

Unit 2 - Chapter 4,6,7

Chapter 4: Essentials of Planning and Managing by Objectives

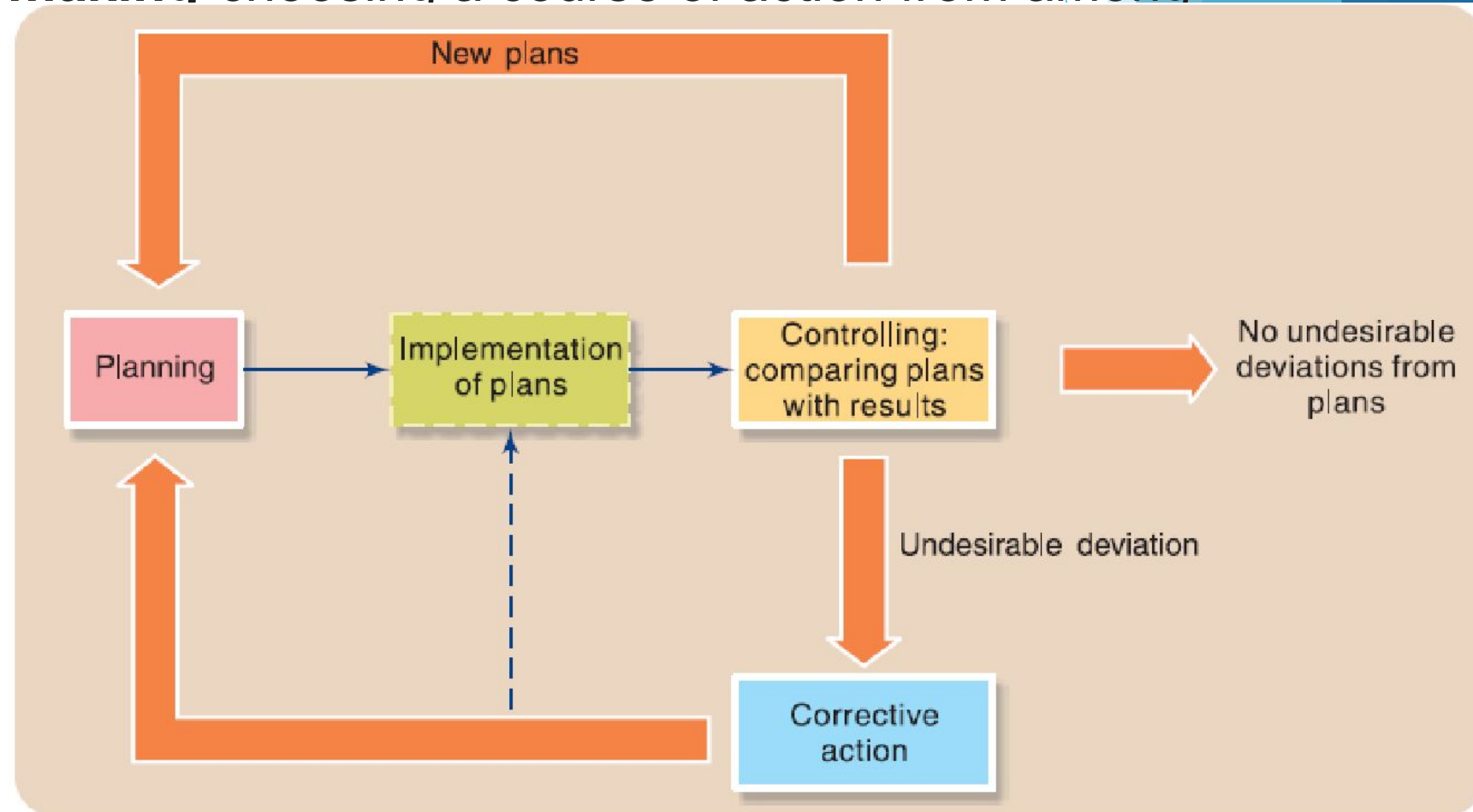
PP No. 95-110

Content

- ▶ Types of Plans
- ▶ Steps in Planning
- ▶ Objectives
- ▶ Evolving Concepts in Management by Objectives

Planning- Control

- ▶ Planning - **selecting missions and objectives** and **deciding on the actions**
- ▶ Requires **decision making**-choosing a course of action from among alternatives.



Types of Plans

- ▶ (1) Missions or Purposes
- ▶ (2) Objectives or Goals
- ▶ (3) Strategies
- ▶ (4) Policies
- ▶ (5) Procedures
- ▶ (6) Rules
- ▶ (7) Programs
- ▶ (8) Budgets

Mission or Purposes

- ▶ Identifies the basic function or tasks of an enterprise or agency or any part of it.
- ▶ Example: For Business production, education institution, Google
- ▶ While a business, for example, may have a social purpose of producing and distributing goods and services, it can accomplish this by fulfilling a mission of producing certain lines of products.

Examples

- ▶ Tata Motors: We innovate mobility solutions with **passion** to enhance quality of life.
- ▶ BMSCE: Accomplish Excellence in the field of Technical Education through Education, Research and Service needs of society.
- ▶ Infosys: To achieve our **objectives** in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors

Objectives or Goals

- ▶ Are the ends toward which activity is aimed.
- ▶ They represent not only the end point of planning, but also the end toward which organizing, staffing, leading, and controlling are aimed.

Examples - Objectives

- ▶ Career: To secure a challenging position in a reputable organization to expand my learnings, **knowledge**, and skills.
- ▶ Education: Passing an Exam

Strategies

- ▶ Determination of the basic long-term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals.

Examples - Strategies

- ▶ SWOT
- ▶ More Innovative product
- ▶ Improve customer service
- ▶ Pricing Strategies

Policies

- ▶ Policies also are plans in that they are general statements or understandings that guide or channel thinking in decision-making
- ▶ Policies define an area within which a decision is to be made and ensure that the decision will be consistent with, and contribute to, an objective.

Examples- Policies

- ▶ Google's Statements:
 - ▶ “Focus on the user and all else will follow.”
 - ▶ “It's best to do one thing really, really well.”
- ▶ Recruitment Policy
- ▶ Mobile phone policy

Examples -Policies

- ▶ Policies of hiring only university-trained engineers, encouraging employee suggestions for improved cooperation, promoting from within, conforming strictly to a high standard of business ethics, setting competitive prices, and insisting on fixed, rather than cost-plus, pricing.
- ▶ Ford cars- Hike in fuel price- downsize car size- Opportunity in Asia – Though competitors are more-better than do-nothing

Procedures

- ▶ Procedures are plans that establish a required method of handling future activities.
- ▶ They are chronological sequences of required actions.
- ▶ **For example:** Company policy may grant **employees vacations**; procedures established to implement this policy will provide for scheduling vacations to avoid disruption of work, setting rates of vacation pay and methods for calculating them, maintaining records to ensure each employee of a vacation, and spelling out the means for applying for leave.

