

Part 1

Introduction to Management

CHAPTER 1
Management 2

CHAPTER 2
The History of Management 32

CHAPTER 3
Organizational Environments and Cultures 68

CHAPTER 4
Ethics and Social Responsibility 98

Chapter 1

What Would You Do?

What Is Management?

1. Management Is . . .
2. Management Functions
 - 2.1 Planning
 - 2.2 Organizing
 - 2.3 Leading
 - 2.4 Controlling

What Do Managers Do?

3. Kinds of Managers
 - 3.1 Top Managers
 - 3.2 Middle Managers
 - 3.3 First-Line Managers
 - 3.4 Team Leaders
4. Managerial Roles
 - 4.1 Interpersonal Roles
 - 4.2 Informational Roles
 - 4.3 Decisional Roles

What Does It Take to Be a Manager?

5. What Companies Look for in Managers

6. Mistakes Managers Make
7. The Transition to Management: The First Year

Why Management Matters

8. Competitive Advantage through People

Key Terms

Concept Check

Self-Assessment

Management Decision

Management Team Decision

Develop Your Career Potential

Take Two Video

STUDENT RESOURCES

ThomsonNOW On the Job and Biz Flix video applications, concept tutorial, and concept exercise

Xtra! Five worksheets based on the chapter exhibits, author-answered FAQs, quiz, Management News, and video clips with exercises

Web (<http://williams.swlearning.com>) Quiz, PowerPoint slides, and the glossary of terms for this chapter

Headquarters, Amazon.com, Seattle, Washington.¹ From the start, Amazon.com has been in a hurry to be a success. According to company founder and chief executive officer (CEO) Jeff Bezos, “Our initial strategy was very focused and very unidimensional. It was GBF: Get big fast. We put that on our shirts at the company picnic.”

With billions to spend from its initial stock offering (Amazon’s stock quickly rose to over \$100 per share), Amazon spent \$400 million to build eight high-tech warehouses across the country. Why spend that much for warehouses? In theory, each was capable of shipping 60 million items per year, and Amazon needed to control the entire buying transaction, beginning with online ordering, proceeding to quick warehouse handling and boxing, and ending with timely shipping and delivery. And, believing that their growth would parallel its own, Amazon then spent \$350 million to buy large shares of two Internet retailers, Kozmo.com and Pets.com. Kozmo.com promised the ability to deliver thousands of items

What Would You Do?

from gourmet foods to CDs and movies to customers’ homes in 11 major cities within one hour after an order was placed. Pets.com was supposed to grow because Americans spend over \$30 billion a year on their pets and the pet industry, comprised largely of small family-owned stores, was not yet dominated by a “big box” retailer like Home Depot.

Unfortunately, Amazon grew so fast that it soon lost control of the basics. Despite the billions it had raised, Amazon burned money so quickly that it had to issue bonds to raise another \$2.2 billion to keep the company running. Still, it had only enough business and cash to run six of those new warehouses. Consequently, the company took a \$400 million loss to close two of the warehouses and lay off 1,500 people. Furthermore, the six remaining warehouses were poorly run. Defective products, which should have been returned to manufacturers, sat on the shelves wasting space. Mystery orders, like a truckload of unordered kitchen knives, kept showing up. Instead of declining the deliveries, workers put whole truckloads of unordered items on the shelves. Amazon’s frustrated chief of operations said, “We kept it all—we just kept it. We put it on the shelf and said, ‘I don’t know.’” In fact,

Amazon had so much unsold inventory in its warehouses that CEO Bezos sent out an email with a point-blank message, “Get the crap out.” Finally, Amazon’s \$350 million investment in Kozmo.com and Pets.com evaporated when both filed for bankruptcy.

Amazon’s problem was not its sales, which were growing exponentially, but rather that it was poorly managed. As a result, its stock, once valued at over \$100 per share, dropped to a low of \$6. As for profits, founder Bezos cautioned patience, saying, “Look at *USA Today*; it took 11 years to become profitable.”

However, Amazon has lost over \$3 billion since its inception. Although the company has finally earned its first profits, that profit amounted to only \$5 million on \$1.12 billion in sales in its fourth quarter (October to December), and Amazon still lost \$45 million for the year. Furthermore, it still has long-term debt of \$2.2 billion to pay off at the rate of \$120 million per year. Results like these would have cost any other CEOs their jobs. If Amazon is ultimately to survive and be profitable, what does it need to do to become a more efficiently run company? With nearly a billion in losses because of poor decisions (i.e., overbuilt warehouses and failed investments in dotcom companies), what changes does Amazon need to make to ensure that its managers and executives make better decisions? Finally, mistakes are inevitable at all companies, especially ones that experience hypergrowth like Amazon. So how can Amazon do a better job of taking corrective action so that it can quickly and consistently fix what’s going wrong? **If you were in charge at Amazon.com, what would you do?**

STUDY TIPS

Use your textbook more like a notebook and less like a reference book. The margins are a great place for writing questions on content you don’t understand, highlighting important concepts, and adding examples to help you remember the material. Writing in your book makes it a more comprehensive resource for management and a better study tool. Learning a new subject can be challenging. To help you master the principles in this textbook, each chapter opener contains a student resource list that alerts you to the materials outside your book that can help you better understand assignments, work on group projects, and study for tests and exams.

The management issues facing Amazon.com are fundamental to any organization: How do we plan to get things done, organize the company to be efficient and effective, lead and motivate employees, and put in place controls to make sure our plans are followed and our goals are met? Good management is basic to starting a business, growing a business, and maintaining a business once it has achieved some measure of success.

This chapter begins by defining management and discussing the functions of management. Next, we look at what managers do by examining the four kinds of managers and reviewing the various roles that managers play. Then we investigate what it takes to be a manager by reviewing management skills, what companies look for in their managers, the most serious mistakes managers make, and what it is like to make the tough transition from being a worker to being a manager. We finish this chapter by examining the competitive advantage that companies gain from good management. In other words, we end the chapter by learning how to establish a competitive advantage through people.

What Is Management?

Mistake #1. A high-level bank manager reduces a marketing manager to tears by angrily criticizing her in front of others for a mistake that wasn't hers.² Mistake #2. A Dairy Queen employee sits next to a customer, pulls down her top, bites her, and declares, "I am like Dracula." Why is this a management mistake? Because the employee wasn't fired six months before when he attacked a female coworker.³ Mistake #3. Telecommunications company WorldCom announces that it deceived the public, its stockholders, and government regulators by intentionally overstating profits by as much as \$9 billion and that it extended \$366 million in personal loans to its former CEO Bernie Ebbers, which he used to pay off his personal investment losses. (Imagine losing \$100,000 in the stock market and asking your company to lend you money to cover the loss!)⁴

Ah, bad managers and bad management. Is it any wonder that companies pay management consultants nearly \$150 billion a year for advice with basic management issues, such as how to lead people effectively, organize the company efficiently, and manage large-scale projects and processes.⁵ This textbook will help you understand some of the basic issues that management consultants help companies resolve (and it won't cost you billions of dollars).

After reading the next two sections, you should be able to

- 1** describe what management is.
- 2** explain the four functions of management.

1 MANAGEMENT IS . . .

Many of today's managers got their start welding on the factory floor, clearing dishes off tables, helping customers fit a suit, or wiping up a spill in aisle 3. Similarly, lots of you will start at the bottom and work your way up. There's no better way to get to know your competition, your customers, and your business. But whether you begin your career at the entry level or as a supervisor, your job is not to do the work, but to help others do theirs. **Management** is getting work done through others. Pat Carrigan, a former elementary school principal who became a manager at a General Motors' car parts plant, says, "I've never made a part in my life, and I don't really have any plans to make one. That's not my job. My job is to create an environment where people who do make them can make them right, can make them right the first time, can make them at a competitive cost, and can do so with some sense of responsibility and pride in

management

Getting work done through others.

what they're doing. I don't have to know how to make a part to do any of those things."⁶

Pat Carrigan's description of managerial responsibilities indicates that managers also have to be concerned with efficiency and effectiveness in the work process. **Efficiency** is getting work done with a minimum of effort, expense, or waste. For example, United Parcel Service, which delivers over 3.5 billion packages a year, will save 14 million gallons of fuel annually when it fully implements its new PAL software. PAL, which stands for Pre-Load Assistance Label, is part of an overall computerized route and load planning system that shows truck loaders where to put packages on the delivery truck (to maximize the number of packages per truck), predetermines how many packages and stops a UPS driver has and what routes should be taken (to minimize travel time, distances, and fuel costs), and tells UPS drivers exactly where your package is on the truck when they stop in front of your house (to minimize search time at each stop).⁷

By itself, efficiency is not enough to ensure success. Managers must also strive for **effectiveness**, which is accomplishing tasks that help fulfill organizational objectives, such as customer service and satisfaction. For instance, if you've ever walked into one of Home Depot's, warehouse-sized hardware stores, you may have had trouble getting someone to help you. Home Depot customer Rebecca Gorman complained, "It's crowded, and the lines are always long. The prices are a little lower, but you just can't find help."⁸ To solve this problem, Home Depot started a program called Service Performance Improvement (SPI) that makes more employees available by preventing them from running forklifts and stocking shelves between 8 A.M. and 8 P.M. Store manager Steve Moody takes this one step further by encouraging his Home Depot employees to wait in the "neutral zone" at the front of the store (between the cash registers and the store shelves) and to be aggressive in asking customers if they need help. The goal is to encourage orange-clad Home Depot employees to be efficient (by restocking shelves) and effective (by first helping customers).⁹

efficiency

Getting work done with a minimum of effort, expense, or waste.

effectiveness

Accomplishing tasks that help fulfill organizational objectives.

Review 1: Management Is . . .

Good management is working through others to accomplish tasks that help fulfill organizational objectives as efficiently as possible.

2 MANAGEMENT FUNCTIONS

Henri Fayol, who was a managing director (CEO) of a large steel company, was one of the founders of the field of management. You'll learn more about Fayol and management's other key contributors when you read about the history of management in Chapter 2. Based on his 20 years of experience as a CEO, Fayol argued that "the success of an enterprise generally depends much more on the administrative ability of its leaders than on their technical ability."¹⁰ In other words, Dell, Inc., the world's largest personal computer maker, succeeds because of founder and chairman Michael Dell's capabilities as a manager and not because of his abilities to design Dell PCs or printers.

