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Thomas S. Bateman Robert Konopaske

Management *14e*

Leading & Collaborating in a Competitive World



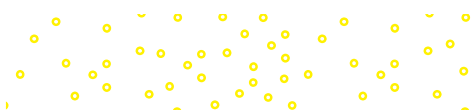
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MANAGEMENT

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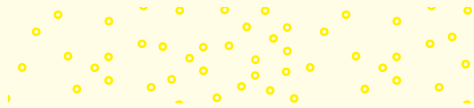
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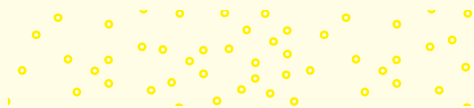
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For my parents, Tom and Jeanine Bateman,
and Mary Jo, Lauren, T.J., and James

and

My parents, Art and Rose Konopaske,
and Vania, Nick, and Isabella



About the Authors

THOMAS S. BATEMAN

Thomas S. Bateman is professor emeritus (now living in Chicago) with the McIntire School of Commerce at the University of Virginia. For many years prior to his two decades at UVA teaching leadership and organizational behavior to students of every level, he taught at the University of North Carolina–Chapel Hill, the Institute for Management Development (IMD) in Lausanne, Switzerland, and Texas A&M University. Professor Bateman earned his doctorate in business administration at Indiana University, and his BA from Miami University.



Dan Addison/UVA University Communications

Tom is an active management researcher, writer, and consultant. His editorial board memberships have included the *Academy of Management Review*, the *Academy of Management Journal*, and *Journal of Management*. His articles appear in journals such as the *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, *Journal of Organizational Behavior*, *Human Relations*, *Journal of Macromarketing*, and *Proceedings of the National Academy of Sciences*.

Tom's career-long research interests center on proactive behavior (including leadership) by employees at all levels, with a recent turn toward proaction targeting climate change and sustainability. Proaction—long-term-oriented behaviors intended to change current trajectories, avoid future problems, and create better futures—is a significant emphasis in this textbook.

Tom blogs for *Psychology Today*, and his recent work on psychological aspects of climate action appears in *Nature Climate Change*, *Global Environmental Change*, *GreenBiz*, and *The Conversation*. Tom's consulting work has included a variety of organizations, including Akima, Singapore Airlines, the Brookings Institution, Nokia, the U.S. Chamber of Commerce, the Nature Conservancy, LexisNexis, Weber Shandwick, the Association of Climate Change Officers, and Chicago's Field Museum of Natural History.

ROBERT KONOPASKE




Rob Konopaske is an associate professor of management and principles of management core course coordinator in the McCoy College of Business at Texas State University. At the College, he also serves as the director of the Institute for Global Business. A passionate educator who cares deeply about providing students with an exceptional learning experience,

Rob has taught numerous undergraduate, graduate, and executive management courses, including Introduction to Management, Organizational Behavior, Human Resource Management, International Human Resources Management, and International Business. He has received numerous teaching honors while at Texas State University, most recently the 2016 Presidential Distinction Award, 2014 Gregg Master Teacher Award, and 2012–2013 Namesake for the PAWS Preview new student socialization program (an honor bestowed annually upon 8 out of approximately 2,000 faculty and staff). Rob earned his doctoral degree in business administration (management) at the University of Houston, a master's in international business studies (MIBS) degree from the University of South Carolina, and a bachelor of arts degree (Phi Beta Kappa) from Rutgers University. He has taught at the University of Houston, the University of North Carolina at Wilmington, and Florida Atlantic University.

Rob is co-author of several editions of popular textbooks: *Management: Leading & Collaborating in a Competitive World*, *M: Management, Organizational Behavior and Management*, *Human Resource Management*, and *Organizations: Behavior, Structure, Processes*. The eleventh edition of *Organizations* won a McGuffey Award (for longevity of textbooks and learning materials whose excellence has been demonstrated over time) from the national Text and Academic Authors' Association.

Rob's research has been published in such outlets as the *Journal of Applied Psychology*, *Academy of Management Executive*, *Management International Review*, *Business Horizons*, *Human Resource Management*, *Journal of Business*



Research, Journal of Management Education, Nonprofit Management and Leadership, Journal of Managerial Psychology, and Human Resource Management Review. Rob currently serves on the editorial board of the International Journal of Human Resource Management.

Rob has lived and worked internationally, speaks three languages, and has held management positions with a large

nonprofit organization and a *Fortune* 500 multinational firm. He consults, trains, and conducts research projects for a wide range of companies and industries. Current or former clients include Credit Suisse, PricewaterhouseCoopers, Occidental Oil, and Johnson & Johnson.



Preface

Welcome to our 14th edition! Thanks to all for your recent and long-term support, plus our many new adopters. We are proud and exceptionally enthusiastic to offer you our collective best-ever learning experience.

Our Goals

Our threefold mission with this text is to inform, instruct, and inspire. We hope to *inform* readers by describing the important concepts, practices, and exemplars of modern management. We hope to *instruct* by helping readers identify their options, make good decisions, and take effective action. We hope to *inspire* not only by writing in an interesting way, but also by providing a real sense of the challenges and fascinating opportunities that lie ahead.

Inspiring is a word not often used to describe textbooks. But it's a long-standing goal for us. Whether your personal goals include teaching or learning or both, starting your own company, leading a team to greatness, building a strong organization, delighting your customers, or generally forging a positive and sustainable future, we want to inspire you to take meaningful action in pursuit of productive and fulfilling futures.

We hope to inspire you to be both a thinker and a doer. We want you to know the important issues, consider the consequences of your actions, and think before you act. But good thinking is not enough; management is a world of adaptive action.

Competitive Advantage

Students and future leaders need to understand certain realities. The world of management is competitive. It also is rich with important collaborative opportunities that can strengthen the performance of individuals, teams, and organizations.

Furthermore, managers have never faced so many tough challenges with so many potential risks and rewards. Never before has it been so imperative to your career that you learn the skills of management.

You will compete with other people for jobs, resources, and promotions. Your employer will compete with others for contracts, clients, and customers. To survive the competition, and to thrive, you must perform in ways that give you an edge that makes others want to hire you, buy from you, and do repeat business with you. Now and over time, you will want them to choose you, not the competition.

By this standard, managers and organizations must *perform*. In this book we emphasize essential performance dimensions: *cost, quality, speed, innovation, service, and sustainability*. When managed well, these performance dimensions offer value to customers and competitive advantage to you and your organization.

Lacking performance on one or more of them puts you at a disadvantage. We elaborate on them all, throughout the book.

More than other management textbooks, we try to keep you focused on delivering important “bottom line” results. We want you to think continually about providing the goods (products and services) that make both you and your organization successful.

Good management processes and practices are the keys to producing what you and your employer want. This results-oriented focus is a unique highlight you will take away from this book.

Leading & Collaborating

Yes, business is competitive. But it's not that simple. In fact, to think strictly in terms of competition is overly cynical and often self-limiting, sometimes sabotaging performance.

Along with a realistic perspective on competitive realities, important action elements in managerial success are *collaboration* and *leadership*. To succeed, teams and organizations need people to work *with* rather than against one another. Put another way, you can't perform alone—the world is too complex, and business is too challenging.

You need to work with your teammates. Leaders and followers need to work as collaborators more than as adversaries. Work groups throughout your organization need to cooperate with one another. Business and government, often viewed as antagonists, can work productively together. And intense competitors sometimes collaborate on some things—for example, joint ventures—even as they compete in others.

How does an organization create competitive advantage through collaboration? It's all about the people, and it derives from good leadership.

Three stereotypes about leadership are that it comes from the top of the company, that it comes from one's immediate boss, and that it means being decisive and issuing commands. These stereotypes contain some truth, but realities are much more complex and challenging.

First, the person at the top may or may not provide effective leadership—in fact, truly good leadership is far too rare. Second, organizations need leaders at all levels, in every team and work unit. This includes you, beginning early in your career, and this is why leadership is a vital theme in this book. Third, leaders should be capable of being decisive and giving commands, but relying too much on this traditional approach isn't enough. Great leadership is far more inspirational than that, and helps people to both think differently and to work differently—including working collaboratively toward outstanding results.

True leadership—from your boss as well as from you—inspires collaboration, which in turn generates results that are good for you, your employer, and your customers.

As Always, Currency and Variety in the 14th Edition

It goes without saying that this textbook, in its 14th edition, remains on the cutting edge of topical coverage, updated throughout with both current business examples and recent management research. We continue to emphasize real results, diversity and inclusiveness, and sustainability—themes on which we were early and remain current leaders.

While still organizing the chapters around the classic management functions, we modernize those functions with a far more dynamic orientation. Looking constantly at change and the future, we describe the management functions as Delivering Strategic Value (for Planning), Building a Dynamic Organization (for Organizing), Mobilizing People (for Leading), and last but not least, Learning and Changing (for Controlling).

Special Features

We believe that the 14th edition provides our strongest-ever boxed features, representing three recurring themes. In addition to a concluding case, every chapter has a three-part unfolding story, plus stand-alone inserts offering contemporary management takes on social entrepreneurship, inclusive practices, and the digital world.

1. Management in Action, a hallmark feature, presents unfolding current three-part stories about today's business leaders and companies. The first part, "Manager's Brief," encourages students at the start of each chapter to begin thinking about one or more chapter themes in the context of the current business scene. For example, Chapter 1 introduces Facebook's Mark Zuckerberg and some of the challenges he and his company face. The second Management in Action element, "Progress Report," appears about halfway through each chapter and adds more chapter themes to the narrative. At each stage, we offer questions for class discussion, group work, or simply reflection. Closing out each unfolding story is "Onward," at the end of each chapter. This element also includes questions for further consideration and perhaps additional research.

2. Social Entrepreneurship boxes offer examples illustrating chapter themes from outside the private sector. Many students are deeply interested in social entrepreneurs and enterprises, inherently and for future employment possibilities. Examples include: Ashoka's Bill Drayton, "The Pioneer of Social Entrepreneurship" (Chapter 1); "Is Social Enterprise Becoming Big Business?" (Chapter 10); and "Providing Clean Water via 'Water ATMs'" (Chapter 17).

3. Inclusiveness Works are new boxes that discuss chapter themes from diverse and inclusive perspectives, based on data not stereotypes, with a goal of strengthening what too often are difficult workplace relationships. Examples include: "Women in Leadership Roles: A Strategy for Success" (Chapter 2); and "Reaping the Benefits through Empathy and Consideration" (Chapter 3).

4. The Digital World feature offers custom examples of how companies and other users employ digital/social media in ways that supplement and complement ideas in each chapter. Students of course will relate to the social media, but also learn of interesting examples and practices that most did not know before. Instructors will learn a lot as well!

That's the big picture. We believe the management stories in the boxed features light up the discussion and connect the major themes of the new edition with the many real worlds students will enter soon.

Up next is just a sampling of specific changes, updates, and new highlights in the 14th edition—enough to convey the wide variety of people, organizations, issues, and management challenges represented throughout the text.

Chapter 1

- New Inclusiveness Works feature about generational differences in the workplace.
- Updated Management in Action about Mark Zuckerberg of Facebook.
- New Digital World: "Chatbots: Good for Business?"
- Revised Social Entrepreneurship discussing Bill Drayton of Ashoka.
- New example of Uber's new CEO trying to make the company profitable again.
- Updated list of top five firms in *Fortune's* 2018 Global 500 list.
- New example of PepsiCo offering KeVita probiotic non-soda and Bubly Sparkling Water.
- New example of Rocket Mortgage propelling Quicken Loans to the top of the mortgage provider market.
- New example in which Patagonia's Work Wear program makes over 50,000 repairs to customers' used clothing.
- New example of using Gallup's CliftonStrengths assessment to identify core strengths.

Chapter 2

- New Inclusiveness Works feature: “Women in Leadership Roles: A Strategy for Success.”
- Updated Management in Action on Amazon thriving in any environment.
- Updated Social Entrepreneurship feature about combating climate change.
- New example of the U.S. congressional bill that could replace the Patient Protection and Affordable Care Act.
- New example in which zSpace’s VR laptop allows users to see objects as if they were part of the real world.
- New example about Microsoft offering 12 weeks of full pay for employees who are new mothers and fathers.
- New example of Coca-Cola pledging to reduce the amount of sugar in its drinks by 2025.
- New example about the Eagle Flight game being a complement of the HTC Vive virtual reality headset.
- New example about Warby Parker, the fashion eyeglasses retailer, where employees learn the culture by keeping in mind four ground rules (which the company characterizes as “Nothing crazy”).

Chapter 3

- New Inclusiveness Works feature about the benefits of a diverse workplace.
- Updated Management in Action about Uber trying to overcome its poor decisions.
- New Digital World about using predictive analytics to make better decisions.
- Revised Concluding Case: “Soaring Eagle Skate Company.”
- New example exploring the uncertainty over Britain’s departure from the European Union (“Brexit”).
- New example of Netflix using data analytics to retain customers and inform the creation of original series.
- New examples of data breaches at companies, including Marriott Starwood Hotels, MyFitnessPal, Cambridge Analytica, and Facebook.

Chapter 4

- New Inclusiveness Works feature about incorporating diversity and inclusion into a company’s brand.
- Revised Management in Action: “How Disney Scripts Its Own Success.”
- Updated Social Entrepreneurship feature discussing Novo Nordisk’s triple bottom line.
- New Digital World: “Managing Technology’s Impact.”
- New example of General Motors purchasing a \$500 billion stake in Lyft.

- New example of Chipotle’s zero-tolerance policy for food safety violations.
- New example of Salesforce’s 1-1-1 philanthropic model of doing business.
- New example of AT&T’s acquisition of AlienVault to help businesses respond to cybersecurity attacks.

