

## A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

**Four Rules for Success** There are four rules that will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

**How to Use This Book Most Effectively** When reading this book, follow the steps below:

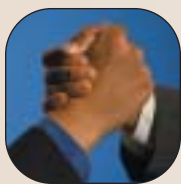
- Get an overview of the chapter by reading over the first page, which contains the section headings and Major Questions.
- Read "Forecast: What's Ahead in This Chapter."
- Look at the Major Question at the beginning of each section before you read it.
- Read the "The Big Picture," which summarizes the section.
- Read the section itself (which is usually only 2–6 pages), *trying silently to answer the Major Question*. This is important!
- After reading all sections, use the Key Terms and Summary at the end of the chapter to see how well you understand the major concepts. Reread any material you're unsure about.

If you follow these steps consistently, you'll probably absorb the material well enough that you won't have to cram before an exam; you'll need only to lightly review it before the test.

# The Exceptional Manager

## What You Do, How You Do It

### MAJOR QUESTIONS YOU SHOULD BE ABLE TO ANSWER



#### 1.1 Management: What It Is, What Its Benefits Are

**Major Question:** What are the rewards of being an exceptional manager—of being a star in my workplace?



#### 1.4 Pyramid Power: Levels & Areas of Management

**Major Question:** What are the levels and areas of management I need to know to move up, down, and sideways?



#### 1.2 Six Challenges to Being a Star Manager

**Major Question:** Challenges can make one feel alive. What are six challenges I could look forward to as a manager?



#### 1.5 Roles Managers Must Play Successfully

**Major Question:** To be an exceptional manager, what roles must I play successfully?



#### 1.3 What Managers Do: The Four Principal Functions

**Major Question:** What would I actually *do*—that is, what would be my four principal functions as a manager?



#### 1.6 The Skills Star Managers Need

**Major Question:** To be a terrific manager, what skills should I cultivate?

## the manager's toolbox

### To Be a Star Manager, You Need a Personal Coach

Some day maybe you can afford to have a *personal career coach*—the kind long used by sports and entertainment figures and now adopted in the upper ranks of business.<sup>1</sup> These individuals “combine executive coaching and career consulting with marketing and negotiations,” says one account. “They plot career strategy, help build networks of business contacts, . . . and shape their clients’ images.”<sup>2</sup>

Because planning a career is increasingly bewildering in today’s work world, in the following pages we are going to try to act much like your personal career coach. In that spirit, it is our desire *to make this book as practical as possible for you*. For instance, the **Manager’s Toolbox**, like this one, which appears at the beginning of every chapter, offers practical advice appropriate to the subject matter you are about to explore.

**Five Rules for Staying Ahead in Your Career** The purpose of this book is to help you become a successful manager—indeed, a *star manager*—an *exceptional manager*, as this chapter’s title has it, whose performance is far superior to that of other managers. The first thing star managers learn is how to stay ahead in their careers.

The following strategies for staying ahead in the workplace of tomorrow are adapted from rules offered by professional career counselor Richard L. Knowdell, president of Career Research and Testing in San Jose, Calif.<sup>3</sup>

- **Take charge of your career, and avoid misconceptions:** Because you, not others, are in charge of your

career, and it’s an ongoing process, you should develop a career plan and base your choices on that plan. When considering a new job or industry, find out how that world *really* works, not what it’s reputed to be. When considering a company you might want to work for, find out its corporate “style” or culture by talking to its employees.

- **Develop new capacities:** “Being good at several things will be more advantageous in the long run than being excellent at one narrow specialty,” says Knowdell. “A complex world will not only demand *specialized knowledge* but also *general and flexible skills*.”
- **Anticipate and adapt to, even embrace, changes:** Learn to analyze, anticipate, and adapt to new circumstances in the world and in your own life. For instance, as technology changes the rules, *embrace* the new rules.
- **Keep learning:** “You can take a one- or two-day course in a new subject,” says Knowdell, “just to get an idea of whether you want to use those specific skills and to see if you would be good at it. Then, if there is a match, you could seek out an extended course.”
- **Develop your people and communications skills:** No matter how much communication technology takes over the workplace, there will always be a strong need for effectiveness in interpersonal relationships. In particular, learn to listen well.

# forecast

## What’s Ahead in This Chapter

We describe the rewards, benefits, and privileges managers might expect. We also describe the six challenges to managers in today’s world—not only staying ahead of rivals but also managing for diversity, globalization, information technology, ethical standards, and personal happiness and life goals. You’ll be introduced to the four principal functions of management—planning, organizing, leading, and controlling—and levels and areas of management. We describe the three types of roles (interpersonal, informational, and decisional) and three skills (technical, conceptual, and human) required of a manager.

## 1.1 Management: What It Is, What Its Benefits Are

### major question

### What are the rewards of being an exceptional manager—of being a star in my workplace?



#### The Big Picture

*Management* is defined as the pursuit of organizational goals efficiently and effectively. Organizations, or people who work together to achieve a specific purpose, value managers because of the multiplier effect: Good managers have an influence on the organization far beyond the results that can be achieved by one person acting alone. Managers are well paid, with the CEOs and presidents of even small and midsize businesses earning good salaries and many benefits.

Debby Krenek, when she was Editor in Chief of the *New York Daily News*, was the first woman in that management post in the newspaper's nearly eight decades of history. What brought about her rise, at age 43, to the top of the macho culture of daily journalism?

Here's one trait she demonstrated: While escorting a visitor through the cavernous newsroom in which she started 10 years before and later came to command, she stopped and pointed to a jumble of electrical cords behind a reporter's desk. "See this?" she said. "I'm the only person in the room who can tell you where all the electrical outlets are."

This knowledge might seem trivial, but in the newspaper business nothing must be allowed to prevent the presses from rolling on time. If a reporter's computer crashes shortly before deadline, for instance, it's vital that a new working terminal be found right away. Thus, Krenek made it a point to memorize the precise locations of all plugs and wires. "If everybody dropped dead," she said, "I could sit down and put the paper out."<sup>4</sup>

Attention to detail is not always a necessary attribute for success, but being prepared for surprises and change is. Continuing change—in the world and in the workplace—is a major theme of this book.

Another necessary attribute: people skills. Besides showing a mastery of the technical aspects of her profession, from reporting to presses to circulation, Krenek also had "emerged as a soft voice of reason and efficiency amid huge dysfunction," according to a magazine profile about her. "In an often anxious newsroom—rocked by a nasty . . . strike, two ownership changes, and a cavalcade of editors . . . —she's gently coaxed headline writers to move faster and nursed endangered projects, plus soothed tempers riled by her big-footed boss."<sup>5</sup>

If you had to put out this newspaper day after day, what would you consider a necessary component of managerial success? Attention to detail? Or only if that helps you achieve your important goals?



### The Art of Management Defined

Is being an exceptional manager—a star manager—a gift, like a musician having perfect pitch? Not exactly. But in good part it may be an art. Fortunately, it is one that is teachable.

Management, said one pioneer of management ideas, is "the art of getting things done through people."<sup>6</sup>

Getting things done. Through people. Thus, managers are task oriented, achievement oriented, and people oriented. And they operate within an **organization**—a group of people who work together to achieve some specific purpose.

More formally, **management** is defined as (1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization's resources.

Note the words *efficiently* and *effectively*, which basically mean “doing things right.”

- **Efficiency—the means:** Efficiency is the means of attaining the organization’s goals. To be *efficient* means to use resources—people, money, raw materials, and the like—wisely and cost-effectively.
- **Effectiveness—the ends:** Effectiveness is the organization’s ends, the goals. To be *effective* means to achieve results, to make the right decisions and to successfully carry them out so that they achieve the organization’s goals.

Good managers are concerned with trying to achieve both qualities. Often, however, organizations will erroneously strive for efficiency without being effective.

### Example

#### Efficiency versus Effectiveness: Won’t Someone Answer the Phone—Please?

We’re all now accustomed to having our calls to companies answered not by people but by a recorded “telephone menu” of options. Certainly this arrangement is *efficient* for the companies, since they no longer need as many telephone receptionists. But it’s not *effective* if it leaves us, the customers, fuming and not inclined to continue doing business.

This happened to Brian McConnell, but unlike a lot of us, he was able to do something about it. McConnell, of Roanoke, Va., found that he couldn’t get past a bank’s automated telephone system to talk to a real person. This was not the fault of the phone technology so much as of the bank’s managers.

McConnell, president of a software firm, thereupon wrote a computer program that automatically phoned eight different numbers at the bank. People picking up the phone heard the recording, “This is an automated customer complaint. To hear a live complaint, press . . .”<sup>7</sup>

The cost for self-service via an automated phone system averages \$1.85, whereas the cost of using a live customer-service representative is \$4.50, according to the Gartner Group, an information technology analyst.<sup>8</sup> Nevertheless, automated technologies often don’t allow completion of transactions, because of customer confusion and technological glitches, so this leads to “ping-ponging”—customers calling back trying to find a live representative or other means of contacting the company.

Thus, Scott Broetzmann, president of CustomerCare Measurement Consulting, a firm that does surveys on customer service, says that 90% of consumers say they want nothing to do with an automated telephone system. “They just don’t like it,” he says. The most telling finding is that 50% of those surveyed had become so aggravated that they were willing to pay an additional charge for customer service that avoids going through an automated phone system.<sup>9</sup>

How often do you encounter organizations using their telephone systems more efficiently than effectively?



## Management: What It Is, What Its Benefits Are

### Why Organizations Value Managers: The Multiplier Effect

Good managers create value. Bad managers deplete it. The reason is that in being a manager you have a *multiplier effect*: Your influence on the organization is multiplied far beyond the results that can be achieved by just one person acting alone.

Of course, some great achievements of history, such as scientific discoveries or works of art, were accomplished by individuals working quietly by themselves. But so much more has been achieved by people who were able to leverage their talents and abilities by being managers. For instance, of the top 10 great architectural wonders of the world named by the American Institute of Architects, none was built single-handedly by one person. All were triumphs of management, although some reflected the vision of an individual. (The wonders are the Great Wall of China, the Great Pyramid, Machu Picchu, the Acropolis, the Coliseum, the Taj Mahal, the Eiffel Tower, the Brooklyn Bridge, the Empire State Building, and Frank Lloyd Wright's Falling Water house in Pennsylvania.)

Thus, while a solo operator such as a salesperson might accomplish many things and incidentally make a very good living, his or her boss could accomplish a great deal more—and could well earn two to seven times the income. And the manager will undoubtedly have a lot more influence.