Rules

- ▶ Rules spell out specific required actions or nonactions, allowing no discretion.
- ▶ While policies are meant to guide decision-making by marking off areas in which managers can use their discretion, rules allow no discretion in their application.
- ▶ **Example:** Sign-in by 9.30am

Programs

- ▶ Programs are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action; they are ordinarily supported by budgets.
- ▶ **Example:** Introduction of new branch in BMSCE-AI and ML Branch

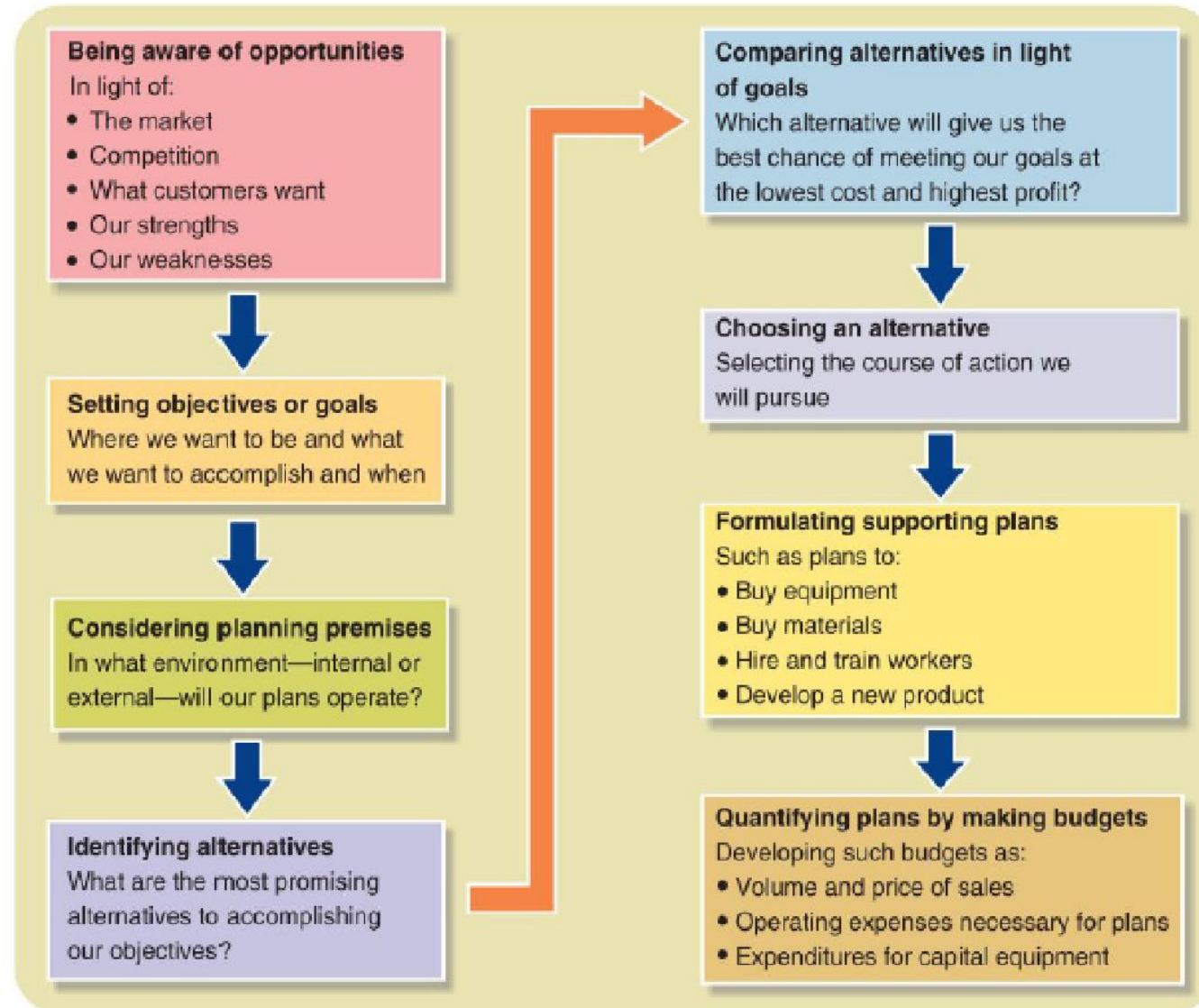
Budgets

- ▶ A budget is a statement of expected results expressed in numerical terms.
- ▶ Quantified Plan / Profit Plan
- ▶ The budget is necessary for control, but it cannot serve as a sensible standard of control unless it reflects plans.
- ▶ **Example:** Research Proposals, New equipment procurement

End of Class

Next Class: Steps in Planning

Steps in Planning



Being Aware of Opportunities

- ▶ Awareness of opportunities* in the external environment as well as within the organization is the real starting point for planning.
- ▶ Setting realistic objectives depends on this awareness.
- ▶ Look at possible future opportunities and see them clearly and completely, know where their company stands in light of its strengths and weaknesses, understand what problems it has to solve and **why, and know what** it can expect to gain.

Establishing Objectives

- ▶ Objectives for the **entire enterprise** and then **for each subordinate** work unit.
- ▶ This is to be done for the **long term** as well as for the **short range**.
- ▶ Enterprise objectives give direction to the **major plans**, which, by reflecting these objectives, define the objective of every major department.

Developing Premises

- ▶ Establish, circulate, and obtain agreement to utilize critical planning premises such as **forecasts, applicable basic policies, and existing company plans**.
- ▶ Premises are assumptions about the environment in which the plan is to be carried out.
- ▶ Principle of planning premises is: the more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

Importance of Forecasting

- ▶ What kinds of markets will there be?
- ▶ What volume of sales?
- ▶ What prices?
- ▶ What products? What technical developments? What costs? What wage rates? What tax rates and policies?
- ▶ What new plants? What policies with respect to dividends? What political or social environment? How will expansion be financed? What are the long-term trends?

Determining Alternative courses

- ▶ Those not immediately apparent
- ▶ The more common problem is not finding alternatives but reducing the number of alternatives so that the most promising may be analyzed.

Evaluating alternative Courses

- ▶ One course may appear to be the most profitable but may require a large cash outlay and have a slow payback;
- ▶ Another may look less profitable but may involve less risk;
- ▶ Still another may better suit the company's long-range objectives.

