10TH EDITION

Fundamentals of
MANAGEMENT

RICKY W. GRIFFIN

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MANAGEMENT

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For Andrew Preston Griffin
My first grandson and bearer of important family names—I love you, Drew

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Preface

Hundreds of books have been written for introductory management courses. As the theory, research, and practice of management has grown and expanded, authors have continued to mirror this expansion of material in their books. Writers have understood the importance of adding new material about traditional topics, such as planning and organizing, while simultaneously adding coverage of emerging newer topics, such as sustainability, ethics, and social media. As a by-product of this trend, our traditional textbooks have grown longer and longer but also more difficult to cover in one course.

Another trend in management education is a focus on teaching in a broader context. That is, introductory management courses are increasingly being taught with less emphasis on theory alone and more emphasis on the application of concepts. Teaching students how to apply management concepts successfully often involves focusing more on skills development and the human side of the organization. This trend requires that books cover theoretical concepts within a flexible framework that enables instructors to make use of interactive tools such as case studies, exercises, and projects. It also dictates that a text be as relevant to students as possible. Hence, while this book draws examples and cases from older large businesses like Ford, IBM, and General Electric, it also makes extensive use of newer firms such as Google, Tesla, Netflix, Facebook, Starbucks, Urban Outfitters, and others.

Indeed, this book represents a synthesis of these trends toward a more manageable and practical approach. By combining concise text discussion, proven pedagogical tools, lively and current content, an emphasis on organizational behavior, and exciting skills development material, *Fundamentals of Management* answers the need for a new approach to management education. This book provides almost limitless flexibility, a solid foundation of knowledge-based material, and an action-oriented learning dimension unique in the field. Indeed, over half a million students were introduced to the field of management using the first nine editions of this book. This tenth edition builds solidly on the successes of the earlier editions.

ORGANIZATION OF THE BOOK

Most management instructors today organize their course around the traditional management functions of planning, organizing, leading, and controlling. *Fundamentals of Management* uses these functions as its organizing framework. The book consists of five parts, with fifteen chapters.

Part One introduces management through two chapters. Chapter 1 provides a basic overview of the management process in organizations, and Chapter 2 introduces students to the environment of management. Part Two covers the first basic management function, planning. Chapter 3 introduces the fundamental concepts of planning and discusses strategic management. Managerial decision making is the topic of Chapter 4. Finally, Chapter 5 covers entrepreneurship and the management of new ventures.

The second basic management function, organizing, is the subject of Part Three. In Chapter 6, the fundamental concepts of organization structure and design are introduced and discussed. Chapter 7 explores organization change and organizational innovation. Chapter 8 is devoted to the management of human resources.

Many instructors and managers believe that the third basic management function, leading, is especially important in contemporary organizations. Thus, Part Four consists of five chapters devoted to this management function. Basic concepts and processes associated with individual behavior are introduced and discussed in Chapter 9. Employee motivation is the subject of Chapter 10. Chapter 11 examines leadership and influence processes in organizations. Communication in organizations is the topic of Chapter 12. The management of groups and teams is covered in Chapter 13.

The fourth management function, controlling, is the subject of Part Five. Chapter 14 introduces the fundamental concepts and issues associated with management of the control process. A special area of control today, managing for total quality, is discussed in Chapter 15.

SKILLS-FOCUSED PEDAGOGICAL FEATURES

Both the overarching framework and streamlined topical coverage make it possible to address new dimensions of management education without creating a book so long that it is unwieldy. Specifically, each chapter is followed by a proven, applied set of skills-based exercises and related activities. These resources have been created to bring an active and a behavioral orientation to management education by inviting students to solve problems, make decisions, respond to situations, and work in teams. In short, these materials simulate many of the day-to-day challenges and opportunities that real managers face.

The Summary of Learning Objectives and Key Points ties content and student learning back to the objectives introduced at the beginning of the chapter and three kinds of Discussion Questions (Review, Analysis, and Application) help transition from content mastery to skills applications. Among the true skills-based exercises are two different *Building Effective Skills* features organized around the set of basic management skills introduced in Chapter 1. A *Skills Self-Assessment Instrument* exercise also helps readers learn something about their own approach to management.

New to the tenth edition, each chapter also contains interesting boxed features, two per chapter, centered around **sustainability**, **leadership**, **technology**, **diversity**, and **nontraditional settings**. These features depart briefly from the flow of the chapter to highlight or extend especially interesting or emerging points and issues related to boxed feature titles.

In addition to the end-of-chapter exercises, every chapter includes important time-tested and proven pedagogy: learning objectives, a chapter outline, an opening case, key terms, photographs with captions, tables, figures, an end-of-chapter case with questions, and questions tied back to the opening case.