Chapter 5

- New Inclusiveness Works feature discussing equitable pay for all employees.
- Revised Management in Action feature about Ginni Rometty’s attempts to transform IBM and the world.
- New Digital World: “How Digital Monitoring Helps Ensure Ethics.”
- Updated Concluding Case: “Oré Earth Skin Care Tries to Stay Natural.”
- New example of Apple slowing down older iPhones to encourage upgrades.
- New example of Facebook employees writing 5-star reviews for the Portal video-chat device on Amazon.
- New example of Starbucks setting a goal of hire 10,000 refugees across 75 countries by 2023.
- New example of a fully sustainable model applying a circular borrow-use-return approach.

Chapter 6

- New Inclusiveness Works: “Bridging Cultural Divides: Beyond Words.”
- Revised Management in Action: “How Alibaba Is Becoming a Global Brand.”
- Updated Social Entrepreneurship box about student entrepreneurs competing for the \$1 million Hult Prize.
- Revised Digital World: “Global Email Etiquette.”
- Updated Social Entrepreneurship: “Empowering Latina Entrepreneurs.”
- New example of Netflix expanding into 190 countries in just seven years.
- New example predicting that approximately 800 million jobs worldwide will be lost to automation over the next decade.
- New example describing China’s growing economic and political influence.
- New example discussing NAFTA’s replacement, the U.S.-Mexico-Canada Agreement (USMCA).

Chapter 7

- New Inclusiveness Works feature about start-ups and diversity.
- Revised Management in Action about Starbucks’s entrepreneurial beginnings.

- Updated Concluding Case: “Rolling Out Soft Scroll.”
- New example indicating that e-commerce sales of physical goods in the United States surpassed \$500 billion.
- New example of companies engaged in B2B commerce, including Amazon, Alibaba, Otto, Flipkart, and SAP.
- New example of how most start-ups begin with \$5,000 or less in capitalization.
- New example of peer-to-peer (P2P) loaning platforms like Credit or Prosper.

Chapter 8

- New Inclusiveness Works feature about hearing all voices in organizations.
- Revised Management in Action feature about Mary Barra’s leadership of GM.
- Updated Concluding Case about moving to a cloud system to create efficiencies.
- Updated Digital World: “Will Online Networks Replace Traditional Hierarchies?”
- New example of PlumSlice Labs creating an advisory board with executives from Walmart, GlaxoSmithKline, Workforce Software, SAP, and Retail Consulting.
- New example of Johnson & Johnson’s decentralized approach to managing its 260 operating companies in 60 countries.
- New example of companies like GoPro, Snap Inc., and H&M integrating their marketing and communications functions.
- New example of TTEC integrating more humanity into digital interactions with customers.

Chapter 9

- New Inclusiveness Works feature about engaging early career employees.
- Updated Management in Action: “Making Walmart Agile.”
- New Digital World feature about engaging customers through social listening.
- Updated Social Entrepreneurship discussing how to scale social enterprises.
- New example of Coca-Cola, Dr Pepper Snapple Group, and PepsiCo coming together to cut 20 percent of the sugar-based calories in their soft drinks by 2025.
- New example of Walmart’s CEO trying to reduce bureaucracy and revitalize company growth by encouraging employee initiative.
- New example of Banana Republic using predictive data to open a pop-up discount ad as an online shopper is about to close the window.
- New example of recent winners of the Malcolm Baldrige National Quality Award.

Chapter 10

- New Inclusiveness Works about providing feedback across cultures.
- Updated Management in Action: “How Google Lands Top Talent.”
- Revised Concluding Case about HR planning at Invincibility Systems.
- New Social Entrepreneurship box discussing whether social enterprise is becoming big business.
- New Digital World feature: “Can Your Social Media Profile Keep You from Landing a Great Job?”
- New example of companies preferring internal to external recruitment including Gap Inc., Palo Alto Networks, and Blizzard Entertainment.
- New example of companies being fined for violating U.S. equal employment laws like UPS paying \$4.9 million to settle a religious discrimination lawsuit.
- New example of why companies use 360-degree performance appraisals.

Chapter 11

- New Inclusiveness Works: “Avoiding Age Discrimination.”
- Updated Management in Action exploring how Accenture innovates through inclusion.
- New Digital World: “Using AI to Hire a More Diverse Workforce.”
- New example of companies that have strong commitment to inclusion, including Kaiser Permanente, AT&T, and New York Life.
- New example of diversity initiatives in companies like Northrup Grumman employing veterans and Comcast NBCUniversal using diverse suppliers.
- New example of National Industries for the Blind with 6,000 employees with visual impairments.
- New example of Deloitte and Honeywell monitoring career progress of women, minorities, and employees with disabilities.

Chapter 12

- New Inclusiveness Works: “Including the LGBTQ Community.”
- Updated Management in Action about Merck’s CEO, Kenneth Frazier, focusing on long-term results.
- New Digital World: “How AI Is Affecting Leadership.”
- Revised Social Entrepreneurship feature about manufacturing disaster-resilient homes.
- New example of a vision in which Richard Branson, CEO of Virgin Group, foresees the entire world powered by renewable energy by 2050.

- New example discussing how advances in automated decision making could dramatically change managers' roles.
- New example of transformational leaders, including Mary Barra (CEO of General Motors), Reed Hastings (CEO of Netflix), Mark Bertolini (CEO of Aetna), and Shantanu Narayen (CEO of Adobe).

Chapter 13

- New Inclusiveness Works: "Improving D&I Initiatives with Intrinsic Motivation."
- Updated Management in Action about SAS being a great place to work.
- New Digital World about using technology to motivate employees.
- New example of Notejoy, an organizational collaboration platform, helping its employees set specific and measurable goals.
- New example of how Ryan LLC, a tax firm, rewards its employees with four-week paid sabbaticals and subsidies for health club memberships.
- New example of Blue Cross and Blue Shield of North Carolina hiring college graduates for its two-year Rotational Development Program.
- New example of how psychological contracts are changing.

Chapter 14

- New Inclusiveness Works: "Empathy in Teams Helps Cohesion and Inclusiveness."
- Revised Management in Action feature discussing teamwork at Whole Foods Market.
- New Concluding Case: "Un-Teamwork at Quadra."
- Updated Social Entrepreneurship box about social entrepreneurs using co-working spaces.
- New example of Nestlé's InGenius program encouraging employees and external partners to collaborate to develop new business ideas.
- New example of virtual teams functioning effectively.
- New example in which Spotify creates "squads" of agile, self-organized teams to create new products.
- New example of ways to resolve conflict among B2B commerce partners.

Chapter 15

- New Inclusiveness Works in which organizations use storytelling to become more inclusive.
- Updated Management in Action: "Communicating, SoundCloud Style."
- New Digital World: "Gmail Predicts What You Want to Say."
- Revised Concluding Case regarding communicating at Best Trust Bank.

- New example of companies like Adobe, Gap, and IBM shifting to frequent, informal employee performance check-ins.
- New example of the CEO of T-Mobile posting about company products to more than 5 million followers on his Twitter account.
- New example of companies like Unisys, Sprint, and Hewlett-Packard training employees to use social media productively.
- New example of Vynamic implementing a policy preventing work-related communication among employees after hours during the week and all weekend long.

Chapter 16

- New Inclusiveness Works: "Making a Measurable Impact with D&I Initiatives."
- New Management in Action: "Tracking Employees to Control Health Care Costs."
- Revised Social Entrepreneurship discussing better ways to measure social impact.
- New Digital World feature about technology enabling timely performance reviews.
- New example of Teco Energy assigning project teams to prevent problems.
- New example discussing how data-driven visual dashboards allow managers to monitor organizational performance indicators in real time.
- New example of Chipotle rolling out Zenput, a mobile food safety protocol platform, to prevent future food safety issues.

Chapter 17

- New Inclusiveness Works discussing how technology can help remove unconscious bias.
- Revised Management in Action about Elon Musk's ups and downs as he pursues technology's possibilities and challenges.
- New Concluding Case: "Innovating at Worldwide Games."
- Updated Digital World about BYOD and BYOA work policies.
- New example of product innovations like foldable phones, rollup TVs, and more nature fluid interactions with voice-activated digital assistants.
- New example discussing how innovative food producers like Impossible Foods and Beyond Meat are introducing new "meatless meats" to the market.
- New example describing blockchain's potential game-changing impact on the integrity of everything from online transactions to e-voting.
- New example of Neiman Marcus installing interactive touch screens in its fitting rooms, allowing customers to adjust lighting and request clothing sizes and colors.

Chapter 18

- New Inclusiveness Works: “Changing for Religious Inclusion.”
- Revised Management in Action discussing how Shell Oil and other fossil-fuel companies are beginning to embrace renewable energies.
- New Social Entrepreneurship: “Leveraging AI to Build a Better Future.”
- New Digital World: “Tech-Savvy Gen Z Enters the Workforce.”
- New example discussing Kodak’s decision not to pivot away from its lucrative film development business into the disruptive digital camera space.
- New example about using unfreezing to identify performance gaps at different organizational levels.
- New example of Bill Gates’s list of technologies that will change the world for the better, including affordable ways to capture carbon dioxide from greenhouse-gas emissions and energy-efficient toilets functioning without a sewer system.

A Team Effort

This book is the product of a fantastic McGraw-Hill team. Moreover, we wrote this book believing that we are part of a team with the course instructor and with students. The entire team is responsible for the learning process.

For students our goal, like that of other instructors, is to create a positive learning environment. But in the end, the raw material of this course is just words. It is up to you to use them as a basis for further reflection, deep learning, and constructive action.

What you do with the things you learn from this course, and with the opportunities the future holds, *counts*. As a manager, you can make a dramatic difference for yourself and for other people. What managers do matters *tremendously*.

Acknowledgments

This book could not have been written and published without the valuable contributions of many individuals.

Our reviewers over the last 13 editions contributed time, expertise, and terrific ideas that significantly enhanced the quality of the text. The reviewers for the 14th edition are:

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Many individuals contributed directly to our development as textbook authors. Dennis Organ provided one of the authors with an initial opportunity and guidance in textbook writing. Jack Ivancevich did the same for Rob Konopaske. John Weimeister has been a friend and adviser from the very beginning. Thanks also to Christine Scheid for so much good work on previous editions and for continued friendship.

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Special thanks to teammates without whom the book would not exist, let alone be such a pridesworthy product:

Our sincere appreciation to Kelsey Darin for her expert guidance and energetic help (not to mention enthusiasm for older musicians and bands we could relate to), as well as to Christine Vaughan for her being a tech-savvy, authoring platform guru.

Debbie Clare: so creative, energetic, always thinking of unique ideas, and encouraging us to engage in new ways of sharing how much the 14th edition means to us.

Claire Hunter: positive, patient, easily amused (thankfully), amazingly effective at keeping us on track and focused.

Thomas and Shannon Finn: thoughtful, creative, timely, and remarkably good at meeting deadlines.

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Finally, we thank our families. Our parents, Jeanine and Tom Bateman, and Rose and Art Konopaske, provided us with the foundation on which we have built our careers. They continue to be a source of great support. Our wives, Mary Jo and Vania, were encouraging, insightful, and understanding throughout the process. Our children, Lauren, T.J., and James Bateman; and Nick and Isabella Konopaske, provided an unending source of inspiration for our work and our nonwork. Thank you.

Thomas S. Bateman
Chicago, IL

Robert Konopaske
San Marcos, TX

Bottom Line

In this ever more competitive environment, there are six essential types of performance on which the organization beats, equals, or loses to the competition: cost, quality, speed, innovation, service, and sustainability. These six performance dimensions, when done well, deliver value to the customer and competitive advantage to you and your organization.

Throughout the text, Bateman and Konopaske remind students of these six dimensions and their impact on the bottom line with marginal icons. This results-oriented approach is a unique hallmark of this textbook. Questions that further emphasize the bottom line are answered in the Instructor's Manual.

Bottom Line

It's easy to become so focused on maximizing one goal that you lose sight of other important goals. You're optimizing if you make sure that no important result is ignored. *What could be the negative consequences of making decisions that maximize only quality?*



Bottom Line

"Costs" aren't exactly synonymous with "ethics." But by considering the potential costs to all parties, you can make high-quality ethical decisions that you can more effectively sell to others. *What are some costs of treating employees or customers unethically?*



Bottom Line

A diverse workforce can lead to greater responsiveness. *Why might a customer who wants something new get a faster response from a company that tolerates different styles?*



Bottom Line

Innovation can improve all bottom-line practices. *How can innovation support a differentiation strategy?*



Bottom Line

Make sure that you reward the right things, not the wrong things. Sound obvious? You'd be surprised how often this principle is violated! *What is rewarding, and not rewarding, about feedback from your manager?*



Bottom Line

Aspire to become world class at every one of your competitive goals. *What does it mean to be world class at a goal such as quality or sustainability?*





In CASE You Haven't Noticed . . .

Bateman and Konopaske have put together an outstanding selection of case studies of various lengths that highlight companies' ups and downs, stimulate learning and understanding, and challenge students to respond.

Instructors will find a wealth of relevant and updated cases in every chapter, using companies—big and small—that students will enjoy learning about.

CHAPTER-UNFOLDING CASES

Each chapter begins with a “Management in Action: Manager’s Brief” section that describes an actual organizational situation, leader, or company. The “Manager’s Brief” is referred to again within the chapter in the “Progress Report” section, showing the student how the chapter material relates back to the company, situation, or leader highlighted in the chapter opener. At the end of the chapter, the “Onward” section ties up loose ends and brings the material full circle for the student. Answers to Management in Action section questions can be found in the Instructor’s Manual.

SOCIAL ENTREPRENEURSHIP

Social Entrepreneurship boxes have been updated in each chapter to familiarize students with this fast-growing sector. Answers to Social Entrepreneurship questions are included in the Instructor’s Manual.

INCLUSIVENESS WORKS

In each chapter, an Inclusiveness Works box has been added to highlight some of the diversity and inclusion challenges faced by managers and employees today.

THE DIGITAL WORLD

The Digital World feature offers unique examples of how companies and other users employ digital/social media in ways that capitalize on various ideas in each chapter.

CONCLUDING CASES

Each chapter ends with a case based on disguised but real companies and people that reinforces key chapter elements and themes.

SUPPLEMENTARY CASES

At the end of each part, an additional case is provided for professors who want students to delve further into part topics.

