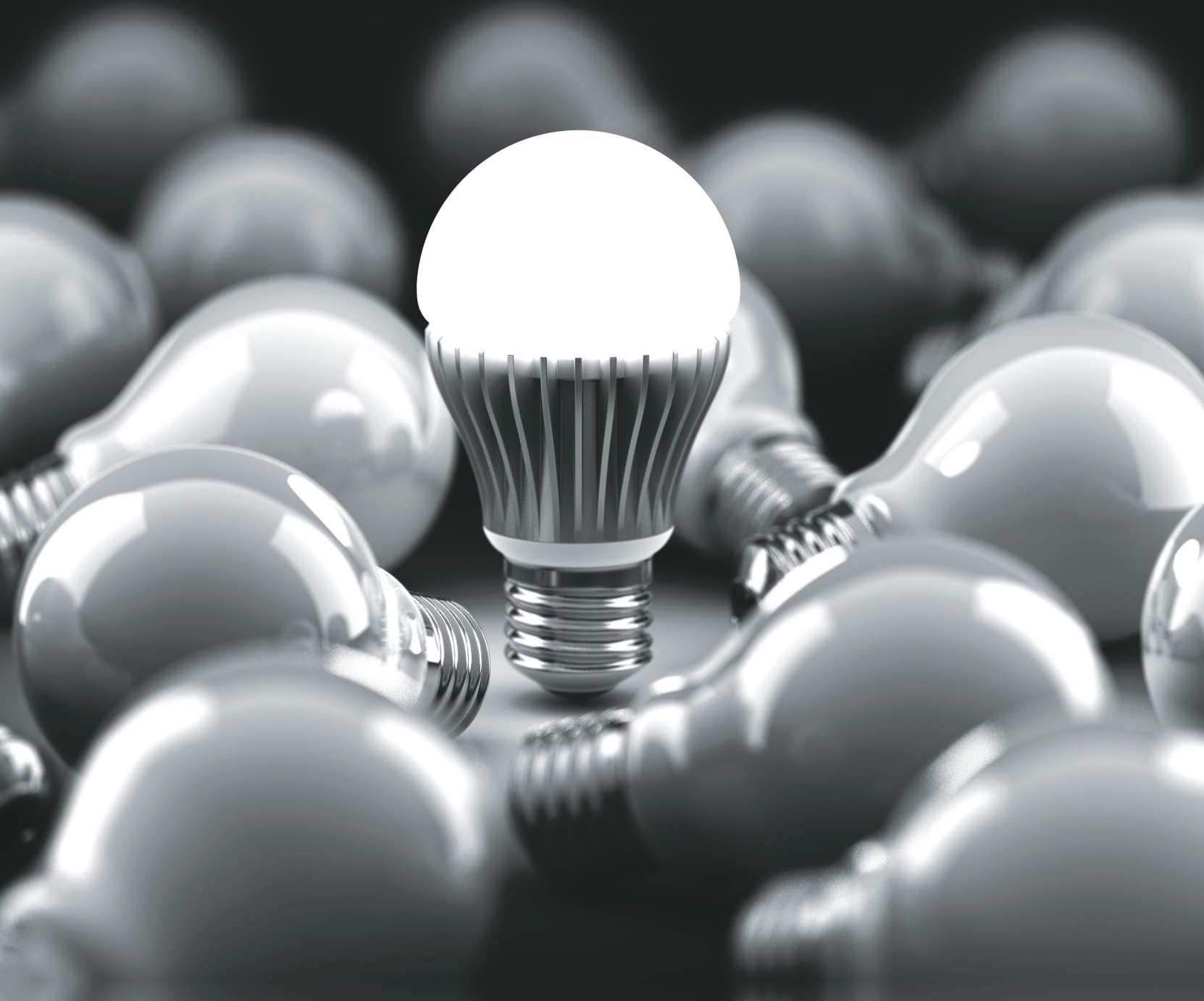


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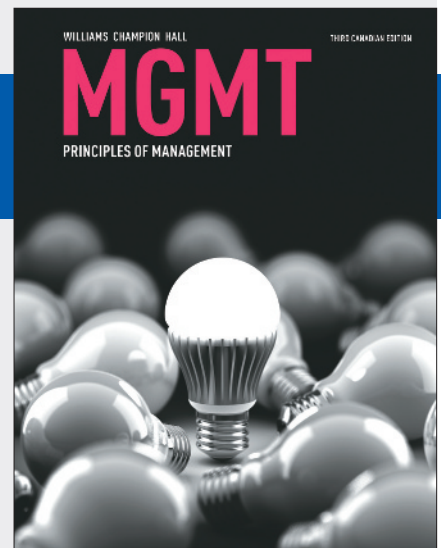
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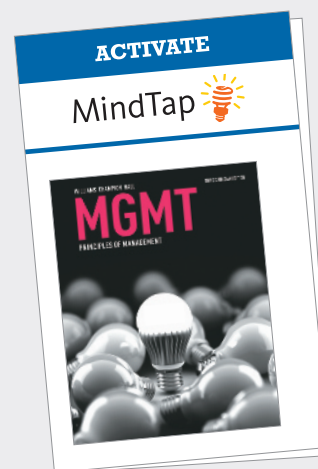
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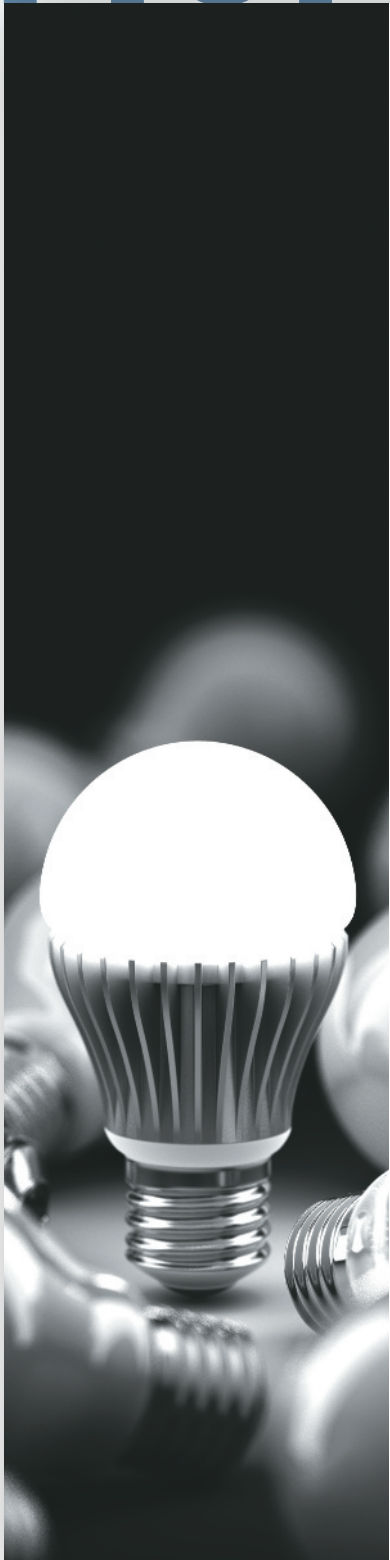
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Management



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LEARNING OUTCOMES

After studying this chapter, you will be able to...

- 1-1 Describe what management is.
- 1-2 Explain the four functions of management.
- 1-3 Describe different kinds of managers.
- 1-4 Explain the major roles and subroles that managers perform in their jobs.
- 1-5 Explain what companies look for in managers.
- 1-6 Discuss the top mistakes that managers make in their jobs.
- 1-7 Describe the transition that employees go through when they are promoted to management.

After you finish
this chapter, go
to **PAGE 20** for
STUDY TOOLS

Build Your Brand

Taking a proactive approach has served Shaun Lichtenberger and Chris Sinclair well. Sean, a marketing graduate of Fanshawe College and Chris, an alumni from the Business Administration Marketing Program at Niagara College in Ontario, are co-owners and managing partners in Brand Blvd, a promotional products and corporate apparel firm. The pair met while working for a company that was struggling with serious operational and management challenges. Shaun and Chris decided to join forces and right the wrongs they had observed as employees. They started Brand Blvd in 2007, with limited management experience but with a vision to take a fresh and energetic approach to building a team that could succeed in the highly competitive promotional products industry. They pride themselves both on their ability to help clients “build their brand” and on having built a team of enthusiastic, customer-driven professionals to work with them. As the company began to succeed and grow in size, Shaun and Chris realized they needed to further define their management roles. Shaun is now the president, running the internal operations with the management team reporting to him, while Chris oversees the sales team and represents the company in a community and public relations capacity in his role as vice president. Brand Blvd has more than 20 employees. Although the company’s organizational structure now defines specific management roles that complement their own individual strengths and weaknesses, the two partners share the same management philosophy—one that is based on getting to know your team.



