

# Management

ELEVENTH EDITION

# 1 CHAPTER

## Let's Get Real:

### *Meet the Manager*

#### **Lacy Martin**

Banking Center Manager  
Assistant Vice President  
Commerce Bank  
Springfield, MO



You'll be hearing more from this real manager throughout the chapter.

#### **MY JOB:**

I'm a branch manager for Commerce Bank. I manage a team of individuals who help our customers with solutions to meet all their financial needs.

#### **BEST PART OF MY JOB:**

Watching my employees become successful top performers and grow their careers within the company.

# Management *and* Organizations

**1.1**

**Explain** why managers are important to organizations.  
*page 4*

**1.2**

**Tell** who managers are and where they work.  
*page 5*

**1.3**

**Describe** the functions, roles, and skills of managers.  
*page 8*

**1.4**

**Describe** the factors that are reshaping and redefining the manager's job.  
*page 13*

**1.5**

**Explain** the value of studying management.  
*page 17*

## LEARNING OUTCOMES

### **WORST PART OF MY JOB:**

Customers who have had circumstances and decisions that have resulted in putting them in a dire financial state.

### **BEST MANAGEMENT ADVICE EVER RECEIVED:**

A discussion about the importance of open and clear communication that was tied to the famous quote from the 1967 film *Cool Hand Luke*, “**What we’ve got here is a failure to communicate.**”

# A Manager's Dilemma

12.7 million. That's the total number of people employed in the restaurant industry according to the National Restaurant Association.<sup>1</sup> Those employees hold jobs ranging from greeting and serving customers to cooking for and cleaning up after customers. There's a lot of action taking place in a restaurant—sometimes calm and sometimes frenetic—as employees work together to provide customers what they want. And overseeing those employees is someone who must ensure that everything runs smoothly.

That someone is a manager. Lisa Greene is one such manager. As the general manager of a popular and very busy restaurant in Springfield, Missouri, she oversees 100 employees. Working long hours, Lisa is expected to lead her team and uphold the company's high standards so employees can do their assigned work efficiently and effectively. Like any hard-working manager, Lisa is continually trying to find ways to cut costs and make her restaurant run a little more smoothly. But her most important challenge comes from looking for ways to make her restaurant a better place to work. Put yourself in Lisa's place.



## What Would You Do?

Like many students, maybe you've worked in the restaurant industry at some time or another. It's not an easy job. It can be hot, dirty, and exhausting. Customers can be rude and demanding. And your work experiences, whether in a restaurant or in some other workplace, are likely to have been influenced by the skills and abilities of your manager. Lisa is a good example of what today's successful managers are like and the skills they must have in dealing with the problems and challenges of managing in the twenty-first century. This book is about the important managerial work that Lisa and the millions of other managers like her do. The reality facing today's managers is that the world has changed. In workplaces of all types—restaurants, offices, retail stores, factories, and the like—managers must deal with changing expectations and new ways of managing employees and organizing work. In this chapter, we introduce you to managers and management by looking at why managers are important, who managers are and where they work, and what managers do. Finally, we wrap up the chapter by looking at the factors reshaping and redefining the manager's job and discussing why it's important to study management.

### LEARNING OUTCOME

Explain why managers are important to organizations.

1.1

## Why Are Managers Important?

“... A great boss can change your life, inspiring you to new heights both professionally and personally, and energizing you and your team to together overcome new challenges bigger than any one of you could tackle alone.”<sup>2</sup> If you've had the opportunity to work with a manager like this, count yourself lucky. Such a manager can make a job a lot more enjoyable and productive. However, even managers who don't live up to such lofty ideals and expectations are important to organizations. Let's look at three reasons why.

The first reason managers are important is that organizations need their managerial skills and abilities more than ever in these uncertain, complex, and chaotic times. As organizations deal with today's challenges—the worldwide economic climate, changing technology, ever-increasing globalization, and so forth—managers play an important role in identifying critical issues and crafting responses. For example, John Zapp, general manager of several car dealerships in Oklahoma City, has struggled to keep his businesses afloat and profitable in the current economic environment, just as many other car dealers have.<sup>3</sup> However, after four decades in the car business, Zapp understands that he's the one calling the shots and his “call” right now is to focus on selling more used cars. How? By keeping inventory moving and by keeping his salespeople engaged through small cash payment rewards for hitting sales goals. His skills and abilities as a manager have been crucial in guiding his organization through these challenging times.

Another reason managers are important to organizations is that they're critical to getting things done. For instance, in our chapter-opening story, Lisa wasn't the person greeting and

seating customers, taking their orders, cooking their meals, or preparing a table for another customer, but she was the person who creates and coordinates the workplace systems and conditions so that others can perform those tasks. Although she often pitches in when and where needed, her job as manager is to ensure that all the employees are getting their jobs done so the organization can do what it's in business to do. If work isn't getting done or isn't getting done as it should be, she's also the one who must find out why and get things back on track.

Finally, *managers do matter* to organizations! How do we know that? The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the single most important variable in employee productivity and loyalty isn't pay or benefits or workplace environment; it's the quality of the relationship between employees and their direct supervisors.<sup>4</sup> In addition, global consulting firm Towers Watson found that the way a company manages and engages its people can significantly affect its financial performance.<sup>5</sup> Also, a recent study of organizational performance found that managerial ability was important in creating organizational value.<sup>6</sup> What can we conclude from such reports? That managers are important and they *do* matter!

## Who Are Managers and Where Do They Work?

Managers may not be who or what you might expect! Managers can be under the age of 18 to over age 80. They run large corporations as well as entrepreneurial start-ups. They're found in government departments, hospitals, small businesses, not-for-profit agencies, museums, schools, and even such nontraditional organizations as political campaigns and music tours. Managers can also be found doing managerial work in every country on the globe. In addition, some managers are top-level managers while others are first-line managers. And today, managers are just as likely to be women as they are men. However, the number of women in top-level manager positions remains low—only 27 women were CEOs of major U.S. corporations in 2010.<sup>8</sup> But no matter where managers are found or what gender they are, the fact is . . . managers have exciting and challenging jobs!

### Who Is a Manager?

It used to be fairly simple to define who managers were: They were the organizational members who told others what to do and how to do it. It was easy to differentiate *managers* from *nonmanagerial employees*. Now, it isn't quite that simple. In many organizations, the changing nature of work has blurred the distinction between managers and nonmanagerial employees. Many traditional nonmanagerial jobs now include managerial activities.<sup>9</sup> For example, at General Cable Corporation's facility in Moose Jaw, Saskatchewan, Canada, managerial responsibilities are shared by managers and team members. Most of the employees at Moose Jaw are cross-trained and multi-skilled. Within a single shift, an employee can be a team leader, equipment operator, maintenance technician, quality inspector, or improvement planner.<sup>10</sup>

So, how *do* we define who managers are? A **manager** is someone who coordinates and oversees the work of other people so that organizational goals can be accomplished. A manager's job is not about *personal* achievement—it's about helping *others* do their work. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team with people from different departments or even people outside the organization, such as temporary employees or individuals who work for the organization's suppliers. Keep in mind, also, that

#### manager

Someone who coordinates and oversees the work of other people so that organizational goals can be accomplished

1.2

#### LEARNING OUTCOME

Tell who managers are and where they work.

