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Corret Answers are located at the end of each chapter.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) At a recent staff meeting, Jeremy was praised by his CEO for choosing the right goals to pursue. The quality that Jeremy displays here is efficiency.
   - ◎ true
   - ◎ false

2) Patel Brothers Company uses a formal system of task and reporting relationships that coordinates and motivates its employees so that they work together to achieve organizational goals. This is an example of an organizational structure.
   - ◎ true
   - ◎ false

3) As a middle manager, Jobeth selects the goals for her team. The function that Jobeth is demonstrating is called leading.
   - ◎ true
   - ◎ false

4) Categorizing people by salary levels lays out the lines of authority and responsibility between different individuals and groups.
   - ◎ true
   - ◎ false

5) Malik supervises the daily work of the employees who help customers and ring up sales in the shoe department of a major retail store. Malik is a first-line manager.
   - ◎ true
   - ◎ false

6) The importance of planning, organizing, leading, and controlling remains the same irrespective of a manager's position in the managerial hierarchy.
   - ◎ true
   - ◎ false

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7) If you were a manager at an accounting firm and spent your days processing invoices and payments and ensuring tax compliance, you would be using your technical skills.
   ◎ true
   ◎ false

8) When Tech Innovators needed to reduce costs to meet its annual profitability goal, it reduced levels in its hierarchy and laid off 9 percent of its workers. This is an example of restructuring.
   ◎ true
   ◎ false

9) A self-managed team is a group of employees who work independently but report to their respective managers about the progress of the team's work.
   ◎ true
   ◎ false

10) The building blocks of competitive advantage are efficiency, quality, innovation and flexibility, and responsiveness to customers.
   ◎ true
   ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

11) A(n) _____ is a collection of people who work together and coordinate their actions to achieve a wide variety of goals.
   A) control group
   B) talent pool
   C) organization
   D) focus group
   E) quality circle

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12) Parul's job is to use planning, organizing, leading, and controlling resources to achieve the goals of her company. Parul is performing the four essential _____ functions.
A) marketing
B) management
C) finance and accounting
D) operations
E) entrepreneurial

13) Sirita's manager is evaluating how well she uses available resources to satisfy customers and whether she is accomplishing organizational goals. This relates to Sirita's
A) organizational input.
B) diversification.
C) organizational performance.
D) product development.
E) differentiation.

14) Organizational performance is most likely to
A) increase with an increase in efficiency and effectiveness.
B) increase with a decrease in efficiency and effectiveness.
C) remain unchanged with a decrease in efficiency and effectiveness.
D) decrease with an increase in efficiency and effectiveness.
E) remain unchanged with an increase in efficiency and effectiveness.

15) _____ is the measure of how productively an organization uses its resources to achieve a goal.
A) Effectiveness
B) Product differentiation
C) Efficiency
D) Empowerment
E) Outsourcing

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16) _____ measures the appropriateness of the goals selected by management for the organization and the degree to which the organization accomplishes these goals.
   A) Efficiency
   B) Task management
   C) Effectiveness
   D) Diversification
   E) Differentiation

17) Pacific Tourism is an agency that offers special holiday packages in the Pacific region. Every year, as an incentive, the most efficient and effective manager in the network gets an all-expenses-paid trip to one of Oceania's islands. Which manager is most likely to meet these requirements?
   A) Norris, who chooses the right goals to pursue and spends more than he needs on resources
   B) Kato, who chooses the right goals to pursue and makes clever use of resources to achieve them
   C) Don, who chooses the right goals to pursue and displays an overly rigid approach to planning
   D) Bai, who chooses unrealistic goals and tries hard to succeed
   E) Leonard, who chooses appropriate goals, but is slow in decision making

18) Jack’s Sprouts markets canned vegetables. In recent years, Jack’s Sprouts' business has declined considerably owing to a weak focus on quality. Holding the managers responsible for the declining sales figures, the CEO of Jack’s Sprouts decided to lay off those who lacked effectiveness and were inefficient. Which employee is most likely to be laid off by Jack’s Sprouts' CEO?
   A) Eloise, who is ambitious and favors directional planning
   B) Kermit, who spends lavishly on resources and is averse to taking responsibilities
   C) Juanita, who chooses appropriate goals to pursue, but does not always succeed due to resource constraints
   D) Margot, who sets high targets for herself and her team, and makes the best use of available resources to meet them
   E) Andrew, who plans carefully and only chooses realistic goals to pursue

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19) Akemi is a highly efficient manager. What is implied by this statement?
A) She minimizes the amount of input resources without compromising quality.
B) She is slow to respond to change and perceives organizational change as harmful.
C) She does not favor flexibility in planning.
D) She chooses appropriate goals.
E) She works longer hours than do most of her colleagues.

20) Ramses is a highly effective manager. This implies that he
A) is likely to spend lavishly on resources.
B) is highly compliant.
C) disfavors employee empowerment.
D) chooses appropriate goals and then achieves them.
E) is overly ambitious.

21) A company that has a high level of efficiency and effectiveness is most likely to produce a
A) product that customers want, but that is too expensive for them to buy.
B) quality product customers want and at a price they can afford.
C) product that is expensive and nondurable.
D) high-quality product that customers do not want.
E) low-quality product that customers do not want.