According to Fayol, to be successful, managers need to perform five managerial functions: planning, organizing, coordinating, commanding, and controlling.¹¹ Today, though, most management textbooks have dropped the coordinating function and refer to Fayol's commanding function as "leading." Consequently, Fayol's management functions are known today as planning, organizing, leading, and controlling. Studies indicate that managers who perform these management functions well are better managers. For example, the more time that CEOs spend planning, the more profitable their companies are.¹² Over a 25-year period, AT&T found that employees with better planning and decision-making skills were more likely to be promoted into management jobs, to be successful as managers, and to be promoted into upper levels of management.¹³

Part 1: Introduction to Management
Chapter 1: Management Chapter 2: The History of Management Chapter 3: Organizational Environments and Cultures Chapter 4: Ethics and Social Responsibility
Part 2: Planning
Chapter 5: Planning and Decision Making Chapter 6: Organizational Strategy Chapter 7: Innovation and Change Chapter 8: Global Management
Part 3: Organizing
Chapter 9: Designing Adaptive Organizations Chapter 10: Managing Teams Chapter 11: Managing Human Resource Systems Chapter 12: Managing Individuals and a Diverse Work Force
Part 4: Leading
Chapter 13: Motivation Chapter 14: Leadership Chapter 15: Managing Communication
Part 5: Controlling
Chapter 16: Control Chapter 17: Managing Information Chapter 18: Managing Service and Manufacturing Operations

The evidence is clear. Managers serve their companies well when they plan, organize, lead, and control. Consequently, as shown in Exhibit 1.1, this textbook is organized based on the functions of management. Furthermore, throughout this text, the major sections within each chapter are numbered using a single digit: 1, 2, 3, and so on. The subsections are consecutively numbered, beginning with the major section number. For example, “2.1” indicates the first subsection under the second major section. This numbering system should help you easily see the relationships among topics and follow the topic sequence. It will also help your instructor refer to specific topics during class discussion.

Now let’s take a closer look at each of the management functions: **2.1 planning**, **2.2 organizing**, **2.3 leading**, and **2.4 controlling**.

2.1 Planning

Planning is determining organizational goals and a means for achieving them. As you’ll learn in Chapter 5, planning is one of the best ways to improve performance. It encourages people to work harder, to work hard for extended periods, to engage in behaviors directly related to goal accomplishment, and to think of better ways to do their jobs. But most importantly, companies that plan have larger profits and faster growth than companies that don’t plan.

For example, the question, “What business are we in?” is at the heart of strategic planning, which you’ll learn about in Chapter 6. If you can answer the question, “What business are you in?” in two sentences or less, chances are you have a very clear plans for your business. Here’s how Google Fellow (i.e., research scientist) Urs Holzels answered this question. “We still have only one product. That’s search. People come to Google to search the Web, and the main purpose of the page is to make sure that you’re not distracted from that search. We don’t show people things that they aren’t interested in, because in the long term, that will kill your business.”¹⁴ This focus on search is why Google’s home page contains 37 words and no more. Says Holzels, “We count bytes. We count them because our users have modems, so it costs them [time] to download our pages.”¹⁵ And the faster the home page loads, and the faster searches are conducted and returned, the more likely customers are to use Google again. Just as importantly, Google has stuck to its vision of being in the search business and nothing else. The *Wall Street Journal* put it this way: “Since its founding in 1998, the start-up was best defined by what it didn’t do: It didn’t go public prematurely, didn’t raise or spend too much venture funding, and didn’t initiate 23 businesses at once. In short, it didn’t participate in the cesspool of greed and excess that the rest of Silicon Valley dove into with abandon.”¹⁶

You’ll learn more about planning in Chapter 5 on planning and decision making, Chapter 6 on organizational strategy, Chapter 7 on innovation and change, and Chapter 8 on global management.

Exhibit 1.1

Management Functions and Organization of the Textbook

planning

Determining organizational goals and a means for achieving them.

meta-analysis

A study of studies, a statistical approach that provides one of the best scientific estimates of how well management theories and practices work. (See the “What Really Works” box on the next page for more about meta-analysis.)

Meta-Analysis

Some studies show that having two drinks a day increases life expectancy by decreasing your chances of having a heart attack. Yet other studies show that having two drinks a day shortens life expectancy. For years, we've "battered" our morning toast with margarine instead of butter because it was supposed to be better for our health. Now, however, new studies show that the trans-fatty acids in margarine may be just as bad for our arteries as butter. Confusing scientific results like these frustrate ordinary people who want to "eat right" and "live right." They also make many people question just how useful most scientific research really is.

Managers also have trouble figuring out what works, based on the scientific research published in journals like the *Academy of Management Journal*, the *Academy of Management Review*, the *Strategic Management Journal*, the *Journal of Applied Psychology*, and *Administrative Science Quarterly*. *The Wall Street Journal* may quote a management research article from one of these journals that says that total quality management is the best thing since sliced bread (without butter or margarine). Then, just six months later, *The Wall Street Journal* will quote a different article from the same journal that says that total quality management doesn't work. If management professors and researchers have trouble deciding what works and what doesn't, how can practicing managers know?

Thankfully, a research tool called **meta-analysis**, which is a study of studies, is helping management scholars understand how well their research supports management theories. Meta-analysis is also useful for practicing managers because it shows what works and the conditions under which management techniques may work better or worse in the "real world." Meta-analysis is based on the simple idea that if one study shows that a management technique doesn't work and another study shows that it does, an average of those results is probably the best estimate of how well that management practice works (or doesn't work). For example, medical researchers Richard Peto and Rory Collins averaged all of the different results from several hundred studies investigating the relationship between aspirin and heart attacks. Their analysis, based on more than 120,000 patients from numerous studies, showed that aspirin lowered the incidence of heart attacks by an average of 4 percent. Prior to this study, doctors prescribed aspirin as a preventive measure for only 38 percent of heart attack victims. Today, because of the meta-analysis results, doctors prescribe aspirin for 72 percent of heart attack victims.

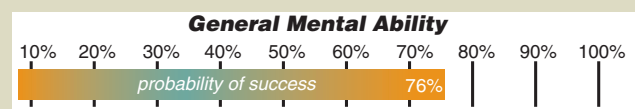
Fortunately, you don't need a Ph.D. to understand the statistics reported in a meta-analysis. In fact, one primary advantage of meta-analysis over traditional significance

tests is that you can convert meta-analysis statistics into intuitive numbers that anyone can easily understand.

Each meta-analysis reported in the "What Really Works" sections of this textbook is accompanied by an easy-to-understand statistic called the *probability of success*. As its name suggests, the probability of success shows how often a management technique will work.

For example, meta-analyses suggest that the best predictor of a job applicant's on-the-job performance is a test of general mental ability. In other words, smarter people tend to be better workers. The average correlation (one of those often-misunderstood statistics) between scores on general mental ability tests and job performance is .60. However, very few people understand what a correlation of .60 means. What most managers want to know is how often they will hire the right person if they choose job applicants based on general mental ability test scores. Likewise, they want to know how much difference a cognitive ability test makes when hiring new workers. The probability of success may be high, but if the difference isn't really that large, is it worth a manager's time to have job applicants take a general mental ability test?

Well, our user-friendly statistics indicate that it's wise to have job applicants take a general mental ability test. In fact, the probability of success, shown in graphical form below, is 76 percent. This means that an employee hired on the basis of a good score on a general mental ability test stands a 76 percent chance of being a better performer than someone picked at random from the pool of all job applicants. So, chances are, you're going to be right much more often than wrong if you use a general mental ability test to make hiring decisions.¹⁷



In summary, each "What Really Works" section in this textbook is based on meta-analysis research, which provides the best scientific evidence that management professors and researchers have about what works and what doesn't work in management. We will use the easy-to-understand index known as the *probability of success* to indicate how well a management idea or strategy is likely to work in the workplace. Of course, no idea or technique works every time and in every circumstance. Nevertheless, the management ideas and strategies discussed in the "What Really Works" sections can usually make a meaningful difference where you work. In today's competitive, fast-changing, global marketplace, few managers can afford to overlook proven management strategies like the ones discussed in "What Really Works."

2.2 Organizing

organizing

Deciding where decisions will be made, who will do what jobs and tasks, and who will work for whom.

Organizing is deciding where decisions will be made, who will do what jobs and tasks, and who will work for whom in the company.

Sometimes, organizing even means splitting an existing company into separate parts. For example, Palm, Inc. was the maker of the ubiquitous Palm Pilot handheld computer which used Palm's reliable operating software to run and develop more than 20,000 software programs. However, companies that made competing electronic devices, such as handheld PCs and smart phones that combine an electronic planner with a cell phone, were reluctant to purchase software from Palm, one of their key competitors in the handheld market. Reorganizing Palm, Inc. into two separate companies solved that problem. As shown in Exhibit 1.2, competing makers of electronic devices can now purchase Palm software and development applications from PalmSource, which is a separate company, without benefiting PalmOne, which makes handheld devices and smart phones. In short, said David Nagel, PalmSource's CEO, reorganizing into two companies has allowed us to "optimize our expertises."¹⁸

You'll learn more about organizing in Chapter 9 on designing organizations, Chapter 10 on managing teams, Chapter 11 on managing human resources, and Chapter 12 on managing individuals and a diverse work force.

2.3 Leading

leading

Inspiring and motivating workers to work hard to achieve organizational goals.

Our third management function, **leading**, involves inspiring and motivating workers to work hard to achieve organizational goals.

When Anne Mulcahy became Xerox's CEO, the company was on the brink of bankruptcy—it was \$17.1 billion in debt and had only \$154 million in cash. In addition, three years of steeply declining revenues and increasing losses had dropped the company's stock price from \$64 a share to just \$4.43. Mulcahy admits that the responsibility of turning the company around frightened her: "Nothing spooked me as much as waking up in the middle of the night and thinking about 96,000 people and retirees and what would happen if this thing went south."¹⁹ Still, she took the job.

Mulcahy, who traveled to two and sometimes three cities a day to talk to Xerox managers and employees, implored them to "save each dollar as if it were your own." And at each stop, she reminded them, "Remember, by my calculations, there are [she fills in the number] selling days left in the quarter."²⁰ Mulcahy said, "One of the things I care most about at Xerox is the morale and motivation at the company. I think it is absolutely critical to being able to deliver results. People have to feel engaged, motivated and feel they are making a contribution to something that is important. I spend the vast majority of my time with customers and employees, and there is nothing more important for any of us to do as leaders than communicate and engage with our two most important constituencies."²¹

Today, as a result of Mulcahy's leadership and the hard work of dedicated Xerox employees, Xerox is back on its feet, having returned to profitability and financial stability.²² You'll learn more about leading in Chapter 13 on motivation, Chapter 14 on leadership, and Chapter 15 on managing communication.

2.4 Controlling

The last function of management, **controlling**, is monitoring progress toward goal achievement and

For Anne Mulcahy, CEO of Xerox, the key to successful leadership is communicating with the company's most important constituents: employees and customers.



COURTESY OF XEROX CORPORATION

Some ideas are too big for just one company.

palmSource™ POWERED BY palm

We make Palm OS®, the software that powers your favorite handhelds & smartphones.

- Applications (20,000+)
- Developer Tools
- Enterprise Solutions
- Expert Guides

visit PalmSource.com ▶

palmOne™ POWERED BY palm

We make the handhelds & smartphones millions of people depend on every day.

- Palm™ V
- Zire™
- Tungsten™
- Treo™

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So we created two independent, industry leading businesses.

PalmSource, Inc. (PSRC)
[Press Room](#) | [Investor Relations](#)

palmOne, Inc. (PLMO)
[Press Room](#) | [Investor Relations](#)

Source: Palm, Inc. home page, <http://www.palm.com/us>, 2 January 2005.