Example

- ▶ Hindustan Motors is known for its traditional Ambassador. But with the introduction of TATA's \$2,500 Nano, Indian auto industry got into the international limelight. Many car companies have entered India. For example, General Motors build its second plant in India in 2008. GM will compete with Maruti, Nano, and others. However, the car is expected to be more expensive than the advertised \$2,500 Nano by TATA Motors. Volkswagen, the biggest car company in Europe, entered the pre-owned auto market in India. With the high gasoline prices, companies **focusing on fuel efficiency and at the same time developing eco-friendly engines**. Toyota has been very successful with its Prius hybrid car. Honda is moving in the same direction and even luxury carmaker BMW plans to introduce later a hybrid vehicle. TATA Motors is working on an electric car and experimenting with **lithium ion batteries**.
- ▶ However, India's long-term goal is to develop **hydrogen fueled automobiles**. But at the outset, hybrid vehicles would have to be imported which could run into barriers. Still, Honda Sael Cars India has introduced already its very popular Civic model with **hybrid propulsion**. Government policy makers wonder what alternative courses should be pursued to minimize the environmental impact of the

Selecting a Course

- ▶ The real point of decision-making.
- ▶ An analysis and evaluation of alternative courses will disclose that two or more are advisable, and the manager may decide to follow several courses rather than the one best course.

Formulating derivative plans

- ▶ When a decision is made, planning is seldom complete
- ▶ Derivative plans are almost invariably required to support the basic plan.

Quantifying plans by budgeting

- ▶ The overall budget of an enterprise represents the sum total of income and expenses, with resultant profit or surplus, and the budgets of major balance sheet items such as cash and capital expenditures.
- ▶ Each department or program of a business or some other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget.
- ▶ If done well, budgets become a means of adding the various plans and set important standards against which planning progress can be measured.

Coordination of short and long range plans

- ▶ Long range plan must be formulated first and then short range
- ▶ Responsible managers should continually review and revise immediate decisions to determine whether they contribute to long-range programs, and subordinate managers should be regularly briefed on long-range plans so that they will make decisions consistent with the company's long-range goals.

End of Class

Next Class: Objectives

How do we know that our mission is inline with the Organization?

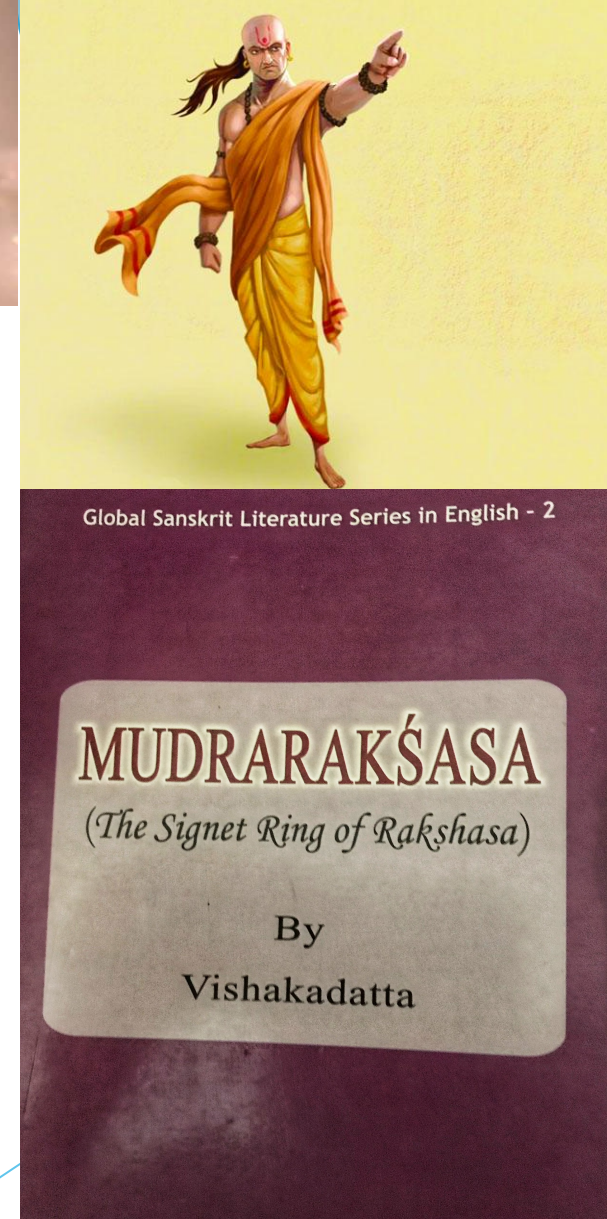
- ▶ We want to work in an organization that values

- ▶ We want to work with people who value

How do we know that our mission is inline with the Organization?

- ▶ This organization values _____ and these people value _____

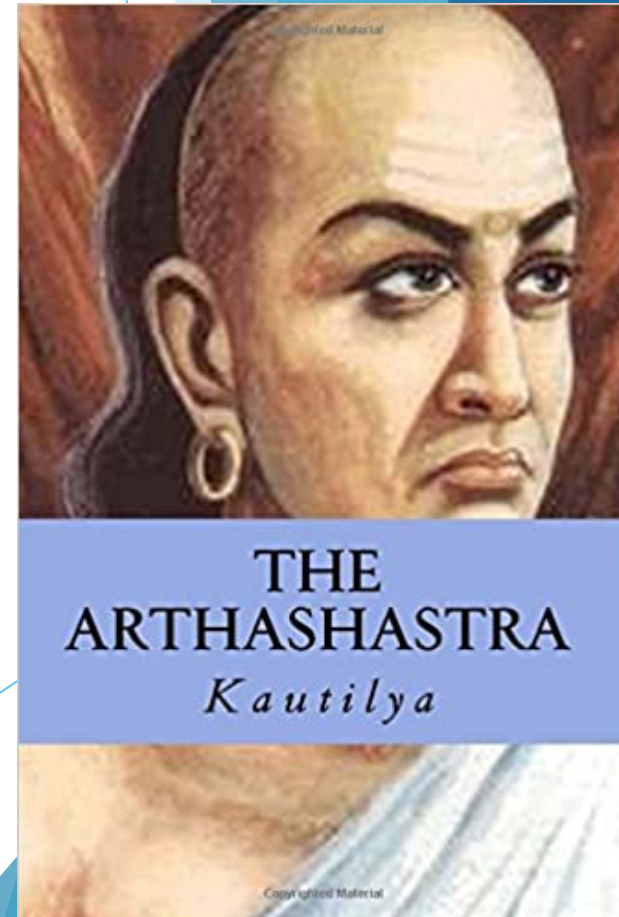
Example : Objective



- ▶ Chanakya Guided Chandragupta Maurya
- ▶ Chanakya was known for his Politics and economics strategies
- ▶ Greek invasion to stop in India
- ▶ Nandas were Against Maurya- They had a great able, loyal minister Rakshasa - He worked for Malayaketu- had a good friend Chandanadasa
- ▶ Chanakya evil strategy- spied and got Rakshasa finger ring in which his name is inscribed
- ▶ Chanakya concocted a plan in believing that he and Chandragupta are no more in talking terms to mislead Rakshasa.
- ▶ Chanakya sent spy to poison Malayaketu's mind against Rakshasa that he was cheating on him.

