

CHAPTER 1: INTRODUCING MODERN MANAGEMENT: Concepts and Skills

CHAPTER SUMMARY:

Chapter 1 begins the student's study of management and the management process. Management can be defined in many ways: definition, process, levels, roles, skills, functions, etc. The chapter provides a discussion of the definition, functions, process, skills, tasks, and career. A major focus of the chapter is the achievement of the organization's goals and the roles managers and the firm's resources play in that goal achievement.

The chapter provides a thorough look at management as a career, as well as issues involved with women in management and dual-career couples.

Talk to the students about their experience with management. Are any of them currently managers or supervisors? How do they view managers and the relationship between management and employees? Are they in the class preparing for a managerial career? Are there specific industries or organizations in which they are looking to build their managerial career?

Ask students to identify a list of traits associated with good versus bad management. Ask them to describe their ideal manager. Also ask them to identify challenges they see that may prevent or hinder a manager from accomplishing his/her role and organizational goals.

CHAPTER LEARNING OBJECTIVES:

1. An understanding of a manager's task
2. Knowledge about the management process and organizational resources
3. An understanding of management skill as the key to management success
4. Insights concerning what management careers are and how they evolve

TARGET SKILLS:

Management Skill: the ability to work with people and other organizational resources to accomplish organizational goals

CHAPTER OUTLINE:

This chapter is divided into four sections:

1. *A Manager's Task*
2. *Management Process and Organizational Resources*
3. *Management Skill: The Key to Management Success*
4. *Management Careers*

A Manager's Task:

This section of the chapter introduces the basics of the management task through discussions of the roles and definitions of management, the management process as it pertains to management functions and organizational goal attainment, and the need to manage organizational resources effectively and efficiently.

- Managers influence all phases of modern organizations.
- Our society could not exist as we know it today without the work of managers to guide its organizations.
- Peter Drucker emphasized the point that our society could neither exist nor improve without a steady stream of managers to guide its organization. He emphasized this point when he stated that effective management is probably the main resource of developed countries and the most needed resource of developing ones. In short, all societies desperately need good managers.
- *The text discusses managerial salaries, the differences in male and female managerial wages, and the societal concerns of the size of managerial salaries. Table 1.1 and Figure 1.1 could be discussed in class to address these issues with students.*
- The Role of Management
 - The essential role of managers is to guide their organizations toward goal accomplishment
 - Additionally, managers are responsible for combining and using organizational resources to ensure their organizations do achieve their purposes
 - Management moves their organization toward its purposes or goals by identifying tasks needed to be completed to attain the goals and assigning them to the human resources of the firm
 - Management's goal is to encourage individual activities to be focused on reaching organizational goals and thus managers lead their employees toward this purpose
 - Managers also focus on activities or other factors that may get in the way of goal achievement
 - Essentially, managers never take their minds off the organizational goal and its accomplishment
- Defining Management
 - *Discuss with students the multiple ways of defining management – understanding these differentiations helps eliminate miscommunications during management-related discussions*

- As a process followed toward accomplishing an organization's goals
 - As a body of knowledge and information that provides insights on how to manage
 - As a reference to the individuals in organizations who guide and direct the organizations
 - As a career devoted to the task of guiding and directing organizations
- Management is commonly defined as the process of reaching organizational goals by working with and through people and other organizational resources
- Universally management is defined using three characteristics:
 - It is a process or series of continuing and related activities
 - It involves and concentrates on reaching organizational goals
 - It reaches these goals by working with and through people and other organizational resources
- The Management Process: Management Functions
 - Managerial Functions are the activities that make up the management process
 - Planning
 - Choosing the tasks that are performed to attain the organizational goals
 - Outlining how tasks must be performed
 - Indicating when the tasks will be performed
 - Focus is on attaining goals
 - Getting the "right" things done
 - Steering the ship in the direction of goal accomplishment
 - Organizing
 - Assigning tasks identified in the planning function to the human resources within the organization
 - Puts plans into action
 - Assigning work activities to the humans within the organization
 - Grouping tasks into departments, determining tasks and groupings of work
 - Influencing
 - Commonly also referred to as motivating, leading, directing, or actuating
 - Focus is primarily on the people within organization
 - Guiding organizational members in the directions appropriate to achieve the organizational tasks as they complete their individual job assignments
 - Overall purpose is to increase productivity
 - Workplaces with human-oriented work situations typically generate higher levels of long-term production than do task-oriented work situations
 - Controlling
 - Managers gather information regarding recent performance in the organization
 - Managers compare actual results versus planned results