### Financial Rewards of Being a Star Manager

How well compensated are managers? According to the U.S. Bureau of Labor Statistics, the median weekly wage in 2003 for American workers of all sorts was \$618—roughly \$32,100 a year. Education pays: The average 2000 incomes for full-time workers with a bachelor's degree were \$56,334 for men and \$40,415 for women. (For high-school graduates, it was \$34,303 for men and \$24,970 for women.)

Business magazines frequently report on the astronomical earnings of top chief executive officers (CEOs), such as Sanford I. Weill, who headed Citigroup, the financial services company, for just nine months in 2003 and earned \$30 million, or about \$111,000 a day—*plus* \$13.9 million worth of stock options.<sup>10</sup> However, this kind of compensation isn't common. In 2002, the average compensation of 365 top CEOs was \$7.4 million.<sup>11</sup> More usual is the take-home pay for the head of a small business: the chief executive of a \$3 million firm has an average base salary of \$259,543 plus about \$30,000 in cash incentives, and the chief executive of a \$10 million company has a total compensation of \$268,092.<sup>12</sup>

Managers farther down in the organization usually don't make this much, of course; nevertheless, they do fairly well compared to most workers. At the lower rungs, managers may make between \$25,000 and \$50,000 a year; in the middle levels, between \$35,000 and \$110,000.

There are also all kinds of fringe benefits and status rewards that go with being a manager, ranging from health insurance to stock options to large offices. And the higher you ascend in the management hierarchy, the more privileges may come your way: personal parking space, better furniture, lunch in the executive dining room, on up to—for those on the top rung of big companies—company car and driver, corporate jet, and even executive sabbaticals (months of paid time off to pursue alternative projects).



**Sanford Weill.** The former Citigroup CEO earned about \$110,000 a day in 2003—equivalent to the yearly salary of a well-paid middle manager. He is shown here lecturing in Shanghai, China.

## Psychological Rewards of Being a Manager

The rewards of being a manager go beyond money and status. Every successful goal accomplished provides you not only with personal satisfaction but also the satisfaction of all those employees you directed who helped you accomplish it.

Every promotion up the hierarchy of an organization stretches your abilities, challenges your talents and skills, and magnifies the range of your accomplishments. Every product or service you provide—the personal Hoover Dam or Empire State Building you build, as it were—becomes a monument to your accomplishments.

Points out Odette Pollar, who owns Time Management Systems, a productivity-improvement firm in Oakland, Calif.:<sup>13</sup>

Managers are able to view the business in a broader context, to plan and grow personally. Managers can play more of a leadership role than ever before. This is an opportunity to counsel, motivate, advise, guide, empower, and influence large groups of people.

These important skills can be used in business as well as in personal and volunteer activities. If you truly like people and enjoy mentoring and helping others to grow and thrive, management is a great job. ♦



**Rewards.** One of the rewards of being a manager is providing counseling, advice, and empowerment to employees. Do these appeal to you?

## 1.2 Six Challenges to Being a Star Manager

### major question

**Challenges can make one feel alive. What are six challenges I could look forward to as a manager?**



### The Big Picture

Six challenges face any manager: You need to manage for competitive advantage—to stay ahead of rivals. You need to manage for diversity in race, ethnicity, gender, and so on, because the future won't resemble the past. You need to manage for the effects of globalization and of information technology. You always need to manage to maintain for ethical standards. Finally, you need to manage for the achievement for your own happiness and life goals.

The ideal state that many people seek is an emotional zone somewhere between boredom and anxiety, in the view of psychologist Mihaly Csikzentmihalyi.<sup>14</sup> Boredom, he says, may arise because skills and challenges are mismatched: You are exercising your high level of skill in a job with a low level of challenge, such as licking envelopes. Anxiety arises when one has low levels of skill but a high level of challenge.

As a manager, could you achieve a balance between these two states? Certainly managers have enough challenges to keep their lives more than mildly interesting. Let's see what they are.

### Challenge #1: Managing for Competitive Advantage—Staying Ahead of Rivals

**Competitive advantage** is the ability of an organization to produce goods or services more effectively than competitors do, thereby outperforming them. This means an organization must stay ahead in four areas: (1) being responsive to customers, (2) innovation, (3) quality, and (4) efficiency.

#### 1 Being Responsive to Customers

The first law of business is: *take care of the customer*. Without customers—buyers, clients, consumers, shoppers, users, patrons, guests, investors, or whatever they're called—sooner or later there will be no organization. Nonprofit organizations are well advised to be responsive to their “customers,” too, whether they're called citizens, members, students, patients, voters, rate-payers, or whatever, since they are the justification for the organizations' existence.

#### 2 Innovation

**Finding ways to deliver new or better goods or services is called *innovation*.** No organization, for-profit or nonprofit, can allow itself to become complacent—especially when rivals are coming up with creative ideas. “Innovate or die” is an important adage for any manager.

We discuss innovation along with entrepreneurship in Chapter 3.

#### 3 Quality

If your organization is the only one of its kind, customers may put up with products or services that are less than stellar (as they have with some airlines whose hub systems give them a near-monopoly on flights out of certain cities), but only because they have no choice. But if another organization comes along and offers a better-quality travel experience, TV program, cut of meat, computer software, or whatever, you may find your company falling behind. Making improvements in quality has become an important management idea in recent times, as we shall discuss.

### Example

#### Losing Competitive Advantage: Tower Records Files for Bankruptcy

Tower Records expanded from two stores in Sacramento, California, in 1966 to a chain of 171 stores nationwide. Throughout the years, it managed to stay current with a variety of formats—vinyl, eight-track and cassette tapes, CDs and DVDs. For a time, it even hung on in the face of free music downloading made possible by Napster, Kazaa, Morpheus, and others on peer-to-peer computer networks. Ultimately, however, such illegal music proliferation technologies—plus severe price competition on CDs from Wal-Mart and Best Buy—were too much. In February 2004, Tower filed for bankruptcy reorganization. It was not the only “brick and mortar” record retailer to face difficulties: The Wherehouse, Sam Goody, Musicland, Harmony House, and Media Play also cut back on stores. Sales for the industry declined by nearly 45% during the past few years.

Could they have acted differently? Once known for innovative marketing and experimentation with new ideas, says New York City entertainment lawyer Brian Caplan, the record companies and stores found themselves stuck in an outdated business model. This was developed in the 1960s when, as the result of the success of the Beatles and their “Sergeant Pepper’s Lonely Hearts Club Band,” they discovered they could sell smash-hit albums containing several songs, not just singles, as they had previously. Later, in the 1990s, record executives “did not want to yield the profits that came from selling albums at \$15 to \$20 per CD—and paying the recording artists 9 cents per sale,” says one account.<sup>15</sup> They thought it would cannibalize their business by promoting the single over the album. “There was a lack of foresight,” says Caplan. “Life didn’t stand still.”

The beginning of Apple Computer’s iPod service, in which consumers pay for single songs legally, has shown the music industry that perhaps it can survive in the Internet era (although singles may sell for as little as 39 cents per download). As for Tower Records, says Eric Briggs, a music industry consultant, it will probably survive—but not by focusing on youth. Instead, it will concentrate on consumers 35 and over by offering in-store CD sales and a rich variety of popular artists, such as the Eagles and the Rolling Stones. “In the future,” says another entertainment lawyer, Owen Sloan, “there will be a market for physical CDs. Retail will have to adapt and become more user friendly, like Barnes and Noble. They will have to let their customers listen to the music, but as part of a social experience.”



## 4 Efficiency

Whereas a generation ago organizations rewarded employees for their length of service, today the emphasis is on efficiency: Companies strive to produce goods or services using as few employees (and raw materials) as possible. While a strategy that downgrades the value of employees will probably backfire—resulting in the loss of essential experience and skills and even customers—an organization that is overstaffed may not be able to compete with leaner, meaner rivals. This is the reason why, for instance, today many managers—aided by their desktop computers—do much of their own correspondence and filing. Secretarial staffs have been reduced, but of course the secretarial work remains.

### Challenge #2: Managing for Diversity—The Future Won’t Resemble the Past

During the next half-century, the mix of American racial or ethnic groups will change considerably, with the U.S. becoming half minority. Nonhispanic whites are projected to decrease from 82% of the population at the turn of the 21st century to 72% in 2050. African-Americans will increase from 13% to 15%, Asians and Pacific Islanders from 4% to 8%, and Hispanics (who may be of any race) from 13% to 24%.<sup>16</sup> In addition, in the coming years there will be a different mix of women, immigrants, and older people in the general population, as well as in the workforce.

Clearly, the challenge to the manager of the near future is to maximize the contributions of employees diverse in gender, age, race, and ethnicity. We discuss this matter in more detail in Chapter 3.

## Six Challenges to Being a Star Manager



**The famous golden arches.**  
This McDonald's store in Beijing is an example of globalization.

### Challenge #3: Managing for Globalization—The Expanding Management Universe

“Imagine how you would react if you logged onto a website and were greeted by a hand flashing an obscene gesture,” writes international marketer Wei-Tai Kwok. “You would probably be upset. . . . At the very least you probably wouldn’t visit the site again.”<sup>17</sup>

But this is exactly what some foreign visitors might have felt if they had visited a pair of American websites (one a technical magazine, the other an online brokerage) featuring a “thumbs up” icon—a rude gesture to Iranians. The point: icons and symbols don’t have the same meaning to everyone throughout the world. Not understanding such differences can affect how well organizations manage globally.

American firms have been going out into the world in a major way. At the same time, the world has been coming to us. Indeed, despite political outcries about white-collar jobs disappearing overseas to places such as India, foreigners actually send far more office work to the U.S. than American companies send abroad.<sup>18</sup> Managing for globalization will be a complex, ongoing challenge, as we discuss at length in Chapter 4.

### Challenge #4: Managing for Information Technology

The challenge of managing for information technology, not to mention other technologies affecting your business, will require your unflagging attention. Perhaps most important is the **Internet**, the global network of independently operating but interconnected computers, linking hundreds of thousands of smaller networks around the world.

