

# 7

## chapter

# Business Management and Organization

*Better Business*

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# What Is Management?

- Working with people and resources to accomplish the goals of the organization

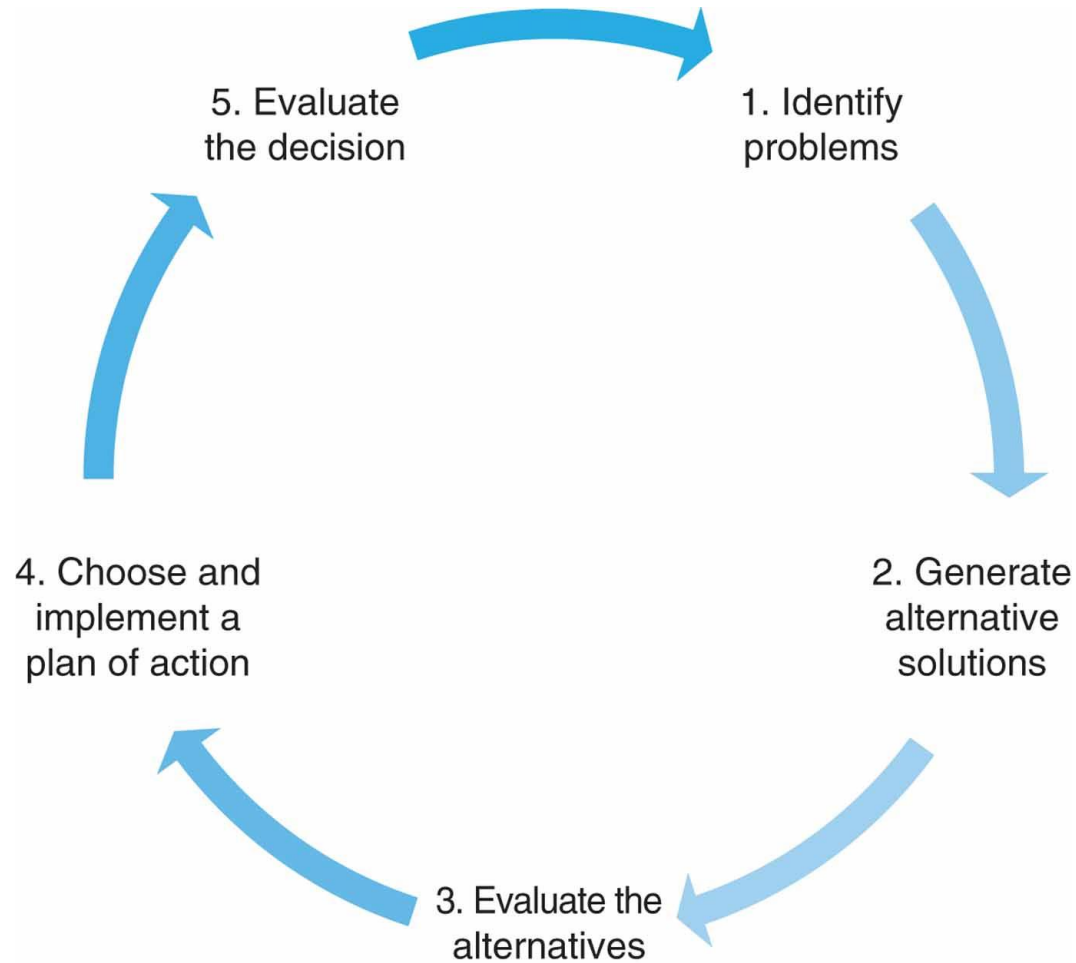


# Five Skills of Successful Managers

- Technical skills
- Interpersonal skills
- Conceptual skills
- Decision-making skills
- Time management skills

