Contemporary Management 12th edition Jones Solutions Manual

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CHAPTER 1

Managers and Managing

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LEARNING OBJECTIVES

LO1-1. ***Describe what management is, why management is important, what managers do, and how managers use organizational resources efficiently and effectively to achieve organizational goals.***

LO1-2. ***Distinguish among planning, organizing, leading and controlling (the four principal managerial tasks), and explain how managers' ability to handle each one affects organizational performance.***

LO1-3. ***Differentiate among three levels of management, and understand the tasks and responsibilities of managers at different levels of the organizational hierarchy.***

LO1-4. ***Distinguish between three kinds of managerial skill, and explain why managers are divided into different departments to perform their tasks more efficiently and effectively.***

LO1-5. ***Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced technologies.***

LO1-6. ***Discuss the principal challenges managers face in today's increasingly competitive global environment.***

KEY DEFINITIONS/TERMS

Competitive advantage: The ability of one organization to outperform other organizations because it produces the desired goods or services more efficiently and effectively than they do.
Conceptual skills: The ability to analyze and diagnose a situation and to distinguish between cause and effect.
Controlling: Evaluating how well an organization is achieving its goals and taking action to maintain or improve performance; one of the four principal tasks of management.
Core competency: The specific set of departmental skills, knowledge, and experience that allows one organization to outperform another.
Department: A group of people who work together and possess similar skills or use the same knowledge, tools, or techniques to perform their jobs.
Effectiveness: A measure of the appropriateness of the goals an organization is pursuing and the degree to which the organization achieves those goals.
Efficiency: A measure of how well or how productively resources are used to achieve a goal.

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Empowerment: The expansion of employees' knowledge, tasks, and decision-making responsibilities.
First-line manager: A manager who is responsible for the daily supervision of non-managerial employees.
Global organizations: Organizations that operate and compete in more than one country.
Human skills: The ability to understand, alter, lead, and control the behavior of other individuals and groups.
Innovation: The process of creating new or improved goods and services or developing better ways to produce or provide them.
Leading: Articulating a clear vision and energizing and enabling organizational members so that they understand the part they play in achieving organizational goals; one of the four principal tasks of management.
Management: The planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively.
Middle manager: A manager who supervises first-line managers and is responsible for finding the best way to use resources to achieve organizational goals.
Organizational performance: A measure of how efficiently and effectively a manager uses resources to satisfy customers and achieve organizational goals.
Organizational structure: A formal system of task and reporting relationships that coordinates and motivates organizational members so they work together to achieve organizational goals.
Organizations: Collections of people who work together and coordinate their actions to achieve a wide variety of goals or desired future outcomes.
Organizing: Structuring working relationships in a way that allows organizational members to work together to achieve organizational goals; one of the four principal tasks of management.
Outsourcing: Contracting with another company, usually abroad, to have it perform an activity the organization previously performed itself.
Planning: Identifying and selecting appropriate goals; one of the four principal tasks of management.
Restructuring: Downsizing an organization by eliminating the jobs of large numbers of top, middle, and first-line managers and non-managerial employees.
Self-managed team: A group of employees who assume responsibility for organizing, controlling, and supervising their own activities and monitoring the quality of the goods and services they provide.
Strategy: A cluster of decisions about what goals to pursue, what actions to take, and how to use resources to achieve goals.
Technical skills: The job-specific knowledge and techniques required to perform an organizational role.
Top manager: A manager, who establishes organizational goals, decides how departments should interact, and monitors the performance of middle managers.
Top management team: A group composed of the CEO, the COO, and the vice presidents most

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responsible for achieving organizational goals.
Turnaround management: The creation of a new vision for a struggling company based on a new approach to planning and organizing to make better use of a company's resources and allow it to survive and prosper.

CHAPTER RESOURCES

Below are links to resources for this chapter. For all Manager's Hot Seat Video Cases go to Connect and have students view the video and answer the multiple-choice questions.

Text Reference	Connect	In-Class Activity
A Manager's Challenge: CEO Fosters Growth at SurveyMonkey	Case Analysis: CEO at Apple	Management Challenges
Manager as a Person: What Makes Mandy Ginsberg a Good Fit for Match	Case Analysis: The Outsider at Ford	
Management Insight: Skills Required for a City Manager	Case Analysis: Crisis Management	
Ethics in Action: Giving Employees a Nudge		

CHAPTER OVERVIEW

Chapter 1 examines what management is, including what managers do, and how they use resources to achieve organizational goals. The chapter highlights the four main functions of management (*planning, organizing, leading, and controlling*), exploring the levels of management (*first-line, middle, and top*) as well as the importance of three types of managerial skills (*conceptual, human, and technical*). The chapter concludes with a discussion of the major changes and challenges brought forth by *increased globalization and advancement in information technology* and competition faced by managers today.

LECTURE OUTLINE

PowerPoint slides include additional material that can be used to expand the lecture. They are listed in appropriate places throughout the outline.

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TEXT REFERENCE
A MANAGER'S CHALLENGE
CEO Fosters Growth at SurveyMonkey

What difference can a manager make? In the case of Zander Lurie at SurveyMonkey, managing meant stabilizing a company and then leading it toward renewed growth. When Lurie, who headed GoPro's entertainment division, joined the board of directors at SurveyMonkey, it was simply a chance to share his financial expertise and collaborate with then-CEO, his close friend Dave Goldberg. But Goldberg died suddenly at the age of 47, and the survey software company's shocked employees needed leadership. The board appointed Lurie to find a replacement, but a few months after the new CEO was appointed, it became apparent that he was not a good fit. The board asked Lurie to take the position. Desiring to maintain his friend's legacy, Lurie resigned from GoPro to accept the challenge.

Goldberg had started the company 10 years earlier with just 10 employees, so one of Lurie's first actions was to help the employees process their grief. He surveyed employees about what they valued and customers about what product lines they liked. He opened lines of communication between him and employees below leadership level. Lurie closed a business line that was holding the company back.

Lurie's open line of communications with employees led to product enhancements and even improved benefits for employees. The company's commitment to valuing diversity has led to a diverse set of employees at all levels and enhanced their level of curiosity and creativity. Having achieved a solid and more fulfilled workforce, Lurie is turning his attention to future profit growth. He is translating his leadership success into corporate value.

Return to Chapter Resources.

I. WHAT IS MANAGEMENT?

LO1-1: Describe what management is, why management is important, what managers do, and how managers utilize organizational resources efficiently and effectively to achieve organizational goals.

SLIDE 4, 5, 6
What Is Management?

- All managers work in organizations.
- **Organizations** are collections of people who work together and coordinate their actions to achieve a wide variety of goals or desired future outcomes.
- Managers are the people responsible for supervising and making the most of an organization's human and other resources to achieve its goals.
- **Management** is the planning, organizing, leading and controlling of human and other resources to achieve organization goals effectively and efficiently.

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- An organization's *resources* include assets such as people and their skills, know-how, and experience; machinery; raw materials; computers and information technology; and patents, financial capital, and loyal customers and employees.

A. Achieving High Performance: A Manager's Goal

SLIDE 7 & 8
Achieving High Performance: A Manager's Goal

SLIDE 9
Figure 1.1: Efficiency, Effectiveness, and Performance in an Organization

SLIDE 10 & 11
Why Study Management?

TEXT REFERENCE
MANAGER AS A PERSON
What Makes Mandy Ginsberg a Good Fit for Match

Mandy Ginsberg brings a wealth of experience and skills to her position as CEO of Match Group, the owner of various popular dating sites, including Match, OkCupid, Hinge, and Tinder. She uses these strengths to carry out all four categories of managerial tasks.

Ginsberg's experience includes applying data about consumers to development of new products, so keeping ahead of the curve is both a well-developed skill and an exciting challenge. For her, planning how to ride the next wave of online-dating tools is a natural way to compete.