Example : Objective

- ▶ Malayaketu father was assassinated actually by Chanakya but blame was put on Rakshasa
- ▶ By fake execution Malayaketu had killed many kings who were against Chandragupta Maurya, and few kings captured Malayaketu
- ▶ Chandanadasa was also captured and was about to be executed, But Rakshasa came there to rescue him and Chanakya told the whole story why he did so.
- ▶ Rakshasa was made the Prime minister and Chanakya went to forest.
- ▶ Strategies given in Arthasashtra



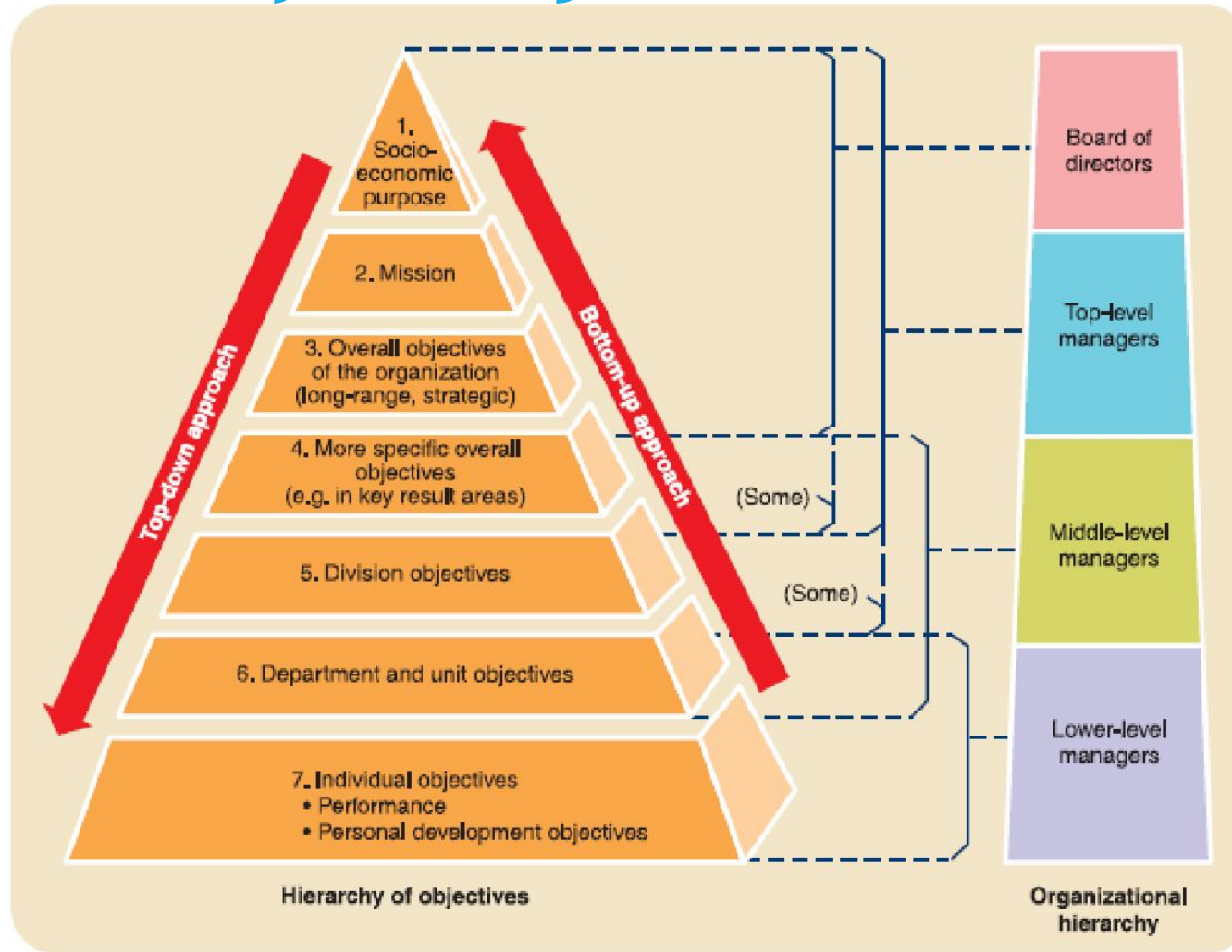
4.3 Objectives

- ▶ Objectives were defined earlier as the important ends toward which organizational and individual activities are directed.
- ▶ Clear and verifiable objectives facilitate measurement of the surplus as well as the **effectiveness and efficiency** of managerial actions.

The Nature of Objectives

- ▶ Objectives state end results, and overall objectives need to be **supported by sub-objectives**. Thus, objectives form a hierarchy as well as a network.
- ▶ A manager may have to choose between short-term and long-term performance, and personal interests may have to be subordinated to organizational objectives.

Hierarchy of Objectives



Hierarchy of objectives

- ▶ **Hierarchy** is the purpose or mission, which has **two dimensions**. First, there is the **social purpose**. Second, there is the mission or purpose of the business, which might be to **furnish convenient, low-cost transportation for the average person**.
- ▶ The next level of the hierarchy contains more specific objectives, such as those in the key result areas: market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude, and public responsibility
- ▶ The objectives have to be further translated into those of divisions, departments, and units down to the lowest level of the organization.

Setting Objectives and the Organizational Hierarchy

- ▶ The board of directors and top-level managers are very much involved in determining the purpose, the mission, and the overall objectives of the firm, as well as the more specific overall objectives in the key result areas.
- ▶ Middle-level managers, such as the vice president or manager of marketing or the production manager, are involved in the setting of key-result-area objectives, division objectives, and departmental objectives.
- ▶ The primary concern of lower-level managers is setting the objectives of departments and units as well as of their subordinates.