22) A company with a high level of efficiency and a low level of effectiveness is most likely to produce a
A) low-quality product that the company makes a profit on.
B) high-quality product that the company makes a profit on.
C) low-quality product that customers do not want.
D) high-quality product that customers do not want.
E) high-quality product that customers can afford.

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23) Image Labs designs and develops imaging equipment. It has a low level of efficiency and high level of effectiveness, so it is most likely to produce a
   A) product that customers want, but that is too expensive for them to buy.
   B) quality product that customers want at a price they can afford.
   C) low-quality product that customers do not want.
   D) high-quality product that customers do not want.
   E) high-quality product that the company makes a profit on.

24) Chef Helper Limited manufactures niche kitchen appliances such as pasta makers. The company has a low level of efficiency and a low level of effectiveness, which means it is most likely to produce a
   A) product that customers want, but that is too expensive for them to buy.
   B) quality product that customers want at a price they can afford.
   C) low-quality product that customers do not want.
   D) high-quality product that customers do not want.
   E) high-quality product that the company makes a profit on.

25) Art Place makes and sells paintings, sculptures, and small craft items. Its products meet consumer needs, but they are often too expensive to buy. What is most likely to be true about the company?
   A) Its product manager achieves company goals and uses resources wisely.
   B) Its product manager achieves company goals but uses resources inadequately.
   C) Its product manager chooses the wrong goals to pursue and uses the resources inadequately.
   D) Its product manager chooses the right goals to pursue and uses the resources wisely.
   E) Its product manager chooses the wrong goals to pursue but uses resources wisely.

26) Managers select appropriate goals for the organization while performing the _____ managerial function.
   A) organizing
   B) leading
   C) planning
   D) controlling
   E) restructuring

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27) Planning in an organization involves
A) establishing task relationships that allow people to work together.
B) developing strategies for how to achieve high performance.
C) motivating individuals to achieve organizational goals.
D) establishing accurate measuring and monitoring systems.
E) measuring how well the organization has achieved its goals.

28) When performing the managerial function of planning, managers
A) encourage all employees to perform at a high level to help the organization achieve its vision and goals.
B) use power, personality, and communication skills to coordinate the activities of people and groups.
C) establish alliances between different organizations to share resources and produce new goods and services.
D) decide which goals the organization will pursue and what strategies will achieve those goals.
E) organize people into departments according to the kinds of job-specific tasks they perform.

29) Lita is the product manager at Accent Shoes, a company that designs and manufactures shoes for adults and children. Noticing the rising popularity of a specific style of flat sandal and the fact that only a handful of makers actually produce it, she decides to take advantage of the latent demand in the market. Lita knows that she is taking a risk by committing organizational resources to pursuing this idea, but she is confident about the merit of her decision. In deciding the allocation of resources for attaining her goals, which managerial function is Lita performing?
A) leading
B) organizing
C) planning
D) restructuring
E) controlling

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30) The three steps in planning are deciding which goals to pursue, deciding what strategies to adopt to attain those goals, and
   A) deciding how to best allocate resources to attain those goals.
   B) creating a system of task and reporting relationships to achieve those goals.
   C) deciding how to motivate people to work together to achieve those goals.
   D) creating a clear vision so organizational members understand their roles in achieving those goals.
   E) evaluating how well the organization is achieving those goals.

31) In which managerial function are work relationships structured to facilitate the interaction and cooperative efforts of organizational members, all of whom strive to achieve organizational goals?
   A) planning
   B) leading
   C) reviewing
   D) controlling
   E) organizing

32) Hakeem, the HR manager of an office supply company, has been asked to increase the level of efficiency at the workplace. He decides to restructure work relationships within the company and categorize people into departments according to the kinds of job-specific tasks they perform. Which managerial function is Hakeem performing?
   A) planning
   B) leading
   C) organizing
   D) controlling
   E) consolidating

33) _____ involves encouraging all employees to perform at a high level to help the organization achieve its vision and goals.
   A) Planning
   B) Leading
   C) Reviewing
   D) Controlling
   E) Organizing

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34) Which managerial function does a manager perform when they articulate a clear organizational vision for the organization's members to accomplish?
A) organizing
B) leading
C) staffing
D) controlling
E) planning

35) Which manager is performing the managerial role of leading?
A) Fred, who creates a system that coordinates and organizes the organization's members to work together to achieve goals
B) Babette, who energizes employees and enables them to understand the part each of them plays in achieving organizational goals
C) Horace, who decides which strategies the organization should pursue
D) Hiroto, who takes corrective action needed to improve the performance of the organization
E) Darlene, who decides how best to organize the human resources of the organization

36) Taylor is a manager who uses their energetic personality and considerable persuasive skills to coordinate people and groups so their activities and efforts are in harmony. Which managerial function is Taylor performing?
A) leading
B) planning
C) strategizing
D) reviewing
E) controlling

37) What managerial function are managers engaged in when they evaluate how well the organization is accomplishing its goals?
A) leading
B) planning
C) organizing
D) disseminating
E) controlling

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38) Controlling is the managerial function that involves
A) deciding what organizational goals to pursue.
B) obtaining customers by producing goods and services more cheaply than any competitor.
C) taking any corrective actions needed to maintain or improve performance.
D) using personality to establish equilibrium in the workplace.
E) motivating people to perform at a high level.