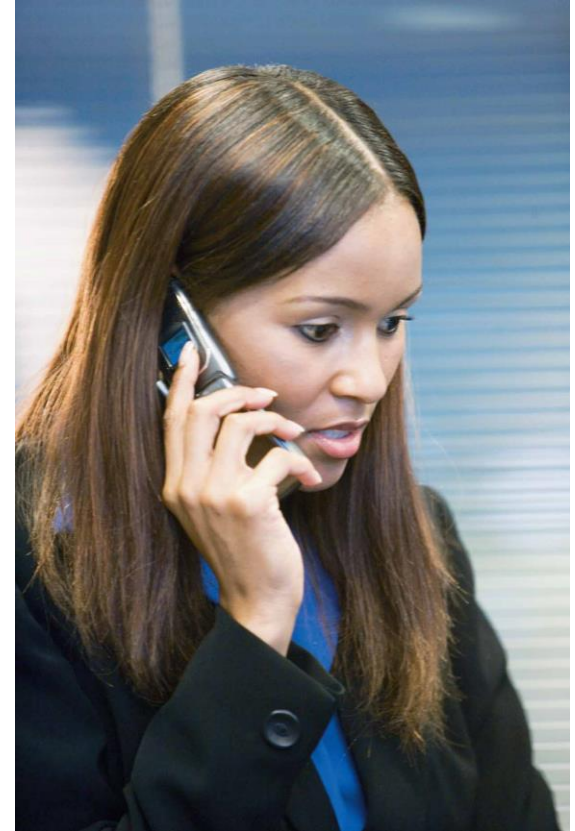


# Decision-Making Steps



# Time Management

1. Determine the level of urgency of paperwork
2. Create folders for e-mail
3. Designate a time for telephone calls
4. Identify clear agendas for meetings



# The Functions of Management



# Planning

Definitions:

- Planning
- Goals
- Objectives

Goals and objectives should be SMARTER:

- Specific
- Measurable
- Acceptable
- Realistic
- Timely
- Extending
- Rewarding

# Visions and Mission Statements

- The first step in creating a strategic plan is to establish a corporate purpose
  - A **vision** identifies what the business wants to be in the future
  - The **mission statement**:
    - Is a more current description
    - Lists the organization's purpose
    - Includes basic goals
    - Includes philosophies



# Four Types of Management Planning

## The Four Types of Management Plans

### Strategic Plan

- Sets the approach for achieving an organization's long-term goals and objectives
- Acts as a framework for decisions
- Assists in setting corporate benchmarks

### Tactical Plan

- Determines resources and actions necessary to implement strategic plan
- Made with a one- to three-year horizon in mind