Understanding technology trends, being comfortable working with data, and openness to change all help Ginsberg take a flexible approach to organizing. Since she played team sports in high school and college, she understands how to get the best out of each team member and leads with those skills. Ginsberg's strength in data analytics not only helps with planning but also positions her to succeed at controlling.

Return to Chapter Resources.

- One of the most important goals that organizations and their members try to achieve is to provide some kind of good or service that customers value or desire.
- **Organizational performance** is a measure of how efficiently and effectively a manager uses resources to satisfy customers and achieve organizational goals.
  - **Efficiency** is a measure of how productively resources are used to achieve a goal.
  - A manager's responsibility is to ensure that an organization and its members perform as efficiently as possible all the activities needed to provide goods and services to customers.
  - **Effectiveness** is a measure of the *appropriateness* of the goals that managers have

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selected for the organization to pursue and the degree to which the organization achieves those goals.

B. Why Study Management?

- Because managers decide how to use many of a society's most valuable resources, they directly impact the wellbeing of a society and the people in it. Understanding what managers do and how they do it is of central importance to understanding how a society creates wealth and affluence for its citizens.
- Studying management reveals how to understand other people at work and make decisions and take actions that win the attention and support of the boss and coworkers, resolve conflicts between them, achieve team goals, and thus, increase performance.
- A person who has been working for several years and then returns to school for an MBA can usually, after earning the degree, find a more interesting, satisfying job that pays significantly more than the previous jobs.
  - Salaries increase rapidly as people move up the organizational hierarchy.
  - Salaries paid to top managers are enormous.

II. ESSENTIAL MANAGERIAL TASKS

LO1-2: Distinguish among planning, organizing, leading, and controlling (the four principal managerial tasks), and explain how managers' ability to handle each one affects organizational performance.

SLIDE 12
Figure 1.2 Four Tasks of Management

SLIDE 13
Steps in the Planning Process

SLIDE 14 & 15
Organizing

SLIDE 16
Leading

SLIDE 17 & 18
Controlling

SLIDE 19
Example: Match Group

SLIDE 20, 21, 22
Managerial Roles Identified

- Managers accomplish the company objectives by performing four essential managerial tasks: *planning, organizing, leading, and controlling.*

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A. Planning

- To perform the **planning** task, managers identify and select appropriate organizational goals and courses of action; they develop *strategies* for how to achieve high performance.
- The three steps involved in planning are:
  - Deciding which goals the organization will pursue
  - Deciding what strategies to adopt to attain those goals
  - Deciding how to allocate organizational resources to pursue the strategies that attain those goals
- The outcome of planning is a **strategy**, a cluster of decisions about what goals to pursue, what actions to take, and how to use resources to achieve goals.
  - A *low-cost strategy* is a way of obtaining customers by making decisions that allow an organization to produce goods or services more cheaply than its competitors, so it can charge lower prices than they do.
  - A *differentiation strategy* is a way of obtaining customers by making decisions that allow an organization to produce new, exciting, and unique goods or services (not contained in Chapter 1).
- Planning strategy is complex and difficult, especially because planning is done under uncertainty when the result is unknown, so that either success or failure is a possible outcome of the planning process.

B. Organizing

- **Organizing** is structuring working relationships so organizational members interact and cooperate to achieve organizational goals.
- The outcome of organizing is the creation of an **organizational structure**, a formal system of task and reporting relationships that coordinates and motivates members so they work together to achieve organizational goals.

C. Leading

- An organization's *vision* is a short, succinct, and inspiring statement of what the organization intends to become and the goals it is seeking to achieve.
- **Leading** is the articulation of a clear vision and energizing and enabling organizational members so they understand the part they play in achieving organizational goals.
- Leadership involves managers using their power, personality, influence, persuasion, and communication skills to coordinate people and groups so their activities and efforts are in harmony.

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D. Controlling

- Controlling is the process of evaluating how well an organization is achieving its goals and taking corrective actions to maintain or improve performance.
- The outcome of the control process is the ability to measure performance accurately and regulate organizational efficiency and effectiveness.
- To exercise control managers must decide which goals to measure—perhaps goals pertaining to productivity, quality and responsiveness to customers—and then they must design control systems that will provide the information necessary to assess performance—that is, determine to what degree the goals have been met.
- The controlling task also helps managers evaluate how well they are performing the other three tasks of management—planning, organizing, and leading—and take corrective action.

E. Performing Managerial Tasks: Mintzberg's Typology

- Henry Mintzberg, by following managers and observing what they actually *do* hour-by-hour and day-by-day, identified 10 kinds of specific roles, or sets of job responsibilities, that capture the dynamic nature of managerial work.
- He grouped these roles according to whether the responsibility was primarily decisional, interpersonal, or informational; they are described in Table 1.1:
  - Decisional:
    - Entrepreneur
    - Disturbance Handler
    - Resource Allocator
    - Negotiator
  - Interpersonal:
    - Figurehead
    - Leader
    - Liaison
  - Informational:
    - Monitor
    - Disseminator
    - Spokesperson

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CONNECT
CASE Analysis
CEO at Apple

SUMMARY
The brief case describes the journey of Steve Jobs to acquire management skills necessary for him to successfully lead his own company. Although Jobs was known for his innovation and ability to select new products for market, his abrasive management style at one point resulted in his ouster from Apple, the company he helped found. Only after subsequent experience in other ventures did he gain much needed management skills, which resulted in his being invited back to lead Apple again.

ACTIVITY
Lead a class activity using electronic polling (i>clicker-type) or group response such as Kahoot! (free online education quiz response system students can access with their phones or computers, see https://kahoot.com for info) to increase ability to identify the four functions of management. Prepare a PowerPoint, Kahoot! or easel with several brief descriptions/examples (one to five words) each of planning, organizing, leading and controlling. (**Note**: Kahoot! is especially fun for the class as it incorporates an element of friendly, fun competition. They create screen names, Micky Mouse if they want, as long as it's unobjectionable, and can see their rankings on the leader board as the game progresses)

CLASS DISCUSSION
Lead the class on which activity they think is the most important of the four functions. (Of course, all functions are necessary for organizational success, but the discussion encourages students to make and defend a choice.) This discussion can be held with the entire class or start in small groups and transition to the entire class.

Return to Chapter Resources.

III. LEVELS AND SKILLS OF MANAGERS

- To perform the four managerial tasks efficiently and effectively, organizations group or differentiate their managers in two main ways—by level in hierarchy and by type of skill.
- Organizations differentiate managers according to their level or rank in the organization's hierarchy of authority. The three levels of managers are first-line managers, middle managers, and top managers—arranged in a hierarchy.
- Organizations group managers into different departments (or functions) according to their specific job-related skills, expertise, and experiences, such as a manager's engineering skills, marketing expertise, or sales experience.
    - A **department** is a group of people who work together and possess similar skills or knowledge, tools, or techniques to perform their jobs.

A. Levels of Management

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LO1-3: Differentiate among three levels of management, and understand the tasks and responsibilities of managers at different levels in the organizational hierarchy.