### by the numbers<sup>7</sup>

**8** percent of job applicants say that a good rapport with the manager is most important when considering a new employer.

**42** percent of individuals ages 18–34 say they do not want to become a manager.

**#1** – the rank of people skills as the most valued skill in job applicants.

**28** percent of people would lay off/fire their boss if given the option.

**51** percent of workers say they do not have qualified managers.

**52** percent of workers say their boss is likable.

**3** times—when managers are disengaged from their work, their employees are 3 times as likely to be disengaged from their work.

**35** percent of employees who have quit their jobs say it's because of unhappiness with management.

**30** percent of white-collar workers think incompetence is what makes for a bad boss.





As brand manager with Little Kids, Inc., Kate Boehnert is a middle manager responsible for the quality and successful promotion of the company's line of bubble toys. In this photo, she demonstrates during a toy trade show how the motorized Bubble Light blows bubbles. Brand managers work with product developers, salespeople, copywriters, and advertising directors to coordinate the production, distribution, and marketing of their product line. They analyze sales figures, set prices, organize advertising campaigns, explore different marketing strategies, and contact retailers to convince them to carry their brands. Successful brand managers may advance to a top management position.

managers may have work duties not related to coordinating and overseeing others' work. For example, an insurance claims supervisor might process claims in addition to coordinating the work activities of other claims clerks.

Is there a way to classify managers in organizations? In traditionally structured organizations (which are often pictured as a pyramid because more employees are at lower organizational levels than at upper organizational levels), managers can be classified as first-line, middle, or top. (See Exhibit 1-1.) At the lowest level of management, **first-line managers** manage the work of nonmanagerial employees who typically are involved with producing the organization's products or servicing the organization's customers. First-line managers may be called *supervisors* or even *shift managers*, *district managers*, *department managers*, or *office managers*. **Middle managers** manage the work of first-line managers and can be found between the lowest and top levels of the organization. They may have titles such as *regional manager*, *project leader*, *store manager*, or *division manager*. In our chapter-opening dilemma, Lisa is a middle manager. As the general manager, she's responsible for how her restaurant performs, but also is one of about 60 general managers company-wide who report to

someone at corporate headquarters. At the upper levels of the organization are the **top managers**, who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization. These individuals typically have titles such as *executive vice president*, *president*, *managing director*, *chief operating officer*, or *chief executive officer*.

Not all organizations get work done with a traditional pyramidal form, however. Some organizations, for example, are more loosely configured with work being done by ever-changing teams of employees who move from one project to another as work demands arise. Although it's not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—that is, there must be someone who coordinates and oversees the work of others, even if that “someone” changes as work tasks or projects change.

## Where Do Managers Work?

It's obvious that managers do their work in organizations. But what is an **organization**? It's a deliberate arrangement of people to accomplish some specific purpose. Your college or university is an organization; so are fraternities and sororities, government departments, churches, Facebook, your neighborhood grocery store, the United Way, the St. Louis Cardinals baseball team, and the Mayo Clinic. All are considered organizations and have three common characteristics. (See Exhibit 1-2.)

First, an organization has a distinct purpose. This purpose is typically expressed through goals that the organization hopes to accomplish. Second, each organization is composed of people. It takes people to perform the work that's necessary for the organization to achieve its goals. Third, all organizations develop some deliberate structure within which members

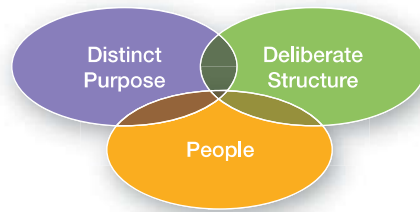
### EXHIBIT 1-1

#### Levels of Management



## EXHIBIT 1-2

## Characteristics of Organizations



do their work. That structure may be open and flexible, with no specific job duties or strict adherence to explicit job arrangements. For instance, at Google, most big projects, of which there are hundreds going on at the same time, are tackled by small focused employee teams that set up in an instant and complete work just as quickly.<sup>11</sup> Or the structure may be more traditional—like that of Procter & Gamble or General Electric—with clearly defined rules, regulations, job descriptions, and some members identified as “bosses” who have authority over other members.

Many of today’s organizations are structured more like Google, with flexible work arrangements, employee work teams, open communication systems, and supplier alliances. In these organizations, work is defined in terms of tasks to be done. And workdays have no time boundaries since work can—and is—done anywhere, anytime.

## FUTURE VISION

## The Working World in 2020

A noted inventor once said, “My interest is in the future because I’m going to spend the rest of my life there.”<sup>12</sup> While this book presents a fairly accurate description of today’s workplace, you’re going to spend most of your worklife in the future. What will that worklife look like? How will it be different from today?

Although no one has a perfectly accurate window to the future, certain trends in place today offer insights into what tomorrow holds. We can extrapolate from those trends to sneak a peek at the future. We’ve arbitrarily chosen to focus on the year 2020 because it’s close enough that most of you will be actively in the workforce, yet far enough away that current

managerial practices are likely to have changed because they’ve become irrelevant or even obsolete.

In 2000, Malcolm Gladwell’s popular book *The Tipping Point* looked at how major changes in our society occur. (Even at more than 10 years old, it’s an interesting read and we recommend it!) Many demographers have said that 2010 could be a tipping point for the composition of the U.S. population. That’s the year it’s predicted that “the number of babies born to minorities outnumbers that of babies born to whites.” This is yet another trend indicator in which minorities are expected to become the U.S. majority over the next 40 years. Although this demographic shift has been documented

since the early 1990s, it appears that the “tipping point” has been reached. Although this event has numerous societal implications, we’re more interested in the implications for the work world that you’ll be part of. Implications such as: What will employee hiring and selection processes be like? How will employee training programs change? How will employee reward programs be set up? Who will become the role models and business leaders that guide and shape our businesses? We will look at these types of issues in our Future Vision boxes located in various chapters. So strap on your visionary goggles and enjoy this intriguing look at the future! After all, you’re going to be spending the rest of your life there!

**first-line managers**

Managers at the lowest level of management who manage the work of nonmanagerial employees

**middle managers**

Managers between the lowest level and top levels of the organization who manage the work of first-line managers

**top managers**

Managers at or near the upper levels of the organization structure who are responsible for making organization-wide decisions and establishing the goals and plans that affect the entire organization

**organization**

A deliberate arrangement of people to accomplish some specific purpose

However, no matter what type of approach an organization uses, some deliberate structure is needed so work can get done, with managers overseeing and coordinating that work.

