

Critical Thinking Ch 1

September 6, 2007
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Critical Thinking is an approach to reading that involves

1. asking questions
2. Weighing assumptions
3. Examining the validity of assumptions

- It is said that this is the age of the experts giving us advice for everything
 - When these experts disagree, we must use critical thinking to decide best.
- Many best selling how-to books in business are written quite well, with good advertizing
 - This lures the non critical reader into believing the interesting texts whether or not they are scientifically sound!

Dimensions of Critical Thinking

1. Purposeful
 - a. When our thinking is directed at a significant and purposeful issue
 - b. Like when we are trying to solve a problem or find a solution
2. Look at the quality of the data and reasons available to support the claims
 - a. Is there enough evidence?
 - b. Is the evidence credible?
3. Look at our own assumptions and values
4. Cause and effect claims
 - a. Are the effects the sole results of the supposed cause?
5. Techniques of persuasion

- There was a large boom in the 1980's in the interest of business causing more than \$750 million in books to be sold in the U.S
 - This interest has declined with the recent collapse of Enron.
 - But there are still more and more books about ethics in business because of these events

Critical Thinking Ch 2

September 6, 2007

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- The First thing to do when criticizing a piece of writing is identify the author's *claim*
 - This claim is the major conclusion in the piece.
 - The claim can be either explicit or implicit. If it is the latter you have to state it in your own words.
 - These claims can be preceded by "clue words" such as: in summary, thus in my opinion, in short...
 - You must be "fair" and make sure that you have discovered the right claim.
 - The parts of the writing that backup the claim are known as "evidence."

Uncontested Claims

1. Claims that are consistent with our own experiences, or are subjective to the author
 2. Claims that are not open to interpretation such as: Quebec is larger than Nova Scotia
 3. Areas where there is agreement among experts
 4. Technical or mathematical claims are not typically questioned.
 - a. Like a half is a part of a whole
- If the claim does not fall into these parameters, we should contest it.
 - EX. People that have excelled in the academic world make poor entrepreneurs...

The Wal-Mart Effect Ch1

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A simple change like removing the boxes from the sticks of deodorant caused 5 million dollars in savings for consumers five to six times a year

- This is an example of the immense power of the global company!
 - These changes also affect the distributors and producers of the old cardboard boxes!
- This is essentially the Wal-Mart effect: Their ability to have such a large impact on the country with such a trivial thing as deodorant boxes.

Wal-Mart is the largest company in the world. Although it is expected to be surpassed by ExxonMobil, This is only because Exxon raises its income by raising its prices for oil.

- Whereas Wal-Mart is continuing to expand while managing to constantly lower its prices.

Wal-Mart is able to offer the lowest prices on its goods by continuing to find ways to lower the cost of the product. Whether in shipping stocking or in actual production, they pinch every penny possible

- This allows them to undersell the competition and become what they are today
- This same drive for low prices can be attributed to Wal-Mart's low paying wages, cheap quality of products, as well as off shoring jobs

The Wal-Mart effect

- The major claims by Fishman was that:
 - As a society, we are not sure whether shopping at Wal-Mart is good or bad
 - Fishman also claims that Wal-Mart is so large that it "shapes the lives of people every day"
 - Fishman also claims that Wal-Mart is hidden in plain sight and is highly secretive

Article 1

September 7, 2007
10:58 AM

The Enduring Logic of Industrial Success

Alfred A. Chandler

- The dominant companies are those whose founders and senior executives understood the "logic of managerial enterprise." This is the logic of growth and competition that drives modern industrial capitalism
 - By conforming to this logic, Germany became the most powerful country in the world from the 1920s to the 1960s
- Managerial enterprise refers to large industrial concerns in which operating and investment decisions are made
- Size alone was not enough, entrepreneurs had to make national and international marketing centers
 - They also had to recruit teams of lower managers and middle managers to coordinate the flow of products
 - And upper managers to oversee current operations and allocate future resources for the companies

