

Management and Leadership

Abdulmalik Almadhi

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Learning Objectives

- Identify the four interrelated functions of management: planning, organizing, leading, and controlling.
- Understand the process by which a company develops and implements a strategic plan.
- Explain how managers direct others and motivate them to achieve company goals.
- Describe the process by which a manager monitors operations and assesses performance.
- Explain what benchmarking is and its importance for managing organizations.
- Describe the skills needed to be a successful manager.

Management Process

Management ideas has developed from managers being *autocratic* to being team players. **Management** in this era refers to the process of *planning, organizing, leading, and controlling* resources to achieve specific goals.

- Planning enables you to bring your business concept out of the idea stage.
- Organizing is correctly allocated resources and personnel to each task.
- Leading refers to motivating your team members to do well.
- Controlling refers to measure the results and compare them with the results that you laid out in your plan.

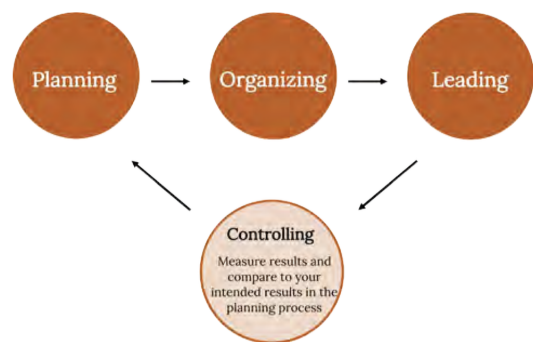


Figure 1: Management Process

Successful Manager

A *successful* manager is characterized as the following:

- **Efficiency** refers to being able use the least amount of resources to do the task at hand.
- **Effectiveness** is achieving all objectives that will lead to a task's success.

Planning

This is the first phase of the management process. It starts from the highest level and works its way down.

Strategic Planning

This is the first step in planning and refers to the process of establishing an overall course of action. This is done in the following steps:

Identify the Organization's Purpose

This step involves asking yourself questions regarding what value the organization brings and why it exists.

Writing a Mission Statement

A **mission statement** describes the *purpose* of your organization. This is done to tell your employees, customers, and others why your organization exists. E.g:

- Mary Kay Inc. (the cosmetics company): “To enrich the lives of women around the world.”
- Notes-4-You: “To provide high-quality class notes to college students.”

Define Core Beliefs

Core Beliefs are a set of fundamental beliefs about what is important and what is and isn't appropriate in conducting company activities. They guide behavior of every individual in the organization. Hence, core beliefs affects the overall planning process and operations. E.g:

- At Volvo, three values—safety, quality, and environmental care—define the firm's “approach to product development, design and production.”

Conduct SWOT Analysis

SWOT is an assessment of an organization's fit with its environment. It analyzes both internal and external factors that can influence the company in either a positive or negative way:

- *Strength*: It is the positive internal factors of an organization. E.g: It can be the technology, talent, location, etc.
- *Weakness*: It is the negative internal factors of an organization. E.g: It is the opposite of strength.
- *Opportunity*: It is the positive external factors of an organization. E.g: A company that manufactures children's bicycle helmets would view a change in federal law requiring all children to wear helmets as an opportunity.
- *Threat*: It is the negative external factors of an organization. E.g: In context of the previous example, the news that two large sports-equipment companies were coming out with bicycle helmets would be a threat.

Setting Goals and Objectives

Goals are major accomplishment that the company wants to achieve over a long period of time. **Objectives** are short-term performance target that direct the activities of the organization toward the attainment of a goal. Both goals and objectives should be *SMART* Goals:

- **S** pecific
- **M** easurable
- **A** chievable
- **R** elevant
- **T** ime-Bound

Develop and Implement Tactical and Operational Plans

Tactical Plans are short-term plans that are broken from the overall plan for it to become more manageable.

- E.g: A long-range strategic plan is divided into several tactical plans; a five- year strategic plan, for instance, might be implemented as five one-year tactical plans.

Operational Plans are broken down tactical plan that provide detailed action steps to be taken by an individual or groups to implement the tactical and strategic plans. They usually take 1-2 months.

- E.g: At Notes-4-You, note-takers might be instructed to submit typed class notes five hours earlier than normal on the last day of the semester (an operational guideline). The goal is to improve the customer-satisfaction score on dependability (a tactical goal) and, as a result, to earn the loyalty of students through attention to customer service (a strategic goal).

Contingency Planning and Crisis Management

Contingency Planning is to plan for alternative course of actions if something happens to the original course of action. Such plans are called *backup* or *fallback* plan.

Crisis Management refers to how to deal with emergencies.

If all backup plans fail, then this turns out to be a crisis management.

Leading

Leading is providing focus and direction to others and motivating them to achieve organizational goals.

Leadership Styles

Autocratic

It is a leadership style where the manager tends to make decisions without soliciting input from subordinates. They exercise authority and expect subordinates to take responsibility for performing the required tasks without undue explanation.

Democratic

It is a leadership style where the manager generally seek input from subordinates while retaining the authority to make the final decisions. They're also more likely to keep subordinates informed about things that affect their work.

Free-Reign

It is a leadership style where the manager adopts a "hands-off" approach and provide relatively little direction to subordinates. They may advise employees but usually give them considerable freedom to solve problems and make decisions on their own.

Transcational

It is a leadership style where managers exercise authority according to their rank in the organization, let subordinates know what's expected of them, and step in when mistakes are made.

Transformational

It is a leadership style where managers mentor and develop subordinates and motivate them to achieve organizational goals.

Management Skill Needed for Successful

- *Technical*: Ability to perform specific tasks.
- *Interpersonal*: Relationship Skills
- *Conceptual*: Ability to reason abstractly and analyze complex situations.
- *Communication*: Ability to communicate orally and in writing.
- *Time Management*
- *Decision Making*: Ability to define a problem, analyze possible solution, and select the best outcome.

Controlling

The controlling process is outlined in *fig. 2*. It helps with alerting a manager to the problem and correcting it.

Benchmarking

It is comparing other organization's practices and processes with the objective of learning and improving both efficiency and effectiveness. It would be great to compare a startup in the same industry to another one that has become successful.

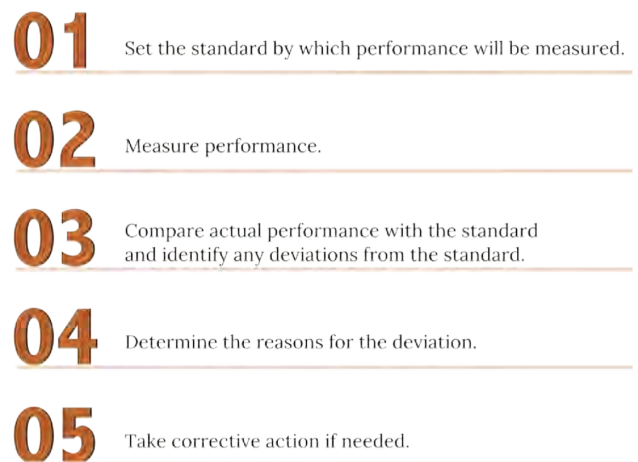


Figure 2: The Control Process