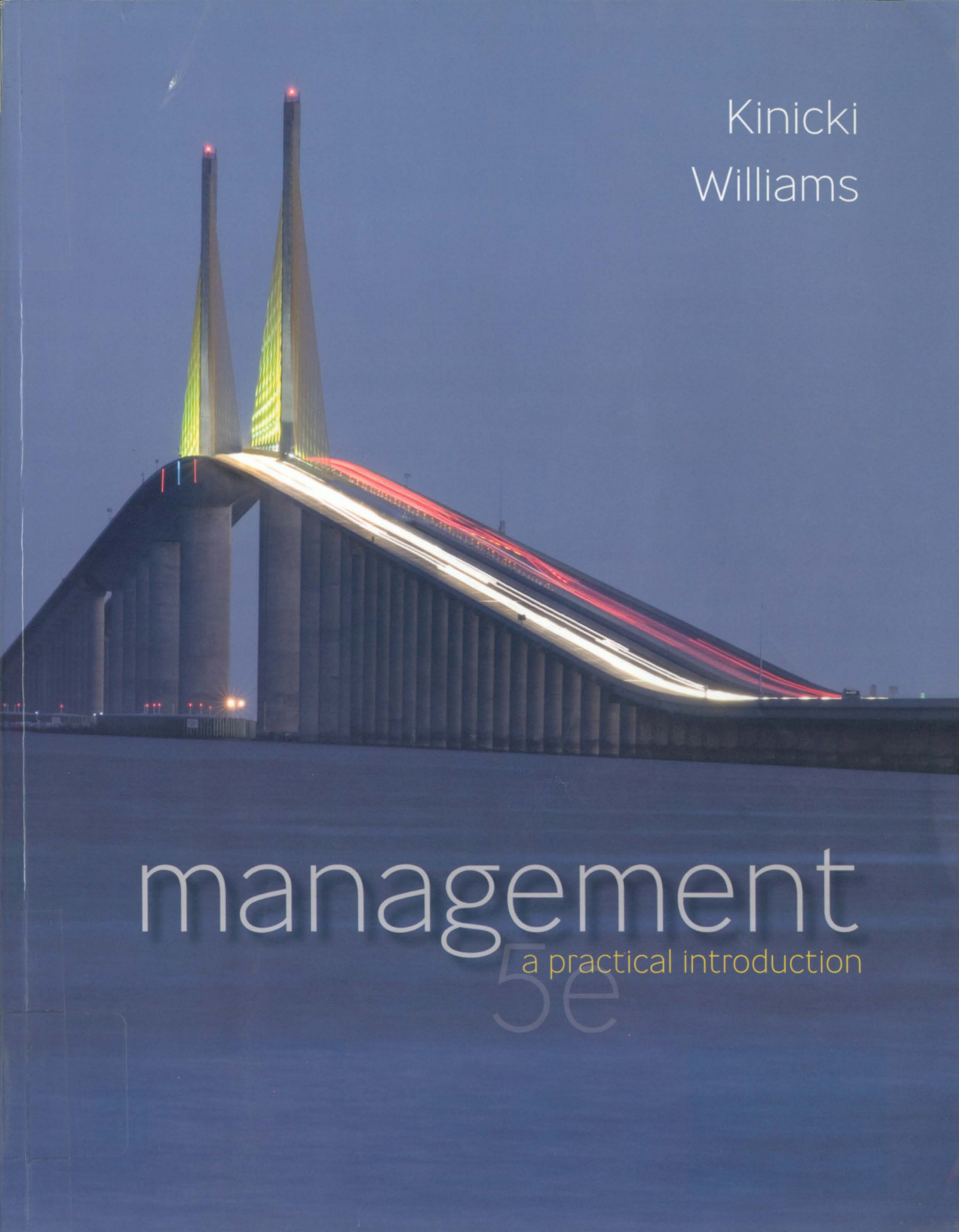


Kinicki
Williams

management

a practical introduction

5e

A promise: To make learning management easy, efficient, and effective

The fifth edition of *Management: A Practical Introduction*—a concepts book for the introductory course in management—uses a wealth of instructor feedback to identify which features from prior editions worked best and which should be improved and expanded. By blending Angelo's scholarship, teaching, and management-consulting experience with Brian's writing and publishing background, we have again tried to create a research-based yet highly readable, innovative, and practical text.

Our primary goal is simple to state but hard to execute: to make learning principles of management as easy, effective, and efficient as possible. Accordingly, the book integrates writing, illustration, design, and magazine-like layout in **a program of learning that appeals to the visual sensibilities and respects the time constraints and different learning styles of today's students.** In an approach initially tested in our first edition and fine-tuned in the subsequent editions, **we break topics down into easily grasped portions** and incorporate **frequent use of various kinds of reinforcement techniques.** Our hope, of course, is to make a difference in the lives of our readers: to produce a text that students will enjoy reading and that will provide them with practical benefits.

The text covers the principles that most management instructors have come to expect in an introductory text—planning, organizing, leading, and controlling—plus the issues that today's students need to be aware of to succeed: customer focus, globalism, diversity, ethics, information technology, entrepreneurship, work teams, the service economy, and small business.