In 2001, according to *Business Week*, Internet trade between businesses rose 73%, and online retail spending rose 56%—in the worst retail year in a decade.<sup>19</sup> This kind of **e-commerce**, or electronic commerce—the buying and selling of goods or services over computer networks—is reshaping entire industries and revamping the very notion of what a company is. More important than e-commerce, the information technology has facilitated **e-business**, using the Internet to facilitate every aspect of running a business. As one article puts it, “at bottom, the Internet is a tool that dramatically lowers the cost of communication. That means it can radically alter any industry or activity that depends heavily on the flow of information.”<sup>20</sup>

Among some of the implications of e-business, which we will discuss throughout the book:

- **Far-ranging e-management and e-communication:** Using wired and wireless telephones, fax machines, electronic mail, or **e-mail**—text messages and documents transmitted over a computer network—as well as **project management software**—programs for planning and scheduling the people, costs, and resources to complete a project on time—21st-century managers will find themselves responsible for creating, motivating, and leading teams of specialists all over the world. This will require them to be masters of organizational communication, able to create concise, powerful e-mail and voice-mail messages.
- **Speeded-up decision making, conflict, and stress:** The Internet not only speeds everything up, it also, with its huge, interconnected **databases**—computerized collections of interrelated files—can overwhelm us with data, much of it useful, much of it not. The result affects the pace and quality of managerial decision making: one survey of 479 managers found that 77% reported making more decisions, and 43% said they had less time in which to make decisions.<sup>21</sup> Among the unavoidable by-products are increased conflict and stress, although, as we will show, these can be managed.

- Changes in organizational structure, jobs, goal setting, and knowledge management:** With computers and telecommunications technology, organizations and teams become “virtual”; they are no longer as bound by time zones and locations. Employees, for instance, may **telecommute, or work from home or remote locations using a variety of information technologies.** Meetings may be conducted via **videoconferencing, using video and audio links along with computers to let people in different locations see, hear, and talk with one another.** In addition, **collaborative computing, using state-of-the-art computer software and hardware, will help people work better together.** Goal setting and feedback will be conducted via Web-based software programs such as eWorkbench, which enables managers to create and track employee goals. All such forms of interaction will require managers and employees to be more flexible, and there will be an increased emphasis on **knowledge management—the implementing of systems and practices to increase the sharing of knowledge and information throughout an organization.**

### Challenge #5: Managing for Ethical Standards

With the pressure to meet sales, production, and other targets, managers can find themselves confronting ethical dilemmas. What do you do when you learn an employee dropped a gyroscope but put it in the helicopter anyway in order to hold the product’s delivery date? How much should you allow your sales reps to knock the competition? (Rivals could sue for confusing or deceptive statements, according to one attorney.<sup>22</sup>) How much leeway do you have in giving gifts to prospective clients in a foreign country to try to land a contract? (American companies need to walk a fine line between observing the realities of the local business culture and complying with the Foreign Corrupt Practices Act, which prohibits bribery.)

Ethical behavior is not just a nicety, it is a very important part of doing business. This was made clear during the period 2003–2004 as executives from Enron, Tyco, WorldCom, Adelphia, and other companies were paraded in handcuffs before television cameras. Not since sociologist Edwin Sutherland invented the term “white-collar crime” in the 1930s were so many top-level executives being hauled into court. We consider ethics in Chapter 3 and elsewhere in the book.

### Challenge #6: Managing for Your Own Happiness & Life Goals

Matt Scott, 29, a software engineer whose first love was designing and writing computer code, gave up his title of team manager in a Pittsburgh software development company after trying it for a year. “I’m sick and tired of planning,” he had said. “That’s not what I came here for.”<sup>23</sup>

Regardless of how well paid you are, you have to consider whether in meeting the organization’s challenges you are also meeting the challenge of realizing your own happiness. Many people simply don’t find being a manager fulfilling. They may complain that they have to go to too many meetings, that they can’t do enough for their employees, that they are caught in the middle between bosses and subordinates. They may feel, at a time when Dilbert cartoons have created such an unflattering portrayal of managers, that they lack respect.<sup>24</sup> They may decide that, despite the greater income, money cannot buy happiness, as the adage goes.

In the end, however, recall what Odette Pollar said: “If you truly like people and enjoy mentoring and helping others to grow and thrive, management is a great job.” And it helps to know, as she points out, that “one’s experience in management is greatly affected by the company’s culture.”<sup>25</sup> Culture, or style, is indeed an important matter, because it affects your happiness within an organization, and we discuss it in detail in Chapter 8. ♦



**Cuffed.** Former Merrill Lynch & Co. executive Daniel Bayly leaves the FBI offices in Houston to go to the federal courthouse in handcuffs on Wednesday, September 17, 2003. Bayly was charged with fraud for helping Enron Corp. appear to have met earnings targets with a loan wrongly booked as a sale.

## 1.3 What Managers Do: The Four Principal Functions

### major question

**What would I actually *do*—that is, what would be my four principal functions as a manager?**



### The Big Picture

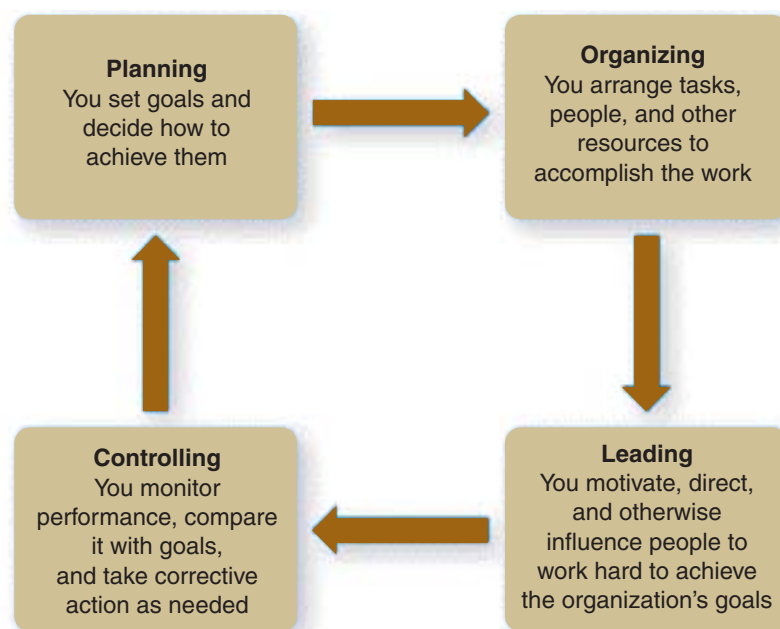
Management has four functions: *planning, organizing, leading, and controlling.*

What do you as a manager do to “get things done”—that is, achieve the stated goals of the organization you work for? You perform what is known as the **management process**, also called the **four management functions: planning, organizing, leading, and controlling**. (The abbreviation “POLC” may help you to remember them.)

As the diagram below illustrates, all these functions affect one another, are ongoing, and are performed simultaneously. (See Figure 1.1.)

**FIGURE 1.1**

**The management process.** What you as a manager do to “get things done”—to achieve the stated goals of your organization.



These four functions are very important. Indeed, as a glance at our text’s table of contents shows, they form four of the part divisions of the book. Let’s consider what the four functions are, using the management (or “administration,” as it is called in nonprofit organizations) of your college to illustrate them.

### Planning: Discussed in Part 3 of This Book

**Planning** is defined as **setting goals and deciding how to achieve them**. Your college was established for the purpose of educating students, and its present managers, or administrators, now must decide the best way to accomplish this. Which of several possible degree programs should be offered? Should the college be a residential or a commuter campus? What sort of students should be recruited and admitted? What kind of faculty should be hired? What kind of buildings and equipment are needed?

## Organizing: Discussed in Part 4 of This Book

**Organizing** is defined as arranging tasks, people and other resources to accomplish the work. College administrators must determine the tasks to be done, by whom, and what the reporting hierarchy is to be. Should the institution be organized into schools with departments, with department chairpersons reporting to deans who in return report to vice-presidents? Should the college hire more full-time instructors than part-time instructors? Should English professors teach just English literature or also composition, developmental English, and “first-year experience” courses?



**Leader.** Steve Ballmer, CEO of Microsoft Corp., in 2001 was named the No. 1 CEO by *Worth* magazine.

## Leading: Discussed in Part 5 of This Book

**Leading** is defined as motivating, directing, and otherwise influencing people to work hard to achieve the organization’s goals. At your college, leadership begins, of course, with the president (who would be the chief executive officer, or CEO, in a for-profit organization). He or she is the one who must inspire faculty, staff, students, alumni, wealthy donors, and residents of the surrounding community to help realize the college’s goals. As you might imagine, these groups often have different needs and wants, so an essential part of leadership is resolving conflicts.

## Controlling: Discussed in Part 6 of This Book

**Controlling** is defined as monitoring performance, comparing it with goals, and taking corrective action as needed. Is the college discovering that fewer students are majoring in nursing than they did five years previously? Is the fault with a change in the job market? with the quality of instruction? with the kinds of courses offered? Are the Nursing Department’s student recruitment efforts not going well? Should the department’s budget be reduced? Under the management function of controlling, college administrators must deal with these kinds of matters. ♦



Which one of the four functions might this manager be performing?

## 1.4 Pyramid Power: Levels & Areas of Management

### major question

**What are the levels and areas of management I need to know to move up, down, and sideways?**



### The Big Picture

Within an organization, there are managers at three levels: *top*, *middle*, and *first-line*. Managers may also be *general managers*, or they may be *functional managers*, responsible for just one organizational activity, such as Research & Development, Marketing, Finance, Production, or Human Resources. Managers may work for for-profit, nonprofit, or mutual-benefit organizations.



One of the most original management thinkers, Peter Drucker is also a prolific book writer.

The workplace of the future may resemble a symphony orchestra, says famed management theorist Peter Drucker.<sup>26</sup> Employees, especially so-called “knowledge workers”—those who have a great deal of technical skills—can be compared to concert musicians. Their managers can be seen as conductors.

In Drucker’s analogy, musicians are used for some pieces of music—that is, work projects—and not others, and they are divided into different sections (teams) based on their instruments. The conductor’s role is not to play each instrument better than the musicians but to lead them all through the most effective performance of a particular work.

This model is in sharp contrast to the traditional pyramidlike organizational model, where one leader sits at the top, with layers of managers beneath. We therefore need to take a look at the traditional arrangement first.

### The Traditional Management Pyramid: Levels & Areas

A new Silicon Valley technology startup company staffed by young people in sandals and shorts may be so small and so loosely organized that only one or two members may be said to be a manager. General Motors or the U.S. Army, in contrast, has thousands of managers doing thousands of different things. Is there a picture we can draw that applies to all the different kinds of organizations that describes them in ways that make sense? Yes: by levels and by areas, as the following pyramid shows. (See Figure 1.2 on the next page.)

