**Figure 1.1****MANAGEMENT IN ORGANIZATIONS**

Basic managerial activities include planning and decision making, organizing, leading, and controlling. Managers engage in these activities to combine human, financial, physical, and information resources efficiently and effectively and to work toward achieving the goals of the organization.

The last phrase in our definition is especially important because it highlights the basic purpose of management—to ensure that an organization's goals are achieved in an efficient and effective manner. By **efficient**, we mean using resources wisely and in a cost-effective way. For example, a firm like Toyota Motor Corporation, which produces high-quality products at relatively low costs, is efficient. By **effective**, we mean making the right decisions and successfully implementing them. Toyota also makes cars with the styling and quality to inspire consumer interest and confidence. A firm could very efficiently produce big-screen black-and-white televisions with few options and limited capabilities but still not succeed, because black-and-white televisions no longer have a market. A firm that produces products that no one wants is therefore not effective. In general, successful organizations are both efficient and effective.² *The Business of Ethics* highlights the impact businesses can have when they balance efficiency and effectiveness with social awareness about their role in protecting the natural environment.

With this basic understanding of management, defining the term **manager** becomes relatively simple—a **manager** is someone whose primary responsibility is to carry out the management process. In particular, a manager is someone who plans and makes decisions, organizes, leads, and controls human, financial, physical, and information resources. Today's managers face a variety of interesting and challenging situations. The average executive works 60 hours a week, has enormous demands placed on his or her time, and faces increased complexities posed by globalization, domestic competition, government regulation, shareholder pressure, and Internet-related uncertainties. The job is complicated even more by rapid changes, unexpected disruptions, and both minor and major crises. The manager's job is unpredictable and fraught with challenges, but it is also filled with opportunities to make a difference. Good managers can propel an organization into unprecedented realms of success, whereas poor managers can devastate even the strongest of organizations.

efficient

Using resources wisely and in a cost-effective way

effective

Making the right decisions and successfully implementing them

manager

Someone whose primary responsibility is to carry out the management process



The Business of Ethics

"Green Is Green"

Or so says General Electric CEO Jeffrey Immelt. He means that companies can support the natural environment—by reducing waste, recycling, using less toxic materials, or cutting back on energy use—and at the same time, improve financial results. The U.S. federal government has been cutting back on pollution regulation. Yet many corporate leaders are voluntarily adopting environmentally friendly policies that they believe will lead to higher sales, cost savings, and, ultimately, greater profitability.

Among smaller, eco-friendly companies, efforts have been increased. Patagonia, a maker of outdoor clothing, already uses organic fibers. Now it's encouraging customers to return used clothes for recycling into new ones. Innovative firms recycle bamboo and wood window coverings, sell countertops made of recycled glass and concrete, and even offer reusable fabric diapers with biodegradable inserts!

Large traditional companies are also embracing the trend. In 2005, GE promised to improve energy efficiency by 4 percent annually and double revenues from "clean" products over the next decade. BP, the English oil and gas giant, created a new alternative energy division. Wal-Mart, which owns the largest fleet of trucks in the nation, plans to double its fuel efficiency. McDonald's is seeking its first green-building certification.

Starbucks and Whole Foods have both announced that they will purchase wind energy or wind energy credits to offset their electric usage. When mainstream companies get involved, they can have a significant impact on other firms, due to their size and power.

Technological innovations in batteries, wind turbines, solar devices and more are part of the reason for the change. For example, Corning has developed a "green glass" for use in liquid crystal displays, such as laptop screens, that doesn't contain toxic chemicals. As green technology becomes more affordable, more companies adopt it. Another important factor is buyer power. Educated customers who demand accountability from corporations have the ability to drive change.

However, the bottom line is the most critical element. Corporate CEOs and other top managers must answer to shareholders for profitability. When they have the option to increase profits with green methods, they will do the right thing for their shareholders, which also happens to be the right thing for the rest of the planet.

References: Chip Geller and David Roberts, "The Revolution Begins," *Fast Company*, March 2006, www.fastcompany.com on March 1, 2006; "Immelt Sees Green Profit for GE," *Forbes*, May 13, 2005, www.forbes.com on March 1, 2006; Gene C. Marcial, "Corning Turns a Corner," *BusinessWeek*, April 17, 2006, www.businessweek.com on April 4, 2006.

