

Week 2,

1/1/2 MANAGEMENT + ORGANISATION

Historical context of organisation

emergence of industrial economy

Growth of merchant

modern industrial

managerial capitalism

early management theory

a contemporary view

Chandler

- Peter Lawrence

- William Lippitt

- Mintzberg

Support

Europe - ind revolution

- Climate

- Separation of State & religion

- Political unity - law

- degree of feudal nobility

What is Management Science...

Student project - blackboards

Oral presentation

Production Distribution

Production - Producing the goods they sold

- Many of successful companies made capital intensive production investments
- They updated their manufacturing facilities by either modernising existing plants or moving to a new location shutting down old factory
- This modernisation allowed for large scale production of goods which ultimately resulted in the lowering of the cost per unit.
- Firms often bought out their smaller competitors to gain a larger share of the market.
- Bought out primary sources to control the input sources of materials to lower prices to a greater extent.
- Overall factories, upgraded, modernised and supplied with cheaper raw materials, improved quality

Distribution making a product is one thing, delivering to consumer is another

- Getting goods quicker and cheaper to the consumer boosted business
- By taking over by investing in distribution a lower cost for the consumer is achieved
- Distribution lines set up and run efficiently to get product to market as quickly and efficiently as possible
- expanded distribution to move to new areas or going internal and expanding market
- larger market → more products sold → greater profit
- Investing in reaching through international

low enough price to compete with the cheaper
companies

- Infrastructure there to improve production but current
economic climate is not favourable

- DISTRIBUTION

- Ireland's distribution network is pretty standard
- Could be improved greatly
- Most goods delivered by van
- Abs. of goods exported by ship which is relatively cheap
- Rising cost of fuel gas consequential in higher distribution
costs
- Outsourcing of distribution possible but limited
- Majority of market abroad → invest in air travel
- Air travel fast & cheap

Manpower

- Ireland has many top class management graduates
- Possible to employ them and invest in future of company
- Most likely improve efficiency and management of
people and resources
- Managers must be creative with their decision to break
through barriers

border and supplying market with cheaper goods
that which are of higher quality and cheaper
than the indigenous market

Management:

- Modernizing and expanded in production and distribution requires a careful and calculated managed approach
- The upscaling resulted in increase in workers which must be organized and managed
- Increased production - More paper work and resources to manage
- Could easily get out of hand
- Manager in each department controlled by one central manager to ensure maximum efficiency
- Manager control the resources and stock which market to infiltrate
- Choosing correct market results in larger profits, than with massive loss
- Critical for factory organization to be properly managed - ~~can~~ importance cannot be understate
- Binding factor - brings it all together

Ireland

- Possible for many organisations in Ireland to do 3 prong strategy
- Production could be upscaled and modernised but by majority is upscaled + modernised. Ireland faces stiff competition from countries like China / Japan who can produce the generic product at a fraction of the price
- little hope of securing raw materials at a

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14/10/12

Heyday of Managerial Capitalism

Managerial capitalism - manager total control of a profit firm whereas in the past the owner played the role of manager

- Managers controlled the "strategic direction" of the organizations more than the actual owner
- Shift of power from owner to manager - manager focused on his own goals
- Owner not able to make all decisions on his own so managers in charge to take control under the support of technical experts and their contribution
- Individual entrepreneurship and individual leadership become irrelevant - organization created a systematic approach to achieving the goal
- Managerial capitalism delivered the results needed efficiently and much faster
- Managerial capitalism during the 1960s had the effect of raising GDP in Britain, Germany and France for the next 10 years
- It had a positive effect on unemployment rates during the same period
- Organizations became efficient, wages increased and were more evenly distributed among lower jobs
- Basically managers could deliver the goods to the owner of an organization much faster and efficiently than the owner could do himself which had an overall positive effect on the economy

- 22/10/11
- I believe would characterise 2012 as a mixed economy
 - There are elements of each forms of capitalism in 2012
 - Organisations are mainly privately owned but there is a strong proportion owned publically
 - Certain elements aspect of the economy are controlled by the government such as price and tax
 - However this system still allows for massive growth and profit potential.
 - Managers are employed in the majority of organisations but their goal are controlled by the owner.
 - Goals have changed over the year to strengthen employee welfare and right but also equalising out the profit earned
 - With the recession government intervention was likely
 - Government intervened to bail out the banks and some other sectors of the economy
 - Many organisations have collapsed as they simply have become unviable - no profit
 - Running costs are too high and salaries are too high to sustain the organisation
 - Unemployment and inflation are on the rise.
 - Overall 2012 is a mixed economy but has had alot of government intervention due to the depolar in the economy