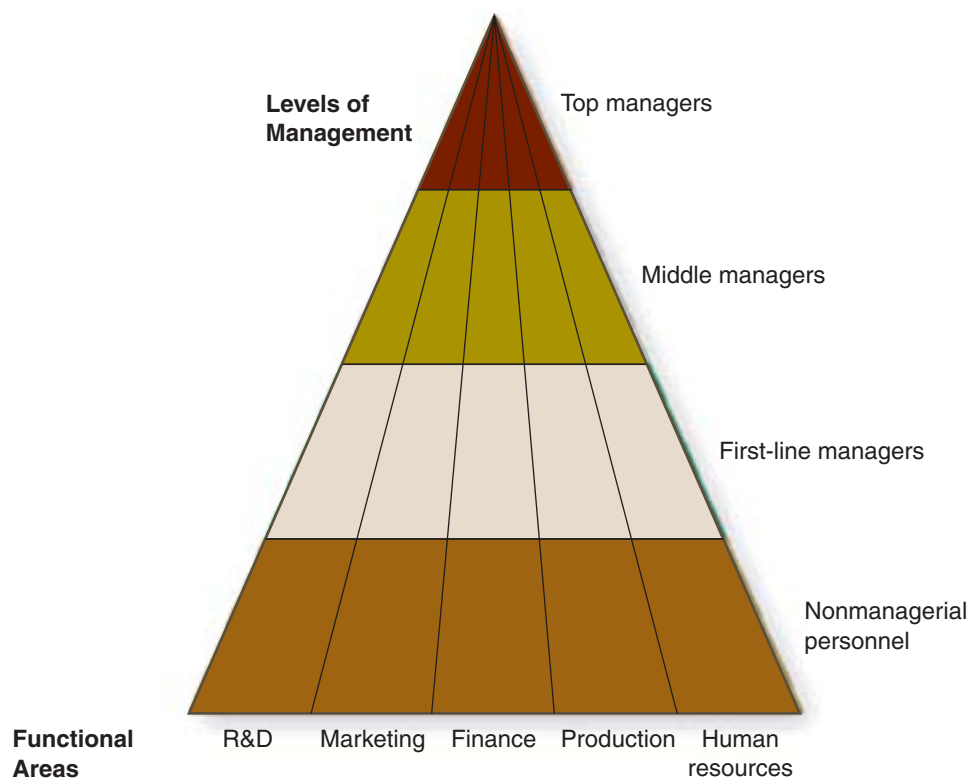
### Three Levels of Management

Not everyone who works in an organization is a manager, of course, but those who are may be classified into three levels—top, middle, and first-line.

#### Top Managers

Their offices may be equipped with expensive leather chairs and have lofty views. Or, as with one Internet service provider (ISP), they may have plastic lawn chairs in the CEO’s office and beat-up furniture in the lobby. Whatever their decor, an organization’s top managers tend to have titles such as “chief executive officer (CEO),” “chief operating officer (COO),” “president,” and “senior vice-president.”

Some may be the stars in their fields, the men and women whose pictures appear on the covers of business magazines, people such as Carly Fiorina of Hewlett-Packard, who appeared on the cover of *Forbes* in mid-2003, and Steve Jobs of Apple Computer and Pixar Animation, who appeared on the cover of *Business Week* in early 2004.<sup>27</sup> Their salaries and bonuses can average \$290,000 a year for CEOs and presidents of small and midsize companies to far over \$1 million for top executives in large companies.

**FIGURE 1.2**

**The levels and areas of management.** Top managers make long-term decisions, middle managers implement those decisions, and first-line managers make short-term decisions.

**One kind of top manager.** CEO Robert L. Nardelli, sitting to President George Bush's left, and two other Home Depot managers. Founded in 1978, Home Depot is the world's largest home improvement retailer and the second largest retailer in the United States, with \$64.8 billion in sales in 2003. Nardelli was recruited from outside the company. Why do you think such a highly successful organization would go outside to recruit a top manager?

**Top managers** make long-term decisions about the overall direction of the organization and establish the objectives, policies, and strategies for it. They need to pay a lot of attention to the environment outside the organization, being alert for long-run opportunities and problems and devising strategies for dealing with them. Thus, executives at this level must be future oriented, dealing with uncertain, highly competitive conditions.

These people stand at the summit of the management pyramid. But the nature of a pyramid, as business consultant Jack Falvey observes, is that the farther you climb, the less space remains at the top. Thus, most pyramid climbers never get to the apex.<sup>28</sup> However, that doesn't mean that you shouldn't try. Indeed, you might end up atop a much smaller pyramid of some other organization than the one you started out in—and happier with the result.

### Middle Managers

**Middle managers** implement the policies and plans of the top managers above them and supervise and coordinate the activities of the first-line managers below them. In the nonprofit world, middle managers may have titles such as “clinic director,” “dean of student services,” and the like. In the for-profit world, the titles may be “division head,” “plant manager,” and “branch sales manager.” Their salaries may range from \$35,000 to \$110,000 a year.

Sometimes the titles have become more creative, in accordance with the changing face of management. For instance, at Intuit, a California software company, Barb Karlin had the title of Director of Great People, which reflected the nature of her challenge—to recruit and retain programmers and other high-technology stars for her company. “I spent 19 years in marketing, bringing in new customers and keeping



## Pyramid Power: Levels & Areas of Management



**Top managers of another sort.** Entrepreneurs Larry Page (left) and Sergey Brin, former graduate students who founded the highly popular search engine Google six years earlier in a Menlo Park, Calif., garage, became instant billionaires before age 30 when they took their company public in 2004. Do you think a top manager is always adventurous?

them,” she said. “Now I do it with employees instead of customers. The stakes are equally high: If you lose great people, you lose success. It’s that simple.”<sup>29</sup>

### First-Line Managers

The job titles at the bottom of the managerial pyramid tend to be on the order of “department head,” “foreman” or “forewoman,” “team leader,” or “supervisor”—clerical supervisor, production supervisor, research supervisor, and so on. Indeed, *supervisor* is the name often given to first-line managers as a whole. Their salaries may run from \$25,000 to \$50,000 a year.

Following the plans of middle and top managers, **first-line managers make short-term operating decisions, directing the daily tasks of nonmanagerial personnel**, who are, of course, all those people who work directly at their jobs but don’t oversee the work of others.

No doubt the job of first-line manager will be the place where you would start your managerial career. This can be a valuable experience because it will be the training and testing ground for your management ideas.

### Areas of Management: Functional Managers versus General Managers

We can represent the levels of management by slicing the organizational pyramid horizontally. We can also slice the pyramid vertically to represent the organization’s departments or functional areas, as we did in Figure 1.2.

In a for-profit technology company, these might be *Research & Development*, *Marketing*, *Finance*, *Production*, and *Human Resources*. In a nonprofit college, these might be *Faculty*, *Student Support Staff*, *Finance*, *Maintenance*, and *Administration*. Whatever the names of the departments, the organization is run by two types of managers—functional and general. (These are line managers, with authority to direct employees. Staff managers mainly assist line managers, as we discuss later.)

### Functional Managers

If your title is Vice President of Production, Director of Finance, or Administrator for Human Resources, you are a functional manager. A **functional manager is responsible for just one organizational activity**. Danamichele Brennan, now chief technology officer for McGettigan Partners, was previously with Rosenbluth Travel, where her title—indicative of the trend in some companies toward use of more flexible job titles—was Chief Travel Scientist. Her job was heading a research team that developed services to turn reservation agents into travel consultants. The goal: not just cheaper travel but better travel.<sup>30</sup> Leading this specialized sort of research-and-development activity makes her a functional manager.

### General Managers

If you are working in a small organization of, say, 100 people and your title is Executive Vice President, you are probably a general manager over several departments, such as Production and Finance and Human Resources. A **general manager is responsible for several organizational activities**. At the top of the pyramid, general managers are those who seem to be the subject of news stories in magazines such as *Business Week*, *Fortune*, *Forbes*, *Inc.*, and *Fast Company*. Examples are big-company CEOs Kenneth I. Chenault of American Express, Craig Barrett of Intel, and Anne Mulcahy of Xerox Corp. It also includes small-company CEOs such as Gayle Martz, who heads Sherpa’s Pet Trading Co., a \$4 million New York company with 10 employees that sells travel carriers for dogs and cats. But not all general managers are in for-profit organizations.

Eleanor Josaitis, 69, is cofounder and head of Focus: Hope in Detroit, a nonprofit organization that feeds 43,000 people and runs a day-care center, a training program for machinists, and several for-profit companies with plant and equipment worth \$10 million. In the role of a general manager, Josaitis oversees all aspects of the organization, including 850 employees, 51,000 volunteers, and a \$46 million annual budget. “We made a conscious decision to run this organization with the sophistication of a business,” said Josaitis. Thus, three principles govern Focus: Hope’s approach to social change: *Think big. Demand results. Invite people to help.* All these principles reflect the strategic vision characteristic of a top-level general manager.<sup>31</sup>



A general manager is responsible for several organizational activities. Eleanor Josaitis of Focus: Hope oversees a nonprofit organization with a \$46 million budget.

### Managers for Three Types of Organizations: For-Profit, Nonprofit, Mutual-Benefit

There are three types of organizations classified according to the three purposes for which they are formed—*for-profit*, *nonprofit*, and *mutual-benefit*.<sup>32</sup>

#### 1 For-Profit Organizations: For Making Money

For-profit, or business, organizations are formed to make money, or profits, by offering products or services. When most people think of “management,” they think of business organizations, ranging from Allstate to Zenith, from Amway to Zagat.

#### 2 Nonprofit Organizations: For Offering Services

Managers in nonprofit organizations are often known as “administrators.” Nonprofit organizations may be either in the public sector, such as the University of California, or in the private sector, such as Stanford University. Either way, their purpose is to offer services to some clients, not to make a profit. Examples of such organizations are hospitals, colleges, and social-welfare agencies (the Salvation Army, the Red Cross).

One particular type of nonprofit organization is called the *commonweal organization*. Unlike nonprofit service organizations, which offer services to *some* clients, commonweal organizations offer services to *all* clients within their jurisdictions. Examples are the military services, the U.S. Postal Service, and your local fire and police departments.

#### 3 Mutual-Benefit Organizations: For Aiding Members

Mutual-benefit organizations are voluntary collections of members—political parties, farm cooperatives, labor unions, trade associations, and clubs—whose purpose is to advance members’ interests.

### Do Managers Manage Differently for Different Types of Organizations?

If you become a manager, would you be doing the same types of things regardless of the type of organization? Generally you would be; that is, you would be performing the four management functions—planning, organizing, leading, and controlling—that we described in Section 1.3.