Many of the characteristics that contribute to the complexity and uncertainty of management stem from the environment in which organizations function. For example, as shown in Figure 1.1, the resources used by organizations to create products and services all come from the environment. Thus it is critical that managers understand this environment. Part 2 of the text discusses the environmental context of management in detail. Chapter 3 provides a general overview and discussion of the organization's environment, and Chapters 4 through 6 address specific aspects of the environment more fully. In particular, Chapter 4 discusses the ethical and social context of management. Chapter 5 explores the global context of management. Chapter 6 describes the cultural and multicultural environment of management. After reading these chapters, you will be better prepared to study the essential activities that comprise the management process.

The Management Process / Functions of Mgt.

We note earlier that management involves the four basic functions of planning and decision making, organizing, leading, and controlling. Because these functions represent the framework around which this book is organized, we introduce them here.

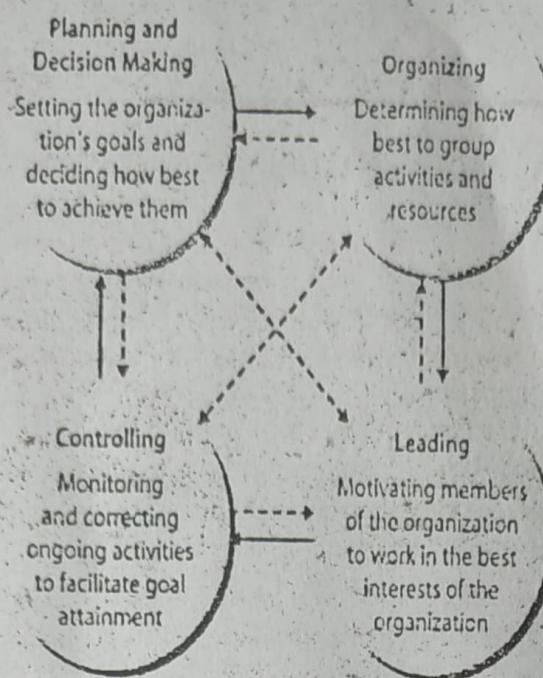


Figure 1.2
THE MANAGEMENT PROCESS

Management involves four basic activities—planning and decision making, organizing, leading, and controlling. Although there is a basic logic for describing these activities in this sequence (as indicated by the solid arrows), most managers engage in more than one activity at a time and often move back and forth between the activities in unpredictable ways (as shown by the dotted arrows).

and note where they are discussed more fully. Their basic definitions and interrelationships are shown in Figure 1.2. (Note that Figure 1.2 is an expanded version of the central part of Figure 1.1.)

Recall the details of the Google case discussed earlier. Sergey Brin and Larry Page must first create goals and plans that articulate what they want the company to become. Then they rely on effective organization to help make those goals and plans reality. Brin and Page also pay close attention to the people who work for the company. And they keep a close eye on how well the company is performing. Each of these activities represents one of the four basic managerial functions illustrated in the figure—setting goals is part of planning, setting up the organization is part of organizing, managing people is part of leading, and monitoring performance is part of controlling.

It is important to note, however, that the functions of management do not usually occur in a tidy, step-by-step fashion. Managers do not plan on Monday, make decisions on Tuesday, organize on Wednesday, lead on Thursday, and control on Friday. At any given time, for example, a manager is likely to be engaged in several different activities simultaneously. Indeed, from one setting to another, managerial work is as different as it is similar. The similarities that pervade most settings are the phases in the management process. Important differences include the emphasis, sequencing, and implications of each phase.¹ Thus the solid lines in Figure 1.2 indicate how, in theory, the functions of management are performed. The dotted lines, however, represent the true reality of management. In the sections that follow, we explore each of these activities.

Planning and Decision Making: Determining Courses of Action

In its simplest form, **planning** means setting an organization's goals and deciding how best to achieve them. **Decision making**, a part of the planning process, involves selecting a course of action from a set of alternatives. Planning and decision making

planning
Setting an organization's goals and deciding how best to achieve them

decision making
Part of the planning process that involves selecting a course of action from a set of alternatives

help maintain managerial effectiveness by serving as guides for future activities. In other words, the organization's goals and plans clearly help managers know how to allocate their time and resources. Robert Nardelli is CEO of Home Depot. After joining the firm in 2000, he saw that Home Depot was losing market share to its chief

"I will never apologize for setting the bar high."