Photos by Brent Porter, Form & Affect

1. How do you define success as a manager?

For us, management success translates into an engaged team with a clear purpose. Knowing that we have a productive, happy, challenged team in place means we are doing something right. Success as a manager is built on the success of the whole team.

2. What trait or skill has served you the best in your career as a manager?

Shaun: Listening skills. As a manager you find yourself dealing with lots of different people—not just your own employees. And what you sometimes notice is that many people aren’t really listening during communication—they are simply waiting for their turn to speak. Listening has served me well over the years and allowed me to gain insight into not only my own team but also my clients, suppliers, and people in general.

Chris: Having a strong work ethic. I grew up on a farm and learned that from my father and grandfather. In the early years at Brand Blvd the workload was incredible; it was all about put your head down and get it done—and as a manager this sets a good example. I lead by example and I think that when your team sees that, they emulate it.

3. What have you learned about management that surprised you the most?

How much people care and will do for you if they believe in your vision. It also surprised us how much pride we have in our team’s success.

4. Which management function (planning, leading, organizing, controlling) do you think is the most important function that you perform as a manager?

As co-owners and senior managers in the company, we believe that “steering the ship” through planning and leadership is the most important function we perform.



Interview courtesy of Shaun Lichtenberger and Chris Sinclair.

5. Which do you think is more important to achieve as a manager—efficiency or effectiveness?

Both are important, but if we had to choose, it would be effectiveness. If you are really efficient but not effective, then what’s the point? Effectiveness means you are hitting your metrics—you can always backtrack and come up with ways to improve your efficiency.

6. When hiring a manager, which skills do you think are most important for a candidate to possess—technical skills, human relations skills, or conceptual skills?

No doubt about it—human skills. Management is all about people. You have to be able to get your people on board, working for you, wanting to work for you—and that is best achieved using human skills. You can teach someone about an industry or improve their technical skills, but if someone already has a natural ability when it comes to dealing with people, this is much more valuable as a potential manager.

7. What advice would you give someone about to step into a management position?

Shaun: Get rid of your ego—congratulations, you are a manager, now it’s time to get to work. Be patient—get to know the lay of the land and what your people do. Be very transparent—be clear and let the team know what you expect of them, and at the same time let them know what management is doing.

Chris: Be realistic about your strengths and weaknesses. For me, my weakness has been assuming the disciplinary role with my team. I don’t want to be the “bad guy” but I know that sometimes I need to be firm, so I’ve had to try and go outside my comfort zone to try and assume that role when I need to.

8. What is the most important thing you learned in business school that you use to this day?

Presentation skills.

For the full interview go online to nelson.com/student

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

To understand how important *good* management is, think about the following situation. Managers at Dunkin' Donuts Canada were accused of making critical management errors that severely affected the chain's Quebec operation. Their accusers were a group of franchisees who sued the company for what they saw as poor management. The franchisees blamed Dunkin' Donuts' management for making poor marketing decisions that failed to protect and enhance the brand in the face of rising competition, and for persuading franchisees to buy into a new business strategy that ultimately failed. The company saw the number of Dunkin' Donuts locations in Quebec decline rapidly, from 250 in 1995, to 115 in 2003, and down to 4 as of 2015. The Quebec Superior Court agreed with the franchisees and awarded them over \$16 million in damages.¹

Many of today's managers got their start working on the factory floor, clearing dishes off tables, helping customers buy a new pair of shoes, or wiping up a spill in a grocery store aisle. Similarly, you will likely start at the bottom and work your way up. There's no better way to get to know your competition, your customers, and your business. But whether you begin your career at the entry level or as a supervisor, your job is not to do the work but to help others do theirs. **Management** is getting work done through others. Canadian businessman and television personality Jim Treiving is co-owner and co-chairman of the Boston Pizza chain and the T&M Group of Companies, with an impressive portfolio of businesses that generate over \$1 billion in sales annually. Jim started out as an RCMP officer but later traded in his uniform to become a Boston Pizza franchisee in Penticton, British Columbia. Working hands-on in