SLIDE 23, 27
Levels and Skills of Managers

SLIDE 24
FIGURE 1.3 Levels of Management

SLIDE 25, 26
Levels of Management

- Organizations normally have three levels of management: first-line managers, middle managers, and top managers (Figure 1.3).
- At the base of the managerial hierarchy are **first-line managers**, often called supervisors. They are responsible for daily supervision of the nonmanagerial employees who perform the specific activities necessary to produce goods and services.
- Supervising the first-line managers are **middle managers**, responsible for finding the best way to use resources to achieve organizational goals.
- **Top managers** establish organizational goals, decide how departments should interact, and monitor the performance of middle managers. They have *cross-departmental* responsibility.
  - The *chief executive officer* (CEO) is a company's most senior and important manager, the one all other top managers report to.
  - The term *chief operating officer* (COO) often refers to the top manager who is being groomed to take over as CEO when the current CEO becomes the chair of the board, retires, or leaves the company.
  - Together the CEO and COO are responsible for developing good working relationships among the top managers of various departments; usually these top managers have the title "vice president."
  - A central concern of the CEO is the creation of a smoothly functioning top management team, a group composed of the CEO, the COO, and the vice presidents most responsible for achieving organizational goals.
- The relative importance of planning, organizing, leading, and controlling—the four principal managerial tasks—to any particular manager depends on the manager's position in the managerial hierarchy.
  - The amount of time managers spend planning and organizing resources to maintain and improve organizational performance increases as they ascend the hierarchy (Figure 1.4).

B. Types of Managerial Skills

LO1-4: Distinguish between three kinds of managerial skills, and explain why managers are divided into

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different departments to perform their tasks more efficiently and effectively.

SLIDE 28
Types of Managerial Skills

SLIDE 29
Figure 1.5: Types and Levels of Managers

SLIDE 30
Core Competency

- Both education and experience enable managers to recognize and develop the personal skills they need to put organizational resources to their best use.
- Research has shown that education and experience help managers acquire and develop three types of skills: conceptual, human, and technical.
- **Conceptual skills** are demonstrated in the general ability to analyze and diagnose a situation and to distinguish between cause and effect.
  - Top managers require the best conceptual skills because their primary responsibilities are planning and organizing.
  - Formal education and training are important in helping managers develop conceptual skills.
  - Today, continuing management education and training, including training in advanced technology, are an integral step in building managerial skills, because new theories and techniques are constantly being developed to improve organizational effectiveness.
  - Organizations may also wish to develop a particular manager's abilities in a specific skill area.
- **Human skills** include the general ability to understand, alter, lead, and control the behavior of other individuals and groups.
  - The ability to communicate, coordinate, and motivate people, and to mold individuals into a cohesive team, distinguishes effective from ineffective managers.
  - These skills can be learned through education, training, and experience.
- ***Technical skills*** are the *job-specific* skills required to perform a particular type of work or occupation at a high level.
  - The array of technical skills managers need depends on their position in their organizations.
  - Managers and employees who possess the same kinds of technical skills typically become members of a specific department.
  - Figure 1.5 shows how an organization groups managers into departments on the basis of their job-specific skills.
- The term **core competency** is often used to refer to the specific set of departmental skills, knowledge, and experience that allows one organization to outperform its competitors.

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  - Departmental skills that create a core competency give an organization a *competitive advantage*.
- Effective managers need all three types of skills—conceptual, human, and technical—to help their organizations perform more efficiently and effectively.
- Developing new and improved skills through education and training has become a priority for both aspiring managers and the organizations they work for.

TEXT REFERENCE
MANAGEMENT INSIGHT
Skills Required for a City Manager

Businesses are not the only organizations that need people with management skills. Governments are an important sector of the economy that also employs managers. Many cities, for example, have a government structure in which an elected city council hires a manager to oversee the work of the city government. A city manager faces the challenge of serving a diverse group of citizens while also maintaining productive relationships with the elected officials who hired him or her. Jim Schutz recalls that when he became city manager of San Rafael, California, he faced a steep learning curve. On any given day, the issues he faced included personnel matters, budget shortfalls, emergencies involving the police and fire departments, and publicly aired complaints from unhappy residents.

Schutz faced the challenges of his job with a service-oriented approach aimed at seeing the positives in the community. He discovered that the key to his success was the ability to work with people, and he continually had to work to build support for new ideas that required spending tax dollars or changing policies. Preparation for the job of city manager often involves an advanced degree and experience working in local government. A group of public managers in Massachusetts decided to pool their experience to create a "boot camp" training program for new city managers aimed at improving human skills such as working effectively with government colleagues, taking a leadership role in the community, and developing a network for career support. City managers have found that sharing experiences at the "boot camp" is a valuable way to build skills for their complex jobs.

Return to Chapter Resources.

CONNECT
CASE ANALYSIS
The Outsider at Ford

SUMMARY
Today's competitive global environment presents many challenges to managers. One of the main challenges is building a competitive advantage by increasing efficiency and customer responsiveness. This case analysis details the challenges faced by former Ford Motor Company CEO Alan R. Mulally. Contains seven assignable multiple-choice questions from learning objectives 01-01, 01-03, 01-04 and 01-05.

ACTIVITY

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Have class form small groups and discuss how effectiveness is different from efficiency. Each group should come up with an example of both to share with the class.

CLASS DISCUSSION
Have groups share their findings and examples. (An easy to understand example is to use firefighters. When they train to climb ladders in all their gear and practice carrying rescued victims back down to the ground that builds efficiency. When they learn to lean the ladder against the correct wall, that is effectiveness.)

Return to Chapter Resouces.

IV. RECENT CHANGES IN MANAGEMENT PRACTICES

LO1-5: Discuss some major changes in management practices today that have occurred as a result of globalization and the use of advanced technologies.

- Two major factors that have led to these changes are global competition and advances in technology.

SLIDE 31
Recent Changes in Management Practices

A. Restructuring and Outsourcing

- **Restructuring** involves simplifying, shrinking, or downsizing an organization's operation to lower operating costs. It downsizes an organization by eliminating the jobs of large numbers of top, middle, and first-line managers and nonmanagerial employees.
- Modern technology's ability to improve efficiency has increased the amount of downsizing in recent years because technology makes it possible for fewer employees to perform a given task.
- **Outsourcing** involves contracting with another company, usually in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.
  - Outsourcing increases efficiency because it lowers operating costs, freeing up money and resources that can be used in more effective ways—for example, to develop new products.
  - The need to respond to low-cost global competition has speeded outsourcing dramatically in the 2000s.
- Large for-profit organizations today typically employ 10% to 20% fewer people than they did 10 years ago because of restructuring and outsourcing.

C. Empowerment and Self-Managed Teams

SLIDE 32

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Empowerment and Self-Managed Teams

- **Empowerment** is a management technique that involves giving employees more authority and responsibility over how they perform their work activities. It is the expansion of employees' knowledge, tasks, and decision-making responsibilities.
- Technology is being increasingly used to empower employees because it expands employees' job knowledge and increases the scope of their job responsibilities.
- Technology also facilitates the use of a **self-managed work team**, a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities.

V. CHALLENGES FOR MANAGEMENT IN A GLOBAL ENVIRONMENT

LO1-6: Discuss the principal challenges managers face in today's increasingly competitive global environment.

