up

You might want to lead a group discussion on interpersonal perception as a follow-up to this exercise. Any students who wish to share how they have moved information about themselves from, say, Quadrant 3 to Quadrant 1 should be encouraged to do so.

If you are doing a major group project throughout the course, you may want to use this exercise around the middle of the term, having each student focus on the Johari Window as it relates to his or her group.

Building Effective Time Management Skills

- a. Exercise Overview

This exercise allows students to assess their current time management skills and to understand ways to improve in this area.

b. Format

This exercise must be done individually, outside of class. It will take about 20 minutes to complete. The results may be discussed in class.

c. Exercise Task

1. Visit one of the websites of Franklin Covey (the firm cofounded by Stephen Covey) and locate a time management survey. If you cannot locate one associated with Franklin Covey there are many others available through a quick Internet search. Complete a survey that will provide you with a time management score.

The surveys that students choose will vary, but they should not have a problem finding a website that offers a short online survey on time management.

2. Now spend some time interpreting your score, examine the assessment of your current use of time and the suggestions for how you can improve your time management. In what ways do you agree and disagree with your personal assessment? Explain your reasons for agreeing or disagreeing.

Students' answers will vary based on their scores. Covey recommends that students spend the most time on tasks that are both critical and urgent, and that they do not neglect tasks that are critical but not urgent.

3. Think of a task that you regularly perform and that, if you were being perfectly honest, you could label *not urgent* and *not critical*. How much time do you spend on this task? What might be a more appropriate amount of time? To what other tasks could you give some of the time that you spend on this *not urgent* and *not critical* task?

Students' opinions will vary. Covey's characterization can be useful because it points out that too many people spend most of their time on urgent tasks, especially on urgent tasks that are not critical.

4. What one thing can you do today to make better use of your time? Try it to see if your time management improves.

Students should be able to think of ideas for how to better manage their time. Remind students that it's not really a good use of time to try to eliminate all non-critical, non-urgent tasks. Some of these tasks, such as hanging out with friends or watching TV, can be relaxing and allow one to return to urgent and critical tasks with a fresh enthusiasm.

Skills Self-Assessment Instrument

How Do I Rate as a Manager?00

Note: This skills exercise is located in MindTap®.

a. Purpose

This self-assessment is based on the four functions of management and designed to help the student gauge his or her current understanding of the practice of management and his or her

own approach to management by answering assessment statements from one of three perspectives:

- Based on how the student behaves or has behaved as a manager
- Based on how the student thinks he or she will behave once he or she becomes a manager
- In terms of how the student thinks an ideal manager should behave

b. Format

Students should respond individually and privately to the items in this self-assessment.

c. Scoring and Interpretation

Students' total numerical score for each section provides them with a general assessment of their performance on that function.

- A total score of 21–25 on a section indicates that the student demonstrates strengths on that particular function.
- A total score of 15–20 on a section suggests the need for improvement.
- A total score of less than 15 on a section suggests a strong need for improvement.

At the end of the course, if students have participated in any group activities in which they have incorporated planning, organizing, leading, and/or controlling, they should take the assessment again to see if their score has improved.

On the Job Video

Barcelona Restaurant Group: The Evolution of Management Thinking00

Note: This video case is located in MindTap®.

1. Describe the managerial skills needed at Barcelona.

Students' answers will vary. Andy emphasized *technical skills*, which are the skills necessary to accomplish or understand the specific kind of work done at a restaurant. Scott tells how he applied six times to New York's Tribeca Grill, before entering its management training program. At Barcelona, *decision-making skills*, the ability to correctly recognize and define problems and opportunities, are necessary because Andy hires "self-starters," trusts them, and expects them to take ownership of their restaurants. It is also important to have *communication skills*, the ability to effectively convey ideas and information to others and to effectively receive ideas and information from others.

2. Andy says, "We hire grown-ups!" How does this management philosophy reflect the perspective of scientific management?

Scientific management is concerned with improving the performance of individual workers. Frederick Taylor, who played the dominant role in scientific management, designed the most efficient way of doing each part of an overall task. Andy says that technical skills are important in order to do the job well. When the manager did not know the costs involved in a Barcelona Restaurant, Andy considered it a lack of technical skills, which would result in a less efficient and less profitable restaurant.

3. "If the chef is miserable, the waiter is miserable, and I'm miserable, I don't care," says Andy. How would you describe Andy's view of employee job satisfaction?