Robert Nardelli, CEO of Home Depot
(Business Week, March 6, 2006, p. 58)

rival Lowe's and to Wal-Mart. Since that time he has been working hard to revitalize the firm by remodeling many of its stores, adding new product lines, and refining its distribution network. Moreover, Nardelli has established a number of short- and long-term goals for Home Depot and outlined several strategic initiatives to achieve them. He has also set very high performance standards for everyone in the company.⁵

Four chapters making up Part 3 of this text are devoted to planning and decision making. Chapter 7 examines the basic elements of planning and decision making, including the role and importance of organizational goals. Chapter 8 looks at strategy and strategic planning, which provide overall direction and focus for the organization. Chapter 9 explores managerial decision making and problem solving in detail. Finally, Chapter 10 addresses planning and decision making as they relate to the management of new ventures and entrepreneurial activities, increasingly important parts of managerial work.

Organizing: Coordinating Activities and Resources

Once a manager has set goals and developed a workable plan, the next management function is to organize people and the other resources necessary to carry out the plan. Specifically, **organizing** involves determining how activities and resources are to be grouped. Home Depot's Robert Nardelli believes that one reason the firm was underperforming before he arrived was that individual store managers had too much autonomy. Hence, he has systematically worked to centralize operations as much as possible at the corporate level. He has also clarified reporting relationships and implemented a 'command-and-control' mentality throughout Home Depot.

Organizing is the subject of Part 4. Chapter 11 introduces the basic elements of organizing, such as job design, departmentalization, authority relationships, span of control, and line and staff roles. Chapter 12 explains how managers fit these elements and concepts together to form an overall organization design. Organization change and innovation are the focus of Chapter 13. Finally, processes associated with managing the organization's workforce so as to most effectively carry out organizational roles and perform tasks are described in Chapter 14.

Leading: Motivating and Managing People

The third basic managerial function is leading. Some people consider leading to be both the most important and the most challenging of all managerial activities. **Leading** is the set of processes used to get members of the organization to work together to further the interests of the organization. Robert Nardelli was in the military before he started his business career. His experiences there still shape his thinking about leadership. For instance, he wants everyone to know that he is in charge of all major decisions. He also never hesitates to reassign or fire managers whom he feels are not performing effectively.

organizing

Determining how activities and resources are to be grouped

leading

The set of processes used to get members of the organization to work together to further the interests of the organization

Leading involves a number of different processes and activities, which are discussed in Part 5. The starting point is understanding basic individual and interpersonal processes, which we focus on in Chapter 15. Motivating employees is discussed in Chapter 16, and leadership itself and the leader's efforts to influence others are covered in Chapter 17. Managing interpersonal relations and communication is the subject of Chapter 18. Finally, managing work groups and teams, another important part of leading, is addressed in Chapter 19.

Controlling: Monitoring and Evaluating Activities

The final phase of the management process is **controlling**, or monitoring the organization's progress toward its goals. As the organization moves toward its goals, managers must monitor progress to ensure that it is performing in such a way as to arrive at its "destination" at the appointed time. A good analogy is that of a space mission to Mars. NASA does not simply shoot a rocket in the general direction of the planet and then look again in four months to see whether the rocket hit its mark. NASA monitors the spacecraft almost continuously and makes whatever course corrections are needed to keep it on track. Controlling similarly helps ensure the effectiveness and efficiency needed for successful management. At Home Depot, Robert Nardelli has implemented a far-reaching set of financial measures to maintain a current assessment of how the firm is doing as well as whether its performance is improving over time.

controlling

Monitoring organizational progress toward goal attainment

The control function is explored in Part 6. First, Chapter 20 explores the basic elements of the control process, including the increasing importance of strategic control. Managing operations, quality, and productivity is explored in Chapter 21. Finally, Chapter 22 addresses the management of information and information technology, which are also important areas of organizational control.

concept CHECK

What is a manager, and what are the fundamental functions that comprise the management process?

Describe examples of how the management functions might be performed in different sequences.