Setting Objectives and the Organizational Hierarchy

- ▶ Proponents of the top-down approach suggest that the total organization needs direction through corporate objectives provided by the chief executive officer (in conjunction with the board of directors).
- ▶ Proponents of the bottom-up approach, on the other hand, argue that top management needs to have information from lower levels in the form of objectives.

Multiplicity of Objectives- Example University

- ▶ Attracting students of high quality
- ▶ Offering basic training in the liberal arts and sciences as well as in certain professional fields
- ▶ Granting postgraduate degrees to qualified candidates
- ▶ Attracting highly regarded professors
- ▶ Discovering and organizing new knowledge through research
- ▶ Operating as a private school supported principally through tuition and gifts of alumni and friends

How to Set Objectives?

<i>Nonverifiable objective</i>	<i>Verifiable objective</i>
1. To make a reasonable profit	1. To achieve a return on investment of 12% at the end of the current fiscal year
2. To improve communication	2. To issue a two-page monthly newsletter beginning July 1, 2011, involving not more than 40 working hours of preparation time (after the first issue)
3. To improve productivity of the production department	3. To increase production output by 5% by December 31, 2011, without additional costs while maintaining the current quality level
4. To develop better managers	4. To design and conduct a 40-hour in-house program on the “fundamentals of management,” to be completed by October 1, 2011, involving not more than 200 working hours of the management development staff and with at least 90% of the 100 managers passing the exam (specified)
5. To install a computer system	5. To install a computerized control system in the production department by December 31, 2011, requiring not more than 500 working hours of systems analysis and operating with not more than 10% downtime during the first three months or 2% thereafter

Quantitative and Qualitative Objectives

- ▶ To be measurable, objectives must be verifiable. This means that one must be able to answer this question: At the end of the period, how do I know if the objective has been accomplished?
- ▶ **Bad example:** For example, installing a computer system is an important task, but “to install a computer system” is not a verifiable goal.
- ▶ **Quantitative:** Something which can be counted
- ▶ **Qualitative:** Data is Descriptive and conceptual

Guidelines for Setting Objectives

If the objectives meet the criterion, write “+” in the box on the right of the statement. If they do not, mark “-” in the box.

- | | |
|--|--------------------------|
| 1. Do the objectives cover the main features of my job? | <input type="checkbox"/> |
| 2. Is the list of objectives too long? If so, can I combine some objectives? | <input type="checkbox"/> |
| 3. Are the objectives verifiable, that is, will I know at the end of the period whether they have been achieved? | <input type="checkbox"/> |
| 4. Do the objectives indicate: | |
| (a) quantity (how much)? | <input type="checkbox"/> |
| (b) quality (how well, or specific characteristics)? | <input type="checkbox"/> |
| (c) time (when)? | <input type="checkbox"/> |
| (d) cost (at what cost)? | <input type="checkbox"/> |
| 5. Are the objectives challenging yet reasonable? | <input type="checkbox"/> |
| 6. Are priorities assigned to the objectives (ranking, weight, etc.)? | <input type="checkbox"/> |
| 7. Does the set of objectives also include: | |
| (a) improvement objectives? | <input type="checkbox"/> |
| (b) personal development objectives? | <input type="checkbox"/> |
| 8. Are the objectives coordinated with those of other managers and organizational units? | <input type="checkbox"/> |
| Are they consistent with the objectives of my superior, my department, and the company? | <input type="checkbox"/> |

Guidelines for Setting Objectives

- 9. Have I communicated the objectives to all those who need to be informed? ☐
- 10. Are the short-term objectives consistent with the long-term aims? ☐
- 11. Are the assumptions underlying the objectives clearly identified? ☐
- 12. Are the objectives expressed clearly, and are they in writing? ☐
- 13. Do the objectives provide for timely feedback so that I can take any necessary corrective steps? ☐
- 14. Are my resources and authority sufficient for achieving the objectives? ☐
- 15. Have I given the individuals who are expected to accomplish the objectives a chance to suggest their objectives? ☐
- 16. Do my subordinates have control over the aspects for which they are assigned responsibility? ☐