Unlucky competitive position, the disaggregation of business into their component activities

Mapping a business system

Forward - looking over further on in time

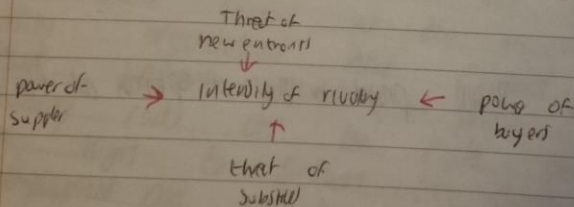
Backward \rightarrow buying up suppliers

Vertical integration - everything under control of single management

Rn \rightarrow production \rightarrow bottling \rightarrow dist \rightarrow retailing \rightarrow consumer
producer

Value Chain one part of chain broken down into individual parts
Support activities and primary activities

MICHAEL PORTER & FORCES FRAMEWORK



22/10/12

ORGANISATION AND MANAGEMENT

Attendance 20% 20%
 1 & 2 assignments 15% each = 30%
 Final exam = 50%

Assignment due 3rd december 2500 words - meter

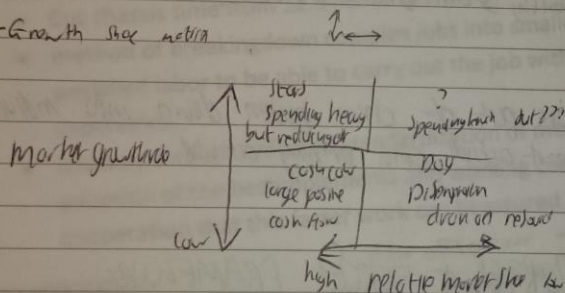
Competitive environment of organisations

Study org as open system - understand its environment

- FIRST READING - GHEMAWAT

- SWOT

- Growth share matrix



cash cow Should project to star or optimum cash flow? "for"

The Two basic dimensions of Strategy

Industry attractiveness

• weak company in attractive industry
 Motorola
 Nokia

• Strong company in attractive industry
 Golden Sack
 Apple

• Strong in unattractive industry
 Ryan air

organisation / competitive change
 (unlike)

Henry ford

- Grew up in countryside, became chief engineer with Detroit Edison company.
- Had no regular hours so experimented
- Built his own self propelled vehicle, sold it made more etc got financial backing.
- When these trolleys were connected with chains and power was used to move the carcasses past the workers at a steady pace, they formed a true assembly line. Stationary workers concentrated on one task, performing it at a pace dictated by the machine, minimizing unnecessary movement, and dramatically increasing production.
- Re did assembly line improved efficiency fly-wheel time reduced from 20min to 5,
- Cut chassis time from 12.5 hours to 6 labour hours
- method of breaking down complex jobs into smaller parts allowing unskilled labor to be able to carry out the job with little training or experience.
- it is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assured.

\$5 day work day wage
1914 raised labor
quality + experience

twice as much as any other
company

QUOTES

Division of Labour - time conservation
welfare capitalism

'There is one rule for the industrialist and that is: Make the best quality of goods possible at the lowest cost possible, paying the highest wages possible'

'Coming together is a beginning; keeping together is progress; working together is success.'

pg 40
left hand

We can see and feel the waste of material things. But we cannot see or feel the larger wastes of human effort going on all around us

pg 40
left hand

In the past labor man has been first: in the future the system must be first.

pg 41

The best management is a true science, resting upon clearly defined laws and principles

pg 41

fundamental principle "the employer shall pay just as low wages as he can and that the workmen shall retaliate by doing just as little work as he can"

Week 10 Paddy Power

Influences in the environment of the industry

- Industry evolution driven by technology
- Technology - only through advances in technology has PP been able to so successful 1st 1st App
- How betting was - in past focus on horse racing
- Industry regulation - government tax and industry became more regulated
- Access to betting \rightarrow phone betting offered new opportunities like 2000 19967 reg customer easy access etc
- Industry brand image - customer orientated
- Market cover - expansion to new markets (UK, Canada)
- Regulatory Risk - "Unlawful internet gambling" in US
 - many betting shops lost revenue overnight
 - French market had abandoned market

Customers put first. TECHNOLOGY KEY INFLUENCE

19/11/12. Org + Mar

Paddy power 26th due. 3rd december Semester 1 assignment Meteor.

Anticipating / exploiting new technology trends.

