

# Managing the Business

## chapter # 5

# Introduction

---

- **In this chapter we**

- explore the importance of strategic management and effective goal setting to organizational success.
- examine the functions that constitute the management process and identify different types of managers likely to be found in an organization by level and area
- look at basic management skills and roles and explain the importance of corporate culture.

# learning objectives

- 1. Describe the nature of management and identify the four basic functions that constitute the management process.*
- 2. Identify different types of managers likely to be found in an organization by level and area.*
- 3. Describe the basic roles and skills required of managers.*
- 4. Explain the importance of strategic management and effective goal setting in organizational success.*

# learning objectives

- 5. Discuss contingency planning and crisis management in today's business world.*
- 6. Describe the development and explain the importance of corporate culture.*

# The Management Process

---

- **Management**
  - process of planning, organizing, leading, and controlling an organization's resources to achieve its goals

# Basic Management Functions

---

- **Planning**

- management process of determining what an organization needs to do and how best to get it done

- **Organizing**

- management process of determining how best to arrange an organization's resources and activities into a coherent structure

# *Basic Management Functions (cont.)*

---

- **Leading**

- management process of guiding and motivating employees to meet an organization's objectives

- **Controlling**

- management process of monitoring an organization's performance to ensure that it is meeting its goals

# The Control Process

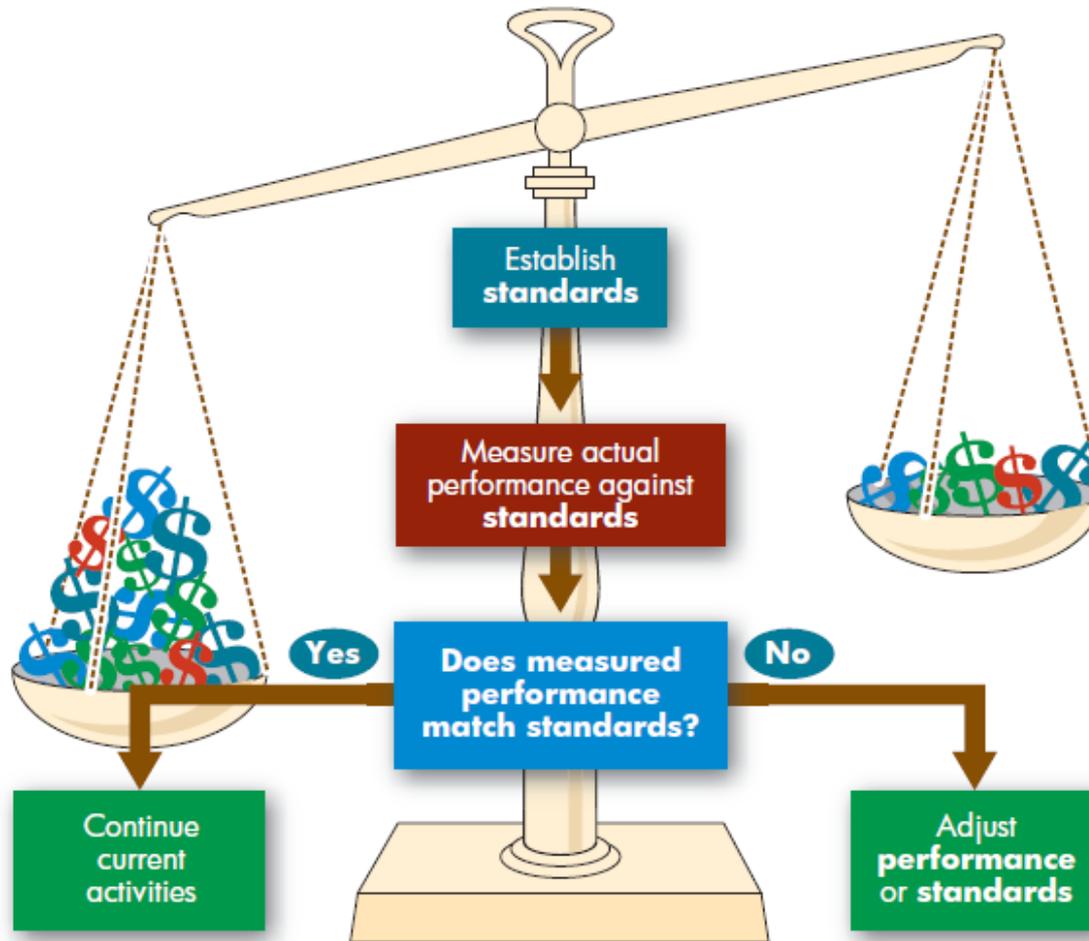


FIGURE 5.1 The Control Process

# Types of Managers

- **Top Manager**
  - manager responsible for a firm's overall performance and effectiveness
- **Middle Manager**
  - manager responsible for implementing the strategies and working toward the goals set by top managers
- **First-Line Manager**
  - manager responsible for supervising the work of employees