Kinds of Managers / Management

There are many different kinds of managers in organizations. As shown in Figure 1.3, some managers can be differentiated from others on the basis of their level in the organization. It is also possible to differentiate them across different areas.

Managing at Different Levels of the Organization

Managers can be differentiated according to their level in the organization. Although large organizations typically have a number of **levels of management**, the most common view considers three basic levels: top, middle, and first-line managers.

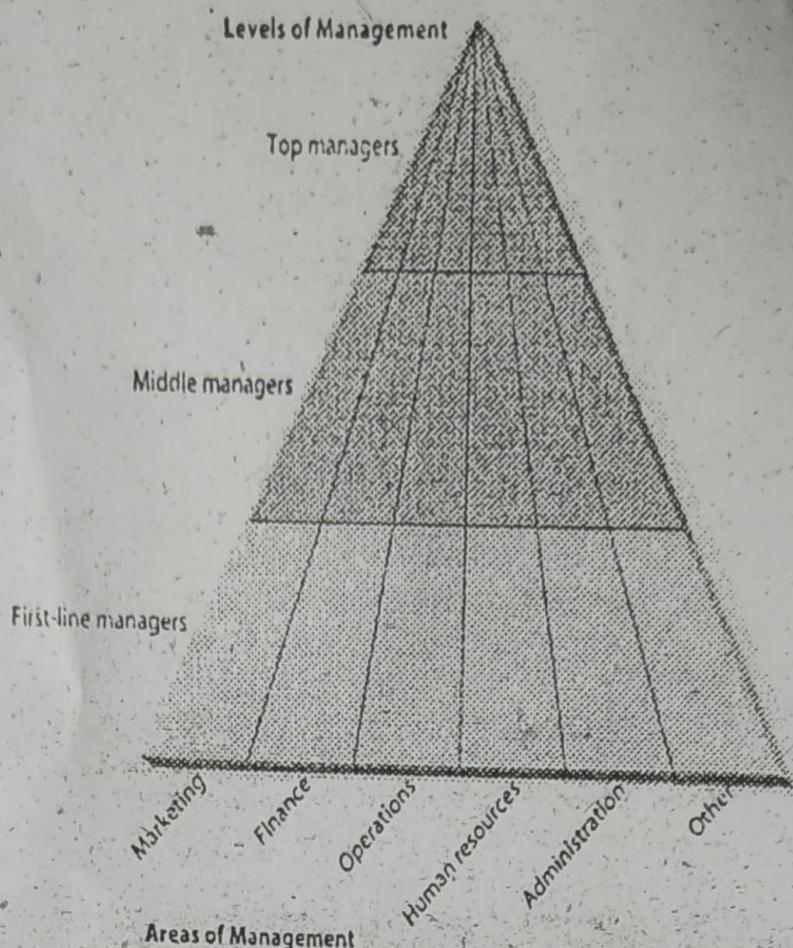
levels of management

The differentiation of managers into three basic categories—top, middle, and first-line

Top Managers Top managers make up the relatively small group of executives who manage the overall organization. Titles found in this group include president, vice president, and chief executive officer (CEO). Top managers create the organization's goals, overall strategy, and operating policies. They also officially represent the organization to the external environment by meeting with government officials, executives

Figure 1.3
KINDS OF MANAGERS BY LEVEL AND AREA

Organizations generally have three levels of management, represented by top managers, middle managers, and first-line managers. Regardless of level, managers are also usually associated with a specific area within the organization, such as marketing, finance, operations, human resources, administration, or some other area.



of other organizations, and so forth. *Working with Diversity* illustrates the impact that a top manager can have on both a company and the social context of that company.

Howard Schultz, CEO of Starbucks, is a top manager, as is Deidra Wager, the firm's executive vice president. The job of a top manager is likely to be complex and varied. Top managers make decisions about such activities as acquiring other companies, investing in research and development, entering or abandoning various markets, and building new plants and office facilities. They often work long hours and spend much of their time in meetings or on the telephone. In most cases, top managers are also very well paid. In fact, the elite top managers of very large firms sometimes make several million dollars a year in salary, bonuses, and stock.⁶ Robert Nardelli, CEO of Home Depot, works 10 to 12 hours per day, 7 days a week; his 2005 compensation was \$28.5 million.

