Chapter 1

Managing in Turbulent Times

Chapter Outline

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Annotated Learning Objectives

After studying this chapter, students should be able to:

1. **Describe the four management functions and the type of management activity associated with each.**

   The management functions are planning, organizing, leading, and controlling. Planning means defining goals for future organizational performance and deciding on the tasks and use of resources needed to attain them. The management activity associated with planning is to select goals and ways to attain them.

   Organizing typically follows planning and reflects how the organization will try to accomplish the plan. The management activity associated with organizing is to assign responsibility for task accomplishment. Leading is the use of influence to motivate employees to achieve the organization’s goals. The management activity associated with leading is to motivate employees. Controlling means monitoring employees activities, keeping the organization on track toward its goals, and making corrections as needed. The management activity associated with controlling is to monitor activities and make corrections.

2. **Explain the difference between efficiency and effectiveness and their importance for organizational performance.**

   Organizational effectiveness is the degree to which the organization achieves a stated objective. It means the organization succeeds in accomplishing what it tries to do. Organizational efficiency refers to the amount of resources used to achieve an organizational goal. It is based on the amount of raw materials, money, and people necessary for producing a given volume of output.

3. **Describe management types and the horizontal and vertical differences between them.**

   The different types of management types under vertical differences are the top managers, middle managers, project managers, and first-line managers. Top managers are at the top of the organizational hierarchy and are responsible for the entire organization. A middle manager is one who works at the middle levels of the organization and is responsible for major departments. A project manager is responsible for a temporary work project that involves the participation of people from various functions and levels of the organization, and perhaps from outside the company as well. First-line managers are directly responsible for the production of goods and services. Functional managers and general managers functions occur horizontally across the organization. Functional managers are responsible for departments that perform a single functional task and have employees with similar training and skills. General managers are responsible for several departments that perform different functions.
4. Describe conceptual, human, and technical skills and their relevance for managers and employees.

Conceptual skill is the mental ability to see the organization as a whole and the relationship among its parts. Conceptual skill is the manager’s thinking and planning ability. Conceptual skills are needed by all managers, but are especially important for top managers. Human skill is the manager’s ability to work with, and through, other people. Human skill is how a manager relates to other people, including the ability to motivate, facilitate, coordinate, lead, communicate, and resolve conflict. Technical skill is the understanding of, and proficiency in, the performance of specific tasks such as engineering, manufacturing, or finance. Technical skills are most important at lower organizational levels. The major difference between non-managers and managers is the shift from reliance on technical skills to focus on human and conceptual skills.

5. Define 10 roles that managers perform in organizations.

A role is a set of expectations for a manager’s behavior. The ten roles are divided into three categories: informational, interpersonal, and decisional.

Informational category describes the functions used to maintain and develop an information network.

The monitor role involves seeking current information from many sources. The disseminator role is the opposite of the monitor role. In the disseminator role, the manager transmits information to others, both inside and outside the organization. The spokesperson role pertains to making official statements to people outside the organization about company policies, actions, or plans.

Interpersonal category pertains to relationships with others and is related to human skills.

The figurehead role involves the handling of ceremonial and symbolic functions for the organization. The leader role is the relationship with subordinates including motivation, communication, and influence. The liaison role is the development of information sources both inside and outside the organizations.

Decisional category occurs when the manager must make a choice. These roles often require conceptual and human skills.

The entrepreneurial role involves the initiation of change. Managers seek ways to solve problems or improve operations. The disturbance handler role involves resolving conflict among subordinates, between managers, or between departments. The resource allocator role pertains to allocating resources in order to attain desired outcomes. The negotiator role involves negotiations and bargaining to attain outcomes for the manager’s unit of responsibility.
6. **Describe the management competencies needed to deal with today’s turbulent environment, including issues such as diversity, globalization, and rapid change.** REVIEW ANS.

Globalization, diversity, and increased competition are changing both the nature of managerial work and the paths to career advancement. In the new paradigm, the primary responsibility of management is to create learning capability throughout the organization. Many companies are reinventing themselves toward something called the learning organization. This is a philosophy or attitude addressing what an organization is and the role of employees. Everyone in the organization participates in identifying and solving problems, enabling the organization to continuously experiment, improve, and increase capability. The focus is on quality and customer satisfaction. The learning organization emphasizes teams and systems rather than hierarchy to maximize performance.

Rapid environmental shifts are causing fundamental transformations that have a dramatic impact on the manager’s job. The shift from an industrial age to an information age has altered the nature of work, employees, and the workplace itself. In the new workplace work is free flowing and flexible. The shift is most obvious in e-commerce and Internet-based organizations. All organizations are facing the need for greater speed and flexibility. The most striking change now affecting organizations and management is technology. One of the biggest technological advances is the Internet, which is transforming the way business is done. People around the world are connected in the flow of information, money, ideas, and products. Interdependencies are increasing. Customers today operate globally and they expect organizations to provide worldwide service. Managers have to understand cross-cultural patterns, and they often work with virtual team members from many different countries. Diversity of the population and the work force has become a fact of life for all organizations. Organizations are learning to value change and speed over stability and efficiency. The new paradigm recognizes change and chaos are the natural order of things. Events in today’s world are turbulent and unpredictable, with both small and large crises occurring on a more frequent basis. Managers must rethink their approach to organizing, directing, and motivating workers.