Beyond these, our book has **four features that make it unique:**

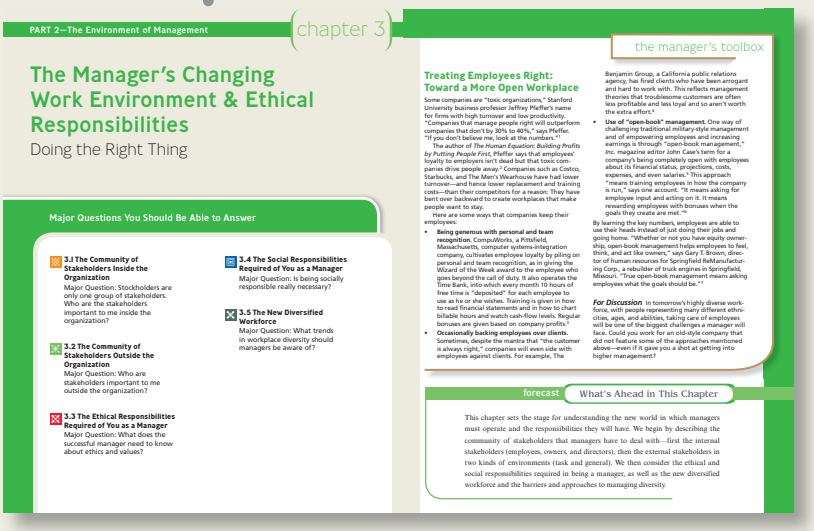
1. A student-centered approach to learning.
2. Imaginative writing for readability and reinforcement.
3. Emphasis on practicality.
4. Resources that work.

"Kinicki/Williams is an effective principles of management textbook that does an excellent job of conveying the excitement of management and leadership to undergraduates. Engaging and practical, it comes with a comprehensive set of support materials that range from the traditional to exciting new uses of technology that supercharge the teaching of critical concepts. We looked at over ten textbooks before we adopted Kinicki, and we're most certainly glad that we did. Publisher support has been excellent."

—Gary B. Roberts,
Kennesaw State University

feature #1: A Student-Centered Approach to Learning

CHAPTER OPENERS: Designed to help students read with purpose


PART 2—The Environment of Management

chapter 3

The Manager's Changing Work Environment & Ethical Responsibilities

Doing the Right Thing

Major Questions You Should Be Able to Answer

3.1 The Community of Stakeholders Inside the Organization
Major Question: Stockholders are only one group of stakeholders. Who are the stakeholders important to me inside the organization?

3.2 The Community of Stakeholders Outside the Organization
Major Question: Who are stakeholders important to me outside the organization?

3.3 The Ethical Responsibilities Required of You as a Manager
Major Question: What does the successful manager need to know about ethics and values?

3.4 The Social Responsibilities Required of You as a Manager
Major Question: Is being socially responsible really necessary?

3.5 The New Diversified Workforce
Major Question: What trends in workplace diversity should managers be aware of?

the manager's toolbox

Treating Employees Right: Toward a More Open Workplace

Some companies are "toxic organizations," Stanford University business professor Jeffrey Pfeffer's name for firms with high turnover and low productivity. "Companies that manage people right will outperform companies that don't by 30% to 40%," says Pfeffer. "If you don't believe me, look at the numbers."[1]

The author of *The Human Equation: Building Profits by Putting People First*, Pfeffer says that employees' loyalty to employers isn't dead but that toxic companies drive people away.[2] Companies such as Costco, Starbucks, and The Men's Wearhouse have had lower turnover—and hence lower replacement and training costs—than their competitors for a reason: They have bent over backward to create workplaces that make people want to stay.

Here are some ways that companies keep their employees:

- **Being generous with personal and team recognition.** *CompuWorks*, a Pittsfield, Massachusetts, computer systems-integration company, cultivates employee loyalty by piling on personal and team recognition, as in giving the Wizard of the Week award to the employee who goes beyond the call of duty. It also operates the Time Bank, into which every month 10 hours of free time is "deposited" for each employee to use as he or she wishes. Training is given in how to read financial statements and in how to chart billable hours and watch cash-flow levels. Regular bonuses are given based on company profits.[3]
- **Occasionally backing employees over clients.** Sometimes, despite the mantra that "the customer is always right," companies will even side with employees against clients. For example, The Benjamin Group, a California public relations agency, has fired clients who have been arrogant and hard to work with. This reflects management theories that troublesome customers are often less profitable and less loyal and so aren't worth the extra effort.[4]
- **Use of "open-book" management.** One way of challenging traditional military-style management and of empowering employees and increasing earnings is through "open-book management," *Inc.* magazine editor John Case's term for a company's being completely open with employees about its financial status, projections, costs, expenses, and even salaries.[5] This approach "means training employees in how the company is run," says one account. "It means asking for employee input and acting on it. It means rewarding employees with bonuses when the goals they create are met."[6]

By learning the key numbers, employees are able to use their heads instead of just doing their jobs and going home. "Whether or not you have equity ownership, open-book management helps employees to feel, think, and act like owners," says Gary T. Brown, director of human resources for Springfield ReManufacturing Corp., a rebuilder of truck engines in Springfield, Missouri. "True open-book management means asking employees what the goals should be."[7]

For Discussion In tomorrow's highly diverse workforce, with people representing many different ethnicities, ages, and abilities, taking care of employees will be one of the biggest challenges a manager will face. Could you work for an old-style company that did not feature some of the approaches mentioned above—even if it gave you a shot at getting into higher management?

forecast What's Ahead in This Chapter

This chapter sets the stage for understanding the new world in which managers must operate and the responsibilities they will have. We begin by describing the community of stakeholders that managers have to deal with—first the internal stakeholders (employees, owners, and directors), then the external stakeholders in two kinds of environments (task and general). We then consider the ethical and social responsibilities required in being a manager, as well as the new diversified workforce and the barriers and approaches to managing diversity.