Middle Managers Middle management is probably the largest group of managers in most organizations. Common middle-management titles include plant manager, operations manager, and division head. Middle managers are responsible primarily for implementing the policies and plans developed by top managers and for supervising and coordinating the activities of lower-level managers.⁷ Plant managers, for example, handle inventory management, quality control, equipment failures, and minor union problems. They also coordinate the work of supervisors within the plant. Jason Hernandez, a regional manager at Starbucks responsible for the firm's operations in three eastern states, is a middle manager.

In recent years, many organizations have thinned the ranks of middle managers to lower costs and eliminate excess bureaucracy. Still, middle managers are necessary to bridge the upper and lower levels of the organization and to implement the



Working with Diversity

Aetna's Diverse Leadership

Did you know that while 10 percent of white Americans have no health insurance, 18 percent of Asian Americans, 19 percent of African Americans, and 33 percent of Hispanics have none? When you add in that people of color are also less frequently diagnosed with major diseases and less likely to receive prescription medicines, you have a very unequal healthcare system.

Aetna is working to change that. The insurer, which provides coverage for health, life, disability, and long-term care, has created innovative programs to aid minorities. For example, one program focuses on the high rate of certain diseases in ethnic populations, for example, the prevalence of diabetes in African Americans. Aetna supplies special educational materials, case managers, health screenings, and online patient support. The Aetna Foundation takes the initiative further by funding research into better diagnostic tools and new treatments; in 2005, it spent \$19 million toward this effort.

Aetna's interest in diversity also includes its employment practices. The company's workforce includes 27 percent people of color and 75 percent women. Aetna's top team includes one-third racial minorities and women. And Aetna president, Ronald A. Williams, is one of just 18 African Americans to attain the rank of CEO at a Fortune 500 corporation.

Williams's leadership revitalized Aetna. Williams is soft spoken, a master implementer who rejuvenates troubled firms. Williams meets quarterly with 20 percent of Aetna's workforce, approximately 5,000 managers. By choice, his office is on the first floor of the headquarters building, not on the top floor with the other executives. Williams is an innovator, focusing on improving the quality of products. Rewarding patients who choose top-ranked physicians is another innovation. "Quality costs less," Williams says, referring to the relatively lower costs when patients obtain better treatment outcomes.

Williams has led the way in addressing racial disparity too. With his encouragement, Aetna plans to increase its focus on better health care for minorities, which will seek to drive down costs and expand Aetna's customer base. Aetna is expected to earn \$1.3 billion in 2006, up from a net loss of \$280 million in 2001. It seems Williams and Aetna can continue to do well while doing good.

References: Jessi Hempel, "Aetna Succession at Full Speed," *Business Week*, January 16, 2006, www.businessweek.com on March 1, 2006; Kenneth Meeks, "The 75 Most Powerful African Americans in Corporate America," *Black Enterprise*, February 2005, www.blackenterprise.com on April 15, 2006; "Company Demographics," "Quality Care for All: Reducing Racial and Ethnic Disparities in Health Care," "Serving Diverse Populations," "The Aetna Foundation," Aetna website, www.aetna.com on March 1, 2006.

strategies developed at the top. Although many organizations have found that they can indeed survive with fewer middle managers, those who remain play an even more important role in determining how successful the organization will be.

First-Line Managers First-line managers supervise and coordinate the activities of operating employees. Common titles for first-line managers are supervisor, coordinator, and office manager. Positions like these are often the first held by employees who enter management from the ranks of operating personnel. Wayne Maxwell and Jenny Wagner, managers of Starbucks coffee shops in Texas, are first-line managers. They oversee the day-to-day operations of their respective stores, hire operating employees to staff them, and handle other routine administrative duties required of them by the parent corporation. In contrast to top and middle managers, first-line managers typically spend a large proportion of their time supervising the work of subordinates.

Managing in Different Areas of the Organization

Regardless of their level, managers may work in various areas within an organization. In any given firm, for example, **areas of management** may include marketing, financial, operations, human resource, administrative, and other areas.

areas of management

Managers can be differentiated into marketing, financial, operating, human resource, administration, and other areas.

Marketing Managers Marketing managers work in areas related to the market function—getting consumers and clients to buy the organization's products or services (be they Motorola digital cell phones, Ford automobiles, *Newsweek* magazines, Associated Press news reports, flights on Southwest Airlines, or cups of latte at Starbucks). These areas include new-product development, promotion, and distribution. Given the importance of marketing for virtually all organizations, developing good managers in this area can be critical.