7. **Explain the leadership skills needed for effective crisis management.**

The leadership skills needed for effective crisis management include staying calm, be visible, put people before business, tell the truth, and know when to get back to business. A leader’s emotions are contagious, so leaders have to stay calm, focused, and optimistic about the future. Being visible when people’s worlds have become ambiguous and uncertain, they feel the need to feel that someone is in control. The companies that weather a crisis best are those in which managers make people and human feeling their top priority. Managers should get as much information from as many diverse sources as they can, do their best to determine the facts, and then be open and straightforward about what’s going on. Managers should first deal with the physical and emotional needs of people; they also need to get back to business as soon as possible.

Crisis management is an important aspect of any manager’s job, particularly in
today’s turbulent times. This is a challenging time to be entering the field of management.

Lecture Outline

Suggested Opening Remarks
An excellent example of a leader during turbulent times is Anne Mulcahy, CEO of Xerox. Although Xerox’s woes are far from over, Mulcahy has gotten the company off the critical list. One characteristic that has gained her the admiration and respect of employees, customers, and shareholders alike is her willingness to tell the truth. Mulcahy is also fiercely concerned about people. Even during the darkest days, she refused to consider preferring instead to focus everyone on rebuilding for the future. Her willingness to work with subordinates on the front lines has expanded her credibility and enabled her to energize people who were previously demoralized and hopeless. Despite the company’s financial distress, she rejected a plan to abolish raises, and she implemented symbolic gestures of appreciation, like giving employees birthdays off.

I. THE DEFINITION OF MANAGEMENT

How would you define management?

Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.

Management is generally considered universal in all profit and not-for-profit organizations because it uses resources to accomplish goals.

There are two important ideas in this definition:

- The four functions of planning, organizing, leading, and controlling
- The attainment of organizational goals in an efficient and effective manner.

Some theorists also list staffing, communicating, or decision-making, but this text covers these functions as subsets of the four primary functions listed above.

Discussion Question #8: A college professor told her students, “The purpose of a management course is to teach students about management, not to teach them to be managers.” Do you agree or disagree with this statement? Discuss.

Notes
II. THE FOUR MANAGEMENT FUNCTIONS

A. Planning

Planning defines where the organization wants to be in the future and how to get there; at AOL Time Warner, the marketing chiefs get together often and talk about future projects.

A lack of planning, or poor planning, can hurt an organization’s performance; a clothing retailer, Merry-Go-Round, slid into bankruptcy as a result of poor planning.

B. Organizing

Organizing follows planning and reflects how the organization tries to accomplish the plan.

Organizing involves the assignment of tasks, grouping of tasks into departments, and allocating resources to departments; Microsoft has undergone structural changes as plans changed.

C. Leading

Leading is the use of influence to motivate employees to achieve the organization’s goals.

Leading is defined as creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees to perform at a high level.

Leading involves motivating the entire organization.

In an era of uncertainty, international competition, and diversity, the ability to shape culture, communicate goals, and motivate employees is critical to success.

Greg Mortensen’s nonprofit promotes secular education in Afghanistan; his vision, courage, and enthusiasm encouraged others to join his fight against terrorism.

D. Controlling

Controlling means monitoring employees’ activities, keeping the organization on target toward its goals, and making corrections as needed.

New trends toward employment and trust of employees have led many companies to place less emphasis on top-down control and more emphasis on training employees to monitor and correct themselves.

New information technology is also helping managers provide needed organizational control without strict top-down constraints.

Cisco Systems uses the Internet to coordinate and monitor operations, allowing managers to keep tabs on performance while give workers freedom to take action.

Discussion Question #3: What similarities do you see among the four management functions of planning, organizing, leading, and controlling? Do you think these functions are related—that is, is a manager who performs well in one function likely to perform well in the others?
III. ORGANIZATIONAL PERFORMANCE

➢ How does an organization reach its goals efficiently and effectively?

Organizations bring together knowledge, people, and raw materials to perform tasks no individuals can do alone; without organizations, how could DVDS be made available?

An organization is a social entity that is goal directed and deliberately structured. Social entity is two or more people; goal directed means the organization is designed to achieve some outcome or goal such as make a profit.

Deliberately structured means tasks are divided and responsibility for their performance is assigned to organization members.

Effectiveness is the degree to which the organization achieves a stated objective; effectiveness means providing a product or service that customer’s value.

Efficiency refers to the amount of resources used to produce an output or a product or service, based on the how much raw materials, money, and people are needed for output.

Efforts to improve efficiency can hurt organizational effectiveness; Delta Airlines increased efficiency with spending cuts and fell in terms of on-time performance.

The ultimate responsibility of managers is to achieve high performance, which is the attainment of organizational goals by using resources in an efficient and effective manner.

Discussion Question #5: What is the difference between efficiency and effectiveness? Which is more important for performance? Can an organization succeed in both simultaneously?

IV. MANAGEMENT SKILLS

➢ Since a manager’s job is complex, what kinds of skills do managers need?

The necessary skills for managing a department or an organization can be summarized in three categories: conceptual, human, and technical.
A. Conceptual Skills

*Conceptual skill* is the cognitive ability to see the organization as a whole and the relationships among its parts.

It involves the manager’s thinking, information processing, and planning abilities; this skill is especially important for top managers.