### LEARNING OUTCOME

Describe the functions, roles, and skills of managers.

1.3

## What Do Managers Do?

Simply speaking, management is what managers do. But that simple statement doesn't tell us much, does it? Let's look first at what management is before discussing more specifically what managers do.

**Management** involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively. We already know that coordinating and overseeing the work of others is what distinguishes a managerial position from a nonmanagerial one. However, this doesn't mean that managers can do what they want anytime, anywhere, or in any way. Instead, management involves ensuring that work activities are completed efficiently and effectively by the people responsible for doing them, or at least that's what managers aspire to do.

**Efficiency** refers to getting the most output from the least amount of inputs. Because managers deal with scarce inputs—including resources such as people, money, and equipment—they're concerned with the efficient use of those resources. It's often referred to as “doing things right”—that is, not wasting resources. For instance, at the HON Company plant in Cedartown, Georgia, where employees make and assemble office furniture, efficient manufacturing techniques were implemented by doing things such as cutting inventory levels, decreasing the amount of time to manufacture products, and lowering product reject rates. These efficient work practices paid off as the plant reduced costs by more than \$7 million in one year.<sup>13</sup>

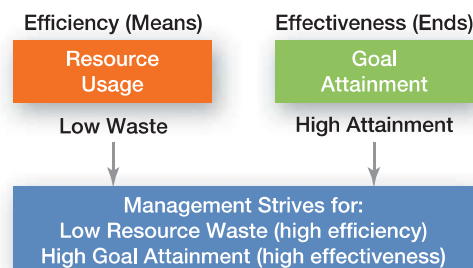
It's not enough, however, just to be efficient. Management is also concerned with being effective, completing activities so that organizational goals are attained. **Effectiveness** is often described as “doing the right things”—that is, doing those work activities that will help the organization reach its goals. For instance, at the HON factory, goals included meeting customers' rigorous demands, executing world-class manufacturing strategies, and making employee jobs easier and safer. Through various work initiatives, these goals were pursued *and* achieved. Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organizational goals (see Exhibit 1-3). In successful organizations, high efficiency and high effectiveness typically go hand in hand. Poor management (which leads to poor performance) usually involves being inefficient and ineffective or being effective, but inefficient.

Now let's take a more detailed look at what managers do. Describing what managers do isn't easy. Just as no two organizations are alike, no two managers' jobs are alike. In spite of this, management researchers have developed three approaches to describe what managers do: functions, roles, and skills.



### EXHIBIT 1-3

#### Efficiency and Effectiveness in Management





## Management Functions

According to the functions approach, managers perform certain activities or functions as they efficiently and effectively coordinate the work of others. What are these functions? Henri Fayol, a French businessman, first proposed in the early part of the twentieth century that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.<sup>14</sup> Today, these functions have been condensed to four: planning, organizing, leading, and controlling (see Exhibit 1-4). Let's briefly look at each function.

If you have no particular destination in mind, then any road will do. However, if you have someplace in particular you want to go, you've got to plan the best way to get there. Because organizations exist to achieve some particular purpose, someone must define that purpose and the means for its achievement. Managers are that someone. As managers engage in **planning**, they set goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities.

Managers are also responsible for arranging and structuring work to accomplish the organization's goals. We call this function **organizing**. When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

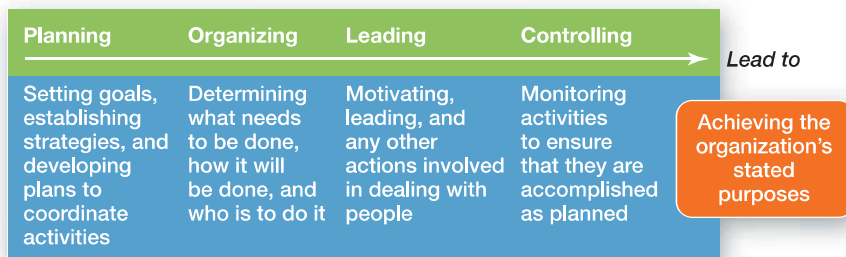
Every organization has people, and a manager's job is to work with and through people to accomplish goals. This is the **leading** function. When managers motivate subordinates, help resolve work group conflicts, influence individuals or teams as they work, select the most effective communication channel, or deal in any way with employee behavior issues, they're leading.

The final management function is **controlling**. After goals and plans are set (planning), tasks and structural arrangements put in place (organizing), and people hired, trained, and motivated (leading), there has to be some evaluation of whether things are going as planned. To ensure that goals are being met and that work is being done as it should be, managers must monitor and evaluate performance. Actual performance must be compared with the set goals. If those goals aren't being achieved, it's the manager's job to get work back on track. This process of monitoring, comparing, and correcting is the controlling function.

Just how well does the functions approach describe what managers do? Do managers always plan, organize, lead, and then control? In reality, what a manager does may not

**EXHIBIT 1-4**

### Four Functions of Management



#### management

Coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively

#### efficiency

Doing things right, or getting the most output from the least amount of inputs

#### effectiveness

Doing the right things, or completing activities so that organizational goals are attained

#### planning

Management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities

#### organizing

Management function that involves arranging and structuring work to accomplish the organization's goals

#### leading

Management function that involves working with and through people to accomplish organizational goals

#### controlling

Management function that involves monitoring, comparing, and correcting work performance

Let's Fly Together is the slogan of a merger undertaken by the top managers of United Airlines and Continental Airlines that will form the world's largest airline. United's CEO Glenn Tilton (left) and Continental's CEO Jeff Smisek stated that the merger strategy will achieve the goals of creating a combined airline that is more efficient and better positioned as a strong global competitor, that has the financial strength needed to make investments in improved products and services, and that can achieve and sustain profitability. Plans for the combined airline include flying under the United name and using the logo and colors of Continental.



always happen in this sequence. Regardless of the “order” in which these functions are performed, however, the fact is that managers do plan, organize, lead, and control as they manage. To illustrate, look back at the chapter-opening story. When Lisa is working to keep her employees motivated and engaged, that’s leading. As she makes out the week’s schedule, that’s planning. When she is trying to cut costs, those actions obviously involve controlling. And dealing with unhappy customers is likely to involve leading, controlling, and maybe even planning.

Although the functions approach is popular for describing what managers do, some have argued that it isn’t relevant.<sup>15</sup> So let’s look at another perspective.

## Mintzberg’s Managerial Roles and a Contemporary Model of Managing

Henry Mintzberg, a well-known management researcher, studied actual managers at work. In his first comprehensive study, Mintzberg concluded that what managers do can best be described by looking at the managerial roles they engage in at work.<sup>16</sup> The term **managerial roles** refers to specific actions or behaviors expected of and exhibited by a manager. (Think of the different roles you play—such as student, employee, student organization member, volunteer, sibling, and so forth—and the different things you’re expected to do in these roles.) When describing what managers do from a roles perspective, we’re not looking at a specific person per se, but at the expectations and responsibilities that are associated with being the person in that role—the role of a manager.<sup>17</sup> As shown in Exhibit 1-5, these 10 roles are grouped around interpersonal relationships, the transfer of information, and decision making.

