

# 1 Perspectives on management

## A What is managing?

Consider several managers and their work.

My job is simple: I have to make sure that the company finds customers in various sectors of the construction industry, meets our production targets and makes a profit.

Tom is the general manager of a brick company.

My job is to pay attention to every detail of every guest's stay with us.

Dick manages a major hotel

Each season we create an innovative programme that will appeal to a broad range of audiences. We have to set realistic prices for tickets for each concert. We have to cover our costs within an agreed annual budget.

Harriet is the Chief Executive of a national orchestra.

They all work in different environments, with different **stakeholders**, that is, all the people who can be affected by their company's actions, and different **key performance indicators** to measure success, but they share some general management responsibilities:

- Identifying customers' needs
- Setting targets and putting the necessary resources in place
- Planning and scheduling their own work and the team they manage
- Measuring performance and the outcomes achieved
- Reporting on results.

## B Mintzberg

Henry Mintzberg, a Canadian professor of management, has made significant contributions to our understanding of **managerial work** and the role of the manager. He has identified different roles in a manager's job and placed them in three categories:

- *Interpersonal* roles – a manager is the **figurehead**, providing **leadership** for the team, the department or the organization and **liaising** with other stakeholders (both internal and external)
- *Information* roles – a manager has to be an **effective communicator** as information constantly moves in, round and out of the organization
- *Decision* roles – a manager has responsibility for **spotting opportunities**, **allocating resources** and **dealing with conflict** or the day-to-day differences that can arise in any team or organization.

## C Management practice

*Pavel is speaking to some new recruits at a major firm of management consultants, where he is to be their mentor during the first six months:*

'Welcome to Delboi! I have three pieces of advice as you make the move from studying management to the real-world environment in which we work:

First: you need to be a **team player**. Our success here comes from **collaborating with colleagues** to create feasible solutions when we are **interacting with clients**.

Second: all the solutions that you recommend to our clients have to be practical rather than academic. You have to **integrate** what you have been learning and constantly **challenge your own assumptions**. You need to be able to **develop creative thinking skills** and **discuss complex issues** in the workplace from a 'people perspective'.

And finally: if you do not know something, or if you are uncertain about how we do things here, please ask!

'We hope you enjoy your time here and we look forward to working with you.'

**1.1** Make ten word combinations from boxes 1 and 2. Look at A and B to help you.

|   |           |           |          |         |               |             |                  |
|---|-----------|-----------|----------|---------|---------------|-------------|------------------|
| 1 | allocate  | cover     | identify | make    | measure       | meet        | pay attention to |
|   | report on | set       | spot     |         |               |             |                  |
| 2 | a profit  | costs     | detail   | needs   | opportunities | performance |                  |
|   | prices    | resources | results  | targets |               |             |                  |

**1.2** Match one of Mintzberg's 10 Managerial Roles from the box with its definition below.

|              |                     |              |                    |              |
|--------------|---------------------|--------------|--------------------|--------------|
| Disseminator | Disturbance handler | Entrepreneur | Figurehead         | Leader       |
| Liaiser      | Monitor             | Negotiator   | Resource allocator | Spokesperson |

Performing symbolic duties as a representative of the organization. ....

Collecting all types of information that are relevant and useful to the organization. ....

Developing and maintaining business networks. ....

Spotting opportunities, being innovative and championing change in products, services or business processes. ....

Dealing with unexpected challenges and crises. ....

Negotiating with individuals and dealing with other organizations. ....

Communicating information from inside the organization to outsiders. ....

Deciding on the most appropriate use of the organization's resources. ....

Communicating information from outside the organization to relevant groups inside the organization. ....

Establishing the organizational culture and motivating the staff. ....

**1.3** Complete these testimonials from alumni students from an MBA programme using words or expressions from A, B or C.

**1** Being able to make a p\_\_\_\_\_ is really only a tiny aspect of business. I \_\_\_\_\_ with experts from the various fields of management as well as c\_\_\_\_\_ with other students taught me to challenge my a\_\_\_\_\_s of the role of management. Amongst other things, the course gave me a practical insight into soft management skills as well as helping to d\_\_\_\_\_ my creative t\_\_\_\_\_ skills.