Financial Managers Financial managers deal primarily with an organization's financial resources. They are responsible for such activities as accounting, cash management, and investments. In some businesses, such as banking and insurance, financial managers are found in especially large numbers.

Operations Managers Operations managers are concerned with creating and managing the systems that create an organization's products and services. Typical responsibilities of operations managers include production control, inventory control, quality control, plant layout, and site selection.

Human Resource Managers Human resource managers are responsible for hiring and developing employees. They are typically involved in human resource planning, recruiting and selecting employees, training and development, designing compensation and benefit systems, formulating performance appraisal systems, and discharging low-performing and problem employees.

Administrative Managers Administrative, or general, managers are not associated with any particular management specialty. Probably the best example of an administrative management position is that of a hospital or clinic administrator. Administrative managers tend to be generalists; they have some basic familiarity with all functional areas of management rather than specialized training in any one area.⁸

Other Kinds of Managers Many organizations have specialized management positions in addition to those already described. Public relations managers, for example, deal with the public and media for firms like Philip Morris Companies and the Dow Chemical Company to protect and enhance the image of the organization. Research and development (R&D) managers coordinate the activities of scientists and engineers working on scientific projects in organizations such as Monsanto Company, NASA, and Merck & Company. Internal consultants are used in organizations such as Prudential Insurance to provide specialized expert advice to operating managers. International operations are often coordinated by specialized managers in organizations like Eli Lilly and Rockwell International. The number, nature, and importance of these specialized managers vary tremendously from one organization to another. As contemporary organizations continue to grow in complexity and size, the number and importance of such managers are also likely to increase.

concept

CHECK

Identify different kinds of an organization's managers by level and area.

How might the importance of different areas of management vary as a function of the firm's business?

Basic Managerial Roles and Skills

Regardless of their levels or areas within an organization, all managers must play certain roles and exhibit certain skills if they are to be successful. The concept of a role, in this sense, is similar to the role an actor plays in a theatrical production. A person does certain things, meets certain needs, and has certain responsibilities in the organization. In the sections that follow, we first highlight the basic roles managers play and then discuss the skills they need to be effective.

Managerial Roles

Henry Mintzberg offers a number of interesting insights into the nature of managerial roles.⁹ He closely observed the day-to-day activities of a group of CEOs by literally following them around and taking notes on what they did. From his observations, Mintzberg concluded that managers play ten different roles, as summarized in Table 1.2, and that these roles fall into three basic categories: interpersonal, informational, and decisional.

Interpersonal Roles There are three *interpersonal roles* inherent in the manager's job. First, the manager is often expected to serve as a *figurehead*—taking visitors to dinner, attending ribbon-cutting ceremonies, and the like. These activities are typically more ceremonial and symbolic than substantive. The manager is also expected to serve as a *leader*—hiring, training, and motivating employees. A manager who formally or informally shows subordinates how to do things and how to perform under pressure is leading. Finally, managers can have a *liaison* role. This role often involves serving as a coordinator or link among people, groups, or organizations. For example, companies in the computer industry may use liaisons to keep other companies informed about their plans. This enables Microsoft, for example, to create software for interfacing with new Hewlett-Packard printers at the same time those printers are being developed. And, at the same time, managers at Hewlett-Packard can incorporate new Microsoft features into the printers they introduce.

Informational Roles The three *informational roles* flow naturally from the interpersonal roles just discussed. The process of carrying out the interpersonal roles

interpersonal roles

The roles of figurehead, leader, and liaison, which involve dealing with other people

informational roles

The roles of monitor, disseminator, and spokesperson, which involve the processing of information

Category	Role	Sample Activities
Interpersonal	Figurehead	Attending ribbon-cutting ceremony for new plant
	Leader	Encouraging employees to improve productivity
	Liaison	Coordinating activities of two project groups
Informational	Monitor	Scanning industry reports to stay abreast of developments
	Disseminator	Sending memos outlining new organizational initiatives
Decisional	Spokesperson	Making a speech to discuss growth plans
	Entrepreneur	Developing new ideas for innovation
	Disturbance handler	Resolving conflict between two subordinates
	Resource allocator	Reviewing and revising budget requests
	Negotiator	Reaching agreement with a key supplier or labor union

Table 1.2

TEN BASIC MANAGERIAL ROLES

Research by Henry Mintzberg suggests that managers play ten basic managerial roles.



