

Chapter 1 - Today's Manager's and Entrepreneurs

Kreitner/Eliason Foundations of Management

I. Management Defined

The process of working with and through others to achieve organizational objectives in a changing environment.

A. Working with and Through others

Management is, above all else, a social process. Aspiring managers who do not interact well with others hamper their careers. Some problems managers encounter are problems with interpersonal relationships, failure to meet business objectives, failure to build and lead a team, and inability to change and adapt during a transition.

B. Achieving Organizational Objectives

An objective is a target to be strived for and hopefully attained.

Organizations are usually more successful when their activities are guided by challenging but achievable objectives.

-Personal goals are usually within the reach of individual effort, but organizational goals almost always require a team effort. Organizational efforts serve as measuring sticks for performance.

C. Balancing Effectiveness and Efficiency

Effectiveness entails achieving a stated objective in a timely manner.

-Efficiency enters the picture when the resources required to achieve an objectives are weighed against what was actually accomplished. The better the ratio of benefits to costs, the greater the efficiency.

-Productivity improvement (a favorable ratio between inputs and output) is the constant struggle for managers to balance effectiveness and efficiency.

D. Making the Most of Limited Resources

Managers are responsible for the usage of limited resources, and it is their job to see that the basic factors of production are used efficiently as well as effectively.

E. Coping with a Changing Environment

Successful managers are the ones who anticipate and adjust to changing circumstances rather than being passively swept along or caught unprepared.

Five overarching sources of change:

1. Globalization

- Figuratively speaking, the globe is shrinking in almost every conceivable way. Networks of transportation, communication, computers, music and economics have tied together the people of the world as never before. Today's managers must be comfortable transacting business in multiple languages and cultures.

2. The Evolution of Product Quality

5. Communicating

- Managers are responsible for communicating to their employees the technical knowledge, instructions, rules, and information required to get the job done.

6. Motivating

- Motivating individuals to pursue collective objectives by satisfying needs and meeting expectations with meaningful work and valued rewards.

7. Leading

- Becoming an inspiring leader by serving as a role model and adapting management styles to the demands of the situation.

8. Controlling

- The control function involves managers comparing desired results with actual results and taking the necessary corrective actions.

B. Some Managerial Facts of Life

Managing is a tough and demanding job today.

1. A Hectic Pace

- Many interruptions and distractions, fragmented conversations, and tons of obligations.

2. Managers lose their right to do many things

- Such as losing their temper or being 'one of the gang'

III. Learning to Manage

A. How do Managers Learn to Manage?

A study was conducted by a team of management development specialists that reports out of 3,600 managers, 50% gained management knowledge from job assignments while the other 50% came from relationships with bosses, mentors, and coworkers. Most of the managers surveyed also agreed that most of their knowledge came from making mistakes and learning from them.

B. How can Future Managers Learn to Manage?

Students can learn by integrating theory and practice and observing role models.

IV. Small Business Management

A small business is defined as an independently owned and managed profit-seeking enterprise with fewer than one hundred employees.

A. Exploding Myths About Small Business

1. The 80-Percent-Failure-Rate Myth

- A study by Bruce A. Kirchoff of the New Jersey Institute of Technology found the failure rate for small businesses to be only 18 percent during the first eight years, not the commonly accepted four out of five failures within five years.

2. The Low-Wage-Jobs Myth

- In the past it was believed that while small businesses were creating a lot of new jobs, they were creating menial, low wage jobs. However a study conducted by Cambridge, Massachusetts researched David Birch showed that for the period of time studied, small businesses added more high-paying jobs than big companies eliminated.

B. Career Opportunities in Small Business

Opportunities include becoming an independent contractor/consultant, taking a job with a small business, joining or buying a small business owned by your family, purchasing a franchise (a license to sell another company's products and/or to use another company's name in business), or starting your own small business.

C. Entrepreneurship

The process by which individuals – either on their own or inside organizations – pursue opportunities without regard to the resources they currently control. Entrepreneurs look beyond current resource constraints when they envision new possibilities.

1. A Trait Profile for Entrepreneurs

- Tend to be high achievers, comfortable with ambiguity and taking risks, they focus more on future possibilities, external factors, and technical details.

2. Entrepreneurship Has Its Limits

- Entrepreneurs generally feel stifled by cumbersome and slow-paced bureaucracies, and as a business grows larger sometimes it requires more rules and perhaps different management, which may be outside the founder's scope of experience. The dilemma comes down to whether to grow with the company or to have the courage to step aside and turn the reins over to professional managers who possess the necessary administrative traits.

Reference:

Kreitner, Robert (2005) Foundations of Management: basics and best practices, Houghton Mifflin Company, New York.