the business, Jim learned how to manage and run a successful franchise, balancing two important management concepts—efficiency and effectiveness. He and his partner George Melville eventually purchased the entire Boston Pizza chain in 1983 and began expanding the brand across Canada; in the process, they began growing their own group of companies. According to Jim, “Behind every great company is a great team.” Jim's entrepreneurial spirit coupled with his skills in strategic planning and marketing have served him well; however, when asked to explain his success, he says, “I think it's managing people. I think I get along with people well. I can understand people. I can read people fairly decently.” As a testament to Jim and George's belief in the value of good management, their company has been recognized with numerous prestigious awards over the years, including Canada's 50 Best Managed Companies Platinum Club, Canada's 10 Most Admired Corporate Cultures, and the Canadian Franchise Association's Lifetime Achievement Award.²

Jim Treiving's experience with Boston Pizza suggests that managers have to be concerned with efficiency and effectiveness. **Efficiency** is getting work done with minimal effort, expense, or waste. How does the Shouldice Hospital in Toronto perform more than 7,500 hernia surgeries a year on patients from all over the world even though it employs only 10 full-time surgeons? The Shouldice Hernia Centre, founded in 1945, is a testament to the principles of efficiency and productivity. The hospital has five operating theatres, 89 hospital beds, and a staff of over 160, all focused on providing an extremely specialized high-quality and high-volume service. A well-organized admissions screening and scheduling system allows for efficient management of demand and capacity, and the delivery system allows for maximum patient involvement to ensure efficiency and low cost. The facility encourages exercise and rapid recovery—there are no TVs or telephones in patient rooms, but there *are* over 20 acres of gardens for patients to stroll in. The centre's results are impressive—at Shouldice, the chances of complications are 0.5 percent, and the chances of recurrence after hernia repair average less than 1 percent. Compare this to the average in North America for recurrence after hernia repair, which is 10 percent. In addition, recovery times and costs are lower compared to other hospitals and clinics.³

Overall, efficiency is an important focus for individual organizations and for Canada as a whole, given that labour productivity is tied to a country's economic success and standard of living. You'll learn more about labour productivity in Chapter 17 on managing service and manufacturing operations.

Management getting work done through others.

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

Efficiency alone is not enough to ensure success. Managers must also strive for **effectiveness**, which means accomplishing tasks that help fulfill organizational objectives such as customer service and satisfaction. In the world of ecommerce, shipping and delivery are key components of the online shopping experience and can make or break an online retailer's reputation. When a surge in online holiday shopping a few years ago overwhelmed UPS and led to tens of thousands of late deliveries, online retail giant Amazon.com began exploring new delivery options to improve customer service and satisfaction. Amazon began experimenting with its own fleet of delivery vehicles in a limited number of cities, as well as more “out of the box” options like using a crowdsourced network of drivers to make deliveries on their way to their destinations as well as arrangements with some retailers to store packages. For a company that ships over 5 billion items a year, having greater control over the “last mile” or final leg of a package's journey to the customer is critical to improving the company's overall effectiveness.⁴

1-2 MANAGEMENT FUNCTIONS

Henri Fayol, the managing director (chief executive officer, or CEO) of a large steel company in the early 1900s, was one of the founders of the field of management. You'll learn more about Fayol and management's other key figures when you read about the history of management in Chapter 18 (online at www.nelson.com/student). Based on his 20 years as a CEO, Fayol argued that “the success of an enterprise generally depends much more on the administrative ability of its leaders than on their technical ability.”⁵

An exhaustive study undertaken at Google involving data-mining of quantitative data as well as qualitative information sought to shed light on what makes a successful manager. The results of the two-year study included a ranking of the most important managerial behaviours that produced some surprising results—even for Google executives. “In the Google context, we'd always believed that to be a manager, particularly on the engineering side, you need to be as deep or deeper a technical expert than the people who work for you,” Google's vice president for people operations explains. “It turns out that that's absolutely the least important thing. It's important, but pales in comparison. Much more important is just making that connection and being accessible.” As a case in point,

Exhibit 1.1

The Four Functions of Management



the top three behaviours identified were: (1) be a good coach; (2) empower; don't micromanage; and (3) be interested in direct reports' success and well-being.⁶

