

The Entrepreneurial Mind

Management Aspect for Entrepreneurs

Lesson 6



Learning Objectives

- Identify the concept of management
- Describe the nature and scope of management
- Differentiate management from administration
- Enumerate the primary forms of management in entrepreneurship
- Label the various levels of management

Management

described as a set of well-defined and methodical skills that are taught to persons who aspire to be managers.

DEFINITION OF MANAGEMENT

1. William Spriegal,

"Management is that function of an enterprise which concerns itself with direction and control of the various activities to attain business objectives.

an executive function that deals with the active direction of the human effort."

DEFINITION OF MANAGEMENT

2. According to Mc Farland,

"Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain and operate purposive organization through systematic, coordinated, co-operative human effort."

DEFINITION OF MANAGEMENT

3. According to Terry,

"Management is not people; it is an activity like walking, reading, swimming or running. People who perform management can be designated as members of management or executive leaders."

Management is the sum of all activities that determines:

- (i) objectives, plans, policies, and programs;
- ii) secure men, material, and machinery at a low cost;
- (iii) put all of these resources into operation through sound organization;
- (iv) direct and motivate men at work; and
- (v) supervises and controls all of these activities.

Characteristics of Management

1. Economic Resource

Management is one of the components of production, along with land, labor, and capital. The demand for managers grows in tandem with the development of industrialization.

Characteristics of Management

2. Purposeful

Management is a goal-oriented activity, thus it must be purposeful. It coordinates employee efforts in order to achieve the organization's goals.

3. Separate Process

Planning, organizing, staffing, directing, and managing are all separate processes in management. These functions are so intertwined that it's impossible to pinpoint the order in which they occur or their relative importance.

Characteristics of Management

4. Integrative Force

The essence of management is the integration of human and non-human resources in order to accomplish the desired outcomes.

5. Authority System:

A command and control system hierarchy is represented by management as a group of managers.

Characteristics of Management

6. Management has evolved as a field of study

(i.e., discipline) support of a variety of other disciplines, including engineering, anthropology, sociology, and psychology.

The combination of these disciplines has resulted in a large amount of management literature.

Characteristics of Management

7. Universal Applicability

Management is applicable to everyone. Management principles and approaches can be used in a variety of settings, including business, education, the military, government, and hospitals.

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

1. Planning

The most basic and ubiquitous.

If people working in groups are expected to perform well, they must understand what has to be done, what tasks they must conduct in order to complete the task, and when it must be completed.

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

Performance planning

- a. determining long and short-term objectives
- b. developing strategies and courses of action for achieving these objectives
- c. formulating policies, procedures, and rules, among other things, for putting strategies and plans into effect.

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

2. ORGANIZING

basic process of combining and integrating human, physical, and financial resources in productive interrelationships in order to achieve company objectives.

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

The sub-functions of organizing are as follows:

- a. Identifying the activities needed to meet goals and put plans into action
- b. Organizing the actions into self-contained jobs
- c. Employee job assignments.
- d. Delegation of authority allows them to do their duties and command the resources they require.
- e. Creating a network of coordinating relationships

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

3. Staffing

process of hiring suitable personnel to carry out the tasks after determining objectives, formulating strategies, policies, programs, procedures, and rules to achieve them.

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

Staffing has been acknowledged as a distinct function of management:

- a. The process of determining the quantity and type of workers required is known as staffing planning.
- b. Recruitment to attract a sufficient number of potential employees to apply for jobs in the company.
- c. Identifying the best qualified candidates for the open positions

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

- d. Placement, orientation, and induction
- e. Transfers, promotions, terminations, and layoffs are all examples of b.
- f. Employee development and training

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

4. DIRECTING

is the process of motivating people to do their best work and contribute their full potential to the attainment of corporate objectives.

The guiding function entails the following sub-functions:

- a. Communication
- b. Motivation
- c. Leadership

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

5. COORDINATING

The process of establishing relationships between various sectors of an organization so that they all pull in the same direction

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

a manager should make sure that his company is "coordinated, so moving together in their closely-knit and adjusting actions, so linking, interlocking, and interacting that they constitute a working unit, which is not congeries of individuals."