39) The outcome of the control process is the ability to
A) measure performance accurately and regulate organizational efficiency and effectiveness.
B) formulate effective business strategies and plan the allocation of resources.
C) attract customers by producing goods and services more cheaply than any competitor.
D) motivate employees to perform at a high level.
E) decide what organizational goals to pursue.

40) Rob, a manager at a call center, monitors the performance of workers in his department to see if the quality of their work is meeting the performance standards of the company. In doing so, which managerial function is Rob performing?
A) planning
B) staffing
C) organizing
D) structuring
E) controlling

41) Camilla, the CEO of a regional telecom company, reviews the performance of her organization over the last quarter to determine whether it is meeting the planned sales and profitability goals. In this instance, which managerial function is Camilla performing?
A) planning
B) organizing
C) delegating
D) controlling
E) structuring

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42) According to Mintzberg's typology, a manager who decides to expand internationally to obtain new customers is a(n)
A) entrepreneur.
B) negotiator.
C) figurehead.
D) liaison.
E) disseminator.

43) According to Mintzberg's typology, a manager who establishes agreements with other organizations about pooling company resources while working on joint projects is a(n)
A) figurehead.
B) entrepreneur.
C) monitor.
D) negotiator.
E) disseminator.

44) According to Mintzberg's typology, a manager who evaluates the performance of other managers in different tasks and takes corrective action to improve their performance is a
A) disseminator.
B) figurehead.
C) monitor.
D) spokesperson.
E) negotiator.

45) Ira is the manager of Evergreen Wellness Center, a popular spa in Arizona. He is in charge of outlining future organizational goals to employees at company meetings and emphasizing the ethical guidelines that employees are expected to follow at work. What role is Ira performing according to Mintzberg?
A) figurehead
B) negotiator
C) monitor
D) liaison
E) resource allocator

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46) Following a wildfire caused by improperly maintained power lines, Julissa, the CEO of the power company took the responsibility for correcting the environmental damages caused by his company. According to Mintzberg's typology, in doing so, Julissa is performing the role of a

A) liaison.
B) disturbance handler.
C) monitor.
D) disseminator.
E) figurehead.

47) Madelyn informs employees about changes taking place in the external and internal environments that affect the sales of the company's products. She explains how the changes will also affect them and the organization. According to Mintzberg, she is playing the role of a(n)

A) entrepreneur.
B) disseminator.
C) disturbance handler.
D) monitor.
E) liaison.

48) The public relations manager of an oil company explained what the company intended to do to tackle the threat to marine life caused by an oil spill when one of its tankers crashed. According to Mintzberg, the public relations manager is playing the role of a

A) liaison.
B) figurehead.
C) leader.
D) disseminator.
E) spokesperson.

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49) A large airline appointed an engineer to be the link between the company's research and development department and the government contractor who is sponsoring the designing and prototyping of a new fighter airplane. According to Mintzberg, the engineer appointed by the airline is in the role of a
A) monitor.
B) leader.
C) figurehead.
D) resource allocator.
E) liaison.

50) Mintzberg's roles of monitor, disseminator, and spokesperson are all related to which managerial responsibility?
A) decisional
B) interpersonal
C) intrapersonal
D) controlling
E) informational

51) Huan, a manager, is working with her company's labor union to reach an agreement about pay increases and benefits for her employees. She is performing the role of negotiator, which is a(n) _____ responsibility, according to Mintzberg.
A) decisional
B) interpersonal
C) intrapersonal
D) controlling
E) informational

52) Supervisors are also referred to as _____ managers.
A) first-line
B) middle
C) top
D) interim
E) executive

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53) What is a characteristic of first-line managers?

A) They are responsible for finding the best way to organize human resources and other organizational assets.
B) They evaluate whether the organization's goals are appropriate.
C) They are responsible for daily supervision of the nonmanagerial employees.
D) They instruct top managers on the suitability of organizational goals.
E) They develop and fine-tune the skills and know-how of middle managers.

54) First-line managers usually are

A) responsible for finding the best way to organize human and other resources to achieve organizational goals.
B) in all departments or functions of an organization.
C) expected to make specific decisions about the production of goods and services.
D) trained to evaluate whether the organization's goals are appropriate.
E) able to instruct top managers on the suitability of organizational goals.

55) Middle managers are responsible for

A) the daily supervision of the nonmanagerial employees.
B) fine-tuning and developing the skills of top managers.
C) establishing the organization's goals and visions.
D) finding the best way to use resources to achieve organizational goals.
E) creating the top-management team.

56) Middle managers are

A) often called supervisors.
B) responsible for daily supervision of the nonmanagerial employees.
C) expected to make specific decisions about the production of goods and services.
D) responsible for the performance of all departments.
E) trained to establish long-term organizational goals.