SLIDE 33
Challenges for Managing in a Global Environment

- The rise of **global organizations**, organizations that operate and compete in more than one country, has pressured many organizations to identify better ways to use their resources and improve their performance.
- Five major challenges stand out for managers in today's world:
  - Building a competitive advantage
  - Maintaining ethical standards
  - Managing a diverse work force
  - Utilizing new information systems and technologies
  - Practicing global crisis management

SLIDE 34
Building Competitive Advantage

SLIDE 35
Figure 1.6 Building Blocks of Competitive Advantage

SLIDE 36
Turnaround Management

A. Building Competitive Advantage

- **Competitive advantage** is the ability of one organization to outperform other organizations because it produces desired goods or services more efficiently and effectively than its competitors.
- The four building blocks of competitive advantage are superior:

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  - Efficiency
  - Quality
  - Speed, flexibility, and innovation
  - Responsiveness to customers (Fig. 1.6)
- Organizations increase their efficiency when they reduce the quantity of resources they use to produce goods or services.
  - Many organizations are training their workforces in the new skills and techniques needed to operate heavily computerized assembly plants.
- One major thrust to improving quality has been to introduce the quality-enhancing techniques known as *total quality management* (TQM).
  - Employees involved in TQM are often organized into quality control teams and are responsible for finding new and better ways to perform their jobs; they also must monitor and evaluate the quality of the goods they produce.
- Today companies can win or lose the competitive race depending on their speed—how fast they can bring new products to market—or their flexibility —how easily they can change or alter the way they perform their activities to respond to actions of their competitors.
  - Companies that have speed and flexibility are agile competitors: Their managers have superior planning and organizing abilities; they can think ahead, decide what to do, and then speedily mobilize their resources to respond to a changing environment.
- **Innovation**, the process of creating new or improved goods and services that customers want or developing better ways to produce or provide goods and services, poses a special challenge.
  - Managers must create an organizational setting in which people are encouraged to be innovative.
- Organizations compete for customers with their products and services, so training employees to be responsive to customers' needs is vital for all organizations, but particularly for service organizations.
  - Many organizations are empowering their customer service employees and giving them the authority to take the lead in providing high-quality customer service.
- Sometimes the best efforts of managers to revitalize their organization's fortunes fail; and faced with bankruptcy, the directors of these companies are forced to appoint a new CEO who has a history of success in rebuilding a company.
  - **Turnaround management** is the creation of a new vision for a struggling company based on a new approach to planning and organizing, to make better use of a company's resources and allow it to survive and prosper.
- Achieving a competitive advantage requires that managers use all their skills and expertise, as well as their companies' other resources, to find new and improved ways to improve efficiency, quality, innovation, and responsiveness to customers.

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Management Challenges
In-Class Activity

Have students talk in small groups to brainstorm answers to the question: What is the most difficult challenge of a manager?

Briefly review the rules of brainstorming (someone takes notes to capture ideas, all ideas are recorded—no ideas are too crazy, make no value judgments—good or bad, everyone should be heard). After brainstorming, groups refine their choice and agree on the top problem.
While groups are brainstorming, write the four principal managerial tasks (planning, organizing, leading and controlling) on the board as column headings.

As groups report out their top problems, ask the group and the class to try to determine which of the four categories the problem fits (you may need to use some probing questions to nudge them to the correct conclusion.) Write an abbreviated version of the problem under the appropriate heading.

Continue until all problems are boarded. Briefly discuss the results (which category had the most entries, possible reasons for the outcome, etc.). Conclude with an observation that the course should enable them to better understand how to handle the problems.

(**Note to instructor:** if you take a picture of the board or copy it down, you can refer to it later in the semester to introduce appropriate managerial topics. This could also be a good list to review at the end of the semester.)

Return to Chapter Resources.

SLIDE 37
Maintaining Ethical and Socially Responsible Standards

B. Maintaining Ethical and Socially Responsible Standards

- Managers at all levels, especially after the recent economic crisis, are under considerable pressure to make the best use of resources to increase the level at which their organizations perform.
- Pressure to increase performance can be healthy for an organization, because it leads managers to question how the organization is working, and it encourages them to find new and better ways to plan, organize, lead, and control.

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- However, too much pressure may induce managers to behave unethically, and even illegally, when dealing with people and groups inside and outside the organization.
- The issue of social responsibility centers on deciding what obligations a company has toward the people and groups affected by its activities—such as employees, customers, or the cities in which it operates.

SLIDE 38
Managing a Diverse Workforce

C. Managing a Diverse Workforce

- A major challenge for managers everywhere is to recognize the ethical need and legal requirement to treat human resources fairly and equitably.
- Today the age, gender, race, ethnicity, religion, sexual preference, and socioeconomic composition of the workforce present new challenges for managers.
- To create a highly trained and motivated workforce, and to avoid lawsuits, managers must establish human resource management (HRM) procedures and practices that are legal and fair and do not discriminate against any organizational members.
- Managers who value their diverse employees succeed best in promoting performance over the long run.
- Today more organizations are realizing that people are their most important resource and that developing and protecting human resources is the most important challenge for managers in a competitive global environment.

SLIDE 39
Utilizing New Technologies

D. Utilizing Technology and E-Commerce

- Increasingly, new kinds of technology enable not just individual employees but also self-managed teams by giving them important information and allowing virtual interactions around the globe using the Internet.
- Increased global coordination helps improve quality and increase the pace of innovation.

SLIDE 40 & 41
Practicing Global Crisis Management

E. Practicing Global Crisis Management

- The causes of global crises or disasters fall into two main categories:
  - Natural causes—crises that arise because of natural causes, including hurricanes,

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tsunamis, earthquakes, famines, and diseases.
  - Human causes—human-created crises result from factors such as industrial pollution, poor attention to worker and workplace safety, global warming, the destruction of the natural habitat or environment, and geopolitical tensions and terrorism.
- Crisis management involves making important choices about how to:
  - Create teams to facilitate rapid decision making and communication
  - Establish the organizational chain of command and report the relationships necessary to mobilize a fast response
  - Recruit and select the right people to lead and work in such teams
  - Develop bargaining and negotiating strategies to manage the conflicts that arise whenever people in groups have different interests and objectives

CONNECT
CASE ANALYSIS
Crisis Management

SUMMARY
As a way to examine crisis management, the case discusses the outcome of the investigation into the 2010 Massey coal mine explosion that killed twenty-nine miners. Massey's management was determined to be at fault and the explosion preventable.

ACTIVITY
Review and present the Tylenol cyanide murders https://www.pbs.org/newshour/health/tylenol-murders-1982 .

CLASS DISCUSSION
Discuss how the Tylenol murders were handled by the company (Johnson & Johnson also issued a voluntary recall of the medication to protect consumers). Ask the class to recall more recent natural or manmade disasters and how they were handled. Depending on what is suggested by the class, the discussion can include how the disaster could have been prevented, mitigated, and handled better, and whether crisis management was successful, and why.

Return to Chapter Resources.

TEXT REFERENCE
ETHICS IN ACTION
Giving Employees a Nudge

Why would employees behave unethically? Do they lack knowledge about what is ethical or do they prefer unethical options? Many companies promote ethics via training, which assumes employees require knowledge about ethical behavior. However, if you think most people already know that lying, cheating, stealing, and

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hurting people are unethical, you are not alone.

According to studies of behavioral ethics, people generally do not set out to make unethical decisions. Rather, they might overlook the ethical dimensions, or they might downplay the ethical issues—say, by thinking an unethical action will not hurt anyone or is what everyone else is doing.

Seeing that context affects decision making, organizations that foster ethics are looking at ways to shape the context. An increasingly popular idea is the "nudge." A nudge involves changing the situation in a way that makes a particular decision more likely without forcing that option. To nudge, organizations can make ethical options easier, more convenient, or more socially acceptable. Examples of a nudge are sharing data about overprescribing of antibiotics with the physicians who are overprescribing or telling pilots you are studying fuel consumption so they can be more mindful of the need to reduce fuel use.

Nudges show promise as a tool for ethical behavior, but employers must be careful to nudge ethically. In particular, employees should know they are being nudged, and they should have some degree of freedom to make their own choices within the job requirements.

Return to Chapter Resources.

LECTURE ENHANCERS

Lecture Enhancer 1.1
WHY COMPANIES FAIL

CEOs often attempt to explain poor corporate performance with external environmental factors outside of their control, such as a bad economy, market turbulence, or competitive subterfuge. A close study of corporate failure, however, suggests that most companies flounder because of managerial error, according to a recent article in *Fortune*. By failure, the article's authors are referring to any type of dramatic fall from grace, which may or may not result in bankruptcy. Often these failures are years in the making and are unique to the company's own industry and culture. Below is a list of some of the mistakes made by corporate leaders that often lead to the downfall of their organizations.