Each chapter begins with four to eight provocative, motivational **Major Questions,** written to appeal to students' concern about "what's in it for me?" and help them read with purpose and focus.

Instead of opening with the conventional case, as most texts do, we open with **The Manager's Toolbox,** a motivational device offering practical nuts-and-bolts advice pertaining to the chapter content students are about to read—and allowing for class discussion.

CHAPTER SECTIONS:

Structured into constituent parts for easier learning

Chapters are organized to cover each major question in turn, giving students bite-sized chunks of information. Each section begins with a recap of the **Major Question** and includes **"The Big Picture,"** which presents students with an overview of how the section they are about to read answers the Major Question.


3.1 THE COMMUNITY OF STAKEHOLDERS INSIDE THE ORGANIZATION

major question Stockholders are only one group of stakeholders. Who are stakeholders important to me inside the organization?

THE BIG PICTURE

Managers operate in two organizational environments—internal and external—both made up of stakeholders, the people whose interests are affected by the organization. The first, or internal, environment consists of employees, owners, and the board of directors.

Costco. In the war of big-box stores, has Costco or Walmart been better for everyone involved?

Which company is better—Walmart Stores (2.1 million employees) or rival warehouse club Costco Wholesale (142,000)? And why?

Fortune named Walmart to the No. 1 or No. 2 spot on its annual "Most Admired Companies" list in the years 2000–2005. (It dropped to No. 11 in 2008 and 2009. Costco was No. 22 in those years.) Is this because Walmart's low prices probably save consumers $20 billion a year? Because it generates 3.5 cents for each dollar on sales compared with Costco's 1.7 cents? Certainly Walmart's "Always low prices" strategy has been hugely successful in bringing in revenues.

But Walmart's strategy also earned it a reputation for being "the most evil company on the planet."[8] That's less of a problem now, as the company has worked hard at improving its relationship with employees and the public, both in word and deed. Walmart also benefited from the recent recession, when low prices became especially important to customers.

In the past, however, the difference in the way Walmart and Costco treated their employees was dramatic, and still is in terms of pay rates: Walmart pays its retail cashiers an average of $8.89 an hour; Costco pays retail cashiers $12.86. At Costco 96% of eligible workers were and are covered by company health insurance (higher than the 80% average at large U.S. companies). Walmart used to claim fewer than 10% of its employees lacked health insurance (it is now less than 5.5%), but the company's system of premiums and deductibles made it difficult for low-wage employees to afford such insurance.[9] Walmart's low-wage policy forced rivals, such as Safeway, to reduce benefits for their workers in order to stay competitive. Costco's wages enabled its employees to buy homes and take vacation trips. Finally, Walmart has reportedly locked out workers overnight, ignored overtime rules, hired illegal immigrants to mop its floors, shut down a store to avoid letting union organizers in, and was slapped with a big discrimination suit.[10]

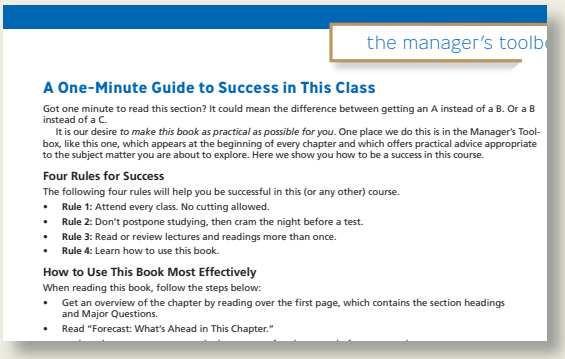
The differences could be seen in annual employee turnover—at least 50%, perhaps 70%, for Walmart, 24% for Costco.[11] It's been calculated that a 10% reduction in employee turnover can yield a 20% savings on labor costs. Thus, whereas Walmart's labor costs amounted to 12% of its annual sales, Costco's were only 7%. On a per-store basis, Walmart's Sam's Club generated only half the sales of the average Costco store (in part because Costco attracts higher-income shoppers and because it charges a yearly membership fee, spending no money on advertis-

"This style textbook succeeds in presenting management information with a fresh face. Each chapter is filled with current and useful information for students. The chapters begin by asking major questions of the reader. As the student reads, they are engaged by these questions and by the information that follows. A totally readable text with great illustrations and end of chapter exercises!"

—Catherine Ruggieri, *St. John's University, New York*

Chapter tools help students learn how to learn

In focus groups, symposiums, and reviews, instructors told us that many students do not have the skills needed to succeed in college. To support students in acquiring these skills, we offer the following:


the manager's toolb

A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

It is our desire *to make this book as practical as possible for you.* One place we do this is in the Manager's Toolbox, like this one, which appears at the beginning of every chapter and which offers practical advice appropriate to the subject matter you are about to explore. Here we show you how to be a success in this course.

Four Rules for Success

The following four rules will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

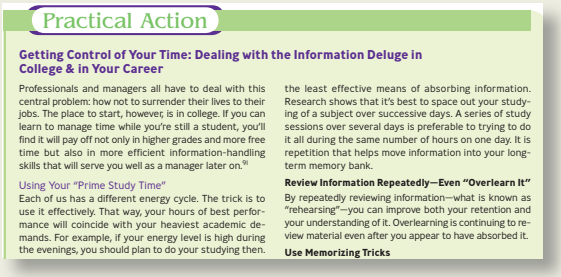
How to Use This Book Most Effectively

When reading this book, follow the steps below:

- Get an overview of the chapter by reading over the first page, which contains the section headings and Major Questions.
- Read "Forecast: What's Ahead in This Chapter."