**2** I now have a better idea about m\_\_\_\_\_ work in general. As a marketing manager, I was able to i\_\_\_\_\_ my previous experience with marketing. In addition, d\_\_\_\_\_ of the more c\_\_\_\_\_ i\_\_\_\_\_s of psychology during the course means that I am now much better at i\_\_\_\_\_ and meeting the n\_\_\_\_\_s of my customers. I also learnt how to become a much more effective c\_\_\_\_\_.

**3** The part time Executive Programme gave me the chance to put the theory into practice immediately. I am responsible for s\_\_\_\_\_ and m\_\_\_\_\_ production targets for a small electronics firm. I learnt about the different management r\_\_\_\_\_. This knowledge has made it easier for me to stick to an agreed b\_\_\_\_\_ for production and to apply key performance i\_\_\_\_\_ to monitor performance more accurately.

**4** Not only did I learn how to become a team p\_\_\_\_\_, but I was able to develop my own personal l\_\_\_\_\_ skills. And by the end I had become a much more effective c\_\_\_\_\_. I'm far from becoming a f\_\_\_\_\_, but I do have much more confidence and have applied for management jobs in several different s\_\_\_\_\_ of i\_\_\_\_\_. I hope that soon I'll be able to m\_\_\_\_\_ a junior member of staff and put it all into practice.

*Over to you*



Look at Mintzberg's ten managerial roles in 1.2. Which ones do you identify in your current job or in a job you would like to have in the future? Why?

## 2 Organization structures

### A Organizational structures

Management structures identify the different departments in an organization and set out who answers to whom in the **chain of command**.

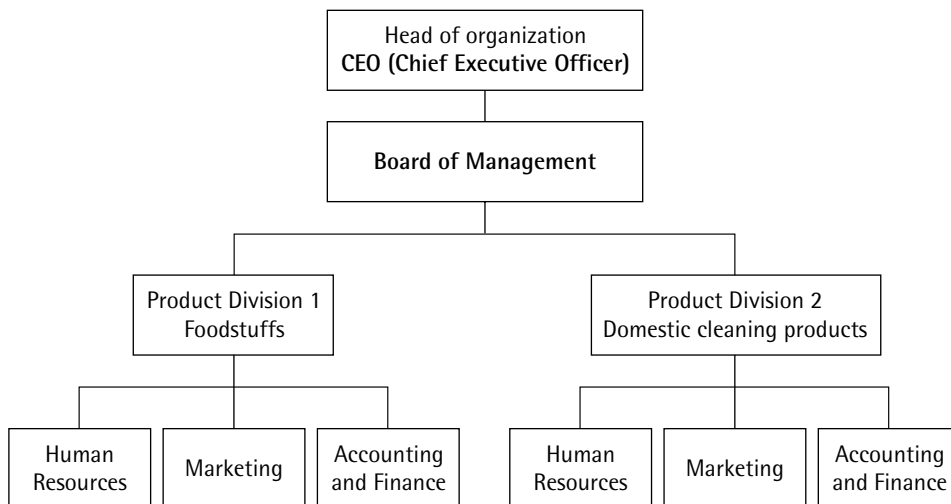
The traditional types of organizational structure are **functional** or **divisional**. In a **functional structure**, the organization is divided up into different functional areas or departments, such as Marketing, Finance and Production. **Multi-divisional** structures also exist, where the organization is divided along **geographical** or **product divisions**. This allows the company to grow and develop in new parts of the world and to add new combinations of products. A multi-divisional **matrix** may also be adopted. This is a combination of **product** and **geographical divisions** that allows a large company to adapt products for particular markets.

**Matrix structures** are especially used in large organizations that have a number of clearly defined projects. Organizations with one single owner, a **sole trader**, often have **no formal structure**.

Large organizations may have a **tall structure**, with **complex hierarchies** and many **layers of management**, but even a very large organization can have a **flat structure**, with only a few levels of management.

An **organization chart** is a diagram showing relationships between different jobs and departments. It may identify the various **functional departments**, the hierarchy, from the **CEO** and the **Board of Management** downwards, and the **lines of responsibility**, to identify reporting channels (including individual managers' **spans of control**).