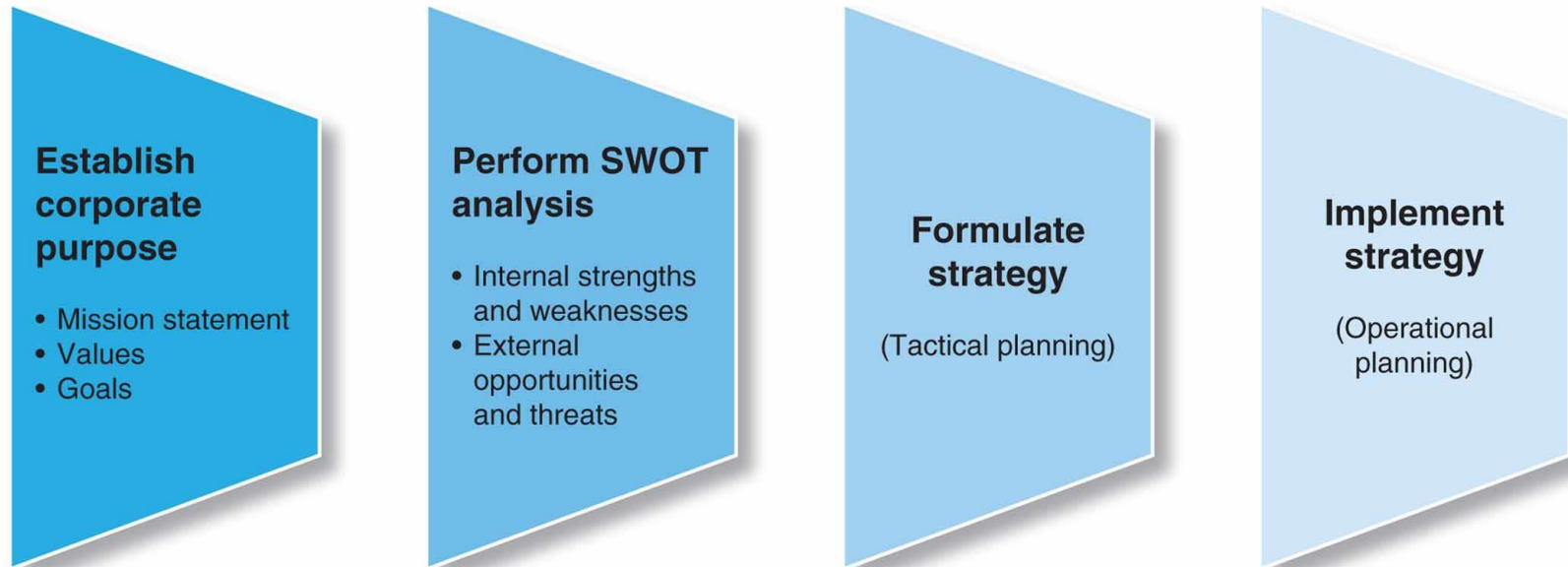
### Operational Plan

- Involves planning the execution of the tactical plan
- Depends on daily or weekly schedules
- Focuses on specific departments or employees

### Contingency Plan

- Keeps an organization running in the event of a disruption
- Details internal and external communication procedures for such an event
- Determines which departments are most vital to an organization during a crisis

# The Strategic Planning Process



# SWOT Analysis

## SWOT Analysis

### Internal Strengths

Potential assets that give a company a competitive advantage

### External Opportunities

Foreseeable changes that could favorably affect a company's competitive capability

### Internal Weaknesses

Lack of capability or expertise compared to competition

### External Threats

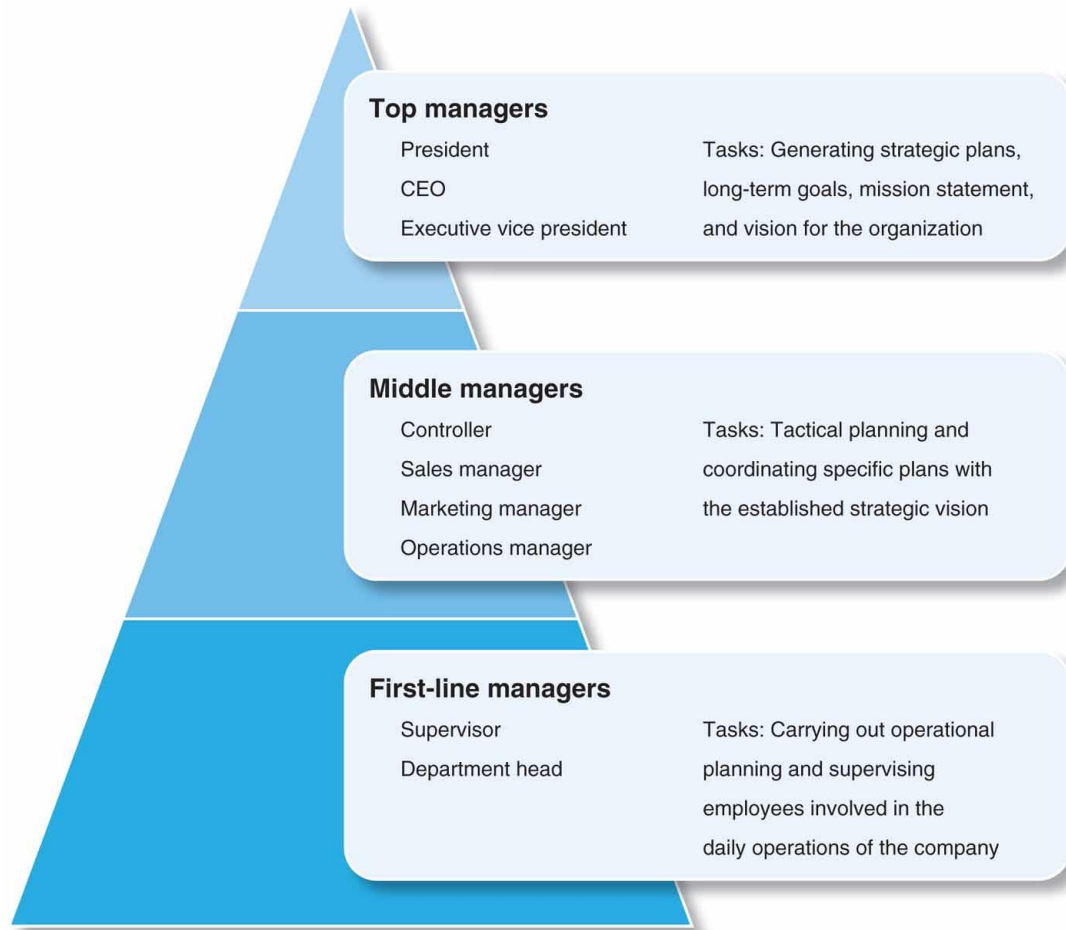
Conditions that could negatively affect a company's competitive capability