Rather than making every effort to have processes in place that promote employee job satisfaction, as in the behavioral management perspective, Andy wants employees to focus on customer satisfaction. All emphasis is to be placed on making the customer at Barcelona have an excellent dining experience. The employees are not there to have fun; they are there to work. According to Andy, employee job satisfaction will result from the enjoyment of having satisfied customers who come back over and over again and make the restaurant profitable.

MANAGEMENT AT WORK

Some Keys to Making a Steinway

The case details the painstaking way in which Steinway & Sons builds its pianos, world-renowned instruments that have earned the company plaudits from generations of professional musicians. A variety of processes—sourcing inputs, employing skilled labor—are used to build the product, and

extreme care is taken every step of the way. The vignette illustrates a variety of management principles at work, such as the systems view and the contingency perspective of management.

Case Questions

1. Explain the process by which a Steinway grand piano is constructed as a *subsystem* of a larger *system*. From what the text tells you, give some examples of how the production subsystem is affected by the management, financial, and marketing subsystems.

The company Steinway & Sons is a large system that is made up of several interrelated subsystems such as operations, management, and marketing. The operations subsystem is responsible for constructing pianos. Here, skilled employees use various inputs (wood, glue, etc.) to make the product. The operations subsystem at Steinway (and in any organization) is, however, not independent of the other subsystems in the organization. For example, the employees have to be recruited, trained, and retained by the organization (the management subsystem), the inputs have to be paid for and the cash flow managed over the long period from when inputs are sourced until the piano is sold (the finance subsystem), and the operations process must work in tandem with the marketing subsystem to synchronize the demand and supply of the product.

2. Discuss the Steinway process in terms of the *systems perspective* of organizations summarized in Figure 1.4. Explain the role of each of the three elements highlighted by the figure—*inputs from the environment*, the *transformation process*, and *outputs into the environment*.

Steinway & Sons illustrates all three essential elements of the systems perspective. The company obtains various kinds of inputs—materials (wood, glue), human inputs (skilled labor, for example), financial inputs (cash from sales of pianos)—to run the business. In turn, it uses its labor and technology to transform inputs into finished products, and finally, it sells the product in the market to complete the cycle.

3. Discuss some of the ways the principles of *behavioral management* and *operations management* can throw light on the Steinway process. How about the *contingency perspective*? In what ways does the Steinway process reflect a *universal perspective*, and in what ways does it reflect a *contingency perspective*?

Behavioral management comes into play at Steinway when it comes to managing its employees. Its skilled employees—many of them with long tenures—are most likely the company's most valuable resource and they have to be managed with care, keeping their motivation, their stake in the company, and their personal growth in mind. Operations management is important because Steinway builds its product very carefully and its product is meant to both perform well and be long lasting. Steinway illustrates both the universal and the contingency perspective at work. Some things at Steinway are universal, such as building the piano. The case describes how the company “bends” wood to take the shape of the outer case. This is a practice that has remained unchanged over the years. The contingency perspective is reflected in the situation involving the loss of a worker due to an accident. The company had to change its plans, in this case to slow down its production, until a replacement could be found.

YOU MAKE THE CALL

Reed Hastings Doesn't Like Standing Still

1. You're a Netflix employee, and Reed Hastings has just stopped by your desk. “I'd like to know,” he says, “what you like most and least about working here.” How do you think you might

respond?

Students' responses may vary depending upon how they approach work. Some may like the work culture at Netflix that fosters innovation and unleashes their creativity. Others may prefer a more structured workplace.

02. You're a major Netflix stockholder attending the firm's annual board meeting. When you bump into Reed Hastings at a reception, he asks you, "How do you think we're doing with this company?" How would you respond?

Netflix's stock price has quadrupled over the past three years. However, Netflix's stock has over \$60 billion in market capitalization, which means the stock isn't cheap. This raises the risk that a slowdown in growth or a misstep by management could result in a huge price decline. Other risk factors include competition and uncertainty associated with the company's focus on original content. You could ask him what the company's plans are for the foreseeable future and how it plans to stay competitive in an industry with significant technology shifts.

03. You're the founder and owner of a small media company, and Netflix has indicated an interest in buying your business. Reed Hastings wants you to stay on and run the business as a unit of Netflix. In addition to price, what other factors (if any) are important to you?

Responses may vary depending upon one's personal values. Relevant questions might include whether the employees of the acquired company would be retained, and what the role of the new company would be in Netflix.

04. You've been contacted by a marketing research company doing work for Netflix. The researcher asks if you use Netflix and, if not, why? If you do use Netflix, the researcher asks what you like and dislike most about it. What would you say?

This question is from the perspective of a user or a potential user of Netflix, so opinions are likely to vary considerably. Issues such as availability of content and price are relevant here.