Managers play a number of different roles in organizations. One common role for top managers is that of figurehead. These individuals, for instance, are participating in the groundbreaking ceremony for the new U.S. embassy in Macedonia. They are (from left) Richard Graves of KBR Services (the general contractor), Macedonian President Branko Crvenković, U.S. Ambassador to Macedonia Gillian Milovanovic, Overseas Buildings Operations Director Charles Williams, and OBO Project Director Stephen Ziegenfuss.

decisional roles

The roles of entrepreneur, disturbance handler, resource allocator, and negotiator, which relate primarily to making decisions

places the manager at a strategic point to collect and disseminate information. The first informational role is that of *monitor*, one who actively seeks information that may be of value. The manager questions subordinates, is receptive to unsolicited information, and attempts to be as informed as possible. The manager is also a *disseminator* of information, transmitting relevant information back to others in the workplace. When the roles of monitor and disseminator are viewed together, the manager emerges as a vital link in the organization's chain of communication. The third informational role focuses on external communication. The *spokesperson* formally relays information to people outside the unit or outside the organization. For example, a plant manager at Union Carbide may transmit information to top-level managers so that they will be better informed about the plant's activities. The manager may also represent the organization before a chamber of commerce or consumer group. Although the roles of spokesperson and figurehead are similar, there is one basic difference between them. When a manager acts as a figurehead, the manager's presence as a symbol of the organization is what is of interest. In the spokesperson role, however, the manager carries information and communicates it to others in a formal sense.

Decisional Roles The manager's informational roles typically lead to the *decisional roles*. The information acquired by the manager as a result of performing the informational roles has a major bearing on important decisions that he or she makes. Mintzberg identified four decisional roles. First, the manager has the role of *entrepreneur*, the voluntary initiator of change. A manager at 3M Company developed the idea for the Post-it note pad but had to "sell" it to other skeptical managers inside the company. A second decisional role is initiated not by the manager but by some other individual or group. The manager responds to her role as *disturbance handler* by handling such problems as strikes, copyright infringements, or problems in public relations or corporate image.

The third decisional role is that of *resource allocator*. As resource allocator, the manager decides how resources are distributed and with whom he or she will work most closely. For example, a manager typically allocates the funds in the unit's operating budget among the unit's members and projects. A fourth decisional role is that of *negotiator*. In this role the manager enters into negotiations with other groups or organizations as a representative of the company. For example, managers may negotiate a union contract, an agreement with a consultant, or a long-term relationship with a supplier. Negotiations may also be internal to the organization. The manager may, for instance, mediate a dispute between two subordinates or negotiate with another department for additional support.

Managerial Skills

In addition to fulfilling numerous roles, managers also need a number of specific skills if they are to succeed. The most fundamental management skills are technical,

interpersonal, conceptual, diagnostic, communication, decision-making, and time-management skills.¹⁰

Technical Skills *Technical skills* are the skills necessary to accomplish or understand the specific kind of work being done in an organization. Technical skills are especially important for first-line managers. These managers spend much of their time training subordinates and answering questions about work-related problems. They must know how to perform the tasks assigned to those they supervise if they are to be effective managers. Horst Schulze, former CEO of Ritz-Carlton, got his start washing dishes and waiting tables at hotels in Germany. Over the next several years, he also worked as a bellhop, a front desk clerk, and a concierge. These experiences gave him keen insight into the inner workings of a quality hotel operation, insights he used to take Ritz-Carlton to the top of its industry.¹¹

Interpersonal Skills Managers spend considerable time interacting with people both inside and outside the organization. For obvious reasons, then, the manager also needs *interpersonal skills*—the ability to communicate with, understand, and motivate both individuals and groups. As a manager climbs the organizational ladder, he or she must be able to get along with subordinates, peers, and those at higher levels of the organization. Because of the multitude of roles managers must fulfill, a manager must also be able to work with suppliers, customers, investors, and others outside of the organization. Although some managers have succeeded with poor interpersonal skills, a manager who has good interpersonal skills is likely to be more successful. When A. G. Lafley was recently appointed CEO of Procter & Gamble, observers were quick to praise him for his strong interpersonal skills. As one colleague put it, "A. G. has a reputation for both people skills and strategic thinking."¹²

Conceptual Skills *Conceptual skills* depend on the manager's ability to think in the abstract. Managers need the mental capacity to understand the overall workings of the organization and its environment, to grasp how all the parts of the organization fit together, and to view the organization in a holistic manner. This allows them to think strategically, to see the "big picture," and to make broad-based decisions that serve the overall organization.