Softened by Success: A number of studies show that people are less likely to make optimal decisions after prolonged periods of success. NASA, Enron, Lucent, and WorldCom had all reached the mountaintop before they ran into trouble.

See No Evil: Author Jim Collins says that a litmus test of greatness within a company is its willingness to confront brutal facts head-on instead of trying to explain them away. Andy Grove and Gordon Moore of Intel passed this test. While watching their competitors change memory chips into a cheap commodity, they made the decision to exit the chip business and enter the

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microprocessor business. However, Polaroid and Xerox failed. Both were slow to confront the changing world around them and face the fact that their business models were no longer sustainable.

Fearing the Boss More Than the Competition: Sometimes CEOs don't get the information they need because their subordinates are afraid to tell them the truth. Although it may not be CEOs' intent, sometimes a subtle signal, such as sour expression or curt response, can signal that bad news is not welcome. An example is Samsung Chairman Lee Kun Hee's 1997 decision to take the company into the automobile business. Knowing that this industry was crowded and plagued with overcapacity, many of Samsung's top managers silently opposed this decision but were unwilling to confront their forceful leader. Samsung Motors closed after its first year of production.

Listening to Wall Street more than to employees: During the late 1990's, Lucent's CEO was delivering the top-line growth that Wall Street wanted, and in return, Wall Street lavished the company with attention. But as McGinn continued to perform for investors, he failed to listen to his own scientists, who feared the company was missing out on an important new technology, and his own salespeople, who realized that sales targets were becoming increasingly unrealistic.

Strategy Du Jour: When companies run into trouble, the desire for a quick fix can become overwhelming. The frequent result is illustrated by a description of A&P by author Jim Collins. "A&P vacillated, shifting from one strategy to another, always looking for a single stroke to quickly solve its problems. It held pep rallies, launched programs, grabbed fads, fired CEOs, hired CEOs, and hired them again." Lurching from one silver bullet solution to another, the company never gained any traction.

Taken from the *Why Companies Fail*, by Ram Charan and Jerry Useem, published in the May 27, 2002 issue of *Fortune* Magazine.

Lecture Enhancer 1.2
WHY GOOD EMPLOYEES CAN BE BAD MANAGERS

You have a good employee, a hard worker, technically proficient. You promote him, and it turns out to be a bad decision. You have promoted your best technical employee, and in the process, lose a good employee and gain a poor manager. How does this happen?

Good technical employees can make good managers, of course, but many do not. Good technical specialists—engineers, accountants, computer gurus, financial analysts, statistical experts—are more likely to have introvert personalities. Introverts prefer to work alone. They revel in painstaking details, meaningful paperwork, tedious activities, and precision. They can focus for

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hours on extracting meaningful data from mounds of information. The presence of ambiguity and clutter motivates them to find the "perfect solution."

The traits that make technical experts successful actually get in the way of managing others. The world of the worker encourages them to seek precision and order. By contrast, the management role is messy, complicated, and ambiguous. Additionally, the sense of pride and reward for completing a task is missing.

Relationship complexities are more dynamic than task complexities. Management analysis must account for distasteful political elements, egos, pride, insecurities, envy, hurt feelings, and petty conflicts.

To make the successful transition to leadership, technical experts learn to rely more upon their instincts, insights, intuitions, and tolerance for human equations, underlying values, and their "feel" for things. Rational analysis is still important; it just is not sufficient.

MANAGEMENT IN ACTION

Notes for Topics for Discussion and Action

DISCUSSION

1. *Describe the difference between efficiency and effectiveness and identify real organizations you think are, or are not, efficient and/or effective.*

An organization's performance is directly tied to the levels of efficiency and effectiveness exhibited by managers within the organization. Efficiency is described as a measure of how well or productively resources are used to achieve an organizational goal. Efficiency can be increased by minimizing inputs needed to achieve desired outputs. Effectiveness is a measure of the appropriateness of the goals chosen and the degree to which they are achieved. Organizations are more effective when managers choose appropriate goals and then achieve them.

2. *In what ways can managers at each of the three levels of management contribute to organizational efficiency and effectiveness?*

Efficiency is a measure of how well or productively resources are used to achieve a goal. First-line managers can contribute to organizational efficiency by instituting quality control procedures. Production should be monitored to ensure that the goods and services are produced without defects to prevent wasted materials, returned merchandise, and/or unsatisfied customers. The first-line manager should be very familiar with how his or her employees complete their

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tasks and responsibilities, meeting with them on a regular basis to discuss alternative methods that could save time and materials. Middle managers can contribute to organizational efficiency by finding ways to help first-line managers and employees better utilize resources in order to reduce manufacturing costs or improve the way services are provided to customers. They are responsible for ensuring that employees are properly trained and are equipped with the necessary skills and have access to the most efficient technology and machinery. Top managers can contribute to organizational efficiency by ensuring that departments throughout the company are cooperating with each other in the most efficient manner. It is important for them to determine if it is more economical to provide certain resources in-house (such as marketing, legal, accounting) or outsource these functions to external agencies.

Effectiveness is a measure of the appropriateness of the goals chosen and the degree to which they are achieved. First-line managers can contribute to organizational effectiveness by informing their employees of the expectations and goals that are set for them and discussing the best way to fulfill those goals and expectations. In addition, he or she might include the employees in setting appropriate goals that they both feel are obtainable. The first-line manager should periodically give feedback to his or her employees to let them know if they are on the right track in meeting pre-set goals and expectations. Middle managers can contribute to organizational effectiveness by evaluating whether or not the goals that an organization is pursuing are appropriate, and by suggesting ways in which they could be changed. Top managers can contribute to organizational effectiveness by establishing appropriate organizational goals. They are responsible for deciding which goods and services the company should produce. In addition, they must monitor their middle managers throughout the organization to ensure that they are making the most effective use of their resources to accomplish goals.

3. *Identify an organization that you believe is high performing and one you believe is low performing. Give five reasons why you think the performance levels of the two organizations differ so much.*

(**Note to instructor:** Due to the nature of this question, individual answers may vary widely. Examples of factors affecting performance are listed.)

Organizations that operate at different performance levels (high vs. low performing organizations) may have many different factors affecting their performance:

- The high performing organization has managers who interact with and motivate employees, while the low performing organization has managers who are aloof and do not interact with or motivate employees directly, perhaps negatively affecting morale.
- The high performing organization has managers who set difficult but achievable goals for their employees. A low performing organization may not set goals, or the ones they do set are vague and difficult to attain.

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- In a high performing organization, bonuses or rewards are directly tied to the company's performance. In a low performing organization, bonuses or rewards are tied to other criteria, which may or may not include performance.
- High performing organization managers are able to delegate authority and hold employees responsible for meeting organizational goals. Managers from low performing organizations may not be able to effectively delegate authority or hold employees responsible for achieving goals.
- Managers who solicit feedback from employees on how to manage the organization efficiently and effectively and use this information wisely will likely have a higher performing organization than managers who refuse to listen to their employees' suggestions for improving organizational performance.
- Managers in high performing organizations tend to take a "hands-on" approach to management, for example, visiting a production line and learning the day-to-day operations of an organization. Managers in low performing organizations tend to not take this approach, preferring to hear about problems or situations through indirect communication with employees.
- High-performing organizations have managers who are able to choose appropriate goals to pursue, to decide what courses of action to adopt to attain those goals, and to allocate resources to attain those goals. In other words, these managers plan effectively. Low performing organizations may have managers who lack the ability to plan effectively.
- Managers in high-performing organizations know how to organize, or how to establish relationships within the organization that allow employees to work together toward achieving organizational goals. Managers in low performing organizations may be ineffective in establishing these important relationships within their organization.
- Leading involves determining direction, articulating a clear vision for employees to follow, and energizing and enabling employees so they understand the part they play in achieving organizational goals. High performing organizations have effective leaders, while low performing organizations have ineffective leaders who are unable to encourage employees to perform at a high level.
- High-performing organizations have managers who are proficient at controlling or evaluating how well the organizations achieve their goals, and are capable of taking corrective action to maintain and improve performance. Low performing organizations may have managers who are unable to evaluate and adapt to changing performance needs.

