 7.1 Explain the importance of management and identify the three vital management roles.

 7.2 Describe the planning function and outline the strategic planning process.

 7.3 Describe the organizing function and differentiate among top' middle' and first.line management.

 7.4 Describe the leading function' leadership style' and organizational culture.

 7.5 Describe the controlling function and explain the four steps in the control cycle.

 7.6 Identify and explain four important types of managerial skills.

 7.7 Discuss the potential of cognitive automation

Management

- **Management**
  - The process of planning' organizing' leading' and controlling to meet organizational goals

The Roles of Management (1 of 2)

- **Managerial roles**

  - Behavioral patterns and activities involved in carrying out the functions of management; includes interpersonal' informational' and decision.making roles

- **Interpersonal roles**

  - Providing leadership to employees' acting as a liaison between groups' networking' and fostering relationships

- **Informational roles**

  - Gathering information from inside and outside the organization' sharing information

- **Decisional roles**

  - Facing an endless stream of decisions' some which need to be made on the spot

The Planning Function (1 of 2)

- **Planning**

  - Establishing objectives and goals for an organization and determining the best ways to accomplish them

- **Strategic plans**

  - Plans that establish the actions and the resource allocation required to accomplish strategic goals

  - Usually defined for periods of two to five years and developed by top managers

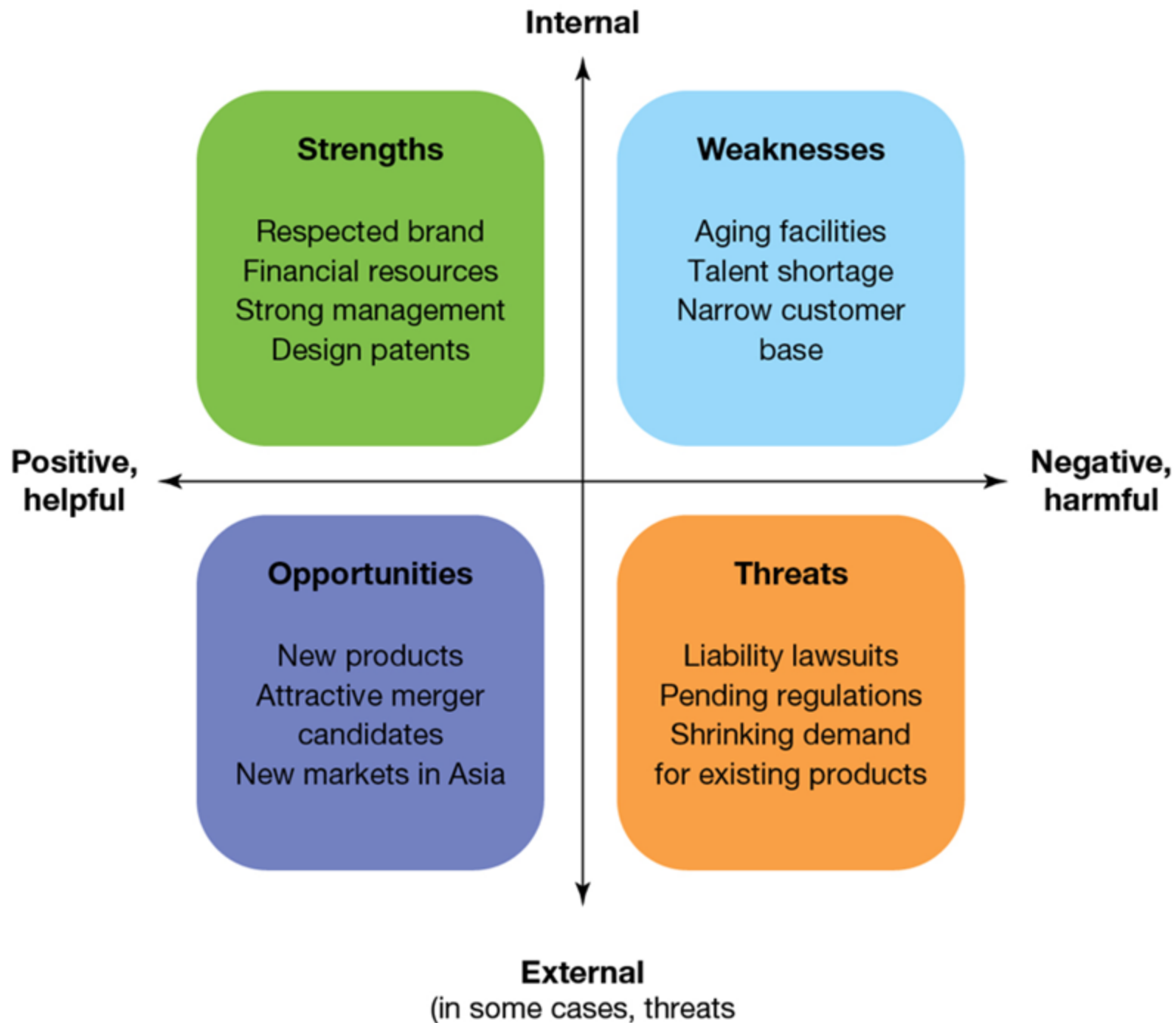# Exhibit 7.1 The Strategic Planning Process