End of Class

Evolving concepts in Management by Objectives

Chapter-6 Decision Making

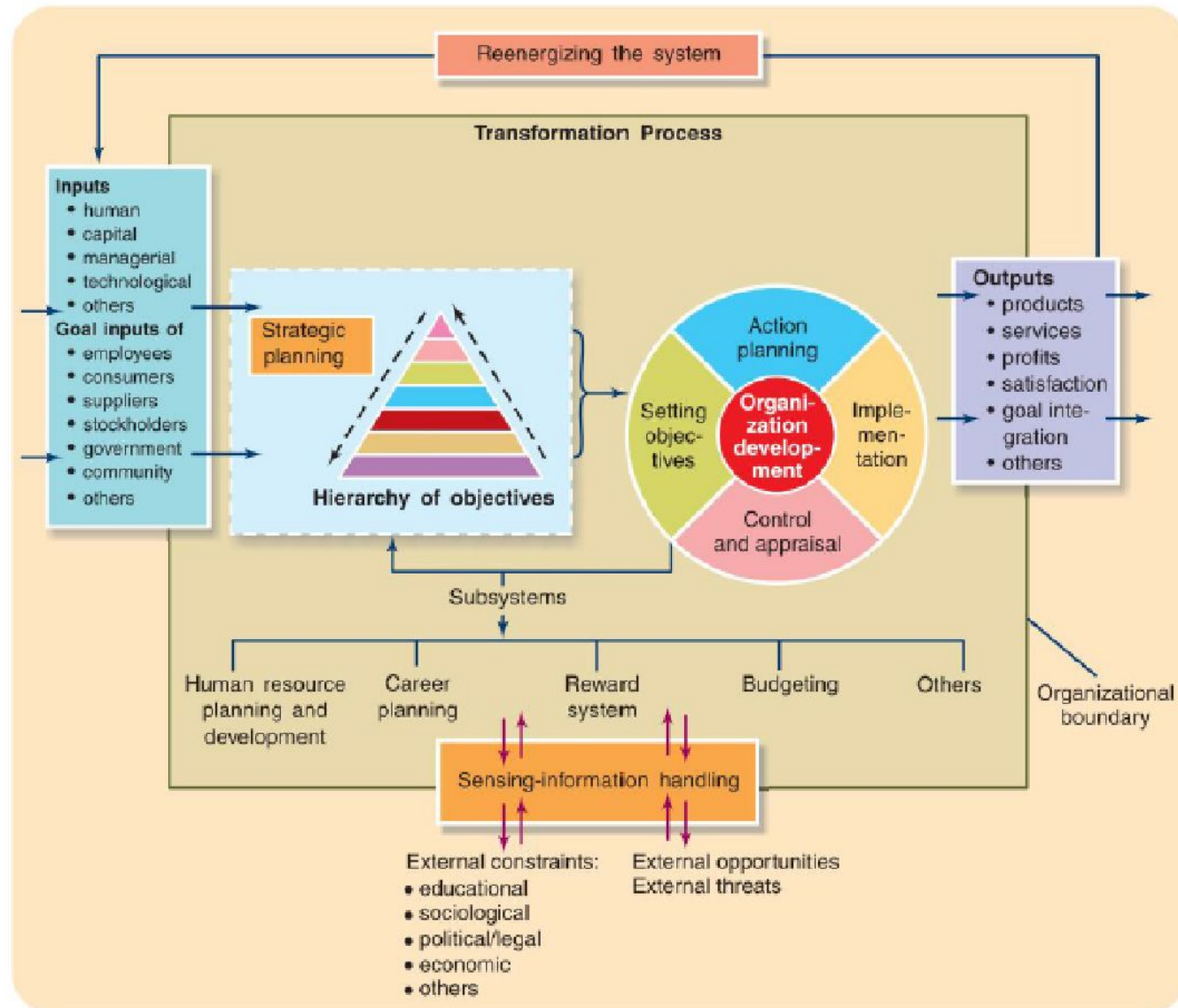
Management By Objectives

- ▶ Comprehensive managerial system that **integrates** many key managerial activities in a systematic manner and is consciously directed toward the effective and efficient achievement of **organizational and individual objectives.**

Example

- ▶ Facebook-fanfare to public in May 2012.
- ▶ IPO (Initial Public offering) process and performance failed to meet expectations.
- ▶ Widely criticized for an inflated price and excessive release of shares, Facebook lost about half its market value over the ensuing months. Concerns over its ability to manage and innovate on its mobile platform were among some of the issues raised.
- ▶ on September 11, 2012, Zuckerberg spoke with the media and, after admitting to some strategic missteps in its mobile strategy, gave a cogent explanation of Facebook's plan to innovate upon and monetize (make significant revenue from) its mobile platform.
- ▶ **Clear communication** of a viable plan and **objectives** creates value as it reduces uncertainty and enhances confidence within and outside the organization.

Systems approach to MBO



Benefits

- ▶ Improvement of managing through **results-oriented** planning
- ▶ **Clarification of organizational roles and structures** as well as **delegation of authority** according to the results expected from the people occupying the roles
- ▶ Encouragement of **commitment** to personal and organizational goals
- ▶ Development of **effective controls that measure** results and lead to corrective actions

Failures

- ▶ Shortcomings in **applying** the MBO concepts.
- ▶ **Failure to teach** the philosophy of MBO is one of the weaknesses of certain programs.
- ▶ Managers must explain to subordinates **what** it is, **how** it works, **why** it is being done, what part it will play in **appraising performance**, and, above all, how **participants can benefit**.
- ▶ The philosophy is built on the concepts of **self-control and self-direction**. (Analogy: Lakshman Rekha, Driving)

Failures

- ▶ Failure to give **guidelines to goal setters**
- ▶ Difficulty of **setting verifiable goals** with the right degree of flexibility.
- ▶ Punishing **unethical activities** - high priority to ethical behavior
- ▶ **Overuse of quantitative goals** and the attempt to use numbers in areas where they are not applicable, or they may downgrade important goals that are difficult to state in terms of end results.
 - ▶ For Example: a favorable company image may be the key strength of an enterprise, yet stating this in quantitative terms is difficult.
- ▶ There is also the **danger of forgetting** that managing involves more than goal setting.

Decision Making

Chapter 6

Content

- ▶ 1. Analyze decision-making as a rational process
- ▶ 2. Develop alternative courses of action with consideration of the limiting factor
- ▶ 3. Evaluate alternatives and select a course of action from them
- ▶ 4. Differentiate between programmed and nonprogrammed decisions
- ▶ 5. Understand the differences between decisions made under conditions of certainty, uncertainty, and risk
- ▶ 6. Recognize the importance of creativity and innovation in managing

Decision Making

- ▶ The selection of a course of action from among alternatives;
- ▶ It is at the core of planning.
- ▶ A plan cannot be said to exist unless a decision—a commitment of resources, direction, or reputation—has been made.
- ▶ *Decision-making is, however, only a step in planning*

Importance of rational decision Making

- ▶ (1) Premising
- ▶ (2) Identifying alternatives
- ▶ (3) Evaluating alternatives in terms of the goal sought
- ▶ (4) Choosing an alternative

End of Class

Rationality in decision Making

Rationality in Decision Making

- ▶ People acting or deciding rationally are attempting to reach some goal that **cannot be attained without action**.
- ▶ They must have a clear understanding of **alternative courses** by which a goal can be reached under existing circumstances and limitations.
- ▶ They also must have the information and the **ability to analyze and evaluate alternatives** in light of the goal sought.
- ▶ Come out with **best solution**

Decision Making

- ▶ To become a doctor or a professor requires forecasting and making many assumptions.
- ▶ For managers, the 10-10-10 rule can become a valuable strategic decision-making tool such as for resource allocation. The decision may have immediate consequences, intermediate consequences (let us say in ten months or a year), or long-term consequences such as a major investment in a new product or project.
- ▶ Raising the time perspective of the consequences may result in better short-term, immediate-term, and long-term personal as well as managerial decisions.

Limited/Bonded Rationality

- ▶ Since **managers cannot be completely rational in practice**, they sometimes allow their dislike of risk—their desire to “play it safe”—to interfere with the desire to reach the best solution under the circumstances.
- ▶ Herbert Simon called this **satisficing**, that is, picking a course of action that is satisfactory or good enough under the circumstances.

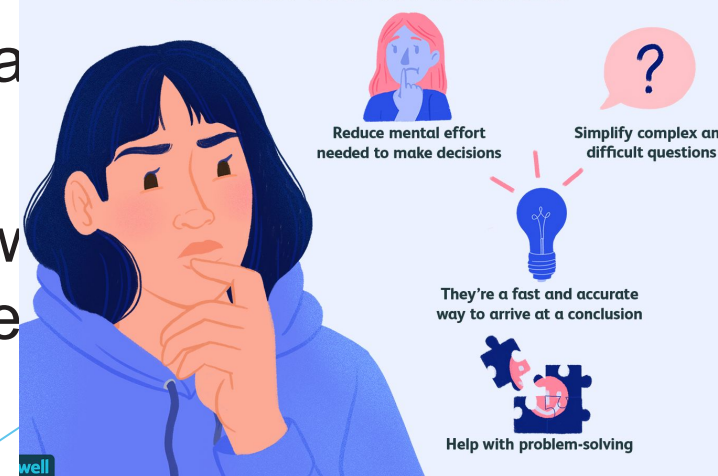
Development of Alternatives and the limiting factors

- ▶ The **ability to develop alternatives** is often as important as being able to select correctly from among them.
- ▶ A **limiting factor** is something that stands in the way of accomplishing a desired objective.
- ▶ **Recognizing the limiting factors** in a given situation makes it possible to narrow the search for alternatives to those that will overcome the limiting factors.