The **interpersonal roles** are ones that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles include figurehead, leader, and liaison. The **informational roles** involve collecting, receiving, and disseminating information. The three informational roles include monitor, disseminator, and spokesperson. Finally, the **decisional roles** entail making decisions or choices. The four decisional roles include entrepreneur, disturbance handler, resource allocator, and negotiator.

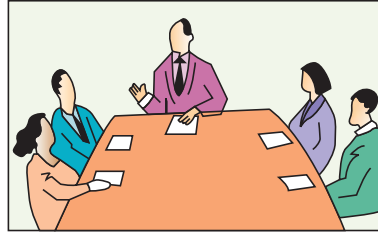
As managers perform these roles, Mintzberg proposed that their activities included both reflection (thinking) and action (doing).<sup>18</sup> Our manager in the chapter opener would do both as she manages. For instance, reflection would occur when Lisa listens to employees’ or customers’ problems, while action would occur when she resolves those problems.

## EXHIBIT 1-5

## Mintzberg's Managerial Roles

**Interpersonal Roles**

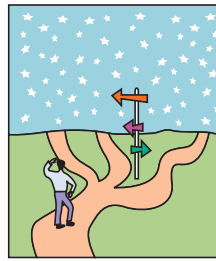
- Figurehead
- Leader
- Liaison

**Informational Roles**

- Monitor
- Disseminator
- Spokesperson

**Decisional Roles**

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator



Based on Mintzberg, Henry, *The Nature of Managerial Work*, 1st Edition, © 1980, pp. 93–94.

A number of follow-up studies have tested the validity of Mintzberg's role categories and the evidence generally supports the idea that managers—regardless of the type of organization or level in the organization—perform similar roles.<sup>19</sup> However, the emphasis that managers give to the various roles seems to change with organizational level.<sup>20</sup> At higher levels of the organization, the roles of disseminator, figurehead, negotiator, liaison, and spokesperson are more important; while the leader role (as Mintzberg defined it) is more important for lower-level managers than it is for either middle or top-level managers.

Recently, Mintzberg completed another hands-on and up-close study of managers at work and concluded that, “Basically, managing is about influencing action. It’s about helping organizations and units to get things done, which means action.”<sup>21</sup> Based on his observations, Mintzberg went on to explain that a manager does this in three ways: (1) by managing actions directly (for instance, negotiating contracts, managing projects, etc.), (2) by managing people who take action (for example, motivating them, building teams, enhance the organization’s culture, etc.), or (3) by managing information that propels people to take action (using budgets, goals, task delegation, etc.). The manager at the center of the model has two roles—framing, which defines how a manager

**managerial roles**

Specific actions or behaviors expected of and exhibited by a manager

**interpersonal roles**

Managerial roles that involve people and other duties that are ceremonial and symbolic in nature

**informational roles**

Managerial roles that involve collecting, receiving, and disseminating information

**decisional roles**

Managerial roles that revolve around making choices



"You can't expect people to do a good job at work if their lives are a mess."<sup>23</sup> That's the philosophy of Panda Express founder and chairman, Andrew Cherng. Together with his wife Peggy, they have built a restaurant empire with more than 1,200 outlets and \$1 billion in sales. They believe that a company is only as good as the employees who comprise it. In

fact, he says that his company's success doesn't come just from the meals prepared in the kitchen, but because "he cares about the emotional well-being of his employees." With five guiding values—being proactive, showing respect/-having a win-win attitude, pursuing growth, having great operations, and being giving—and a caring and strong management team, this company has prospered. What can you learn from this leader who made a difference?

approaches his or her job; and scheduling, which "brings the frame to life" through the distinct tasks the manager does. A manager enacts these roles while managing action in the three "planes:" with information, through people, and sometimes by taking action directly. It's an interesting perspective on the manager's job and one that adds to our understanding of what it is that managers do.

So which approach is better—managerial functions or Mintzberg's propositions? Although each does a good job of depicting what managers do, the functions approach still seems to be the generally accepted way of describing the manager's job. "The classical functions provide clear and discrete methods of classifying the thousands of activities that managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals."<sup>22</sup> However, Mintzberg's role approach and newly developed model of managing do offer us other insights into managers' work.

## Management Skills

Dell Inc. is a company that understands the importance of management skills.<sup>24</sup> It started an intensive five-day offsite skills training program for first-line managers as a way to

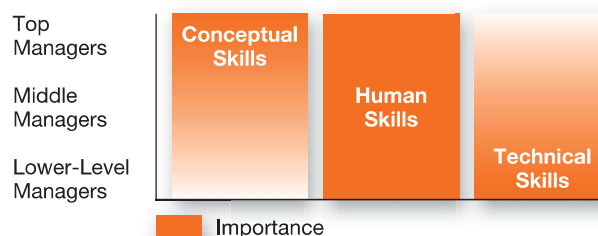
improve its operations. One of Dell's directors of learning and development thought this was the best way to develop "leaders who can build that strong relationship with their front-line employees." What have the supervisors learned from the skills training? Some things they mentioned were how to communicate more effectively and how to refrain from jumping to conclusions when discussing a problem with a worker.

What types of skills do managers need? Robert L. Katz proposed that managers need three critical skills in managing: technical, human, and conceptual.<sup>25</sup> (Exhibit 1-6 shows the relationships of these skills to managerial levels.) **Technical skills** are the job-specific knowledge and techniques needed to proficiently perform work tasks. These skills tend to be more important for first-line managers because they typically are managing employees who use tools and techniques to produce the organization's products or service the organization's customers. Often, employees with excellent technical skills get promoted to first-line manager. For example, Mark Ryan of Verizon Communications manages almost 100 technicians who service half a million of the company's customers. Before becoming a manager, however, Ryan was a telephone lineman. He says, "The technical side of the business is important, but managing people and rewarding and recognizing the people who do an outstanding job is how we (Verizon) are going to succeed."<sup>26</sup> Ryan is a manager who has technical skills, but also recognizes the importance of **human skills**, which involve the ability to work well with other people both individually and in a group. Because all managers deal with people, these skills are equally important to all levels of management. Managers with good human skills



### EXHIBIT 1-6

#### Skills Needed at Different Managerial Levels





## EXHIBIT 1-7

## Important Managerial Skills

- Managing human capital
- Inspiring commitment
- Managing change
- Structuring work and getting things done
- Facilitating the psychological and social contexts of work
- Using purposeful networking
- Managing decision-making processes
- Managing strategy and innovation
- Managing logistics and technology

Based on "Dear Workforce: We're Developing Onboarding for New Managers: What Should Be Included?" *Workforce Online*, March 4, 2010; J. R. Ryan, "The Coming Leadership Gap: What You Can Do About It," *Bloomberg BusinessWeek Online*, December 15, 2009; In-Sue Oh and C. M. Berry, "The Five Factor Model of Personality and Managerial Performance: Validity Gains Through the Use of 360 Degree Performance Ratings," *Journal of Applied Psychology*, November 2009, pp. 1498–1513; and R. S. Rubin and E. C. Dierdorff, "How Relevant Is the MBA? Assessing the Alignment of Required Curricula and Required Managerial Competencies," *Academy of Management Learning & Education*, June 2009, pp. 208–224.

get the best out of their people. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. Finally, **conceptual skills** are the skills managers use to think and to conceptualize about abstract and complex situations. Using these skills, managers see the organization as a whole, understand the relationships among various subunits, and visualize how the organization fits into its broader environment. These skills are most important to top managers.

