Managing in Small Businesses and Not-For-Profit Organizations

Small businesses are growing in importance. Hundreds of small businesses are opened every month by people who have found themselves squeezed out of the corporation due to downsizing or who voluntarily leave the corporate world to seek a slower pace and a healthier balance between work and family life. Many small businesses are opened by women or minorities who found limited opportunities for advancement in large corporations. In addition, the Internet has opened new avenues for small business formation. The huge wave of dot-com start-ups in the late 1990s was driven not just by dreams of wealth, but also by the desire of people to get out of big corporations and start something new and exciting.

The environment for small business has become increasingly complicated due to technology, globalization, government regulation, and increasing customer demands. Solid management is critical to success, but small companies sometimes have difficulty developing the managerial dexterity needed to survive in a complex environment. One survey on trends and future developments in small business found that nearly half of respondents saw inadequate management skills as a threat to their companies, as compared to less than 25 percent in larger organizations.[21]

FOCUS ON SKILLS

Do You Really Want to Be a Manager?

The first training course that aspiring managers at FedEx take is called "Is Management for Me?" Becoming a manager is considered by most people to be a positive, forward-looking career move. Indeed, there are lots of appealing aspects to life as a manager. However, there are also many challenges, and not every person will be happy and fulfilled in a management position. Here are some of the issues would-be managers in the new workplace should consider before deciding they want to pursue a management career.

The increased workload. It isn't unusual for managers to work 70-80-hour weeks, and some work even longer hours. A manager's job always starts before a shift and ends hours after the shift is over. Matt Scott, a software engineer promoted to management at Fore Systems, Inc., found himself frustrated by the increasing paperwork and crowded meeting schedule.

The unrelenting sense of obligation. A manager's work is never done. Nancy Carreon, an associate partner for an architectural firm, sometimes wakes up in the middle of the night thinking about something she needs to do—so she gets up and does it. George Pollard, a senior human resources official at FedEx, says, "Managers are always on the clock. We're representatives of [the company] even when we're not at work."

The headache of responsibility for other people. A lot of people get into management because they like the idea of having power, but the reality is that many managers feel overwhelmed by the responsibility of supervising and disciplining others. Laura Kelso, who today thrives on the fast pace and responsibility of being a manager, says that the first time she had to fire someone, she agonized for weeks over how to do it. New managers are often astonished at the amount of time it takes to handle "people problems." Kelly Cannell, who quit her job as a manager, puts it this way: "What's the big

deal [about managing people]? The big deal is that people are human. . . . To be a good manager, you have to mentor them, listen to their problems, counsel them, and at the end of the day you still have your own work on your plate. . . . Don't take the responsibility lightly, because no matter what you think, managing people is not easy."

Being caught in the middle. For many people, this is the most difficult aspect of management. Except for those in the top echelons, managers find themselves acting as a backstop, caught between upper management and the workforce. A computer software designer explains why she wanted out of management: "I didn't feel comfortable touting the company line in organizational policies and technical decisions I disagreed with. It was very hard asking folks to do things I wouldn't like to do myself, like put in gobs of overtime or travel at the drop of a hat." Even when managers disagree with the decisions of top executives, they are responsible for implementing them.

For some people, the frustrations of management aren't worth it. For others, management is a fulfilling and satisfying career choice and the emotional rewards can be great. One key to being happy as a manager may be carefully evaluating whether you can answer yes to the question, "Do I really want to be a manager?"

SOURCES Heath Row, "Is Management for Me? That is the Question," *Fast Company* (February–March 1998), 50–52; Timothy D. Schellhardt, "Want to Be a Manager? Many People Say No, Calling Job Miserable," *The Wall Street Journal* (April 4, 1997), A1, A4; Matt Murray, "A Software Engineer Becomes a Manager with Many Regrets," *The Wall Street Journal*, May 14, 1997, A1, A14; Hal Lancaster, "Managing Your Career," Nancy Carreon Works Long, Hard Weeks, Does She Need To?, *The Wall Street Journal* (May 13, 1997), B1; and Matt Murray, "Managing Your Career—The Midcareer Crisis: Am I in This Business to Become a Manager?" *The Wall Street Journal* (July 25, 2000), B1.

One interesting finding is that managers in small businesses tend to emphasize roles different from those of managers in large corporations. Managers in small companies often see their most important role as spokesperson, because they must promote the small, growing company to the outside world. The entrepreneur role is also very important in small businesses, because managers must be creative and help their organizations develop new ideas to be competitive. Small-business managers tend to rate lower on the leader role and on information-processing roles compared with counterparts in large corporations.