4. *What are the building blocks of competitive advantage? Why is obtaining a competitive advantage important to managers?*

The four building blocks of competitive advantage are increasing efficiency, increasing quality, increasing speed, flexibility and innovation, and responsiveness to customers.

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Organizations can increase efficiency by reducing the resources they use to produce their goods or services. Organizations can increase the quality of the goods and services they produce by implementing, monitoring, and evaluating procedures to reduce the number of defective products that reach the customer. Organizations can increase innovation by encouraging employees to think creatively to create new products or methods of completing tasks. Also, organizations need to take risks to follow through in implementing the best employee ideas. Organizations can increase responsiveness to customers by providing customer service to address the needs of the customer during and after their purchase.

Obtaining competitive advantage is an important aspect of management today because organizations compete in a global environment. Often, organizations face competitors who are able to provide the same goods and services for a lower price because they utilize lower cost resources from foreign countries.

5. *In what ways do you think managers' jobs have changed the most over the last 10 years? Why have these changes occurred?*

Many new challenges face today's managers, including changes in the workforce, the environment, and organizational cultures themselves. As the workforce becomes increasingly diverse, managers must establish HRM procedures that are legal, fair, and do not discriminate among any organizational members. Managers must recognize the performance enhancing benefits of a diverse workforce and develop strategies and practices that take advantage of different kinds of people.

In addition to effectively managing diversity, managers must be prepared to compete in an increasingly globalized environment. The breakdown of barriers between formerly distinct economies has forced companies to improve performance in order to compete successfully with companies around the world. Managers can learn to keep their competitive advantage by achieving superior efficiency, increasing quality, increasing innovation, and increasing responsiveness to customers. In order to achieve these goals, managers must encourage creativity in finding new ways to use resources efficiently, empower their employees to monitor and evaluate quality, reward risk taking, and encourage employees to provide outstanding customer service.

The nature of a manager's job has also changed in response to the shift in industry concentration of the United States, from manufacturing to a more service-oriented emphasis. This has caused a modification in the nature of the work performed and mandated a greater emphasis on personal relations and leadership skills.

In addition, managers need to take advantage of the technological advances that offer

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opportunities to increase responsiveness to customers, improve quality, facilitate communication, and increase the rate of innovation. Organizations that can harness the power of these new technologies and information systems to increase performance will maintain a competitive advantage in an increasingly complex business environment.

ACTION

6. *Choose an organization such as a school or a bank, visit it, and then list the different kinds of organizational resources it uses. How do managers use these resources to maintain and improve its performance?*

(**Note to instructor:** Due to the nature of this question, individual answers may vary widely. An example of a school is provided below.)

In order to provide the best educational environment for its students, George Washington High School makes use of many organizational resources from within and outside of the school. Internal resources include department heads (e.g., social studies, math, science, English, etc.) that closely manage the teachers in their department; the roster office that handles scheduling; counseling and psychological services that provide testing and guidance for students; the athletic department that provides organized and competitive sports in which many students participate; the custodial and maintenance workers that handle the physical needs of the building such as cleaning, heating and repairs; secretaries that help with administrative functions; the public address system for communication; computers used for teaching and organizing information; finances received from school district to purchase books, supplies and equipment; and the cafeteria that provides meals for both students and teachers.

G.W.H.S. also utilizes resources external to the organization. They include the surrounding community and organizations within it, the local police department, as well as private organizations that provide mentorship and internships for students. As in most localities, G.W.H.S. falls under the jurisdiction of a local school district that provides administrative support, training, curriculum support, information technology, research, and supplemental facilities maintenance. All resources, whether obtained internally or externally, are essential to the successful operation of this school.

7. *Visit an organization and talk to first-line, middle, and top managers about their respective management roles in the organization and what they do to help the organization be efficient and effective.*

(**Note to instructor:** Due to the nature of this question, individual answers may differ widely, though students should address the following points in their answers.)

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Managers at various levels within an organization have different but related types of responsibilities for utilizing organizational resources to increase efficiency and effectiveness. First-line managers have the day-to-day responsibility of supervising the employees who actually perform the activities necessary to produce goods and services. Given the knowledge of day-to-day operations that first-line managers have, they are often in a good position to make suggestions to middle managers on how processes can be made more effective and efficient.

Middle managers supervise first-line managers and are also responsible for finding the best way to combine human and other resources to achieve organizational goals. Middle managers increase efficiency by finding ways to help first-line managers and non-management employees better utilize resources in order to reduce manufacturing costs and or improve the way services are provided to customers. To increase effectiveness, middle managers are responsible for evaluating whether or not the goals that an organization is pursuing are appropriate and for suggesting ways in which they could be changed. Since achieving these goals efficiently is the main focus, middle managers try to find the best ways to use organizational resources. They also nurture and develop in others the organizational skills that are necessary for an organization to be efficient and effective.

Top managers are at the apex of the managerial pyramid. They are responsible for supervising all the departments in an organization and deciding how the different departments can cooperate and work together to achieve organizational goals. They are ultimately responsible for the success or failure of an organization. Top managers are responsible for establishing appropriate organizational goals and monitoring the performance of each department in achieving those goals. Most of their time is devoted to planning and organizing resources to maintain and improve efficiency and effectiveness, which determine an organization's long-term performance.

8. *Ask a middle or top manager, perhaps someone you already know, to give examples of how he or she performs the management functions of planning, organizing, leading, and controlling. How much time does he or she spend in performing each task?*

Mark Jayton is a production manager at clothing manufacturing company. In our discussion he informed me that he performs all four management functions to varying degrees. He spends time at the end of each month, quarter, and year developing departmental budgets, goals, and strategies for the upcoming period. After completing these strategic plans, he must disseminate them to both his superiors and subordinates. He spends time organizing on a weekly basis as he determines which project team should work on which production line and in what order the projects should be completed. This ensures that human and material resources are used to their full capacity. Mark devotes some time each day to motivating his employees and is always available to listen to their concerns and suggestions, which exemplifies leading. Also, Mark regularly monitors the performance of his department at all levels so that he can be proactive in

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dealing with any issues or problems that could arise, which exemplifies controlling.

9. *Like Mintzberg, try to find a cooperative manager who will allow you to follow him or her around for a day. List the types of roles the manager plays and how much time he or she spends performing them.*

Peter Johnson is the manager of a real-estate office. This job requires him to perform many of the roles Mintzberg identified. Peter acts as a *figurehead* since he is the person who symbolizes to others what his organization is and what it is seeking to achieve. As a *leader*, he models for his field agents the appropriate ways to behave in the organization, with his professional manner and enthusiasm. As a *disseminator,* he informs field agents about changes occurring within the industry and local communities that his office serves. Another important part of Peter's job is that of *liaison*, as he attempts to establish beneficial working relationships between his organization and various community organizations, as well as the local government. As a *monitor*, Peter evaluates the performance of his field agents and makes suggestions to improve their level of performance. He also works as a *resource allocator,* deciding how to distribute resources like office space and computer hardware and software throughout the organization. Finally, as a *negotiator*, Peter resolve differences of opinion that sometimes arise within the office.

AACSB: Analytic and Reflective Thinking

BUILDING MANAGEMENT SKILLS

Thinking about Managers and Management

1. Think of your direct supervisor. Of what department is he or she a member and at what level of management is this person?

Janice Lewis is an audit manager at a large accounting firm. Her position is considered middle-management since she reports to the partners of the firm and is responsible for managing the supervisors who closely monitor the staff associates on a day-to-day basis.