# The Three Levels of Management

**table 5.1 The Three Levels of Management**

Level	Examples	Responsibilities
Top managers	President, vice-president, treasurer, CEO, chief financial officer (CFO)	<ul style="list-style-type: none"><li>• Responsible for the overall performance and effectiveness of the firm</li><li>• Set general policies, formulate strategies, and approve all significant decisions</li><li>• Represent the company in dealings with other firms and with government bodies</li></ul>
Middle managers	Plant manager, operations manager, division manager, regional sales manager	<ul style="list-style-type: none"><li>• Responsible for implementing the strategies and working toward the goals set by top managers</li></ul>
First-line managers	Supervisor, office manager, project manager, group leader, sales manager	<ul style="list-style-type: none"><li>• Responsible for supervising the work of employees who report to them</li><li>• Ensure employees understand and are properly trained in company policies and procedures</li></ul>

# Areas of Management

---

- **Human Resource Managers**
  - hire and train employees, evaluate performance, and determine compensation
- **Operations Managers**
  - responsible for production, inventory, and quality control
- **Marketing Managers**
  - responsible for getting products from producers to consumers.

## *Areas of Management (cont.)*

---

- **Information Managers**
  - design and implement systems to gather, organize, and distribute information
- **Financial Managers**
  - plan and oversee accounting functions and financial resources

# Management Roles and Skills

---

- **Interpersonal Roles**
  - a category of managerial roles including figurehead, leader, and liaison
- **Informational Roles**
  - a category of managerial roles including monitor, disseminator, and spokesperson
- **Decisional Roles**
  - a category of managerial roles including entrepreneur, disturbance handler, resource allocator, and negotiator

# Basic Managerial Roles

**table 5.2 Basic Managerial Roles**

Category	Role	Sample Activities
Interpersonal	Figurehead	Attending ribbon-cutting ceremony for new plant
	Leader	Encouraging employees to improve productivity
	Liaison	Coordinating activities of two project groups
Informational	Monitor	Scanning industry reports to stay abreast of developments
	Disseminator	Sending memos outlining new organizational initiatives
	Spokesperson	Making a speech to discuss growth plans
Decisional	Entrepreneur	Developing new ideas for innovation
	Disturbance handler	Resolving conflict between two subordinates
	Resource allocator	Reviewing and revising budget requests
	Negotiator	Reaching agreement with a key supplier or labor union

# Basic Management Skills

---

- **Technical Skills**

- skills needed to perform specialized tasks

- **Human Relations Skills**

- skills in understanding and getting along with people

- **Conceptual Skills**

- abilities to think in the abstract, diagnose and analyze different situations, and see beyond the present situation

## *Basic Management Skills (cont.)*

---

- **Decision-Making Skills**

- skills in defining problems and selecting the best courses of action

- **Time Management Skills**

- skills associated with the productive use of time

# Leading Causes of Wasted Time

---

1. Paperwork
2. Telephone calls
3. Meetings
4. E-mail

# Management Skills for the Twenty-First Century

---

- **Global Management Skills**

- Managers will need to understand foreign markets, cultural differences, and the motives and practices of foreign rivals.
- Managers will also need to understand how to collaborate with others around the world on a real-time basis.

# *Management Skills for the Twenty-First Century* *(cont.)*

---

- **Management and Technology Skills**
  - New forms of technology have added to a manager's ability to process information while simultaneously making it even more important to organize and interpret an ever-increasing wealth of input.

# Strategic Management: Setting Goals and Formulating Strategy

- **Strategic Management**
  - process of helping an organization maintain an effective alignment with its environment
- **Strategy**
  - broad set of organizational plans for implementing the decisions made for achieving organizational goals

# Setting Business Goals

---

- **Goals**

- the means by which organizations and their managers measure success or failure at every level
- objective that a business hopes and plans to achieve

# Purposes of Goal Setting

---

1. Provides direction and guidance for managers at all levels
2. Helps firms allocate resources
3. Helps to define corporate culture
4. Helps managers assess performance

# Kinds of Goals

---

- **Mission Statement**

- organization's statement of how it will achieve its purpose in the environment in which it conducts its business