Exhibit 1.2

Reorganizing Palm, Inc into PalmSource and Palm One

then taking corrective action when progress isn't being made. The basic control process involves setting standards to achieve goals, comparing actual performance to those standards, and then making changes to return performance to those standards.

Needing to cut costs (the standard) to restore profitability (the goal), Continental Airlines started giving passengers small cups of their soft drinks instead of an entire can (one corrective action, among many). Company spokesperson Rahsaan Johnson defended the move, saying, "Flight attendants have been telling us that the trash bags they carry were so heavy because of all the [wasted] liquid. We were pouring almost half away."²³ Although Continental will still give entire soft drink cans to customers who request them, serving smaller drinks saves the company \$100,000 a year in costs.

You'll learn more about the control function in Chapter 16 on control, Chapter 17 on managing information, and Chapter 18 on managing service and manufacturing operations.

Review 2: Management Functions

Henri Fayol's classic management functions are known today as planning, organizing, leading, and controlling. Planning is determining organizational goals and a means for achieving them. Organizing is deciding where decisions will be made, who will do what jobs and tasks, and who will work for whom. Leading is inspiring and motivating workers to work hard to achieve organizational goals. Controlling is monitoring progress toward goal achievement and taking corrective action when needed. Studies show that performing the management functions well leads to better managerial performance.

What Do Managers Do?

Not all managerial jobs are the same. The demands and requirements placed on the CEO of Sony are significantly different from those placed on the manager of your local Wendy's restaurant.

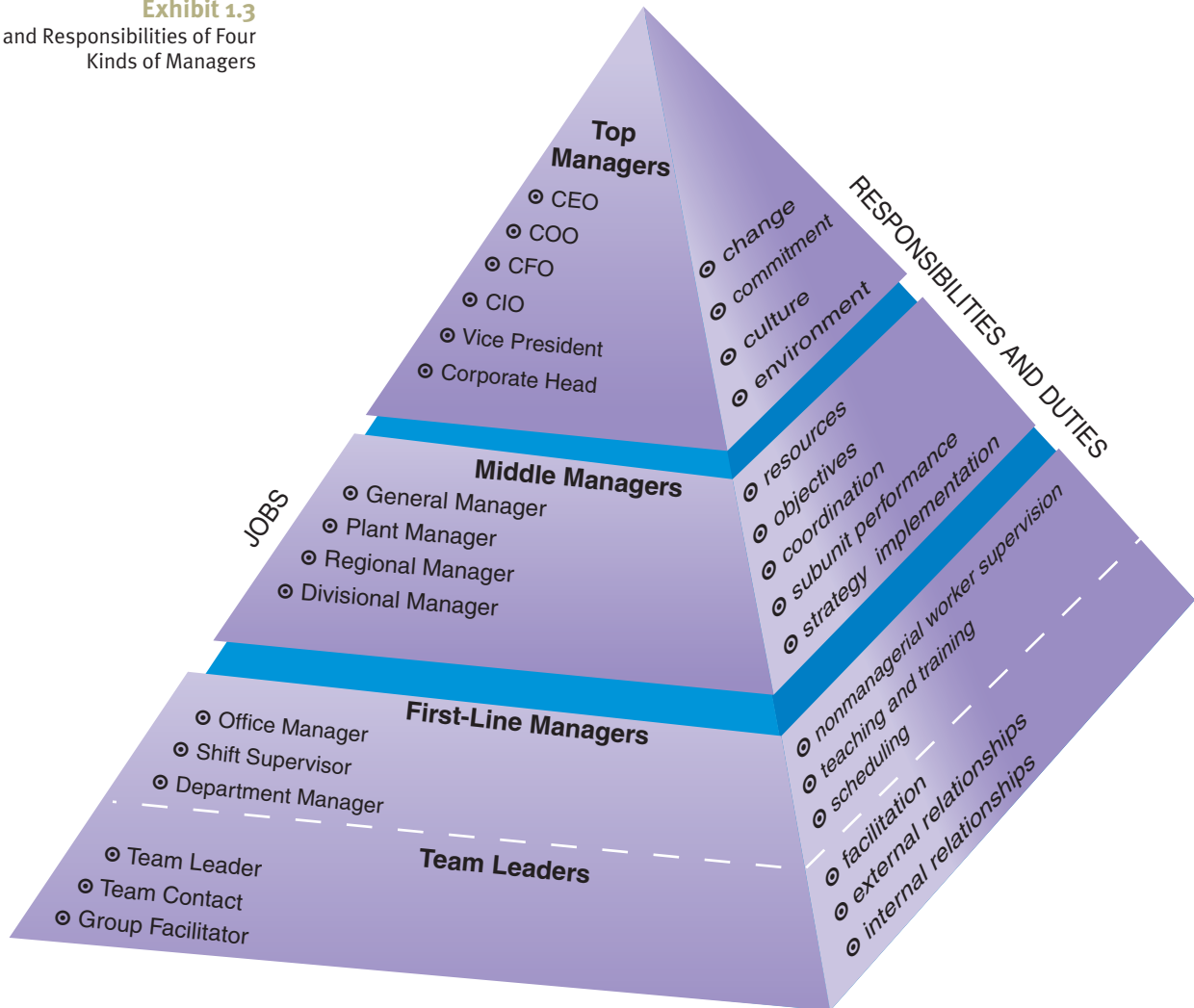
After reading the next two sections, you should be able to

- 3** describe different kinds of managers.
- 4** explain the major roles and subroles that managers perform in their jobs.

controlling

Monitoring progress toward goal achievement and taking corrective action when needed.

Exhibit 1.3
Jobs and Responsibilities of Four
Kinds of Managers



3 KINDS OF MANAGERS

As shown in Exhibit 1.3, there are four kinds of managers, each with different jobs and responsibilities: **3.1 top managers**, **3.2 middle managers**, **3.3 first-line managers**, and **3.4 team leaders**.

3.1 Top Managers

top managers
Executives responsible for the overall
direction of the organization.

Top managers hold positions like chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), and chief information officer (CIO), and are responsible for the overall direction of the organization. Top managers have the following responsibilities.²⁴ First, they are responsible for creating a context for change. In fact, the CEOs of Kmart, Vivendi, Lucent, Xerox, AT&T, Polaroid, and MCI were all fired within a year's time precisely because they had not moved fast enough to bring about significant changes in their companies. Indeed, in both Europe and the United States, nearly one-third of all CEOs are eventually fired because of their inability to successfully change their companies.²⁵ Creating a context for change includes forming a long-range vision or mission for the company. As one CEO said, "The CEO has to think about the future more than anyone."

Second, much more than used to be the case, top managers are responsible for developing employees' commitment to and ownership of the company's performance. For example, after losing billions of dollars following the

September 11 terrorist attacks, United, U.S. Airways, Delta, and American Airlines laid off 31, 27, 23, and 21 percent of their workers, respectively.²⁶ By contrast, because of Southwest Airlines' commitment to its work force, not one employee was laid off. Said Southwest's CEO, "We were willing to suffer some damage, even to our stock price, to protect the jobs of our people."²⁷ Employees repaid that commitment with thousands of cost-saving ideas and increased productivity that made Southwest the only profitable airline following September 11.

Third, top managers are responsible for creating a positive organizational culture through language and action. Top managers impart company values, strategies, and lessons through what they do and say to others, both inside and outside the company. One CEO said, "I write memos to the board and our operating committee. I'm sure they get the impression I dash them off, but usually they've been drafted ten or twenty times. The bigger you get, the more your ability to communicate becomes important. So what I write, I write very carefully. I labor over it."²⁸ Above all, no matter what they communicate, it's critical for CEOs to send and reinforce clear, consistent messages.²⁹ A former *Fortune* 500 CEO said, "I tried to [use] exactly the same words every time so that I didn't produce a lot of, 'Last time you said this, this time you said that.' You've got to say the same thing over and over and over."³⁰

Finally, top managers are responsible for monitoring their business environments. This means that top managers must closely monitor customer needs, competitors' moves, and long-term business, economic, and social trends. Rick Wagoner, president and CEO of General Motors, reads six daily newspapers, monitors his Internet connections and news sources all day, and skims a variety of magazines from all over the world. Says Wagoner, "You've gotta know what the hell is going on in your business. If you've got a problem in China, you've gotta get into it and make sure that it's getting fixed. You've got to be on top of your business enough to know where are the problems, where are the opportunities."³²

3.2 Middle Managers

Middle managers hold positions like plant manager, regional manager, or divisional manager. They are responsible for setting objectives consistent with top management's goals and for planning and implementing subunit strategies for achieving those objectives.³³ One specific middle management responsibility is to plan and allocate resources to meet objectives. Another major responsibility is to coordinate and link groups, departments, and divisions within a company. At media giant Time Warner, middle managers from each division—Internet (America Online), books, magazines (*Time*, *People*, *Fortune*), cable TV, and entertainment (HBO, Cinemax, Turner Broadcasting, and Warner Brothers Movies and TV)—hold regular bimonthly meetings to discuss shared opportunities in promotion, ad sales, marketing, product licensing, and merchandising.³⁴ These managers worked together to make sure that the *Harry Potter* and *Lord of the Rings* movies, produced by Warner Brothers, were featured on America Online, written about in *Time* and *People* magazines, promoted on "The WB" (the Warner Brothers TV network), developed into video games, and then locked into exclusive postrelease viewing on cable TV for HBO and Cinemax.³⁵

A third responsibility of middle management is to monitor and manage the performance of the subunits and individual managers who report to them. Jeremy Simon is director of engineering at Remington Associates, a small

TELL AND SHOW PEOPLE THAT ETHICS MATTER

Because managers set the standard for others in the workplace, unethical behavior and practices quickly spread when they don't do the right thing. One of the most important things managers can do is to tell people that ethics matter. When Charles Holliday, Jr., CEO of Du Pont, was a young manager, he was told by Du Pont's then CEO Dick Heckert, "This company lives by the letter of its contracts and the intent of those contracts." Said Holliday, "I still remember the expression on his face when he said those words, and I've lived by that philosophy ever since." In today's business world, however, with one-third of workers reporting that they've seen their bosses lie, steal from the company, or break the law, talk clearly isn't enough. Holliday says, "Just saying you're ethical isn't very useful. You have to earn trust by what you do every day." So, tell the people whom you manage that ethics matter. Then show them by doing the right thing yourself.³¹

DOING THE RIGHT THING

middle managers

Managers responsible for setting objectives consistent with top management's goals and for planning and implementing subunit strategies for achieving these objectives.

business that provides computer security services to other companies. Simon realized that productivity, which he measures by the percentage of available work hours each week that can be directly billed to clients (the higher that percentage, the better), was dropping. Each of his engineers wasted one-half day per week copying work orders, hand writing time sheets, and compiling the invoices needed to bill clients for their work. So Simon found new software that automatically completes those tasks for them. Now, each engineer has an extra four hours per week to complete billable work for clients. Clients are happier because their work gets done faster, and Simon is happier because his engineers' billable hours have increased from 70 percent to 82 percent per week.³⁶

Finally, middle managers are also responsible for implementing the changes or strategies generated by top managers. Wal-Mart's strategy reflects its advertising slogan, "always the low price." When Wal-Mart began selling groceries in its new 200,000-square-foot supercenters, it made purchasing manager Brian Wilson responsible for buying perishable goods more cheaply than Wal-Mart's competitors. When small produce suppliers had trouble meeting Wal-Mart's needs, Wilson worked closely with them and connected them to RetailLink, Wal-Mart's computer network, "which allows our suppliers immediate access to all information needed to help run the business." Over time, these steps helped the produce suppliers lower costs and deliver the enormous quantities of fresh fruits and vegetables that Wal-Mart's supercenters need.³⁷ They also helped Wal-Mart become the world's largest grocer.³⁸

3.3 First-Line Managers

first-line managers
Managers who train and supervise the performance of nonmanagerial employees who are directly responsible for producing the company's products or services.