Heuristics in Decision Making

- ▶ Too many alternatives to choose from, managers rely on their **own decision rules**. These decision rules are called heuristics
- ▶ **Values and cognitive biases** of the organization's top managers are seen in the organization's strategies and effectiveness.
- ▶ Simplifying heuristics may be necessary in entrepreneurial situations where there are many **unknown variables**.
- ▶ Managers should be **aware of their own heuristics**, how they may bias their decisions, and attempt to compensate for them through a comprehensive decision-process.

Common Uses for Heuristics



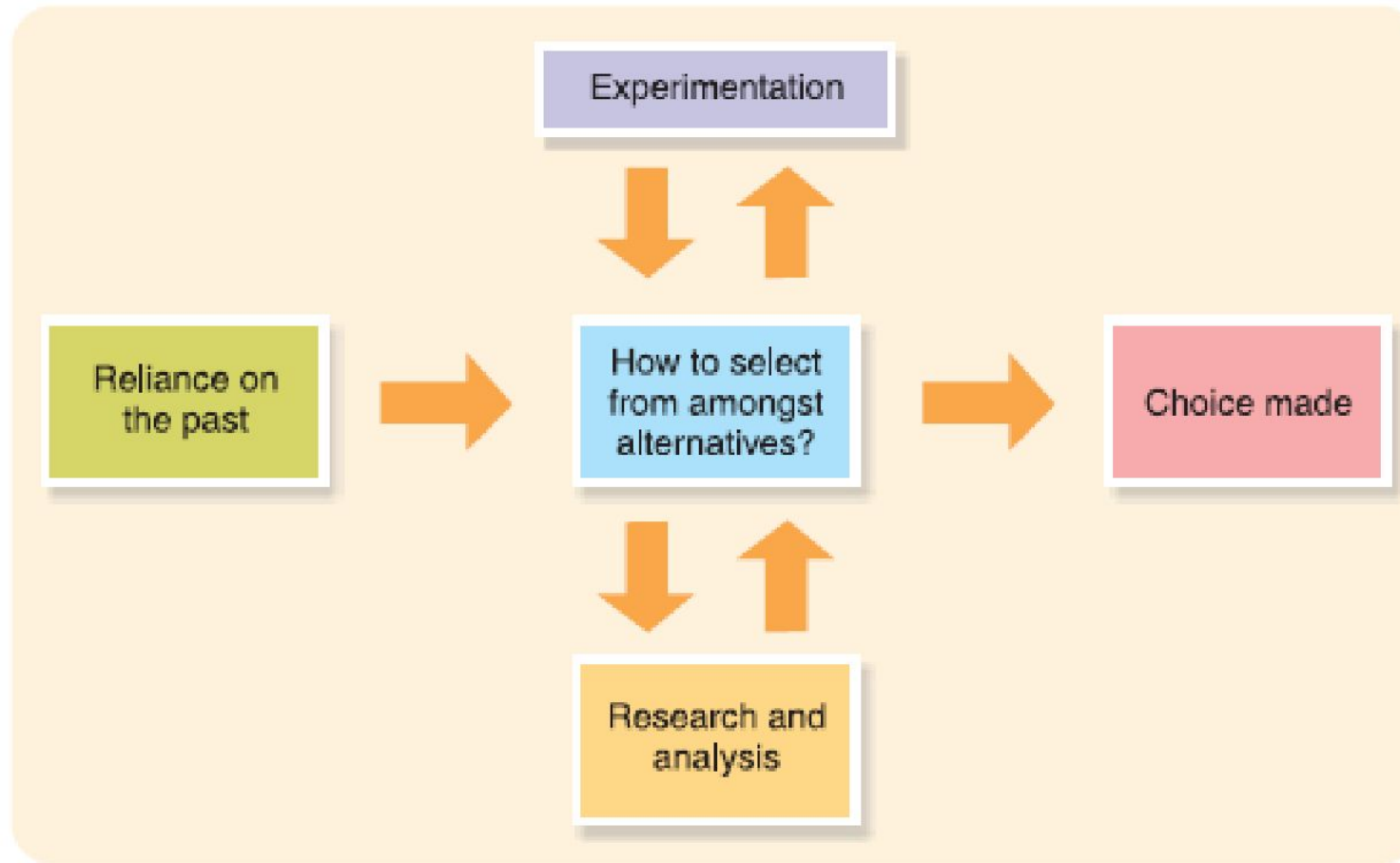
Rational Decision Process -Janis and Mann

- 1. **Surveying a diversity of objectives** based upon a multiplicity of values derived from the collectivity of stakeholders
- 2. **Generating a wide range** of alternative courses of action
- 3. Systematically **acquiring relevant information** to evaluate alternatives
- 4. Objectively evaluating all **relevant** information
- 5. Reevaluating the **positive and negative** consequences of alternatives initially considered as unacceptable
- 6. Carefully **evaluating the costs and risks** of negative and positive consequences of the preferred alternative
- 7. **Developing detailed implementation plans** and control systems for the chosen alternative, as well as contingency plans for identified risks.”

Evaluation of Alternatives

- ▶ Quantitative Factor (tangible factor) and Qualitative Factor (intangible Factor)
- ▶ Marginal Analysis- To compare the additional revenue and the additional cost arising from increasing output.
- ▶ Cost-effectiveness Analysis
 - ▶ Best ratio of benefit and cost
 - ▶ Finding the least costly way of reaching an objective or getting the greatest value for a given expenditure.

Selecting an Alternative: 3 Approaches



Experience

- ▶ Reliance on past experience
- ▶ Experienced managers usually believe, often without realizing it, that the things they have successfully accomplished and the mistakes
- ▶ Relying on past experience as a guide for future action can be dangerous.
 - ▶ Most people do not recognize the underlying reasons for their mistakes or failures.
 - ▶ The lessons of experience may be entirely inapplicable to new problems.
- ▶ If a person carefully analyzes experience, rather than blindly following it, then experience can be useful as a basis for decision-analysis.