-Mary Parker Follett

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

5. COORDINATING

- a. Relationships of authority and duty are clearly defined.
- b. Directional consistency
- c. Command consistency
- d. Effective communication
- e. Effective leadership

MANAGEMENT FUNCTIONS OR MANAGEMENT PROCESS

6. CONTROLLING

Controlling ensures that divisional, departmental, sectional, and individual results are in line with predetermined goals and objectives. The ff. are the steps:

- a. Performance evaluation against predefined objectives.
- b. Identifying departures from these objectives.
- c. Corrective activity to correct errors in line with predetermined goals and objectives.

LEVELS OF MANAGEMENT



Top Management

ultimate source of authority, and it sets the company's goals, rules, and plans.

the policy-making body in charge of the company's overall direction and success.

LEVELS OF MANAGEMENT

Most important functions are:



Top Management

- a. To determine the enterprise's objectives or goals
- b. To develop policies and programs in order to achieve the set goals
- c. To provide an organizational framework for carrying out the operations as planned
- d. To gather the necessary funds, persons, materials, machinery, and procedures to carry out the plans
- e. To maintain effective operational control
- f. To serve as the company's overall leader.

LEVELS OF MANAGEMENT



Middle Management

Consists of functional department heads, such as the purchasing manager, production manager, marketing manager, financial controller, and divisional and sectional officers.

They are accountable to upper management for the smooth operation of their departments.

LEVELS OF MANAGEMENT

The key functions of middle management are as follows:

- a. To interpret upper management's policy directives.
- b. To develop their departments' organizational structures in order to achieve the goals outlined in various corporate policies.
- c. To find and hire qualified operative and managerial personnel.
- d. Assign tasks, jobs, and obligations to ensure that the plans are implemented on time. plan and policy execution.

LEVELS OF MANAGEMENT

The key functions of middle management are as follows:

- e. To assemble all of the instructions and hand them along to the supervisor.
- f. To encourage employees to achieve higher levels of productivity and to suitably reward them.
- g. To work cooperatively with other departments to ensure that the entire organization runs well.

LEVELS OF MANAGEMENT

The key functions of middle management are as follows:

- h. To compile reports and data on their departments' performance.
- i. To submit reports to upper management.
- j. Make appropriate recommendations to upper management for enhanced plan and policy execution.

LEVELS OF MANAGEMENT



Lower Level or Operative Management

This level of management is at the bottom of the management structure, and it is responsible for real operations.

They interpret and split management's plans into short-term operating plans.

Type of Business Entities:

- Sole Proprietorship

2. Partnership

3. Corporation



Type of Business Entities:

Sole Proprietorship

a single/sole proprietorship is a business owned and operated by one person.

Partnership

involves two or more people who agree to share in the profits or losses of a business.

Type of Business Entities:

Partnerships are based upon a partnership agreement, also known as articles of **co-partnership**.

It should cover all areas of possible disagreement among the partners.

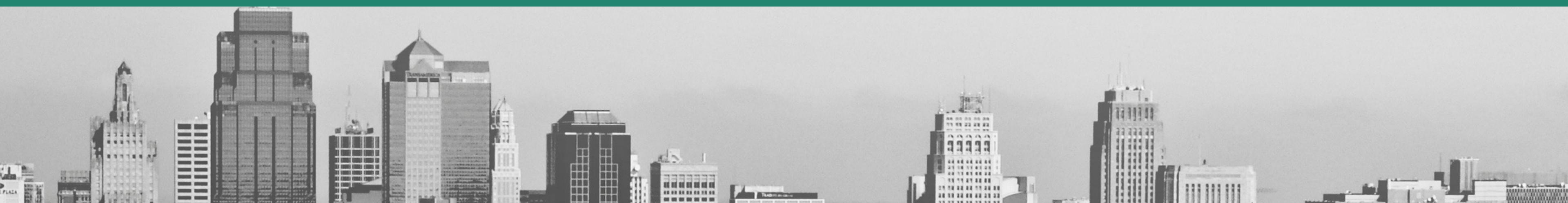
It should define the authority and the rights and duties of each partner and limits to such authority.