Managers need to perform five managerial functions in order to succeed, according to Fayol: planning, organizing, coordinating, commanding, and controlling.⁷ Most management textbooks today have updated this list by dropping the coordinating function and referring to Fayol's commanding function as “leading.” Thus, Fayol's management functions are known today in this updated form: planning, organizing, leading, and controlling. Studies indicate that managers who perform these management functions well are more successful, gaining promotions for themselves and profits for their companies. One study has found that the more time CEOs spend planning, the more profitable their companies are.⁸ A 25-year study at AT&T found that employees with better planning and decision-making skills were more likely to be promoted into management jobs, to succeed as managers, and to be promoted into upper levels of management.⁹ The evidence is clear. Managers at all levels of an organization and in small, medium, and large enterprises serve their companies well when they plan, organize, lead, and control. (That's why this book is organized around the functions of management outlined in Exhibit 1.1.)

Now let's take a closer look at each of the management functions: 1-2a planning, 1-2b organizing, 1-2c leading, and 1-2d controlling.

Effectiveness accomplishing tasks that help fulfill organizational objectives.

1-2a Planning

Planning involves determining organizational goals as well as means for achieving them. As you'll learn in Chapter 4, planning is one of the best ways to improve performance. It encourages people to work harder, to work hard for extended periods, to engage in behaviours directly related to accomplishing goals, and to think of better ways to do their jobs. But most important, companies that plan have larger profits and faster growth than companies that don't plan.

For example, the question “What business are we in?” is at the heart of strategic planning, which you'll learn about in Chapter 5. If you can answer the question “What business are we in?” in no more than two sentences, chances are you have a very clear plan for your business. Although some would describe Instagram as a photo-sharing website, the founders of Instagram believe that their unique business model contributed to a new entertainment platform—one that allowed people to tell stories as well as discover the world around them. According to co-founder Kevin Systrom, “By no means do we think of Instagram as just a photo-sharing service. It's something that a lot of people lump us into, but we'd like to think of ourselves as a storytelling service. It's the way you go out in the world and tell a story about your life, and it's a new entertainment platform.”¹⁰

You'll learn more about planning in Chapter 4 on planning and decision making, Chapter 5 on organizational strategy, Chapter 6 on innovation and change, and Chapter 7 on global management.

1-2b Organizing

Organizing is deciding where decisions will be made, who will do what jobs and tasks, and who will work for whom in the company. The organizational structure of a company can have a major impact on its ability to handle decisions and execute effectively, which is why managers will often examine the organization and, when necessary, make changes or suggest a reorganization of the company's structure. When upper management at Rogers Communications Inc. decided changes were needed to revitalize

Planning (management functions) determining organizational goals and a means for achieving them.

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

Leading inspiring and motivating workers to work hard to achieve organizational goals.

the company and improve the customer experience, they introduced a new strategy dubbed Rogers 3.0 that included a new organizational structure focused on consumer and business customers. To execute the strategy, new positions in marketing and customer relations were added while management positions in other areas were cut. In the new organizational structure, all elements of customer service were combined into a single unit (over 10,000+ employees) reporting directly to the CEO. One of the pillars of the new strategy was a commitment to empower employees with more training, better systems, and tools to be able to resolve customer complaints and provide higher levels of customer service. Rogers CEO Guy Laurence explained, “This structure will help streamline the organization, clarify accountabilities and make us more agile. We will focus on fewer, more impactful initiatives and execute with more precision.” The plan has met with success; one year after launching Rogers 3.0, the company reported a reduction in the annual customer complaints by more than 30 percent from the previous year and successfully launched Rogers NHL Game Centre Live, a partnership with the NHL that allows customers to live stream hockey games and gain access to exclusive features.¹¹

You'll learn more about organizing in Chapter 8 on designing adaptive organizations, Chapter 9 on leading teams, Chapter 10 on managing human resource systems, and Chapter 11 on managing individuals and a diverse workforce.