# Organizing

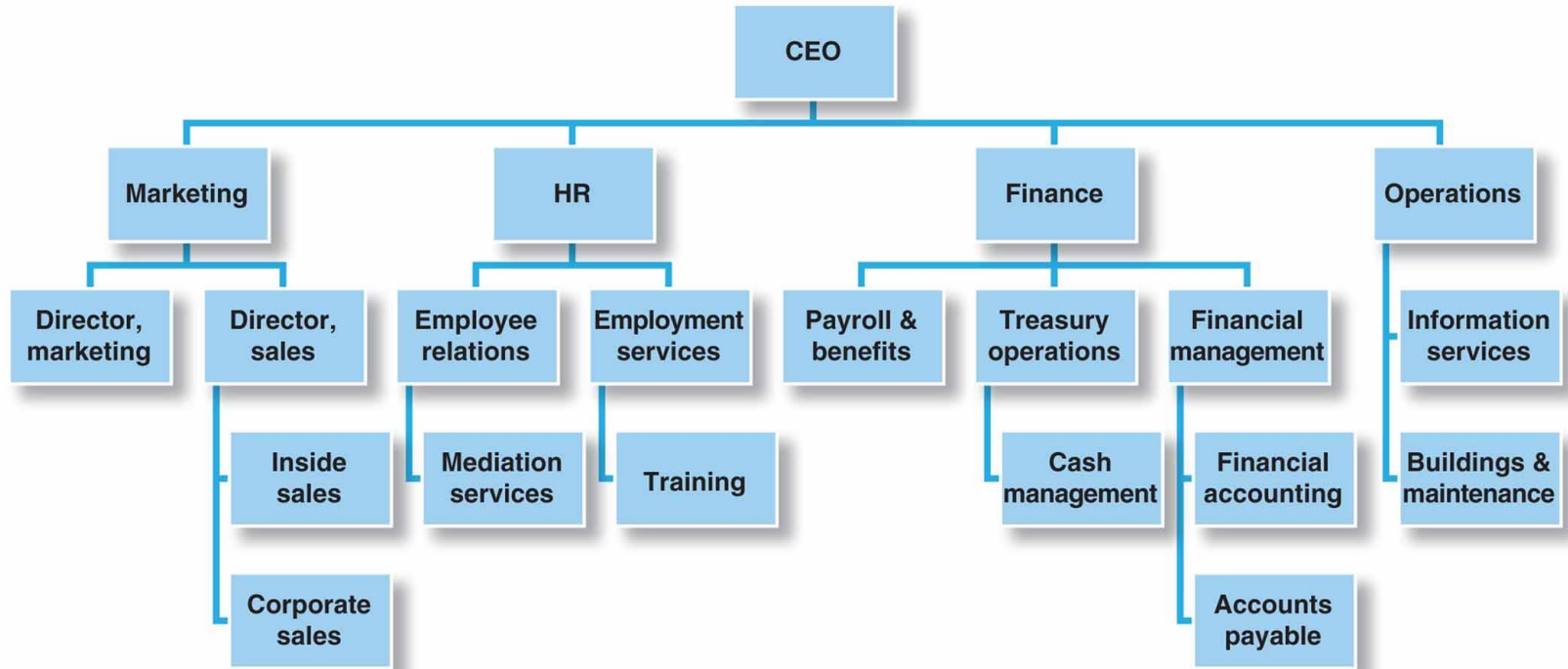
- Usually the next step after planning
- The process of structuring resources to carry out plans
  - Capital
  - Personnel
  - Raw materials
  - Other resources