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57) You have been put in charge of a manufacturing plant's new product line and need to choose first-line managers to supervise the line's workers. What level of manager are you?
A) plant
B) middle
C) department
D) product
E) top

58) Top managers are
A) often called supervisors.
B) responsible for daily supervision of the nonmanagerial employees.
C) expected to spend more time leading and controlling than planning and organizing.
D) not expected to establish organizational goals.
E) tasked with cross-departmental responsibility.

59) Top managers are primarily concerned with
A) supervising nonmanagerial employees.
B) training, motivating, and rewarding salespeople.
C) developing and fine-tuning employee skills.
D) supervising first-line managers.
E) deciding which goods a company should produce.

60) To increase effectiveness, middle managers
A) suggest ways to use resources to improve customer service.
B) evaluate whether the organization's goals are appropriate.
C) suggest ways to use resources to improve production.
D) suggest ways use resources to cut costs.
E) evaluate the performance of all departments.

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61) Sanjay is a mechanical engineer who can examine and detect a problem, determine cause and effect, and provide a solution. This demonstrates _____ skill.
A) human
B) negotiation
C) technical
D) conceptual
E) structural

62) _____ skills are job-specific skills required to perform a particular type of work or occupation at a high level.
A) Human
B) Technical
C) Conceptual
D) Structural
E) Departmental

63) The general ability to understand, alter, lead, and control the behavior of other workers is a _____ skill.
A) conceptual
B) human
C) technical
D) structural
E) diagnostic

64) Theo is being promoted to the position of manager of the accounting department in his company because of his knowledge and his ability to perform all the functions required in his field. In this instance, Theo is being promoted because of his _____ skills.
A) conceptual
B) planning
C) human
D) technical
E) leading

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65) Which scenario shows a manager using human skills to put organizational resources to their best use?

A) Maria uses her marketing knowledge to develop the company's marketing plans.
B) Hai's company sent him to a seminar to learn about total quality management in order for him to better help improve the products his company produces.
C) Ilana, a new product manager, is often tasked with forming interdepartmental teams due to her reputation for turning a group of employees from different departments into a cohesive team.
D) Jose, a manager in Research and Development, works long hours to help develop new products that customers will find useful.
E) Wang is a manager at a restaurant, and the company's owner asked him to help design a new restaurant in the chain because Wang has great design ideas.

66) A core competency is

A) the specific set of departmental skills, knowledge, and experience that allows one organization to outperform another.
B) the planning, organizing, leading, and controlling of human and other resources to achieve organizational goals efficiently and effectively.
C) a measure of how efficiently and effectively a manager uses resources to satisfy customers and achieve organizational goals.
D) a measure of the appropriateness of the goals an organization is pursuing and the degree to which the organization achieves those goals.
E) the ability to analyze and diagnose a situation and to distinguish between cause and effect.

67) If a dog food company were experiencing financial problems and decided to lower costs and downsize the business in an effort to mitigate those problems, what technique would the company be using?

A) insourcing
B) restructuring
C) task assessment
D) empowerment
E) delegation

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68) Due to declining global sales, Reyes Stereos announced that it must lay off 15 percent of its existing workforce over the next few months. This is an example of
A) task assessment.
B) insourcing.
C) restructuring.
D) outsourcing.
E) empowerment.

69) What is a consequence of restructuring?
A) increase in the size of departments
B) loss of jobs
C) increase in hierarchical levels
D) increase in customer satisfaction
E) improvement in morale of employees

70) _____ involves contracting with another company, usually in a low-cost country abroad, to have it perform a work activity the organization previously performed itself.
A) Empowering
B) Outsourcing
C) Stratifying
D) Controlling
E) Innovating

71) Beto, who supervises 12 people in his department, recently met with his superiors to discuss his performance as a supervisor in controlling the behavior of his direct reports. Getting this feedback will help Beto develop his _____ skills.
A) job-specific
B) conceptual
C) human
D) technical
E) departmental

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72) A company that manufactures small kitchen appliances decides to discontinue the production of storage products and instead focuses on its areas of expertise. After considerable research, the company develops a new multifunction mixer with unique value. This is an example of a company using its
A) competitive advantage.
B) core competency.
C) market power.
D) management skills.
E) management strategies.

73) _____ is a management technique that involves giving employees more authority and responsibility over how they perform their work activities.
A) Restructuring
B) Outsourcing
C) Empowerment
D) Departmentalization
E) Insourcing

74) A _____ is a group of employees who assume collective responsibility for organizing, controlling, and supervising their own work activities.
A) primary group
B) self-managed team
C) focus group
D) restructured team
E) functional team

75) A consequence of empowerment is a(n)
A) decrease in number of managers.
B) decrease in effectiveness.
C) increase in performance.
D) decrease in performance.
E) increase in turnover.

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76) Jillian is a graphic designer for Creative Advertising and is able to work from her home. Jillian is considered a(n) _____ worker.
A) insourced
B) restructured
C) remote
D) first line
E) outsourced

77) All-Season Windows outsells other window manufacturers in its region because All-Season produces affordable, quality windows more efficiently and effectively than its competitors. This demonstrates the company's
A) empowerment.
B) competitive advantage.
C) product diversification.
D) stratification.
E) innovation.