The single biggest difference, however, is that in a for-profit organization, the measure of its success is how much profit (or loss) it generates. In the other two types of organization, although income and expenditures are very important concerns, the measure of success is usually the effectiveness of the services delivered—how many students were graduated, if you’re a college administrator, or how many crimes were prevented or solved, if you’re a police chief. ♦

## 1.5 Roles Managers Must Play Successfully

### major question

**To be an exceptional manager, what roles must I play successfully?**



### The Big Picture

Managers tend to work long hours at an intense pace; their work is characterized by fragmentation, brevity, and variety; and they rely more on verbal than on written communication. According to management scholar Henry Mintzberg, managers play three roles—*interpersonal*, *informational*, and *decisional*. Interpersonal roles include figurehead, leader, and liaison activities. Informational roles are monitor, disseminator, and spokesperson. Decisional roles are entrepreneur, disturbance handler, resource allocator, and negotiator.

### The Manager's Roles: Mintzberg's Useful Findings

Clearly, as *New York Daily News* Editor in Chief Debby Krenek's experience suggests, being a successful manager requires playing several different roles and exercising several different skills. What are they?

Maybe, you think, it might be interesting to shadow some managers to see what it is, in fact, they actually do. That's exactly what management scholar **Henry Mintzberg** did when, in the late 1960s, he followed five chief executives around for a week and recorded their working lives.<sup>33</sup> And what he found is valuable to know, since it applies not only to top managers but also to managers on all levels.

Consider this portrait of a manager's workweek: "There was no break in the pace of activity during office hours," reported Mintzberg about his subjects. "The mail (average of 36 pieces per day), telephone calls (average of five per day), and meetings (average of eight) accounted for almost every minute from the moment these executives entered their offices in the morning until they departed in the evening."<sup>34</sup>

Only five phone calls per day? And, of course, this was back in an era before e-mail, which nowadays can shower some executives with 100, even 300, messages a day. Obviously, the top manager's life is extraordinarily busy. Here are three of Mintzberg's findings, important for any prospective manager:

#### 1 A Manager Relies More on Verbal Than on Written Communication

Writing letters, memos, and reports takes time. Most managers in Mintzberg's research tended to get and transmit information through telephone conversations and meetings. No doubt this is still true, although the technology of e-mail now makes it possible to communicate almost as rapidly in writing as with the spoken word.

#### 2 A Manager Works Long Hours at an Intense Pace

"A true break seldom occurred," wrote Mintzberg about his subjects. "Coffee was taken during meetings, and lunchtime was almost always devoted to formal or informal meetings."

Long hours at work are standard, he found, with 50 hours being typical and up to 90 hours not unheard of. A 1999 survey by John P. Kotter of the Harvard Business School found that the general managers he studied worked just under 60 hours per week.<sup>35</sup>

**Multitasking.** Multiple activities are characteristic of a manager—which is why so many managers carry a personal digital assistant to keep track of their schedules. Many students already use PDAs. Do you?



**A Mintzberg manager.** Charles Schwab, founder of the financial services firm that bears his name. He relies more on verbal than on written communication, works long hours, and experiences an “interrupt-driven day.” Interestingly, Schwab has achieved his success despite having had lifelong dyslexia, the common language-related learning disability characterized by difficulty sounding out letters and distinguishing words that sound familiar.

Are such hours really necessary? Three decades following the Mintzberg research, Linda Stroh, Director of Workplace Studies at Loyola University Chicago, did a study that found that people who work more also earn more. “Those managers who worked 61 hours or more per week had earned, on average, about two promotions over the past five years,” she reported.<sup>36</sup> However, researchers at Purdue and McGill universities have found that more companies are allowing managers to reduce their working hours and spend more time with their families yet still advance their high-powered careers.<sup>37</sup>

### 3 A Manager’s Work Is Characterized by Fragmentation, Brevity, & Variety

Only about a tenth of the managerial activities observed by Mintzberg took more than an hour; about half were completed in under 9 minutes. Phone calls averaged 6 minutes, informal meetings 10 minutes, and desk-work sessions 15 minutes. “When free time appeared,” wrote Mintzberg, “ever-present subordinates quickly usurped it.”

No wonder the executive’s work time has been characterized as “the interrupt-driven day” and that many managers—such as the late Mary Kay Ash, head of the Mary Kay Cosmetics company—get up as early as 5 A.M. so that they will have a quiet period in which to work undisturbed.<sup>38</sup> No wonder that finding balance between work and family lives is an ongoing concern and that many managers—such as Dawn Lepore, executive V.P. of discount broker Charles Schwab & Co.—have become “much less tolerant of activities that aren’t a good use of my time” and so have become better delegators.<sup>39</sup>

It is clear from Mintzberg’s work that *time and task management* is a major challenge for every manager. The Practical Action box on the next page, “Managing Information Overload,” offers some suggestions along this line, as does the box at the end of this chapter (page 24), “Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career.”

## Roles Managers Must Play Successfully

### practical action

#### Managing Information Overload: Keep Your Eye on the Big Picture

Chris Peters is a vice president of Microsoft, a company famous for its killer workdays, but he's known for keeping reasonable hours. How does he do it? Like other high achievers, he's able to get more work done in shorter time because he stays focused on things he *has* to do instead of unimportant things he might be doing.<sup>40</sup>

Stars like Peters keep their eye on the big picture. They "have this grasp of what the bottom line is, what 'the critical path' is, and they stay there rather than getting pulled off it all the time," says Carnegie Mellon professor Robert E. Kelley.<sup>41</sup> Stars keep their priorities straight by seeing projects through the eyes of the customers or the

coworkers who depend on them. Says star manager Brian Graham, who sits out routine meetings and relies on coworkers to keep him informed, "The key for me is to know what not to do, and to always be looking for the path of quickest resolution."<sup>42</sup>

As a manager, how are you going to deal with information overload? College students already wrestle with this problem. Clearly, if you can come to grips with this beast now, you'll have developed some skills that can save your life in your career. Some strategies are given in the box ("Taking Something Practical Away from This Chapter") at the end of this chapter.

### Three Types of Managerial Roles

#### Three Types of Managerial Roles: Interpersonal, Informational, & Decisional

From his observations and other research, Mintzberg concluded that managers play three broad types of roles or "organized sets of behavior": *interpersonal*, *informational*, and *decisional*.

**1 Interpersonal Roles—Figurehead, Leader, & Liaison** In their *interpersonal roles*, managers interact with people inside and outside their work units. The three interpersonal roles include *figurehead*, *leader*, and *liaison* activities. (See Table 1.1, opposite.)

**2 Informational Roles—Monitor, Disseminator, & Spokesperson** The most important part of a manager's job, Mintzberg believed, is information handling, because accurate information is vital for making intelligent decisions. In their three *informational roles*—as *monitor*, *disseminator*, and *spokesperson*—managers receive and communicate information with other people inside and outside the organization. (See Table 1.1.)

**3 Decisional Roles—Entrepreneur, Disturbance Handler, Resource Allocator, & Negotiator** In their *decisional roles*, managers use information to make decisions to solve problems or take advantage of opportunities. The four decision-making roles are *entrepreneur*, *disturbance handler*, *resource allocator*, and *negotiator*. (See Table 1.1.)

Did anyone say a manager's job is easy? Certainly it's not for people who want to sit on the sidelines of life. Above all else, managers are *doers*. ♦

Frederick Smith (left), chairman and CEO of FedEx, is an example of a doer. When given a low grade on a graduate-school paper outlining his ideas for an overnight delivery service, he used his family's money to found that company.



**TABLE 1.1** Three types of managerial roles: interpersonal, informational, and decisional

<b>Interpersonal Managerial Roles</b>	<b>Figurehead role</b>	In your <i>figurehead role</i> , you show visitors around your company, attend employee birthday parties, and present ethical guidelines to your subordinates. In other words, you perform symbolic tasks that represent your organization.
	<b>Leadership role</b>	In your role of <i>leader</i> , you are responsible for the actions of your subordinates, since their successes and failures reflect on you. Your leadership is expressed in your decisions about training, motivating, and disciplining people.
	<b>Liaison role</b>	In your <i>liaison</i> role, you must act like a politician, working with other people outside your work unit and organization to develop alliances that will help you achieve your organization's goals.
<b>Informational Managerial Roles</b>	<b>Monitor role</b>	As a <i>monitor</i> , you should be constantly alert for useful information, whether gathered from newspaper stories about the competition or gathered from snippets of conversation with subordinates you meet in the hallway.
	<b>Disseminator role</b>	Workers complain they never know what's going on? That probably means their supervisor failed in the role of <i>disseminator</i> . Managers need to constantly disseminate important information to employees, as via e-mail and meetings.
	<b>Spokesperson role</b>	You are expected, of course, to be a diplomat, to put the best face on the activities of your work unit or organization to people outside it. This is the informational role of <i>spokesperson</i> .
<b>Decisional Managerial Roles</b>	<b>Entrepreneur role</b>	A good manager is expected to be an <i>entrepreneur</i> , to initiate and encourage change and innovation.
	<b>Disturbance handler role</b>	Unforeseen problems—from product defects to international currency crises—require you be a <i>disturbance handler</i> , fixing problems.
	<b>Resource allocator role</b>	Because you'll never have enough time, money, and so on, you'll need to be a <i>resource allocator</i> , setting priorities about use of resources.
	<b>Negotiator role</b>	To be a manager is to be a continual <i>negotiator</i> , working with others inside and outside the organization to accomplish your goals.

## 1.6 The Skills Star Managers Need

### major question

### To be a terrific manager, what skills should I cultivate?



#### The Big Picture

Good managers need to work on developing three principal skills. The first is *technical*, the ability to perform a specific job. The second is *conceptual*, the ability to think analytically. The third is *human*, the ability to interact well with people.

At the *New York Daily News*, Debby Krenek, introduced in the first section of this chapter, was preceded as Editor in Chief by a journalism legend, Pete Hamill, who exhorted his staff to make the tabloid newspaper a reflection of the exciting, ethnically diverse New York City that he saw on the streets. By contrast, Krenek was criticized by some subordinates for not having a grand vision for the paper. Does this mean that she lacks the right management stuff? Let's see what the "right stuff" might be.

In the mid-1970s, researcher **Robert Katz** found that through education and experience managers acquire three principal skills—*technical*, *conceptual*, and *human*.<sup>43</sup>

### 1 Technical Skills—The Ability to Perform a Specific Job

Krenek clearly had acquired the job-specific knowledge needed to function in the world of newspapers (as opposed to another industry—tax law, engineering, or restaurant work, say). Indeed, she has a college degree in journalism from Texas A&M and worked as a copy editor and reporter for two Texas newspapers before moving to New York.

**Technical skills** consist of the job-specific knowledge needed to perform well in a specialized field. Having the requisite technical skills seems to be most important at the lower levels of management—that is, among first-line managers.