Different types of Partnership



GENERAL PARTNERSHIP

a company owned by two or more individuals who agree to run the business as partners or co-partners.



Different types of Partnership



LIMITED PARTNERSHIP

is more structured than general partnerships and has both general and limited partners. You need at least one general and one limited partner.

ex. filmmaking, real estate, and natural resource exploration projects



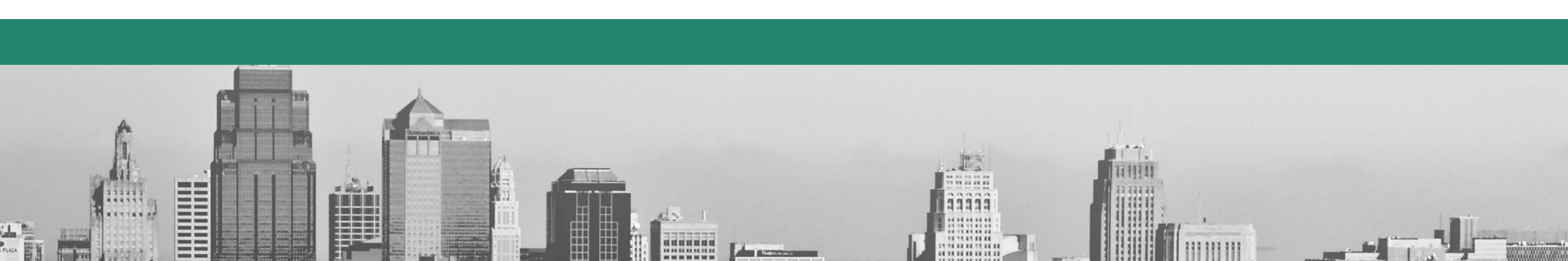
Different types of Partnership



LIMITED LIABILITY PARTNERSHIP

limited liability partnership, or LLP, is a type of partnership where owners are not held personally responsible for the business's debts or other partners' actions.

ex. Law firms, financial advising businesses, marketing firms, dental offices, physician offices, accounting firms.