Other important managerial skills that have been identified are listed in Exhibit 1-7. In today's demanding and dynamic workplace, employees who want to be valuable assets must constantly upgrade their skills, and developing management skills can be particularly beneficial in today's workplace. We feel that understanding and developing management skills is so important that we've included a skills feature at the end of each chapter. (The one in this chapter looks at developing your political skill.) In addition, you'll find other material on skill building as well as several interactive skills exercises in our mymanagementlab. As you study the four management functions throughout the rest of the book, you'll be able to start developing some key management skills. Although a simple skill-building exercise won't make you an instant expert, it can provide you an introductory understanding of some of the skills you'll need to master in order to be an effective manager.

## How Is the Manager's Job Changing?

"At Best Buy's headquarters, more than 60 percent of the 4,000 employees are now judged only on tasks or results. Salaried people put in as much time as it takes to do their work. Those employees report better relationships with family and friends, more company loyalty, and more focus and energy. Productivity has increased by 35 percent. Employees say they don't know whether they work fewer hours—they've stopped counting. Perhaps more important, they're finding new ways to become efficient."<sup>27</sup> Welcome to the new world of managing!

In today's world, managers are dealing with global economic and political uncertainties, changing workplaces, ethical issues, security threats, and changing technology. For example,

1.4

## LEARNING OUTCOME

Describe the factors that are reshaping and redefining the manager's job.

### technical skills

Job-specific knowledge and techniques needed to proficiently perform work tasks

### human skills

The ability to work well with other people individually and in a group

### conceptual skills

The ability to think and to conceptualize about abstract and complex situations



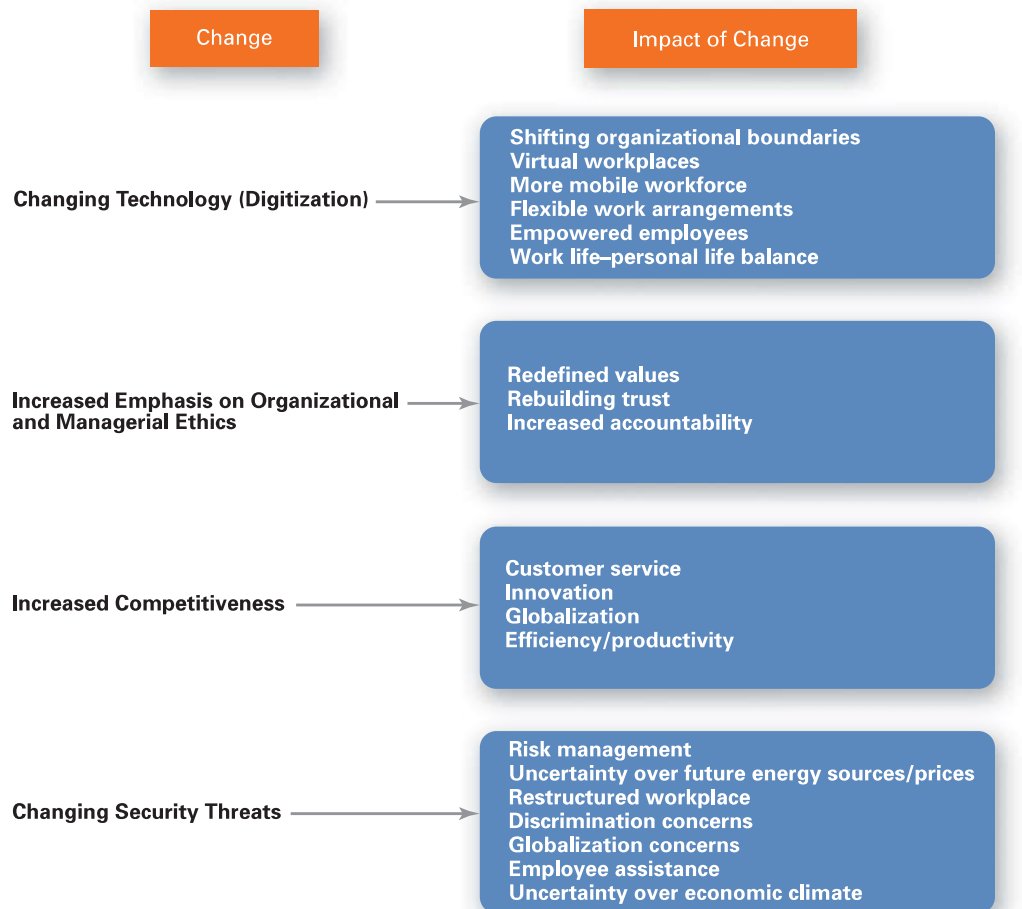
Dave Maney, the top manager of Headwaters MB, a Denver-based investment bank, had to fashion a new game plan during the recession. When the company's board of directors gave senior management complete freedom to ensure the company's survival, they made a bold move. All but seven key employees were laid off. Although this doesn't sound very responsible or resourceful, it invited those laid-off employees to form independent member firms. Now, Headwaters steers investment transactions to those firms, while keeping a small percentage for itself. The "restructuring drastically reduced fixed costs and also freed management to do more marketing, rather than day-to-day investment banking transactions." As Maney said, "It was a good strategy for us and positioned us for the future."<sup>28</sup> It's likely that more managers *will* have to manage under such demanding circumstances, and the fact is that *how* managers manage is changing. Exhibit 1-8 shows some of the most important changes facing managers. Throughout the rest of this book, we'll be discussing these and other changes and how they're affecting the way managers plan, organize, lead, and control. We want to highlight three of these changes: the increasing importance of customers, innovation, and sustainability.