## *Kinds of Goals (cont.)*

- **Long-Term Goal**

- goal set for an extended time, typically five years or more into the future

- **Intermediate Goal**

- goal set for a period of one to five years into the future

- **Short-Term Goal**

- goal set for the very near future

# Types of Strategy

- **Corporate Strategy**
  - strategy for determining the firm's overall attitude toward growth and the way it will manage its businesses or product lines
- **Business (or Competitive) Strategy**
  - strategy, at the business-unit or product-line level, focusing on improving a firm's competitive position

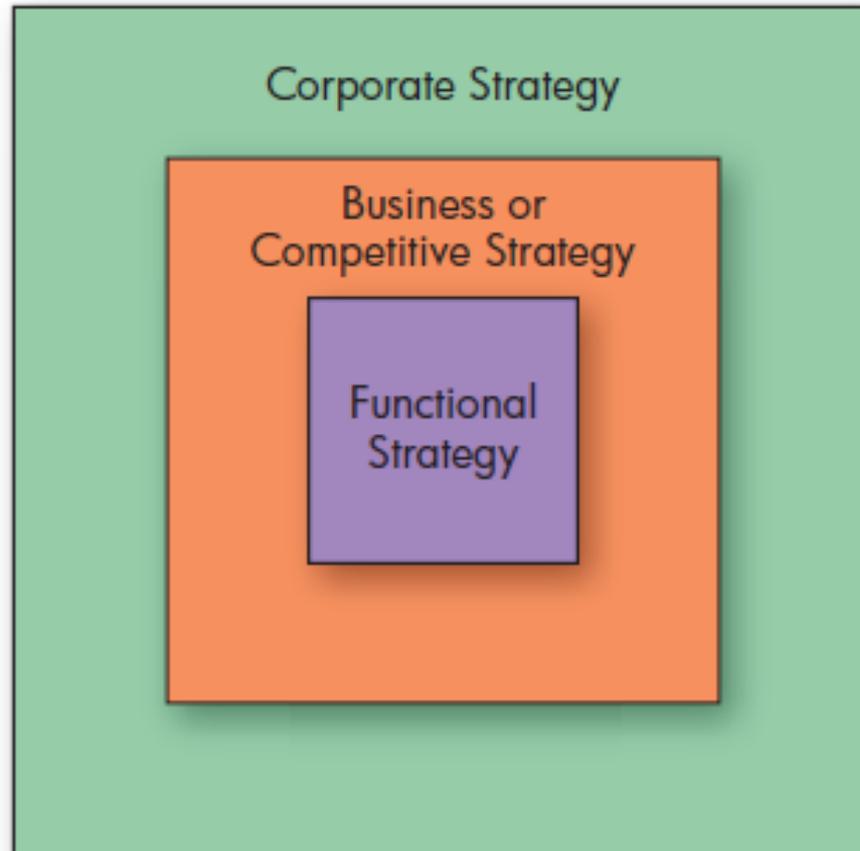
## *Types of Strategy (cont.)*

---

- **Functional Strategy**

- strategy by which managers in specific areas decide how best to achieve corporate goals through productivity