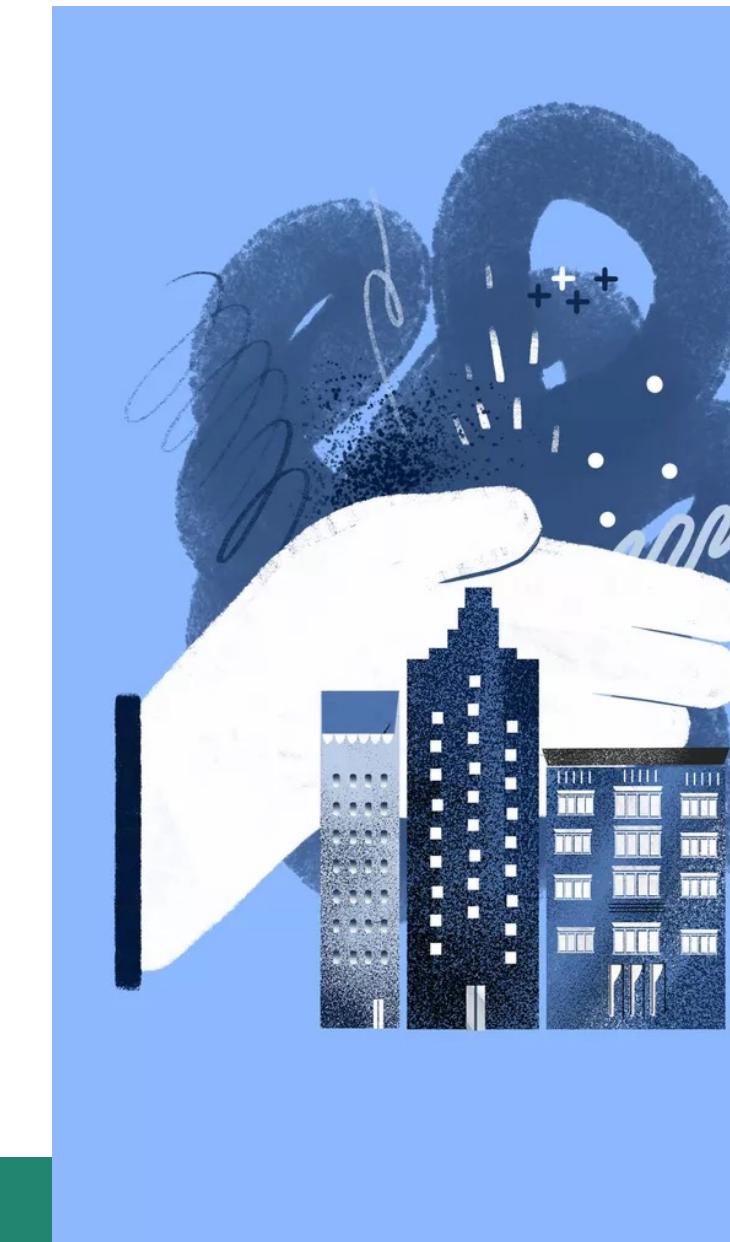
Different types of Partnership

LLC PARTNERSHIP



LLC partnership can have two or more owners, called members.

Limited liability companies with multiple members are referred to as multi-member LLCs or LLC partnerships. Partnership, members' assets are protected



Limited Liability Company

[*'li-mə-təd li-ə-'bi-lə-tē kemp-nē*]

A corporate structure that protects its owners from being personally pursued for repayment of the company's debts or liabilities.

Type of Business Entities:

Corporation

is a legal entity that is created to conduct business. The corporation becomes an entity separate from those who founded it that handles the responsibilities of the organization.

an artificial being, invisible, intangible and existing only in contemplation of law. Its ownership is divided into shares of stock.

Type of Business Entities:

Incorporation

is the process of creating a new legal entity that is separate from its owners/shareholders and protects them from personal liabilities, whereas a corporation is the end-product of that process

CATEGORY

1. Significance

final legal product that an entity transforms into after going through the process of incorporation

2. Status

body formed carries out a specific operation like business, charity, sports club etc.

CORPORATION

INCORPORATION

legal process of the transition by which an entity becomes a corporation

series of steps that help an entity become a corporation

CATEGORY

CORPORATION

3. Life Cycle

continues to exist as long as it can pay back its liabilities and build on its assets, failing to liquidate and cease to exist

4. Operations

responsible for carrying out the day-to-day activities related to the business or functioning of the legal entity.

INCORPORATION

being a process, incorporation starts when the certificate of incorporation is issued till incorporation is finally continued

takes care of legal steps that aim to safeguard the interest and the personal assets of owners and shareholders.

CATEGORY

5. Rights and Responsibilities

CORPORATION

It is personified as legal persons having rights like owning a property that can help owners save taxes or raise funds and responsibilities like in case of payment failures to creditors, and they can be sued and dragged to court.

INCORPORATION

Incorporation is a structured process with limited responsibilities and limited rights.

CATEGORY

CORPORATION

INCORPORATION

6. Sovereign Task

Corporations in different countries will have almost identical functioning, features, and goals.

The process of incorporation differs from country to country based on the local laws.

Advantages

1. Limited liability of stockholders
2. Perpetual life
3. Ease of transferring ownership
4. Ease of expansion of the company

Disadvantages

1. Expenses of the organization
2. Capital stock tax

LEGAL PITFALLS IN STARTING A BUSINESS AND HOW TO AVOID THEM

1. Protect your intellectual property.
2. Execute a shareholder's agreement.
3. Read contracts.
4. Be cautious in leaving a former employee.
5. Remember to provide for stocks or option investing.
6. Watch out for undercapitalization.
7. Keep good records.
8. Keep it simple.