Main claims by Chandler

- Size
 - Bigger is better
- Managing investments
 - Strategy, goals, competition
 - Decision making
- Innovation
 - The first movers
 - Research and development
 - Compete by innovation: either a better product or lower prices by better production methods
- Successful firms capitalize on economies of scale and scope, create management structures and invest in research and development
 - Once a firm loses the opportunity to be a first mover, it is difficult to regain competitive advantage

Diversification

- New products in new markets
- Chandler talks about the "tangled logic of Diversification."
- Diversification takes away from the companies abilities because you are expanding into unrelated industries which you must now learn the basics of

Chandler Concept List

- Economies of scale
 - Bigger is Better
- Economies of Scope
- Functional Divisions
- Management Hierarchy
- First Movers
- Research and development
- Diversification

- How it is an example of how not to grow
- Separation of top vs. middle managers
- Stock market pressures
- Short Term Thinking

Secondary Claims by Chandler

- Growth through unrelated diversification is a poor business strategy
- Business ownership patterns have diminished the likelihood of many firms' long term success

Class 2

September 13, 2007
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Claims

- Main thesis or conclusion of a text
 - Finding Claims
 - Typically in the intro or conclusion
 - Sometimes these are found in the title
 - Can be explicitly or implicitly stated
 - Unproblematic claim
 - When the claim cannot be easily contested
 - Four times this occurs see critical thinking Ch 2
 - Contestable claims are all other claims that we can contest
 - Describing claims
 - Intelligible and fair summary

Class 3

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Critical Thinking: Evidence

- Evidence supports the claim being made
- Can be found through some indicator words; logical sequences of reasons
 - Because
 - In the first place
 - As a result (can be an indicator of the claim also)
 - As demonstrated by...
- Can take on various forms
 - Statistics
 - First hand experience
- Criteria used to evaluate evidence
 - Sufficient

Wal-Mart Effect

- Evidence
 - Evidence is substantial
 - Given by authorities in their proper fields
 - Accounts are only given by sources that are happy with their experiences at the company

Article 2

- Claim
 - Companies go through Phases

Article 2

September 19, 2007
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Evolution and Revolution as Organizations Grow

Larry E. Greiner

- Management, in its haste to grow often overlooks the critical development questions
 - Where has our organization been?
 - Where is it now?
 - What do the answers to these questions mean to where it is going?
- Instead, management fixes its gaze outward on the environment and the future
- Companies pass through phases as they grow
 - Each phase beginning with a phase of evolution and steady growth
 - And ends with a revolutionary period of turmoil and change
 - The resolution of which decides whether a company will move forward
- 5 key dimensions of development
 - Age of the organization
 - Managerial problems are rooted in time: they do not last the entire time
 - Shapes the institutionalization of managerial attitudes
 - Size of the organization
 - Problems change as the number of employees increases
 - Stages of evolution
 - Describes the quiet periods between "revolutions"
 - Stages of revolution
 - Describes the turbulent times of companies
 - Because they typically end in positive changes
 - Management must find new organizational practices to use during the next evolutionary phase
 - Growth rate of the industry
 - The speed at which a company goes through evolution and revolution phases depends on the growth rate of its industry
 - A company in a fast growing industry will have to add employees quickly, so its demand for new policies will come quickly...
- Phases of Growth
 - Phase 1 Creativity
 - Emphasis on creating a product and a market
 - Communication in the company is informal
 - Long hours are required, modest salaries are rewarded
 - All of this leads to a problem when more employees are hired
 - They do not want to put in all these hours for nothing
 - A crisis of leadership occurs
 - The first revolution
 - A stronger manager is needed to pull the business together
 - Phase 2 Direction
 - Manufacturing is separated from marketing
 - Job assignments are more and more specialized
 - Accounting systems are instilled
 - The new managers assume most of the responsibilities
 - Employees become restricted by a centralized hierarchy
 - They want to take initiative on their own
 - A crisis of Autonomy occurs
 - The second revolution
 - Lower level managers and workers must be given more powers