"A One-Minute Guide to Success in This Class," found on page 3, lays down four rules for student success in class and suggestions for how to use this book most effectively.

"Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career," at the end of Chapter I, gives students a crash course in time management skills, solid study habits, memory aids, and learning from lectures.


Practical Action

Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career

Professionals and managers all have to deal with this central problem: how not to surrender their lives to their jobs. The place to start, however, is in college. If you can learn to manage time while you're still a student, you'll find it will pay off not only in higher grades and more free time but also in more efficient information-handling skills that will serve you well as a manager later on.[9]

Using Your "Prime Study Time"

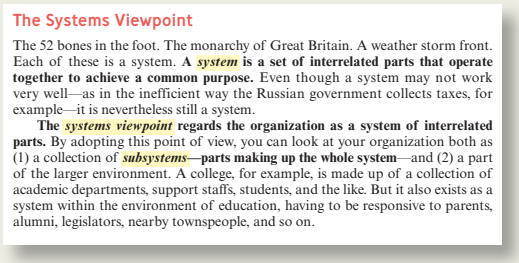
Each of us has a different energy cycle. The trick is to use it effectively. That way, your hours of best performance will coincide with your heaviest academic demands. For example, if your energy level is high during the evenings, you should plan to do your studying then.

the least effective means of absorbing information. Research shows that it's best to space out your studying of a subject over successive days. A series of study sessions over several days is preferable to trying to do it all during the same number of hours on one day. It is repetition that helps move information into your long-term memory bank.

Review Information Repeatedly—Even "Overlearn It"

By repeatedly reviewing information—what is known as "rehearsing"—you can improve both your retention and your understanding of it. Overlearning is continuing to review material even after you appear to have absorbed it.

Use Memorizing Tricks


The Systems Viewpoint

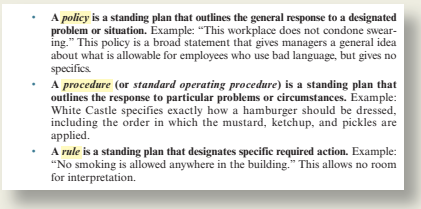
The 52 bones in the foot. The monarchy of Great Britain. A weather storm front. Each of these is a system. **A *system* is a set of interrelated parts that operate together to achieve a common purpose.** Even though a system may not work very well—as in the inefficient way the Russian government collects taxes, for example—it is nevertheless still a system.

The *systems viewpoint* regards the organization as a system of interrelated parts. By adopting this point of view, you can look at your organization both as (1) a collection of ***subsystems*—parts making up the whole system**—and (2) a part of the larger environment. A college, for example, is made up of a collection of academic departments, support staffs, students, and the like. But it also exists as a system within the environment of education, having to be responsive to parents, alumni, legislators, nearby townspeople, and so on.

Key terms are highlighted and terms and definitions are in boldface, to help students build their management vocabulary.

Other devices to help students develop understanding:

- Important **scholar names in boldface** so students remember key contributors to the field of management.
- Frequent use of **advance organizers, bulleted lists, and headings** to help students grasp the main ideas.
- **Illustrations positioned close to relevant text discussion** so students can refer to them more easily and avoid flipping pages.


- **A *policy* is a standing plan that outlines the general response to a designated problem or situation.** Example: "This workplace does not condone swearing." This policy is a broad statement that gives managers a general idea about what is allowable for employees who use bad language, but gives no specifics.
- **A *procedure* (or *standard operating procedure*) is a standing plan that outlines the response to particular problems or circumstances.** Example: White Castle specifies exactly how a hamburger should be dressed, including the order in which the mustard, ketchup, and pickles are applied.
- **A *rule* is a standing plan that designates specific required action.** Example: "No smoking is allowed anywhere in the building." This allows no room for interpretation.

"It's hard enough to try to make the class exciting, and the only way is to incorporate up-to-date, relevant, and interesting examples. This text and McGraw-Hill have done just that. [It] makes my life easier, but more importantly, the students are getting the valuable education that they've paid for by having better materials and instruction."

—Laura L. Alderson, *University of Memphis*

feature #2

Imaginative Writing for Readability

Research shows that textbooks written in **an imaginative, people-oriented style significantly improve students' ability to retain information.** We employ a number of journalistic devices to make the material as engaging as possible for students.

We **use colorful facts, attention-grabbing quotes, biographical sketches, and lively tag lines** to get students' attention as they read.

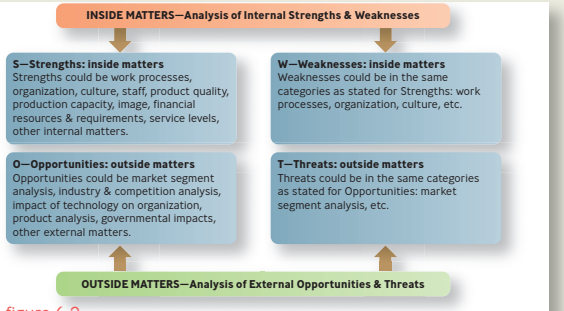


figure 6.2

SWOT ANALYSIS

SWOT stands for Strengths, Weaknesses, Opportunities, Threats.



Example

Crisis Leading to the Strategic-Management Process: JetBlue Weathers an Ice Storm

Founded in 1998, JetBlue started out as a low-fare airline, promising fares up to 65% lower than competitors along with, in one description, "creature comforts like assigned seating, leather upholstery, and satellite TV on individual screens in every seat."[29] The formula was an immediate hit, and by 2007 JetBlue had grown from 6 daily flights and 300 employees to 575 daily flights to 52 destinations and 9,300 employees.