CHANGES TO THE TENTH EDITION

The tenth edition of *Fundamentals of Management* retains the same basic structure and format as the previous edition. However, within that framework the content of the book has been thoroughly revised and updated. The following changes are illustrative of the new material that has been added:

(1) New topical coverage related to both domestic and global economic conditions is included. The book also places greater emphasis on the services sector of the economy. Coverage of managerial and organizational implications of the 2020 COVID-19 pandemic, the resulting economic impact of the pandemic on businesses, and other topical issues has also been added. Moreover, all data regarding international business activity, entrepreneurship and small businesses, and workforce diversity have been updated to the most current figures available.

(2) Several of the newest management techniques are also included in this edition. Examples include prospect theory and evidence-based management. These and other new techniques are discussed in several places in the book.

(3) The latest research findings regarding globalization, strategic management, organizing, motivation, leadership, and control have been incorporated into the text and referenced at the end of the book. Over 150 new articles and books are cited.

(4) Virtually all of the cases and boxed inserts are new to this edition of *Fundamentals of Management*, while the few retained from earlier editions have been updated as needed. They reflect a wide variety of organizations and illustrate both successful and less successful practices and decisions.

(5) As noted earlier, this book features a rich and diverse array of end-of-chapter materials to facilitate both learning and skill development. For this edition, a substantial portion of this material has been replaced or substantially revised.

SUPPLEMENTS

Instructor Support Materials

- Instructor Companion Website: Instructors can find course support materials, including Instructor's Resource Manual, Test Bank files, and PowerPoint® slides.

- Instructor's Manual: Designed to provide support for instructors new to the course, as well as innovative materials for experienced professors, the Instructor's Manual includes activities and assessments for each chapter and their correlation to specific learning objectives, an outline, key terms with definitions, a chapter summary, and ideas for engaging with students−such as discussion questions, ice breakers, case studies, and social learning activities that may be conducted in an on-ground, hybrid, or online modality.

- Cengage Learning Testing Powered by Cognero: Cognero is a flexible online system that allows you to author, edit, and manage test bank content from multiple Cengage Learning solutions; create multiple test versions in an instant; and deliver tests from your LMS, your classroom, or wherever you want.

- PowerPoint Lecture Presentation: The PowerPoint Lecture Presentations are closely tied to the Instructor Manual, providing ample opportunities for generating classroom discussion and interaction. They offer ready-to-use, visual outlines of each chapter, which may be easily customized for your lectures.

- Guide to Teaching Online: This guide presents technological and pedagogical considerations and suggestions for teaching the Management course when you can't be in the same room with students.

- Transition Guide: This guide highlights all of the changes in the text and in the digital offerings from the previous edition to this edition.

Student Support Materials

- MindTap brings together quality learning and convenience through seamless, LMS integrated access to a curated set learning tools designed intentionally for the Principles of Management learner. Each MindTap follows a "Learn It, Apply It, Study It" structure that guides students through bite sized learning exercises, followed by authentic scenario-based application opportunities and then gives them the necessary tools to prepare for quizzes and exams.

- WHY DOES THIS TOPIC MATTER TO ME? Each major part of the course is introduced in MindTap with a "Why Does [This Topic] Matter to Me?" to help showcase relevance and applicability of the material students are about to learn−in an engaging, fun format.

- LEARN IT ACTIVITIES: New "Learn It" modules are designed to help students learn the basics of theories and concepts presented in a chapter through digestible summaries and randomized questions that help check their comprehension of the chapter material.

- APPLY IT CHAPTER ASSIGNMENTS & CASE ACTIVITIES: "Apply It" Chapter Assignments and Case Activities bridge the understanding of concepts with their real-world applications in the practice of management.

- STUDY IT: The "Study It" module for each chapter includes Practice Tests powered by A+ Test Prep, a student-powered practice exam tool that allows them to tailor practice tests to fit their needs, and receive immediate feedback and links back to the material they need to review. The "Study It" module also contains digital flashcards to help students practice key terminology and a student-facing version of the PowerPoint slides that accompany the text.

- YOU MAKE THE DECISION: You Make the Decision mini-simulation activities build critical thinking and decision-making skills by challenging students to use what they know about concepts and theories in the context of a scenario as it unfolds. Throughout the scenario, the student would be provided with information and subsequently faced with decisions. The scenario can change dynamically based on the decisions the students make throughout the short simulation, resulting in different end points that showcase the consequences of the decisions made along the way.