78) The four building blocks of competitive advantage are superior efficiency, flexibility and innovation, responsiveness to customers, and
A) cost control.
B) quality.
C) future growth potential.
D) geographic location.
E) employee satisfaction.

79) Organizations increase their _____ when they reduce the quantity of resources (such as people and raw materials) they use to produce goods or services.
A) cost control
B) efficiency
C) future growth potential
D) effectiveness
E) quality

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80) One way to improve productivity is by _____, which gives employees the range of skills they need to perform different tasks.
A) innovation
B) empowerment
C) cross-training
D) total quality management (TQM)
E) flexibility

81) What technique involves organizing employees into quality control teams so they can find better ways to perform their jobs?
A) functional organization
B) total quality management
C) flexible manufacturing
D) self-managed teams
E) quality stations

82) Which statement about innovation in organizations is true?
A) It primarily occurs within large departments.
B) It most often takes place in small groups or teams.
C) It is exclusively used by established firms.
D) It almost always comes from upper management.
E) It typically happens in quality control stations.

83) _____ is the creation of a new vision for a struggling company using a new approach to planning and organizing to make better use of a company's resources and allow it to survive and eventually prosper.
A) Total quality management
B) Innovation
C) Crisis management
D) Turnaround management
E) Restructuring

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84) _____ is the process of creating new or improved products that customers want.
A) Competitive advantage
B) Total quality management
C) Turnaround management
D) Innovation
E) Core competency

85) A company asked its managers to focus their efforts on improving the quality of one of its products. The new product is more advanced than those of its competitors, and customers are willing to pay more for the higher quality. By _____, this company outperformed its competitors by producing a product more efficiently and effectively than they did.
A) creating core competency
B) building a competitive advantage
C) restructuring
D) utilizing management stratification
E) employing empowerment

86) A struggling manufacturing company recently developed a new vision and radical new strategies to reduce the number of products sold in order to reduce costs. This strategy worked and the company remained in business. The company utilized _____ by developing the new vision and strategies.
A) turnaround management
B) crisis management
C) total quality management
D) stratification
E) restructuring

87) Jonas' company is discussing how it can be more socially responsible. What does social responsibility entail?
A) the obligations a company has toward the people and groups affected by its activities
B) the ways a company can support its employees over and stakeholders
C) avoiding illegal activities that will hurt the company's reputation
D) including the community and other stakeholders in every decision that is made
E) choosing when to put the company first and when to allow others to also benefit

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88) Your company faced a challenge when a natural disaster closed two warehouses and stopped all shipments. What is considered a natural disaster?

A) a union walk-out
B) an industrial oil spill
C) a terrorist attack
D) an earthquake
E) a release of harmful chemicals in the warehouses

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

89) Briefly discuss the four principal managerial functions. If you were a top-level manager, how would you implement these functions in your company.

90) Describe the three planning steps in the text and explain how this process can affect a manager's ability to succeed.

91) Briefly describe Mintzberg's typology, including the three types of responsibilities he uses to categorize roles.

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92) Jenna is hired as a manager for a growing company. She starts out as a first-line manager, but she is soon promoted to a middle management position, and eventually to a top management position. Explain the difference between these levels of management by detailing what functions Jenna would be expected to perform.

93) Briefly describe the three different kinds of managerial skills and explain why each of the skills is critical for managers. Using a current or past boss as an example, how does (did) that boss use these skills?

94) What is core competency? Explain how core competency is related to competitive advantage and give an example of how a core competency gives an organization a competitive advantage in today's highly competitive business environment.

95) Define restructuring and identify both the positive and negative outcomes that can result when an organization restructures.

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96) Explain why some companies use restructuring and outsourcing to maintain a competitive advantage in today's highly competitive marketplace.

97) What is empowerment? In your experience, how does empowering employees benefit an organization?

98) How has the rise in global organizations put pressure on organizations? Name at least three of the five major challenges for managers that are discussed in the text.

99) You have just been hired to manage an autobody shop. How would you use the four building blocks of competitive advantage to increase your shop's market share?

100) Defend this statement: Managing a diverse workforce is a major challenge.

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101) Describe the two categories of global crisis management, giving recent examples. Using one recent example for each, discuss ways a company might manage the crisis to avoid disaster.

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Answer Key

Test name: Chapter 01

1) FALSE
2) TRUE
3) FALSE
4) FALSE
5) TRUE
6) FALSE
7) TRUE
8) TRUE
9) FALSE
10) TRUE
11) C
12) B
13) C
14) A
15) C
16) C
17) B
18) B
19) A
20) D
21) B
22) D
23) A
24) C
25) B
26) C
27) B
28) D
29) C
30) A
31) E
32) C
33) B
34) B
35) B
36) A
37) E

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38) C
39) A
40) E
41) D
42) A
43) D
44) C
45) A
46) B
47) B
48) E
49) E
50) E
51) A
52) A
53) C
54) B
55) D
56) C
57) B
58) E
59) E
60) B
61) D
62) B
63) B
64) D
65) C
66) A
67) B
68) C
69) B
70) B
71) C
72) B
73) C
74) B
75) C
76) C
77) B

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78) B
79) B
80) C
81) B
82) B
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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 functions), 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 nonmanagerial 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 nonmanagerial 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: How Airbnb's CEO Manages in a Turbulent Economy	Case Analysis: CEO at Apple	Management Challenges
Manager as a Person: New CEO's Skills a Perfect Fit for Match	Case Analysis: The Outsider at Ford	
Managing Globally: Blue Power CEO Is Fueling Ghana's Growth	Case Analysis: Crisis Management	
Focus on DEI&B: ***A Bold Model for Diversity in Video Games***	**CONNECT** **Video CASE** ***Best Buy Is Overcoming Managerial Challenges***	
	CONNECT **Video Case** ***Manager's Hot Seat: Management Hits Rough Waters***	

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

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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.