### 2 Conceptual Skills—The Ability to Think Analytically

Krenek also had the "big picture" knowledge of all the steps that had to happen for the *Daily News* to be daily news—for the paper to be off the presses and on the trucks at the same time every day. Indeed, she suggested that she could almost get the *News* out by herself, if she had to.

**Conceptual skills** consist of the ability to think analytically, to visualize an organization as a whole and understand how the parts work together. Conceptual skills are particularly important for top managers, who must deal with problems that are ambiguous but that could have far-reaching consequences.

### 3 Human Skills—The Ability to Interact Well with People

This may well be the most difficult set of skills to master. **Human skills** consist of the ability to work well in cooperation with other people to get things done. These skills—the ability to motivate, to inspire trust, to communicate with others—are necessary for managers of all levels. But because of the range of people, tasks,

and problems in an organization, developing your human-interacting skills may turn out to be an ongoing, lifelong effort. Krenek has an easy-going manner, and she had tried to improve the paper's morale with such simple gestures as compliments and champagne toasts. Although she was criticized for lacking the magnetism and flair of her predecessor, Pete Hamill himself observed that she was able to resist "the pervasive sourness" of the company culture of the *News*. One veteran reporter praised her for having a skill that other managers "don't have: an ability to get along with people. And, unlike the others, she actually listens."<sup>44</sup>

But how successful was she with her boss, real-estate magnate and publisher Mortimer Zuckerman? At first, perhaps because early on she adopted a "no surprises" policy of talking with him regularly throughout the day, Zuckerman praised her as both a "wonderful person" and an adept manager. In fact, he lauded her as being capable enough to run a Fortune 500 company—indeed, even the Pentagon.

But ultimately Zuckerman seems to have lost confidence in her. This shows that in real life even the most talented and skillful of managers can find themselves on the wrong side of their boss if they let their guard down. Despite all Zuckerman's praise, a few years later Krenek found herself fired. And she learned about it not from her boss but from a *Daily News* editor who read the news in a gossip column of a rival publication and called her about it at 1 A.M. When she telephoned Zuckerman to ask about the rumor, the publisher replied, "I can neither confirm nor deny it."<sup>45</sup>

What happened? The dismissal was apparently related to the fact that the *Daily News's* fierce rival, the *New York Post*, had gained circulation as a result of a per-copy newsstand price cut. This was not a matter over which Krenek had much control. What could she have done better?

In nearly all respects, Krenek had what it takes to be a star manager. But all it takes is failure in one area to lose this status. ♦

**Wisdom from a star manager.** Ann Fudge, renowned for her marketing expertise and people skills, was hired in 2003 to become chair and chief executive of Young & Rubicam Brands, as well as Y&R, its flagship ad agency. Not only is she one of the few African-American women to hold such a post, but she is also being called on to rescue an ailing advertising and communications giant (\$4.7 billion in revenues in 2000) that two CEOs in three years had failed to do. Asked in a *Businessweek Online* interview whether people entering the workforce today are willing to make the sacrifices to rise to the top, she points out that one can't expect to move quickly through, since there are lots of roadblocks and challenges. "You've got to prove yourself," she says. "You're an Olympian. They're going to keep making it harder, and you're going to have to jump a higher hurdle. But when you do that, the sky is the limit. The question is whether you want to go through it." Do you think this is what you want to do?



## Learning Portfolio



### Taking Something Practical Away from This Chapter

#### Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career

*One great problem most college students face—and that all managers face—is how to manage their time. This first box describes skills that will benefit you in college and later in your career.*

“I’ve managed to ratchet my schedule down so I can have an outside life,” says Doug Shoemaker, a San Francisco architect who tries to be home by 6:00 every night. “I’m a highly organized guy, I really focus on tasks, and I get them done.”<sup>46</sup>

Professionals and managers all have to deal with this central problem: how not to surrender their lives to their jobs. The place to start, however, is in college. If you can learn to manage time while you’re still a student, you’ll find it will pay off not only in higher grades and more free time but also in more efficient information-handling skills that will serve you well as a manager later on.

#### Developing Study Habits: Finding Your “Prime Study Time”

Each of us has a different energy cycle. The trick is to use it effectively. That way your hours of best performance will coincide with your heaviest academic demands. For example, if your energy level is high during the evenings, you should plan to do your studying then.

**Make a Study Schedule** First make a master schedule that shows all your regular obligations—especially classes and work—for the entire school term. Then insert the times during which you plan to study. Next write in major academic events, such as term paper due dates and when exams will take place. At the beginning of every week, schedule your study sessions. Write in the specific tasks you plan to accomplish during each session.

**Find Some Good Places to Study** Studying means first of all avoiding distractions. Avoid studying in places that are associated with other activities, particularly comfortable ones, such as lying in bed or sitting at a kitchen table.

**Avoid Time Wasters, but Reward Your Studying** While clearly you need to learn to avoid distractions so that you can study, you must also give yourself frequent rewards so that you will indeed be *motivated* to study. You should study with the notion that, after you finish, you will give yourself a reward. The reward need not be elaborate. It could be a walk, a snack, or some similar treat.

#### Improving Your Memory Ability

Memorizing is, of course, one of the principal requirements of staying in college. And it’s a great help for success in life afterward.

Beyond getting rid of distractions, there are certain techniques you can adopt to enhance your memory.

#### Space Your Studying, Rather Than Cramming

Cramming—making a frantic, last-minute attempt to memorize massive amounts of material—is probably the least effective means of absorbing information. Indeed, it may actually tire you out and make you even more anxious before the test. Research shows that it is best to space out your studying of a subject on successive days. This is preferable to trying to do it all during the same number of hours on one day.<sup>47</sup> It is repetition that helps move information into your long-term memory bank.

#### Review Information Repeatedly—Even “Overlearn” It

By repeatedly reviewing information—“rehearsing”—you can improve both your retention and your understanding of it.<sup>48</sup> Overlearning can improve your recall substantially. Overlearning is continuing to repeatedly review material even after you appear to have absorbed it.

**Use Memorizing Tricks** There are several ways to organize information so that you can retain it better. The table opposite shows how to establish associations between items you want to remember. (See Figure 1.3.)

#### How to Improve Your Reading Ability: The SQ3R Method

**SQ3R Stands for survey, question, read, recite, and review**<sup>49</sup> The strategy here is to break a reading assignment into small segments and master each before moving on. The five steps of the SQ3R method are as follows:

**Survey the Chapter before You Read It** Get an overview of the chapter or other reading assignment before you begin reading it. If you have a sense what the material is about before you begin reading it, you can predict where it is going. Many textbooks offer some “preview”-type material—a list of objectives or an outline of topic headings at the beginning of the chapter. Other books offer a summary at the end of the chapter. This book offers “The Big Picture” at the beginning of each section. It also offers a Summary at the end of each chapter. The strategy for reading this book is presented on page 1.

**Question the Segment in the Chapter before You Read It** This step is easy to do, and the point, again, is to get involved in the material. After surveying the entire chapter, go to the first segment—section, subsection, or even paragraph, depending on the level of difficulty and density of information. Look at the topic heading of that segment. In your mind, restate the heading as a question.

After you have formulated the question, go to steps 3 and 4 (read and recite). Then proceed to the next segment and restate the heading here as a question. For instance, consider the section heading in this chapter that reads “What Managers Do: The Four Principal Functions.” You

- **Mental and physical imagery:** Use your visual and other senses to construct a personal image of what you want to remember. Indeed, it helps to make the image humorous, action-filled, sexual, bizarre, or outrageous in order to establish a personal connection. Example: To remember the name of the 21st president of the United States, Chester Arthur, you might visualize an author writing the number “21” on a wooden chest. This mental image helps you associate chest (Chester), author (Arthur), and 21 (21st president).
- **Acronyms and acrostics:** An acronym is a word created from the first letters of items in a list. For instance, Roy G. Biv helps you remember the colors of the rainbow in order: red, oronge, yellow, green, blue, indigo, violet. An acrostic is a phrase or sentence created from the first letters of items in a list. For example, *Every Good Boy Does Fine* helps you remember that the order of musical notes on the staff is E-G-B-D-F.
- **Location:** Location memory occurs when you associate a concept with a place or imaginary place. For example, you could learn the parts of a computer system by imagining a walk across campus. Each building you pass could be associated with a part of the computer system.
- **Word games:** Jingles and rhymes are devices frequently used by advertisers to get people to remember their products. You may recall the spelling rule “I before E except after C or when sounded like A as in *neighbor* or *weigh*.” You can also use narrative methods, such as making up a story.

**FIGURE 1.3** Some memorizing tricks

could ask yourself, “What *are* the four functions of a manager?” For the heading in Chapter 2 “Two Overarching Perspectives about Management & Four Practical Reasons for Studying Them,” ask “What *are* the types of management perspectives, and what are reasons for studying them?”

**Read the Segment about Which You Asked the Question** Now read the segment you asked the question about. Read with purpose, to answer the question you formulated. Underline or color-mark sentences you think are important, if they help you answer the question. Read this portion of the text more than once, if necessary, until you can answer the question. In addition, determine whether the segment covers any other significant questions, and formulate answers to these, too. After you have read the segment, proceed to step 4. (Perhaps you can see where this is all leading. If you read in terms of questions and answers, you will be better prepared when you see exam questions about the material later.)

**Recite the Main Points of the Segment** Recite means “say aloud.” Thus, you should speak out loud (or softly) the answer to the principal question about the segment and any

other main points. Make notes on the principal ideas, so you can look them over later. Now that you have actively studied the first segment, move on to the second segment and do steps 2–4 for it. Continue doing this through the rest of the segments until you have finished the chapter.

### **Review the Entire Chapter by Repeating Questions**

After you have read the chapter, go back through it and review the main points. Then, without looking at the book, test your memory by repeating the questions.

Clearly the SQ3R method takes longer than simply reading with a rapidly moving color marker or underlining pencil. However, the technique is far more effective because it requires your *involvement and understanding*. This is the key to all effective learning.

### **Learning from Lectures**

Does attending lectures really make a difference? Research shows that students with grades of B or above were more apt to have better class attendance than students with grades of C– or below.<sup>50</sup>

Regardless of the strengths of the lecturer, here are some tips for getting more out of lectures.