Acknowledgments

I would like to acknowledge the many contributions that others have made to this book. My faculty colleagues at Texas A&M University have contributed enormously both to this book and to my thinking about management education. The contributions of Erin Hoelscher, my student assistant, and Phyllis Washburn, my staff assistant, have been invaluable to this revision. My colleague Brad Wesner also handled the revision of the communications chapter. The fine team of professionals at Cengage Learning has been instrumental in the success of this book. Joe Sabatino, Heather Mooney, Allie Janneck, Courtney Wolstoncroft, Kate Begley Reed, Carol Moore, Chandrasekar Subramani, and Mohanarengan Dilli all contributed in myriad ways to this edition. Their attention to detail, student and learning focus, and emphasis on quality have been uniformly impressive.

Many reviewers have played a critical role in the continuous evolution and improvement of this project. They examined my work in detail and with a critical eye. I would like to tip my hat to the following reviewers, whose imprint can be found throughout this text:

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My wife, Glenda, and our children, Dustin, Ashley, Matt, and Lura, are of course due the greatest thanks. Their love, care, interest, and enthusiasm help sustain me in all that I do. And my grandchildren, Griffin, Sutton, Drew, and Ben, bring joy to my heart and a smile to my face every time I think about them.

I enthusiastically invite your feedback on this book. If you have any questions, suggestions, or issues to discuss, please feel free to contact me. The most efficient way to reach me is through email at rgriffin@tamu.edu.

R.W.G.

Understanding the Manager's Job

Learning Outcomes

After studying this chapter, you should be able to:

1-1 Describe *management* and the kinds of managers found in organizations.

1-2 Explain the four basic management functions.

1-3 Describe the fundamental management skills and the concept of management as both science and art.

1-4 Explain the importance of history and theory to managers.

1-5 Explain the evolution of management thought through the classical, behavioral, and quantitative perspectives.

1-6 Discuss the key contemporary management perspectives represented by the systems and contingency perspectives.

1-7 Identify the major challenges and opportunities faced by managers today.

In this chapter, we examine the general nature of management, its dimensions, and its challenges. We explain the basic concepts of management and managers, discuss the management process, and summarize the origins of contemporary management thought. We conclude this chapter by introducing critical challenges and issues that managers are facing now and will continue to encounter in the future. First, however, let's examine the work of one successful manager, Reed Hastings.

Management in Action

Reed Hastings Creates Chaos with Netflix

"Don't be afraid to change the model."

—Netflix CEO Reed Hastings

Several years ago, Reed Hastings, a California entrepreneur, incurred a $40 late fee at Blockbuster. "It was six weeks late," he admits. "I had misplaced the cassette [and] I didn't want to tell my wife. . . . I was embarrassed about it." The next day he dropped off the VHS cassette and paid the late fee on his way to the local gym. As it turns out, his itinerary for the day was quite opportune: In the middle of his workout, he recalls, "I realized [the gym] had a much better business model. You could pay $30 or $40 a month and work out as little or as much as you wanted."

Thus was born the idea for Netflix—paying a monthly fee for unlimited video rentals. But Hastings knew he needed to start slowly. So, when Netflix was launched in 1997, its only real innovation involved the convenience of ordering

1

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movies online and receiving and returning them by mail; Netflix merely rented movies for $4 apiece plus $2 for postage (and, yes, it charged late fees). Basically, the customer base consisted of people who wanted to watch movies without having to leave their home. But Hastings and cofounder Marc Randolph then quickly moved to test the subscription-based model, unlimited rentals by mail for a flat fee, and, perhaps more important, no due dates (and thus no late fees). Current customers were first offered the opportunity to shift from their pay-per-rental plans to subscription plans on a free, trial basis and then given the chance to renew the subscription plan on a paid basis. "We knew it wouldn't be terrible," says Hastings, "but we didn't know if it would be great." In the first month, however, 80 percent of Netflix users who'd tried the no-cost subscription plan had renewed on a paid basis.

"Having unlimited due dates and no late fees," said Hastings back in 2003, "has worked in a powerful way and now seems obvious, but at that time, we had no idea if customers would even build and use an online queue." The "queue," as any long-time Netflix user will tell you, was the list of movies that the customer wanted to watch. Netflix maintained your queue, followed your online directions in keeping it up to date, and automatically sent you the next movie you wanted each time you sent one back.

The essence of queuing—and of the original Netflix business model—is clearly convenience. Today, with most users streaming content rather than using DVDs, Netflix has replaced traditional queuing with menus that keep track of what shows you have been watching and suggesting new ones related to your viewing habits. Although the ability to enhance customer convenience, even when combined with cost savings, often gives a company a competitive advantage in its industry, it doesn't always have the industrywide effect that it has had in the case of Netflix. Not only did the Netflix subscriber model improve the service provided by the industry in an unexpected way, but ultimately it also weakened the competitive positions of companies already doing business in the industry—notably, Blockbuster. Blockbuster eventually declared bankruptcy and its few remaining assets are now owned by Dish Network. Netflix, meanwhile, has seen its market cap soar above the $50 billion mark by mid-2016 with more than 61 million subscribers in 57 countries.