Then in 2005, the founder, David Neeleman, decided to depart from the low-cost model of Southwest Airlines–style carriers and to imitate more traditional airlines. He added different kinds of aircraft, increased routes and airports, and built a $25 million training center in anticipation of expanding the workforce to 30,000 by 2010. "These moves," says one analysis, "increased the airline's costs while drawing it into competition with a greater number of rivals, which in turn made it harder for JetBlue to raise fares."[30] JetBlue lost $20 million in 2005 and $1 million in 2006.

The Valentine's Day Ice Storm. Then the Valentine's Day crisis happened. On February 14, 2007, an ice storm settled on JetBlue's New York hub at John F. Kennedy International Airport, preventing planes from taking off. Having acted on forecasters' prediction that the ice would change to rain, JetBlue had continued to load flights and allowed them to taxi to the runway. The result: planes couldn't take off, and passengers were stuck in their seats for hours—up to 6 hours, in some cases. In fact, only 17 of the airline's 156 scheduled departures left JFK that day, disrupting the entire system and displacing crews and aircraft. "In subsequent days," says one account, "JetBlue management canceled more and more flights, angering thousands of passengers, until finally, on February 20, normal operations resumed."[31]

Our emphasis on practicality and applications extends to the **Example Boxes,** "mini-cases" that use snapshots of real-world institutions to explain text concepts. **"Your Call" invites student critical thinking and class discussion at the end of each example.** Suggestions for how to use the example boxes are found in the Instructor's Manual.

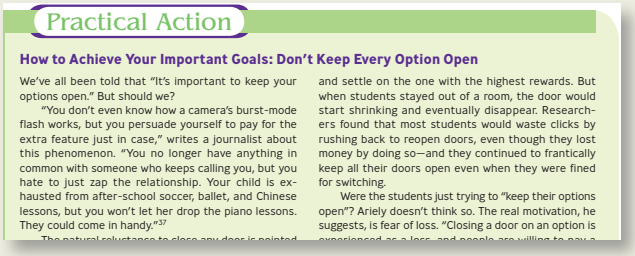
"The Kinicki/Williams text is attractive and well organized. The writing is engaging, and there is much more than my current text in terms of examples, application, summaries, and cases. The graphical quality of the book is much better than the black and white version[s] [of texts]. Overall, I think this book represents an excellent approach to the subject of management from both an instructor and learner perspective."

—**Jeffrey Anderson,** *Ohio University*

An Emphasis on Practicality

feature #3

We want this book to be a "keeper" for students, a resource for future courses and for their careers—so we give students **a great deal of practical advice** in addition to covering the fundamental concepts of management. Application points are found not only throughout the text discussion but also in the following specialized features.



Practical Action

How to Achieve Your Important Goals: Don't Keep Every Option Open

We've all been told that "It's important to keep your options open." But should we?

"You don't even know how a camera's burst-mode flash works, but you persuade yourself to pay for the extra feature just in case," writes a journalist about this phenomenon. "You no longer have anything in common with someone who keeps calling you, but you hate to just zap the relationship. Your child is exhausted from after-school soccer, ballet, and Chinese lessons, but you won't let her drop the piano lessons. They could come in handy."[37]

and settle on the one with the highest rewards. But when students stayed out of a room, the door would start shrinking and eventually disappear. Researchers found that most students would waste clicks by rushing back to reopen doors, even though they lost money by doing so—and they continued to frantically keep all their doors open even when they were fined for switching.

Were the students just trying to "keep their options open"? Ariely doesn't think so. The real motivation, he suggests, is fear of loss. "Closing a door on an option is

Practical Action boxes, appearing one or more times in each chapter, offer students practical and interesting advice on issues students will face in the workplace. Detailed discussions of how to use these sections appear in the Instructor's Manual.

End-of-Chapter Resources that reinforce applications

Each chapter continues our strategy of repetition for learning reinforcement. We include various unique pedagogical features to help students take away the most significant portions of the chapter's content:

Management in Action cases depict how companies students are familiar with respond to situations or issues featured in the text. Discussion questions are included for ease of use in class, as reflection assignments, or over online discussion boards.

Self-Assessment Exercises enable students to personally apply chapter content. These exercises include objectives for ease in assigning, instructions for use, guidelines for interpreting results, and questions for further reflection. They can also be found on the text Web site.

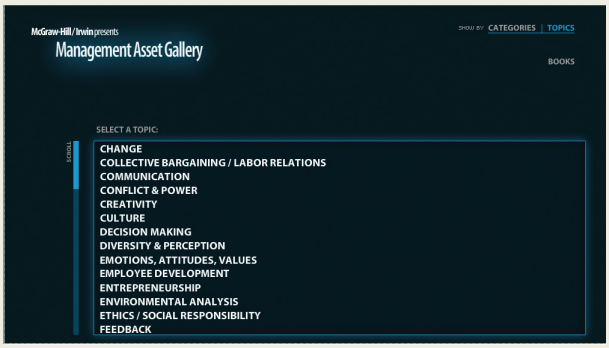
Ethical Dilemmas present cases—often based on real events—that require students to think through how they would handle the situation, helping prepare them for decision making in their careers.