2. How would you characterize your supervisor's approach to management? For example, which particular management tasks and roles does this person perform most often? What kinds of management skills does the manager have?

Janice performs the four functions of management to different degrees. She is involved in *planning* when she determines strategies for soliciting customers and recruiting new employees.

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She also determines which of her supervisors and staff associates would be best suited to work with certain clients. Janice performs the *organizing* function by choosing team members who will work together to achieve the goals that she has assigned them. She needs to coordinate the efforts of the support staff, such as the tax department, whose services are essential in completing the project. She also needs to allocate her staff appropriately so that all of the firm's client needs are met in a timely manner. When beginning a new project, Janice exercises her *leadership* skills by holding meetings with the entire staff to communicate goals for the project and empower the staff to complete their assigned tasks. Her confident nature coupled with her accounting expertise motivates her team to enthusiastically tackle the challenges that she has assigned each of them. She continues to *control* the project by holding weekly meetings with her team to assess their progress and provide necessary feedback. She reviews the work that they have completed and makes recommendations for any necessary changes. At this point she determines whether her team is on schedule with the budget and, if necessary, how they can better manage their time.

Janice performs many of the interpersonal, informational and decisional roles coined by Mintzberg. Within the category of interpersonal roles, she is required to act as a *figurehead, leader and liaison* among and between her team members. She performs informational roles by *monitoring* technical and client specific information and *disseminating* the necessary information to clients and staff. She acts as a *spokesperson* when she represents the firm at various meetings, presentations and recruiting events. Within the category of decisional roles, she must act as an *entrepreneur* in determining what lines of business are best to solicit, a *disturbance handler* when any unforeseen events affect the progress of her team, a *resource allocator* in determining which employee should work on which project, and a *negotiator* when she must resolve conflicts with other managers regarding the scheduling of her team members.

Janice possesses tremendous technical and human skills. Her technical skills include her ever-increasing accounting expertise as well as her up-to-date knowledge of the issues facing her clients and their industry. She exercises her human skills every time she interacts with supervisors, staff associates, partners, support staff, and clients.

3. Are the tasks, roles, and skills of your supervisor are appropriate for the particular job he or she performs? How could this manager improve his or her task performance? How can technology affect this?

Janice possesses the functions, roles and skills that are necessary for her to effectively manage her project teams, while also satisfying the customer and soliciting new business on a regular basis. However, she needs work on her conceptual skills. At times she has trouble seeing the big picture when it comes to managing the careers of employees. She is very good at ensuring that she has the best people on the team and that they are equipped with the technical skills needed

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for that project, but is lacking when it comes to the development needed for them to progress to the next level. She has a habit of handling the more technically difficult aspects of the project instead of involving team members so that they will become more proficient in those areas.

Clearly, Janice needs to do a better job of empowering her employees. She should consider delegating additional technical tasks to teams of employees, serving as their coach instead of providing direct supervision, and using technology to monitor the progress of those teams.

4. How did your supervisor's approach to management affect your attitudes and behavior? For example, how well did you perform as a subordinate and how motivated were you?

As a result of the functions she performed, the skills she possessed, and the roles she fulfilled, I found that Janice's management style had a positive effect on my attitudes and my work performance. I was very motivated to provide top quality work and eager to please a well-respected figurehead in my organization. To make up for any deficiency in Janice's conceptual skills of "seeing the big picture," I found myself feeling more responsible for my future growth and development. This did not prevent me from performing to my full potential; it merely meant that I needed to spend my own time and energy to ensure that I gained the additional skills and knowledge that I did not learn while working on Janice's projects.

5. Think of the organization and its resources. Do its managers utilize organizational resources effectively? Which resources contribute most to the organization's performance?

Being a service oriented organization made it necessary to ensure that organizational resources were utilized most effectively and efficiently. In a service organization, the "human" resources are the most valuable resources that the company possesses. The accounting firm has an entire department devoted to scheduling employees to project teams in response to managers' requests. In addition, they have an in-house educational department that spends a great deal of time and money on employee training and development.

6. Describe the way the organization treats its human resources. How does this treatment affect the attitudes and behaviors of the workforce?

To a great extent this accounting firm values its most precious resource, its employees. They organize social functions on a regular basis during the busiest times of the year to reward employees for hard work and provide some relaxation. In addition, employees are rewarded monetarily for overtime worked and receive annual bonuses based on performance. Problems arise when managers are extremely demanding of their project teams and require them to meet unreasonable budgets. As a result, employees feel forced to neglect their personal obligations and needs. Fortunately, the human resource department monitors the hours worked by all

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employees and consults with managers when their teams are working an exorbitant number of hours. In response to the professional nature of the firm and the high level of respect for it by most employees, the vast majority of employees are extremely motivated and self-driven.

7. If you could give your manager one piece of advice or change one management practice in the organization, what would it be?

I would suggest to Janice that she take a more proactive role in the management of her subordinate's careers. By looking at the "big picture," she can help to develop smoother transitions for them as their careers progress. If she would include subordinates in the more difficult tasks of the project, they could benefit tremendously while gaining the experience and exposure necessary to enter the future ranks of management.

8. How attuned are the mangers in the organization to the need to increase efficiency, quality, innovation, or responsiveness to customers? How well do you think the organization performs its prime goals of providing the goods or services that customers want or need the most?

The managers at this accounting firm are constantly faced with pressure from upper management to increase efficiency while increasing the quality of the services rendered. Since time budgets are extremely important and used as a measurement of success, actual hours spent are regularly measured against budgeted hours. Managers are open to suggestions from supervisors and staff associates about how to provide the same service in a timelier fashion, as long as the intended purpose is served, and quality is not compromised. Managers are responsible for reviewing the work performed by their project teams and require that errors and omissions are attended to on a timely basis. In a service-oriented environment, it is essential that the organization be responsive to customer needs. Therefore, any successful manager is constantly in touch with his or her clients and keeps abreast of any issue that will potentially affect his or her client's financial or economic health.

AACSB: Reflective Thinking

MANAGING ETHICALLY

1. Either by yourself or in a group, give three reasons why you think the behavior was unethical. For example, what rules or norms were broken? Who benefited or was harmed by what took place? What was the outcome for the people involved?

Responses to this set of questions will differ based upon the varying experiences of students. Examples of unethical behavior might include observing an employee intentionally mislead

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customers to generate sales, padding expense accounts, falsifying credentials on a resume, or accepting expensive gifts from suppliers eager to improve business relationships with their client. Dishonesty is unacceptable regardless of the circumstance. Employees should be careful to avoid conflicts of interest that may cause others to question their integrity. Although those involved in such unethical situations may perhaps benefit in the short run, in the long run they harm not only their customers and their companies, but also themselves.

2. What steps might you take to prevent such unethical behavior and encourage people to behave in an ethical way?

Managers should establish an organizational code of ethics and make all employees aware that they are expected to abide by it. Training sessions for employees regarding ethical expectations are also helpful. Most critical is that managers always engage in ethical conduct themselves, so that they can set an example for others.

AACSB: Reflective Thinking.

SMALL GROUP BREAKOUT EXERCISE

Opening a New Restaurant

1. Decide what each partner's managerial role in the restaurant will be. For example, who will be responsible for the necessary departments and specific activities? Describe your management hierarchy.

(**Note to instructor:** Due to the nature of this question, individual answers may differ widely. Students should address the roles of first-line managers, middle managers, and top managers.)

A middle manager is needed to manage daily operations and to ensure that resources are utilized efficiently. The middle manager is responsible for purchasing ingredients, maintaining an organized floor plan, and for training, motivating, and rewarding the kitchen and wait staff. Middle managers will also evaluate operations to determine if goals are being met, and if they are not, make suggestions regarding change. First line managers, sometimes called supervisors or team leaders, are needed for morning, afternoon, and evening shifts to coordinate and manage wait staff and kitchen staff activity.