Meteor

Focus on mobile telecoms

navigating - how to take customer through stages before they buy

old days - walking around shop
now online browsing

analysis
↓
Vision → Strategy → Support organisation

PEST ANALYSIS

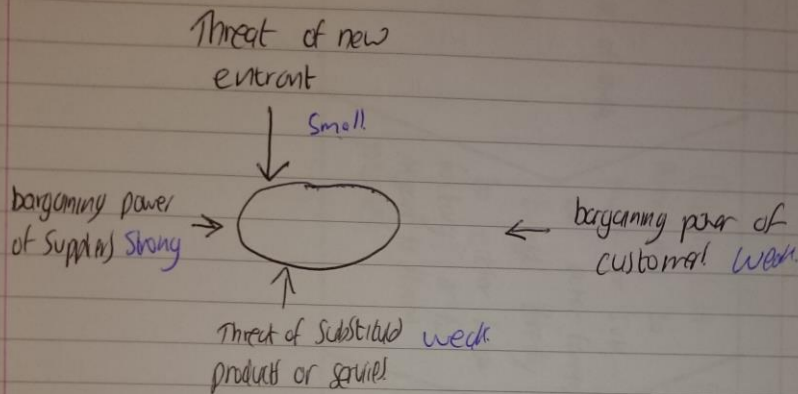
[Paddy power] analysis

What is of consequence for us

how environmental factors will affect us.

Week 10

Using the Porter 5 forces framework, assess the forces driving competition in the industry



Threat of entry:

- 1) Small as existing barriers have advantage of existing infrastructure and customer loyalty
- Barriers to entry are low yet it is customer loyalty
 - Existing companies have advantage of economies of scale, product differentiation, Access to distribution channels

Power of Suppliers:

- Strong they set the odds
- Dominated by few companies -

Power of customers:

- Weak - they can shop around yet odds will usually be the same
- quantity demanded is irrelevant

Substitutes → are available yet untrusted, customer loyalty strong

Overall all there is rivalry in industry

3 main Influences TECHNOLOGY, REGULATION, MARKET

In 1988

- Merging of three members to counteract british bookmakers
- main focus on horses in betting shop
- No taxel market - attractive - organic growth

- Regulation introduced to gambling industry
- Concentration on retail stores then phone betting
- Launched cd control

- Internet in 2000 \rightarrow gambling made one \rightarrow increased market
- Advance in tech \rightarrow updated + improved website
- decreased reliance on high dependence
- A divided into new now plus new site
- extended opening hours - foreign even
- CUSTOMER LOYALTY IMPORTANT

- New staff with IT background 2002
- 2006 Regulation - us. market - illegal one
- Buchel leave french market - regulator

- 2009 entry to new area positive result - french market
- Stretched home market increased market share
- talk of increase in Tax 1% to 2%

- Advance in technology - Important
- 2010 - iPad App for betting
- Facebook.

Overall positive - growth sector with right strategy

Farmers said

www.fdi.ie

Gross projection of total production of meat is to increase to 44 643 in 2015 up from 43 593 in 2012

Per capita consumption of sheep/goat is currently 2.5 and should remain so on current production

2012 - higher demand from both domestic and export markets evenly matched with supply during peak period of hogget and now season lamb supply

Sheep prices have remained constant average price £4.78/kg 9 cent down on last year

Estimated that sheep flock will increase by 4-5% to total 5.15mb

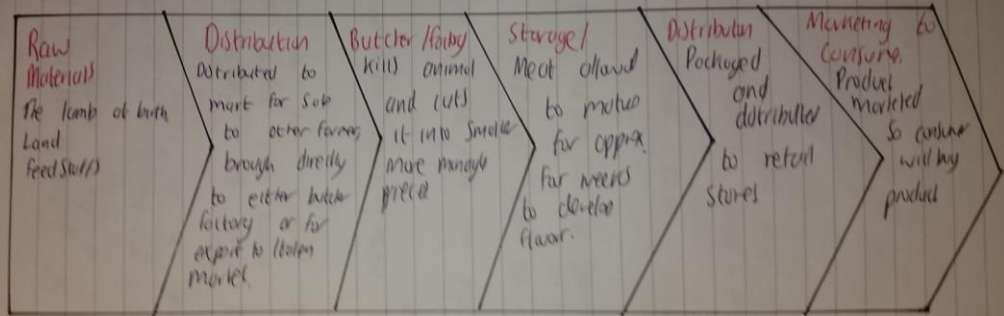
Sheep Slaughtering for the year is due up 8% or 120 000 ahead of 1.54 million total

hogget supply peaked at 330 000 equ to 25% increase in 2011

Exports from -51% UK-32% other EU-17,

Top group of lambs earned an average gross margin of £1,016 per hectare in 2010, formed in total £110 per hectare

Lamb meat industry



The main factor which shapes the competition in the industry is the price of feed for fattening lambs.