Microsoft reflects the conceptual skills of its founder and chairman, Bill Gates.

B. Human Skills

*Human skill* is the manager’s ability to work with, and through, other people and work effectively as a group member.

This is the ability to motivate, facilitate, coordinate, lead, communicate, and resolve conflicts.

As globalization, workforce diversity, uncertainty, and societal turbulence increase, human skills become even more crucial.

Today’s managers are concerned with the emotional needs of employees, not just the physical needs related to their job tasks.

Meg Whitman, CEO of eBay, believes her most important contribution is creating a work ethic and culture that is “fun, open, and trusting.”

Managers at all levels need human skills, particularly those who work directly with employees on a daily basis.

C. Technical Skills

*Technical skill* is the understanding of, and proficiency in, the performance of specific tasks.

This includes mastery of the methods, techniques, and equipment involved in specific functions such as engineering, manufacturing, or finance.

Technical skill also includes specialized knowledge, analytical ability, and use of tools and techniques in that specific discipline.

Technical skills are most important at lower organizational levels and become less important than human and conceptual skills as managers are promoted.

D. When Skills Fail

During turbulent times, managers must use all their skills and competencies to benefit the organization and its stakeholders.

When managers fail to apply their skills effectively and ethically, company failures ensue; Enron, Tyco, and WorldCom fell due to company scandals.

Many companies falter because managers fail to listen to customers, misinterpret signals from the market, can’t build a team, or execute a plan.
The biggest blunder is the managers’ failure to confront and adapt to the changing world; managers at Xerox resisted entry into the computer business.

A related problem is top managers who create a climate of fear so that people are afraid to tell the truth; bad news gets hidden and market signals are missed.

Other management missteps include poor communication and failure to listen, treating people as instruments, suppressing dissent, and no trust and respect.

When reporter Jayson Blair plagiarized stories at the *New York Times*, top executives acknowledged the pervasive unhappiness in the newsroom.

**Discussion Question #1:** How do you feel about having a manager’s responsibility in today’s world characterized by uncertainty, ambiguity, and sudden changes or threats from the environment? Describe some of the skills and qualities that are important to managers under these conditions.

**Notes**

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**V. MANAGEMENT TYPES**

*Exhibit 1.3*

> What similar or different skills do managers need at different levels of a company?

Managers use conceptual, human and technical skills to perform the management functions of planning, organizing, leading, and controlling in all organizations.

But not all managers’ jobs are the same. There are vertical and horizontal differences in the jobs of managers.

All managers contribute to the managerial functions but in different amounts and ways.

**A. Vertical Differences**

An important determinant of the manager’s job is hierarchical level. *Top managers* are at the top of the organizational hierarchy and are responsible for the entire organization—president, chairperson, CEO.

Responsibilities include:

- Set organizational goals
- Define strategies
- Monitor and interpret the external environment
- Make decisions that affect the entire organization
- Communicate a shared vision for the organization
Shape corporate culture
Nurture an entrepreneurial spirit
Engage the unique skills and knowledge of employees

Middle managers work at the middle levels of the organization and are responsible for major departments—department or division head, or manager of quality control.

Middle managers typically have two or more management levels beneath them.

Responsibilities include:
- Implementing strategies and policies defined by top managers
- Are concerned with near term results
- Establish good relationships with peers
- Encourage teamwork and resolve conflicts

Recent trends in corporate restructuring and downsizing have reduced the number of middle managers.

Research shows that middle managers play a critical role in facilitating change and enabling organizations to respond in rapid shifts in the environment.

Successful middle managers are constructively critical of the status quo, have a significant personal power, are versatile, and rate high in emotional intelligence.

A project manager is responsible for a temporary work project that involves the participation of other people at a similar level in the organization.

Today’s middle manager might work with a variety of projects and teams at the same time, some which cross geographical, cultural, and functional boundaries.

Another trend is using interim managers, hiring temporary management professionals who work on a specific project or provide specific expertise.

A first-line manager is at the first or second management level and is directly responsible for the production of goods and services.

Responsibilities include:
- Application of rules and procedures to achieve efficient production
- Provide technical assistance
- Motivate subordinates

The time horizon at this level is short with emphasis on accomplishing day-to-day objectives.

Discussion Question #1: Assume you are a project manager at a biotechnology company, collaborating with a marketing manager on a major product modification. You notice that every memo you receive from her has been copied to senior management. At every company function she spends time talking to the
big shots. You are also aware that sometimes when you are slaving away over the project, she is playing golf with senior managers. What is your evaluation of her behavior? As project manager, what do you do?

A. Horizontal Differences

Horizontal differences in management jobs occur across the organization in the different functional areas such as advertising, sales, finance, human resources, manufacturing, and accounting.

*Functional managers* are responsible for departments that perform a single functional task and have employees with similar training and skills.

Line managers are responsible for employees who make or provide a product or service.

Staff managers are in charge of departments such as finance and personnel that support line departments.

*General managers* are responsible for several departments that perform different functions.

**Discussion Question #6:** What changes in management function and skills might occur as one is promoted up a management hierarchy? How can managers acquire the new skills?

VI. WHAT IS IT LIKE TO BE A MANAGER?  

- What are the four basic managerial functions that help ensure organizational resources are used to attain high levels of performance?

The functions are to plan, organize, lead, and control; these tasks require conceptual, human, and technical skills.