# The Managerial Pyramid

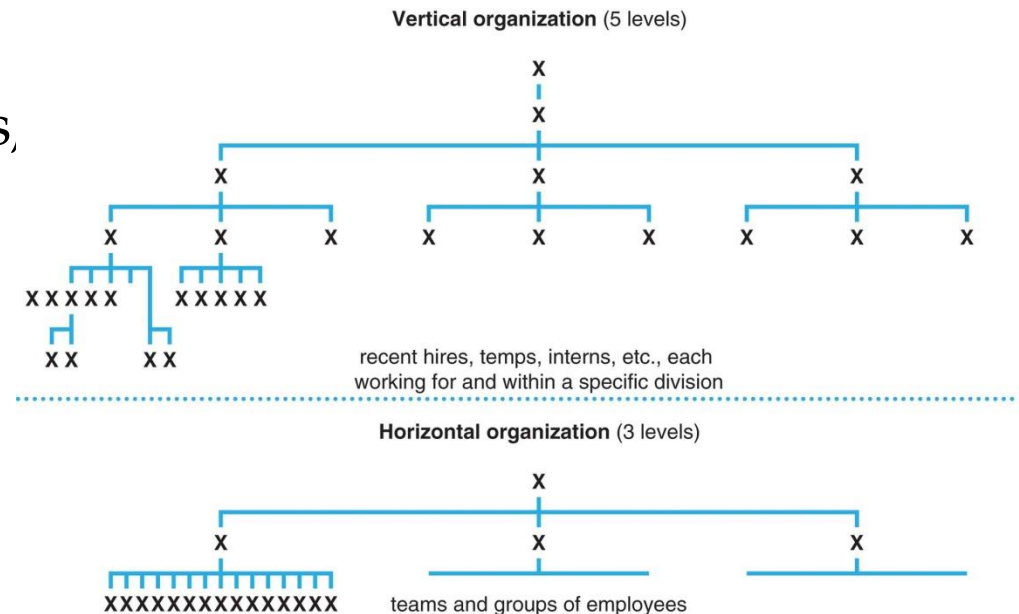


# Organizational Charts



# Organizational Structures: Vertical and Horizontal

- Vertical organizations
  - Organized by specific function (finance, sales, etc.)
  - Also called “tall”
  - Integration between functions not easy
- Horizontal organizations
  - Few layers
  - Often use teams
  - Also called “flat”