First-line managers hold positions like office manager, shift supervisor, or department manager. The primary responsibility of first-line managers is to manage the performance of entry-level employees, who are directly responsible for producing a company's goods and services. Thus, first-line managers are the only managers who don't supervise other managers. First-line managers have the following responsibilities.

First-line managers encourage, monitor, and reward the performance of their workers. For example, Jeff Dexheimer requires the waiters and waitresses he supervises at the upscale Melting Pot restaurant in St. Louis to memorize a complex menu and a 400-item wine list. Says Dexheimer, "They've got to know every liquor, every beer, every food item, as well as the sauces it comes with." To reduce turnover and keep his 65 employees motivated, Dexheimer gives out \$25 nightly rewards for "best attitude" or for selling the most wine. Since his employees are young and mostly single, he makes sure they work only one night each weekend. And, once a week, after the restaurant closes, he takes his entire staff out for drinks. Says Dexheimer, as a manager, "I don't make myself successful. My employees make me successful."³⁹

First-line managers teach entry-level employees how to do their jobs. Because working as a telemarketing representative can be a high-stress, thankless job, most workers quit after three or four months. In fact, any stay over three months is considered long-term employment. With such high employee turnover, supervisors at DialAmerica Marketing, a large telemarketing firm, are constantly training new employees. Before new employees begin their jobs, supervisors run them through intense role-plays with "angry customers." Supervisors also listen in on new representatives' phone calls to observe their performance so that the supervisor can correct their mistakes and teach them how to make sales. Finally, during the new reps' first six weeks on the job, DialAmerica supervisors hold weekly "How's it going?" sessions where the employees can ask questions or vent their frustrations.⁴⁰

First-line managers also make detailed schedules and operating plans based on middle management's intermediate-range plans. In fact, in contrast to the long-term plans of top managers (three to five years out) and the intermediate

plans of middle managers (6 to 18 months out), first-line managers engage in plans and actions that typically produce results within two weeks.⁴¹ For example, consider the typical convenience store manager (e.g., 7-Eleven) who starts the day by driving by competitors' stores to inspect their gasoline prices and then checks the outside of his or her store for anything that might need maintenance, such as burned-out lights or signs, or restocking, like windshield washer fluid and paper towels. Then comes an inside check, where the manager determines what needs to be done for that day (Will there be enough coffee and donuts for breakfast or enough sandwiches for lunch?). Once today is planned, the manager turns to weekend orders. After accounting for the weather (hot or cold) and the sales trends at the same time last year, the manager makes sure the store will have enough beer, soft drinks, and Sunday papers on hand. Finally, the manager looks 7 to 10 days ahead for hiring needs. Because of strict hiring procedures (basic math tests, drug tests, and background checks), it can take that long to hire new employees. Said one convenience store manager, "I have to continually interview, even if I am fully staffed."⁴²

3.4 Team Leaders

The fourth kind of manager is a team leader. This relatively new kind of management job developed as companies shifted to self-managing teams, which, by definition, have no formal supervisor. In traditional management hierarchies, first-line managers are responsible for the performance of nonmanagerial employees and have the authority to hire and fire workers, make job assignments, and control resources. Team leaders play a very different role because in this new structure, teams now perform nearly all of the functions performed by first-line managers under traditional hierarchies.⁴³ Instead of directing individuals' work, **team leaders** facilitate team activities toward goal accomplishment. For example, Hewlett-Packard's ad for a team leader position says, "Job seeker must enjoy coaching, working with people, and bringing about improvement through hands-off guidance and leadership."⁴⁴ Team leaders who fail to understand this key difference often struggle in their roles. A team leader at Texas Instruments said, "I didn't buy into teams, partly because there was no clear plan on what I was supposed to do. . . . I never let the operators [team members] do any scheduling or any ordering of parts because that was mine. I figured as long as I had that, I had a job."⁴⁵

Team leaders fulfill the following responsibilities.⁴⁶ First, team leaders are responsible for facilitating team performance. This doesn't mean team leaders are responsible for team performance. They aren't. The team is. Team leaders help their team members plan and schedule work, learn to solve problems, and work effectively with each other. Management consultant Franklin Jonath says, "The idea is for the team leader to be at the service of the group. It should be clear that the team members own the outcome. The leader is there to bring intellectual, emotional, and spiritual resources to the team. Through his or her actions, the leader should be able to show the others how to think about the work that they're doing in the context of their lives. It's a tall order, but the best teams have such leaders."⁴⁷

Second, team leaders are responsible for managing external relationships. Team leaders act as the bridge or liaison between their teams and other teams, departments, and divisions in a company. For example, if a member of Team A complains about the quality of Team B's work, Team A's leader is responsible for solving the problem by initiating a meeting with Team B's leader. Together, these team leaders are responsible for getting members of both teams to work together to solve the problem. If it's done right, the problem is solved without involving company management or blaming members of the other team.⁴⁸

Third, team leaders are responsible for internal team relationships. Getting along with others is much more important in team structures because team

team leaders

Managers responsible for facilitating team activities toward goal accomplishment.

members can't get work done without the help of their teammates. Jeanie Duck of the Boston Consulting Group says, "Too often, what happens is that teams get right down to work, and then some sort of conflict arises. It gets ugly and personal very fast, because everyone has been blindsided and no one knows what to do."⁴⁹ Because the entire team suffers when conflicts arise, it is critical for team leaders to know how to help team members resolve conflicts. For example, at XEL Communications, the team leader takes the fighting team members to a conference room and attempts to mediate the disagreement by hearing each side and encouraging the team members to agree to a practical solution.⁵⁰ In extreme cases at Hewlett-Packard, team leaders can dissolve the team and reassign all members to different teams.⁵¹ Such instances are rare, however. You will learn more about teams in Chapter 10.

Review 3: Kinds of Managers

There are four different kinds of managers. Top managers are responsible for creating a context for change, developing attitudes of commitment and ownership, creating a positive organizational culture through words and actions, and monitoring their company's business environments. Middle managers are responsible for planning and allocating resources, coordinating and linking groups and departments, monitoring and managing the performance of subunits and managers, and implementing the changes or strategies generated by top managers. First-line managers are responsible for managing the performance of nonmanagerial employees, teaching direct reports how to do their jobs, and making detailed schedules and operating plans based on middle management's intermediate-range plans. Team leaders are responsible for facilitating team performance, managing external relationships, and facilitating internal team relationships.

4 MANAGERIAL ROLES

Exhibit 1.4
Mintzberg's Managerial Roles
and Subroles



Interpersonal Roles

- Figurehead
- Leader
- Liaison



Informational Roles

- Monitor
- Disseminator
- Spokesperson



Decisional Roles

- Entrepreneur
- Disturbance Handler
- Resource Allocator
- Negotiator

So far, we have described managerial work by focusing on the functions of management and by examining the four kinds of managerial jobs. Although those are valid and accurate ways of categorizing managerial work, if you followed managers around as they perform their jobs, you probably would not use the terms *planning*, *organizing*, *leading*, and *controlling* to describe what they do.

In fact, that's exactly the conclusion that management researcher Henry Mintzberg came to when he followed around five American CEOs. Mintzberg spent a week "shadowing" each of the CEOs and analyzing their mail, whom they talked to, and what they did. Mintzberg concluded that managers fulfill three major roles while performing their jobs:⁵²

- interpersonal roles
- informational roles
- decisional roles

In other words, managers talk to people, gather and give information, and make decisions. Furthermore, as shown in Exhibit 1.4, these three major roles can be subdivided into 10 subroles. Let's examine each major role—**4.1 interpersonal**, **4.2 informational**, and **4.3 decisional roles**—and their 10 subroles.

4.1 Interpersonal Roles

More than anything else, management jobs are people-intensive. Estimates vary with the level of management, but most managers spend between two-thirds and four-fifths of their time in face-to-face communication with others.⁵³ If you're a loner, or

if you consider dealing with people a “pain,” then you may not be cut out for management work. In fulfilling the interpersonal role of management, managers perform three subroles: figurehead, leader, and liaison.

In the **figurehead role**, managers perform ceremonial duties like greeting company visitors, speaking at the opening of a new facility, or representing the company at a community luncheon to support local charities. For example, when Japanese-based Kikkoman Corporation, the world’s largest soy sauce maker, opened its first soy sauce manufacturing plant in Europe (in Hoogezand Sappemeer, the Netherlands), its CEO, Yuzaburo Mogi, gave a speech pledging that Kikkoman would be a good corporate citizen by donating to a local environmental conservation and water quality project and to the Rembrandt House Art Gallery.⁵⁴

In the **leader role**, managers motivate and encourage workers to accomplish organizational objectives. At CDW (Computer Discount Warehouse), new CEO John Edwardson promised CDW’s 2,750 workers that he would shave his head if the company met its third quarter goals. Despite the industry downturn in computer sales, company employees responded. After announcing at a company function that the third quarter goals had been met, Edwardson, as promised, had his head shaved to the harmonic sounds of a barbershop quartet.⁵⁵ At J.M. Smucker, that’s right, the jelly and jam company, managers regularly thank employees with celebratory lunches and gift certificates. Tonie Williams, director of marketing for peanut butter, says “she’s been thanked more in her two years at Smucker than she was in her nine years at Nestlé, Kraft, and Procter & Gamble combined.”⁵⁶ *Fortune* magazine included both CDW and Smucker in its list of the top 100 places to work in the United States.⁵⁷

In the **liaison role**, managers deal with people outside their units. Studies consistently indicate that managers spend as much time with “outsiders” as they do with their own subordinates and their own bosses. In addition to his normal duties, Rajesh Hukku, chairman of j-Flex Solutions, a maker of financial-services software, regularly goes on sales calls, helps close sales deals, and markets his product to potential customers at industry conventions and forums.⁵⁸ The same holds true for the convenience store managers discussed above. From dealing with vendors who make store deliveries and set up product displays, to working with computer technicians who help with computer glitches and satellite connections to headquarters, to ordering from sales representatives who supply the mops and deli aprons used in the store, to calling the sheriff about stolen credit cards, even first-line managers spend much of their time dealing with outsiders.⁵⁹

4.2 Informational Roles

Not only do managers spend most of their time in face-to-face contact with others, but they spend time obtaining and sharing information. Indeed, Mintzberg found that the managers in his study spent 40 percent of their time giving and getting information from others. In this regard, management can be viewed as processing information, gathering information by scanning the business environment and listening to others in face-to-face conversations, and then sharing that information with people inside and outside the company. Mintzberg described three informational subroles: monitor, disseminator, and spokesperson.