**Take Effective Notes by Listening Actively** Research shows that good test performance is related to good note taking.<sup>51</sup> And good note taking requires that you *listen actively*—that is, participate in the lecture process. Here are some ways to take good lecture notes:

- **Read ahead and anticipate the lecturer:** Try to anticipate what the instructor is going to say, based on your previous reading. Having background knowledge makes learning more efficient.
- **Listen for signal words:** Instructors use key phrases such as “The most important point is . . .,” “There are four reasons for . . .,” “The chief reason . . .,” “Of special importance . . .,” “Consequently . . .” When you hear such signal phrases, mark your notes with an asterisk (\*), or write *Imp* (for “Important”).
- **Take notes in your own words:** Instead of just being a stenographer, try to restate the lecturer’s thoughts in your own words. This makes you pay attention to the lecture and organize it in a way that is meaningful to you. In addition, don’t try to write everything down. Just get the key points.
- **Ask questions:** By asking questions during the lecture, you participate in it and increase your understanding. Although many students are shy about asking questions, most professors welcome them.

### **Becoming an Effective Test Taker**

Besides having knowledge of the subject matter, you can acquire certain skills that will help during the test-taking process. Some suggestions:<sup>52</sup>

**Review Your Notes Regularly** Most students, according to one study, do take good notes, but they don’t use

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them effectively. That is, they wait to review their notes until just before final exams, when the notes have lost much of their meaning.<sup>53</sup> Make it a point to review your notes regularly, such as the afternoon after the lecture or once or twice a week. We cannot emphasize enough how important this kind of reviewing is.

**Reviewing: Study Information That Is Emphasized & Enumerated** Because you won't always know whether an exam will be an objective test or an essay test, you need to prepare for both. Here are some general tips.

- **Review material that is emphasized:** In the lectures, this consists of any topics your instructor pointed out as being significant or important. It also includes anything he or she spent a good deal of time discussing or specifically advised you to study. In the textbook, pay attention to key terms (often emphasized in *italic* or **boldface** type), their definitions, and their examples. In addition, of course, material that has a good many pages given over to it should be considered important.
- **Review material that is enumerated:** Pay attention to any numbered lists, both in your lectures and in your notes. Enumerations often provide the basis for essay and multiple-choice questions.
- **Review other tests:** Look over past quizzes, as well as the discussion questions or review questions provided at the end of chapters in many textbooks.

**Prepare by Doing Final Reviews & Budgeting Your Test Time** Learn how to make your energy and time work for you. Whether you have studied methodically or must cram for an exam, here are some tips:

- **Review your notes:** Spend the night before the test reviewing your notes. Then go to bed without interfering with the material you have absorbed (as by watching television). Get up early the next morning, and review your notes again.
- **Find a good test-taking spot:** Make sure you arrive at the exam with any pencils or other materials you need. Get to the classroom early, or at least on time, and find a quiet spot. If you don't have a watch, sit where you can see a clock. Again review your notes. Avoid talking with others, so as not to interfere with the information you have learned or to increase your anxiety.
- **Read the test directions:** Many students don't do this and end up losing points because they didn't understand precisely what was required of them. Also, listen to any verbal directions or hints your instructor gives you before the test.
- **Budget your time:** Here is an important test strategy: Before you start, read through the entire test and figure out how much time you can spend on each section. There is a reason for budgeting your time: you would hate to find you have only a few minutes left

and a long essay still to be written. Write the number of minutes allowed for each section on the test booklet or scratch sheet and stick to the schedule. The way you budget your time should correspond to how confident you feel about answering the questions.

**Objective Tests: Answer Easy Questions & Eliminate Options** Some suggestions for taking objective tests, such as multiple-choice, true/false, or fill-in, are as follows:

- **Answer the easy questions first:** Don't waste time stewing over difficult questions. Do the easy ones first, and come back to the hard ones later. (Put a check mark opposite those you're not sure about.) Your unconscious mind may have solved them in the meantime, or later items may provide you with the extra information you need.
- **Answer all questions:** Unless the instructor says you will be penalized for wrong answers, try to answer all questions. If you have time, review all the questions and make sure you have written the responses correctly.
- **Eliminate the options:** Cross out answers you know are incorrect. Be sure to read all the possible answers, especially when the first answer is correct. (After all, other answers could also be correct, so that "All of the above" may be the right choice.) Be alert that subsequent questions may provide information pertinent to earlier questions. Pay attention to options that are long and detailed, since answers that are more detailed and specific are likely to be correct. If two answers have the opposite meaning, one of the two is probably correct.

**Essay Tests: First Anticipate Answers & Prepare an Outline** Because time is limited, your instructor is likely to ask only a few essay questions during the exam. The key to success is to try to anticipate beforehand what the questions might be and memorize an outline for an answer. Here are the specific suggestions:


- **Anticipate 10 probable essay questions:** Use the principles we discussed above of reviewing lecture and textbook material that is *emphasized* and *enumerated*. You will then be in a position to identify 10 essay questions your instructor may ask. Write out these questions.
- **Prepare and memorize informal essay answers:** For each question, list the main points that need to be discussed. Put supporting information in parentheses. Circle the key words in each main point and below the question put the first letter of the key word. Make up catch phrases, using acronyms, acrostics, or word games, so that you can memorize these key words. Test yourself until you can recall the key words the letters stand for and the main points the key words represent.

## Key Terms Used in This Chapter


collaborative computing, 11	first-line manager, 16	management, 4
competitive advantage, 8	four management functions, 12	management process, 12
conceptual skills, 22	functional manager, 16	middle manager, 15
controlling, 13	general manager, 16	organization, 4
databases, 10	human skills, 22	organizing, 13
decisional roles, 20	informational roles, 20	planning, 12
e-business, 10	innovation, 8	project management software, 10
e-commerce, 10	Internet, 10	technical skills, 22
e-mail, 10	interpersonal roles, 20	telecommuting, 11
effective, 5	knowledge management, 11	top manager, 15
efficient, 5	leading, 13	videoconferencing, 11

## Summary


### 1.1 Management: What It Is, What Its Benefits Are

-  Management is defined as the pursuit of organizational goals, efficiently and effectively. Efficiently means to use resources wisely and cost-effectively. Effectively means to achieve results, to make the right decisions and successfully carry them out to achieve the organization's goals.

### 1.2 Six Challenges to Being a Star Manager


-  Challenge #1, managing for competitive advantage, means an organization must stay ahead in four areas: being responsive to customers; innovating new products or services; offering better quality; being more efficient.
- Challenge #2 is managing for diversity among different genders, ages, races, and ethnicities.
- Challenge #3 is managing for globalization, the expanding universe.
- Challenge #4 is managing for computers and telecommunications—information technology.
- Challenge #5 is managing for right and wrong, or ethical standards.
- Challenge #6 is managing for your own happiness and life goals.

### 1.3 What Managers Do: The Four Principal Functions

-  The four management functions are represented by the abbreviation POLC: *planning, organizing, leading, controlling*.

- The first function is defined as setting goals and deciding how to achieve them.
- The second function is defined as arranging tasks, people, and other resources to accomplish the work.
- The third function is defined as motivating, directing, and otherwise influencing people to work hard to achieve the organization's goals.
- The fourth function is defined as monitoring performance, comparing it with goals, and taking corrective action as needed.


### 1.4 Pyramid Power: Levels & Areas of Management

-  Within an organization, there are managers at three levels: top, middle, and first-line.
- Top managers make long-term decisions about the overall direction of the organization and establish the objectives, policies, and strategies for it.
- Middle managers implement the policies and plans of their superiors and supervise and coordinate the activities of the managers below them.
- First-line managers make short-term operating decisions, directing the daily tasks of nonmanagement personnel.
- There are three types of organizations classified according to the three different purposes for which they are formed. (1) For-profit organizations are formed to make money by offering products or services. (2) Nonprofit organizations offer services to some, but not to make a profit. (3) Mutual-benefit

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organizations are voluntary collections of members created to advance members' interests.

### 1.5 Roles Managers Must Play Successfully

-  The Mintzberg study shows that, first, a manager relies more on verbal than on written communication; second, managers work long hours at an intense pace; and, third, a manager's work is characterized by fragmentation, brevity, and variety.
- From this, Mintzberg concluded that managers play three broad types of roles: interpersonal, informational, and decisional.
- In the first role, the manager acts as figurehead, leader, and liaison.

- In the second role, the manager acts as monitor, disseminator, and spokesperson.
- In the third role, the manager acts as entrepreneur, disturbance handler, resource allocator, and negotiator.

### 1.6 The Skills Star Managers Need

-  The three skills that star managers cultivate are technical, conceptual, and human.
- The first set of skills consists of job-specific knowledge needed to perform well in a specialized field.
- The second set of skills consists of the ability to think analytically, to visualize an organization as a whole, and to understand how the parts work together.
- The third set of skills consists of the ability to work well in cooperation with other people to get things done.

## Management in Action

### Successful Managers Learn the Balance Between Seeking Input & Making Decisions on Their Own

*Excerpted from Carol Hymowitz, "In the Lead: The Confident Boss Doesn't Micromanage or Delegate Too Much," The Wall Street Journal, March 11, 2003, p. B1.*

David D'Alessandro, chief executive of John Hancock Financial Services, Boston, once worked for a manager who constantly second-guessed his employees' work and forbade them from talking to anyone above him without telling him about the conversation.

"He spent half his day fielding reports from employees about whom they had spoken to," says Mr. D'Alessandro. "And he perpetuated the myth that only he could do things right."

Mr. D'Alessandro also has observed managers who, by contrast, delegate responsibilities to so many different subordinates that no one is in charge.

In either case, employees end up feeling stifled, passive, unfocused, and unwilling to take risks. "Whether you are micromanaging or diluting your authority, it's a sign of insecurity," he says.

The challenge for managers is to know when to be hands-on and when to let go and rely on subordinates. They also must understand that with each advance of the ranks, they must change the way they weigh the need to both delegate and to make decisions about things big and small.

Mr. D'Alessandro's instincts are to be a hands-on manager. But he has no strict rule about not getting involved in day-to-day tasks; sometimes he needs to jump in to keep things on track, or simply to get some peace of mind. But he has learned how to strike that important balance between helping out and trusting.

While president of John Hancock's insurance divisions, a job he took in 1991, Mr. D'Alessandro had to make sure

his direct reports met weekly and monthly operations goals. He was overseeing about 8,000 employees and had nine direct reports, including heads of sales, finance, product development, and marketing for the insurance business.

"I had to believe they could do it on their own and give them the authority to do that, at least until they proved they had bad judgment," he says.

Whenever he was worried about meeting sales targets, he'd be tempted to jump in and do a subordinate's job. "Sometimes I'd want to go to the offices in the field and find things out for myself," he says. "But if I did that, people would say I was crazy—and they'd be right."

Instead he asked questions, such as why a Seattle report once showed sales down 16%. "But I wouldn't ask 40 questions like that," he says. "My point was to let people know they better be on their toes and know everything about their business."

When Mr. D'Alessandro moved to the helm of John Hancock in 2000, however, he realized he needed a management style that was even more consensual, considering the experience and expertise of those he managed.