Other Legal Aspects:

1. Patent protection



2. Trademark or trade secrets

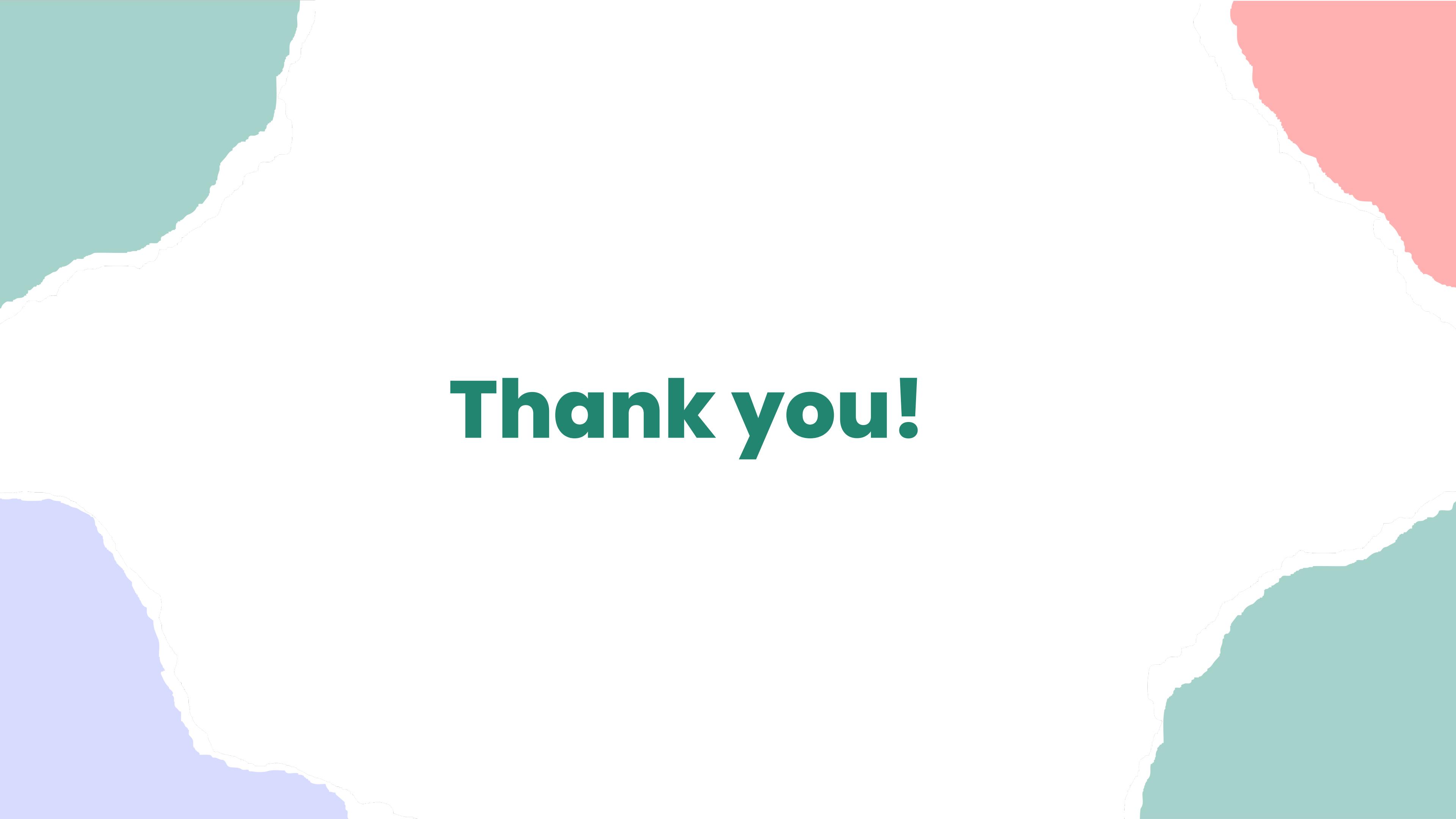


3. Copyright protection



Activity Time

1. Create a Venn Diagram that differentiate your project vs the concept of Management.
2. Indicate the name of your project with description
3. Levels of Management
4. Filename: Section Lname Fname MAC1



Thank you!