Mitzberg developed a description of managerial work that included three general characteristics and ten roles.

More recently, research has been conducted on what managers like to do; both male and female managers enjoy leading others, networking, and leading innovation.
Activities managers like least include controlling subordinates, handling paperwork, and managing time pressures; there was agreement among managers in five countries.

A. Manager Activities

One finding is how busy managers are and how hectic the average workday is. The Office Depot CEO works 14 hours a day, visits stores in several different states each week, and continually tracks operations at 947 stores.

1. Adventures in Multitasking:

Managerial activity is characterized by variety, fragmentation, and brevity. The manager’s involvement is so widespread and voluminous that there is little time for quiet reflection; managers shift gears quickly.

2. Life on Speed Dial

The manager performs a great deal of work at an unrelenting pace, requiring great energy; a manager may receive hundreds of e-mails each day.

Discussion Question #7: If managerial work is characterized by variety, fragmentation, and brevity, how do managers perform basic management functions such as planning, which would seem to require reflection and analysis?

B. Manager Roles

What is meant by managerial roles?

A role is a set of expectations for a manager’s behavior.

A manager’s job can be organized into ten different roles and divided into the conceptual categories of informational, interpersonal, and decisional.

1. Informational roles describe the activities used to maintain and develop an information network:

   • The monitor role involves seeking current information from many sources.

   • The disseminator role is the opposite since in this role the manager transmits current information to others, both inside and outside the organization.

   • The spokesperson role pertains to making official statements outside the organization about company policies, activities and plans.

Exhibit 1.5
2. Interpersonal Roles pertain to relationships with others and are related to the human skills described earlier:
   - The **figurehead role** involves ceremonial and symbolic activities for the department or organization.
   - The **leader role** encompasses relationships with subordinates, including motivation, communication, and influence.
   - The **liaison role** pertains to the development of information sources both inside and outside the organization.

3. Decisional Roles pertain to those events about which the manager must make a choice and take action.
   - The **entrepreneurial role** involves initiation of change and occurs when managers become aware of problems and seek improvements.
   - The **disturbance handler role** involves resolving conflicts among subordinates or between the manager’s department and other departments.
   - The **resource allocator role** pertains to decisions about how to allocate people, time, equipment, budget, and other resources to attain desired outcomes.
   - The **negotiator role** involves negotiations and bargaining to attain outcomes for the manager’s unit of responsibility.

The emphasis a manager puts on these ten roles depends the manager’s position in the hierarchy, natural skills and abilities, type of organization, or departmental goals.

Other factors such as changing environmental conditions, may also determine which roles are more important for a manager at a given time.

Managers stay alert to needs both within and outside the organization to determine what roles are most critical at various times.

**MANAGER’S SHOPTALK: Turbulent Times**

*Do You Really Want to Be a Manager?*

Becoming a manager is considered by most people to be a positive, forward-looking career move. However there are also many challenges, and not every person will be happy in a management position. Here are some of the issues would-be managers should consider before deciding to pursue a management career:

- **The increased workload**
- **The unrelenting sense of obligation**
- **The headache of responsibility for other people**
- **Being caught in the middle**
Discussion Question #4: Why do some organizations seem to have a new CEO every year or two whereas others have top leaders who stay with the company for many years (e.g., Jack Welch’s 20 years as CEO at General Electric)? What factors about the manager or about the company might account for this difference?

Notes

VII. MANAGING IN SMALL BUSINESSES AND NOT-FOR-PROFIT ORGANIZATIONS

➢ Why do you think small businesses are growing in importance?

Many are operated by people who have found themselves squeezed out of the corporation due to downsizing or voluntarily left the corporation.

Many are started by women or minorities who found limited opportunities for advancement in large corporations.

The Internet has opened new avenues for small business formation; the wave of dot.coms in the 1990s was driven by the desire to start something new and exciting.

The environment for small business has become increasingly complicated due to globalization, government regulation, and customer demands for better quality at lower prices.

Small companies have difficulty developing the managerial dexterity needed to survive in a turbulent environment.

Research showed the fifty percent of small business respondents saw inadequate managerial skills as a threat to their company.

Small business managers tend to emphasize different roles than managers in large organizations.

In small firms the most important role is the spokesperson role since the manager must constantly sell the firm to the outside world.

The entrepreneurial role is also very important as managers must be creative and help their organization develop new ideas to be competitive.

Not-for-profit organizations also represent a major application of management talent. The Red Cross, Girl and Boy Scouts, universities, city governments, hospitals, public schools, symphonies, and art museums all require excellent management.

Not-for-profit organizations management functions of planning, organizing, leading, and controlling apply just as they do to business organizations, managers in not-for-profits use similar skills and perform similar activities.
Non-profit managers focus on generating some kind of social impact, and services are typically provided to non-paying clients through grants and donations.

With no conventional bottom line, managers may struggle with the question of what constitutes results and effectiveness.

Mintzberg’s roles apply to nonprofit managers—the spokesperson “sells” the organization, the leader builds a mission-driven community, and the resource allocator.

Managers in all organizations must integrate and adjust functions and roles to meet new challenges; one way is through the increased use of the Internet.