- Grass is farmer's cheapest source of feed.
- Usually grass is supplemented with a feed consisting of extra carbohydrates, fibre and protein to aid weight gain.
- Some areas in South Ireland can successfully fatten without need for feed.

- This summer/spring grass growth was poor. Used temperatures of over 10°C for grass perennial ryegrass and Italian ryegrass to grow to optimal length of 10cm ideal for grazing.

With no grass farmers rely on other bulk feed such as silage hay straw or supplements. But every farmer needs these feeds to price has rocketed.

- The farmer with the lower stocking rate had the comparative advantage as the have extra grass to cover them over the period - lower feed cost.

Attitude

fayol

Theme 1 - The Manager's Job, Folklore and Fact – Henry Mintzberg

Introduction:

- The classical view says that the manager organises, coordinates, plans and controls; the facts suggest otherwise.
- Managers often they say that they plan, organise, coordinate and control. However there are a number of situation which do not fit this view.
- What about presenting a gold watch to a retiring employee? Or attending a conference to meet people in the trade and returns with an interesting new product idea for employees to consider?
- These 4 words tell us little about what managers actually do. At best, they indicate some vague objectives managers have when they work.
- Basic question has not been addressed: what do managers do? How can we teach it, how can we design planning systems for them?
- Our ignorance of the nature of managerial work shows up in various ways in modern orgs- managers who have never spent a day in a management training program, turnover of corporate planners who never understood what it was the managers wanted.
- In the rush to automate production the manager has been forgotten.

Folklore and Facts about Managerial work:

- There are four myths about the manager's job that do not bear up under careful scrutiny of the facts.
- **Folklore:** *the manager is a reflective; systematic planner.*
 - **Fact:** studies have shown that managers work at an unrelenting pace, that their activities are characterised by brevity, variety, and discontinuity and that they are strongly orientated to action and dislike reflective activities.
 - Half the activities engaged in by 5 chief exe of study lasted less than 9 minutes, only 10% exceeded an hour.
 - Study of 56 us foremen averaged 583 activities per 8 hour shift an average of 1 every 48 seconds. – work pace unrelenting.
 - Met with steady stream of mail and fone calls, breaks where work related.
 - Study of 160 middle line managers found they worked uninterrupted for a half hour once every 2 days.
 - Verbal contact- chief exe- 93% arranged on ad-hoc basis, 1% of time spent in open ended observational tours.
 - Only 1 in 368 contact was unrelated to a specific issue and could therefore be called general planning.

- Is this the classical view of manager? Hardly.
- Most of chief exe terminated their own activities, leaving meeting early, calling in subordinates.
- One manager door open inviting people in to distract him
- Managers want to encourage the flow of current info. Appreciated opportunity cost of their time, and were aware of their obligations
- When managers must plan they seem to do so implicitly in context of daily actions.
- Plans of chief exe seemed to exist only in their heads.
- The traditional literature does not breed reflective planners; managers must respond to stimuli.
- **Folklore:** *the effective manager has no regular duties to perform.* Managers are constantly being told to spend more time planning and delegating and less time seeing customers and negotiating. The good managers plans everything in advance and sits back.
 - **Fact:** *Managerial work involves performing a number of regular duties, including ritual and ceremony, negotiations and processing of soft information that links the org with its environment.*
 - Study in presidents of small companies, found they engaged in routine activities because their companies couldn't afford staff specialists.
 - Study of sales managers and chief exe suggests that it is natural part of both jobs to see customers.
 - Studies of managers info flow suggest that managers play a key role in securing external info and pass it through subordinates.
- **Folklore:** *the senior manager needs aggregated info which a formal management information system best provides.* In the past management info systems all the have now they are being ignored.
 - **Fact:** *Managers strongly favour verbal media, telephone calls and meetings over documents.*
 - In 2 british studies managers spent an average of 66% and 80% of time in verbal communication. In study of American chief exe figure 78%.
 - Treated mail processing as a burden. One came in to process 142 pieces of mail in 3 hours to get it done.
 - 5 exes responded to 2 of 40 routine reports they received during 5 week period. Skimmed over most periodicals in seconds almost ritualistically.
 - Only 13% of mail was of specific and immediate use.
 - Managers cherish soft info- gossip, hearsay and speculation; today's gossip could be tomorrow's fact.
 - Manager builds his models with tidbits of data rather than MIS system.