How had Hastings's upstart company managed to put itself in such an enviable position? For one thing, it got off to a fast start. In 1997, when DVDs were just being test-marketed in the United States, Hastings and Randolph gambled that the new medium would eventually overtake videocassettes as the format of choice for both the home-movie industry and the home-movie renter. They were right, of course— by 2002, one in four U.S. households owned a DVD player, but the number today is more than nine in ten. (In any case, it would have cost about $4 to mail a videocas-sette both ways compared to the $0.78 that it costs to ship a DVD back and forth.)

More important, as the first company to rent movies by mail, Netflix was the first to establish a rental-by-mail customer base. At first, says Hastings, "people thought the idea was crazy. But it was precisely because it was a contrarian idea that [it] enabled us to get ahead of our competitors." As Netflix has continued to expand and nurture its subscriber base, it has also generated both brand recogni-tion and brand loyalty. "Netflix has customer loyalty. It's a passion brand," explains Hastings, who hastens to add that keeping customers happy is crucial "because the more someone uses Netflix, the more likely they are to stay with us."

Netflix also puts a premium on hiring the very best people. Hastings hires bright people, pays them above-market wages, and provides innovative and interesting benefits. For instance, Netflix employees can take as much vacation time as they

organization
A group of people working together in a structured and coordinated fashion to achieve a set of goals

management
A set of activities (including planning and decision making, organizing, leading, and controlling) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving organizational goals in an efficient and effective manner

want so long as they perform their jobs at a high level. But at the same time, the firm has very high performance standards and employees sometimes complain about too much pressure. As Hastings says, "We treat our top performers very well. We provide average employees with reasonable severance package[s]."

Today Netflix continues to be at the forefront of innovation and has established a strong position in the growing video-on-demand market. In 2013, the company obtained exclusive rights to distribute the original series *The House of Cards*, *Hemlock Grove*, *Orange Is the New Black*, and the revival of *Arrested Development*. Netflix soon began to expand its list of original offerings such as *Russian Doll* and *Unbelievable* and by 2020 was showing more original series and movies than any other media outlet. All told, Netflix's 61 million subscribers watch about 4 billion hours of programs every quarter on more than 1,000 different devices—indeed, on a normal evening, Netflix accounts for over a third of all internet usage in North America! And viewership surged even further during the 2020 COVID-19 pandemic.

Never one to stand still, Reed Hastings continues to look for the "next big thing." Unlike most traditional managers, Hastings doesn't have an office. He simply wanders around headquarters, talking to people about their work and their ideas, and occasionally grabbing an empty chair or desk to check his email. When he needs solitude to think and ponder major decisions, he retreats to a rooftop "cube" with four glass walls overlooking the Santa Cruz Mountains. And from that cube, Hastings will continue to ponder his next set of moves.[1]

1-1   AN INTRODUCTION TO MANAGEMENT

An **organization** is a group of people working together in a structured and coordinated fashion to achieve a set of goals, which may include profit (Netflix, Starbucks, and Facebook), the discovery of knowledge (the University of Nebraska or the National Science Foundation), national defense (the U.S. Navy or Marines), the coordination of various local charities (the United Way of America), or social satisfaction (a fraternity or sorority).

Managers are responsible for using the organization's resources to help achieve its goals. More precisely, **management** can be defined as a set of activities (including planning and decision making, organizing, leading, and controlling) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving organizational goals in an efficient and effective manner. A **manager**, then, is someone whose primary responsibility is to carry out the management process. By **efficient**, we mean using resources wisely in a cost-effective way. By **effective**, we mean making the right decisions and successfully implementing them. In general, successful organizations are both efficient and effective.[2]

manager
Someone whose primary responsibility is to carry out the management process

efficient
Using resources wisely in a cost-effective way

effective
Making the right decisions and successfully implementing them

Today's managers face myriad interesting and challenging situations. The average executive works at least 62.5 hours a week; has enormous demands placed on his or her time; and faces increased complexities posed by globalization, domestic competition, government regulation, shareholder pressure, emerging technologies, the growing impact of social media, and other technology-driven uncertainties. Their job is complicated even more by rapid changes, unexpected disruptions (such as the COVID-19 pandemic in 2020), and both minor and major crises. The manager's job is unpredictable and fraught with challenges, but it is also filled with opportunities to make a difference. Good managers can propel an organization into unprecedented realms of success, whereas poor managers can devastate even the strongest of organizations.[3]

Axel Bueckert/Shutterstock.com

To be effective, businesses must produce products that consumers are willing to buy. A company like Sony could very efficiently produce portable cassette tape players like this one but will not be successful.