**UNLOCKING CREATIVE SOLUTIONS THROUGH TECHNOLOGY**

*Click Here for Lower Taxes*

Government agencies are often thought of as plodding, inefficient bureaucracies that waste the public’s time and money. Now some government agencies apply Internet technology to say taxpayers money. The U.S. Internal Revenue Service has made the distribution of its tax forms a major focus of its website. More than 100 million tax forms are downloaded directly, with each request costing the IRS only a fraction of a penny. E-filing saves time and money for both taxpayers and the IRS. Other countries such as Canada and Russia are also using e-government services.

VIII. MANAGEMENT AND THE NEW WORKPLACE

*Exhibit 1.6*

- *Why has the central theme discussed in the field of management been the pervasiveness of dramatic change?*

Rapid environmental shifts are causing fundamental transformations that have a dramatic impact on the manager’s job; transformations have created a new workplace.

The workplace is organized around information and ideas rather than machines and physical assets.

Low-cost computing power means that ideas, documents, movies, and data can be spread around the world at the speed of light.

The old workplace is characterized by routine, specialized tasks, and standardized control procedures; the organization is coordinated through the vertical hierarchy.
Decision-making authority resides with upper-level managers.

In the new workplace, work is free flowing and flexible; the shift is most obvious in e-commerce and high-tech communications, which respond to changing markets and competition.

The workplace is organized around networks rather than rigid hierarchies, and work is often virtual, with managers supervising people who never “come to work.”

Teams may also include outside contractors, suppliers, customers, competitors, and interim managers who work on a project-by-project basis.

A. Forces on Organizations

The most striking change now affecting organizations and management is technology.

One of the biggest technological advances is the Internet, which is transforming the way business is done.

Many organizations use digital networking technologies to tie together employees and company partners in far-flung operations.

Companies are becoming interconneceted, and managers have to learn how to coordinate relationships with other organizations.

The Internet and other new technologies are also tied closely to globalization.

Global interconnections bring many opportunities but also threats, new risks, and increased complexity and competitiveness (e.g. outsourcing to low-cost providers).

Diversity of the workforce has become a fact of life for all organizations; generational diversity is another force, with employees of all ages working together.

In the face of these rapid transformations, organizations are learning to value change and speed over stability and efficiency.

Events in today’s workplace are turbulent and unpredictable, with both small and large crises occurring on a more frequent basis.

B. New Management Competencies

Managers have to rethink their approach to organizing, directing, and motivating employees.

Today’s managers give up their command-and-control mindset to embrace ambiguity and create organizations that are fast, flexible, adaptable, and relationship-oriented.

Leadership is dispersed throughout the organization, and managers empower others to gain the benefit of their ideas and creativity.

Success in the new workplace depends on the strength and quality of collaboration; managers realize the importance of staying connected to employees and customers.

Team-building skills are crucial for today’s managers; many act as team leaders of ever-shifting temporary projects...
An important management challenge is to build a learning organization by creating an organizational climate that values experimentation, risk-taking, tolerates mistakes, and rewards nontraditional thinking and knowledge sharing.

**Discussion Question #9:** Discuss some of the ways organizations and jobs have changed over the past 10 years. How do these changes affect the manager’s job and the skills a manager needs to be successful?

**Notes**

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**UNLOCKING CREATIVE SOLUTIONS THROUGH PEOPLE**

*At Tech Target, Freedom to Leave Makes Employees Stay*

Many companies profess to be more interested in employees’ performance than in attendance, but few prove it more loudly than Tech Target, and interactive media company. For the 210 employees, there are no guidelines designating work schedules, personal leave, sick days, or vacation time. Employees have the freedom to come and go as they please. The open-leave policy makes people more, not less, committed, responsible, and productive.

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**IX. TURBULENT TIMES: MANAGING CRISIS AND UNEXPECTED EVENTS**

Many managers may dream of working in a firm and a world where life is calm, orderly, and predictable, but turbulence and disorder mark today’s world.

Organizations face various level of crisis every day—from the loss of computer data, to charges of racial discrimination, to a factory fire, to a flu epidemic.

Organizational crises have been compounded by global crises—Columbine High School, Enron, September 11, and the war in Iraq.

Dealing with the unexpected is part of the manager’s job, but now events occur more frequently and with greater and more painful consequences.

Recent thinking on crisis management suggests five leadership skills:

A. **Stay calm**
   
   A leader’s emotions are contagious, so leaders have to be calm, focused, and optimistic about the future.

B. **Be visible**

   When the situation seems ambiguous and frightening, people need to feel that someone is in control.

C. **Put people before business**
The companies that weather a crisis best are those in which the managers make people and human feelings their top priority.

D. Tell the truth

Managers should get as much information from as many sources as they can, do their best to determine the facts, and then be open and straightforward about what is happening.

E. Know when to get back to business

Managers need to get back to business as soon as possible.

Discussion Question #10: How should the teaching of management change to prepare future managers to deal with work-force diversity? What problems and opportunities do globalization and diversity present for managers?

Notes

Lecture Example File

DRIVING FORCES OF CHANGE

Around the 1960s and on to today, the environment of today’s organizations has changed a great deal. A variety of driving forces provoke this change. Increasing telecommunications has “shrunk” the world substantially. Increasing diversity of workers has brought in a wide array of differing values, perspectives and expectations among workers. Public consciousness has become much more sensitive and demanding that organizations be more socially responsible. Much of the third-world countries have joined the global marketplace, creating a wider arena for sales and services. Organizations became responsible not only to stockholders (those who owned stock) but to a wider community of “stakeholders.”