### B An example of a divisional structure



**2.1** Match the terms in the box below with their definitions, using information from A and B.

|                  |                         |                  |                     |
|------------------|-------------------------|------------------|---------------------|
| chain of command | lines of responsibility | spans of control | Board of Management |
|------------------|-------------------------|------------------|---------------------|

- 1 Handing decision making from the higher levels of an organization to lower ones. ....
- 2 The number of people a manager can effectively manage in a particular situation. ....
- 3 The specification of individual employees' responsibilities for particular aspects of work and of their management responsibilities and who they report to in the organization. ....
- 4 A committee of members elected by the shareholders to manage and oversee the company. ....

**2.2** Give each sentence below a subheading from the box.

|                  |                     |         |
|------------------|---------------------|---------|
| flat             | functional          | matrix  |
| multi-divisional | no formal structure | product |

- 1 ..... – departments are separated according to the different aspects of company work, such as producing goods or dealing with the financial matters.
- 2 ..... – the company is divided into separate units specializing in a particular area of the world or has separate units dealing with particular types of products.
- 3 ..... – the company uses a mixture of divisional structures, to enable it to be more flexible and organize its work around specific projects.
- 4 ..... – very small companies run by a single person or group are like this.
- 5 ..... – in this type of structure responsibility is shared, with fewer managers and with individuals being responsible for their own tasks.
- 6 ..... – the organization is divided according to a particular product or type of product, each of which has functional teams to take care of staff, finance, etc.

**2.3** Add words from the box into the correct phrase to make noun phrases.

|         |         |            |                |
|---------|---------|------------|----------------|
| command | control | management | responsibility |
|---------|---------|------------|----------------|

- 1 chain of .....
- 2 layer of .....
- 3 line of .....
- 4 span of .....

*Over to you*



Draw an organization structure for an organization with which you are familiar.

## 3 Some management gurus

### A Henri Fayol (1841–1925)

Henri Fayol began his career as a mining engineer in Comentry-Fourchamboult-Decazeville, France. He was appointed director of a group of mines in 1872 and became managing director in 1888, before retiring in 1918.

His book *General and Industrial Management* demonstrates how general **management concepts** can be applied across a vast range of organizations, regardless of sector: **manufacturing, services, public sector**, etc. There are multiple layers to a manager's role, including having to develop a workable structure, dealing with staff – **roles and responsibilities**, as well as from a **motivational** perspective – considering the **macro environment** – that is the wider economic conditions that affect an organization, and drawing up a suitable **strategic plan**. Fayol also identified the major functions of '**administrative management**', such as marketing, production and finance.

### B Frederick Winslow Taylor (1856–1915)

Frederick Winslow Taylor, an American engineer, is credited with being the inventor of '**scientific management**' in manufacturing environments.

As a manager at the Midvale Steel Works in Philadelphia he used a stopwatch and notebook to identify each step in the various **processes** on the factory floor. From these observations he was able to measure the **productivity rates** of workers at every stage in the different tasks he saw performed. He was then able to make recommendations that led to **greater efficiency** in the **production process**.

Taylor's *The Principles of Scientific Management*, published in 1911, was the first bestseller in the history of modern management. His work had a huge impact on how factories were managed in the early decades of the twentieth century, especially in America and Europe. Henry Ford, for example, followed the principles of Taylorism, scientific management and **mass production** when he set up the Ford Motor Company in 1903. He introduced the Model T Ford in 1909 and soon **captured** a huge **share of the American car market**: in 1918, fifty per cent of all the cars on American roads were Model T Fords. In the Soviet Union, Lenin urged workers to use **production targets** that followed the **principles of Taylorism**; failure to do so could lead to severe penalties and punishment.



### C Peter Drucker (1909–2005)

Peter Drucker is regarded by many of his peers as the most significant **management guru** of modern management practice.

Drucker was born in Austria in 1909. He moved to America, via England, in 1937 and worked at General Motors as a **management consultant** during the Second World War. His academic career began after the war.

The focus of his work, and a major reason for his appeal to practising managers, is on the practical application of **management theories** to the real-world working environments in which managers do their jobs and seek to achieve results. That said, ideas such as **management by objectives, decentralization** and **knowledge working** can all be traced back to Drucker's work, many years before they entered mainstream management thinking.