The primary investors should serve as top managers who are ultimately responsibility for the restaurant's success or failure. They will make all key decisions regarding marketing, financial management, compensation structure, etc.

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2. Which building blocks of competitive advantage do you need to establish to help your restaurant succeed? What criteria will you use to evaluate how successfully you are managing the restaurant?

Success of a new restaurant will require a competitive advantage. This restaurant will need to provide food service more efficiently and effectively than its competitors if it is going to survive. The restaurant will need to achieve superior efficiency, quality, innovation, and responsiveness to customers.

Middle managers can increase efficiency by finding suppliers who have competitive prices and who are flexible in their ordering processes. Management can also increase efficiency by effectively training kitchen staff and wait staff to perform at a high level.

Quality in food and service will also help ensure the success of the restaurant. Wait staff should be encouraged to be friendly and professional, while kitchen staff should be encouraged to use high quality ingredients and methods for preparing food. The restaurant must be kept clean and attractive to provide a pleasant dining experience.

In addition to providing quality food and service, employees should be empowered to be creative and develop better ways of doing things. Weekly or biweekly staff meetings should make use of employee suggestions for promoting new menu items or increasing customer feedback.

Responsiveness to customers is vital to service organizations like restaurants. The success of the restaurant depends on the staff to provide quality food and service at reasonable cost. Employees should be empowered to do whatever it takes to satisfy customers and make their dining experiences pleasant.

To evaluate the success of the restaurant, management should examine financial success, occupancy numbers, customer feedback, employee satisfaction, and media reviews. Evaluating both qualitative and quantitative measures of success will allow management to maintain, or if necessary, revise, organizational goals and procedures.

3. Discuss the most important decisions that must be made about (a) planning, (b) organizing, (c) leading, and (d) controlling, to allow you or your partners to use organizational resources effectively and build a competitive advantage.

Management must plan, which involves deciding which goals an organization should pursue, what courses of action to adopt to attain those goals, and how to allocate organizational resources to attain those goals. The partners need to decide if they will focus on food quality, low prices,

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speed of service, or uniqueness of style in the restaurant.

In organizing or establishing the structure of working relationships between organizational members that best allows them to work together to achieve organizational goals, management must decide how to structure the reporting system and hierarchy of authority so that problems can be solved quickly. Employees need to know to whom they can turn to give suggestions and make their voices heard.

In leading, management must coordinate the behaviors of all restaurant staff, resulting in a high level of motivation and commitment from everyone. A fair and adequate compensation system and bonuses tied to good performance would likely result in high performance and commitment.

In controlling, management must decide how they will evaluate how well the organization is achieving its goals. Sales revenue generation, customer satisfaction, and profitability would seem to be appropriate measures for evaluation of goal attainment.

4. For each managerial task, list the issues to solve, and decide which roles will contribute the most to your restaurant's success.

(**Note to instructor:** Due to the nature of this question, student responses may vary. The following are examples.)

Planning: Determining organizational goals, developing strategies that will lead to competitive advantage, and developing budgets that determine how financial resources will be allocated.

Organizing: Deciding how many employees will be needed, writing job descriptions (job design), and the creation of an organizational structure that coordinates employees so that they work together efficiently to achieve an organization's goals.

Leading: Articulating a clear vision for employees to follow, empowering and motivating employees.

Controlling: Establishing control systems that allow managers to readily measure and evaluate progress toward goal attainment.

AACSB: Analytical and Reflective Thinking

BE THE MANAGER

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Questions

1. *What kinds of organizing and controlling problems is Achieva suffering from?*

During its early stages, it is common for a company's organizational structure to be very informal. However, as a company expands, its management must deal with a new set of organizational issues resulting from that expansion. In this case, management must determine how to group programmers into departments based upon their job-specific tasks, and also lay out lines of authority and responsibility. This will curb current problems resulting from its loose, informal structure. Also, a control system that allows management to assess employee performance is needed. This will allow employees who deserve recognition to be readily identified and rewarded. It will also help to ensure that all programmers are held to the same set of standards, and thus, treated fairly.

2. *What kinds of management changes need to be made to solve them?*

An organizational chart must be designed, and an employee performance evaluation system must be put in place. Additionally, management must develop an organizational culture that reinforces values and norms consistent with the company's objectives, such as innovation, open communication, and fairness. Also, it appears that critical leadership tasks are being ignored. Managers must listen to employee ideas and act upon the good ones. This will improve company morale and help retain valuable employees.

AACSB: Analytical Thinking

CASE IN THE NEWS

***Case Synopsis:* GE Drives Away from Transportation. [LO 1-1, 1-2, 1-6]**

When John Flannery took over as CEO of GE, his overall vision was to make the company simpler and leaner. Flannery determined that GE would focus on its three most profitable lines of business: aviation (making jet engines), power generation, and health care (especially imaging equipment). He spun off GE's railroad business, one of North America's leading makers of locomotives for freight trains. The business unit, GE Transportation, combined with Wabtec, a company that manufactured equipment for freight railways and mass-transit operations, to make a new company. The deal gave GE part ownership of the new entity and $2.9 billion in cash.

The new combined company was expected to save up to $250 million in operating costs each year. To cut costs further, they built manufacturing facilities in Fort Worth, Texas and reduced

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employees from 5,000 to 3,000 in GE's Lawrence Park facility, which GE had owned and run since 1907. Lawrence Park came with a GE-planned community which was home to many of the employees.

Lawrence Park utilized new technologies to allow production at the facility to be accomplished at former levels, even with roughly 40 percent fewer employees. Many of the remaining jobs at Lawrence Park were high-tech positions in advanced manufacturing, which enabled the facility to produce greater output with fewer workers.

Webtec could also focus on the very lucrative locomotive refurbishment business. Locomotives have an operating life of about 50 years, so at about 25 years, upgrades in sensors and software can increase their efficiency and power. Webtec acquired RELCO Locomotives, a well-known player in the locomotive overhaul and refurbishing industry, to help increase capacity to meet the very large demand for refurbishment services.

Questions

1. What kinds of decisions and actions were taken by GE and the managers at Lawrence Park and Fort Worth? Categorize these as planning, organizing, leading, and controlling.

Student answers may include some of the following:
Planning – designing the agreement with Wabtec to buy the locomotive business GE wanted to spin off; moving part of Lawrence Park operations to Texas; acquiring RELCO Locomotives to improve capacity for locomotive refurbishing.
Organizing – updating manufacturing processes at the Lawrence Park facility so the factory could run with 40% fewer employees.
Leading – managers establishing and maintaining a high performance culture.
Controlling – checking profitability of all lines of business; continual monitoring of plant efficiencies.

2. How have new technologies utilized at the Lawrence Park facility help save local jobs?

New technologies at the Lawrence Park facility allow production at the facility to be accomplished at former levels with roughly 40% fewer employees. Many of the remaining jobs at Lawrence Park are high-tech positions in advanced manufacturing, which enables the facility to produce greater output with fewer workers.

3. In your opinion, what responsibilities do GE and Wabtec have toward their employees and the communities in which they operate?

Employees are stakeholders of the two businesses. In Lawrence Park specifically, employees often live in a community originally planned and developed by GE and affiliation with the

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business is a large part of the employees' identity. In addition, because they support GE and Wabtec's culture of high-performance, the employees have been partners in improving the company's efficiency and improved bottom line. As such, GE and Wabtec have the responsibility to respect their employees as valued partners in the business. If they decided to move some or all operations to a different facility, they should offer existing employees opportunities at new facilities and outplacement services and support for employees who elect not to move or for whom there are no positions matching their skills and abilities.

AACSB: Reflective Thinking

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