TEXT REFERENCE
A MANAGER'S CHALLENGE
How Airbnb's CEO Manages in a Turbulent Economy

How do managers contribute to their organization's success? After Airbnb saw revenues drop by 80% during the first 2 months of the COVID-19 pandemic, company CEO Brian Chesky had "the most defining year" of his career. He had to find a way to lead his people through the pandemic.

He knew he needed to take drastic measures. To increase efficiency without sacrificing innovation, Chesky reduced departments from 10 to just a few basic functions, paused new initiatives, cut the marketing budget, and laid off 1,900 people.

As the world exited the pandemic lockdown, Chesky focused on innovation, adding the ability to search for properties based on interests in addition to location. Two years after the pandemic began, Airbnb's bookings and revenues were higher than prepandemic numbers.

Due to the change in attitudes about where to work, Chesky implemented a work-from-anywhere policy for the company. To ensure a good working culture, Airbnb requires in-office time for 1 week each quarter. The company also continues to honor their sense of community by offering housing to displaced persons it began after Hurricane Sandy in 2012.

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.

SLIDES 4–6
What Is Management?

- All managers work in organizations.
- **Organizations** are collections of people who work together and coordinate their actions to

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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.
- 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

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

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

SLIDES 10 & 11

Why Study Management?

TEXT REFERENCE
MANAGER AS A PERSON
New CEO's Skills a Perfect Fit for Match

Bernard Kim brings a wealth of experience and skills to his position as CEO of Match Group, the owner of various popular dating sites, including Match, OkCupid, Hinge, and Tinder. He took the helm in May 2022 and is refocusing on business strategies postpandemic.

For over 6 years, Kim was the president of Zynga, the mobile gaming company (maker of Words with Friends and FarmVille). He also had experience as the head of mobile publishing at Electronic Arts and director of sales and channel strategy at Disney Mobile.

One new strategy Kim has for Match is the growth of its platform into a potential dating metaverse, where online daters can meet in a virtual space. Match has not been without its challenges. The CEO of Tinder stepped down after a drop in revenue and product development problems. Kim points to cost controls as an important part of managing the business going forward.

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CONNECT
Video CASE
Best Buy Is Overcoming Managerial Challenges

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SUMMARY
Best Buy, an American multinational consumer electronics retailer, is focused on managing important issues that impact today's corporate environment. The goal of this video is to demonstrate how the retailer successfully faces many managerial challenges.

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 the 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, Mickey 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.

- 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 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 well-being 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.

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- 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 functions), 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

SLIDES 14 & 15
Organizing

SLIDE 16
Leading

SLIDES 17 & 18
Controlling

SLIDE 19

Example: Match Group

SLIDES 20–22
Managerial Roles Identified

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

A. Planning

- To perform the **planning** function, 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.

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  - 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.

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

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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 the 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, Mickey 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.

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A. Levels of Management

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

SLIDES 23 & 27
Levels and Skills of Managers

SLIDE 24
FIGURE 1.3 Levels of Management

SLIDES 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).

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B. Types of Managerial Skills

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

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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.
  - 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
MANAGING GLOBALLY
Blue Power CEO Is Fueling Ghana's Growth

Ghanaian businesswoman Salma Okonkwo is CEO of Blue Power Energy, which she started in 2018 to bring renewable energy to her home country. Before Blue Power, Okonkwo founded UBI Group, an oil and gas distribution company. After noticing that foreign investors often built operations to extract resources without investing in infrastructure, Okonkwo vowed to establish that infrastructure.

After attending Loyola Marymount University in the United States, Okonkwo worked locally in the United States. When Sahara Group offered her a position in Ghana, she took the job and returned to her home country. Frustrated with her employer's resistance to her ideas, Okonkwo left to start her own company, UBI Group.

The company had a rocky start due to lack of infrastructure and low profits. Okonkwo learned important lessons about the value of policies, procedures, and controls for hiring and accounting. Once she found a buyer for UBI, Okonkwo was free to start her dream company, Blue Power, which is building solar power installations to make affordable, sustainable energy available in the long term.

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 the 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 Resources.

CONNECT
VIDEO CASE
Manager's Hot Seat: Management Hits Rough Waters

SUMMARY
Rex Communications Ad Agency just put together a new marketing campaign for Festival Cruises. After viewing the branding campaign, different managers have different viewpoints depending on their roles, skills, and levels. How would you feel if you were in the room trying to sort through the different viewpoints?