- Managers take corrective action if needed to find new ways of improving productivity
- *Figure 1.2 shows a number of commonly made mistakes managers make when planning, organizing, influencing, and controlling*

Management Process and Organizational Resources:

This section of the chapter helps students understand the interrelatedness of the managerial functions and that management uses these activities solely for reaching organizational goals.

Figure 1.3 illustrates this interrelationship. Relationships among the four functions of management are used to attain organizational goals.

- Management and Organizational Resources
 - Organizational resources are the assets available for organizations as their finished products and services work through the production system
 - Four types:
 - Human – the people who work for the organization, their skills and knowledge
 - Monetary – the amounts of money used to purchase goods and services for the organization
 - Raw materials – the ingredients used directly in the manufacturing of products
 - Capital – the machines used during the manufacturing process
 - *Figure 1.4 shows the transformation of the organization's resources into finished products through the production process*
 - Managerial Effectiveness
 - Refers to management's use of organizational resources in meeting organizational goals
 - When organizations use their resources to attain their goals, the managers are declared effective
 - The closer the organization comes to achieving its goals, the more effective managers are considered to be
 - Managerial Efficiency
 - The proportion of total organizational resources that contribute to productivity during the manufacturing process
 - The higher this proportion, the more efficient the manager is said to be
 - Inefficiency means wasted resources, which are typically limited
 - *Figure 1.5 illustrates the various combinations of managerial effectiveness and managerial efficiency*
- The Universality of Management
 - The principles of management are universal – they apply to organizations of all types
 - The functions of management are universal
 - The Theory of Characteristics

- Henri Fayol, one of the earliest management writers, stated that all managers should possess certain characteristics, such as positive physical and mental qualities and special knowledge related to the specific operation
- B. C. Forbes emphasized the importance of personal qualities – confidence, earnestness of purpose, and faith in their own worthiness

Management Skill: The Key to Management Success

This section of the chapter provides an introduction to management by defining management skill and presenting both the classical and contemporary views of management skills thought necessary to ensure management success.

- Defining Management Skill
 - Ability to carry out the process of reaching organizational goals by working with and through people and other organizational resources
 - Companies focus on the development of managerial skills to enhance the manager's and organization's abilities to achieve goals
- Management Skill: A Classic View
 - Robert L. Katz wrote the most widely accepted article about management skill – Katz believed the manager's ability to succeed in their role is a result of their managerial skills
 - Katz identified three types of skills as being important for successful management performance
 - Technical – ability to apply specialized knowledge and expertise to work-related techniques and procedures – most closely related to working with “things” – processes or physical objects
 - Human – building cooperation with the team being led – working with people
 - Conceptual – ability to see the organization as a whole – see how various functions of the organization complement one another
 - Managers' skills change as their levels in the organization change
 - Human skills are important across all levels of the organization
 - The common denominator of management at all levels is people
 - The importance of technical skills changes as managers move up levels in the organization and thus the demand for conceptual skills grows
 - As an individual moves from lower-level management to upper-level management, conceptual skills become more important and technical skills become less important as shown in Figure 1.6. The supportive rationale is that as managers advance in an organization, they become less involved with the actual production activity or technical areas, and more involved with guiding the organization as a whole.
- Management Skill: A Contemporary View
 - Current thought on managerial skills expands upon the classical view by taking a look at defining the major activities managers typically perform and then listing the skills necessary to carry out those activities successfully
 - Types of major activities managers perform:

- Task-related
 - Efforts aimed at carrying out the critical management-related duties in organizations
 - Short-term planning, clarifying objectives of jobs in the organization, monitoring operations and performance
 - People-related
 - Efforts aimed at managing the people in the organization
 - Providing support and encouragement to others, providing recognition for achievements and contributions, developing skills, consulting in decision making, empowering others to solve problems
 - Change-related
 - Efforts aimed at modifying organizational components
 - Monitoring the organization's external environment, proposing new strategies and visions, encouraging innovative thinking, taking risks to promote change
- *Figure 1.7 pinpoints skills ranging from knowledge application to social responsibility.*
- Management Skill: A Focus of this Book
 - *Table 1.2 summarizes the management functions and challenges covered in the textbook and the corresponding management skills that help address them.*
 - Managers need to keep in mind the value of individual management skills vary from manager to manager, depending on the specific organizational situations faced
 - Overall, managers should spend time defining the most formidable tasks they face and sharpening the skills that will help them to successfully carry out those tasks

Management Careers:

This section of the chapter focuses on providing students information on their own, individual managerial career. Also included is information on issues faced in attempting to manage the careers of others within their organizations and on career definition, career and life stages of performance, and career promotion.

- A Definition of Career
 - A career is a sequence of work-related positions occupied by a person over a period of their lifetime
 - Careers are cumulative – individuals accumulate successful experiences in one position and those experiences are then added to in the advanced positions the individual moves to
 - In management, positions at one level tend to be stepping-stones for positions at the next higher level
 - As individuals build careers, they should be focused on developing skills necessary to qualify for the next planned job and not simply accepting a job with the highest salary

- Career Stages, Life Stages, and Performance
 - Careers evolve through a series of stages
 - *Figure 1.8 highlights the performance levels and age ranges commonly associated with each stage*
 - Exploration Stage
 - Occurs at the beginning of a career
 - Time is spent in self-analysis and exploration of different types of different jobs
 - Individual is typically 15-25 years old and is working while also in some type of formal training (college or vocational)
 - Often is part-time employment aimed at understanding what a career in a particular industry or organization would look like
 - Establishment Stage
 - Individual is typically 25-45 years old
 - Productivity and performance increase in employment guided by what was learned in the Exploration Stage
 - Typically is full-time employment
 - Individuals frequently move to different jobs within the same company, to different companies, or even to different industries
 - Maintenance Stage
 - Individuals are typically 45-65 years old
 - We see either increased performance (career growth), stabilized performance (career maintenance), or decreased performance (career stagnation) in this stage
 - Organizations look for managers in this stage to experience career growth, rather than maintenance or stagnation
 - Career plateauing refers to the period of little or no apparent progress in a career – organizations need to work to eliminate this career plateauing at this stage
 - Decline Stage
 - Individuals are around 65 years old with declining productivity
 - Individuals are close to retirement, semi-retired, or fully retired
 - Performance levels may be dropping as they are more difficult to maintain – or the individual may have lost interest in their careers or have out-of-date skills
- Promoting Your Own Career
 - Planning a career path is the first step toward promoting a career
 - An ongoing process beginning with the career's early phases and continuing throughout the career
 - A proactive rather than reactive process
 - *Table 1.3 outlines what career development responsibility, information, planning, and follow-through generally include*
- Special Career Issues
 - Women Managers

- Must meet the same challenges in their careers as men
- Women often lack the social contacts that are important for developing a management career
- Have traditionally been expected to manage families and households while simultaneously handling the pressures and competition of paid employment
- Are more likely to encounter sexual harassment in their workplaces than their male colleagues are
- There are many management theorists who believe women may have an enormous advantage over their male colleagues as strengths often attributed to women become more and more dominant in the future
 - Emphasizing interrelationships, listening, motivating others
- Growth in the proportion of men to women in management ranks seems to have changed very little in 10 years
 - *Table 1.4 lists seven steps management can take to help women advance in an organization*
- Dual-Career Couples
 - Equal work and shared responsibilities of spouses
 - Requires a certain amount of flexibility on the part of the couples as well as the organizations for which they work
 - Issues may even involve the decisions on whose career takes precedence when one is offered a transfer to another city and who takes the responsibility for family concerns
- How Dual-Career Couples Cope
 - Couple cope with dual careers in numerous ways: they may make a commitment to both spouses' careers so the rights of each spouse to pursue a career is taken into consideration; spouses may be flexible about handling home- and job-oriented issues they may work out coping mechanisms, such as negotiating child care or scheduling shared activities in advance, to better manage their work and their family responsibilities.
 - Often, dual-career couples find that they must limit their social lives and their volunteer responsibilities