Outstanding Pedagogy

Management: Leading & Collaborating in a Competitive World is pedagogically stimulating and is intended to maximize student learning. With this in mind, we used a wide array of pedagogical features—some tried and true, others new and novel:

END-OF-CHAPTER ELEMENTS

- **Key terms** are page-referenced to the text and are part of the vocabulary-building emphasis. These terms are defined again in the glossary at the end of the book.
- **Retaining What You Learned** provides clear, concise responses to the learning objectives, giving students a quick reference for reviewing the important concepts in the chapter.
- **Discussion Questions**, which follow, are thought-provoking questions on concepts covered in the chapter and ask for opinions on controversial issues.
- **Experiential Exercises** in each chapter bring key concepts to life so students can experience them firsthand.



Assurance of Learning

This 14th edition contains revised learning objectives, and learning objectives are called out within the chapter where the content begins. The Retaining What You Learned for each chapter ties the learning objectives back together as well. And, finally, our test bank provides tagging for the learning objective that the question covers, so instructors will be able to test material covering all learning objectives, thus ensuring that students have mastered the important topics.

Comprehensive Supplements

INSTRUCTOR'S MANUAL

The Instructor's Manual was revised and updated to include thorough coverage of each chapter as well as time-saving features such as an outline, key student questions, class prep work assignments, guidance for using the unfolding cases, video supplements, and, finally, PowerPoint slides.

TEST BANK

The Test Bank includes more than 100 questions per chapter in a variety of formats. It has been revised for accuracy and expanded to include a greater variety of comprehension and application (scenario-based) questions as well as tagged with Bloom's Taxonomy levels and AACSB requirements.

POWERPOINT PRESENTATION SLIDES

The PowerPoint presentation collection contains an easy-to-follow outline including figures downloaded from the text. In addition to providing lecture notes, the slides also include questions for class discussion as well as company examples not found in the textbook. This versatility allows you to create a custom presentation suitable for your own classroom experience.



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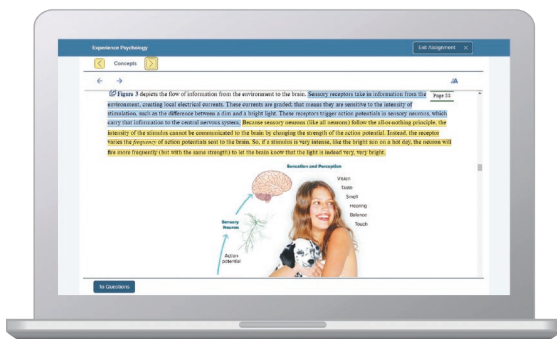
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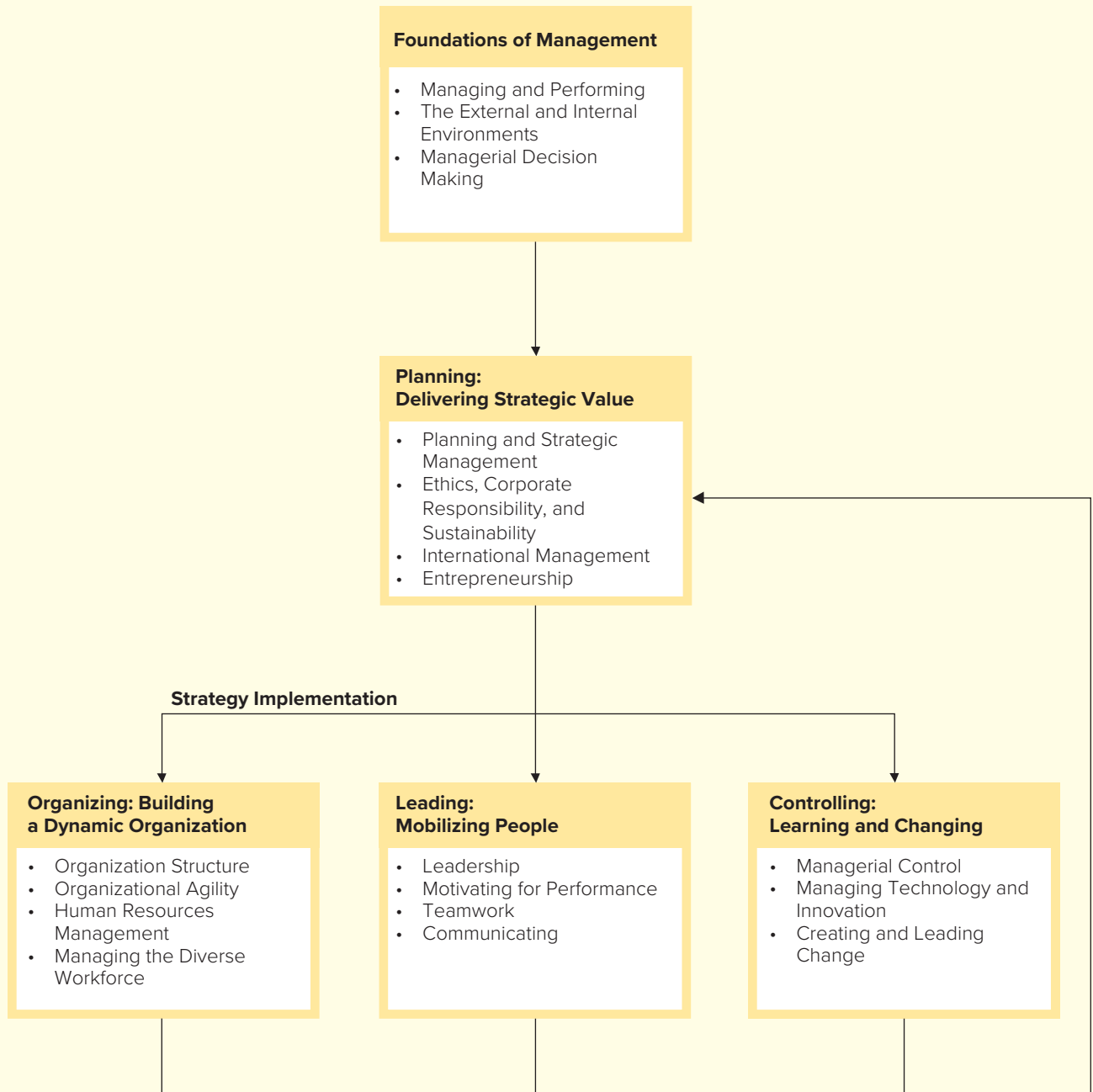
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The Management Process



CHAPTER 1

Managing and Performing

Above all else, management is a practice where art, science, and craft meet. To be sure, managers need specialized knowledge. But more important, they need wisdom—the ability to weave together and make use of different kinds of knowledge.

—Henry Mintzberg

Mathisa/Shutterstock

Learning objectives

After studying Chapter 1, you will be able to:

- LO 1-1** Summarize the major challenges of managing in the new competitive landscape.
- LO 1-2** Describe the sources of competitive advantage for a company.
- LO 1-3** Explain how the functions of management are evolving in today's business environment.
- LO 1-4** Compare how the nature of management varies at different organizational levels.
- LO 1-5** Define the skills you need to be an effective manager.
- LO 1-6** Understand the principles that will help you manage your career.

chapter outline

Managing in a Competitive World

- Globalization
- Technological Change
- Knowledge Management
- Collaboration across Boundaries

Managing for Competitive Advantage

- Innovation
- Quality
- Service
- Speed
- Cost Competitiveness
- Sustainability
- Delivering All Types of Performance

The Functions of Management

- Planning: Delivering Strategic Value
- Organizing: Building a Dynamic Organization
- Leading: Mobilizing People
- Controlling: Learning and Changing
- Performing All Four Management Functions

Management Levels and Skills

- Top-Level Managers
- Middle-Level Managers
- Frontline Managers
- Working Leaders with Broad Responsibilities
- Must-Have Management Skills

You and Your Career

- Be Both a Specialist and a Generalist
- Be Self-Reliant
- Connect with People
- Actively Manage Your Relationship with Your Organization
- Survive and Thrive

Management in Action

FACEBOOK'S MARK ZUCKERBERG: MANAGING IN GOOD TIMES—AND BAD

What does a manager do? Dream up a bold new mission for the company? Build a corporate structure that ensures success? Lead and inspire others? Keep the company on track toward its goals?

Most managers perform all these functions to some degree, perhaps none more publicly than Mark Zuckerberg, founder and CEO of Facebook. He has seen his company grow into a worldwide phenomenon with more than 2 billion active users. Given that the company reported approximately \$55 billion in revenue in 2018,¹ it seems Zuckerberg's passion for connecting people has paid off. With Facebook's swift and unparalleled success, it's tempting to overlook the management challenges Zuckerberg confronted when first starting out, as well as the challenges he now confronts as the head of a global media giant.

Zuckerberg's past hurdles included the need for capital to fund the company's rapid growth. In 2012, he announced an initial public offering (IPO) of stock to attract cash and then saw the company experience a damaging initial drop in its stock price. Next came the soaring popularity of smartphones, which encouraged Facebook users to go mobile. To adapt, the firm developed its mobile app to carry advertising. Those mobile ads now earn more than 80 percent of the company's revenue.

More recent challenges relate not only to Facebook as a company but to Zuckerberg's personal character. Facebook was accused of aiding the spread of fake news during the 2016 presidential campaign, and Zuckerberg was alleged to be personally negligent in



Tom Williams/CQ Roll Call/Getty Images

foreseeing these dangers. Under severe public scrutiny, Zuckerberg agreed to testify before Congress, where he faced 10 hours of questioning over two days.² But the problems didn't end there. Just a few months later, Facebook's stock plummeted, losing \$119 billion in market value, marking the biggest one-day loss in U.S. history. Fears of slowing growth, increasing costs, and more severe government regulation all fueled the dramatic loss.

Zuckerberg began his congressional testimony by saying, "It was my mistake, and I'm sorry. I started Facebook, I run it, and I'm responsible for what happens here."³ In effect, he did what successful managers must do: take ownership of their mistakes.

Ultimately, Facebook's future will come down to the decisions its founder makes to navigate many coming headwinds, such as an increased interest in privacy.⁴ We'll take a closer look at how he's addressing these challenges in our progress report later in the chapter.

Facebook's CEO Mark Zuckerberg is an innovator who combines technological know-how with a vision for the future. Together, those qualities have helped him build a business idea into a major corporation that continues to transform how people connect with one another.⁵ So far, Zuckerberg has been able to navigate the media company through challenging times, such as recent criticism involving its role in spreading fake news.

Consider the pioneering ride-hailing service Uber as a contrasting example. Since its founding in 2009, the company was seen as a golden tech start-up that disrupted the traditional taxi transportation industry. Unfortunately, the good times did not last. In 2017, Travis Kalanick, the CEO and co-founder of the company, resigned under a cloud of controversy.⁶ Issues contributing to his departure included complaints of a work culture that allowed sexual harassment and discrimination, a lawsuit alleging the company stole a trade secret, and disagreements with major investors.⁷ At the end of 2017, Uber reported a net loss of \$4.5 billion.⁸ The new CEO, Dara Khosrowshahi, hopes to erase the loss and make the company profitable by expanding internationally and growing its food delivery service (Uber Eats) prior to an initial public stock offering.⁹

In business, there is no alternative to managing well. Companies may fly high for a while, but they cannot do well for very long without good management. It's the same for individuals: the best performers succeed by focusing on fundamentals, knowing what's important, and managing well. The aim of this book is to help you succeed in those pursuits.

Managing in a Competitive World

LO 1-1 Summarize the major challenges of managing in the new competitive landscape.

When the economy is soaring, business seems easy. Investing in the stock market seems like a sure bet when the bulls are carrying the market higher and higher. But the reality is, things change.

The great economic recession of 2008 eradicated the real estate boom and ushered in an era of falling stock prices and company profits, and widescale employee layoffs. More recently, a trade war with China, the renegotiation of the North American Free Trade Agreement (NAFTA), higher tariffs levied on steel and aluminum imports, and interest rate hikes to control inflation have contributed to uncertainty in the U.S. economy.¹⁰ In 2018, the stock market experienced "extreme volatility," ending with the worst year for stocks since the great recession a decade earlier.¹¹

At such times, it becomes clear that managing is a challenge requiring knowledge and skills to adapt to new circumstances.

Effective managers must continually acquire knowledge and skills to adapt to new circumstances.

What defines the competitive landscape of business? You will be reading about many relevant issues in the coming chapters, but we begin here by highlighting four ongoing challenges that characterize the business landscape: globalization, technological change, the importance of knowledge and ideas, and collaboration across organizational boundaries.

Globalization

Far more than in the past, today's enterprises are global, with offices and production facilities in countries all over the world. Corporations operate worldwide, transcending national borders. Companies that want to grow often need to tap international markets. The change from a local to a global marketplace presents big opportunities for small companies too.¹²

Fortune magazine annually publishes a list of the world's most admired companies. Whereas U.S. companies used to dominate, Switzerland-based Nestlé was the most admired maker of consumer food products in 2018, Japan's Toyota Motor was the most admired producer of motor vehicles, and Britain's Diageo was the most admired provider of beverages.¹³ According to *Fortune's* 2018 Global 500 list, the five largest firms are Walmart (United States), State Grid (China), Sinopec Group (China), China National Petroleum (China), and Royal Dutch Shell (United Kingdom-the Netherlands).¹⁴

Globalization also means that a company's talent and competition can come from anywhere. IBM operates in over 175 countries in order to develop deep relationships with local clients.¹⁵ Even though IBM's headquarters are located in the United States, more than one-third of its employees are based in India.¹⁶ Kentucky-based Yum! Brands (KFC, Pizza Hut, and Taco Bell) has more than 45,000 restaurants in more than 140 countries. On average, Yum! Brands opens seven stores per day in international locations.¹⁷

PepsiCo's former chief executive, Indra Nooyi, brought a much-needed global viewpoint to a company whose international business was growing three times faster than sales in the United States. Nooyi, who was raised in India and educated there and in the United States, helped steer the company toward more "better for you" and "good for you" snacks (Naturally Bare Chips) and drinks (KeVita probiotic non-soda and Bubly Sparkling Water) to offset declining sales of sugary soda.¹⁸

Globalization affects small companies as well as large. Many small companies export their goods. Many domestic firms assemble their products in other countries. And companies are under pressure to improve and lower the price of their products in the face of intense competition from foreign manufacturers. Managers today must ask themselves, "How can we be the best in the world?"