"Each of the people who reports to me is so smart and more knowledgeable in their individual areas than I am," he says, "it would be insulting for me to ask them the Seattle kind of question. My job now is to patiently listen, hear their various views on whether we should do this deal or that strategy, and then reach a judgment."

Only when he sees problems threatening a particular project's chances of success will he go around his direct

reports. “I’ll make a discreet call to someone I know who is lower down,” he says.

Others have earned their leadership stripes by learning how to rely on others while asserting their authority.

Debra Cafaro walked into a crisis when she was named chairman and chief executive of Ventas, a real-estate investment trust in Louisville, Ky, in 1999. She had to depend on her small team of managers but also show her ability to make tough decisions. The company, which owns nursing homes and hospitals, was originally named Vencor but had split into two companies in the wake of Medicare cutbacks in the 1990s. Ventas owned the properties and facilities that Vencor operated. Within weeks of Ms. Cafaro’s arrival, the Justice Department launched an investigation at both companies over Medicare billing fraud, and Vencor filed for bankruptcy protection. Vencor’s creditors then threatened lawsuits against Ventas. . . . At Ventas, she reached a settlement with the Justice Department, refinanced company debt, and helped Vencor restructure.

A lawyer by training, Cafaro sought advice from several outside attorneys, but she also worked closely with her company’s general counsel and a few other executives. “We’d as-

semble; I’d play devil’s advocate and ask a lot of questions,” says Ms. Cafaro, who prefers that subordinates voice strong views. “Of ten, the group would divide over two possible directions—and debate each other,” she says. “In the end, I had to make a judgment, and I never shrank from that.”

### For Discussion

1. Using Figure 1.1, p. 12, as a guide, describe which functions of management were displayed by David D’Alessandro and Debra Cafaro.
2. Based on Mr. D’Alessandro’s and Ms. Cafaro’s experiences, what type of managerial behavior is expected from top managers?
3. Which of the three types of managerial roles did Mr. D’Alessandro and Ms. Cafaro display?
4. Assume you are a manager faced with making a decision. What factors would you consider in determining whether or not to ask your employees for input as opposed to making the decision on your own?
5. The leaders depicted in this case displayed which of the three critical skills identified by Robert Katz—technical, conceptual, human? Explain.

## Self-Assessment

### Can You Pass the CEO Test?

#### Objectives

1. To assess whether or not you have “it” at this time to be a CEO.
2. To assess whether or not you want to be a CEO.
3. To see what seems to be expected of a CEO.

#### Introduction

The Chief Executive Officer of a company is the person in charge, the top star. This person has tremendous power and, consequently, experiences incredible pressures. Not everyone is cut out to be a CEO or aspires to be one. Many people would not want the stress and expectations for greatness that come with the job.

#### Instructions

Take the following quiz at [www.mbajungle.com/monthlysurvey/ceotest.cfm](http://www.mbajungle.com/monthlysurvey/ceotest.cfm) to “test” whether you have “it” or not. Leading a successful company requires a combination of talents and skills that few people seem to have—some people have it, some don’t. Here’s your chance to find out where you stand.

Accompanying the quiz is an article by John Scaizi for the MBA Jungle Online magazine. Read it; then take the test and see if you are a potential rising star. Once you have completed the test and have submitted your responses, ask yourself the following questions and be prepared to discuss them.

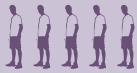
#### Questions for Discussion

1. Do you want to be a CEO? Explain.
2. Do you want to climb the corporate ladder to become a star?
3. At what level in the organization do you think you would be comfortable?
4. What are the ethics behind #7, #8, #11, # 15, and #16?
5. How would you describe what it takes to be a CEO?



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### Group Exercise



#### Objectives

To see how time is allocated in a top management position.

To start to think about how you might spend your time in a top management position.

To see what you think about this kind of job and what functions are performed.

#### Introduction

Managers must allocate their time appropriately. If as a manager you continuously misallocate your time in terms of work coordination, your company will not reach its goals or, at the very least, you will not achieve your own goals and may become a liability to the organization. So, you must understand how to allocate your time wisely.

#### Instructions

The following is from Charles Handy's *Understanding Organizations*:

*A senior manager's diary:* One senior division manager sat down to review what he regarded as the major responsibilities of his job. He listed six key areas for himself:

1. Relations with head office: communicating with the top managers.
2. Long-term and strategic planning: the plans that position the company over time.
3. Operational responsibilities for particular ongoing activities: the day-to-day activities of the company.
4. Co-coordinating function: working with other parts of the company to complete a task or tasks.
5. Standard setting, performance, morale priorities: setting up quality standards and other types of standards, operationalizing performance appraisals, and developing a climate where employees want to work.
6. External relations: working with customers, watching what competitors are doing, dealing with pressure groups, working with suppliers.

### How Well Do Managers Manage Their Time?\*

As a group, estimate in percentages how you think this senior manager allocated his time to these six key areas. (The senior manager's percentages are included at the end of this exercise.)

- |    |   |    |   |
|----|---|----|---|
| 1. | % | 4. | % |
| 2. | % | 5. | % |
| 3. | % | 6. | % |

What areas would you add to his list? Why?

#### Questions for Discussion

1. How do your percentages compare to the senior division manager's time allocation?
2. Why do you think that 1, 3, and 4 take so much of his time?
3. In this changing world do you think that more time should be spent on 2, 5, and 6?
4. How do managers "know" how to allocate their time? In his position, would you allocate your time differently? Why or why not?

#### Answers

After outlining the six key areas of responsibility in his job, the division manager then analyzed his diary for the previous three months and came up with the following approximate percentages of time spent on each of the key areas:

- |    |      |    |     |
|----|------|----|-----|
| 1. | 20 % | 4. | 25% |
| 2. | 10 % | 5. | 5 % |
| 3. | 35 % | 6. | 5 % |

\*Adapted and modified by Anne Cowden, Ph.D., from Charles Handy's *Understanding Organizations* (New York: Penguin, 1993), p. 338.

## Ethical Dilemma

### To Delay or Not to Delay?

You have been hired by a vice president of a national company to create an employee attitude survey, to administer it to all employees, and to interpret the results. You have known this vice president for over 10 years and have worked for her on several occasions. She trusts and likes you, and you trust and like her. You have completed your work and now are ready to present the findings and your interpretations to the vice president's management team. The

vice president has told you that she wants your honest interpretation of the results, because she is planning to make changes based on the results. Based on this discussion, your report clearly identifies several strengths and weaknesses that need to be addressed. For example, employees feel that they are working too hard and that management does not care about providing good customer service. At the meeting you will be presenting the results and your

interpretations to a group of 15 managers. You also have known most of these managers for at least 5 years.

You show up for the presentation armed with slides, handouts, and specific recommendations. Your slides are loaded on the computer, and most of the participants have arrived. They are drinking coffee and telling you how excited they are about hearing your presentation. You also are excited to share your insights. Ten minutes before the presentation is set to begin, the vice president takes you out of the meeting room and says she wants to talk with you about your presentation. The two of you go to another office, and she closes the door. She then tells you that her boss's boss decided to come to the presentation unannounced. She feels that he is coming to the presentation solely looking for negative information in your report. He does not like the vice president and wants to replace her with one of his friends. If you present your results as

planned, it will provide this individual with the information he needs to create serious problems for the vice president. Knowing this, the vice president asks you to find some way to delay your presentation. You have 10 minutes to decide what to do.

### Solving the Dilemma

What would you do?

1. Deliver the presentation as planned.
2. Give the presentation but skip over the negative results.
3. Go back to the meeting room and announce that your spouse has had an accident at home and you must leave immediately. You tell the group that you just received this message and that you will contact the vice president to schedule a new meeting.
4. Invent other options. Discuss.

## Video Case

### The McFarlane Companies

While in high school, Todd McFarlane dreamed of playing major league baseball. When his dream didn't come true, he decided he had to go to college and earn a living. But McFarlane didn't want to just go to "work" every day; he wanted to do something he enjoyed. As a teenager, he liked to draw comic book superheroes. While in high school and college, he taught himself to draw. After sending out hundreds of samples and receiving hundreds of rejections, he was offered a job at Marvel Comics. At first working for meager pay on obscure comics, meeting deadlines with high-quality work earned him a reputation as an excellent worker. He was given the opportunity to work on well-known comics like *Batman*, *The Hulk*, and *Spider Man*. He brought *Spider Man* from relative obscurity to the number one comic book with record sales. Over time, McFarlane became the highest paid artist in the industry. However, he quickly became frustrated with the restrictions he faced at Marvel. He wanted to try new ideas but was discouraged by the lack of excitement at the company. He decided it was time to quit and start his own comic book business, and so he persuaded several of his best coworkers to come with him.

Industry insiders expected his company to last a year at most. But McFarlane never considered failure, and he did anything but fail. His first comic, *Spawn*, sold 1.7 million copies—and the rest is history. Today, he's creating comics, producing movies, directing music videos, and running one of the most successful toy companies in the world. His path to success was similar to that of other entrepreneurs who learned about their business working for a large company.

Entrepreneurs like McFarlane, however, face many challenges in the business environment. He takes advantage of the latest in technology to creatively make toys, movies, and video games. The Internet provides a way to reach his

key customers. McFarlane loves to see rivals turn out shoddy goods because they can't compete with his high-quality toys and other products that are well worth the extra few cents.

What about his major league dream? Part of McFarlane's dream started coming true when he bought Mark McGuire's record-breaking 70th home run ball, with a price tag of \$3 million. When the record was broken the next year by Barry Bonds, McFarlane had to reevaluate. He combined McGuire's ball with other McGuire and Sammy Sosa balls he had purchased to form the McFarlane collection. He sent the collection on a tour of every major league stadium. In addition to providing great public relations for the firm, this move helped develop a relationship with people in professional sports and management that led to licensing rights to produce major league toys. The \$3 million ball will likely lead to \$20 million in profit.

Did his boyhood dreams come true? Well, he doesn't have a baseball career, but every toy contract with a major league team includes what you might call a signing bonus—the right for McFarlane to hit batting practice in every ballpark that shows his collection. While that's not the same as being a player, McFarlane's not complaining.

### Discussion Questions

1. Review the six major challenges facing today's managers. Which of these has Todd McFarlane faced? Provide evidence from the video to support your answer.
2. Managers are classified into three basic levels. What are they? In which level would you place Todd McFarlane?
3. Managers need to develop three principle skill sets—technical, conceptual, and human skills. Define each of these skill sets and provide examples of McFarlane's proficiency (or lack thereof) in each of these areas.