J.M. Smucker Company has been on Fortune’s list of 100 Best Companies to Work For since the list was started in 1998. Only 22 other companies share this honor. Tim and Richard Smucker, company chairman and president, are pictured here ringing the opening bell of the New York Stock Exchange after their company acquired Jif and Crisco from Procter & Gamble.

figurehead role

The interpersonal role managers play when they perform ceremonial duties.

leader role

The interpersonal role managers play when they motivate and encourage workers to accomplish organizational objectives.

liaison role

The interpersonal role managers play when they deal with people outside their units.

monitor role

The informational role managers play when they scan their environment for information.

In the **monitor role**, managers scan their environment for information, actively contact others for information, and, because of their personal contacts, receive a great deal of unsolicited information. Besides receiving firsthand information, managers monitor their environment by reading local newspapers and *The Wall Street Journal* to keep track of customers, competitors, and technological changes that may affect their businesses. Now, managers can also take advantage of electronic monitoring and distribution services that track the news wires (Associated Press, Reuters, etc.) for stories related to their businesses. These services deliver customized electronic newspapers that include only stories on topics the managers specify. Business Wire (<http://www.businesswire.com>) offers services such as IndustryTrak, which monitors and distributes daily news headlines from major industries (e.g., automotive, banking and financial, health, high tech).⁶⁰ CyberAlert (<http://www.cyberalert.com>) keeps round-the-clock track of new stories in categories chosen by each subscriber.⁶¹ FNS NewsClips Online (<http://www.news-clips.com>) provides subscribers daily electronic news clips from more than 5,000 online news sites.⁶²

disseminator role

The informational role managers play when they share information with others in their departments or companies.

Because of their numerous personal contacts and their access to subordinates, managers are often hubs for the distribution of critical information. In the **disseminator role**, managers share the information they have collected with their subordinates and others in the company. Although there will never be a complete substitute for face-to-face dissemination of information, the primary methods of communication in large companies like Continental Airlines and Cisco Systems are email and voice mail. At Continental Airlines, the CEO broadcasts a voice mail message to all employees every Friday.⁶³ John Chambers, Cisco's CEO, says that 90 percent of his communication with employees is through email and voice mail. Says Chambers, "If you don't have the ability to interface with customers, employees, and suppliers, you can't manage your business."⁶⁴

spokesperson role

The informational role managers play when they share information with people outside their departments or companies.

In contrast to the disseminator role, in which managers distribute information to employees inside the company, in the **spokesperson role**, managers share information with people outside their departments and companies. One of the most common ways CEOs serve as spokespeople for their companies is at annual meetings with company shareholders or the board of directors. For example, at a Microsoft annual shareholder meeting, CEO Steve Ballmer told investors that Microsoft intended to offer its own Internet search service, <http://beta.search.msn.com>. Balmer vowed that although Microsoft was late to the search engine business, "We will catch up, and we will surpass" Google and Yahoo in the Internet search and advertising business.⁶⁵

4.3 Decisional Roles

According to Mintzberg, the time managers spend obtaining and sharing information is not an end in itself. The time spent talking to and obtaining and sharing information with people inside and outside the company is useful to managers because it helps them make good decisions. According to Mintzberg, managers engage in four decisional subroles: entrepreneur, disturbance handler, resource allocator, and negotiator.

entrepreneur role

The decisional role managers play when they adapt themselves, their subordinates, and their units to incremental change.

In the **entrepreneur role**, managers adapt themselves, their subordinates, and their units to incremental change. At Bic, a manufacturer of disposable pens, razors, and cigarette lighters, each Friday at 2:15 P.M. workers leave their jobs on the manufacturing line to meet in a conference room. Then, one by one, ideas are pulled from the employee suggestion box, read aloud, discussed, and voted on. Suggestions range from solutions that prevent machines from spraying oil on the floor to emptying the huge company trash bins just once a week—because they weren't even half full when emptied twice a week. Once an idea is approved, it's turned over to the appropriate supervisor who

then has 10 days to implement the idea. Step by step, Bic's employee ideas improve morale, boost company productivity, and reinforce the idea that change is welcome and expected. Indeed, in one year at one Bic plant, 577 out of 684 hourly employees submitted 2,999 suggestions, of which 2,368 were actually used.⁶⁶

By contrast, in the **disturbance handler role**, managers respond to pressures and problems so severe that they demand immediate attention and action. Managers often play the role of disturbance handler when the board of a failing company hires a new CEO, who is charged with turning the company around. Gerald Grinstein became Delta Airlines' new CEO after the company lost \$6 billion in three years. With Delta burning through \$4 million in cash *per day* and facing a real threat of bankruptcy, Grinstein laid off 7,000 workers, closed Delta's second largest airport hub at Dallas–Fort Worth International Airport where it was losing money, and convinced the pilots' union to agree to a five-year contract that cut wages by 32.5 percent. These changes put the company halfway to its goal of cutting costs by \$5 billion a year, but if Delta is to survive, Grinstein and his management team will have to make even more changes to eliminate another \$2.5 billion in annual costs.⁶⁷

In the **resource allocator role**, managers decide who will get what resources and how many resources they will get. For instance, in hopes of increasing its stagnant sales and market share, Coca-Cola added an extra \$300 million to Coke's \$7.7 billion marketing budget.⁶⁸ After already cutting its costs by \$240 per car, Ford announced that it wanted to cut costs by a total of \$700 per car over the next three years. Accordingly, it reassigned another 200 engineers (now 1,200 in total) to achieving that goal.⁶⁹ Finally, hoping to revive sales of its luxury cars, General Motors invested \$4 billion in its Cadillac division, or nearly 10 percent of its total capital budget for a division that accounts for only 4 percent of GM sales.⁷⁰ In these instances, top managers acted as resource allocators by changing budgets (Coke), reassigning human resources (Ford), or redirecting long-term investment in the company (GM).

In the **negotiator role**, managers negotiate schedules, projects, goals, outcomes, resources, and employee raises. For Michael O'Leary, CEO of Dublin-based Ryanair, Europe's low-cost airline with fares sometimes as much as 80 percent lower than those of established airlines, negotiation is a key part of his strategy. Ryanair achieves costs 30 percent below average and has 40 percent higher productivity in part because it flies to secondary airports near, but not in, major cities. Because these airports, such as Beauvais just outside Paris, are eager for business, Ryanair can negotiate airport fees as low as \$1.50 per passenger, compared to \$15 to \$22 per passenger at Europe's major airports, like London's Heathrow or Paris's Charles de Gaulle. These lower costs allow Ryanair to break even when its planes are half full; in contrast, major carrier British Airways must fly its planes at 77 percent full to break even.⁷¹ And with 30 more secondary airports bidding for its business, Ryanair is in the driver's seat to keep airport fees—and its costs and prices—low for years to come. Negotiating, as you can see, is a key to success and a basic part of managerial work.

Review 4: Managerial Roles

Managers perform interpersonal, informational, and decisional roles in their jobs. In fulfilling the interpersonal role, managers act as figureheads by performing ceremonial duties, as leaders by motivating and encouraging workers, and as liaisons by dealing with people outside their units. In performing their informational role, managers act as monitors by scanning their environment for information, as disseminators by sharing information with others in the company, and as spokespeople by sharing information with people outside their departments or companies. In fulfilling decisional roles, managers act as

disturbance handler role

The decisional role managers play when they respond to severe problems that demand immediate action.

resource allocator role

The decisional role managers play when they decide who gets what resources.

negotiator role

The decisional role managers play when they negotiate schedules, projects, goals, outcomes, resources, and employee raises.

entrepreneurs by adapting their units to incremental change, as disturbance handlers by responding to larger problems that demand immediate action, as resource allocators by deciding resource recipients and amounts, and as negotiators by bargaining with others about schedules, projects, goals, outcomes, and resources.

What Does It Take to Be a Manager?

I didn't have the slightest idea what my job was. I walked in giggling and laughing because I had been promoted and had no idea what principles or style to be guided by. After the first day, I felt like I had run into a brick wall. (Sales Representative #1)

Suddenly, I found myself saying, boy, I can't be responsible for getting all that revenue. I don't have the time. Suddenly you've got to go from [taking care of] yourself and say now I'm the manager, and what does a manager do? It takes a while thinking about it for it to really hit you . . . a manager gets things done through other people. That's a very, very hard transition to make.⁷² (Sales Representative #2)

The above statements were made by two star sales representatives, who, on the basis of their superior performance, were promoted to the position of sales manager. As their comments indicate, at first they did not feel confident about their ability to do their jobs as managers. Like most new managers, these sales managers suddenly realized that the knowledge, skills, and abilities that led to success early in their careers (and were probably responsible for their promotion into the ranks of management) would not necessarily help them succeed as managers. As sales representatives, they were responsible only for managing their own performance. But as sales managers, they were now directly responsible for supervising all of the sales representatives in their sales territories. Furthermore, they were now directly accountable for whether those sales representatives achieved their sales goals.

If performance in nonmanagerial jobs doesn't necessarily prepare you for a managerial job, then what does it take to be a manager?

After reading the next three sections, you should be able to

- 5** explain what companies look for in managers.
- 6** discuss the top mistakes that managers make in their jobs.
- 7** describe the transition that employees go through when they are promoted to management.

5 WHAT COMPANIES LOOK FOR IN MANAGERS

Broadly speaking, when companies look for employees who would be good managers, they look for individuals who have technical skills, human skills, conceptual skills, and the motivation to manage.⁷³ Exhibit 1.5 shows the relative importance of these four skills to the jobs of team leaders, first-line managers, middle managers, and top managers.

Technical skills are the ability to apply the specialized procedures, techniques, and knowledge required to get the job done. For the sales managers described above, technical skills are the ability to find new sales prospects, develop accurate sales pitches based on customer needs, and close the sale. For a nurse supervisor, technical skills include being able to insert an IV or operate a “crash cart” if a patient goes into cardiac arrest.

Technical skills are most important for team leaders and lower-level managers because they supervise the workers who produce products or serve customers.

technical skills

The ability to apply the specialized procedures, techniques, and knowledge required to get the job done.

Team leaders and first-line managers need technical knowledge and skills to train new employees and help employees solve problems. Technical knowledge and skills are also needed to troubleshoot problems that employees can't handle. Technical skills become less important as managers rise through the managerial ranks, but they are still important.