As a result of the above driving forces, organizations were required to adopt a “new paradigm,” or view on the world, to be more sensitive, flexible and adaptable to the demands and expectations of stakeholder demands.

Many organizations have abandoned or are abandoning the traditional top-down, rigid and hierarchical structures to more “organic” and fluid forms.

Today’s leaders and/or managers must deal with continual, rapid change. Managers faced with a major decision can no longer refer back to an earlier developed plan for direction. Management techniques must continually notice changes in the environment and organization, assess this change and manage change. Managing change does not mean controlling it, rather understanding it, adapting to it where necessary and guiding it when possible.
Managers can’t know it all or reference resources for every situation. Managers must count on and listen more to their employees. Consequently, new forms of organizations are becoming more common, e.g., worker-centered teams, self-organizing and self-designing teams, etc.

**TRAITS OF THE NEW PARADIGM**

Marilyn Ferguson, in The New Paradigm: Emerging Strategic for Leadership and Organizational Change (Michael Ray and Alan Rinzler, Eds., 1993, New Consciousness Reader) provides a very concise overview of the differences between the old and new paradigm. (The following is summarized.)

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<th>Old Paradigm</th>
<th>New Paradigm</th>
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<tbody>
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<td>promote consumption at all costs</td>
<td>appropriate consumption</td>
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<tr>
<td>people to fit jobs</td>
<td>jobs to fit people</td>
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<td>imposed goals, top-down decision making</td>
<td>autonomy encouraged, worker participation</td>
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<td>cross-fertilization by specialists seeing</td>
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<td>strictly economic motives</td>
<td>spiritual values transcend material gain</td>
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<td>Polarized</td>
<td>transcends polarities</td>
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<td>short-sighted</td>
<td>ecologically sensitive</td>
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<td>Rational</td>
<td>rational and intuitive</td>
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<td>emphasis on short-term solutions</td>
<td>recognition that long-range efficiency</td>
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<td>must take in to account harmonious work</td>
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<td>decentralized operations when possible</td>
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<td>appropriate technology</td>
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<td>attempt to understand the whole, locate</td>
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<td>deep underlying causes of disharmony</td>
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**Answers to End-of-Chapter Discussion Questions**
1. Assume you are a research engineer at a petrochemical company, collaborating with a marketing manager on a major product modification. You notice that every memo you receive from her has been copied to senior management. At every company function she spends time talking to the big shots. You are also aware that sometimes when you are slaving away over the project, she is playing golf with senior managers. What is your evaluation of her behavior?

This question will help students understand roles that managers play as well as how the real world functions. The marketing manager seems to be wanting to move up the management hierarchy. There are two behaviors illustrating this desire. Sending copies of memos to senior management helps her maintain visibility in the company and lets senior management know of her management skills and accomplishments. Socializing with senior management at company functions or on the golf course also helps her maintain high visibility. These behaviors will help her to not be overlooked when deliberations for special projects or promotions are being made by senior management. The appropriateness of her behavior is another issue. If she is performing on the joint project as promised, then what she does otherwise is her business. If you, as the research engineer, also are looking for advancement opportunities, you should try to increase visibility also.

2. What do you think the text means by a management revolution? Do you expect to be a leader or follower in this revolution? Explain.

This question is designed to get students to consider the changes in today’s society and business world that will affect their careers as future managers. Some of the most significant changes are increased globalization, chaotic environments, and growing workforce diversity. These changes are causing a revolution in the field of management that asks managers to do more with less, to engage employees’ hearts and minds as well as their bodies, to see change rather than stability as the nature of things, and to create truly collaborative workplaces. The new management approach is very different from a traditional mind-set that emphasizes tight, top-down control, work specialization and separation, and management by impersonal analysis. Managers will become facilitators, partners, and risk takers who help all employees accept responsibility and continue to learn and grow. They will be more concerned with managing overall patterns rather than trying to control day-to-day events, and they will need the skills to lead and motivate people from different cultural and ethnic backgrounds.

3. What similarities do you see among the four management functions of planning, organizing, leading, and controlling? Do you think these functions are related—that is, is a manager who performs well in one function likely to perform well in the others?

This question is designed to get students to think carefully about the four management functions; hence, there is no single correct answer. Students might mention the relationship between planning and controlling. Planning is used to set the goals and targets on which control is based. The monitoring and corrective activities associated with control then provide feedback for future planning.
Moreover, leading is related to both planning and control. Planning defines the direction toward which leadership is used to influence and motivate employees. Leading is also used in the corrective action stage of control. The relationship of organizing to the other functions is less obvious. Organizing is related to planning because it is a technique for implementing plans. Organizing assigns the responsibility to achieve the plan. Organizing also establishes the organizational framework within which leading and control take place. Organizing defines specific leadership roles, for example, so that leaders have the authority and responsibility to accomplish certain outcomes. Likewise, organizing provides the area of responsibility for management control.

To a large extent the manager who performs only one function well will be at least adequate in the other functions because the four functions overlap. For the most part, managers should be able to perform each function adequately. However, managers who excel in one area may not excel in the others. The excellent leader who can inspire subordinates may not be particularly good at the monitoring activities associated with control. Similarly, a leader who is very detail conscious and concerned with control may be less effective as a leader. One might conjecture that organizing and controlling activities would be found together in a manager’s repertoire. Moreover, planning and leading may go together because the visionary leader sees and articulates goals for the future and can motivate people to attain them.