ACTIVITY
Have the class form small groups and discuss the skills shown by each manager in the video. Each group should be prepared to share their views and reasoning with the class.

CLASS DISCUSSION
Have groups share their findings and examples

Return to Chapter Resources.

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

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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%–20% fewer people than they did 10 years ago because of restructuring and outsourcing.

B. Empowerment and Self-Managed Teams

SLIDE 32
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

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- 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:
  - Efficiency
  - Quality
  - Speed, flexibility, and innovation
  - Responsiveness to customers (Figure 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

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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, 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.

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.

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(**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.
- 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

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managers in a competitive global environment.

SLIDE 39
Utilizing New Technologies

D. Utilizing Technology

- 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.
- Increased global coordination helps improve quality and increase the pace of innovation.

SLIDES 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, 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

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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 29 miners. Massey's management was determined to be at fault and the explosion preventable.

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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
FOCUS ON DEI&B
A Bold Model for Diversity in Video Games

Businessweek called Laura Miele "the most powerful woman in gaming." Miele left college to take a position as a project manager for video game developer Westwood Studios. Miele learned fast and was a bold innovator, which enabled her to rise in the company to run its marketing efforts. When Electronic Arts acquired Westwood in 1998, it tasked Miele with improving decision making. She replaced handmade spreadsheets with advanced analytics. She also revitalized the company's advertising spend on Battlefield 3 from TV to digital, leading to the game becoming the company's fastest-selling game. That success led to her rise to chief operating officer at the company.

Miele was mentored along her career and she in turn mentors others, especially women in gaming. She successfully advocated for EA's support of organizations such as Black Girls Code and Girls Who Code.

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

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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 microprocessor business. However, Polaroid and Xerox failed. Both were slow to confront the changing world around them and faced 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 the 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 1990s, 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.

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Lecture Enhancer 1.2
WHY GOOD EMPLOYEES CAN BE BAD MANAGERS

You have a good employee, a hard worker, and 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 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

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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 their employees complete their 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, and 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, they may include the employees in setting appropriate goals that they both feel are obtainable. The first-line manager should periodically give feedback to their employees to let them know if they are on the right track in meeting preset 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.*

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(**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.
- 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

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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.

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

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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 in 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 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 (GWHS) 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) 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 who 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.

GWHS also utilizes resources external to the organization. They include the surrounding community and organizations within it, the local police department, and private organizations that provide mentorship and internships for students. As in most localities, GWHS falls under the

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jurisdiction of a local school district that provides administrative support, training, curriculum support, information technology, research, and supplemental facility's 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.)

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 nonmanagement 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 they perform the management functions of planning, organizing, leading, and controlling. How*

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much time do they spend in performing each function?

Mark Jayton is a production manager at a clothing manufacturing company. In our discussion, he informed 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 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 them around for a day. List the types of roles the manager plays and how much time they spend performing these roles.*

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, computer hardware, and software throughout the organization. Finally, as a *negotiator*, Peter resolves 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 are they a member and at what level of

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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 management functions 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. 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

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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 appropriate for the particular job they perform? How could this manager improve their task performance? How can IT 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 to 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 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 IT to monitor the progress of those teams.

4. How did your supervisor's approach to management affect your attitudes and behaviors? 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 attitude 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

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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 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 managers 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 their clients and keeps abreast of any issue that will potentially affect their client's financial or economic health.

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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 on the varying experiences of students. Examples of unethical behavior might include observing an employee intentionally mislead 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 clients. 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.)

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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, and so on.

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 a reasonable cost. Employees should be empowered to do whatever it takes to satisfy customers and make their dining experiences pleasant.

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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, 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 the 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.

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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

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 on 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

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CASE IN THE NEWS

Case Synopsis: **Larry Culp Redefines Success at GE. [LO 1-1, 1-2, 1-6]**

When Larry Culp became the 12th chief executive officer of General Electric, he was the first CEO to be brought in from outside the company, and GE desperately needed a fresh perspective. The company, formed in the 1890s to deliver electricity to cities, later grew by adding a variety of businesses until it became a giant conglomerate. By 2000, GE seemed unstoppable: Its total stock value exceeded that of any other corporation, and observers concluded that great management was enabling GE to thrive in businesses as diverse as jet engines, entertainment, power generation, and consumer finance. Then a financial crisis hit in 2008, and excessive risk in the financial services division nearly caused the company to collapse under the weight of its debt. Ten years and two CEOs later, when Culp joined GE, the company was still struggling to remain relevant. The supposed advantage of being a conglomerate—that thriving business lines could keep the company going when other businesses hit headwinds—had become a liability, because this approach meant executives weren't consistently allocating funds where they could generate the most value.

Culp arrived with a track record of wins over 14 years at Danaher Corporation, a manufacturing company that, like GE, had grown through a series of acquisitions but, unlike GE, had maintained a focus on pursuing efficiency in a couple of industries it could manage effectively. Within weeks, Culp was leading an extensive investigation into each division's performance. His experience, coupled with an education in business administration, enabled Culp to assess which companies consistently generated cash and where expenses were out of control.