SUPPLEMENTARY IDEA FOR INDIVIDUAL ASSIGNMENT AND GROUP EXPERIENTIAL EXERCISE:

- **Individual Assignment –**
 - *Students are assigned a one-page, single-spaced response paper addressing the following two questions:*
 - *What is your view of the role of management in today's organizations?*
 - *What is the greatest challenge you see facing managers in today's organizations?*
 - *Tell the students they should not use the textbook or any other sources as they write this paper – you are looking to find out their current views as they begin their study of the principles of management.*
- **Group Experiential Exercise –**
 - *Best Manager/Worst Manager*
 - *Form student discussion groups.*
 - *Have each group list out and share characteristics of the **best** manager they have ever worked for.*
 - *Have each group list out and share characteristics of the **worst** manager they have ever worked for.*
 - *Have each group identify similarities and differences in their lists and identify what their discussions about these characteristics reveal about effective management. Also have the students discuss if their lists contain any traits on both lists.*
 - *In conclusion, have each group share what they have found out and learned from this exercise.*

CLASS PREPARATION AND PERSONAL STUDY:

- **Reflecting on Target Skill**
 - *Students are asked to review the chapter's target skill and learning objectives to ensure they have acquired all pertinent information within the chapter*
- **Know Key Terms**
 - *Key terms are listed asking students to define each of the terms*
- **Know How Management Concepts Relate**
 - *Students are presented with the following three essay questions and asked to answer each one completely and thoroughly.*
 - *1-1 – How can controlling help a manager to become more efficient?*

Controlling works hand-in-hand with planning. Managers need to ascertain whether goals set were accomplished, and controlling is the mechanism used to make this determination. The best laid plans are worthless without controlling.

Learning Objective: LO1.1: An understanding of a manager's task

- 1-2 – What is the value in having managers at the career exploration stage within an organization? Why? The decline stage? Why?

*The **exploration** stage occurs at the beginning of a career and is characterized by self-analysis and the exploration of different types of available jobs. Managers at this stage are curious, enthusiastic, and energetic.*

*In the **decline** stage, the manager's productivity is declining. People in this stage find it difficult to maintain prior performance levels, however. Managers at this level have years of experience to contribute to an organization, if properly tapped.*

Learning Objective: LO1.4: Insights concerning what management careers are and how they evolve

- 1-3 – Discuss your personal philosophy for promoting the careers of women managers within an organization. Why do you hold this philosophy? Explain any challenges that you foresee in implementing this philosophy within a modern organization. How will you overcome these challenges?

Student answers will vary by student. Some management theorists believe that women may have an enormous advantage over men in future management situations due to the fact that strengths often attributed to women – emphasizing interrelationships, listening, and motivating others – will be the dominant virtues in the corporation of the future.

Learning Objective: LO1.4: Insights concerning what management careers are and how they evolve

Cases:

- **Coke's New CEO Battles a Changing Market**

- **Case Discussion Notes:**

- *The case provides a good example of six management employability skills.*
- *The Coca-Cola brand has been around for over 130 years. The iconic logo script, contoured shape of the bottle, and bubbly taste have made Coke one of the most recognizable brands in the world.*
- *James Quincey took on the reins as CEO of Coca-Cola in 2017. Beginning his career with Coke in 1996, he oversaw operations in Latin America and Europe and worked his way up to chief operating officer, learning along the way the employability skill of knowledge application. Each position taught him something new that he could utilize in subsequent positions.*