4. Why did a top manager like Harding Lawrence at Braniff fail while a top manager like General Creech of Tactical Air Command succeed? Which of the four management functions best explains this difference? Discuss.

Harding Lawrence did much that was wrong, whereas General Creech did much that was right. However, Lawrence’s major mistake was inadequate planning and leading. The lack of planning associated with Braniff’s rapid expansion, together with Lawrence’s mistreatment and antagonism of employees, bankrupted Braniff. General Creech, on the other hand, excelled at both leading and organizing. A charismatic leader who motivated people, he implemented his philosophy by reorganizing maintenance activities and decentralizing responsibility. Leading is thus the function in which the two leaders differed most widely.

5. What is the difference between efficiency and effectiveness? Which is more important for performance? Can an organization succeed in both simultaneously?

Efficiency pertains to activities within the organization, while effectiveness pertains to the organization’s ability to achieve its goals with respect to the external environment. Efficiency is measured as the amount of resources used to produce a given output. Effectiveness is measured as the ability to attain goals, which means dealing with the external environment as well as internal considerations.

Although efficiency and effectiveness are both important for performance, most people would probably say that effectiveness is the more important concept. The reason is that internal efficiency has no value if it does not enable the organization to achieve its goals and respond to the external environment. An organization that
efficiently produces a product that is not desired by the environment will not achieve its goals and will not prosper. On the other hand, an organization that is effective should also try to be efficient; however, organizations sometimes succeed despite internal problems if the environment values their output.

Many organizations are both efficient and effective. Such organizations set goals for efficiency as well as for outputs and environmental relationships. Honda is an example.

6. **What changes in management function and skills occur as one is promoted from a nonmanagement to a management position? How can managers acquire the new skills?**

The major change from a nonmanagement to a management position is in the need for people skills. The individual suddenly must lead subordinates, deal with peers, and in other ways work through people to accomplish goals. This is in contrast to the reliance on technical skills in nonmanagement positions. First-level managers are primarily concerned with leading, which requires people skills. As managers move up the hierarchy, skills in planning, organizing, and controlling become increasingly more important. Finally, the top management level relies on conceptual skills. These new skills can be acquired through observation, formal training, or practicing when the opportunity arises.

7. **If managerial work is characterized by variety, fragmentation, and brevity, how do managers perform basic management functions such as planning, which would seem to require reflection and analysis?**

This question is a puzzle to management scholars. Many scholars claim that because of the fragmentation and brevity of management activities, managers do not plan at all. However, students may see that planning is not necessarily a solitary, reflective activity. Planning is done intuitively by many managers during the course of day-to-day activities. Managers have an overall mental image of where the department, division, or organization is going, and they use fragmented day-to-day information to refine the image and to nudge the organization toward it. Thus, planning is accomplished, although not in the same way that students and faculty do their work, which is to spend time alone thinking and studying. Managers do their planning on the run. Moreover, top managers often delegate some of the necessary planning to assistants or to planning groups.

8. **A college professor told her students, “The purpose of a management course is to teach students about management, not to teach them to be managers.” Do you agree or disagree with this statement? Discuss.**

This question should precipitate a lively discussion. Some students may believe that a college course will give them the necessary skills and abilities to be a manager. Others, especially those with management experience, will realize that they can learn the science of management through a course but must learn the art of management through experience. Courses and books on management provide information.
Management courses offer the means for the systematic study of management in much the same way that courses in English provide students with an understanding and appreciation of good writing or that a science course can introduce them to physics. For the most part, these courses do not teach students to be competent practitioners. Skill in managing, writing, or building reactors comes from experience. Studying the science of management will, however, facilitate mastering the art in much the same way that studying medicine helps a physician master the art of medicine.

9. Describe the characteristics of a learning organization. How do these characteristics compare to those of an organization in which you have worked. Would you like to work or manage in a learning organization?

In a learning organization, the primary responsibility of management is to create learning capability throughout the organization. This is done through: vision and culture; empowered workers; new structures; and information sharing. In a learning organization, managers are leaders who create a vision that is widely understood and imprinted throughout the organization. They communicate and support core cultural values that serve to guide employee behavior and decision making, so that employees are free to identify and solve problems on their own. Empowering workers to make decisions helps companies continue to learn and grow. Traditional top-down hierarchical structure gives way to flatter, team-based structures that emphasize horizontal collaboration. In a learning organization, managers recognize that the key to effective teams of empowered workers is complete information sharing, including sharing financial information that was once the province of top management. When students consider whether they would like to work in a learning organization, they can consider that “working up the hierarchy” no longer exists; managers usually move horizontally rather than vertically. In addition, leadership and motivation become more important than detailed planning and control of employees.

10. How should the teaching of management change to prepare future managers to deal with work-force diversity? Do you think diversity will have a more substantial impact on organizations than globalization?

Preparing future managers for work-force diversity is a challenge for management education. Learning how to motivate and lead women, blacks, Hispanics, or Asians will be a major factor. Management education needs to increase the understanding of these groups. Knowing their backgrounds, needs, and expectations will make it easier to manage them. Yes, diversity will probably have a greater impact on organizations than globalization because it will affect all levels of the company and be widespread regardless of the degree of involvement in international business.