For students, it's not too early to think globally. Participating in the Global Business Institute program at Indiana University, one hundred students from North Africa, South Asia, and the Middle East came to the United States to pitch entrepreneurial business ideas to a panel of experts. The panel consisted of officials from Coca-Cola and the U.S. Department of State. The most recent winner was Team Morocco, who proposed a business for a medical device that can repair skull damage.¹⁹

Technological Change

Online customer engagement, artificial intelligence and machine learning, data protection and privacy, and cloud computing are only some of the ways that technology is vitally important in the business world.²⁰ Technology both complicates things and creates new opportunities. The challenges come from the rapid rate at which communication, commerce, transportation, information, and other technologies change.²¹ For example, after just a couple of decades of widespread desktop use, customers switched to laptop models, which required different accessories. Then, users turned to mini-laptops, tablets, smartphones, and smartwatches to meet their mobility technology needs.²² Good managers anticipate and respond to changing customers' wants and needs.

Later chapters discuss technology in more detail, but here we highlight the Internet and its effects. How are these forces impacting business?²³ It is a global and digital marketplace, a means for manufacturing goods and services, a distribution channel, a platform for connecting customers, an information service, an arena for social activism,²⁴ and more. It drives down costs and accelerates globalization. It improves efficiency of decision making. Managers can use it to learn what companies around the world are doing in real time.

Although these advantages create business opportunities, they also create threats from hackers and computer viruses, competitors as they capitalize sooner on new developments than you do, and groups that use Internet activism maliciously to unfairly hurt a public image. Internet activism also can give people a powerful way to expose corrupt or harmful practices and motivate organizations to change their ways for the better.²⁵

Things continue to change at breakneck speed. Nearly two decades ago, tech guru Tim O'Reilly coined the term "Web 2.0" to describe the exciting new wave of social networking



Globalization has changed the face of the workforce. Managers in this competitive environment need to attract and effectively manage a talent pool from all over the globe.

Pitju/Getty Images

start-ups that allow users to publish and share information. But most failed or stalled; very few, other than Facebook, made a profit.²⁶ Web 2.0 redefined the ways in which customers and sellers, employees and employers, interact and share knowledge.

Next came Web 3.0, described as a “read-write-execute” web where applications, search results, and online services are more tailored, integrated, and relevant to users.²⁷ Think about the last time you searched for a product on Amazon and a list of related products appeared on the screen as alternatives. Web 3.0 is giving way to the Internet of Things and 24/7 mobile accessibility, where smartphones, wearable fitness trackers, smart homes, and so forth interpret human activities and communicate this information wirelessly through networks to be used in myriad ways (tally miles walked, send reminders, and regulate home temperature).²⁸

What’s next for the digital frontier? It’s hard to predict with precision, but as billions of people and businesses worldwide demand more personalized and connected experiences, artificial intelligence will simplify the interfaces between humans and technology. Instead of people adapting to new technologies as in the past, technology will adapt to people’s preferences.²⁹ For example, AI-powered chatbots that answer your questions on company websites could be supplemented by AI virtual agents with faces and voices that converse with customers.³⁰

In 2019, projections suggest that tens of millions of Americans will be using Amazon’s Alexa or other AI-powered speech recognition tools to search the Internet.³¹ Homeowners can use Alexa to control any smart device, including washers and dryers, light bulbs, door locks, and thermostats.³²

Knowledge Management

Companies and managers need good new ideas. Because companies in advanced economies have become so efficient at producing physical goods, most workers have been freed up to provide services or “abstract goods” such as software, entertainment, data, and advertising. These workers, whose primary contributions are ideas and problem-solving expertise, are

The Digital World

Chatbots: Good for Business?

If you’ve ever interacted with a company online, you’ve probably encountered a chatbot. These AI programs are designed to simulate human conversation, using either text or voice prompts and responses. Today, companies use chatbots in a variety of ways. Often, you may not even know you’re interacting with one. Have a customer service issue you want addressed? “Chatting with an assistant” often means chatting with a chatbot. Want to check your account balance? A chatbot can help you with that, too.

The benefits of using chatbots for businesses are many. Research suggests that by 2022, chatbots will have saved companies \$8 billion. The majority of companies adopting AI to enhance the user’s online experience are employing chatbots to improve customer service.³³ For example, Amtrak’s “Julie” helps customers find information, book a reservation, and plan a vacation.³⁴ Yet savvy organizations are also using bots to recruit and train employees and to help current employees book travel and fill out expense reports.³⁵

However, managers also need to use caution when applying this new technology. Although chatbots are often adept at mimicking human speech, they have one major shortcoming: they are not humans. They may not understand the nuances of human conversation like sarcasm or humor. You might have heard “I’m sorry, I don’t know that one” when talking to Alexa or Siri. Such responses can be frustrating for customers—and risky for companies. Firms also need to consider security issues relating to chatbots, such as where and how to store the data they use and acquire.³⁶

Despite these risks, chatbots appear to be here to stay, with companies continuing to invest money into creating ever-more lifelike and helpful bots.

1. As a manager, what issues would you want to consider before employing a chatbot at your organization?
2. Many businesses are relying on chatbots to enhance customer service. Do you think this is an effective strategy? Why or why not?

often referred to as *knowledge workers*. Managing these workers poses some particular challenges,³⁷ which we examine throughout this book.

Because the success of modern businesses so often depends on the knowledge used for innovation and the delivery of services, organizations need to manage that knowledge.³⁸

Knowledge management is the set of practices aimed at discovering and harnessing an organization's intellectual resources—fully using the intellects of the organization's people. Knowledge management is about finding, unlocking, sharing, and capitalizing on the most precious resources of an organization: people's expertise, skills, wisdom, and relationships. The nearby "Inclusiveness Works" box explores how important knowledge transfer is to organizational survival.

Knowledge managers find these human assets, help people collaborate and learn, generate new ideas, and harness those ideas into successful innovations.

knowledge management

Practices aimed at discovering and harnessing an organization's intellectual resources.

Collaboration across Boundaries

Leveraging knowledge for maximum impact requires people in different departments, divisions, or subunits of the organization to collaborate and communicate effectively. For example, "T-shaped" managers break out of the traditional corporate hierarchy to share knowledge freely across the organization (the horizontal part of the T) while remaining committed to the bottom-line performance of their individual business units (the vertical part).³⁹

Inclusiveness Works

Move Over Boomers, Here Comes the Next Generation of Leaders

The workforce is changing rapidly. A large number of Baby Boomers (born 1946–1964) will be exiting the workforce over the next 15 years. In fact, according to the Pew Research Center, approximately 10,000 Boomers turn 65 each day in the United States.⁴⁰

This talent exodus will translate into career opportunities for younger generations. Gen Xers (born 1965–1979) occupy many middle-level jobs, but there are not enough of them to fill all of the soon-to-be-vacant positions. Enter the Millennial generation (born 1980–1996), who make up the largest generational demographic on record.⁴¹ These early 30- and 20-somethings are flooding the job market and will need to move quickly from team leader and frontline managerial positions into higher responsibilities.

Senior managers possess "know-how" and "know-who" that are critical to the long-term success of their organizations. Thus, before Gen Xers and Millennials can assume higher-level positions, senior managers need to transfer organizational knowledge to the less experienced newcomers.

Complicating this need is the fact that individuals within the same generation differ in their attitudes, personalities, and behaviors. This can affect everything from communication, customer service, teamwork, job satisfaction, morale, and retention to overall organizational performance.



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And very soon managers will have to account for and integrate the attitudes and personalities of yet another generation: Gen Z (born in or after 1997), the oldest members of which are now entering the workforce.⁴²

1. How can organizations most effectively transfer organizational knowledge from one generation to another?
2. Have you seen examples of how people of different ages have interacted ineffectively because of inaccurate stereotypes? Examples of different generations working effectively together?

Consulting firm McKinsey originally developed this T-shaped concept as a way for its employees to view clients' problems from both broad and deep perspectives.⁴³

Toyota keeps its product development process efficient by bringing together design engineers and manufacturing employees from the very beginning. Often, manufacturing employees can help simplify a design so that it is easier to make without defects or unnecessary costs. Toyota employees listen to input from all areas of the organization, so this type of collaboration is a natural part of the organization's culture: using software to share their knowledge—best practices they have developed for design and manufacturing.⁴⁴

Collaboration can occur beyond the boundaries of the organization itself. Companies today sometimes work with rather than against their competitors—you'll read some examples later—in a dynamic sometimes called **coopetition**.⁴⁵ Companies also collaborate with their customers—some better than others—by actively and continuously listening and responding. Amazon is starting to open “4-star” brick-and-mortar stores. Only the products that customers love and that have received at least a 4-star rating on the website will be for sale at these shops.⁴⁶ Because 90 percent of consumers read online reviews before visiting a business, most companies pay attention to customer comments on Yelp, TripAdvisor, Amazon, Google, Twitter, and many more sites.⁴⁷ Customer feedback management software can search these and other sites and generate statistics and reports. Companies can respond to negative online reviews with the goal of winning over their critics.⁴⁸

coopetition

Simultaneous competition and cooperation among companies with the intent of creating value.

Managing for Competitive Advantage

LO 1-2 Describe the sources of competitive advantage for a company.

Bottom Line

Because it's easy for managers to be so busy that they lose sight of what really drives performance, you will periodically see icons as bottom-line reminders of the need for innovation, quality, service, speed, cost competitiveness, and sustainability. *Which two or more of these advantages do you think would be hardest to deliver at the same time—and most importantly, why?*



innovation

The introduction of new goods and services; a change in method or technology; a positive, useful departure from previous ways of doing things.

The early Internet years turned careers (and lives) upside down. Students dropped out of school to join Internet start-ups or start their own. Managers in big corporations quit their jobs to do the same. Investors pounced, and invested heavily. The risks were often ignored or downplayed—sometimes tragically as the boom went bust in 2000.

And consider an earlier industry with similar transforming power: automobiles. There have been at least 2,000 carmakers—how many remain?

What is the lesson to be learned from the failures in these important transformational industries? A key to understanding the success of a company is the competitive advantage it holds and how well it can sustain that advantage.

To survive and win over time, you have to gain and sustain advantages over your competitors. You do this by being better than your competitors at doing valuable things for your customers. But what does this mean, specifically? To succeed, managers must deliver performance. The fundamental drivers of competitive advantage and bottom-line performance are innovation, quality, service, speed, cost competitiveness, and sustainability.

Innovation

Companies must continually innovate. **Innovation** is the introduction of new goods and services. Your firm must adapt to changes in consumer demands and to new competitors.

Products don't sell forever; in fact, they don't sell for nearly as long as they used to because competitors are continuously introducing new products. Your firm must continually innovate, or it will die. In 2018, once successful retailer Toys R Us announced it was closing all 800 of its remaining U.S. stores, resulting in 33,000 lost jobs.⁴⁹ A reason for the company's demise was its inability to overcome intense competition from Amazon, Target, and Walmart.⁵⁰

Nearly 20 years ago, Blockbuster was the market leader of the video rental industry. It didn't see the need to offer customers an alternative to driving to their retail stores to rent a movie, nor did the company eliminate late charges because they were a major source of revenue. Reed Hastings, founder of Netflix, displaced Blockbuster by allowing customers to order videos that would be delivered by mail. Customers could watch a video for as long as they wanted, then mail it back to Netflix. In 2010, Blockbuster filed for bankruptcy.⁵¹ Netflix has become a successful \$11.6 billion company.⁵²

The need for innovation is driven in part by globalization. One important reason is that facilities in other countries can manufacture appliances or write software code at a lower cost than those in the United States; U.S. facilities thus operate at a disadvantage. Therefore, they must provide something their foreign competitors can't—and often that requires delivering something new.

Nevertheless, as labor and other costs rise in overseas markets, and as U.S. companies find ways to improve efficiency at home, the future for North American facilities may brighten. Nissan decided to invest \$170 million to expand production in Smyrna, Tennessee, for the assembly of its all-new Nissan Altima.⁵³ Also, Fiat-Chrysler Automobiles (FCA) has announced plans to expand manufacturing operations in the United States. In 2018, FCA reported that it is reviving a manufacturing plant located in Detroit, Michigan, to build the Jeep Grand Cherokee.⁵⁴

Innovation is today's holy grail. For example, Apple was named the 2018 number-one most-admired company in *Fortune*'s innovativeness category.⁵⁵ Like the other sources of competitive advantage, innovation comes from people, it must be a strategic goal, and it must be managed properly. Later chapters show you how great companies innovate.

Quality

Most companies claim that they are committed to quality. In general, **quality** is the excellence of your product. Customers expect high-quality goods and services, and often they will accept nothing less.

Historically, quality pertained primarily to the physical goods that customers bought; it referred to attractiveness, lack of defects, and dependability. The traditional approach to quality was to check work after it was completed and then eliminate defects, using inspection and statistical data to determine whether products were up to standards. But then W. Edwards Deming, J. M. Juran, Phil Crosby, and other quality gurus convinced managers to take a more complete approach to achieving *total* quality. This includes *preventing* defects before they occur, *achieving zero defects* in manufacturing, and *designing* products for quality. The goal is to solve and eradicate from the beginning all quality-related problems and to live a philosophy of *continuous improvement* in the way the company operates.⁵⁶

Quality is further provided when companies customize goods and services to the wishes of the individual consumer. Choices at Starbucks give consumers thousands of variations on the drinks they can order. Gatorade GX allows customers to create customized bottles. Nike's 90/10 pack sneakers give customers the opportunity to participate in designing their own shoes, and Icon Meals permits customers to create custom meal plans online.⁵⁷

Providing world-class quality requires a thorough understanding of what quality really is.⁵⁸ Quality can be measured in terms of product performance, customer service, reliability (avoidance of failure or breakdowns), conformance to standards, durability, and aesthetics. Only when you move beyond broad, generic concepts such as "quality" and identify specific quality requirements can you identify problems, target needs, set precise performance standards, and deliver world-class value.