### Importance of Customers to the Manager's Job

John Chambers, CEO of Cisco Systems, likes to listen to voice mails forwarded to him from dissatisfied customers. He says, "E-mail would be more efficient, but I want to hear the emotion, I want to hear the frustration, I want to hear the caller's level of comfort

#### EXHIBIT 1-8

#### Changes Facing Managers



with the strategy we're employing. I can't get that through e-mail."<sup>29</sup> This manager understands the importance of customers. You need customers. Without them, most organizations would cease to exist. Yet, focusing on the customer has long been thought to be the responsibility of marketing types. "Let the marketers worry about the customers" is how many managers felt. We're discovering, however, that employee attitudes and behaviors play a big role in customer satisfaction. For instance, passengers of Qantas Airways were asked to rate their "essential needs" in air travel. Almost every factor listed was one directly influenced by the actions of company employees—from prompt baggage delivery, to courteous and efficient cabin crews, to assistance with connections, to quick and friendly check-ins.<sup>30</sup>

Today, the majority of employees in developed countries work in service jobs. For instance, some 77 percent of the U.S. labor force is employed in service industries. In Australia, 71 percent work in service industries. In the United Kingdom, Germany, and Japan the percentages are 75, 72, and 75, respectively. Even in developing countries like India and Russia, we find 63 percent and 58 percent of the labor force employed in service jobs.<sup>31</sup> Examples of service jobs include technical support representatives, food servers or fast-food counter workers, sales clerks, teachers, nurses, computer repair technicians, front desk clerks, consultants, purchasing agents, credit representatives, financial planners, and bank tellers. The odds are pretty good that when you graduate you'll go to work for a company that's in a service industry, not in manufacturing or agriculture.

Managers are recognizing that delivering consistent high-quality customer service is essential for survival and success in today's competitive environment and that employees are an important part of that equation.<sup>32</sup> The implication is clear—managers must create a customer-responsive organization where employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs, and willing to do what's necessary to please the customer.<sup>33</sup> We'll look at customer service management in several chapters. Before we leave this topic, though, we want to share one more story that illustrates why it's important for today's managers (all managers, not just those in marketing) to understand what it takes to serve customers. During a broadcasted Stanley Cup playoff game, Comcast subscribers suddenly found themselves staring at a blank screen. Many of those customers got on Twitter to find out why. And it was there, not on a phone system, that they discovered a lightning strike in Atlanta had caused the power outage and that transmission would be restored as quickly as possible. Managers at Comcast understood how to exploit popular communications technology



These kids and teens playing Nintendo's DS portable video game in front of the official Pokémon store in Tokyo illustrates the importance of innovation in the company's worldwide leadership within the interactive entertainment industry. Nintendo continues to create unique video games for young people. But the company's innovation strategy also focuses on exploring new territory to launch new products, such as Wii, that cultivate a new wave of customers. Nintendo plans to further expand the concept of what a video game is, redefining it to include anything that brings people joy, from music to health management.

and the company's smart use of Twitter "underscores what is becoming a staple in modern-day customer service . . . beefing up communications with customers through social-media tools."<sup>34</sup>

### Importance of Innovation to the Manager's Job

"Nothing is more risky than not innovating."<sup>35</sup> Innovation means doing things differently, exploring new territory, and taking risks. And innovation isn't just for high-tech or other technologically sophisticated organizations. Innovative efforts can be found in all types of organizations. For instance, the manager of the Best Buy store in Manchester, Connecticut, clearly understood the importance of getting employees to be innovative, a task made particularly challenging because the average Best Buy store is often staffed by young adults in their first or second jobs. "The complexity of the products demands a high level of training, but the many distractions that tempt college-aged employees keep the turnover potential high." However, the store manager tackled the problem by getting employees to suggest new ideas. One idea—a "team close," in which employees scheduled to work at the store's closing time, closed the store together and walked out together as a team—has had a remarkable impact on employee attitudes and commitment.<sup>36</sup> As you'll see throughout the book, innovation is critical throughout all levels and parts of an organization. For example, at Tata of India, the company's top manager, chairman Ratan Tata, told his employees during the bleak aspects of the global economic downturn to "Cut costs. Think out of the box. Even if the world around you is collapsing, be bold, be daring, think big."<sup>37</sup> And his employees obviously got the message. The company's introduction of the \$2,000 minicar, the Nano, was the talk of the global automotive industry. As these stories illustrate, innovation is critical. It's so critical to today's organizations and managers that we'll also address this topic in several chapters.

### Importance of Sustainability to the Manager's Job

It's the world's largest retailer with more than \$408 billion in annual sales, 2.1 million employees, and 7,870 stores. Yes, we're talking about Walmart. And Walmart is probably the last company that you'd think about in a section describing sustainability. However, Walmart announced in early 2010 that it would "cut some 20 million metric tons of greenhouse gas emissions from its supply chain by the end of 2015—the equivalent of removing more than 3.8 million cars from the road for a year."<sup>38</sup> This corporate action affirms that sustainability and green management have become mainstream issues for managers.

What's emerging in the twenty-first century is the concept of managing in a sustainable way, which has had the effect of widening corporate responsibility not only to managing in an efficient and effective way, but also to responding strategically to a wide range of environmental and societal challenges.<sup>39</sup> Although "sustainability" means different things to different people, in essence, according to the World Business Council for Sustainable Development (2005), it is concerned with "meeting the needs of people today without compromising the ability of future generations to meet their own needs." From a business perspective, **sustainability** has been defined as a company's ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental, and social opportunities into its business strategies.<sup>40</sup> Sustainability issues are now moving up the agenda of business leaders and the boards of thousands of companies. Like the managers at Walmart are discovering, running an organization in a more sustainable way will mean that managers have to make informed business decisions based on thorough communication with various stakeholders, understanding their requirements, and starting to factor economic, environmental, and social aspects into how they pursue their business goals. We'll examine managing for sustainability and its importance to planning, organizing, leading and controlling in several places throughout the book.



## Why Study Management?

You may be wondering why you need to study management. If you're majoring in accounting or marketing or any field other than management, you may not understand how studying management is going to help you in your career. We can explain the value of studying management by looking at three things: the universality of management, the reality of work, and the rewards and challenges of being a manager.

1.5

### LEARNING OUTCOME

Explain the value of studying management.

## The Universality of Management

Just how universal is the need for management in organizations? We can say with absolute certainty that management is needed in all types and sizes of organizations, at all organizational levels and in all organizational work areas, and in all organizations, no matter where they're located. This is known as the **universality of management**. (See Exhibit 1-9.) In all these organizations, managers must plan, organize, lead, and control. However, that's not to say that management is done the same way. What a supervisor in a software applications testing group at Microsoft does versus what the CEO of Microsoft does is a matter of degree and emphasis, not of function. Because both are managers, both will plan, organize, lead, and control. How much and how they do so will differ, however.