Human skills can be summarized as the ability to work well with others. Managers with people skills work effectively within groups, encourage others to express their thoughts and feelings, are sensitive to others' needs and viewpoints, and are good listeners and communicators. Human skills are equally important at all levels of management, from first-line supervisors to CEOs. However, because lower-level managers spend much of their time solving technical problems, upper-level managers may actually spend more time dealing directly with people. On average, firstline managers spend 57 percent of their time with people, but that percentage increases to 63 percent for middle managers and 78 percent for top managers.⁷⁴

Conceptual skills are the ability to see the organization as whole, to understand how the different parts of the company affect each other, and to recognize how the company fits into or is affected by its external environment, such as the local community, social and economic forces, customers, and the competition. Good managers have to be able to recognize, understand, and reconcile multiple complex problems and perspectives. In other words, managers have to be smart! In fact, intelligence makes so much difference for managerial performance that managers with above-average intelligence typically outperform managers of average intelligence by approximately 48 percent.⁷⁵ Clearly, companies need to be careful to promote smart workers into management. Conceptual skills increase in importance as managers rise through the management hierarchy.

Good management involves much more than intelligence, however. For example, making the department genius a manager can be disastrous if that genius lacks technical skills, human skills, or one other factor known as the motivation to manage. **Motivation to manage** is an assessment of how motivated employees are to interact with superiors, participate in competitive situations, behave assertively toward others, tell others what to do, reward good behavior and punish poor behavior, perform actions that are highly visible to others, and handle and organize administrative tasks. Managers typically have a stronger motivation to manage than their subordinates, and managers at higher levels usually have a stronger motivation to manage than managers at lower levels. Furthermore, managers with a stronger motivation to manage are promoted faster, are rated as better managers by their employees, and earn more money than managers with a weak motivation to manage.⁷⁶

Review 5: What Companies Look for in Managers

Companies do not want one-dimensional managers. They want managers with a balance of skills. They want managers who know their stuff (technical skills), are equally comfortable working with blue-collar and white-collar employees (human skills), are able to assess the complexities of today's competitive marketplace and position their companies for success (conceptual skills), and want to assume

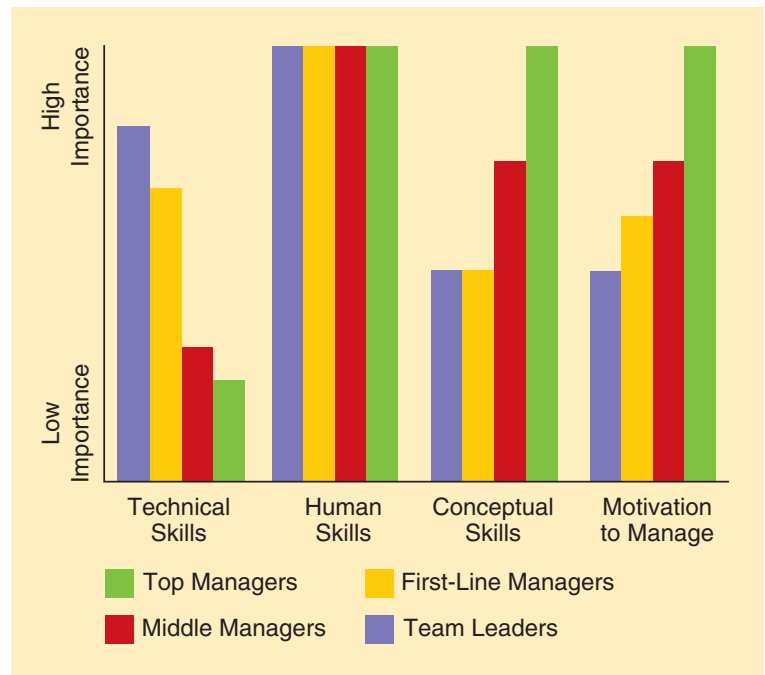


Exhibit 1.5
Relative Importance of Managerial Skills to Different Managerial Jobs

human skills

The ability to work well with others.

conceptual skills

The ability to see the organization as a whole, understand how the different parts affect each other, and recognize how the company fits into or is affected by its environment.

motivation to manage

An assessment of how enthusiastic employees are about managing the work of others.

positions of leadership and power (motivation to manage). Technical skills are most important for lower-level managers, human skills are equally important at all levels of management, and conceptual skills and motivation to manage increase in importance as managers rise through the managerial ranks.

6 MISTAKES MANAGERS MAKE

Another way to understand what it takes to be a manager is to look at the mistakes managers make. In other words, we can learn just as much from what managers shouldn't do as from what they should do. Exhibit 1.6 lists the top 10 mistakes managers make.

Several studies of U.S. and British managers have compared “arrivers,” or managers who made it all the way to the top of their companies, with “derailers,” managers who were successful early in their careers but were knocked off the fast track by the time they reached the middle to upper levels of management.⁷⁷ The researchers found that there were only a few differences between arrivers and derailers. For the most part, both groups were talented and both groups had weaknesses. But what distinguished derailers from arrivers was that derailers possessed two or more “fatal flaws” with respect to the way that they managed people! Although arrivers were by no means perfect, they usually had no more than one fatal flaw or had found ways to minimize the effects of their flaws on the people with whom they worked.

The number one mistake made by derailers was that they were insensitive to others by virtue of their abrasive, intimidating, and bullying management style. The authors of one study described a manager who walked into his subordinate's office and interrupted a meeting by saying, “I need to see you.” When the subordinate tried to explain that he was not available because he was in the middle of a meeting, the manager barked, “I don't give a damn. I said I wanted to see you now.”⁷⁸ Not surprisingly, only 25 percent of derailers were rated by others as being good with people, compared to 75 percent of arrivers.

Even the U.S. Army recognizes that insensitivity to others is a serious problem. All officers who have been promoted to the rank of general are sent to the Brigadier General Training Conference, known informally in the Army as the “charm school.” The basic goal of this training is simple: to encourage new generals to get in touch with and lose their “inner jerk.” Lt. Col. Howard Olsen, who runs the training, tells the officers, “Each and every one of you has something that makes you a jerk. Some of you have more than one. I know. I've talked to you.”⁷⁹

The second mistake was that derailers were often cold, aloof, or arrogant. Although this sounds like insensitivity to others, it has more to do with derailed managers being so smart, so expert in their areas of knowledge, that they treated others with contempt because they weren't experts, too. For example, the telecommunications company SBC called in an industrial psychologist to counsel its vice president of human resources because she had “been blamed for ruffling too many feathers at the company.”⁸⁰ Interviews with the vice president's coworkers and subordinates revealed that they thought she was brilliant, was “smarter and faster than other people,” “generates a lot of ideas,” and “loves to deal with complex issues.” Unfortunately, these smarts were accompanied by a cold, aloof, and arrogant management style. The people she worked with complained that she does “too much too fast,” treats coworkers with “disdain,”

Exhibit 1.6

Top Ten Mistakes That Managers Make

1. Insensitive to others: abrasive, intimidating, bullying style.
2. Cold, aloof, arrogant.
3. Betrayal of trust.
4. Overly ambitious: thinking of next job, playing politics.
5. Specific performance problems with the business.
6. Overmanaging: unable to delegate or build a team.
7. Unable to staff effectively.
8. Unable to think strategically.
9. Unable to adapt to boss with different style.
10. Overdependent on advocate or mentor.

Source: M. W. McCall, Jr. & M. M. Lombardo, “What Makes a Top Executive?” *Psychology Today*, February 1983, 26–31.

“impairs teamwork,” “doesn’t always show her warm side,” and has “burned too many bridges.”

The third and fourth mistakes made by the derailers, betraying a trust and being overly ambitious, reflect a lack of concern for coworkers and subordinates. Betraying a trust doesn't mean being dishonest. Instead, it means making others look bad by not doing what you said you would do when you said you would do it. That mistake, in itself, is not fatal because managers and their workers aren't machines. Tasks go undone in every company every single business day. There's always too much to do and not enough time, people, money, or resources to do it. The fatal betrayal of trust is failing to inform others when things will not be done on time. This failure to admit mistakes, quickly inform others of the mistakes, take responsibility for the mistakes, and then fix them without blaming others clearly distinguished the behavior of derailers from arrivers.

The fourth mistake, as mentioned above, was being overly political and ambitious. Managers who always have their eye on their next job rarely establish more than superficial relationships with peers and coworkers. In their haste to gain credit for successes that would be noticed by upper management, they make the fatal mistake of treating people as though they don't matter.

The fatal mistakes of being unable to delegate, build a team, and staff effectively indicate that many derailed managers were unable to make the most basic transition to managerial work: to quit being hands-on doers and get work done through others. Two things go wrong when managers make these mistakes. First, when managers meddle in decisions that their subordinates should be making—when they can't stop being doers—they alienate the people who work for them. Second, because they are trying to do their subordinates' jobs in addition to their own, managers who fail to delegate will not have enough time to do much of anything well. Jo DeMars, president of DeMars & Associates, experienced both problems by closely micromanaging every detail at the company she founded. Although this worked when the company was small, it became a source of stress as the company grew. Employee Natalie Fleury said of DeMars, “She'd delegate but she'd still want control.” As a result, her staffers became so reluctant to make their own decisions that they asked DeMars to approve almost everything. Soon, DeMars admits, “I found myself getting so wrapped up in the day-to-day tasks that I couldn't be strategic. . . . If someone came in with a wrinkled shirt, I'd think, ‘Well, this “business casual” just doesn't work, and I've got to find another solution.’ A lot of it was making mountains of molehills, and when you do that, you suddenly have a mountain range in your life.”⁸¹ In the end, employee morale suffered, and DeMars's health deteriorated from the stress of trying to do too much.

Review 6: Mistakes Managers Make

Another way to understand what it takes to be a manager is to look at the top mistakes managers make. Five of the most important mistakes made by managers are being abrasive and intimidating; being cold, aloof, or arrogant; betraying trust; being overly ambitious; and failing to build a team and then delegate to that team.

7 THE TRANSITION TO MANAGEMENT: THE FIRST YEAR

In her book *Becoming a Manager: Mastery of a New Identity*, Harvard Business School professor Linda Hill followed the development of 19 people in their first year as managers. Her study found that becoming a manager produced a profound psychological transition that changed the way these managers viewed themselves and others. As shown in Exhibit 1.7, the evolution of the managers' thoughts, expectations, and realities over the course of their first year in management reveals the magnitude of the changes they experienced.

MANAGERS' INITIAL EXPECTATIONS			AFTER SIX MONTHS AS A MANAGER			AFTER A YEAR AS A MANAGER					
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<ul style="list-style-type: none"> ○ Be the boss ○ Formal authority ○ Manage tasks ○ Job is not managing people 			<ul style="list-style-type: none"> ○ Initial expectations were wrong ○ Fast pace ○ Heavy workload ○ Job is to be problem-solver and troubleshooter for subordinates 			<ul style="list-style-type: none"> ○ No longer “doer” ○ Communication, listening, & positive reinforcement ○ Learning to adapt to and control stress ○ Job is people development 					

Source: L. A. Hill, *Becoming a Manager: Mastery of a New Identity* (Boston: Harvard Business School Press, 1992).

Exhibit 1.7

The Transition to Management: Initial Expectations, after Six Months, and after a Year

Initially, the managers in Hill's study believed that their job was to exercise formal authority and to manage tasks—basically being the boss, telling others what to do, making decisions, and getting things done. One manager said, “Being the manager means running my own office, using my ideas and thoughts.” Another said, “It's [the office] my baby. It's my job to make sure it works.” In fact, most of the new managers were attracted to management positions because they wanted to be “in charge.” Surprisingly, the new managers did not believe that their job was to manage people. The only aspects of people management mentioned by the new managers were hiring and firing.