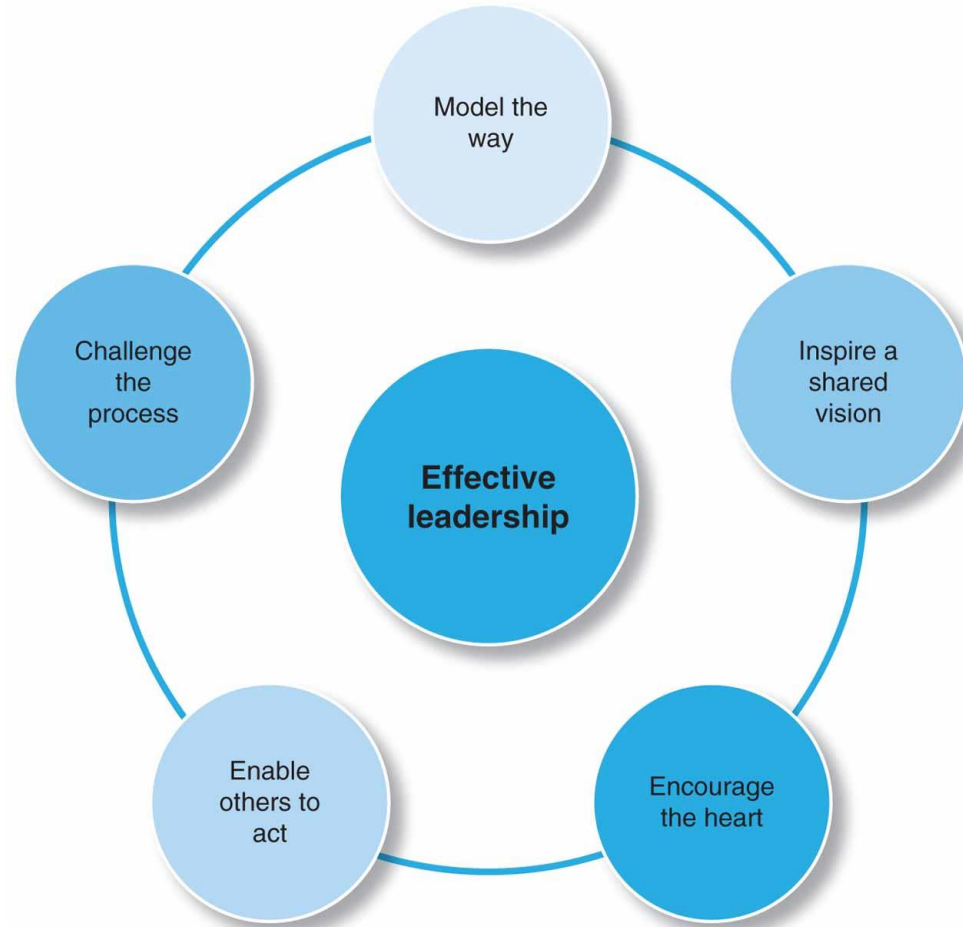


# Organizational Structures: Network

- Collection of independent, mostly single-function firms that collaborate on a product or service
- May be successful for those companies that need to:
  - Be flexible and innovative
  - Respond quickly
  - Save time
  - Reduce costs and risk



# Leading



# Activities of Real Managers

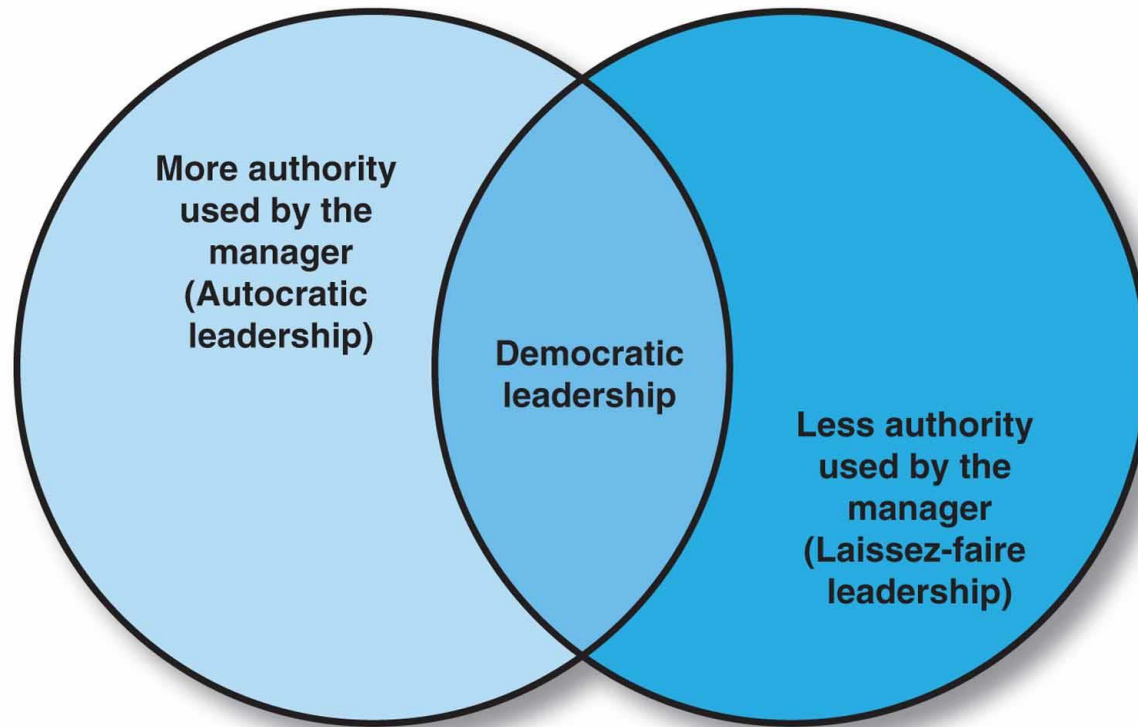
## The Activities of Real Managers

<b>Real Management Activities</b>	<b>Descriptive Categories</b>
<b>Communication</b>	Exchanging information Paperwork
<b>Traditional management</b>	Planning Decision making Controlling
<b>Networking</b>	Interacting with outsiders Socializing/politicking
<b>Human resources management</b>	Motivating/reinforcing Disciplining/punishing Managing conflict Staffing

# The Traits of a Good Leader

- Determination
- Inspiration
- Flexibility and empathy
- Innovativeness
- Honesty
- Self-confidence
- Knowledge and competence