- *One of Quincey's challenges as Coca-Cola's CEO is to continue to compete with Pepsi and Dr. Pepper Snapple; he must create new revenue streams while significantly cutting costs for the company. This means making tough decisions about reducing staff and taking risks with the introduction of new products.*
 - *Consumers' concern with sugar and fewer calories and the desire to feel good about what they are consuming embodies the employability skill of ethics and social responsibility. Coke's voluntary decision to manufacture a beverage that helps contribute to the reduction of diabetes and the number of obese consumers demonstrates the company's commitment to implementing strong ethical and socially responsible choices. Quincey must communicate with his team about this trend. This is a critical management employability skill that is highly desirable by organizations, and Quincey's ability to convey the information effectively to his associates will be critical for Coke's success.*
- 1-4 – How would you describe the significance of James Quincey's work as a manager? Who benefits from his abilities and efforts?
- The significance of CEO James Quincey's work is crucial to the future success of Coca-Cola. The six management employability skills include communication, critical thinking, creativity, collaboration, knowledge application, and ethics and social responsibility. All six of these skills become crucial as an employee moves up through the ranks of an organization and the significance of those skills of the organization become increasingly critical. It is all employees within the organization that benefit from the abilities and efforts of the CEO or an organization since, in this case, James Quincey, is guiding the entire organization toward hopeful success.*

Learning Objective: LO1.1: An understanding of a manager's task

- 1-5 – In terms of the contemporary view of management skill, which activities and skills do you see Quincey using in his role as CEO of Coke? How do you think he acquired those skills?
- Figure 1.6 identifies the skills that managers need as they move up an organization. James Quincey used the skills that he gained toward each management position he acquired. He likely depended less on the use of technical skills and more on his human skills in directing and motivating his subordinates. Conceptual skills will be critical moving into the future for Coca-Cola.*

Learning Objective: LO1.3: An understanding of management skill as the key to management success

- 1-6 – Explain how Quincey has demonstrated the six management employability skills. Which employability skills are most important for becoming a CEO? Explain your answer.

Quincey has likely demonstrated his management skills in the difficult decisions he has had to make since taking over the company in 2017. The critical thinking skills, for example, play an important role when needing to downsize, as Coca-Cola has had to do. Social and ethical responsibility also plays an important role in Coca-Cola's future since consumers are more savvy and demanding than in the past. In relation to that, communication skills are essential since well-structured communication with colleagues, subordinates, stockholders, and the community play a key role in Coke's future success.

Learning Objective: LO1.3: An understanding of management skill as the key to management success

- **College Students Revolutionize the Mattress Industry**

- **Case Discussion Notes:**

- *The case presents two college students who created a company to change the way consumers purchase mattresses. The two friends started Doze Beds with just \$10,000.*
- *Doze Beds operates on the principle that if a firm offers a basic product at a reasonable price, makes delivery a cinch, and has a transparent return policy, it will be successful.*
- *Rice and Suskind have had to handle the difficult challenge of taking a business from a vague concept to a tangible, smooth-running enterprise. Rice got his start at helping other young entrepreneurs while he was at the University of Wisconsin working in a business incubator. He met Suskind at the Venture for America fellowship just after they had both had negative experiences in the mattress industry.*

- 1-7 – Discuss the use of organizational resources (human, monetary, raw materials, and capital) in a start-up like Doze Beds. What challenges would an entrepreneur face with each one?

Every entrepreneur requires some level of capital to get started. Rice and Suskind were able to start their business with just \$10,000. Although the case isn't clear, they likely used a portion of that initial investment to purchase raw materials and run the business. The human resources were, at least initially, the two founders, using the skills they'd gained during their college years. Human resource management, often, is a challenge as a business grows and the company must take on new employees. Doze Beds likely grew to need new employees quickly if the company was a quick success.

Learning Objective: LO1.2: Knowledge about the management process and organizational resources

- 1-7 – Discuss the use of organizational resources (human, monetary, raw materials, and capital) in the restaurant industry. What challenges would a restaurant manager or owner face with each one?

Every restaurant owner (as well as every business owner) requires capital to get started. Obviously, Lynn required capital to become a Skyline Chili franchisee. She needed raw materials to run her business – presumably, some bought from the franchisor and others bought locally. Assuring a constant supply of inputs (as exemplified by her Monday-morning inventory) is a challenge. Perhaps the biggest challenge, though, is with respect to human resources. Turnover is typically high in the restaurant industry and Lynn has to keep that in mind in managing her employees. She has to keep them motivated and productive.