Diagnostic Skills Successful managers also possess *diagnostic skills*, or skills that enable a manager to visualize the most appropriate response to a situation. A physician diagnoses a patient's illness by analyzing symptoms and determining their probable cause. Similarly, a manager can diagnose and analyze a problem in the organization by studying its symptoms and then developing a solution. When the original owners of Starbucks failed to make a success of the business, Howard Schulz took over and reoriented the business away from mail order and moved it into retail coffee outlets. His diagnostic skills enabled him to understand both why the current business model was not working and how to construct a better one.



Managers must exercise a variety of different skills. Technical skills are the skills necessary to accomplish specific kinds of work. The woman in the red jacket is a Wal-Mart manager. She is shown here training two new employees to function as check-out cashiers. While she may never perform this work herself, she has the technical skills necessary to train others.

technical skills

The skills necessary to accomplish or understand the specific kind of work being done in an organization

interpersonal skills

The ability to communicate with, understand, and motivate both individuals and groups

conceptual skills

The manager's ability to think in the abstract

diagnostic skills

The manager's ability to visualize the most appropriate response to a situation

communication skills

The manager's abilities both to effectively convey ideas and information to others and to effectively receive ideas and information from others

decision-making skills

The manager's ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities

time-management skills

The manager's ability to prioritize work to work efficiently, and to delegate appropriately

Communication Skills *Communication skills* refer to the manager's abilities both to effectively convey ideas and information to others and to effectively receive ideas and information from others. These skills enable a manager to transmit ideas to subordinates so that they know what is expected, to coordinate work with peers and colleagues so that they work well together properly, and to keep higher-level managers informed about what is going on. In addition, communication skills help the manager listen to what others say and to understand the real meaning behind letters, reports, and other written communication.

Decision-Making Skills Effective managers also have good decision-making skills. *Decision-making skills* refer to the manager's ability to correctly recognize and define problems and opportunities and to then select an appropriate course of action to solve problems and capitalize on opportunities. No manager makes the right decision *all the time*. However, effective managers make good decisions *most* of the time. And, when they do make a bad decision, they usually recognize their mistake quickly and then make good decisions to recover with as little cost or damage to their organization as possible.

Time-Management Skills Finally, effective managers usually have good time-management skills. *Time-management skills* refer to the manager's ability to prioritize work, to work efficiently, and to delegate appropriately. As already noted, managers face many different pressures and challenges. It is too easy for a manager to get bogged down doing work that can easily be postponed or delegated to others.¹³ When this happens, unfortunately, more pressing and higher-priority work may get neglected.¹⁴ Jeff Bezos, CEO of Amazon.com, schedules all his meetings on three days a week, but insists on keeping the other two days clear so that he can pursue his own ideas and maintain the flexibility to interact with his employees informally.¹⁵

concept
CHECK

List and define the basic managerial skills that contribute to success.

How might the various managerial skills relate to different managerial roles?

The Nature of Managerial Work

We have already noted that managerial work does not follow an orderly, systematic progression through the workweek. Indeed, the manager's job is fraught with uncertainty, change, interruption, and fragmented activities. Mintzberg's study, mentioned earlier, found that, in a typical day, CEOs were likely to spend 59 percent of their time in scheduled meetings, 22 percent "doing 'desk work,'" 10 percent in unscheduled meetings, 6 percent on the telephone, and the remaining 3 percent on tours of company facilities. (These proportions, of course, are different for managers at lower levels.) Moreover, the nature of managerial work continues to change in complex and often unpredictable ways.¹⁶

In addition, managers perform a wide variety of tasks. In the course of a single day, for example, a manager might have to make a decision about the design of a new product, settle a complaint between two subordinates, hire a new assistant,