# Leadership Styles



Manager makes all decisions without consulting employees



Manager solicits feedback from employees, but makes ultimate decision

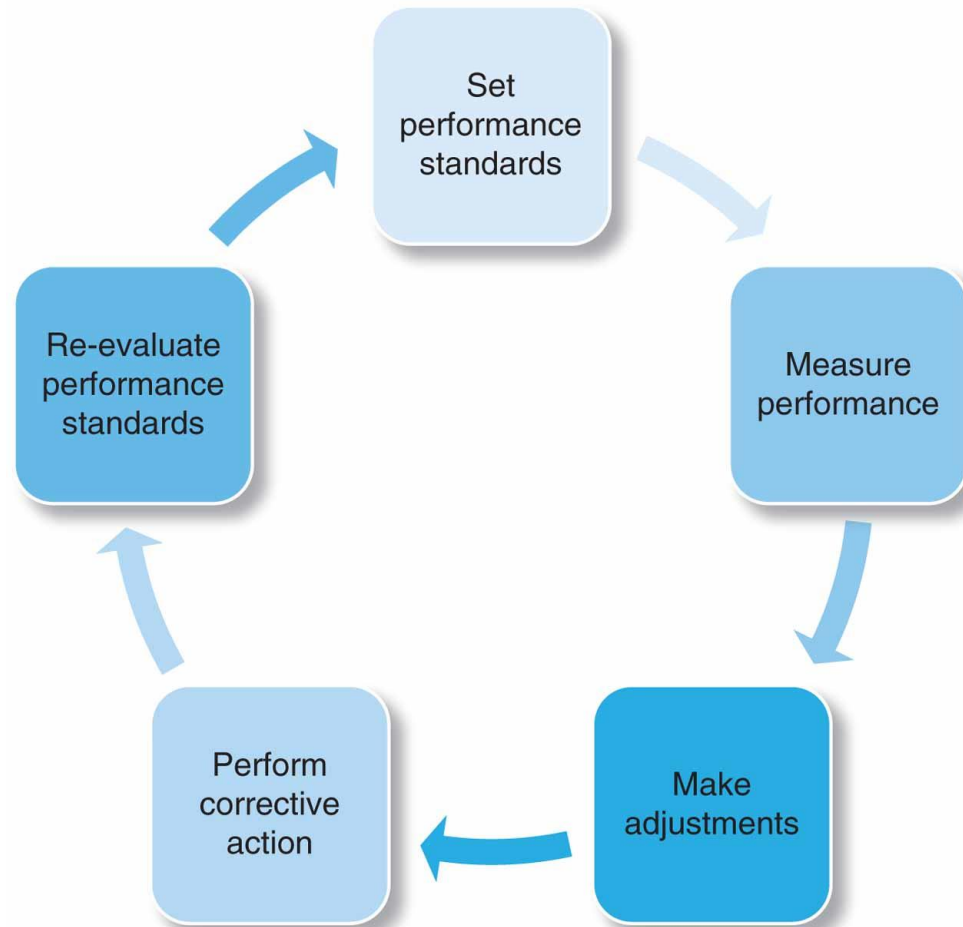


Manager allows employees to make all decisions within reasonable limit

# Controlling

- Ensuring that plans and strategies set in place are properly carried out
- Control strategies
  - Bureaucratic control
  - Market control
  - Clan control

# The Control Cycle



# Measuring Performance

- Reports
  - Financial statements, sales reports, and others
- Customer satisfaction
- Total quality management (TQM)
  - Focuses on quality throughout the process, not just at the end
  - Encourages continuous improvement
- Six Sigma
  - Statistical-based, proactive comparison process

# Corporate Culture

- The collection of shared values, norms, and behavior that defines the character of the organization

## Google's Philosophy

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the Web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.
7. There's always more information out there.
8. The need for information crosses all borders.
9. You can be serious without a suit.
10. Great just isn't good enough.



# Chapter Summary

1. In what ways do managers apply **technical, interpersonal, decision-making, conceptual, and time management skills** to business?
2. What strategies do managers use to establish the corporate **vision and mission statement** and keep the company on task?
3. What are the implications of **strategic plans, tactical plans, operational plans, and contingency plans** within the context of management?
4. What is the significance of organizing, and how is most management organized?
5. What are the differences among **vertical organizations, horizontal organizations, and network organizations**?
6. What makes a good leader, and what are the various styles of **leadership**?
7. What are the implications of **control** within a business?