Not-for-profit organizations also represent a major application of management talent. The Red Cross, the Girl Scouts, universities, city governments, hospitals, public schools, symphonies, and art museums all require excellent management. The functions of planning, organizing, leading, and controlling apply to not-for-profits just as they do to business organizations, and managers in not-for-profits use similar skills and perform similar activities. The primary

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Dating in Bytes

After breaking up with his girlfriend, Wei-Li Tjong needed an ego boost and a way to meet new women. On a whim, he went to Nerve.com and posted his Johnny Depp look-alike picture with a description of himself as "passionate and sexy." He got 12 responses that day. Within a few months, he had dated 70 women, most for after-dinner drinks of low commitment. He says that about one-third of the women went home with him. Maybe that's why customers are more willing to open their wallets for online dating services: The geographic reach is large, and the results are immediate.

Some of the dating services are subsidiaries of larger companies. For example, match.com is owned by Ticketmaster and brings in about $60 million yearly revenues for their parent company.

Nerve.com, on the other hand, protects its small and funky market, appealing to on-the-edge urban professionals. Fearing it will lose its base, nerve.com has resisted merging with other companies. It gained attention during the 1990s with publication of steamy bohemian literature and spun off its personal ads into Spring Street Networks, hiring a Wall Streeter as CEO.

The issues these companies face are ethical and strategic. Do they allow married people to post ads? Yahoo! does, if the people are truthful about their marital status, as Yahoo!'s strategy is not to be "paternalistic." Since almost one-third of visitors to some sites are married, this is an important question. Some sites, such as match.com, screen the application before they will post an ad, hoping to limit their customers to "singles only." Strategic decisions involve how far to take this dating service. Matchmaker.com holds periodic gatherings where people can meet each other face-to-face and is considering offering customers help with flowers, restaurants, and so on.

People keep signing up. Personal ads are more acceptable to the younger crowd, who see it as an opportunity to meet lots of potential dates. Older folks are not as likely to fork over the cash, as they tend to see personal ads as a last resort for losers. Still, even with the 20-somethings, there are problems. Mr. Tjong found out that people are not always truthful. One woman had gained a "significant" amount of weight since her photo was taken. Others did not always live up to their descriptions. And, not surprisingly, the rate of second dates is quite low.

For Mr. Tjong, it took 70 dates to fall in love. Some people might find that more exhausting than fun.

SOURCES: Warren St. John, "Young, Single and Dating at Hyperspeed," The New York Times (April 21, 2002), 9–10; Bod Tedeschi, "Online Matchmakers Are Helping to Bolster the Finances of Their Corporate Parents As They Raise the Romantic Hopes of Clients," The New York Times (February 4, 2002), C5; Brad Reagan, "E-Commerce Openers—Bored of the Rings," The Wall Street Journal (April 15, 2002), R4.

difference is that managers in businesses direct their activities toward earning money for the company, while managers in not-for-profits direct their efforts toward generating some kind of social impact. The unique characteristics and needs of not-for-profit organizations created by this distinction present unique challenges for managers.[22]

Financial resources for not-for-profits typically come from government appropriations, grants, and donations rather than from the sale of products or services to customers. In businesses, managers focus on improving the organization's products and services to increase sales revenues. In not-for-profits, however, services are typically provided to nonpaying clients, and a major problem for many organizations is securing a steady stream of funds to continue operating. Not-for-profit managers, committed to serving clients with limited resources, must focus on keeping organizational costs as low as possible.[23] Donors generally want their money to go directly to helping clients rather than for overhead costs. If not-for-profit managers can't demonstrate a highly efficient use of resources, they might have a hard time securing additional donations or government appropriations.

In addition, since not-for-profit organizations do not have a conventional bottom line, managers may struggle with the question of what constitutes results and effectiveness. Whereas it is easy to measure dollars and cents, not-for-profits have to measure intangibles such as "improve public health" or "make a difference in the lives of the disenfranchised." It is more difficult to

gauge the performance of employees and managers when the goal is providing a public service rather than increasing sales and profits. Managers in not-for-profits must market their services to attract not only clients but also the volunteers and donors on whom they depend. However, these volunteers cannot be supervised and controlled in the same way a business manager deals with employees.

The roles defined by Mintzberg also apply to not-for-profit managers, but these may differ somewhat. We might expect managers in not-for-profits to place more emphasis on the roles of spokesperson (to "sell" the organization to donors and the public), leader (to build a mission-driven community of employees and volunteers), and resource allocator (to distribute government resources or grant funds that are often assigned top-down).

Managers in all organizations—large corporations, small businesses, and not-for-profit organizations—carefully integrate and adjust the management functions and roles to meet new challenges within their own circumstances and keep their organizations healthy. One way in which many organizations are meeting new challenges is through increased use of the Internet. Some government agencies are using the Web to cut bureaucracy, improve efficiency, and save money.