1-2c Leading

Our third management function, **leading**, involves inspiring and motivating employees to work hard to achieve organizational goals. John Stanton, founder and president of the Edmonton-based The Running Room chain of retail stores, which cater to running and fitness enthusiasts alike, knows how important leadership is to building a successful company. Since opening his first store in 1984, Stanton has grown his company into North America's largest specialty retailer of sporting goods, apparel, and footwear, with stores from coast to coast. Stanton's original vision for the company hasn't changed much over the years—locate stores near parks, trails, and post-run meeting places like cafés; provide specialized knowledge and technical expertise on shoe selection as well as health and nutrition; offer running clinics and weekly runs for everyone from beginners to avid runners and marathoners; and promote a lifestyle of wellness and community. Much of The Running Room's success in achieving this vision can be attributed to Stanton himself, who spends about 300 days a year on the road, visiting Running Room stores and participating in numerous



Courtesy of John Stanton, Running Room Inc.

charity runs and marathons across North America. All of this allows him to stay up to date on the needs of his consumers and staff. Examples of his approachable and accessible leadership style are found throughout the company: his email address is posted on the company website; he acts as the voice of the company's voice mail receptionist; and he utilizes a company-wide computer network that allows store employees to stay connected with one another and with head office. The results speak for themselves: The Running Room boasts an employee turnover rate that is half the industry average. Although Stanton's two sons are now actively involved in the management of this family-owned business, the leadership style set by their father is still very much a part of the corporate culture, as are what he believes to be the three key elements to the company's success—earning customer loyalty and respect, becoming a part of customers' lives, and supporting the community. And, speaking of success, Stanton is also famous for saying, "True success is never knowing if you are working or playing."¹²

You'll learn more about leading in Chapter 12 on motivation, Chapter 13 on leadership, and Chapter 14 on managing communication.

1-2d Controlling

The last function of management, **controlling**, involves monitoring progress toward goal achievement and taking corrective action when progress isn't being made. The basic control process involves setting standards to achieve goals, comparing actual performance to those standards, and then making changes to return performance to those standards.

Vancouver-based retailer Mountain Equipment Co-op (MEC) is a haven for Canadian outdoors enthusiasts. Operating in a highly competitive industry

that sees small independent stores going head to head with large-scale chains; management at MEC is well aware that monitoring the organization's progress and making changes when needed is an important part of the strategic planning process for the future. In crafting a new corporate strategy, MEC was able to harness the power of its own data to help set the company's future course—analyzing the vast amounts of customer data at management's disposal. MEC customers become lifetime members of the co-op for a one-time fee of \$5.00, and with more than 4 million members, MEC has a healthy database to tap into. During a recent rebranding initiative, MEC was able to access such information as what products are being purchased, from which stores, and how often; where members live; and member demographics. By analyzing this information and comparing store results to projections, MEC management is able to make better decisions as to what strategic changes should be made and when.¹³

You'll learn more about the control function in Chapter 15 on control, Chapter 16 on managing information in a global world, and Chapter 17 on managing service and manufacturing operations.

1-3 KINDS OF MANAGERS

Not all managerial jobs are the same. The demands and requirements placed on the CEO of Apple are significantly different from those placed on the manager of your local Subway restaurant. However, managers at all levels have a role to play in terms of the core management functions of planning, organizing, leading, and controlling.

As shown in Exhibit 1.2, there are four kinds of managers, each with different jobs and responsibilities: 1-3a top managers, 1-3b middle managers, 1-3c first-line managers, and 1-3d team leaders.

1-3a Top Managers

Top managers hold positions like chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), and chief information officer

Controlling monitoring progress toward goal achievement and taking corrective action when needed.

Top managers executives responsible for the overall direction of the organization.

Exhibit 1.2

What the Four Kinds of Managers Do

Jobs		Responsibilities
Top Managers		
chief executive officer (CEO) chief information officer (CIO) chief operating officer (COO) chief financial officer (CFO) vice president corporate heads		change commitment culture environment
Middle Managers		
general manager plant manager regional manager divisional manager		resources objectives coordination subunit performance strategy implementation
First-Line Managers		
office manager shift supervisor department manager		nonmanagerial worker supervision teaching and training scheduling facilitation
Team Leaders		
team leader team contact group facilitator		facilitation external relationships internal relationships

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(CIO), and are responsible for the overall direction of the organization. Top managers have many responsibilities.¹⁴