# **Beyond the Book**

# Planning at Southwest Airlines

- Strategic planning: international expansion via alliances
  - Canada flights with new partner, WestJet
- Tactical planning
  - Buying dozens of jets to accommodate higher passenger loads
- Operational planning
  - Developing plans to reduce flight delays
- Contingency planning: fuel price hedging
  - Invested in a plan in 1999 giving Southwest the right to buy fuel at a set amount at a future date

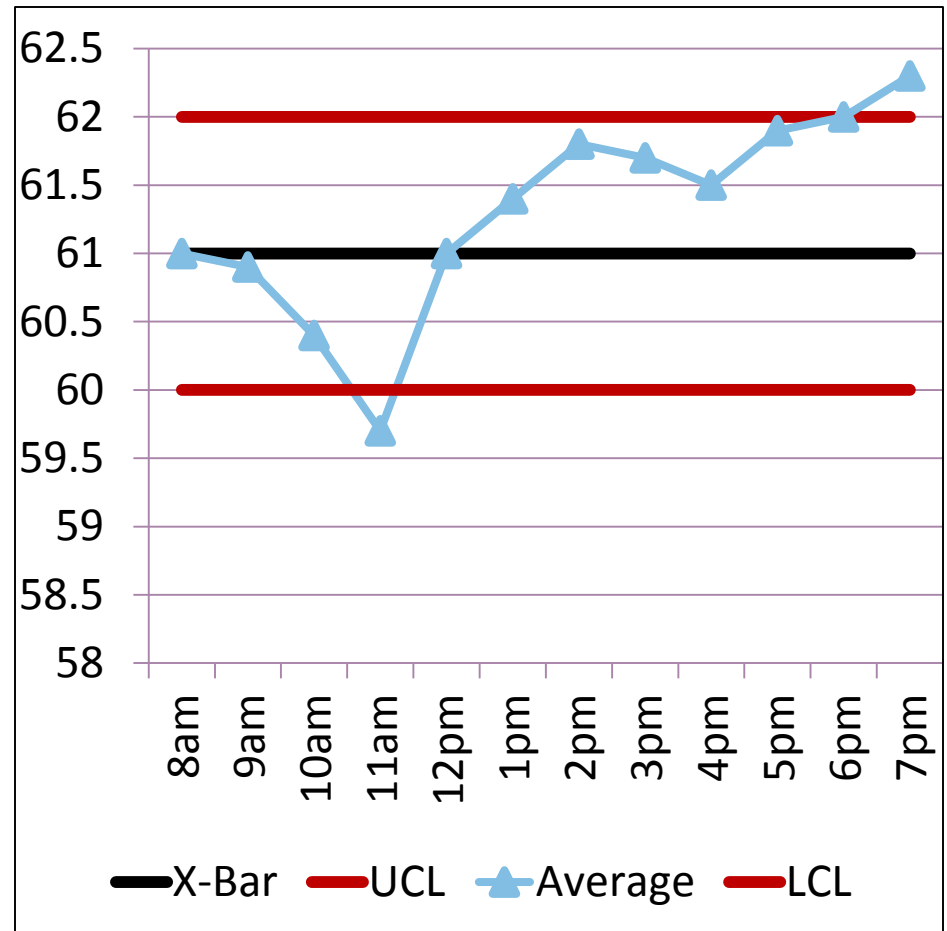
# Control in a Results-Only Work Environment

- Traditional workplaces reward employees for “presenteeism” — basically long hours with no guarantee of efficiency
- What if businesses created “results-only” work environments where people can do “whatever they want, whenever they want, as long as the work gets done”?
- How do businesses control the work and the workers in these types of environments?

# SPC & Control Charts

Process:

- Take a sample of the items to be measured
- Measure each item
- Calculate the average measurement for the sample
- Plot the average on the control chart
- Take corrective action if needed



In this example chart

- UCL = Upper Control Limit (highest acceptable average)
- LCL = Lower Control Limit (lowest acceptable average)
- X-Bar = expected average
- Average = actual averages of sample measurements each hour
- Can you tell when this process is out of control?

# Traditional Management Theory and Google

## Traditional Management

- Managers decide where to allocate resources
- Process-driven
- Conservative, cautious
- Bureaucratic

## Google

- Employees can dabble with promising new ideas
- Innovation-driven
- Risk-seeking
- Cool