His **seminal work** 'What Makes an Effective Executive?' in 2004 was awarded the McKinsey Prize for the best *Harvard Business Review* article of the year.

**3.1** Find seven word combinations using **management** from A, B and C. Then match five of them to the correct definition below.

- 1 A person with knowledge or expertise who becomes an intellectual guide for others in a particular aspect of the field.
- 2 Someone who advises people on management issues for a fee.
- 3 The rationalization and standardization of work through division of labour, time and motion studies, work measurement, and piece-rate wages, as defined by US engineer, Frederick Winslow Taylor.
- 4 An idea or principle connected with something abstract concerning management.
- 5 Related to businesses' managerial roles and administrative functions, as defined by French engineer, Henri Fayol.

**3.2** Complete the PowerPoint slide using information from A.

### Managers must/need to...

- 1 examine the organization's ..... environment and draw up ..... plans for the organization's response to what is likely to lie ahead.
- 2 build up the ..... plan of the organization and put in place procedures which can help with the preparation and implementation of plans.
- 3 ..... and set an example for their staff, as well as clarify the ..... and ..... of the organization's teams and individuals.
- 4 ensure that the work done by the various teams and departments is consistent with the overall plan for the organization.
- 5 ensure that what happens is what should happen, in accordance with the organizational plan.

**3.3** Complete the statements and then decide to which management guru, Fayol, Taylor or Drucker, each one is attributed. Use words and expressions from A, B and C.

- 1 Production ..... at the turn of the twentieth century across Europe and the USA benefited greatly from the ..... of the ..... theory of management, based on research into ..... production which dealt with optimum ..... rates and resulted overall in greater ..... Production ..... were set for individuals according to the time available and the share of the workload. Applying these principles enabled Ford to ..... the major share of the automobile market at the beginning of the twentieth century. The man who developed these theories was .....
- 2 ..... are those who develop and use knowledge in the workplace. Along with the ..... of the role of management, these are just two of the concepts that can be attributed to one person in particular, .....
- 3 The manufacturing and ..... industries as well as the ..... sector have gained from a greater understanding of the roles of management, and the separate functions involved in management, as highlighted in the ..... work of .....

Over to you



Explore the profiles of the major management gurus, especially those mentioned in other units in this book, available at [www.thinkers50.com](http://www.thinkers50.com)

## 4 Management in different sectors

### A Private

*Hong works for a large hotel chain in Guangzhou, China. She is in charge of a customer service team:*

'The company is under **private ownership**. Our founder was an **entrepreneur** who spotted an opportunity to provide high-quality conference facilities for the growing number of trade shows and industrial exhibitions attracted to the region. Part of the **equity** is still in the hands of the family; a minority of the shares is held by a number of **institutional investors**.

'We also have **strategic partnerships** with local, national and international airlines and tour operators.

'In all that we do our mission is strictly commercial; we have to **generate a profit** for the family and for the **institutional shareholders**.

'The customer service team works closely with managers and staff in every part of the customer experience, so that every guest receives an excellent level of service at each stage of their stay with us. The company operates within a very **competitive business**. If we don't keep our customers satisfied we won't survive.'

### B Public

*Jo is a public sector employee working for the City Council in Madison, Wisconsin. She is a food safety officer, with responsibility for a team of ten food safety inspectors:*

'Our **mission** is simple: we exist to serve the public by ensuring that health is not put at risk by unsafe food. This mission is then developed into a series of **strategic** and **operational plans** that are discussed and approved each year by the council's senior management team.

'Members of the team make regular visits to restaurants and other places where food is prepared and sold to the public. We also visit food-processing factories to monitor standards like cleanliness, general hygiene and cold storage.

'We are not **profit seeking**, rather, we have to make sure we can provide services within the budget agreed and endorsed for each year.

'My own job involves:

- **planning** and **scheduling** the work done by the members of the team
- ensuring that adequate **resources** are in place to support their work
- monitoring the regular inspections (including any recommendations for **preventative** and **corrective action** required) so that I can provide regular reports to my own line manager.'

### C Not for Profit

*David manages the furniture workshop in a social enterprise in Dublin, Ireland:*

'A social enterprise is a business with primarily **social objectives**, so we do not focus on making a profit from our activities. Any **financial surplus** we can generate is re-invested in the business or in the community. We do not have to maximize profits for owners or **shareholders**.