First, they are responsible for creating a context for change. In many large corporations, it is not uncommon for a CEO to be fired because he or she failed to move fast enough to effect significant change. Andrew Mason, founder and CEO of Groupon, was fired because he did not bring about significant changes needed to reverse a 77 percent decline in the stock price and an \$81 million loss in the last quarter of his tenure. In a surprising online memo to his employees, Mason wrote, “I was fired today. If you’re wondering why . . . you haven’t been paying attention. The events of the last year and a half speak for themselves. As CEO, I am accountable.”¹⁵

Although Mason lasted four and a half years as CEO of Groupon, many believe that the most critical time for a CEO is the first 100 days. The concept of the first 100 days (also known as the *honeymoon period*) is widely used in the world of politics as well as business, indicating that organizations today expect to see results quickly and that the first few months of a top manager’s tenure can be the “make or break” time period that will determine whether that person will succeed.¹⁶ Creating a context for change includes forming a long-range vision or mission for the company.

Once that vision or mission is set, the second responsibility of top managers is to develop employees’ commitment to and ownership of the company’s

performance. That is, top managers are responsible for creating employee buy-in.

Third, top managers must create a positive organizational culture through language and action. Top managers impart company values, strategies, and lessons through what they do and say to others both inside and outside the company. Above all, no matter what they communicate, it's critical for CEOs to send and reinforce clear, consistent messages.¹⁷ A former *Fortune* 500 CEO said, "I tried to [use] exactly the same words every time so that I didn't produce a lot of, 'Last time you said this, this time you said that.' You've got to say the same thing over and over and over."¹⁸

Finally, top managers are responsible for monitoring their business environments. This means that they must closely monitor customers' needs, competitors' moves, and long-term business, economic, and social trends. You'll read more about business environments in Chapter 2.

1-3b Middle Managers

Middle managers hold positions like plant manager, regional manager, or divisional manager. They are responsible for setting objectives consistent with top management's goals and for planning and implementing subunit strategies for achieving those objectives.¹⁹ One specific middle management responsibility is to plan and allocate resources to meet objectives.

A second major responsibility is to coordinate and link groups, departments, and divisions within a company. The use of just-in-time inventory practices to keep inventory costs at the lowest level possible is an important business practice that has become a mainstay of the North American automotive industry. For this practice to succeed, parts and supplies must be shipped in a timely manner to allow plant managers to reach production objectives and targets. However, since September 11, 2001, border wait times have increased, which has left plant managers dealing with frustrating delays, rescheduling of production runs, and increased costs. It is estimated that delays at the Canada–United States border have increased production costs for new vehicles by \$800 per unit.²⁰

A third responsibility of middle management is to monitor and manage the performance of subunits and of individual managers. Capitalizing on advances in customer relationship management (CRM) technology, Canada's upscale menswear retail chain, Harry Rosen Inc., continues to invest in software systems to help manage store operations and allow sales associates to better manage customer relationships. The company's

over 700 employees can access the computer system via the Web and mobile devices to view sales and inventory reports and customer preferences and purchase history, as well as to share information between stores. The system provides valuable information for managers to allow them to evaluate inventory decisions and marketing strategies, as well as store and individual sales associate results. As a result, management is able to assess how stores and associates are performing in terms of key performance indicators, thereby ensuring that the Harry Rosen quality and brand image is maintained.²¹

Finally, middle managers are responsible for implementing the changes or strategies generated by top managers. Walmart's strategy reflects its mission, "Saving people money so they can live better." When Walmart began selling groceries in its supercentres, it made purchasing manager Brian Wilson responsible for buying perishable goods more cheaply than Walmart's competitors. When small produce suppliers had trouble meeting Walmart's needs, Wilson worked closely with them and connected them to RetailLink, Walmart's computer network, "which allows our suppliers immediate access to all information needed to help run the business." Over time, these steps helped the produce suppliers reduce costs and deliver the enormous quantities of fresh fruits and vegetables that Walmart's supercentres need.²²

1-3c First-Line Managers

First-line managers hold positions like office manager, shift supervisor, or store or department manager, and are usually the only managers that do not supervise other managers. The primary responsibility of first-line managers is to manage the performance of the entry-level employees who are directly responsible for producing a company's goods and services. As such, first-line managers are expected to train, monitor, encourage, and reward the performance of frontline workers to ensure organizational objectives are achieved and quality is maintained.

In the restaurant industry, first-line managers work closely with wait staff to increase sales and server

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

First-line managers managers who train and supervise the performance of non-managerial employees who are directly responsible for producing the company's products or services.