After six months, most of the new managers had concluded that their initial expectations about managerial work were wrong. Management wasn't being “the boss.” It wasn't just about making decisions and telling others what to do. The first surprise was the fast pace and heavy workload involved in being a manager. Said one manager, “This job is much harder than you think. It is 40 to 50 percent more work than being a producer! Who would have ever guessed?” The pace of managerial work was startling, too. Another manager said, “You have eight or nine people looking for your time . . . coming into and out of your office all day long.” A somewhat frustrated manager declared that management was “a job that never ended,” “a job you couldn't get your hands around.”

Informal descriptions like this are consistent with studies indicating that the average first-line manager spends no more than two minutes on a task before being interrupted by a request from a subordinate, a phone call, or an email. The pace is somewhat less hurried for top managers, who spend an average of approximately nine minutes on a task before having to switch to another. In practice, this means that supervisors may perform 30 different tasks per hour, while top managers perform seven different tasks per hour, with each task typically different from the one that preceded it. A manager described this frenetic level of activity by saying, “The only time you are in control is when you shut your door, and then I feel I am not doing the job I'm supposed to be doing, which is being with the people.”

The other major surprise after six months on the job was that the managers' expectations about what they should do as managers were very different from their subordinates' expectations. Initially, the managers defined their jobs as helping their subordinates perform their jobs well. For the managers, who still defined themselves as doers rather than managers, assisting their subordinates meant going out on sales calls or handling customer complaints. One manager said, “I like going out with the rep, who may need me to lend him my credibility as manager. I like the challenge, the joy in closing. I go out with the reps and we make the call and talk about the customer; it's fun.” But when the managers “assisted” in this way, their subordinates were resentful and viewed their help as interference. The subordinates wanted their managers to help them by solving problems that they couldn't solve. Once the managers realized

this contradiction, they embraced their role as problem-solver and troubleshooter. Thus, they could help without interfering with their subordinates' jobs.

After a year on the job, most of the managers thought of themselves as managers and no longer as doers. In making the transition, they finally realized that people management was the most important part of their jobs. One manager summarized the lesson that had taken him a year to learn by saying, "As many demands as managers have on their time, I think their primary responsibility is people development. Not production, but people development." Another indication of how much their views had changed was that most of the managers now regretted the rather heavy-handed approach they had used in their early attempts to manage their subordinates. "I wasn't good at managing..., so I was bossy like a first-grade teacher." "Now I see that I started out as a drill sergeant. I was inflexible, just a lot of how-to's." By the end of the year, most of the managers had abandoned their authoritarian approach for one based on communication, listening, and positive reinforcement. One manager explained, "Last night at five I handed out an award in the board-room just to the individual. It was the first time in his career that he had done [earned] \$100,000, and I gave him a piece of glass [a small award] and said I'd heard a rumor that somebody here just crossed over \$100,000 and I said congratulations, shook his hand, and walked away. It was not public in the sense that I gathered everybody around. But I knew and he did too."

Finally, after beginning their year as managers in frustration, the managers came to feel comfortable with their subordinates, with the demands of their jobs, and with their emerging managerial styles. While being managers had made them acutely aware of their limitations and their need to develop as people, it also provided them with an unexpected reward of coaching and developing the people who worked for them. One manager said, "It gives me the best feeling to see somebody do something well after I have helped them. I get excited." Another stated, "I realize now that when I accepted the position of branch manager that it is truly an exciting vocation. It is truly awesome, even at this level; it can be terribly challenging and terribly exciting."

Review 7: The Transition to Management: The First Year

Managers often begin their jobs by using more formal authority and less people management. However, most managers find that being a manager has little to do with "bossing" their subordinates. After six months on the job, the managers were surprised at the fast pace and heavy workload and that "helping" their subordinates was viewed as interference. After a year on the job, most of the managers had come to think of themselves not as doers, but as managers who get things done through others. And, because they finally realized that people management was the most important part of their job, most of them had abandoned their authoritarian approach for one based on communication, listening, and positive reinforcement.

Why Management Matters

If you walk down the aisle of the business section in your local bookstore, you'll find hundreds of books that explain precisely what companies need to do to be successful. Unfortunately, the best-selling business books tend to be faddish,



Employees are an important element of a company's competitive advantage. Since *Fortune* first began publishing its list of "100 Best Companies to Work for" in 1998, Starbucks has been on the prestigious list all but one year. By being committed to the well-being and development of its employees, Starbucks has been able to grow exponentially, adding thousands of stores and tens of thousands of new employees, and still remain one of America's best companies to work for.

changing dramatically every few years. One thing that hasn't changed, though, is the importance of good people and good management: Companies can't succeed for long without them.

After reading this section, you should be able to

- 8** explain how and why companies can create competitive advantage through people.

8 COMPETITIVE ADVANTAGE THROUGH PEOPLE

Let's pretend that you just inherited \$5,000. You can't spend the money, however. The will stipulates that you have to invest the money in the stock market and that you can't touch the stocks, win or lose, for 20 years. After that time, you can cash in your stocks and do what you want. Should you invest in high-tech companies, companies with little competition, companies that are up and comers, or companies that now dominate their industries? Which five companies would you invest in?

Stanford University business professor Jeffrey Pfeffer would tell you to invest in the five best *managed* companies you could find. In his books, *Competitive Advantage through People* and *The Human Equation: Building Profits by Putting People First*, Pfeffer contends that what separates top performing companies from their competitors is the way they treat their work forces—in other words, their management.⁸² Moreover, if you had invested \$1,000 in each of the five best managed companies in Pfeffer's study 20 years ago, your initial \$5,000 investment would be worth a total of \$917,990, for a spectacular return on investment of 18,359.80 percent!⁸³

Pfeffer found that managers in these top performing companies used ideas like employment security, selective hiring, self-managed teams and decentralization, high pay contingent on company performance, extensive training, reduced status distinctions (between managers and employees), and extensive sharing of financial information to achieve financial performance that, on average, was 40 percent higher than that of other companies. These ideas, which are explained in detail in Exhibit 1.8, help organizations develop work forces that are smarter, better trained, more motivated, and more committed than their competitors' work forces. And, as indicated by the phenomenal growth and return on investment earned by these companies, smarter, better trained, and more committed work forces provide superior products and service to customers, who keep buying and, by telling others about their positive experiences, bring in new customers.

Pfeffer also argues that companies that invest in their people will create long-lasting competitive advantages that are difficult for other companies to duplicate. Indeed, other studies clearly demonstrate that sound management practices can produce substantial advantages in four critical areas of organizational performance: sales revenues, profits, stock market returns, and customer satisfaction.

In terms of sales revenues and profits, a study of nearly 1,000 U.S. firms found that companies that use *just some* of the ideas shown in Exhibit 1.8 had \$27,044 more sales per employee and \$3,814 more profit per employee than companies that didn't.⁸⁴ For a 100-person company, these differences amount to \$2.7 million more in sales and nearly \$400,000 more in annual profit! For a 1,000-person company, the difference grows to \$27 million more in sales and \$4 million more in annual profit!

Another study investigating the effect on company sales found that poorly performing companies that adopted management techniques as simple as setting expectations (establishing goals, results, and schedules), coaching (informal, ongoing discussions between managers and subordinates about what is being done well and what could be done better), reviewing (annual,

1. **Employment Security**—Employment security is the ultimate form of commitment that companies can make to their workers. Employees can innovate and increase company productivity without fearing the loss of their jobs.
2. **Selective Hiring**—If employees are the basis for a company’s competitive advantage, and those employees have employment security, then the company needs to aggressively recruit and selectively screen applicants in order to hire the most talented employees available.
3. **Self-Managed Teams and Decentralization**—Self-managed teams are responsible for their own hiring, purchasing, job assignments, and production. Self-managed teams can often produce enormous increases in productivity through increased employee commitment and creativity. Decentralization allows employees who are closest to (and most knowledgeable about) problems, production, and customers to make timely decisions. Decentralization increases employee satisfaction and commitment.
4. **High Wages Contingent on Organizational Performance**—High wages are needed to attract and retain talented workers and to indicate that the organization values its workers. Employees, like company founders, shareholders, and managers, need to share in the financial rewards when the company is successful. Why? Because employees who have a financial stake in their companies are more likely to take a long-run view of the business and think like business owners.
5. **Training and Skill Development**—Like a high-tech company that spends millions of dollars to upgrade computers or research and development labs, a company whose competitive advantage is based on its people must invest in the training and skill development of its people.
6. **Reduction of Status Differences**—These are fancy words that indicate that the company treats everyone, no matter what the job, as equal. There are no reserved parking spaces. Everyone eats in the same cafeteria and has similar benefits. The result: Much improved communication as employees focus on problems and solutions rather than on how they are less valued than managers.
7. **Sharing Information**—If employees are to make decisions that are good for the long-run health and success of the company, they need to be given information about costs, finances, productivity, development times, and strategies that was previously known only by company managers.

Source: J. Pfeffer, *The Human Equation: Building Profits by Putting People First* (Boston: Harvard Business School Press, 1996).

Exhibit 1.8

Competitive Advantage through
People: Management Practices

formal discussion about results), and rewarding (adjusting salaries and bonuses based on employee performance and results) were able to improve their average return on investment from 5.1 percent to 19.7 percent and increase sales by \$94,000 per employee!⁸⁵ So, in addition to significantly improving the profitability of healthy companies, sound management practices can turn around failing companies.

To determine the effect on stock market performance, researchers matched companies on *Fortune* magazine’s list of “100 Best Companies to Work for in America” (see <http://www.fortune.com/fortune/bestcompanies/> and <http://www.greatplacetowork.com/best/list-bestusa.htm> for more information) with companies that were similar in industry, size, and, this is key, operating performance. In other words, both sets of companies were equally good performers; the key difference was how well they treated their employees. For both sets of companies, the researchers found that employee attitudes such as job satisfaction changed little from year to year. The people who worked for the “100 Best” companies were consistently much more satisfied with their jobs and employers year after year than were employees in the matched companies. More importantly, those stable differences in employee attitudes were strongly related to differences in stock market performance. Over a three-year period, an investment in the “100 Best Companies to Work for” would have resulted in an 82 percent cumulative stock return compared to just 37 percent for the matched companies.⁸⁶ This difference is remarkable given that both sets of companies were equally good performers at the beginning of the period.

Finally, research also indicates that managers have an important effect on customer satisfaction. Many people find this surprising. They don’t understand how managers, who are largely responsible for what goes on inside the company, can affect what goes on outside the company. They wonder how

managers, who often interact with customers under negative conditions (when customers are angry or dissatisfied), can actually improve customer satisfaction. It turns out that managers influence customer satisfaction through employee satisfaction. When employees are satisfied with their jobs, their bosses, and the companies they work for, they provide much better service to customers.⁸⁷ In turn, customers are more satisfied, too. You will learn more about the service-profit chain in Chapter 18 on managing service and manufacturing operation.