By the way, *Fortune* magazine's 2018 number-one company for quality of products and services also was Apple.

Service

Important quality measures often pertain to the service customers receive. This dimension of quality is particularly important because the service sector has come to dominate the U.S. economy. In recent years, the fastest-growing job categories have

quality

The excellence of your product (goods or services).



Trevor Lush/Purestock/SuperStock

When you're out of quality, you're out of business.

—Phil Crosby

been almost entirely health care services, and the jobs with the greatest declines are primarily in manufacturing and farming, fishing, and forestry occupations.⁵⁹ Services include intangible products such as insurance, hotel accommodations, medical care, and haircuts.

service

The speed and dependability with which an organization delivers what customers want.

Service means giving customers what they want or need, when they want it. So, service is focused on continually meeting the needs of customers to establish mutually beneficial long-term relationships.⁶⁰ Thus cloud computing companies, in addition to providing online access to software, applications, and other computer services, also help their customers store and analyze large amounts of customer and employee data.

An important dimension of service quality is making it easy and enjoyable for customers to experience a service or to buy and use products. At all its parks and resorts, Disney's employees treat every customer as a VIP (Very Individual Person) by personalizing guest experiences to make them feel special. Disney Institute teaches business professionals "exceptional service, though carefully architected backstage, should look spontaneous and personalized on stage." Spontaneous interactions with customers can create long-lasting memories and affirm the company's brand promise.⁶¹

Speed

Google constantly improves its search product at a rapid rate. In fact, its entire culture is based on rapid innovation. Sheryl Sandberg, chief operating officer of Facebook, made a mistake early in her previous position as vice president of Google because she was moving too fast to plan carefully. Although the mistake cost the company a few million dollars, Google co-founder Larry Page responded to her explanation and apology by saying he was actually glad she had made the mistake. It showed that she appreciated the company's values. Page told Sandberg, "I want to run a company where we are moving too quickly and doing too much, not being too cautious and doing too little. If we don't have any of these mistakes, we're just not taking enough risks."⁶²

Although it's unlikely that Google actually favors mistakes over moneymaking ideas, Page's statement expressed an appreciation that in the modern business environment, **speed**—rapid execution, response, and delivery—often separates the winners from the losers.

How fast can you develop and get a new product to market? How quickly can you respond to customer requests? You are far better off if you are faster than the competition—and if you can respond quickly to your competitors' actions. In *The Lean Startup*, Eric Ries captures this idea of moving quickly: "The only way to win is to learn faster than anyone else."⁶³

Speed isn't everything—you can't get sloppy in your quest to be first. But other things being equal, faster companies are more likely to be the winners, slow ones the losers. Even pre-Internet, companies were getting products to market and in the hands of customers faster than ever. Now the speed requirement has increased exponentially. Everything, it seems, is on fast-forward.

Speed is no longer just a goal of some companies; it is a strategic imperative. In 2018, Quicken Loans (owned by

speed

Fast and timely execution, response, and delivery of products.



Quicken Loans became quicker than before and quicker than many others when it introduced Rocket Mortgage.

dpa picture alliance/Alamy Stock Photo

Rock Holdings Inc.) supplanted Wells Fargo as the largest provider of mortgage loans in the United States.⁶⁴ Two years ago, Quicken announced its new mortgage service, Rocket Mortgage.⁶⁵ The self-service mortgage application is marketed as fast, secure, and completely online.⁶⁶

Cost Competitiveness

Walmart keeps driving hard to find new ways to cut billions of dollars from its already very low distribution costs. It leads the industry in efficient distribution, but competitors are copying Walmart's methods, so the efficiency no longer gives it as much of an advantage.⁶⁷

Walmart's efforts are aimed at **cost competitiveness**, which means keeping costs low enough so that the company can realize profits and price its products (goods or services) at levels that are attractive to consumers. Needless to say, if you can offer a desirable product at a lower price, it is more likely to sell.

JetBlue Airlines, in an effort to compete against discounting rivals like Spirit Airlines, announced that it would begin offering a basic economy airfare in 2019.⁶⁸ Joanna Geraghty, President of JetBlue, told employees that the new no frills fare option is in reaction to customer preferences and not offering it would put the airline's success at risk.⁶⁹

One reason every company must worry about cost is that consumers can use the Internet to easily compare prices from thousands of competitors. Consumers looking to buy popular items, such as cameras, printers, and plane fares, can go online to research the best models and the best deals. If you can't cut costs and offer attractive prices, you can't compete.

Sustainability

Avoiding wasteful use of energy can bolster a company's financial performance while being kind to the environment. Efforts to cut energy waste are just one way to achieve an important form of competitive advantage: **sustainability**, which at its most basic is the effort to minimize the use and loss of resources, especially those that are polluting and nonrenewable.

Although sustainability means different things to different people,⁷⁰ in this text we emphasize a long-term perspective on sustaining the natural environment and building tomorrow's business opportunities while effectively managing today's business.⁷¹

In the United States, corporate efforts aimed at sustainability have fluctuated as environmental laws are strengthened or loosened; overall, the worldwide trend has been in the direction of greater concern for sustainability. Many companies have discovered that addressing sustainability issues often produces bottom-line benefits. Companies with strong sustainability performance that have also become financial winners include Danish bioscience company Corporate Knights, financial services provider Banco do Brasil, French luxury-goods maker Kering, and U.S. food spice firm McCormick.⁷²

Patagonia does not want customers to discard their outdoor gear that has a broken zipper, tear in the sleeve, or chewed up Velcro closure. Known as the Worn Wear program, the company hopes to keep its products out of landfills by offering free repairs with no questions asked. The program is working. In 2017, 14 employees from its Reno, Nevada, service center made more than 50,000 clothing repairs.⁷³

Sustainability is about protecting our options.⁷⁴ Done properly, sustainability allows people to live and work in ways that can be maintained over the long term (generations) without depleting or harming our environmental, social, and economic resources.

Delivering All Types of Performance

Don't assume that you can settle for delivering just one of the six competitive advantages: low cost alone, or quality alone, for example. As illustrated in Exhibit 1.1, the best managers and companies deliver on all of these performance dimensions.

cost competitiveness

Keeping costs low to achieve profits and be able to offer prices that are attractive to consumers.

sustainability

Minimizing the use of resources, especially those that are polluting and nonrenewable.

EXHIBIT 1.1**Staying Ahead of the Competition****Bottom Line**

Don't focus on one aspect of performance and neglect the others. You might be better at or more interested in one than the others, but every one is important and you—more broadly, your employer—should strive for all six. *Imagine you're in your first management job, supervising a team. What would be your natural tendency? Which performance measures would you focus on, and why? How can you be sure to pay attention to the others?*



Some trade-offs will occur among the six sources of competitive advantage, but this doesn't need to be a zero-sum game in which improving one requires weakening another. The best managers try to optimize among multiple performance dimensions over time.

The Functions of Management

LO 1-3 Explain how the functions of management are evolving in today's business environment.

management

The process of working with people and resources to accomplish organizational goals.

planning

The management function of systematically making decisions about the goals and activities that an individual, a group, a work unit, or the overall organization will pursue; see also *strategic planning*.

Management is the process of working with people and resources to accomplish organizational goals. Good managers do those things both effectively and efficiently. To be *effective* is to achieve organizational goals. To be *efficient* is to achieve goals with minimal waste of resources—that is, to make the best possible use of money, time, materials, and people. Some managers fail on both criteria, or focus on one at the expense of another. The best managers achieve high performance by focusing on both effectiveness *and* efficiency.

These definitions have been around for a long time. But as you know, business is changing radically. The real issue is how to *do* these things.⁷⁵

Although the specifics of doing business are changing, there are still plenty of timeless principles that make managers, and companies, great. While fresh thinking and new approaches are required now more than ever, tried and true management practices remain relevant, useful, and adaptable, with fresh thinking, to the 21st-century business environment.

In the business world today, great executives not only adapt to changing conditions but also apply—rigorously, consistently, and with discipline—the fundamental management principles.

These fundamentals include the four traditional functions of management: *planning, organizing, leading, and controlling*. These are used in organizations of every type. They remain as relevant as ever, and they are needed in start-ups as much as in established corporations. But their form has evolved.

Planning: Delivering Strategic Value

Planning is specifying the goals to be achieved and deciding in advance the appropriate actions needed to achieve those goals. Planning activities include analyzing current situations, anticipating futures, determining objectives, deciding the types of activities in which the company will engage, choosing corporate and business strategies, and determining the

Social Entrepreneurship

The Pioneer of Social Entrepreneurship

Can a company do well and do good at the same time? The idea that business success and positive social change can and indeed should happen together is the driving force behind social enterprise, or social entrepreneurship. Think of social entrepreneurs as change agents, managers who commit themselves and their organizations to creating not only private value in the form of profit, but also social value in various forms, including innovation, sustainability, and accountability. In fact, social entrepreneurs use the same basic management functions to achieve business excellence and to advance positive social goals.

A leading force behind the growing strength of social entrepreneurship is Ashoka, founded by Bill Drayton in 1980. Since its founding, the group has expanded its operations to over 90 countries and has grown to include more than 3,500 social entrepreneurs.⁷⁶ Ashoka works worldwide to enable everyone to be a “changemaker” by identifying and supporting “Fellows,” creating communities for them, and helping build business, social, and financial systems to encourage even more social innovation.

Fellows around the world work on problems in education, women’s health, the environment, justice, obesity, mental health, and human trafficking, among many others. In addition, Ashoka has implemented “changemaker” curriculum in over 500 college and university campuses across 50 countries with social innovation and problem solving as core values.⁷⁷ (Check out <https://www.ashoka.org/en/our-network> to see whether your college or university is among them.)

In Drayton’s view, anyone can be a social entrepreneur. All it takes, he says, is the ability to see a problem, put others’ skepticism aside, and allow yourself the time to inch your way first toward a vision and then to a solution that works. You’ll read about social entrepreneurs in every chapter of this book.⁷⁸

1. Do you think every manager should have the responsibility to do good and do well? Why or why not?
2. What other means to create social innovation besides efforts like Ashoka’s do you think can be effective?

resources needed to achieve the organization’s goals. Plans set the stage for action and for major achievements.

The planning function for the new business environment, as discussed in Part 2 of this book, is more dynamically described as *delivering strategic value*. **Value** is an important concept.⁷⁹ Fundamentally, it describes the monetary amount associated with how well a job, task, good, or service meets users’ needs. Those users might be business owners, customers, employees, society, and even nations.⁸⁰ The better you meet those needs (in terms of quality, speed, efficiency, and so on), the more value you deliver.

That value is strategic when it contributes to meeting the organization’s goals. On a more personal level, you will do well to periodically ask yourself and your boss, “How can I add value?” Answering that question will enhance your contributions, your job performance, and your career.

Delivering strategic value is a continual process of identifying opportunities to create, seize, strengthen, and sustain competitive advantage. Effectively creating value requires fully considering a new and changing set of stakeholders and issues, including the government, the natural environment, globalization, and the dynamic economy in which ideas are king and entrepreneurs are both formidable competitors and potential collaborators. You learn about these and related topics in Chapter 4 (planning and strategic management), Chapter 5 (ethics, corporate responsibility, and sustainability), Chapter 6 (international management), and Chapter 7 (entrepreneurship).

Organizing: Building a Dynamic Organization

Organizing is assembling and coordinating the human, financial, physical, informational, and other resources needed to achieve goals. Organizing activities include attracting people

value

The monetary amount associated with how well a job, task, good, or service meets users’ needs.

You will do well to periodically ask yourself and your boss, “How can I add value?”

organizing

The management function of assembling and coordinating human, financial, physical, informational, and other resources needed to achieve goals.



Rosalind Brewer, former president and CEO of Sam's Club, focused on building a dynamic organization. She recently was appointed COO and group president of Starbucks.

Sarah Bentham/AP Images

leading

The management function that involves the manager's efforts to stimulate high performance by employees.

controlling

The management function of monitoring performance and making needed changes.

to the organization, specifying job responsibilities, grouping jobs into work units, marshaling and allocating resources, and creating conditions so that people and things work together to achieve maximum success.

Part 3 of the book describes the organizing function as *building a dynamic organization*. Historically, organizing involved creating an organization chart by identifying business functions, establishing reporting relationships, and having a human resources department that administered plans, programs, and paperwork. Now and in the future, effective managers will be using new forms of organizing and viewing their people as their most valuable resources. They will build organizations that are flexible and adaptive, particularly in response to changing competitive threats

and customer needs. Progressive human resource practices that attract, reward, and retain the very best diverse workforce will help ensure company success. You will learn about these topics in Chapter 8 (organization structure), Chapter 9 (organizational agility), Chapter 10 (human resources management), and Chapter 11 (managing the diverse workforce).

Leading: Mobilizing People

Leading is stimulating people to be high performers. It includes motivating and communicating with employees, individually and in groups. Leading involves connecting directly with people, helping to guide and inspire them toward achieving team and organizational goals. Leading takes place in teams, departments, and divisions as well as at the top of all types of organizations.

In earlier textbooks, the leading function described how managers motivate workers to come to work and execute top management's plans by doing their jobs. Today and in the future, managers must be good at mobilizing people to contribute their ideas—to use their brains in ways never needed or dreamed of in the past.

As described in Part 4, managers must rely on a very different kind of leadership (Chapter 12) that empowers and motivates people (Chapter 13). More now than ever, great work must be done via great teamwork (Chapter 14), both within work groups and across group boundaries. Ideally, underlying these processes will be effective interpersonal and organizational communication (Chapter 15).

Controlling: Learning and Changing

Planning, organizing, and leading do not guarantee success. The fourth function, **controlling**, monitors performance and implements necessary changes. By controlling, managers make sure the organization's resources are being used properly and that the organization is meeting its goals such as quality and worker safety.