1-1a Kinds of Managers

Many different kinds of managers work in organizations today. Figure 1.1 shows how various kinds of managers within an organization can be differentiated by level and by area.

Levels of Management   One way to classify managers is in terms of their level in the organization. *Top managers* make up the relatively small group of executives who manage the overall organization. Titles found in this group include president, vice president (VP), and chief executive officer (CEO). Top managers create the organization's goals, overall strategy, and operating policies. They also officially represent the organization to the external environment by meeting with government officials, executives of other organizations, and so forth.

Reed Hastings is a top manager. Kevin Johnson, CEO of Starbucks, is also a top manager, as is Matthew Ryan, the firm's global chief marketing executive. Likewise, Mark Zuckerberg (Facebook's founder and top executive), Tim Cook (CEO of Apple), and Mary Barra (CEO of General Motors) are also top managers. The job of a top manager is likely to be complex and varied. Top managers make decisions about activities such as acquiring other companies, investing in R&D, entering or abandoning various markets, and building new plants and office facilities. They often work long hours and spend much of their time in meetings or on their phones. In most cases, top managers are also very well paid. In fact, the elite top managers of very large firms sometimes make several million dollars a year in salary, bonuses, and stock.[4] In 2019, Starbucks' Kevin Johnson received total compensation of $13.4 million. This total included a base salary, a bonus, stock and option awards, and other forms of compensation.
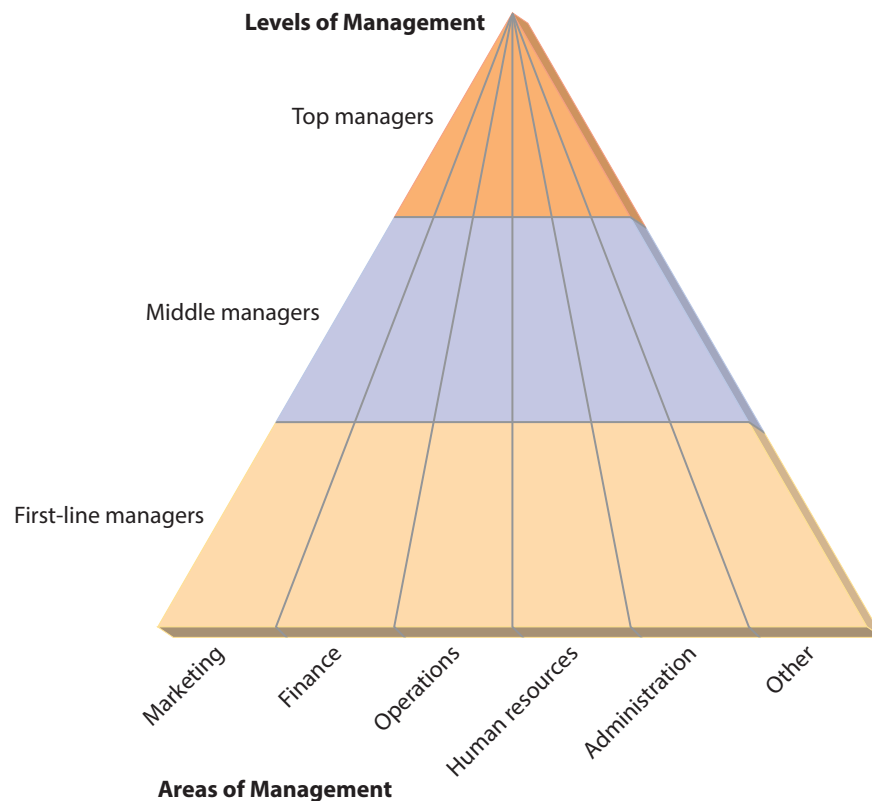
FIGURE 1.1

Kinds of Managers by Level and Area

Organizations generally have three levels of management, represented by top managers, middle managers, and first-line managers. Regardless of level, managers are also usually associated with a specific area within the organization, such as marketing, finance, operations, human resources, administration, or some other area.

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Mary Barra, CEO of General Motors, is a top manager. She makes major decisions about the firm's competitive strategies, organizational structure, research-and-development investments, new facilities, other senior leaders, and strategic alliances.

Middle management is probably the largest group of managers in most organizations. Common middle-management titles include plant manager, operations manager, and division head. *Middle managers* are primarily responsible for implementing the policies and plans developed by top managers and for supervising and coordinating the activities of lower-level managers. Jason Hernandez, a regional manager at Starbucks responsible for the firm's operations in three eastern states, is a middle manager.

First-line managers supervise and coordinate the activities of operating employees. Common titles for first-line managers are supervisor, coordinator, and office manager. Positions like these are often the first held by employees who enter management from the ranks of operating personnel. John Koch and Nita Garcia, managers of Starbucks coffee shops in Texas, are first-line managers. They oversee the day-to-day operations of their respective stores, hire operating employees to staff them, and handle other routine administrative duties required of them by the parent corporation. In contrast to top and middle managers, first-line managers typically spend a large proportion of their time supervising the work of their subordinates.