Review 8: Competitive Advantage through People

Why does management matter? Well-managed companies are competitive because their work forces are smarter, better trained, more motivated, and more committed. Furthermore, companies that practice good management consistently have greater sales revenues, profits, and stock market performance than companies that don't. Finally, good management matters because good management leads to satisfied employees who, in turn, provide better service to customers. Because employees tend to treat customers the same way that their managers treat them, good management can improve customer satisfaction.

Key Terms

conceptual skills 19
controlling 9
disseminator role 16
disturbance handler role 17
effectiveness 5
efficiency 5
entrepreneur role 16
figurehead role 15
first-line managers 12

human skills 19
leader role 15
leading 8
liaison role 15
management 4
meta-analysis 6
middle managers 11
monitor role 16
motivation to manage 19

negotiator role 17
organizing 8
planning 6
resource allocator role 17
spokesperson role 16
team leaders 13
technical skills 18
top managers 10

Concept Check

1. Explain the difference between efficiency and effectiveness.
2. What are the four management functions?
3. What are the main differences in the responsibilities of top managers versus middle managers?
4. What distinguishes a first-line manager from a team leader?
5. Describe the three principal managerial roles identified by Henry Mintzberg and give examples of each.
6. How do companies determine that employees would be good managers?
7. How important is competence in the core managerial skills for the different types of managers?
8. List the mistakes that managers commonly make. What distinguishes an arriver from a derailer?
9. Describe how managers typically change in their first year on the job.
10. How does the way a company is managed affect its competitive advantage?

Self-Assessment

IS MANAGEMENT FOR YOU?

As you learned in Section 7 of this chapter many managers begin their careers in management with specific ideas about what it means to be the boss. Although you may want to be a manager because of excitement, status, power, or rewards, knowing how to manage is not automatic; it requires specific skills and competencies, as well as a desire to manage. On page 613, in the Self-Assessment Appendix, you will find a 20-question assessment designed to provide insight into your aptitude for management. You will be asked to rate each question according to the following scale:

ML = Most like me
 SL = Somewhat like me
 NS = Not sure
 SU = Somewhat unlike me
 MU = Most unlike me

The assessment is meant to establish your baseline ability in the skills covered in the chapter. It will not tell you whether you should or should not be a manager, or whether you have “what it takes” to be a manager. It will, however, give you feedback on general skills that influence your overall managerial style. So turn to page 613 to get started!

Management Decision

BETTING ON AN EMPLOYEE

Although you’ve been in your new executive management position for barely a year, you have had abundant opportunities for decision making⁸⁸. You have had the final say on a new advertising campaign, an employee washroom remodel, and the selection of the company’s uniform vendor. You’ve met with community leaders to discuss your company’s participation in a fundraiser for the local food pantry and with the press to announce your company’s plan to bring 50 new jobs to the area. Surprisingly, however, you’ve had little experience with human resources issues.

But that changed this morning, when a colleague mentioned that a relatively new executive assistant named Andrew had taken a second job with another company in the evenings. Andrew has been at your company for only three months, but in that time, proved to be reliable, resourceful, and intelligent.

“He’s doing well, though. Doesn’t he like his job here?” you asked your colleague.

“He does, but he can earn an extra \$250 a week at the second job. He says he’s saving to go back to school,” she responded.

“Oh,” you reply. “Well, I’ll talk to him.”

Andrew is fast becoming a valuable employee, but the company has a policy against moonlighting. You expect your employees to give their best each day on the

job. If they spend what would otherwise be leisure time working for someone else, they won’t be fresh, alert, and productive when they come to work for you. At the same time, you remember how you worked several jobs to save money for graduate school. If you had been able to make enough money at one job, you wouldn’t have pushed yourself to work three. You think briefly about giving Andrew a raise, but then recall that the company’s policy is not to review new employees for raises or promotions until they’ve spent at least six months on the job. Andrew’s only halfway there. Still, it would be a shame to see such a promising employee lose his spark from overwork and fatigue.

Questions

1. How is this decision emblematic of your job as a manager and your transition into that position?
2. What are the advantages and disadvantages to giving Andrew a raise before the customary period?
3. Do you break the company policy and give Andrew a raise three months early, or not? If not, how do you handle the moonlighting situation? Explain your decision.
4. Regardless of Andrew’s situation, would it be better in the long run for your company to continue or end its “no moonlighting” policy?

Management Team Decision

From sports to school to work to civic involvement, working in teams is increasingly part of our experience. But although working in teams is more and more common, making decisions as teams is not necessarily any easier. You will learn more about managing teams in Chapter 10, but to give you more experience with teamwork, a “Management Team Decision” exercise designed for a group of three to five students is included at the end of each chapter. As a group, you must come to a mutually agreeable decision on the scenario presented. Each “Management Team Decision” will focus on a management topic presented in the chapter. For Chapter 1, you’ll work with the management function of planning and organizing, as you decide whether to let a team member have a night off.

“CAN I HAVE TOMORROW NIGHT OFF?”

It’s 4:00 P.M. as you begin your last inspection of the housewares department.⁸⁹ Only two hours until you go home, eat your dinner, relax, and spend some much-needed time with your family. As you finish your rounds, you notice one of your fellow team members lingering at the end of the aisle. As you get closer, you see that it is Frank, a restocker on the evening shift. Frank greets you as you walk to your register, and the two of you make small talk about how many shelves were empty at closing time last night and how much inventory the team had to get ready for this morning. Frank then tells you that his son’s Little League baseball team has made it to the playoffs for the state championship and he wants to take tomorrow night off to watch this important game. As you listen, you remember attending your own son’s games and know how important this game is to both Frank and his son. After all, this opportunity may never occur again.

The day after tomorrow, however, is the kickoff to the Memorial Day weekend sale, and that means big sales in every department of the store. It also means droves of customers throwing merchandise into their carts (and on the floors), carrying merchandise around

the store, and either buying it or stuffing it onto an empty shelf at the other end of the store. It’s going to be hectic all weekend, especially tomorrow as your team gets ready. You’ll need all the stockers you can get.

It will take seven team members 40 hours to stock all six departments in the store and 15 hours to clean the store for the big opening on Saturday morning. During the eight-hour night shift, five people usually stock the shelves while the other two clean the store. The best person to take Frank’s position is Bobby, but he is on vacation for the next five days. In Bobby’s absence, three of the team’s other stockers are helping out by alternating a double shift; Don is the only one not doing double shifts because he has to get home in time for his wife to get to work. Allowing Frank to take off without a replacement would seriously hamper the other four evening stockers and would jeopardize the stock levels for the sale kickoff.

This type of situation is your least favorite aspect of work teams; it would be much nicer if a manager could just decide for you. On the one hand, you empathize with Frank and want to be flexible to his needs, yet on the other hand, the team has to get the store ready for the sale. Not being ready will definitely affect the store’s weekend revenue. You ask Frank to wait while you assemble the rest of the team.

Questions

1. As a team, can you organize six people to get all the cleaning and stocking done in a single eight-hour shift before the sale starts Saturday morning? How?
2. Would you let Frank have the night off? Why or why not?
3. What other options might your team consider before making its decision?
4. After you finish the exercise, talk with your team members about the most difficult aspects of working on this exercise. Did anything surprise you about how you worked as a team? What?

Develop Your Career Potential

INTERVIEW TWO MANAGERS

Welcome to the first “Develop Your Career Potential” activity! These assignments have one purpose: to help you develop your present and future capabilities as a manager. What you will be learning through these assignments is not traditional “book-learning” based on memorization and regurgitation, but practical knowledge and skills that help managers perform their jobs better. Lessons from some of the assignments—for example, goal setting—can be used for immediate benefit. Other lessons will obviously take time to accomplish, but you can still benefit now by making specific plans for future improvement.

Step 1: Interview Two Practicing Managers

In her book *Becoming a Manager: Mastery of a New Identity*, Harvard Business School professor Linda Hill conducted extensive interviews with 19 people in their first year as managers.⁹⁰ To learn firsthand what it’s like to be a manager, interview two managers that you know, asking them some of the same questions, shown below, that Hill asked her managers. Be sure to interview managers with different levels of experience. Interview one person with at least five years’ experience as a

manager and then interview another person with no more than two years’ experience as a manager. Ask the managers these questions:

1. Briefly describe your current position and responsibilities.
2. What do your subordinates expect from you on the job?
3. What are the major stresses and challenges you face on the job?
4. What, if anything, do you dislike about the job?
5. What do you like best about your job?
6. What are the critical differences between average managers and top-performing managers?
7. Think about the skills and knowledge that you need to be effective in your job. What are they, and how did you acquire them?
8. What have been your biggest mistakes thus far? Could you have avoided them? If so, how?

Step 2: Prepare to Discuss Your Findings

Prepare to discuss your findings in class or write a report (if assigned by your instructor). What conclusions can you draw from your interview data?



Biz Flix *8 Mile*

Jimmy “B-Rabbit” Smith, Jr. (Eminem) wants to be a successful rapper and to prove that a white man can create moving sounds. He works days at a plant run by the North Detroit Stamping Company and pursues his music at night, sometimes on the plant’s grounds. The film’s title refers to Detroit’s northern boundary, which divides the city’s white and African American populations. This film gives a gritty look at Detroit’s hip-hop culture in 1995 and Jimmy’s desire to be accepted by it. Eminem’s original songs “Lose Yourself” and “8 Mile” received Golden Globe and Academy Award nominations.

This scene is an edited composite of two brief sequences involving the stamping plant. The first half of the scene appears early in the film as part of “The Franchise” sequence. The second half appears in the last 25 minutes of the film as part of the “Papa Doc Payback” sequence. In the first part of the scene, Jimmy’s car won’t start so he rides the city bus to work and arrives late. The second part occurs after Jimmy is beaten by Papa Doc (Anthony Mackie) and Papa Doc’s gang. Jimmy’s mother (Kim Basinger) returns to their trailer and tells him she won \$3,200 at bingo. The film continues to its end with Jimmy’s last battle (a rapper competition).

What to Watch for and Ask Yourself

1. What is your perception of the quality of Jimmy's job and his work environment?
2. What is the quality of Jimmy’s relationship with Manny, his foreman (Paul Bates)? Does the relationship change? If it does, why?
3. How would you react to this type of work experience?



Management Workplace Theatrical Lighting Systems

When David Milly started Theatrical Lighting Systems in 1981, entertainment lighting was minimal at most. Often, the managers of an entertainment venue would simply leave the house lights on; if they were really sophisticated, they might highlight the performer with a single spotlight. Over the next two decades, however, sophisticated, computer-controlled lighting systems became the norm, and Milly’s company grew into a full-service provider of lighting equipment, design, and service. To keep up with his company’s growth, Milly had to shift from being the guy in the trusses rigging the lights to being a full-time manager.

What to Watch for and Ask Yourself

1. Which of the four management functions are addressed in the video?
2. Describe David Milly’s transition to management.
3. List the different kinds of managers referenced in the video.
4. Does David Milly have what it takes to be a manager? Support your answer with concepts from the chapter.