When managers implement their plans, they often find that things are not working out as planned. The controlling function makes sure that goals are met. It addresses the question, "Are our actual outcomes consistent with our established goals?" It then makes adjustments as needed.

Successful organizations pay close attention to the controlling function. But Part 5 of the book makes it clear that today and for the future, key managerial challenges are far more dynamic than in the past; they involve continually *learning and changing*. Controls must still be in place, as described in Chapter 16. But new technologies and other innovations (Chapter 17) make it possible to control more effectively and to help people use their brains, learn, make creative contributions, and help the organization change in ways that forge a successful future (Chapter 18).

The four management functions apply to you personally as well. You must find ways to create value; organize for your own personal effectiveness; mobilize your talents and skills as well as those of others; monitor performance; and constantly learn, develop, and change for the

Management in Action

NAVIGATING FACEBOOK THROUGH TURBULENT TIMES

As discussed in the opening of this chapter, Facebook is facing challenges from multiple fronts. Much of the company's success will depend upon how well Mark Zuckerberg is able to perform the basic functions of management during turbulent times.

Good managers plan how to deliver strategic value, not just for the present but for the future. Seeing the success of competitors like Snapchat and Instagram, Zuckerberg began planning ways to integrate into Facebook a similar time-limited video platform, called Stories, that could serve as another way for people to connect and also generate revenue for the company. Facebook rolled out Stories slowly; it first launched on a limited basis in 2017 and has expanded since then, eventually launching Stories Ads in 2018.⁸¹

At the same time, Zuckerberg is organizing the company to best achieve goals and prepare it for opportunities. For example, Zuckerberg has been organizing the company to stay at the forefront of artificial intelligence (AI) innovation by investing heavily in AI research and buying start-ups to consolidate a pool of top talent.⁸² As he once said, "We buy companies to get excellent people."⁸³

Of course, it's never enough for a manager to organize the efforts of good people; effective managers must lead them as well. Admitting to the mistakes he has made with regard to election meddling and privacy breaches is part of that leadership, but so is earning the trust and loyalty of employees. Despite criticism to do otherwise, Zuckerberg has stood by his COO Sheryl Sandberg, who oversaw

tremendous growth of Facebook since 2008. He's also been an advocate of giving employees the freedom to create. As he once said, "[employees] need the ability to fully exercise all their creativity and all their capacity, or else they're not going to be having the biggest impact that they can have on the world."⁸⁴ Such leadership breeds trust, which is what Zuckerberg needs to earn from his team to overcome recent problems.

Finally, Zuckerberg must control performance and implement change. For example, during the backlash about Facebook's role in the 2016 election, Zuckerberg changed the mission of the company: "Make the world more open and connected" became "Bring the world closer together." The investment in AI is one way of achieving this goal, as algorithms attempt to identify hate speech and fake news. Facebook also set up a "War Room" preceding the 2018 midterm elections to combat election meddling and has agreed to work with governments to come up with regulations to better ensure individual privacy.⁸⁵

1. To what extent was Zuckerberg's decision to change Facebook's mission statement a good one?
2. Every facet of a manager's performance is under scrutiny. Based on what you've read and what you know of Facebook's challenges, which function of management do you think Zuckerberg is performing most effectively? Which do you think he's performing least effectively? Explain your answers.

future. As you proceed through this book and course, we encourage you not merely to read as if management were an impersonal course subject but to reflect on it from a personal perspective as well, integrating ideas for your own personal and professional development.

Performing All Four Management Functions

As a manager, your typical day will not be neatly divided into the four functions. You will be doing many things more or less simultaneously.⁸⁶ Your days will be busy and fractionated, spent dealing with interruptions, meetings, and firefighting. There will be plenty to do that you wish you could be doing but can't seem to get to. These activities will include all four management functions. Some managers are particularly skilled in one or two of the four functions but not in the others. But you should devote adequate attention and resources to *all four* functions. You can be a skilled planner and controller, but if you organize your people improperly or fail to inspire them to perform at high levels, you will not be realizing your potential as a manager. Likewise, it does no good to be the kind of manager who loves to organize and lead, but who doesn't really understand where to go or how to determine whether you are on the right track. Good managers practice all four management functions. Knowing what they are, you can periodically ask yourself (and your manager) whether you are devoting adequate attention to *all* of them.

Management Levels and Skills

LO 1-4 Compare how the nature of management varies at different organizational levels.

top-level managers

Senior executives responsible for the overall management and effectiveness of the organization.

Top managers are increasingly called upon to be not only strategic architects but also effective organizational leaders.

middle-level managers

Managers located in the middle layers of the organizational hierarchy, reporting to top-level executives.

frontline managers

Lower-level managers who supervise the operational activities of the organization.

Organizations—particularly large organizations—have many levels. In this section, you learn about the types of managers found at three broad organizational levels: top level, middle level, and frontline.

Top-Level Managers

Top-level managers are the senior executives of an organization and are responsible for its overall management. Top-level managers, often referred to as *strategic managers*, focus on long-term issues and emphasize the survival, growth, and overall effectiveness of the organization.

Top managers are concerned not only with the organization as a whole but also with the interaction between the organization and its external environment. This interaction often requires managers to work extensively with outside stakeholders and organizations.

The chief executive officer (CEO) is the top-level manager in most companies. This individual is the primary strategic manager of the firm and has authority over everyone within it. Others include the chief operating officer (COO), chief finance officer (CFO), chief information (or technology, or knowledge) officer, and other chiefs in the C-suite, including ethics, strategy (or corporate development), human resources, and marketing (or branding). Functional chiefs sometimes have the title of senior vice president (SVP).⁸⁷ A likely role for the modern C-suite could well be chief sustainability officer or even chief media officer.⁸⁸

Traditionally, the role of top-level managers has been to set overall direction by formulating strategy and controlling resources. But now top managers are increasingly called upon to be not only strategic architects but also true organizational leaders. As leaders, they must create and articulate a broader corporate purpose with which people can identify—and one to which people will enthusiastically commit.

Middle-Level Managers

Middle-level managers are located in the organizational hierarchy below top-level management and above frontline managers. They are responsible for translating the general goals and plans developed by strategic managers into more specific objectives and activities.

Middle-level managers break down company objectives into business unit targets; aggregate separate business unit plans for higher-level corporate; and serve as translators of internal communication, interpreting and relaying top management's priorities downward, and translating information from the front lines upward.

Not long ago the stereotype of the middle manager connoted mediocre, unimaginative bureaucrats who defended the status quo. But middle managers are closer than top managers to day-to-day operations, customers, frontline managers, suppliers, and employees—so they have a working knowledge of problems and opportunities.⁸⁹ They also have many creative ideas—often better than their bosses. Middle managers can play crucial roles in determining which entrepreneurial ideas are blocked and which are supported,⁹⁰ and how well they integrate with top management's strategic initiatives.⁹¹ Good middle managers provide the operating skills and practical problem solving that keep the company working.⁹²

Frontline Managers

Frontline managers, or *operational managers*, are lower-level managers who supervise the operations of the organization. These managers often have titles such as *supervisor*, *team leader*, or *assistant manager*. They are directly involved with nonmanagement employees, implementing the specific plans developed with middle managers. This organizational role is critical because operational managers are the link between management and nonmanagement human resources. Your first management position probably will fit into this category.

Traditionally, frontline managers have been directed and controlled from above to make sure that they successfully implement operations in support of company strategy. But in leading companies, their roles have expanded. Whereas the operational execution aspect of the role remains vital, in leading companies frontline managers are increasingly called on to be innovative and entrepreneurial, managing for growth and new business development.

Managers on the front line are crucial to creating and sustaining quality, innovation, and other drivers of financial performance.⁹³ In outstanding organizations, talented frontline managers are not only *allowed* to initiate new activities but are *expected* to by their top- and middle-level managers. And they are given freedom, incentives, and support to find ways to do so.⁹⁴ Frontline managers at ADP, a human resource solutions provider, help with major organizational change efforts by providing feedback to senior managers about the potential impact of the change and communicating why the change is needed to nonmanagement employees.⁹⁵

Working Leaders with Broad Responsibilities

In small firms—and in those large companies that have adapted to the times—managers have strategic, tactical, *and* operational responsibilities. They are *complete* business people; they have knowledge of all business functions, are accountable for results, and focus on serving customers both inside and outside their firms. This requires the ability to think strategically, translate strategies into specific objectives, coordinate resources, and do real work with all types of stakeholders.

In short, today’s best managers are adept at drawing from a variety of skills, behaviors, and knowledge to be successful.⁹⁶ They focus on relationships with other people and on achieving results. They don’t just make decisions, give orders, wait for others to produce, and then evaluate results. They get their hands dirty, work hard, solve problems, and produce value.

What does all of this mean in practice? How do managers spend their time—what do they actually do? A classic study of top executives found that they spend their time engaging in 10 key activities or roles, falling into three categories: interpersonal, informational, and decisional.⁹⁷ Exhibit 1.2 summarizes these roles. Even though the study was done decades

Decisional Roles	Informational Roles	Interpersonal Roles
<i>Entrepreneur:</i> Searching for new business opportunities and initiating new projects to create change.	<i>Monitor:</i> Seeking information to understand the organization and its environment; serving as the center of communication.	<i>Leader:</i> Staffing, developing, and motivating people.
<i>Disturbance handler:</i> Taking corrective action during crises and other conflicts.	<i>Disseminator:</i> Transmitting information from source to source, sometimes interpreting and integrating diverse perspectives.	<i>Liaison:</i> Maintaining a network of outside contacts that provide information and favors.
<i>Resource allocator:</i> Providing funding and other resources to units or people; includes making significant organizational decisions.	<i>Spokesperson:</i> Speaking on behalf of the organization about plans, policies, actions, and results.	<i>Figurehead:</i> Performing symbolic duties (for example, ceremonies) and serving other social and legal demands.
<i>Negotiator:</i> Engaging in negotiations with parties outside the organization as well as inside (for example, resource exchanges).	n/a	n/a

EXHIBIT 1.2
Managerial Roles: What Managers Do

SOURCE: Adapted from Mintzberg, H., *The Nature of Managerial Work*. New York: Harper & Row, 1973, pp. 92–93.

ago, it remains highly relevant as a description of what executives do. And even though the study focused on top executives, managers at all levels engage in all these activities. As you review the table, you might ask yourself, “Which of these activities do I enjoy most? Where do I excel? Which would I like to improve?” Whatever your answers, you will be learning more about these activities throughout this course.

LO 1-5 Define the skills you need to be an effective manager.

Must-Have Management Skills

Performing management functions and roles, and achieving competitive advantage, are the cornerstones of a manager’s job. However, understanding this does not ensure success. Managers need a variety of skills to do these things well. Skills are specific abilities that result from knowledge, information, practice, and aptitude. Although managers need many individual skills, which you will learn about throughout this textbook, there are three broad, essential categories: technical skills, conceptual and decision skills, and interpersonal and communication skills.⁹⁸

Newly promoted supervisors and managers can underestimate the challenges of management and the many skills required.⁹⁹ But when managers apply these three critical management skills to the four management functions, the result is high performance.

technical skill

The ability to perform a specialized task involving a particular method or process.

Technical A **technical skill** is the ability to perform a specialized task that involves a certain method or process. The technical skills you learn in school will provide you with the opportunity to get an entry-level position; they will also help you as a manager. For example, your accounting and finance courses will develop the technical skills you need to understand and manage the financial resources of an organization.

conceptual and decision skills

Skills pertaining to abilities that help to identify and resolve problems for the benefit of the organization and its members.

Conceptual and Decision **Conceptual and decision skills** involve the ability to identify and resolve problems for the benefit of the organization and everyone concerned. Managers use these skills when they consider the organization’s overall strategy, the interactions among its different parts, and the role of the business in its external environment. As you acquire greater responsibility, you will use your conceptual and decision skills with increasing frequency. Much of this book is devoted to enhancing your conceptual and decision skills, but experience also plays an important part in their development.

interpersonal and communication skills

People skills; the ability to lead, motivate, and communicate effectively with others.

Interpersonal and Communication **Interpersonal and communication skills** influence the managers ability to work well with people. These skills are often called *people skills*. Managers spend the great majority of their time interacting with people,¹⁰⁰ and they must develop their abilities to lead, motivate, and communicate effectively with those around them.

The importance of these skills varies by managerial level. Technical skills are most important early in your career. Conceptual and decision skills become more important than technical skills as you rise higher in the company. But interpersonal skills such as communicating effectively with customers and being a good team player are important throughout your career, at every level of management.

An example of a manager with these skills is Mark Bertolini, former chief executive and chair of Aetna, which provides health insurance and related services. As a young employee doing assembly work for Ford Motor Company, Bertolini became interested in union management, so he decided to study business and earned a degree in accounting and then a master’s degree in finance. Those two specialties involve valuable technical skills, but Bertolini rose through the management ranks at a series of insurance companies because he also has a passion for people. He was constantly engaged in learning about people and forging networks with them. He saw tapping into networks and learning about how to lead people as the key skills that allow managers to get results. At Aetna, Bertolini was not only an expert at insurance matters, but also a promoter of employee health, yoga, and meditation. Furthermore, challenges in his personal life—he survived a spinal cord injury and donated a kidney to his son—helped him to empathize with others, including clients.¹⁰¹

You and Your Career

At the beginning of your career, your contribution to your employer depends on your own performance; often that's all you're responsible for. But on becoming a manager, you are responsible for a group. To use an orchestra analogy, instead of playing an instrument, you're a conductor, coordinating others' efforts.¹⁰² The challenge is much greater than most first-time managers expect it to be.

Throughout your career, you'll need to lead teams effectively as well as influence people over whom you have no authority; thus the human skills are especially important. Business people often talk about **emotional intelligence**,¹⁰³ or EQ—the skills of understanding yourself (including strengths and limitations), managing yourself (dealing with emotions, making good decisions, seeking and using feedback, exercising self-control), and dealing effectively with others (listening, showing empathy, motivating, leading, and so on).