Management is universally needed in all organizations, so we want to find ways to improve the way organizations are managed. Why? Because we interact with organizations every single day. Are you frustrated when you have to spend two hours in a state government office to get your driver's license renewed? Are you irritated when none of the salespeople in a retail store seems interested in helping you? Is it annoying when you call an airline three times and customer sales representatives quote you three different prices for the same trip? These examples show problems created by poor management. Organizations that are well managed—and we'll share many examples of these throughout the text—develop a loyal customer base, grow, and prosper, even during challenging times. Those that are poorly managed find themselves losing customers and revenues. By studying management, you'll be able to recognize poor management and work to get it corrected. In

### EXHIBIT 1-9

#### Universal Need for Management



### sustainability

A company's ability to achieve its business goals and increase long-term shareholder value by integrating economic, environmental, and social opportunities into its business strategies

### universality of management

The reality that management is needed in all types and sizes of organizations, at all organizational levels, in all organizational areas, and in organizations no matter where located



addition, you'll be able to recognize and support good management, whether it's in an organization with which you're simply interacting or whether it's in an organization in which you're employed.

The Reality of Work

Another reason for studying management is the reality that for most of you, once you graduate from college and begin your career, you will either manage or be managed. For those who plan to be managers, an understanding of management forms the foundation upon which to build your management skills. For those of you who don't see yourself managing, you're still likely to have to work with managers. Also, assuming that you'll have to work for a living and recognizing that you're very likely to work in an organization, you'll probably have some managerial responsibilities even if you're not a manager. Our experience tells us that you can gain a great deal of insight into the way your boss (and fellow employees) behave and how organizations function by studying management. Our point is that you don't have to aspire to be a manager to gain something valuable from a course in management.

Rewards and Challenges of Being a Manager

We can't leave our discussion here without looking at the rewards and challenges of being a manager. (See Exhibit 1-10.) What *does* it mean to be a manager in today's workplace?

First, there are many challenges. It can be a tough and often thankless job. In addition, a portion of a manager's job (especially at lower organizational levels) may entail duties that are often more clerical (compiling and filing reports, dealing with bureaucratic procedures, or doing paperwork) than managerial.<sup>41</sup> Managers often have to deal with a variety of personalities and have to make do with limited resources. It can be a challenge to motivate workers in the face of uncertainty and chaos, as this recession has illustrated time and time again. And managers may find it difficult to successfully blend the knowledge, skills, ambitions, and experiences of a diverse work group. Finally, as a manager, you're not in full control of your destiny. Your success typically is dependent upon others' work performance.

Despite these challenges, being a manager *can be* rewarding. You're responsible for creating a work environment in which organizational members can do their work to the best of their ability and thus help the organization achieve its goals. You help others find meaning and fulfillment in their work. You get to support, coach, and nurture others and help them make good decisions. In addition, as a manager, you often have the opportunity to think creatively and use your imagination. You'll get to meet and work with a variety of



EXHIBIT 1-10  
Rewards and Challenges of Being a Manager

Rewards	Challenges
<ul style="list-style-type: none"><li>• Create a work environment in which organizational members can work to the best of their ability</li><li>• Have opportunities to think creatively and use imagination</li><li>• Help others find meaning and fulfillment in work</li><li>• Support, coach, and nurture others</li><li>• Work with a variety of people</li><li>• Receive recognition and status in organization and community</li><li>• Play a role in influencing organizational outcomes</li><li>• Receive appropriate compensation in the form of salaries, bonuses, and stock options</li><li>• Good managers are needed by organizations</li></ul>	<ul style="list-style-type: none"><li>• Do hard work</li><li>• May have duties that are more clerical than managerial</li><li>• Have to deal with a variety of personalities</li><li>• Often have to make do with limited resources</li><li>• Motivate workers in chaotic and uncertain situations</li><li>• Blend knowledge, skills, ambitions, and experiences of a diverse work group</li><li>• Success depends on others' work performance</li></ul>



people—both inside and outside the organization. Other rewards may include receiving recognition and status in your organization and in the community, playing a role in influencing organizational outcomes, and receiving attractive compensation in the form of salaries, bonuses, and stock options. Finally, as we said earlier in the chapter, organizations need good managers. It's through the combined efforts of motivated and passionate people working together that organizations accomplish their goals. As a manager, you can be assured that your efforts, skills, and abilities are needed.

## Let's Get Real:

### My Response *to A Manager's Dilemma, page 4*

A good place to work is one in which employees have the resources they need in order to best fulfill customers' requests and expectations. As companies and managers sometimes look to cut costs and do more with less, they face a fine balance between what employees and customers can have reduced without negative repercussions.

I believe that employee engagement is a critical element in a smooth workplace. If I were in Lisa's situation, I would get the employees involved in brainstorming about areas they see room for cutting costs, ideas on work flows and processes, and what could help all work more efficiently and effectively. Employee engagement is heightened when employees feel like they have a voice in making their workplace a better place to work and that management is in tune with the needs and concerns of front line employees. Also, implementing changes and transitioning employees to a new way of doing business can be easier because employee buy-in is already there if they participated in some of the ground work and ideas.

### What Would You Do?



#### **Lacy Martin**

Banking Center  
Manager, Assistant  
Vice President  
Commerce Bank  
Springfield, MO

**CHAPTER SUMMARY**  
by Learning Outcomes**LEARNING  
OUTCOME****1.1****Explain** why managers are important to organizations.

Managers are important to organizations for three reasons. First, organizations need their managerial skills and abilities in uncertain, complex, and chaotic times. Second, managers are critical to getting things done in organizations. Finally, managers contribute to employee productivity and loyalty; the way employees are managed can affect the organization's financial performance; and managerial ability has been shown to be important in creating organizational value.

**LEARNING  
OUTCOME****1.2****Tell** who managers are and where they work.

Managers coordinate and oversee the work of other people so that organizational goals can be accomplished. Nonmanagerial employees work directly on a job or task and have no one reporting to them. In traditionally structured organizations, managers can be first-line, middle, or top. In other more loosely configured organizations, the managers may not be as readily identifiable, although someone must fulfill that role.

Managers work in an organization, which is a deliberate arrangement of people to accomplish some specific purpose. Organizations have three characteristics: a distinctive purpose, composed of people, and a deliberate structure. Many of today's organizations are structured to be more open, flexible, and responsive to changes.

**LEARNING  
OUTCOME****1.3****Describe** the functions, roles, and skills of managers.

Broadly speaking, management is what managers do and management involves coordinating and overseeing the efficient and effective completion of others' work activities. Efficiency means doing things right; effectiveness means doing the right things.

The four functions of management include planning (defining goals, establishing strategies, and developing plans), organizing (arranging and structuring work), leading (working with and through people), and controlling (monitoring, comparing, and correcting work performance).

Mintzberg's managerial roles include interpersonal, which involve people and other ceremonial/symbolic duties (figurehead, leader, and liaison); informational, which involve collecting, receiving, and disseminating information (monitor, disseminator, and spokesperson); and decisional, which involve making choices (entrepreneur, disturbance handler, resource allocator, and negotiator). Mintzberg's newest description of what managers do proposes that managing is about influencing action, which managers do in three ways: by managing actions directly, by managing people who take action, and by managing information that impels people to take action.