'There are many different kinds of social enterprise but they are all **accountable to their stakeholders** such as employees, clients, local community groups or other users.

'Our mission is to make life better in this community by creating income and employment

for local people. We do this by taking in **donations** of furniture, repair it if necessary and clean it for resale to our customers.

Like other **non-profit organizations**, we have a **triple bottom line**:

- we minimize any negative effects on the environment
- we have to be aware of the needs of our staff, both **waged** and **volunteers**
- we have to make enough profit or surplus to provide a **sustainable business**.

It is never easy to balance all three of these but it is very **satisfying work**.'

#### 4.1 Change the nouns in the box into adjectives.

|                        |            |              |          |                |
|------------------------|------------|--------------|----------|----------------|
| competition/competitor | correction | entrepreneur | finance  | institution    |
| privacy                | public     | society      | strategy | sustainability |

#### 4.2 Using expressions from the texts on the left, match the questions (1–6) and answers (a–f) following an MBA lecturer's session.

- 1 I was just wondering, Dr Khomer, if you could clarify the meaning of public sector?
  - 2 Dr Khomer, You mentioned something about social objectives, but I didn't quite catch what you said ...
  - 3 Excuse me, could you elaborate a little on what you meant by the term sustainable business?
  - 4 Yes, Dr Khomer, I just wondered what you had to say about institutional investors.
  - 5 Sorry, I didn't quite understand your point about financial surplus. Could you show us the slide again please?
  - 6 Yes, I'd like to know what you mean by triple bottom line exactly.
- a They include the production and supply of quality goods and services, adoption of fair-trade practices and contribution to the general welfare of society.
  - b These consist of entities, such as pension funds, insurance companies and investment banks, with large amounts to invest.
  - c Yes, it refers to the generation of resources, such as capital that exceeds expenditure.
  - d Sure. It's an accounting term that means the most important factors for measuring an organization's success in social and environmental as well as economic terms – we say people, planet, profit.
  - e The army is an example of an organization that provides a public service funded by the government.
  - f This refers to the need for an organization to make enough profit or surplus for it to survive.

#### 4.3 Complete these observations from employees of three enterprises. Choose words from the box.

|              |             |        |           |            |              |
|--------------|-------------|--------|-----------|------------|--------------|
| accountable  | competitors | donate | equity    | mission    | non-profit   |
| organization | planning    | profit | resources | satisfying | shareholders |
| social       | volunteer   | waged  |           |            |              |

- 1 We don't hold e..... and so our m..... as a s..... enterprise is to generate financial r..... to facilitate the operation of our association.
- 2 P..... a schedule for the v..... who run our n..... is not a simple task; while we don't have a problem finding people willing to d..... their time free of charge, they are not necessarily available when we need them. Luckily, we also have a group of w..... staff working specific shifts to ensure a permanent presence. They all agree it's highly s..... work.
- 3 Being a..... to our s..... is a necessary evil for any private enterprise. It is vital that we provide them with an annual report, outlining the amount of p..... generated over each 12-month period, as well as our positioning compared to that of the current c..... in the market.

### Over to you



Find out more about Muhammad Yunus and the Grameen Bank. Compare and contrast his ideas with the principles on which private and public sector organizations are run.



## 5 Resources managers use

### A Data and information

*Roberto manages the loyalty card scheme for a large supermarket chain that rewards shoppers when they make purchases:*

‘We use computers running **proprietary software** to find patterns and trends in customers’ purchasing habits. Reductions in storage costs and techniques for **data mining** let us **collect and analyse data** for every single purchase. This has brought significant changes in the way we can manage our stores throughout the country and elsewhere in our overseas branches. Most of our customers have loyalty cards. Every single **transaction** they make can be recorded and analysed using a **sophisticated database software package**. We are able to **access huge amounts of data** and by using elaborate **statistical techniques** we can analyse the **raw data** to identify significant factors and make predictions on a region-by-region and store-by-store basis.

This helps us make better informed decisions about:

- the amount of **shelf space** we allocate to different products in different stores
- **stock, inventory control** and reordering
- **logistics** for getting deliveries on time to each store.’

