Learning Objectives

1. What are the levels of management, and what skills do managers need to be successful?
2. How are the strategic plan, the corporate vision and the mission statement defined for a business?
3. Why do managers need tactical plans, operational plans and contingency plans?
4. What is the significance of organizing, and how are most companies organized?
5. How do managers ensure the business is on track and moving forward?
What Is Management?

• Working with people and resources to accomplish the goals of the organization

Planning
• Setting goals
• Developing strategies
• Determining resources

Organizing
• Allocating resources
• Creating an organizational structure
• Recruiting and placing employees

Controlling/ Monitoring
• Measuring results against goals
• Monitoring performance
• Correcting, when necessary
• Rewarding

Leading
• Guiding and motivating
• Achieving results and milestones
• Maintaining unit or organization’s focus on the goal or vision

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Five Skills of Successful Managers

- Technical skills
- Interpersonal skills
- Conceptual skills
- Decision-making skills
- Time management skills
The Managerial Pyramid

**Top managers**
- President
- CEO
- Executive vice president
  - Tasks: Generating strategic plans, long-term goals, mission statement, and vision for the organization

**Middle managers**
- Controller
- Sales manager
- Marketing manager
- Operations manager
  - Tasks: Tactical planning and coordinating specific plans with the established strategic vision

**First-line managers**
- Supervisor
- Department head
  - Tasks: Carrying out operational planning and supervising employees involved in the daily operations of the company
Skills of Successful Managers

1. Identify problems or opportunities
2. Generate possible solution
3. Evaluate the potential solution
4. Choose and implement a plan of action
5. Evaluate the decision
Functions of Management: Planning

• Planning is the process of establishing goals and objectives and determining the best ways to accomplish them

  - Goals are broad, long-term accomplishments an organization wants to achieve within a certain time frame- in most companies, this is about five years

  - Objectives are the short-term targets that are designed to help achieve these goals
The Strategic Planning Process

Establish corporate purpose
- Mission statement
- Values
- Goals

Perform SWOT analysis
- Internal strengths and weaknesses
- External opportunities and threats

Formulate strategy
(Tactical planning)

Implement strategy
(Operational planning)
Visions and Mission Statements

• The first step in creating a strategic plan is to establish a corporate purpose
  - A **vision** identifies what the business wants to be in the future
  - The **mission statement:**
    • Is a more current description
    • Lists the organization’s purpose
    • Includes basic goals
    • Includes philosophies
## SWOT Analysis

### Internal Strengths
Potential internal assets that give a company a competitive advantage

**Examples for Walmart:**
- Powerful brand
- Reputation for value, convenience
- Wide range of product in one store

### Internal Weaknesses
Lack of internal capability or expertise compared to the competition

**Examples for Walmart:**
- Not as flexible as competitors who sell just one type of product (clothing)
- Global but still in only a few countries

### External Opportunities
Foreseeable external changes that could favorably affect a company’s competitive capability

**Examples for Walmart:**
- Expand to new locations and new types of stores
- Take over or form alliances with other global retailers in Europe or China

### External Threats
External conditions that could negatively affect a company’s competitive capability

**Examples for Walmart:**
- Intense price competition increasing
- Global retail exposes Walmart to political problems in the countries where it operates
- Being Number 1 makes Walmart the target of competition
Four Types of Management Planning

Strategic Plan
• Generated by top management
• Sets the approach for achieving an organization’s long-term goals and objectives
• Acts as a framework for decisions
• Assists in setting corporate benchmarks

Operational Plan
• Generated by first-line managers
• Involves planning the execution of the tactical plan
• Depends on daily or weekly schedules
• Focuses on specific departments or employees

Tactical Plan
• Generated by middle management
• Determines resources and actions necessary to implement strategic plan
• Made with a one- to three-year horizon in mind

Contingency Plan
• Generated by middle management
• Keeps an organization running in the event of a disruption
• Details internal and external communications procedures for such an event
• Determines which departments are most vital to an organization during a crisis
Functions of Management: Organizing

- Usually the next step after planning
- The process of structuring resources to carry out plans
  - Capital
  - Personnel
  - Raw materials
  - Other resources
Organizational Charts

Shows how groups of employees fit into the larger organizational structure
Organizational Structures: Vertical and Horizontal

- **Vertical organizations**
  - Organized by specific function (finance, sales, etc.)
  - Also called “tall”
  - Integration between functions not easy

- **Horizontal organizations**
  - Few layers
  - Often use teams
  - Also called “flat”
Organizational Structures: Network

• Collection of independent, mostly single-function firms that collaborate on a product or service

• May be successful for those companies that need to:
  - Be flexible and innovative
  - Respond quickly
  - Save time
  - Reduce costs and risk
Functions of Management: Controlling

• The process by which managers measure performance and make sure the company’s plans and strategies are being properly carried out

• Control strategies
  - Bureaucratic control
  - Market control
  - Clan control
The Control Cycle

Set performance standards
↓
Measure performance
↓
Make adjustments
↓
Perform corrective action
↓
Re-evaluate performance standards
Tools for Assessing Performance

• Check Sheet
• Control Chart
• Histogram
• Pareto Chart
• Scatter Plot
• Run Chart
• Cause-and-effect diagram
Chapter Summary

1. In what ways do managers apply technical, interpersonal, decision-making, conceptual, and time management skills to business?
2. What strategies do managers use to establish the corporate vision and mission statement and keep the company on task?
3. What are the implications of strategic plans, tactical plans, operational plans, and contingency plans within the context of management?
4. What is the significance of organizing, and how is most management organized?
5. What are the differences among vertical organizations, horizontal organizations, and network organizations?
6. What makes a good leader, and what are the various styles of leadership?
7. What are the implications of control within a business?
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