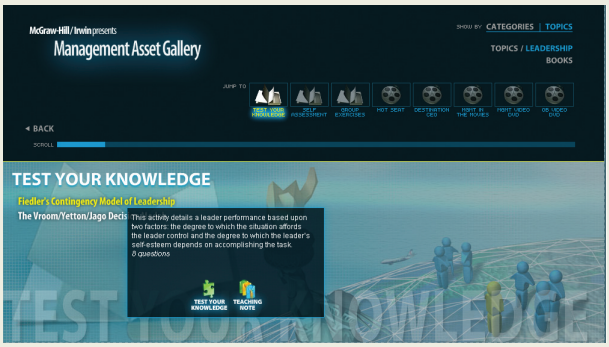
feature #4

Resources that Work

No matter the course you teach—on campus, hybrid, or online courses—we set out to provide you with the most comprehensive set of resources to enhance your Principles of Management course.

Audio visuals for your visual students: We present the richest and most diverse video program on the market to engage your students in the important management concepts covered in this text:





McGraw-Hill's Expanded Management Asset Gallery! McGraw-Hill/Irwin Management is excited to now provide a one-stop shop for our wealth of assets, making it super quick and easy for instructors to locate specific materials to enhance their courses.

All of the following can be accessed within the Management Asset Gallery:

Manager's Hot Seat! This interactive, video-based application puts students in the manager's hot seat and builds critical thinking and decision making skills and allows students to apply concepts to real managerial challenges. Students watch as 15 real managers apply their years of experience when confronting unscripted issues such as bullying in the workplace, cyber loafing, globalization, inter-generational work conflicts, workplace violence, and leadership vs. management.

Self-Assessment Gallery. Unique among publisher-provided self-assessments, our 23 self-assessments provide students with background information to ensure that students understand the purpose of the assessment. Students test their values, beliefs, skills, and interests in a wide variety of areas allowing them to personally apply chapter content to their own lives and careers.

Every self-assessment is supported with PowerPoints and an instructor manual in the Management Asset Gallery, making it easy for the instructor to create an engaging classroom discussion surrounding the assessments.

Test Your Knowledge. To help reinforce students' understanding of key management concepts, Test Your Knowledge activities provide students a review of the conceptual materials followed by application-based questions to work through. Students can choose practice mode, which provides them with detailed feedback after each question, or test mode, which provides feedback after the entire test has been completed. Every Test Your Knowledge activity is supported by instructor notes in the Management Asset Gallery to make it easy for the instructor to create engaging classroom discussions surrounding the materials students have completed.

Management History Timeline. This web application allows instructors to present and students to learn the history of management in an engaging and interactive way. Management history is presented along an intuitive timeline that can be traveled through sequentially or by selected decade. With the click of a mouse, students learn the important dates, see the people who influenced the field, and understand the general management theories that have molded and shaped management as we know it today.

Principles of Management Video DVD Volumes I & 2—Offers more than 70 video clips from sources such as *BusinessWeek* Online, BBC, CBS, FiftyLessons, NBC, PBS, & McGraw-Hill are provided on three DVD sets. These company videos are organized by the four functions of management and feature companies such as PlayStation, Panera Bread, Patagonia, Mini Cooper, the Greater Chicago Food Depository, Employer-Subsidized Commuting, Grounded: Are U.S. Airlines Safe?, Using Facebook at Work, Adult Bullies, and Encore Careers in 2½- to 15-minute clips. Corresponding video cases and a guide that ties the videos closely to the chapter can be found in the Instructor's Manual and online.

Assurance of Learning–Ready

Many educational institutions are often focused on the notion of *assurance of learning,* an important element of some accreditation standards. *Management: A Practical Introduction,* 5e is designed specifically to support your assurance of learning initiatives with a simple, yet powerful solution.

Each test bank question for *Management: A Practical Introduction,* 5e maps to a specific chapter learning outcome/objective listed in the text. You can use our test bank software, EZ Test and EZ Test Online, or in *Connect Management* to easily query for learning outcomes objectives that directly relate to the learning objectives for your course. You can use the reporting features of EZ Test to aggregate student results in a similar fashion, making the collection and presentation of assurance of learning data simple and easy.

AACSB Statement

The McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Management: A Practical Introduction,* 5e recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in [the text and/or the test bank] to the six general knowledge and skill guidelines in the AACSB standards.

The statements contained in *Management: A Practical Introduction,* 5e are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Management: A Practical Introduction,* 5e and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Management: A Practical Introduction,* 5e labeled selected questions according to the six general knowledge and skills areas.



The Instructor's Resource CD includes multiple resources to make your teaching life easier.

- The **Instructors Manual,** authored by Bobbie Knoblauch of Wichita State University, was revised and updated to include thorough coverage of each chapter as well as time-saving features such as an outline on incorporating PowerPoint slides, lecture enhancers that supplement the textbook, video cases and video notes, and answers to all end-of-chapter exercises.
- Also included is a set of **PowerPoint slides** prepared by Brad Cox of Midlands Technical College, improved and streamlined for this edition. In addition to providing comprehensive lecture notes, these slides also include questions for the class as well as company examples not found in the textbook.
- Finally, the **Test Bank** by Tia Quinlan-Wilder from University of Denver, includes more than 100 questions per chapter in a variety of formats; it has been revised for accuracy and expanded to include a greater variety of comprehension and application (scenario-based) questions as well as tagged Bloom's Taxonomy levels and AACSB requirements.

McGraw-Hill's flexible and easy-to-use electronic testing program **EZ Test** (found on the IRCD) allows instructors to create tests from book-specific items. It accommodates a wide range of question types, and instructors may add their own questions. Multiple versions of the test can be created, and any test can be exported for use with course management systems such as WebCT or BlackBoard. And now **EZ Test Online (www.eztestonline.com)** allows you to access the test bank virtually anywhere at any time, without installation, and it's even easier to use. Additionally, it allows you to administer EZ Test–created exams and quizzes online, providing instant feedback for students.