1-1b Managing in Different Areas of the Organization

Regardless of their level, managers may work in various areas within an organization. In any given firm, for example, these areas may include marketing, financial, operations, human resources, administrative, and others.

Marketing managers work in areas related to the marketing function—getting consumers and clients to buy the organization's products or services (be they Samsung smartphones, Subaru automobiles, *Entertainment Weekly* magazines, Associated Press news reports, streaming video rentals from Netflix or Disney+, or lattes at Starbucks). These areas include new product development, promotion, and distribution. Given the importance of marketing for virtually all organizations, developing good managers in this area is critical.

Financial managers deal primarily with an organization's financial resources. They are responsible for activities such as accounting, cash management, and investments. In some businesses, especially banking and insurance, financial managers are found in large numbers.

Operations managers are concerned with creating and managing the systems that create an organization's products and services. Typical responsibilities of operations managers include production control, inventory control, quality control, plant layout, and site selection.

Human resources managers are responsible for hiring and developing employees. They are typically involved in human resource planning, recruiting and selecting employees, training and development, designing compensation and benefit systems, formulating performance appraisal systems, and discharging low-performing and problem employees.

Administrative, or general, managers are not associated with any particular management specialty. Probably the best example of an administrative management position is that of a hospital or clinic administrator. Administrative managers tend to be generalists; they have some basic familiarity with all functional areas of management rather than specialized training in any one area.[5]

Many organizations have specialized management positions in addition to those already described. Public relations managers, for example, deal with the public and media for firms such as Facebook, Instagram, and Unilever to protect and enhance the image of their organizations. R&D managers coordinate the activities of scientists and engineers working on scientific projects in organizations such as Google, Shell Oil, and NASA. Internal consultants are used in organizations such as Prudential Insurance to provide specialized expert advice to operating managers. International operations are often coordinated by specialized managers in organizations like Walmart and General Electric. The number, nature, and importance

of these specialized managers vary tremendously from one organization to another. As contemporary organizations continue to grow in complexity and size, the number and importance of such managers are also likely to increase. Our *Tech Watch* feature highlights one newly emerging management position, the social media manager.

Manager's Checklist

☐ Managers use a mix of resources—human, financial, physical, and information—to promote efficiency and effectiveness.

☐ Organizations need managers at multiple levels. The most common classifications by level are top, middle, and first-line managers. Large organizations usually have multiple levels within each of these broad categories.

☐ Organizations also need managers within different areas, such as marketing, finance, operations, human resources, general administration, and other areas.

☐ While it may seem like common sense, you should always have an understanding of the level and area of both your current job and the next job you aspire to have.

1-2 BASIC MANAGEMENT FUNCTIONS

Regardless of level or area, management involves the four basic functions of planning and decision making, organizing, leading, and controlling. This book is organized around these basic functions, as shown in Figure 1.2.

Planning and Decision Making
Setting the organization's goals and deciding how best to achieve them

Organizing
Determining how best to group activities and resources

Controlling
Monitoring and correcting ongoing activities to facilitate goal attainment

Leading
Motivating members of the organization to work in the best interests of the organization
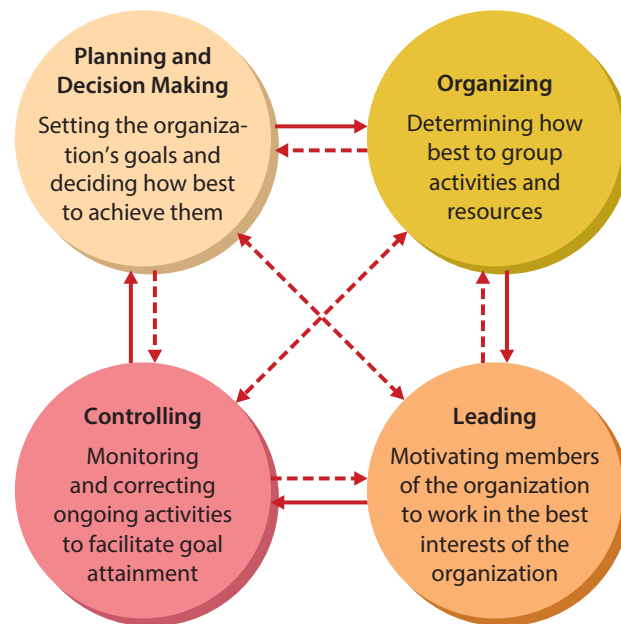
FIGURE 1.2

The Management Process

Management involves four basic activities—planning and decision making, organizing, leading, and controlling. Although there is a basic logic for describing these activities in this sequence (as indicated by the solid arrows), most managers engage in more than one activity at a time and often move back and forth between the activities in unpredictable ways (as shown by the dotted arrows).