"Why do we exist, and where are we going? Who are we as an organization, and what do we stand for?"

1. Define mission, vision, and values

"What are our strong points and weak points? What opportunities do we have and what dangers must we avoid?"

2. Perform SWOT analysis

"What can we reasonably expect to happen in the future, and how will this affect our business?"

3. Develop forecasts

"What actions should we take and how should we allocate our resources in order to achieve our goals and objectives?"

6. Develop action plans

"What do we want to accomplish long term, and what milestones do we need to reach along the way?"

5. Establish goals and objectives

4. Analyze the competition

"Who are our competitors? What are their strengths and weaknesses, and how do these create threats or opportunities for us?"

Defining the Purpose and Values

- **Mission statement**
  - A brief statement of why an organization exists; in other words' what the organization aims to accomplish for customers' investors' and other stakeholders
- **Values statement**
  - A brief articulation of the principles that guide a company's decisions and behaviors

Developing Forecasts

- **Quantitative forecasts**
  - Typically based on historical data or tests and often involve complex statistical computations

- **Qualitative forecasts**
  - Based on intuitive judgments

Internal

Strengths

Respected brand
Financial resources
Strong management
Design patents

Weaknesses

Aging facilities
Talent shortage
Narrow customer
base

**Positive,
helpful**

**Negative,
harmful**

Opportunities

New products
Attractive merger
candidates
New markets in Asia

Threats

Liability lawsuits
Pending regulations
Shrinking demand
for existing products

External
(in some cases, threats

Establishing Goals and Objectives (1 of 2)

- **Goal**
  - A broad' long.range target or aim
- **Objective**
  - A specific' short.range target or aim

Specific

Measurable

Attainable

Relevant

Time limited

The Organizing Function

- **Organizing**
  - The process of arranging resources to carry out the organization's plans
- **Management pyramid**
  - An organizational structure divided into top' middle' and first.line management