The **Online Learning Center** is located at **www.mhhe.com/kw5e.** At this site, students can take chapter quizzes to review concepts, review chapter PowerPoint slides and watch videos that relate back to concepts covered in this chapter. Students can easily upgrade to a richer set of Premium Online Resources right on this site.

Always at the forefront of learning innovation, McGraw-Hill has taken another leap forward. . . .

McGraw-Hill *Connect Management*

Less Managing. More Teaching. Greater Learning. McGraw-Hill *Connect Management* is an online assignment and assessment solution that connects students with the tools and resources they'll need to achieve success.

McGraw-Hill *Connect Management* helps prepare students for their future by enabling faster learning, more efficient studying, and higher retention of knowledge.

McGraw-Hill *Connect Management* Features: *Connect Management* offers a number of powerful tools and features to make managing assignments easier, so faculty can spend more time teaching. With *Connect Management,* students can engage with their coursework anytime and anywhere, making the learning process more accessible and efficient. *Connect Management* offers you the features described below.

Diagnostic and Adaptive Learning of Concepts: LearnSmart

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chapter 1

The Exceptional Manager

What You Do, How You Do It

Major Questions You Should Be Able to Answer

I.1 Management: What It Is, What Its Benefits Are
Major Question: What are the rewards of being an exceptional manager?

I.2 Seven Challenges to Being an Exceptional Manager
Major Question: Challenges can make one feel alive. What are seven challenges I could look forward to as a manager?

I.3 What Managers Do: The Four Principal Functions
Major Question: What would I actually *do*—that is, what would be my four principal functions—as a manager?

I.4 Pyramid Power: Levels & Areas of Management
Major Question: What are the levels and areas of management I need to know to move up, down, and sideways?

I.5 Roles Managers Must Play Successfully
Major Question: To be an exceptional manager, what roles must I play successfully?

I.6 The Entrepreneurial Spirit
Major Question: Do I have what it takes to be an entrepreneur?

I.7 The Skills Exceptional Managers Need
Major Question: To be a terrific manager, what skills should I cultivate?

A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

It is our desire *to make this book as practical as possible for you*. One place we do this is in the Manager's Toolbox, like this one, which appears at the beginning of every chapter and which offers practical advice appropriate to the subject matter you are about to explore. Here we show you how to be a success in this course.

Four Rules for Success

The following four rules will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

How to Use This Book Most Effectively

When reading this book, follow the steps below:

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- Read "Forecast: What's Ahead in This Chapter."
- Look at the Major Question at the beginning of each section before you read it.
- Read the "The Big Picture," which summarizes the section.
- Read the section itself (which is usually only 2–6 pages), *trying silently to answer the Major Question.* This is important!
- After reading all sections, use the Key Terms and Summary at the end of the chapter to see how well you understand the major concepts. Reread any material you're unsure about.

If you follow these steps consistently, you'll probably absorb the material well enough that you won't have to cram before an exam; you'll need only to lightly review it before the test.

For Discussion Do you sometimes (often?) postpone keeping up with coursework, then pull an "all-nighter" of studying to catch up before an exam? What do you think happens to people in business who do this?

forecast What's Ahead in This Chapter

We describe the rewards, benefits, and privileges managers might expect. We also describe the seven challenges to managers in today's world. You'll be introduced to the four principal functions of management—planning, organizing, leading, and controlling—and levels and areas of management. We describe the three roles managers must play. Then we consider the contributions of entrepreneurship. Finally, we describe the three skills required of a manager.

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I.1 MANAGEMENT: WHAT IT IS, WHAT ITS BENEFITS ARE

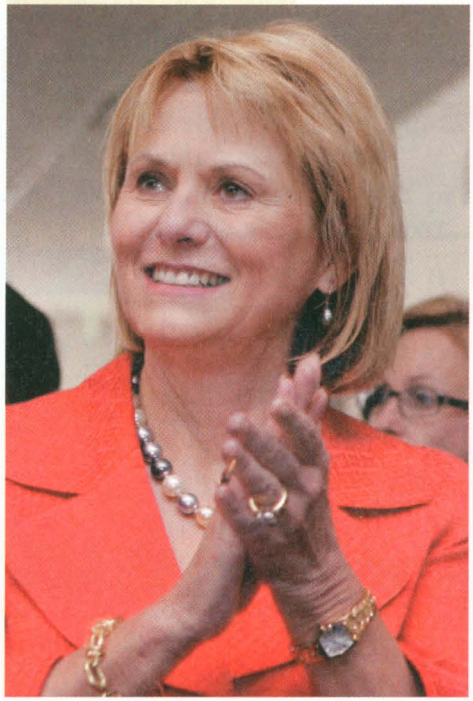
major question What are the rewards of being an exceptional manager?

THE BIG PICTURE

Management is defined as the pursuit of organizational goals efficiently and effectively. Organizations, or people who work together to achieve a specific purpose, value managers because of the multiplier effect: Good managers have an influence on the organization far beyond the results that can be achieved by one person acting alone. Managers are well paid, with the CEOs and presidents of even small and midsize businesses earning good salaries and many benefits.

In January 2009, Carol Bartz became chief executive officer (CEO) of Yahoo!, the California-based Internet services company that operates the second- or third-most-visited Web site in the United States (after Google and possibly Facebook). Yahoo! had been in a financial funk for two years and thus, Bartz observed dryly, "frankly, could use a little management." What induced her, an already well-off veteran manager, to take on such a difficult, high-risk job?