1-2a Planning and Decision Making

planning
Setting an organization's goals and deciding how best to achieve them

decision making
Part of the planning process that involves selecting a course of action from a set of alternatives

organizing
Determining how activities and resources are to be grouped

In its simplest form, **planning** means setting an organization's goals and deciding how best to achieve them. **Decision making**, a part of the planning process, involves selecting a course of action from a set of alternatives. Planning and decision making help managers maintain their effectiveness by serving as guides for their future activities. In other words, the organization's goals and plans clearly help managers know how to allocate their time and resources. Part 2 of this book is devoted to planning and decision-making activities and concepts.

1-2b Organizing

Once a manager has set goals and developed a workable plan, his or her next management function is to organize people and the other resources necessary to carry out the plan. Specifically, **organizing** involves determining how activities and resources are to be grouped. Although some people equate this function with the creation of an organization chart, we will see in Part 3 that it is actually much more.

TECH WATCH

"... But What Is a Social Media Manager?"

While operations, marketing, and financial managers have been common in organizations for several decades, recent years have seen the emergence of a new kind of manager—social media managers. According to Ashley Coombe, social media strategy consultant, "2013 was the year social media managers earned legitimacy. . . . Business owners began to realize that they could no longer hire their friend's daughter to do their social media just because she had a lot of friends on Facebook." (2013 was the year that Twitter went public and Facebook acquired Instagram.)

Just what do *social media managers* do? Why is your friend's daughter likely to be in over her head? It's a pretty new position, so job descriptions understandably vary. Here, however, is a generic description crafted by a veteran social media executive:

> The Social Media Manager will implement the Company's Social Media Strategy, developing brand awareness, generating inbound traffic, and encouraging product adoption. This role coordinates with the internal marketing and PR teams to support their respective missions, ensuring consistency in voice and cultivating a social media referral network.

Primarily, social media managers handle information and communications through social media outlets—tracking trends and determining posting rates, creating positive communications, and maintaining a congenial media relationship with a company's community of customers. As you can also see from the job description, a key function of the position is *coordination*. Typically, social media managers work out of marketing departments and perform a variety of marketing-related tasks—replying to customer inquiries (sales), responding to customer complaints (customer service), and handling external communications (public relations). At the same time, however, because they often manage the use of social media among all of a company's employees and communicate information about all of its activities, the scope of responsibilities is companywide.

Even with all of this newfound responsibility, some social media managers aren't quite sure how much "legitimacy" they've earned. "At the last place I was a social media manager," reports one brand specialist at a large corporation, "high-level VPs would come over and say I was messing around on the internet too much." According to another veteran of corporate media management, "the biggest misconception is that, compared to other marketers, we don't understand analytics or don't have the education or background when it comes to the technical side." Old-school executives, charges a third social media strategist, "see [social media] as the warm and fuzzy side of marketing. In reality," he says, "it's a powerful revenue driver when it's given proper funding and attention. . . . When you show them the ROI, people start changing their minds."

References: Erik Sass, "Marketers Plan to Spend More on Social Media in 2020," *The Social Graf*, www.mediapost.com on February 2, 2020; Blaise Grimes-Viort, "Social Media Manager Job Description," *Online Communities and Social Media*, http://blaisegv.com on December 5, 2019; Julian Rio, "Social Media Manager: What Role Does He Really Have?" *JulianRio.com Marketing Solutions*, www.julianrio.com on January 2, 2020; "Confessions of Big Brand Social Media Managers," *Digiday*, http://digiday.com on January 2, 2020.

1-2c Leading

leading
The set of processes used to get members of the organization to work together to further the interests of the organization

The third basic managerial function is leading. Some people consider leading to be both the most important and the most challenging of all managerial activities. **Leading** is the set of processes used to get members of the organization to work together to further the interests of the organization. We cover the leading function in detail in Part 4.

> **"We have good people. They just need a leader who can guide and inspire them."**
>
> —William Clay Ford, Chairman of Ford[6]

1-2d Controlling

controlling
Monitoring organizational progress toward goal attainment

The final phase of the management process is **controlling**, or monitoring the organization's progress toward its goals. As the organization moves toward its goals, managers must monitor progress to ensure that it is performing in such a way as to arrive at its "destination" at the appointed time. Part 5 explores the control function.

Manager's Checklist

☐ The management process involves a variety of functions. The primary management functions are planning and decision making, organizing, leading, and controlling.

☐ Remember, though, that as a manager your activities will typically not follow a predictable and logical sequence and that the resources you manage may vary in unexpected ways.