Teaching Note for Experiential Exercise

Management Aptitude Questionnaire
Students should complete the questionnaire using the 5-point Likert scale. Point out to them the reverse scoring on the starred items.

The scale is designed to give a general idea (it is not validated) of the three management skills of conceptual, human and technical skills. Such a scale can be used as a kind of “mirror” to the student. Undergraduates, particularly, lack knowledge about what the job of a manager is. Helping them to look at these three skill areas can be of some assistance in assessing their own abilities to be a good manager.

After the students score their questionnaire, you may ask them to share their scores in small groups of 4-5 and discuss their potential strengths and weaknesses as a manager. Also, you may ask them to share answers to the following questions. These questions may be used with the entire class, without any small group discussions.

1. *Why do you think the three skills are all needed to be an effective manager? Give examples of times when each one is used.*

   Conceptual is used to understand large issues and problems, to develop vision and strategies, and to see relationships between one set of problems and others. Examples are developing strategies, analyzing the cause of problems from mounds of data, and being able to apply theories to the situations at hand. Human skills include the ability to work with people and communicate effectively. Examples are listening, conflict resolution, running meetings, team building, mentoring, and negotiation. Technical skills would include areas such as developing written plans, reading financial reports, computer and management information skills, and logistics.

2. *What do you think the ideal ranking would be of the three skills for an effective manager?*

   There is no one right answer for this, for it depends on the type and level of manager. Generally, human skills are considered more vital in lower-level supervisors, and conceptual skills in executive-level managers, but even that is only a general guideline. Managers in a software company would need more technical skills than, say, an advertising executive.

**Teaching Note for Ethical Dilemma**

**Can Management Afford to Look the Other Way?**

Option 1 is the solution management has been taking for ten years, but it is leading Shellington into dangerous territory. The number and severity of complaints against Jacobs has been escalating, and continuing to ignore the problem could invite a lawsuit. Option 3 is probably the most expedient way to deal with the current problem as well as to prevent future problems with Jacobs or others. Stronger policies and clear-cut procedures for handling complaints are needed. However, after talking with Sally Barton and other employees confidentially, Harry may find that an immediate full-scale
investigation is needed, even though it may temporarily disrupt company operations and hurt Shellington’s new product development.

Surf the Net

1. **Surfing Skills.** An attempt to visit a web site should be explored by students. A note to the professor is to make sure specific instructions as to home pages or web sites are accessible.

   Three things one can learn in surfing the net are:

   1. The PC must have the software to access the Internet.
   2. Web sites are not always accessible.
   3. There is a time constraining variable. Students may spend countless hours on researching a given topic.

   Finally all three addresses were explored, and some difficulty was experienced in accessing the web sites.

2. **Management Career Opportunities.** Student searches may vary based on the information given, however there is information available pertaining to job availability in various geographic locations and various types of jobs, such as sales manager in Erie Pennsylvania, and job descriptions are given.

   A memo requiring students to develop the pros and cons of a management career can be assigned.

3. **Management Skills.** Student responses will vary based on the CEO selected, Sam Walton, Jack Welsh, etc.

Case for Critical Analysis Solution

**Electra-Quik**

1. *How might top management have done a better job changing Electra-Quik into a learning organization? What might they do now to get the empowerment process back on track?*

   Top management could have done a better job by introducing the planning for change very carefully and deliberately. A suggestion would be to have lower-level management and employees participate in the formulation and discussion of the merits in creating a learning organization.

   The paradigm of a learning organization is the responsibility of managers not to make decisions, but to create learning capability throughout the organization. In a learning organization, employees on the front lines routinely make decisions rather than passing them up the hierarchy for approval. There is no single model of the
learning organization; it is a philosophy or attitude about what an organization is and the role of employees. Everyone in the organization participates in identifying and solving problems, enabling the organization to continuously experiment, improve, and increase its capability. In the learning organization, top managers are leaders who create a vision for the future that is widely understood and imprinted throughout the organization.

To get the empowerment process back on track, Martin Griffin must consult and work with the managers and employees of this learning organization. Griffin must empower employees to resolve the problem of morale and the need for change. Employees should have the opportunity to address their needs and how change can be brought about. Self-directed teams are a possible solution where each employee has the opportunity to participate as a member of a team. They can identify problems that impact them and recommend solutions to permit a learning organization to move forward.

2. *Can you think of ways Barbara could have avoided the problems her team faced in the meeting with department heads?*

Barbara Russell could have avoided the problems her team faced in meeting with department heads by presenting them with their individual problems and charge them to come up with the resolution within. In resolving conflict, Barbara Russell should have charged each department head to identify their problems and make them accountable to make recommended solutions. The team concept must be weighed and benefits must exceed the risks of creating a further morale problem. Gaining commitment from them is essential to permit their participation and resolution.

3. *If you were Barbara Russell, what would you do now? Why?*

Barbara Russell should strive to improve upon two-way communication, should develop a democratic leadership style, and try to gain department head and employee commitment by introducing this new paradigm of self-managed teams. The rationale is because there is a problem of negative employee attitude and low morale. Department heads must be convinced this is a new philosophy of managing of getting results with and through people. They must have every opportunity to participate and buy in if they are going to have the opportunity to gain employee commitment.