Bartz is regarded as a "tough operator" and has great resilience. When she was eight, her mother died, and Bartz was raised by her grandmother. She was one of only two girls in her high school to take physics. She earned a degree in computer science from the University of Wisconsin–Madison while supporting herself as a cocktail waitress. She quit 3M, the manufacturing conglomerate, over blatant gender discrimination. She is a breast cancer survivor. After early jobs with technology companies DEC and Sun Microsystems, she became CEO of design software maker Autodesk, putting down a rebellion of programmers, imposing a management hierarchy, and growing annual revenues over 14 years from $285 million to $1.5 billion.[1] Now, after a short retirement, she was back working as top manager for Yahoo! because, she says, "I love to work. I love to run companies. I love to help people I work with. And I don't let anything get in the way of doing what I love."[2]



Yahoo! CEO Carol Bartz. While CEO with her previous employer, Autodesk, Bartz promoted the concept of "fail fast-forward," shaping a company to risk failure in some tasks but to move on quickly if failure should occur. Bartz attributes this "just deal with it" approach to growing up on a Midwestern farm that encouraged hard work. "The farm won't wait for a better mood." If you were in her shoes, what would you consider to be the key component of managerial success?

Yahoo! faces a host of challenges, including threats from Google and Microsoft, and not everyone believes the new CEO is up to the task. However, Bartz is used to being underestimated. "Failure is not in her vocabulary," says an Autodesk product manager. Actually, her favorite motto is "fail fast-forward." "It's about not being afraid to fail," she says, "and if you do, identify it quickly and move ahead fast so no momentum is lost."[3] She also embraces change. "I like change. Frankly, it's hard for me to understand why more people don't embrace it."

The ability to embrace change and to keep going forward despite failures is important to any manager's survival, and dealing with continuing change—in the world and in the workplace—is a major theme of this book.

The Art of Management Defined

Is being an exceptional manager a gift, like a musician having perfect pitch? Not exactly. But in good part it may be an art. Fortunately, it is one that is teachable.

Management, said one pioneer of management ideas, is "the art of getting things done through people."[4]

Getting things done. Through people. Thus, managers are task oriented, achievement oriented, and people oriented. And they operate within an ***organization*—a group of people who work together to achieve some specific purpose.**

More formally, ***management*** **is defined as (1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization's resources.**

Note the words *efficiently* and *effectively,* which basically mean "doing things right."

- ***Efficiency—the means.*** Efficiency is the means of attaining the organization's goals. **To be *efficient* means to use resources—people, money, raw materials, and the like—wisely and cost-effectively.**
- ***Effectiveness—the ends.*** Effectiveness is the organization's ends, the goals. **To be *effective* means to achieve results, to make the right decisions and to successfully carry them out so that they achieve the organization's goals.**

Good managers are concerned with trying to achieve both qualities. Often, however, organizations will erroneously strive for efficiency without being effective.

Example

Efficiency versus Effectiveness: "Let Me Speak with a Person—*Please!*"

We're all now accustomed to having our calls to companies for information and customer support answered not by people but by automated answering systems. Certainly this arrangement is *efficient* for the companies, since they no longer need as many employees to answer the phones. But it's not *effective* if it leaves us, the customers, fuming and less inclined to continue doing business. "Just give me a person to speak with, *please,*" pleads a Nevada resident.[5] Even most online shoppers, 77% to 23%, say they'd prefer to have contact with a real person before they make a purchase.[6]

Still, a lot of companies obviously favor efficiency over effectiveness in their customer service. "The approximate cost of offering a live, American-based customer service agent averages somewhere around $7.50 per phone call," says one researcher. "Outsourcing calls to live agents in another country brings the average cost down to about $2.35 per call. Having customers take care of the problem themselves, through an automated response phone system, averages around 32 cents per call, or contact."[7]

However, the president of one firm that does surveys on customer service says that 90% of consumers say they want nothing to do with an automated telephone system. "They just don't like it," he says. The most telling finding is that 50% of those surveyed had become so irritated that they were willing to pay an additional charge for customer service that avoids going through an automated phone system.[8] The head of a firm that evaluates the experiences of call-center customers says that companies "create more value through a dialogue with a live agent." A call is an opportunity to build a relationship, to encourage a customer to stay with the brand. There can be a real return on this investment.[9] Recognizing this, Netflix, the DVD-by-mail rental company, in 2007 added 24/7 live operators to deal with customers' problems.[10]



Effective? Is this irate customer dealing with a company customer-support system that is more efficient than effective?

YOUR CALL

The average wait for customer service at Facebook was 99 minutes (rated "Horrible" by users); for Amazon.com it was 1 minute ("Excellent"). These and other company wait times and ratings appeared recently on a Web site called Get Human **(www.gethuman.com),** started by technology officer Paul English to try to "change the face of customer service." Get Human also publishes the unpublicized codes for reaching a company's human operators and cut-through-automation tips.[11] What recent unpleasant customer experience would you want to post on this Web site?

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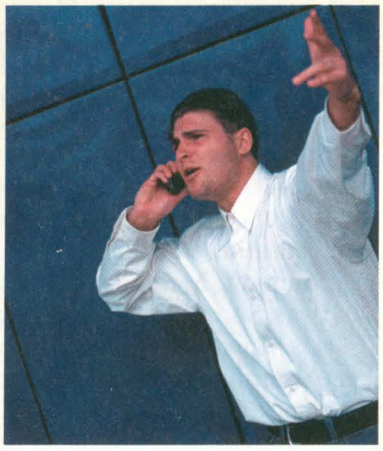
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