Learning Objective: LO1.2: Knowledge about the management process and organizational resources

- 1-9 – Which of Katz’s managerial skills (technical, human, and conceptual) does Rice and Suskind use most often? Why?

The case does not fully incorporate the details of the managerial skills used by Rice and Suskind so students can likely make a case for each of the three skills. The technical skills are important since the founders developed a new product—at least the packaging was new—and the logistics of delivering the mattress was also new. The human skills are not mentioned in the case but likely the two founders have to effectively and efficiently manage a team of employees to create potential success for their organization. The conceptual skills are also key in understanding and interacting with the larger environment within which Doze Beds operates.

Learning Objective: LO1.3: An understanding of management skill as the key to management success

Experiential Exercises:

- **Assessing Inefficiency at Ryan Homes**

This assignment is a good assignment to use as a group activity in class. Students are assigned to read the Tex-Mex cuisine scenario in the text and then perform the listed activities. Students are asked the following:

- *If you were to buy this rival chain, what would you do with these new locations? Convert them to your brand of Tex-Mex, or open them as something different? Develop three alternatives for purchasing the rival chain’s stores.*

Information from the text about the potential purchase of the rival chain is as follows:

A rival chain of similar size is closing its doors. All of its locations are within the same geographic region as all of yours: central Ohio. Because the owner of this rival chain is anxious to be rid of the assets of his company, he has approached you about buying all six of his stores. You have the finances to make the acquisition, but you will need to borrow funds to remodel and revamp these existing structures.

Student responses will vary. One possibility may be to purchase the rival chain outright and convert all stores to the same company name as the original six locations. Another option would be for the new chain to be negotiated in price and payments and taken on as, essentially, a separate company. Another option would be to purchase the chain and work on a different target market to the new stores that doesn't directly compete with the original brand Tex-Mex restaurants.

Learning Objective: LO1.2: Knowledge about the management process and organizational resources

- **You and Your Career – Planning Skill and Your Career**

Student responses will vary for this assignment. They are asked to respond to the following questions:

- *Do you think a person's salary is a valid measure of career progress? Why or why not?*
- *List three other factors that you should use as measures of your career progress. In your opinion, which is the most important factor in determining our progress? Why?*
- *How would you monitor changes in these factors as your career progresses?*

Student responses will vary, although as undergraduate students who are eyeing their first career job, salary may seem like the most important measure of one's career progress. Factors such as responsibility and autonomy may be important factors, though.

Learning Objective: LO1.4: Insights concerning what management careers are and how they evolve

- **Building Your Management Skills Portfolio – Managing the Blind Pig Bar**

Students are asked to be in the role of a new manager hired at the Blind Pig Bar. They are then asked to identify five issues related to each management function that they would check on upon arriving at the Blind Pig.

Planning Issues to Inspect – Student responses will vary but could include the following: goals set for the bar, resource availability, planning process for front of the house/back of the house, environmental analysis of competition/customer needs, inventory ordering process, and the forecasting process

- 1-10
- 1-11
- 1-12
- 1-13
- 1-14

Organizing Issues to Inspect – *Student responses will vary but could include the following: type of employee scheduling used, distribution of labor of tasks, breakdown of authority and span of management, and departmentalization used*

- 1-15
- 1-16
- 1-17
- 1-18
- 1-19

Influencing Issues to Inspect – *Student responses will vary but could include the following: personality and value assessment of employees, leadership styles, compensation and benefit offerings for employees and management, and motivation incentives used*

- 1-20
- 1-21
- 1-22
- 1-23
- 1-24

Controlling Issues to Inspect – *Student responses will vary but could include the following: inventory tracking systems, monitoring and measuring procedures used*

- 1-25
- 1-26
- 1-27
- 1-28
- 1-29

Assume that you change the scheduling system used at the Blind Pig. Explain how that change affects your organizing, influencing, and controlling activities, *Organizing, influencing, and controlling activities are all interrelated. Changing the scheduling system would impact these functions.*

Learning Objective: LO1.2: Knowledge about the management process and organizational resources