Top managers → CEO, CTO, CFO, CIO, vice president

Middle managers → Controller, manager, director

First-line managers → Supervisor, department head
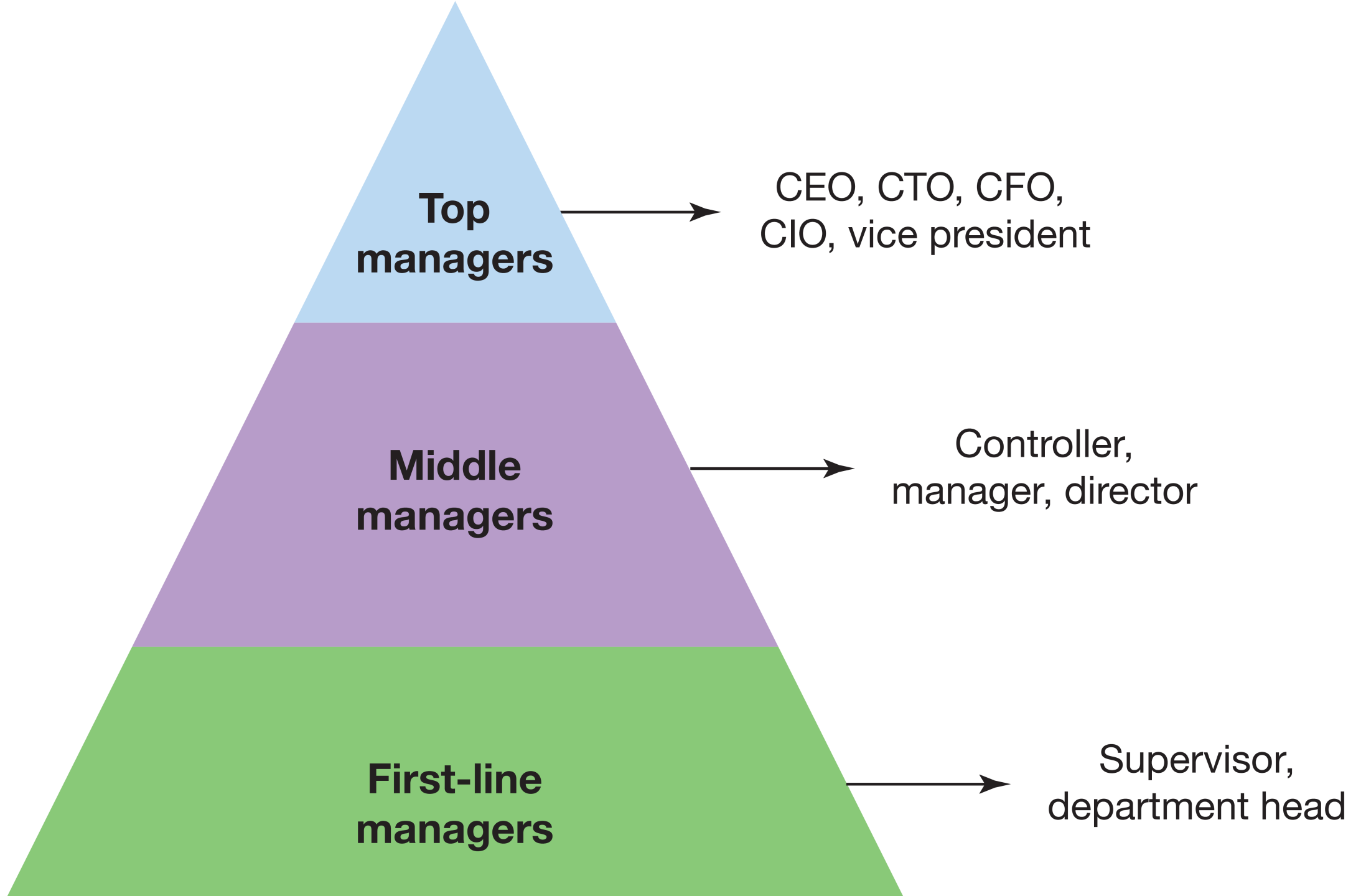
The Management Pyramid (1 of 3)

- **Top managers**

  - Those at the highest level of the organization's management hierarchy

  - Responsible for setting strategic goals; they have the most power and responsibility in the organization

- **Middle managers**

  - Those in the middle of the management hierarchy

  - They develop plans to implement the goals of top managers and coordinate the work of first.line managers

- **First.line managers**

  - Those at the lowest level of the management hierarchy

  - They supervise the operating employees and implement the plans set at the higher management levels