Executives who score low on EQ are less likely to be rated as excellent on their performance reviews, and their divisions tend not to perform as well.¹⁰⁴ But please take note: The common phrase “emotional intelligence” is controversial.¹⁰⁵ You should *not* consider EQ to be a type of intelligence but as a set of skills that you can learn and develop. The issue is not lack of ability to change (you can), but the lack of motivation to learn and apply such skills.¹⁰⁶

A common complaint about leaders, especially newly promoted ones who had been outstanding individual performers, is that they lack what is perhaps the most fundamental of EQ skills: empathy with other people. Chris Myers, co-founder and CEO of BodeTree, sees EQ as one of the most important characteristics of successful business leaders because they need to be able to connect, understand, and inspire their employees.¹⁰⁷

What should you do to forge a successful, gratifying career? You may want to consider being both a specialist and a generalist, to be self-reliant and connected, to actively manage your relationship within your organization, to keep current with technology trends that could help you improve your performance, and to know what is required not only to survive but also to thrive in today's world.

Be Both a Specialist and a Generalist

If you think your career will be as a specialist, think again. Chances are, you will not want to stay forever in strictly technical jobs with no managerial responsibilities. Accountants are promoted to team leaders and accounting department heads, sales representatives become sales managers, writers become editors, and nurses become nursing directors. As your responsibilities increase, you must deal with more people, understand more about other aspects of the organization, and make bigger and more complex decisions. Beginning to learn now about these managerial challenges will yield benefits sooner than you think.

So, it will help if you can become both a specialist and a generalist.¹⁰⁸ Seek to become a *specialist*: You should be an expert in something useful. This will give you specific skills that help you provide concrete, identifiable value to your organization and to customers. And over time, you should learn to be a *generalist*, knowing enough about a variety of subject matters so that you can think strategically and work with different perspectives. Exhibit 1.3 gives you more career advice from experts.

Putting this another way, exploit (use, apply, take advantage of) what you know, and explore (search) for new experiences, ideas, knowledge, and perspectives. To both exploit and explore is to be ambidextrous,¹⁰⁹ organizations should do this, and so should we all.¹¹⁰

LO 1-6 Understand the principles that will help you manage your career.



Bakhtiar Zein/123RF

emotional intelligence

Skills of understanding yourself, managing yourself, and dealing effectively with others.

EXHIBIT 1.3

Career Advice from the Experts

Escape the industry-specific silo.	<i>Develop a skill set that transcends a single function, industry, or career path.</i>
Know what you know.	<i>And find ways to apply it.</i>
Be a lifelong learner.	<i>No one can rest on what they already know.</i>
Manage your online presence.	<i>Expand your network, and post about your industry and functional expertise.</i>
Never compromise your integrity.	<i>Do the right thing and remember that perception and reality matter.</i>
Take a long view.	<i>Look at your career as a journey, and stay true to yourself.</i>
Prevent obsolescence.	<i>Job security comes from current and transportable skills.</i>
Zig-zag strategically.	<i>Job changing can be high-risk but not if you have measurable accomplishments.</i>
Be willing to take on tough projects.	<i>Continually challenge yourself.</i>

SOURCES: "Need a New Year's Resolution? 10 Ideas for a Stronger Career in 2017," *American Recruiters*, January 2, 2017, www.americanrecruiters.com; Kennedy, Joyce Lain, "Best Career Advice for 2013," *Chicago Tribune*, December 23, 2012, <http://www.chicagotribune.com>; Sanders, Lorraine, "Hilary Novelle Hahn's Zig-Zag Career Guide," *Fast Company*, November 13, 2012, <http://www.fastcompany.com>; Kadlec, Dan, "Graduation Day Advice: 5 Steps to a Great Career," *Time*, May 9, 2012, <http://business.time.com>.

Be Self-Reliant

To be self-reliant means to take full responsibility for yourself and your actions.¹¹¹ You cannot count on your manager or your company to take care of you. A useful metaphor is to think of yourself as a business, with you as president and sole employee.

To be self-reliant, find new ways to make your overall performance better. Take responsibility for change; be an innovator.¹¹² Don't just do your work and wait for new projects; look for opportunities to contribute in new ways, to develop new products and processes, and to generate constructive change that strengthens the company and benefits customers and colleagues.

Success requires more than talent; you also have to be willing to work hard. The elite, world-class performers in many fields (including managers and leaders) reach the top tier only after 10 years or more of hard work and skillful coaching.¹¹³ The key is to engage in consistent practice, looking at the results and identifying where to improve.

It's easy to see how this works for violinists or football players, but what about business managers? The answer is to focus on getting better results each time you try any business task, whether it's writing a report, making a presentation, or interpreting a financial statement. To know whether you're getting better, make a point of asking for feedback from customers, colleagues, managers, and mentors.

To develop your full potential, assess yourself, including your interests, aptitudes, and personal character strengths. Reflect on it, ask others who know you well, conduct a formal exercise in which you learn what others consider to be your "best self,"¹¹⁴ and use advances in psychology to identify your signature strengths such as Gallup's CliftonStrengths assessment.¹¹⁵

Consider the professional image and reputation you would like to develop,¹¹⁶ and continue building your capabilities. Consider the suggestions found throughout this book, and your other coursework, as you pursue these objectives.

Don't just do your work and wait for new projects; look for opportunities to contribute in new ways.

Connect with People

Being connected means having many good working relationships and interpersonal contacts. For example, those who want to become partners in professional service organizations, such

as social media marketing, accounting, advertising, and consulting firms, strive constantly to build a network of contacts. Their connectedness goal is to work not only with multiple clients but also with a half dozen or more senior partners, including several from outside their home offices and some from outside their country. Social relationships improve newcomers' knowledge of the organization and their jobs, their social integration into the firm, and their commitment to the organization.¹¹⁷ Networks of diverse individuals can make huge contributions to your professional development no matter what your career—even if you hope to be inducted into the Major League Baseball Hall of Fame on the first ballot.¹¹⁸

Social capital is the goodwill stemming from your social relationships, and you can mobilize it on your behalf. It aids career success, compensation, employment, team effectiveness, the success of new ventures, entrepreneurship, and relationships with suppliers and other outsiders.¹¹⁹ Today much of that social capital can be tapped online at social networking websites. Besides the social sites such as Instagram, some of these sites are aimed at helping people tap business networks. For example, LinkedIn has more than 590 million registered members worldwide, with total revenue from premium subscriptions, marketing, and talent solutions of \$5.3 billion.¹²⁰

All business is a function of human relationships.¹²¹ Building competitive advantage depends not only on you but on other people. Management is personal. Commercial dealings are personal. Purchase decisions, repurchase decisions, and contracts all hinge on relationships. Even the biggest business deals—takeovers—are intensely personal and emotional. Without healthy and productive work relationships, you will not achieve your potential as a manager and leader.

Actively Manage Your Relationship with Your Organization

We have noted the importance of taking responsibility for your own actions and your own career. Unless you are self-employed and your own boss, one way to do this is to think about the nature of the relationship between you and your employer. Exhibit 1.4 shows two possible relationships—and you have some control over which relationship develops.

Relationship #1 is one in which you view yourself as an employee and passively expect your employer to tell you what to do and give you pay and benefits. Your employer is in charge, and you are a passive recipient of its actions. Your contributions are likely to be adequate but minimal—you won't make contributions that strengthen your organization, and if all organizational members take this perspective, the organization is not likely to prosper in the long run. Personally, you may lose your job or keep your job in a declining organization, or unengaged in your work.

In contrast, relationship #2 is a two-way relationship in which you and your organization both benefit from one another. The mind-set is different: Instead of doing what you are told, you think about how you can contribute and add value—and you act accordingly. To the extent that your organization values your contributions, you are likely to benefit in return by receiving full rewards, support for further personal development, and a more gratifying job and work environment. If you think in broad terms about how you can help your company, and if others think like this as well, there is likely to be continuous improvement in the company's ability to innovate, cut costs, and deliver quality products quickly to an expanding



social capital

Goodwill stemming from your social relationships; a competitive advantage in the form of relationships with other people and the image other people have of you.

Bottom Line

To encourage visitors to your LinkedIn profile to think of you as a future manager, be sure to include skills and experiences that suggest you have good interpersonal and team leadership skills.



EXHIBIT 1.4

Two Relationships: Which Will You Choose?

Management in Action

WORKING FOR FACEBOOK'S MARK ZUCKERBERG

Despite the troubles Facebook has encountered recently, it still rates as one of the best places to work in the United States. And for all the criticism Mark Zuckerberg has received for his management of the company, he still received a 96 percent approval rating from his employees in 2018.¹²² Will the managerial decisions he makes moving forward be enough to overcome the political and market challenges confronting Facebook? Only time will tell. But it's clear that Zuckerberg has been able to create an organization that people still believe in, and that's due in part to his ability to implement skills essential to managers and employees alike.

Clearly his technical, communication, and interpersonal skills have earned him the trust and respect of those who work for him. Matt Cohler, an early employee and now a venture capitalist, describes Zuckerberg as "a learn-it-all person. . . . He maintains a relentless focus on innovation, but at the same time he's an applied-science and engineering guy."¹²³ And he possesses the ability to conceptualize a vision of the future that people are eager to follow. Mike Vernal, a former engineering employee, says of Zuckerberg, "Most people think day

to day or week to week. Mark thinks century to century." Zuckerberg, for example, feels that AI can be used as a positive force in society: "In the next five to 10 years, AI is going to deliver so many improvements in the quality of our lives."¹²⁴ You will be learning more about AI in future chapters.¹²⁵

Despite accusations that Zuckerberg is driven by profit at the expense of his users' privacy, the optimism he is known for by many of his employees has carried over into his personal life. He and Priscilla Chan, his wife, founded the ChanZuckerberg Initiative in 2015. One of its initiatives is to cure, prevent, or manage all disease in our children's lifetime, for which Zuckerberg donated \$5.3 billion in 2018.¹²⁶ However, May 2019 brought this *Washington Post* opinion piece: "Mark Zuckerberg claims that, at Facebook, 'The Future Is Private'. Don't Believe Him." So, the challenges continue . . .¹²⁷

1. Based on what you know about Zuckerberg, what's your assessment of his overall management style?
2. Based on what you know about Zuckerberg, would you be inclined to work for him? Why or why not?

customer base. As the company's bottom line strengthens, benefits accrue to many stakeholders as well as to you and other employees.

What contributions can you make? You can do your basic work. But you can, and should, go further. You can figure out new ways to add value—by thinking of and implementing new ideas that improve processes and results. You can do this by using your technical knowledge and skills, as in developing a better information system, accounting technique, or sales strategy.

You also can contribute with your conceptual and human skills and your managerial actions (see Exhibit 1.5). You can execute the essential management functions and deliver competitive advantage. You can deliver strategic value (Part 2 of this book). You can take actions that help build a more dynamic organization (Part 3). You can mobilize people to contribute to their fullest potential (Part 4). And you can learn and change—and help your colleagues and company learn and change—to adapt to changing realities and forge a successful future (Part 5).

Survive and Thrive

You will be accountable for your actions and for results. In the past, people at many companies could show up, do an OK job, get a decent evaluation, and get a raise equal to the cost of living and maybe higher. Today, managers must do a lot more, better. Management

**EXHIBIT 1.5**

Managerial Action Is Your Opportunity to Contribute

scholar Peter Drucker, in considering what makes managers effective, noted that some are charismatic whereas some are not, and some are visionary whereas others are more numbers-oriented.¹²⁸ But successful executives do share some common practices:

- They convey to others “Why we do what we do.”
- They ask “What needs to be done?” not just “What do I want to do?”
- They write an action plan. They don’t just think, they do, based on a sound, ethical plan.
- They take responsibility for decisions. This requires checking up, revisiting, and changing if necessary.
- They focus on opportunities, not just problems. Problems have to be solved, and problem solving prevents more damage. But capturing opportunities is what creates great results.

Career success is most likely if you are flexible, creative, and motivated. You need to learn how to think strategically, make decisions, and work in teams. You will learn more about these and other topics, essential to your successful career, in the upcoming chapters.

KEY TERMS

conceptual and decision skills, p. 18
 controlling, p. 14
 cooptation, p. 8
 cost competitiveness, p. 11
 emotional intelligence, p. 19
 frontline managers, p. 16
 innovation, p. 8
 interpersonal and communication skills, p. 18

knowledge management, p. 7
 leading, p. 14
 management, p. 12
 middle-level managers, p. 16
 organizing, p. 13
 planning, p. 12
 quality, p. 9
 service, p. 10
 social capital, p. 21

speed, p. 10
 sustainability, p. 11
 technical skill, p. 18
 top-level managers, p. 16
 value, p. 13

RETAINING WHAT YOU LEARNED

You learned that change is the only constant for managers in today's business world. You also learned that high-performance managers seek to deliver superior value to customers by providing high-quality, innovative services or products in a timely, cost-effective, and sustainable manner.

The fundamental functions and activities of management are just as important as they were "back in the day." However, their forms have evolved greatly and their strategies and tactics continue to change. Depending on your organizational level, you'll be expected to engage in certain roles and master a variety of managerial skills. Your career, and your professional and personal development along the way, are in your hands.

LO 1-1 Summarize the major challenges of managing in the new competitive landscape.

- In business, there is no alternative to managing well. The best managers succeed by focusing on the fundamentals and knowing what's important.
- The goal of this book is to help you become an effective, high-performance manager.
- Managers today must deal with dynamic forces that create greater change than ever before, including globalization, technological change (including the continuing development and new applications of the Internet), knowledge management, and collaboration across organizational boundaries.

LO 1-2 Describe the sources of competitive advantage for a company.

- Because business is a competitive arena, you need to deliver value to customers in ways that are superior to what your competitors provide.