1-3 FUNDAMENTAL MANAGEMENT SKILLS

To carry out these management functions most effectively, managers rely on a number of different fundamental management skills and apply them through a mix of science and art. While literally hundreds of skills have been proposed for managers, the most important are technical, interpersonal, conceptual, diagnostic, communication, decision-making, and time management skills.[7] Our *Leading the Way* feature also illustrates how one successful manager has relied on both basic management functions and fundamental management skills to propel herself to the top of a successful corporation.

technical skills
The skills necessary to accomplish or understand the specific kind of work done in an organization

Technical Skills   **Technical skills** are necessary to accomplish or understand the specific kind of work done in an organization. Technical skills are especially important for first-line managers. These managers spend much of their time training their subordinates and answering questions about work-related problems. If they are to be effective managers, they must know how to perform the tasks assigned to those they supervise. While Reed Hastings now spends most of his time dealing with strategic and management issues, he also keeps abreast of new and emerging technologies and trends that may affect Netflix.

interpersonal skills
The ability to communicate with, understand, and motivate both individuals and groups

Interpersonal Skills   Managers spend considerable time interacting with people both inside and outside the organization. For obvious reasons, then, they also need **interpersonal skills**—the ability to communicate with, understand, and motivate both individuals and groups. As a manager climbs the organizational ladder, he or she must be able to get along with subordinates, peers, and those at higher levels of the organization. Because of the multitude of roles that managers must fulfill, a manager must also be able to work with suppliers, customers, investors, and others outside the organization.

conceptual skills
The manager's ability to think in the abstract

Conceptual Skills   **Conceptual skills** depend on the manager's ability to think in the abstract. Managers need the mental capacity to understand the overall workings of the organization and its environment, to grasp how all the parts of the organization fit together, and to view the organization in a holistic manner. This ability allows them to think

strategically, to see the "big picture," and to make broad-based decisions that serve the overall organization. Reed Hastings's idea to extend the payment model used by health clubs to the video rental market came from his strong conceptual skills.

diagnostic skills
The manager's ability to visualize the most appropriate response to a situation

Diagnostic Skills   Successful managers also possess **diagnostic skills** that enable them to visualize the most appropriate response to a situation. A physician diagnoses a patient's illness by analyzing symptoms and determining their probable cause. Similarly, a manager can diagnose and analyze a problem in the organization by studying its symptoms and then developing a solution.[8]

communication skills
The manager's abilities both to effectively convey ideas and information to others and to effectively receive ideas and information from others

Communication Skills   **Communication skills** refer to the manager's abilities to both effectively convey ideas and information to others and effectively receive ideas and information from others. These skills enable a manager to transmit ideas to subordinates so that they know what is expected, to coordinate work with peers and colleagues so that they work well together, and to keep higher-level managers informed about what is going on. In addition, communication skills help the manager listen to what others say and to understand the real meaning behind emails, texts, letters, reports, and other written communication.

decision-making skills
The manager's ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities

Decision-Making Skills   Effective managers also have good decision-making skills. **Decision-making skills** refer to the manager's ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities. No manager makes the right decision all the time. However, effective managers make good decisions most of the time. And, when they do make a bad decision, they usually recognize their mistake quickly and then make good decisions to recover with as little cost or damage to their organization as possible. Managers at Netflix made a poor decision when they decided to split their mail delivery and streaming services into two businesses, but they quickly reversed themselves before things got too bad.

"The important thing, besides getting up early, is to have a system by which you manage your tasks."

—Chad Dickerson, CEO of ETSY[9]

time management skills
The manager's ability to prioritize work, to work efficiently, and to delegate appropriately

Time Management Skills   Finally, effective managers usually have good time management skills. **Time management skills** refer to the manager's ability to prioritize work, to work efficiently, and to delegate work appropriately. As already noted, managers face many different pressures and challenges. It is too easy for a manager to get bogged down doing work that can easily be postponed or delegated to others.[10] When this happens, unfortunately, more pressing and higher-priority work may get neglected.[11]

The Egyptians used basic management functions to construct the pyramids.

Dan Breckwoldt/Shutterstock.com

1-3a The Science and the Art of Management

Given the complexity inherent in the manager's job, a reasonable question relates to whether management is a science or an art. In fact, effective management is a blend of both science and art. And successful executives recognize the importance of combining both the science and art of management as they practice their craft.[12]

The Science of Management   Many management problems and issues can be approached in ways that are rational, logical, objective, and systematic. Managers can gather data, facts, and objective information. They can use quantitative models and decision-making techniques to arrive at "correct" decisions. And they need to take such a scientific approach to solving problems whenever possible, especially when they are dealing with relatively routine and straightforward issues. When