Katz's managerial skills include technical (job-specific knowledge and techniques), human (ability to work well with people), and conceptual (ability to think and express ideas). Technical skills are most important for lower-level managers while conceptual skills are most important for top managers. Human skills are equally important for all managers. Some other managerial skills also identified include managing human capital, inspiring commitment, managing change, using purposeful networking, and so forth.

**LEARNING  
OUTCOME****1.4****Describe** the factors that are reshaping and redefining the manager's job.

The changes impacting managers' jobs include global economic and political uncertainties, changing workplaces, ethical issues, security threats, and changing technology. Managers must be concerned with customer service because employee attitudes and behaviors play a big role in customer satisfaction. Managers must also be concerned with innovation because it is important for organizations to be competitive. And finally, managers must be concerned with sustainability as business goals are developed.

**Explain the value of studying management.****LEARNING  
OUTCOME****1.5**

It's important to study management for three reasons: (1) the universality of management, which refers to the fact that managers are needed in all types and sizes of organizations, at all organizational levels and work areas, and in all global locations; (2) the reality of work—that is, you will either manage or be managed; and (3) the awareness of the significant rewards (such as, creating work environments to help people work to the best of their ability; supporting and encouraging others; helping others find meaning and fulfillment in work; etc.) and challenges (such as, it's hard work; may have more clerical than managerial duties; have to deal with a variety of personalities; etc.) in being a manager.



To check your understanding of learning outcomes **1.1** – **1.5** go to **mymanagementlab.com** and try the chapter questions.

**REVIEW AND DISCUSSION QUESTIONS**

- How do managers differ from nonmanagerial employees?
- Is your course instructor a manager? Discuss in terms of managerial functions, managerial roles, and skills.
- "The manager's most basic responsibility is to focus people toward performance of work activities to achieve desired outcomes." What's your interpretation of this statement? Do you agree with it? Why or why not?
- Explain the universality of management concept. Does it still hold true in today's world? Why or why not?
- Is business management a profession? Why or why not? Do some external research in answering this question.
- Is there one best "style" of management? Why or why not?
- Does the way that contemporary organizations are structured appeal to you? Why or why not?
- In today's environment, which is more important to organizations—efficiency or effectiveness? Explain your choice.
- Researchers at Harvard Business School found that the most important managerial behaviors involve two fundamental things: enabling people to move forward in their work and treating them decently as human beings. What do you think of these two managerial behaviors? What are the implications for someone, like yourself, who is studying management?
- "Management is undoubtedly one of humankind's most important inventions." Do you agree with this statement? Why or why not?

**PREPARING FOR: My Career****ETHICS DILEMMA**

Lying on your résumé.<sup>42</sup> One survey indicated that some 44 percent of people lie about their work history. Another survey found that 93 percent of hiring managers who found a lie on a job candidate's résumé did not hire that person. What if the person lying on a résumé was the top executive? A survey of 358 senior executives and directors at 53 publicly traded companies turned up seven instances of

claims of having an academic degree they didn't actually have. Such misstatements (accidental or deliberate) cost the CEOs at Radio Shack, Herbalife, USANA Health Sciences, and MGM Mirage their jobs. Why do you think lying about your academic credentials is considered wrong? What ethical issues does it bring up? Which is worse: lying about your academic credentials or lying about your work history? Why?

## SKILLS EXERCISE

### Developing Your **Political** Skill

#### About the Skill

Research has shown that people differ in their political skills.<sup>43</sup> Those who are politically skilled are more effective in their use of influence tactics. Political skill also appears to be more effective when the stakes are high. Finally, politically skilled individuals are able to exert their influence without others detecting it, which is important in being effective so that you're not labeled political. A person's political skill is determined by his or her networking ability, interpersonal influence, social astuteness, and apparent sincerity.

#### Steps in Practicing the Skill

1. *Develop your networking ability.* A good network can be a powerful tool. You can begin building a network by getting to know important people in your work area and the organization and then developing relationships with individuals who are in positions of power. Volunteer for committees or offer your help on projects that will be noticed by those in positions of power. Attend important organizational functions so that you can be seen as a team player and someone who's interested in the organization's success. Start a rolodex file of names of individuals that you meet even if for a brief moment. Then, when you need advice on work, use your connections and network with others throughout the organization.
2. *Work on gaining interpersonal influence.* People will listen to you when they're comfortable and feel at ease

around you. Work on your communication skills so that you can communicate easily and effectively with others. Work on developing good rapport with people in all areas and at all levels of your organization. Be open, friendly, and willing to pitch in. The amount of interpersonal influence you have will be affected by how well people like you.

3. *Develop your social astuteness.* Some people have an innate ability to understand people and sense what they're thinking. If you don't have that ability, you'll have to work at developing your social astuteness by doing things such as saying the right things at the right time, paying close attention to people's facial expressions, and trying to determine whether others have hidden agendas.
4. *Be sincere.* Sincerity is important to getting people to want to associate with you. Be genuine in what you say and do. And show a genuine interest in others and their situations.

#### Practicing the Skill

Select each of the components of political skill and spend one week working on it. Write a brief set of notes describing your experiences—good and bad. Were you able to begin developing a network of people throughout the organization or did you work at developing your social astuteness, maybe by starting to recognize and interpret people's facial expressions and the meaning behind those expressions? What could you have done differently to be more politically skilled? Once you begin to recognize what's involved with political skills, you should find yourself becoming more connected and politically adept.

## WORKING TOGETHER

### Team Exercise



By this time in your life, all of you have had to work with individuals in managerial positions (or maybe *you* were the manager), either through work experiences or through other organizational experiences (social, hobby/interest, religious, and so forth). What do you think makes some managers better than others? Do certain characteristics

distinguish good managers? Form small groups with 3–4 other class members. Discuss your experiences with managers—good and bad. Draw up a list of the characteristics of those individuals you felt were good managers. For each item, indicate which management function and which management skill you think it falls under. As a group, be prepared to share your list with the class and to explain your choice of management function and skill.

## MY TURN TO BE A MANAGER



- Use the most current *Occupational Outlook Handbook* (U.S. Department of Labor, Bureau of Labor Statistics) to research three different categories of managers. For each, prepare a bulleted list that describes the following: the nature of the work; training and other qualifications needed; earnings; and job outlook and projections data.
- Get in the habit of reading at least one current business periodical (*Wall Street Journal*, *BusinessWeek*, *Fortune*, *Fast Company*, *Forbes*, etc.). Keep a file with interesting information you find about managers or managing.
- Using current business periodicals, find five examples of managers you would describe as *Master Managers*. Write a paper describing these individuals as managers and why you feel they deserve this title.
- Steve's and Mary's suggested readings: Henry Mintzberg, *Managing* (Berrett-Koehler Publishers,