One of Culp's passions, going back to his years at Danaher, is to make processes lean by cutting unnecessary expenses and activities. At GE, he visited facilities to inspect operations and ask workers about their processes. A factory making turbines, for example, was moving the giant parts three miles around the facility over an 85-day production process. Upgrading machinery and rearranging the layout shortened the process to 165 feet and about 50 days. At an aviation facility, he observed a team studying ways to improve on-time deliveries of a military engine. During the week he was there, teams cut costs by $2 million and timelines by 62 days.

In his first few years on the job, Culp's focus remained on improving operations so divisions could generate profits to help pay down the corporate debt burden. To generate more cash for debt reduction, he also cut dividends paid to shareholders and sold divisions including aircraft leasing and biopharmaceuticals. His predecessors had also sold off businesses but far less aggressively; Culp's moves pulled GE completely out of consumer-facing businesses such as appliances and home mortgages and left the company with four main businesses—aviation, health care (hospital equipment), renewable energy (wind turbines), and power (equipment for fossil fuel power generation). GE's aviation business is an industry leader, and health care has been reliably profitable. Orders and revenues for renewable power equipment have exceeded

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those on the fossil fuel side, and GE found it had overestimated the extent to which its customers would continue to pursue natural gas solutions. In addition to these changes, Culp moved many corporate functions (e.g., IT and human resources) to the business divisions and made each business responsible for its own performance, rather than expecting some businesses to prop up others.

Recently, Culp determined that the divisions were profitable enough for him to announce his big move: GE would split into three parts: health care, power (fossil fuel and renewables), and aviation. The intent was that the divisions on their own would be more flexible at responding to market changes and more attractive to investors knowledgeable about each industry. At the time of the announcement, the plan was to spin off GE's strongest division, health care, in early 2023. In the meantime, it would combine its fossil fuel power unit with its renewable energy unit to create one power unit, aiming to sell in 2024. With those deals complete, GE would retain the aviation unit and try to maintain its leadership position.

Questions

1. List three examples of Larry Culp using organizational resources to achieve organizational goals.

Student answers may include some of the following:

Investigation into Division Performance:
Larry Culp utilized organizational resources to lead an extensive investigation into each division's performance. This involved deploying resources such as financial analysts, operational experts, and data systems to assess the strengths and weaknesses of each division.

Operational Efficiency Improvements:
Culp used organizational resources to inspect operations at various facilities. For example, in a turbine manufacturing facility, he invested in upgrading machinery and rearranging layouts to streamline the production process, making it more efficient and cost-effective.

Strategic Divestitures:
Culp made strategic decisions to sell off divisions, including aircraft leasing and biopharmaceuticals, as part of a larger organizational strategy. This involved the use of financial and legal resources to facilitate the divestiture process.

2. What is something Culp planned? What is an organizational change he made? When was he engaged in controlling? How would effective leadership help him carry out these tasks?

What is something Culp planned? Culp planned a significant organizational change by announcing that GE would split into three parts: health care, power (fossil fuel and renewables), and aviation. This strategic move was aimed at increasing flexibility and investor appeal.

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What is an organizational change he made? Culp made the organizational change of consolidating GE into four main businesses—aviation, health care, renewable energy, and power. This restructuring involved resource allocation, communication strategies, and adjustments to operational processes.

When was he engaged in controlling? Culp engaged in controlling by implementing measures to improve the company's financial health. This included cutting dividends, selling off less profitable divisions, and making each business division responsible for its own performance. Controlling measures were employed to ensure better financial stability and strategic focus.

How would effective leadership help him carry out these tasks? Effective leadership is crucial in carrying out these tasks. Culp's leadership involves strategic vision, effective communication, and the ability to mobilize and allocate resources efficiently. For planning, his leadership skills would be manifested in setting a clear direction for the company's future. In executing organizational change, effective leadership includes managing resistance, communicating the rationale behind changes, and ensuring a smooth transition. In controlling, leadership involves monitoring performance, making data-driven decisions, and adapting strategies based on outcomes. Overall, effective leadership helps align organizational resources with strategic goals and facilitates the successful execution of plans.

3. At GE, Larry Culp is a top manager. How would the work of a middle manager at GE differ from Culp's work?

Top Manager (Larry Culp):
Strategic Focus: As a top manager, Culp is primarily concerned with the overall strategic direction of the company. His decisions have a broad impact on GE's structure, core businesses, and long-term goals.
External Focus: Culp's role involves engagement with external stakeholders such as investors and industry experts. He is responsible for shaping the company's image and navigating the competitive landscape.
Decision-Making Authority: Culp has the authority to make high-level strategic decisions, including major organizational changes and resource allocations.

Middle Manager:
Operational Focus: A middle manager at GE would be more focused on implementing the strategies set by top management. This involves day-to-day operational activities, ensuring that tasks are carried out efficiently to meet organizational goals.
Internal Focus: Middle managers are often more internally focused, dealing with specific business units or departments. They ensure that their units align with the overall strategy set by top management.
Decision Implementation: While they may contribute to decision making, middle managers are more involved in implementing decisions made by top management and ensuring that these decisions are effectively executed at the operational level.

AACSB: Reflective Thinking

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