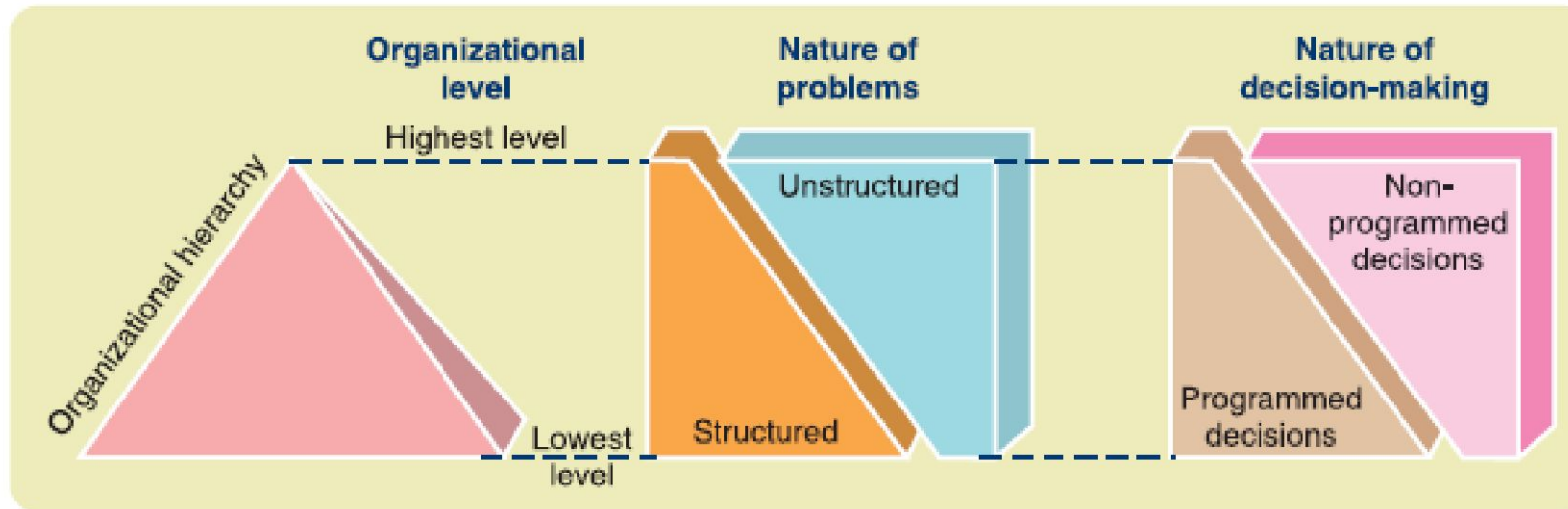
Experimentation

- ▶ An obvious way to decide among alternatives is to try one of them and see what happens
- ▶ The experimental technique is likely to be the most expensive of all techniques, especially if a program requires heavy expenditures of capital and personnel and if the firm cannot afford to vigorously attempt several alternatives.
- ▶ On the other hand, there are many decisions that cannot be made until the best course of action can be ascertained by experiment. – Airplane
- ▶ An airplane manufacturer may draw from personal experience and that of other plane manufacturers and new plane users. Engineers and economists may make extensive studies of stress, vibration, fuel consumption, speed, space allocation, and other factors. A first-production, or prototype, airplane is constructed and tested

Research and Analysis

- ▶ This approach means solving a problem by first comprehending it.
- ▶ It thus involves a search for relationships among the more critical of the variables, constraints, and premises that bear upon the goal sought. It is the pencil-and-paper approach to decision-making.
- ▶ Solving a planning problem requires breaking it into its component parts and studying the various quantitative and qualitative factors. Study and analysis is likely to be far cheaper than experimentation.
- ▶ The hours of time and reams of paper used for analyses usually cost much less than trying the various alternatives.
- ▶ A major step in the research-and-analysis approach is to **develop a model simulating the problem**

Programmed and Non-programmed Decisions



Programmed and Non-programmed Decisions

- ▶ A programmed decision is applied to structured or routine problems.
 - ▶ Example: Lathe operators, for instance, have specifications and rules that tell them whether the part they made is acceptable, has to be discarded, or should be reworked.
- ▶ Nonprogrammed decisions are used for unstructured, novel, and ill-defined situations of a nonrecurring nature.
 - ▶ Examples are the introduction of the Macintosh computer by Apple Computer or the development of the four-wheel-drive passenger car by Audi.

End of Programmed Decision

Next Topic: Certainty, Creativity, Chapter 7: Organizing

Decision making under certainty, uncertainty and risk

- ▶ In a situation involving certainty, people are reasonably sure about what will happen when they make a decision.
- ▶ in a situation of uncertainty, people have only a meager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change. Moreover, they cannot evaluate the interactions of the different variables.
- ▶ In a situation with risks, factual information may exist, but it may be incomplete. To improve decision-making, one may estimate the **objective probability** of an outcome by using, for example, mathematical models. On the other hand, **subjective probability**, based on judgment and experience, may be used.

Creativity and Innovation

- ▶ Creativity -the ability and power to develop new ideas.
- ▶ Innovation- usually means the use of creativity ideas.

Creativity and Innovation

- ▶ Creative Process
- ▶ Brain Storming
- ▶ Limitations of Traditional group discussion
- ▶ The Creative Manager
- ▶ Invention and Innovation

The creative Process

- ▶ (1) Unconscious scanning - premature decision
- ▶ (2) Intuition – requires time (give responsibility to manager and central control)
- ▶ (3) Insight – hard work
- ▶ (4) Logical formulation – continue work on an idea, invite critic

Brainstorming

- ▶ No ideas are ever criticized
- ▶ The more radical the ideas are, the better
- ▶ The quantity of idea production is stressed
- ▶ The improvement of ideas by others is encouraged

Limitations of Traditional group discussion

- ▶ Group members may pursue an idea to the exclusion of other alternatives.
- ▶ Experts on a topic may not be willing to express their ideas in a group for fear of being ridiculed.
- ▶ Also, lower-level managers may be inhibited in expressing their views in a group with higher-level managers.

The Creative Manager

- ▶ Creative people are inquisitive and come up with many new and unusual ideas; they are seldom satisfied with the status quo.
- ▶ Although intelligent, they not only rely on the rational process, but also involve the emotional aspects of their personality in problem solving.
- ▶ Creative individuals are aware of themselves and capable of independent judgment.
- ▶ They object to conformity and see themselves as being different.

Invention and Innovation

- ▶ Invention alone is not sufficient for business success - it has to be followed by innovation.
- ▶ Invention pertains to the development or discovery of something new and innovation is the enhancement, adaptation or commercialization of new products, services, or processes.

End of Decision Making

Next Chapter- Organizing- Chapter 7