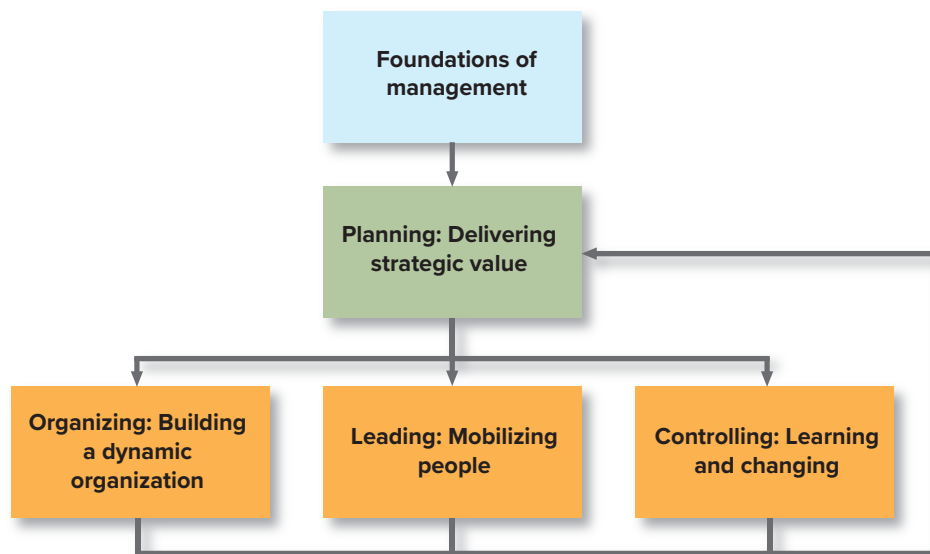
- Competitive advantages result from innovation, quality, service, speed, cost competitiveness, and sustainability.

LO 1-3 Explain how the functions of management are evolving in today's business environment.

- Despite massive change, management retains certain functions that will not disappear.
- The primary functions of management are planning, organizing, leading, and controlling.
- Planning is analyzing a situation, determining the goals that will be pursued, and deciding in advance the actions needed to pursue these goals.
- Organizing is assembling the resources needed to complete the job and coordinating employees and tasks for maximum success.
- Leading is motivating people and stimulating high performance.
- Controlling is monitoring the progress of the organization or the work unit toward goals and then taking corrective action as needed.
- In the modern business environment, these functions require creating strategic value, building a dynamic organization, mobilizing people, and learning and changing.

LO 1-4 Compare how the nature of management varies at different organizational levels.

- Top-level, strategic managers are the senior executives responsible for the organization's overall management.
- Middle-level, tactical managers translate general goals and plans into more specific objectives and activities.



The Management Process

- Frontline, operational managers are lower-level managers who supervise operations.
- Managers at all levels must perform a variety of interpersonal, informational, and decision roles.
- Even at the operational level, the best managers think strategically and operate like complete business people.

LO 1-5 Define the skills you need to be an effective manager.

- To execute management functions successfully, managers need technical skills, conceptual and decision skills, and interpersonal and communication skills.
- A technical skill is the ability to perform a specialized task involving certain methods or processes.
- Conceptual and decision skills help the manager recognize complex and dynamic issues, analyze the factors that influence those issues or problems, and make appropriate decisions.

- Interpersonal and communication skills enable the manager to interact and work well with people.
- As you rise to higher organizational levels, technical skills tend to become less important and conceptual skills become more important, whereas interpersonal and communication skills remain extremely important at every level.

LO 1-6 Understand the principles that will help you manage your career.

- You are more likely to succeed in your career if you become both a specialist and a generalist. You should be self-reliant but also connected.
- You should actively manage your relationship with your organization and continuously improve your skills so you can perform as needed in the changing work environment.

DISCUSSION QUESTIONS

1. Identify and describe a great manager. What makes him or her stand out from average managers?
2. Have you ever seen or worked for an ineffective manager? Describe the behaviors that contributed to the manager's ineffectiveness.
3. Describe in as much detail as possible how the Internet and globalization affect your daily life.
4. Identify some examples of how different organizations collaborate across boundaries.
5. Name a great organization. How do you think management contributes to making it great?
6. Name an ineffective organization. What can management do to improve it?
7. Give examples you have seen of firms that are outstanding and weak on each of the six pillars of competitive advantage. Why do you choose the firms you do?
8. Describe your use of the four management functions in the management of your daily life.
9. Discuss the importance of technical, conceptual, and interpersonal skills at school and in jobs you have held.
10. What are your strengths and weaknesses as you contemplate your career? How do they relate with the skills and behaviors identified in the chapter?
11. Devise a plan for developing yourself and making yourself attractive to potential employers. How would you go about improving your managerial skills?
12. Consider the managers and companies discussed in the chapter. Have they been in the news lately, and what is the latest? If their image, performance, or fortunes have gone up or down, what has changed to affect how they have fared?

EXPERIENTIAL EXERCISES

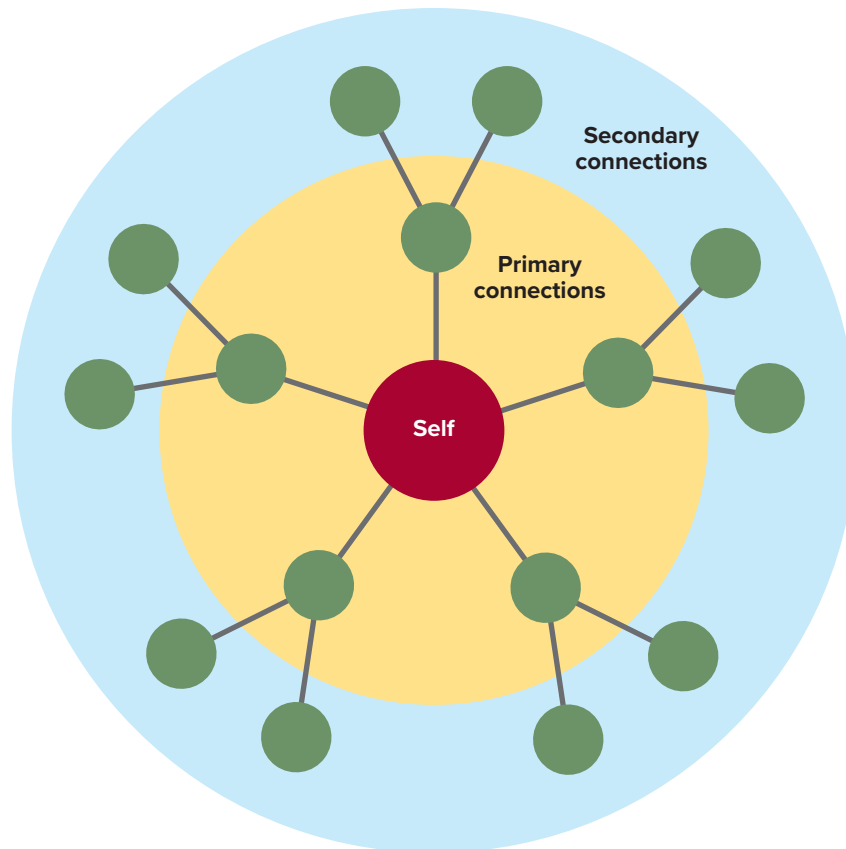
1.1 Your Personal Network

1. See the nearby figure showing primary and secondary connections. Working on your own, write down all of your primary contacts—individuals you know personally who can support you in attaining your professional goals. Then begin to explore their secondary connections. Make assumptions about possible secondary connections that can be made for you by contacting your primary connections. For example, through one of your teachers (primary), you might be able to obtain some names of potential employers (secondary). (10–15 min.)
2. Then meet with your partner or small group to exchange information about your primary and secondary networks and to exchange advice and information on how best to use these connections as well as how you could be helpful to them. (about 5 min. per person; 10–30 min. total, depending on group size)
3. Add names or types of names to your list based on ideas you get by talking with others in your group. (2–5 min.)
4. Discuss with your large group or class, using the following discussion questions. (10 min.)

QUESTIONS

1. What were some of the best primary sources identified by your group?
2. What were some of the best sources for secondary contacts identified by your group?
3. What are some suggestions for approaching primary contacts?
4. What are some suggestions for approaching secondary contacts, and how is contacting secondary sources different from contacting primary contacts?
5. What did you learn about yourself and others from this exercise?

SOURCE: de Janasz, Suzanne C., Dowd, Karen O. and Schneider, Beth Z., *Interpersonal Skills in Organizations*. New York: McGraw-Hill, 2002, p. 211.



Primary and Secondary Connections

SOURCE: Excerpted from Jauch, Lawrence R., Bedeian, Arthur G., Coltrin, Sally A. and Glueck, William F., *The Managerial Experience: Cases, Exercises, and Readings*, 5th ed. Chicago: South-Western, 1989.

1.2 Are You An Effective Manager?

OBJECTIVES

1. To recognize what behaviors contribute to being a successful manager.
2. To develop a ranking of critical behaviors that you personally believe are important for becoming an effective manager.

INSTRUCTIONS

1. Following is a partial list of behaviors in which managers may engage. Rank these items in terms of their importance for effective performance as a manager. Put a 1

next to the item that you think is most important, 2 for the next most important, down to 10 for the least important.

2. Bring your rankings to class. Be prepared to justify your results and rationale. If you can add any behaviors to this list that might lead to success or greater management effectiveness, write them in.

Managerial Behaviors Worksheet

- _____ Collaborates with people from different parts of the organization.
- _____ Looks for ways to incorporate technology into the operation.

- _____ Ensures that services/products are of a high quality and delivered on time.
- _____ Keeps costs down and looks for ways to be more efficient.
- _____ Makes decisions to help achieve the goals of the organization.
- _____ Is organized and effectively allocates resources.
- _____ Motivates others to perform at a high level.

- _____ Makes sure goals are met and implements changes when necessary.
- _____ Exhibits good interpersonal and communication skills.
- _____ Is skilled at identifying and resolving problems.

SOURCE: Adapted from Jauch, Lawrence R., Bedeian, Arthur G., Coltrin, Sally A. and Glueck, William F., *The Managerial Experience: Cases, Exercises, and Readings*, 5th ed. Chicago: South-Western, 1989.

1.3 Career Skills Development

OBJECTIVES

1. To develop an understanding of your career-related strengths.
2. To identify career-related skills and behaviors requiring development.
3. To increase confidence in your marketability.

INSTRUCTIONS

Read the instructions for each activity, think about them, and then provide your response.

Career Development Worksheet

Think about a part- or full-time job, or a volunteer role that you've held.

1. Describe activities and skills at which you excelled and which helped you succeed:
 - a. _____
 - b. _____
 - c. _____

- d. _____
- e. _____
2. Identify activities and skills that you wanted to master but were unable to do so due to lack of training or time:
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____

3. Referring to #2, identify steps you could take now to develop these important activities and skills:
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____

SOURCE: Adapted from Gordon, Judith R., *Diagnostic Approach to Organizational Behavior*. Upper Saddle River, NJ: Pearson Education, 1983.

Concluding Case

A NEW MANAGER AT USA HOSPITAL SUPPLY

As Matt Greer drove to work, he smiled, recalling the meeting at the end of the previous day. Inez Rodriguez, the founder and owner of the company where he worked, USA Hospital Supply, had summoned him to her office where she shook his hand and exclaimed, "Congratulations!"

As they settled into chairs, Inez reviewed the conversation she'd had with the company's board of directors that morning: USA Hospital had been growing steadily for the past 10 years despite the economy's ups and downs. Although Inez had always been an insightful and enthusiastic leader of her five-person sales team, the increased sales activity was becoming too difficult to manage along with her other obligations. She needed a leader who could focus exclusively on sales.

She had interviewed several candidates outside the firm as well as members of her current sales team, which included

Matt and two other reps. In the end, Inez told Matt, the choice was obvious: He was far and away the best sales rep on the team, he had extensive knowledge of the company's product mix, and if anyone could help the sales team achieve its goals, it was Matt. She offered him the job as the company's first sales manager. He eagerly accepted. When he left work that evening, he was bursting with ideas, full of confidence.

Now Matt pulled into the office park where USA Hospital was located and found a parking space in the lot outside the one-story office and warehouse facility. As usual, he was one of the first employees to arrive. By habit, he strode toward his cubicle, but after a second, he recalled that Inez had arranged for the small firm's accountant and computer systems manager to share an office so Matt could have an office of his own. He entered his new space and settled into the chair behind his desk.

At that instant, his confidence began to give way to nervousness. Matt realized that although he knew a lot about selling supplies to hospitals and doctor's offices, he had never given much thought to managing. Obviously, he mused, his job was to see that his department met or exceeded its sales targets. But how?

Matt needed to write down some ideas. He typed out a list of the four sales reps: Usha, Kyle, Tyreke, and Emma. Emma handled the large corporate accounts, Usha covered the East Coast, Tyreke called on accounts in the South, and Kyle handled the Midwest. Until today, Matt had been building a fast-growing territory west of the Mississippi. Now who was going to do that? Matt was tempted to keep that work for himself; he knew he could build a base of loyal clients better than anyone. Still, he wondered whether he could excel as a manager and as a sales rep at the same time.

While he was pondering that challenge, Emma walked past the door and, without stopping, politely called, "Congratulations!" through the doorway. Matt's heart sank as he realized that Emma had also wanted this job. They had always enjoyed a friendly rivalry as talented salespeople; now what would happen to their relationship? Matt glanced at his inbox and saw status reports from Tyreke and Kyle,

both of whom were out with clients. What about Usha? Matt wasn't sure he remembered her plans for this week.

Obviously, he needed to catch up on what everyone was doing, and that gave him a new idea. He could build on his strengths by traveling with each of the sales reps and coaching them. That way, he could show them all his proven methods for closing a sale, and they could learn to sell as well as he did. Matt thought, "That's what a good manager does: Shows employees how to do the job right." He was starting to feel less nervous as he began to write an email to his team.

DISCUSSION QUESTIONS

1. How will Matt's approach to quality and service affect his company's performance?
2. Which of the basic functions of management has Matt considered? How well is he preparing to carry out these functions?
3. Which management skills does Matt have? In what areas do you think he has the greatest need to develop skills? How can he actively manage his development as a manager?

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