# Hierarchy of Strategy



**FIGURE 5.2** Hierarchy of Strategy

# Formulating Strategy

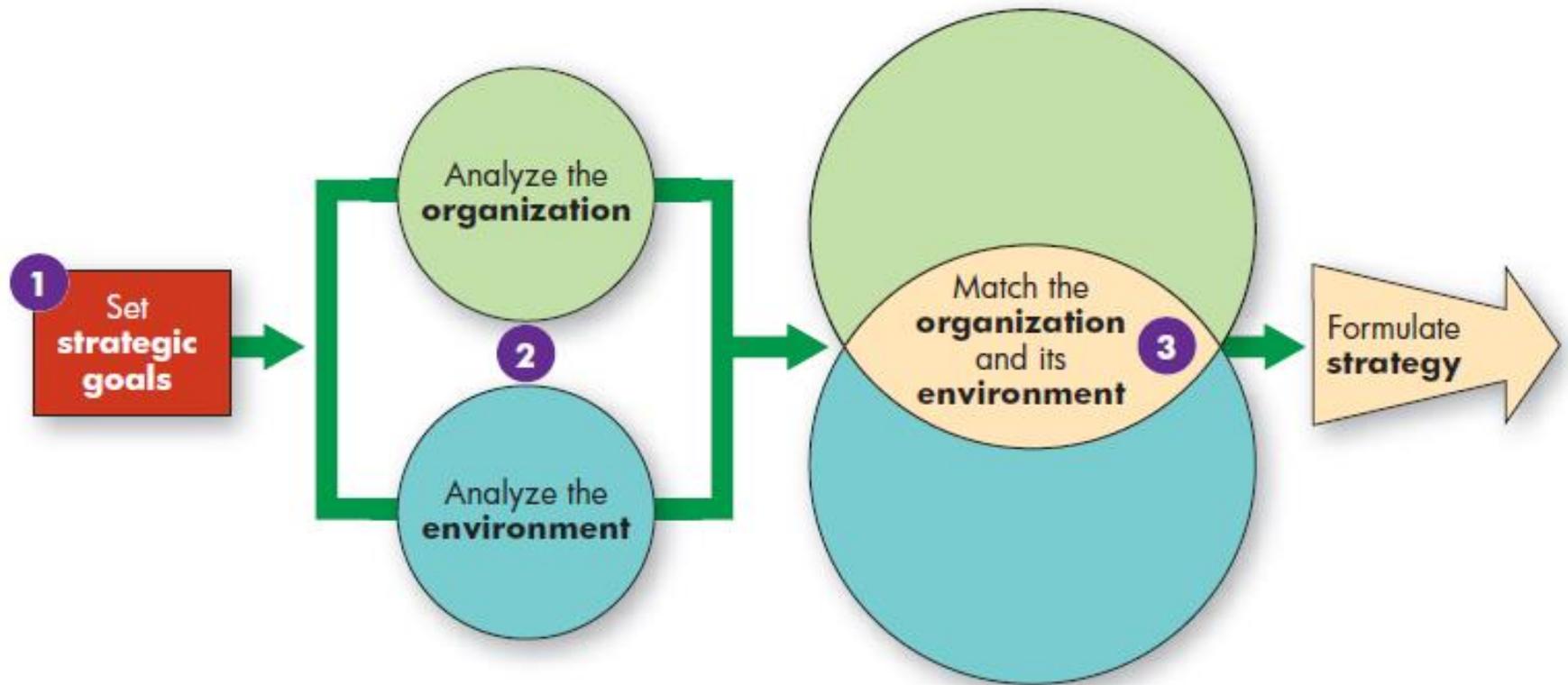
---

**Step 1:** Setting Strategic Goals

**Step 2:** Analyzing the Organization and the Environment: SWOT Analysis

**Step 3:** Matching the Organization and Its Environment

# Strategy Formulation



**FIGURE 5.3** Strategy Formulation

# Formulating Strategy

---

- **SWOT Analysis**

- identification and analysis of organizational strengths and weaknesses and environmental opportunities and threats as part of strategy formulation

# Formulating Strategy

---

- **Environmental Analysis**

- process of scanning the business environment for threats and opportunities

- **Organizational Analysis**

- process of analyzing a firm's strengths and weaknesses

# A Hierarchy of Plans

- **Strategic Plan**

- plan reflecting decisions about resource allocations, company priorities, and steps needed to meet strategic goals

- **Tactical Plan**

- generally short-term plan concerned with implementing specific aspects of a company's strategic plans

- **Operational Plan**

- plan setting short- term targets for daily, weekly, or monthly performance

# Contingency Planning and Crisis Management

- **Contingency Planning**
  - identifying aspects of a business or its environment that might entail changes in strategy
- **Crisis Management**
  - organization's methods for dealing with emergencies

# Management and the Corporate Culture

---

- **Corporate culture**

- the shared experiences, stories, beliefs, and norms that characterize an organization
- helps define the work and business climate that exists in an organization

# Communicating the Culture and Managing Change

---

- Managers themselves must have a clear understanding of the culture
- Must transmit the culture to others in the organization
- Should maintain the culture by rewarding and promoting those who understand it and work toward maintaining it

# Managing Change – Three Stages

---

1. At the highest level, analysis of the company's environment highlights extensive change as the most effective response to its problems.
2. Top management begins to formulate a vision of a new company.
3. The firm sets up new systems for appraising and compensating employees who enforce the firm's new values.

# Applying What You've Learned

1. **Describe** the nature of management and identify the four basic functions that constitute the management process.
2. **Identify** different types of managers likely to be found in an organization by level and area.
3. **Describe** the basic roles and skills required of managers.
4. **Explain** the importance of strategic management and effective goal setting in organizational success.

## *Applying What You've Learned (cont.)*

---

- 5. Discuss** contingency planning and crisis management in today's business world.
- 6. Describe** the development and explain the importance of corporate culture.



**This work is protected by United States copyright laws and is provided solely for the use of instructors in teaching their courses and assessing student learning. Dissemination or sale of any part of this work (including on the World Wide Web) will destroy the integrity of the work and is not permitted. The work and materials from it should never be made available to students except by instructors using the accompanying text in their classes. All recipients of this work are expected to abide by these restrictions and to honor the intended pedagogical purposes and the needs of other instructors who rely on these materials.**