- Verbal info is stored in brain, usually not written down so the strategic data bank of the org is not in the memory of its computers but in the mind of its managers.
- Managers extensive use of verbal media explains why they are reluctant to delegate tasks. It takes time to transfer the store info to subordinate. Find it easy to do themselves.
- **Folklore: *management is, or at least is quickly becoming a science and a profession.***
Science involves the enactment of systematic, analytically determined procedures or programs. How can it be a profession if we cannot specify what managers are to learn?
 - **Fact: *the managers programs- to schedule time, process information, make decisions and so on - remain locked deep inside their brains.*** They rely on works like judgement and intuitions, seldom stopping to realise that they are merely labels for our ignorance.
 - Executives observed are fundamentally indistinguishable from their counterparts of 100 years ago. The info needed differs but they seek it in the same way, by word of mouth.
 - Managers job enormously complicated and difficult. They are overburdened with obligations yet cant easily delegate their tasks. Result- driven to overwork and forced to do many tasks superficially.
 - Brevity, fragmentation and verbal communication characterise their work.
 - These are the very characteristics which have impeded scientific attempts to improve it.
 - As a result management scientists have concentrated on the specialised function of the org where it is easier to analyse the procedures and quantify the relevant info.
 - Pressures of managers job are becoming worse. They have nowhere to turn for help.
 - First step is to find out what the managers job really is.

Back to a basic description of managerial work:

- Earlier i defined manager as a person in charge of an org.
- All these managers are vested with formal authority over an org unit.
- From formal authority comes status which leads to various interpersonal relations, and from these comes access to information. Information in turn enable the manager to make decisions and strategies for the unit.
- Managers job can be described in terms of various roles.
- 10 roles – 3 interpersonal, 3 information and 4 decisional roles.

Ryan Air Seminar Week 9

Founded 1985 fleet: 305 destinations 187

Profits

- Profits increased last year 25% to 503 million on revenue of £3.25 billion, 19% increase on last year
- Aggressive cost control, net margin 12% lower than average
- EPS grew 26% to 34.1 cent compared to 26.97 in 2011
- Special dividend payment of 34 cent p/s
- Paid 1.5 billion in dividend over past 5 years

Stakeholders

- Include: The Ryan, Michael O'Leary Irish air, travel agencies, EU, airports
- Implications: Ryan family, Michael O'Leary, employees: high pay
- employees no longer get share
- doesn't talk to unions
- bad feedback of culture from "employees a cost until contribute fully"

CSR

- low cost, cleanest greener airline, most efficient of 20 airlines
- Invested billion into aircraft, 50% less CO₂
- 45% reduction in fuel burn from 2005
- Reluctant to provide service to disabled
- Customer service not great
- "We guarantee a safe flight. You get a runway on time flight. That's the package. We don't and won't give you anything more"

Shared Value

low cost, being distinct from traditional airlines, travel fun and easy

bottom 10 of 58 companies in ethical rating

18/2/3

- Nelson Mandela

- Mandela is a man who stood firm and took his country from the extremes of apartheid through to democracy. For this he was awarded the Nobel Peace Prize (1993). He has achieved more than this though.

Self awareness:

- A man of humour honesty and humility.
- Was an impulsive and impatient revolutionary leader but has changed since then.
- One weakness with Nelson is that he developed too much confidence in a person. Which in return they came back to disappoint and go against him
- Quote: I wanted to be known as Mandela, a man with weaknesses, some of which are fundamental, and a man who is committed, but, nevertheless, sometimes fails to live up to expectations

Self-regulation:

- At times he may feel torn between his craving for the comfortable and familiar versus a taste for the foreign and the unknown. Two contradictory impulses.
- When his life is becoming too predictable Nelson may do something to upset the status quo, this represents a streak of unconventionality and creative genius in him which can be channelled towards a good purpose.

Motivation;

- Wanted to be a powerful leader always saw the segregation of black and white people. He was black. He realised that an African's life is circumscribed by racist law and regulations.
- Wanted to unify a country and end the hatred inside of it.
- Was motivated to save the country not just himself.

Empathy

- He knew how others felt as he was in the same position as them a number of years ago.
- Valued the power of understanding others including his enemies.
- A major part of his strategy was to get inside the minds of his captors. To that end, he taught himself to speak and comprehend Afrikaans, and learned the history, culture and values of the Afrikaner

Social skill

- Being black Nelson Mandela had a connection with the people of Africa.
- As president these were his most important connections in securing his position.
- If you talk to a man in a language he understands that goes to his head, if you talk to him in his language that goes to his heart.