### B Time

*Paul, the senior partner in a major firm of management consultants, is talking about how he and his colleagues charge their time to the client:*

‘Like other providers of professional services, we use **time management software** to record time spent on the various projects we are involved in. This can include project preparation, face-to-face meetings with the client and any **work off-site**. We also charge for travel and accommodation, plus any other **incidental expenditure**.

All of this is set out in advance in our standard **terms of reference** for each individual project. This is **signed off** by both the client and us before work begins, so there are no nasty surprises when the bills start to arrive on the client’s desk.

Of course, staff at different **grades** are charged out at different **daily rates**; the daily rate for a **junior consultant** is significantly lower than the rate for a senior partner. The **project manager** can easily compile regular **statements of account** and **invoices** by using data from the system.’

### C Money

*Tim is the Director of Innovation in a university. He is talking to an MBA class about sources of finance for a start-up business:*

‘Money makes the business world go round; a manager, regardless of their role and the sector in which they work, has to understand some basic principles of finance. Starting a new business is exciting!

Let’s think for a few minutes about where entrepreneurs can find **funding** for their new enterprise:

- **savings** are a possibility
- **grants**, for example from the Government
- **loans** from family and friends; banks, who will want some form of **collateral** to protect their money
- firms of **venture capitalists** who are prepared to take a lot of risk in return for making a substantial profit
- individual **business angels**, bearing in mind they are interested in the equity and may even want to get directly involved in the business.’

- 5.1** Find seven noun phrases and three verb phrases using the words **data** and **software** from A and B.
- 5.2** Find words or word combinations in A with the following meanings.
- 1 Copyrighted computer programs developed and sold by a commercial IT company
  - 2 The exchange of goods or services between buyer and seller for money
  - 3 The management of business operations, such as the acquisition, storage, transportation and delivery of goods along the supply chains
  - 4 Keeping track of goods or products available for purchase at a shop or warehouse at a particular moment in time usually via a software package
  - 5 Goods or products held in a shop or warehouse
  - 6 The area available in a shop to display stock for purchase
- 5.3** Suszanna responds to questions from Markus confirming the terms of reference for a new contract. Complete the dialogue, using B to help you. Then decide who is the project manager and who is the junior consultant.
- Markus:** Sorry to disturb you, I'm trying to make sense of these terms. Could you just confirm a few things for me before I ..... this contract? I know the daily ..... depends on my ..... but I'm not sure of the rest.
- Suszanna:** Well, basically, the ..... of ..... are set out by our company, as the consultancy firm, and you can use our ..... management ..... to keep track of the hours you do.
- Markus:** OK, I understand. What if I'm working .....; what am I entitled to?
- Suszanna:** The usual, accommodation and travel but also any incidental ....., such as internet fees and photocopying. So make sure you keep all your receipts.
- Markus:** I'm sure I'll lose some of them from time to time. Do I need to send ..... to the clients?
- Suszanna:** No. Send them to me and I'll download a ..... of ..... and the invoices and send them to the client for payment.
- 5.4** Complete the explanations using the correct terms and expressions from C.
- 1 Family and friends can always be of help by providing ..... for a ..... business. Stelios Haji-Ionanou, for example, had access to \$20 million in funding, thanks to his family's shipping business. This is how he was able to fund the loan to set up EasyJet, a major European low-cost airline.
  - 2 ..... may be available in some areas to encourage innovation and to attract inward investment. Local enterprise agencies will be able to help you to identify these potential ..... of finance and to discuss the criteria for eligibility.
  - 3 Unlike grants, ..... have to be paid back. It is worth trying different banks and finance houses to find out what is available. Lenders will normally require some form of ..... such as property, as a guarantee that the borrower will pay back the loan.
  - 4 If you're lucky, you may be able to identify .....: people who will help to fund the business, usually in return for a share of the business or its profits.'
  - 5 Then there's ..... capital – this is another source of private equity. Providers are seeking to invest other people's money and expect their investment to have paid off within seven years.
  - 6 Finally, if none of these options is available, entrepreneurs may even consider using their own private ..... to fund a small business venture.

### Over to you



Webquest: use your online searching skills to find out more about career opportunities in management consultancy. Write a mini-report about a job that interests you.