The Leading Function

- **Leading**
  - The process of guiding and motivating people to work toward organizational goals
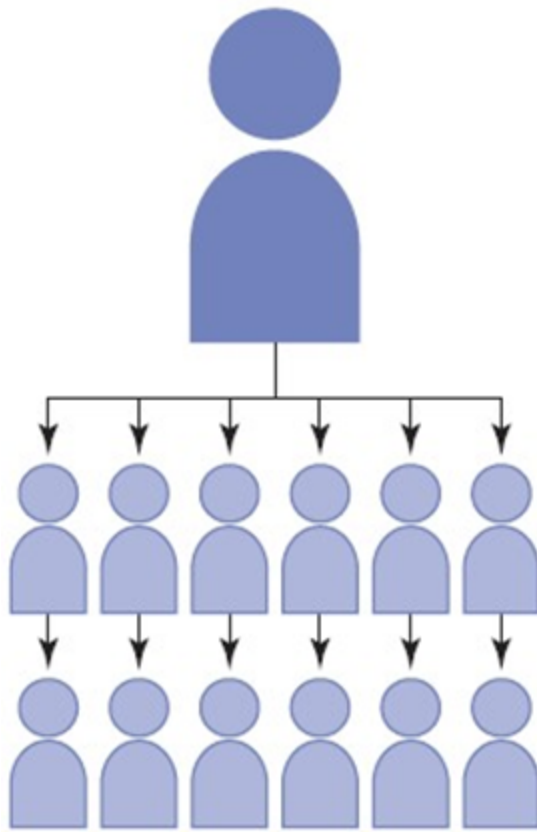
Autocratic Leadership

Manager makes the decisions and issues directives down the chain of command; subordinates have little or no freedom to make decisions, deviate from plans, or provide contrary input.
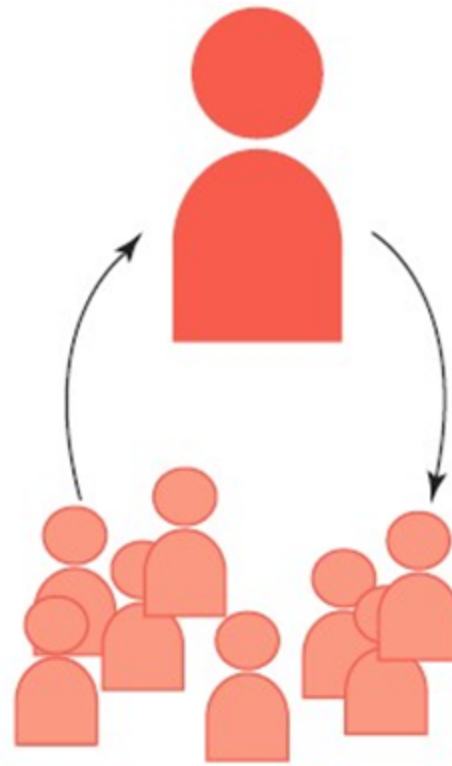
Democratic Leadership

Manager shares decision-making authority, seeking input and inviting subordinates to participate in a coordinated planning process; group can encourage a change of course if needed.
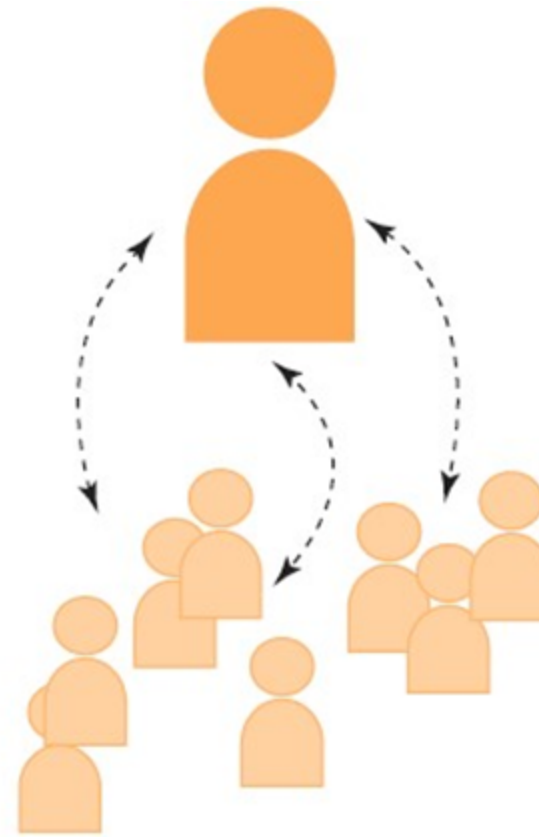
Laissez-faire Leadership

Manager acts as adviser and supporter, offering input when asked but generally letting subordinates chart and adjust their own course toward meeting agreed-on goals and objectives.

- **Autocratic leaders**

  - Leaders who do not involve others in decision making

- **Democratic leaders**

  - Leaders who delegate authority and involve employees in decision making

- **Laissez.faire leaders**

  - Leaders who leave most decisions up to employees' particularly those concerning day.to.day matters

- **Participative management**

  - A philosophy of allowing employees to take part in planning and decision making

- **Employee empowerment**

  - Granting decision.making and problem.solving authorities to employees so they can act without getting approval from management

Coaching and Mentoring (1 of 2)

- **Coaching**

  - Helping employees reach their highest potential by meeting with them' discussing problems that hinder their ability to work effectively' and offering suggestions and encouragement to overcome these problems

- **Mentoring**

  - A process in which experienced managers guide less.experienced colleagues in the nuances of office politics' serving as a role model for appropriate business behavior' and helping to negotiate the corporate structure

Managing Change

Identify everything that needs to change

Identify the forces acting for and against a change

Choose the approach best suited to the situation

Reinforce changed behavior and monitor continued progress

Building a Positive Organizational Culture

- **Organizational culture**
    - A set of shared values and norms that support the management system and that guide management and employee behavior

People

How are people treated?

Do you foster an atmosphere of civility and respect?

Do you value and encourage teamwork' with all ideas welcomed?

Do you acknowledge' encourage' and act upon .when appropriate. ideas from employees?

Do you give employees credit for their ideas?

Have you shown a positive commitment to a balance between work and life?

Community

Have you clarified how the company views its relationship with the communities it affects?

Do your actions support that commitment to community?

Communication

Do you practice and encourage open communication?

The Controlling Function

- **Controlling**
  - The process of measuring progress against goals and objectives' and correcting deviations if results are not as expected

Set strategic goals

Establish performance standards based on those goals

Initiate activities

Measure performance

Are performance standards achievable?

Reevaluate the standards; reset goals if needed

No

Yes

Correct the performance problems

Does performance meet or exceed standards?

No

Yes

No corrective active required; continue to monitor performance

Establishing Performance Standards

- **Benchmarking**
  - Collecting and comparing processes and performance data from other companies
- **Quality**
  - A measure of how closely an activity or outcome conforms to predetermined standards and customer expectations

Measuring Performance

- **Balanced scorecard**
  - A method of monitoring the performance from four perspectives: finances' operations' customer relationships' and the growth and development of employees and intellectual property

Essential Management Skills (1 of 2)

- **Interpersonal skills**
  - Skills required to understand other people and to interact effectively with them
- **Technical skills**
  - The ability and knowledge to perform the mechanics of a particular job

Exhibit 7.7 Communicating in a Crisis

When a Crisis Hits:

Essential Management Skills (2 of 2)

- **Conceptual skills**
  - The ability to understand the relationship of parts to the whole
- **Decision.making skills**
  - The ability to identify a decision situation' analyze the problem' weigh the alternatives' choose an alternative' implement it' and evaluate the results

Recognize and
define the situation

Identify
your options

Analyze
the options

Select the
best option

Implement
the decision

Thriving in the Digital Enterprise: Cognitive Automation

- **Cognitive automation**
  - AI technology that aims to help professionals and managers with complex questions that present
  - Some of the most daunting decision scenarios

Explain the importance of management and identify the three vital management roles.

Describe the planning function and outline the strategic planning process.

Describe the organizing function and differentiate among top' middle' and first.line management.

Describe the leading function' leadership style' and organizational culture.

Describe the controlling function and explain the four steps in the control cycle.

Identify and explain four important types of managerial skills.

Discuss the potential of cognitive automation in management decision making.