- Phase 3 Delegation
 - Decentralizing the organizational structure
 - Greater responsibility is given to the managers
 - ◆ Creates a layer of middle managers
 - Profit centers and bonuses are used to give employees motivation
 - Communication from top is infrequent and distant
 - Top level executive begin to feel that they are losing control
 - Middle managers start to get too much power
 - A crisis of Control Occurs
 - The third revolution
 - Top management seeks to regain control
 - Phase 4 Coordination
 - Decentralized units are merged into product groups
 - ◆ Like the creation of mini businesses
 - Formal planning procedures are established
 - certain technical functions are centralized at the headquarters
 - Stock options are used to motivate employees
 - A lack of confidence builds
 - Between the headquarters and the field
 - A red-tape crisis occurs
 - Fourth revolution
 - Everyone criticizes the bureaucracy that has emerged
 - ◆ Takes too many steps in the bureaucracy
 - Phase 5 Collaboration
 - The last observable phase
 - The focus is on solving problems through team interactions
 - Staff experts at headquarters are reduced in numbers
 - Conferences of key managers are held frequently
 - Economic rewards are geared towards teamwork
 - Might lead to a crisis of exhaustion
 - People are working too hard
- Main Claims
 - Companies go through phases
 - Organizational growth is characterized as a series of developmental phases
 - Management practices that work well in one phase bring on the crisis in the next
 - Secondary Claims
 - You can't skip over any of the phases because each phase is linked to its predecessor and its successor
 - Management must be prepared to step down
 - Managers should not try to avoid revolutions
 - Growth is not inevitable
 - Evidence
 - Evidence is not given in large amounts
 - Article could have used examples

Critical Thinking Ch 3

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Evidence

Any statement that is the response to the Question: Why is this true?

- May consist of
 - Stats
 - Details of past events
 - Anecdotes
 - Written accounts
 - Previously established claims
- Finding the evidence
 - An argument is the combination of a claim and the evidence
 - Certain cue words can mean that an author is about to present evidence
 - Because, as a result, in the first place, in the second place, in addition, given that, studies show...
- Quality of the evidence
 - Accuracy
 - Needs an independent source to be judged like other research on our part
 - Usually we use proxies or other cues to decide
 - Grammar errors
 - Trivial errors like inaccurate quotations
 - Precision
 - 18.4% is better than "quite well"
 - Overuse of vague and ambiguous words is not good
 - Sufficiency
 - Present sufficient evidence to support the claim
 - Amount of evidence required depends on the consequences of the claim being true
 - Magnitude of the claim
 - If there is not enough evidence, we say that the author is guilty of the *fallacy of overgeneralization*
 - Representativeness
 - The evidence must be representative of the subject matter that it is proving
 - Variety in the sources of evidence should match the variety of the sources in the claim
 - An author that has not been representative is said to be guilty of the *Hasty Generalization Fallacy*
 - Authority
 - Evidence of first hand accounts must only be taken from those with authority or expertise in such areas
 - Current writings are usually more authoritative than older ones apart from classics
 - When an author uses an authority as evidence out of their respective realm of expertise, they are committing the *fallacy of false appeal to authority*
 - Argumentum populum is when something is believed by "most people"
 - Clarity of expression
 - Sometimes authors give evidence but are not specific as to what it signifies
 - The significance of evidence should be clearly stated
- Effective Writing
 - When we study an issue and report out findings, we should present our argument in the form of claim and supporting evidence
 - Cite all of the sources so that the reader can decide if they choose to believe them

The Wal-Mart Effect Ch 2

September 19, 2007
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- To sell 100 dollars worth of merchandise, Wal-mart can spend \$3.10 less than Target does
 - Wal-Mart has numerous law suits because of locking workers in over night and being sexist about pay
 - All of these things fall back on Wal-Mart's unrelenting focus on cutting costs
 - In the Wal-mart headquarters, the average senior executive and white collar worker work about 58 hours per week
 - If you were going to spend a dollar at Wal-mart, you had to get 35 back!
 - Wal-Mart tried their hand at the automotive repair market
 - But learnt that the mechanics were dishonest and always worked on commission
 - So they decided to stay with tires, batteries and oil changes
 - Because the headquarters of the company are isolated in a small town, Wal-Mart can be impervious as to how other companies see them especially the pharmacies which Wal-Mart steals most of their business from!
-
- Topic of the chapter
 - Culture/Mentality = Long hours of work
 - Management
 - Competitive
 - Expansion
 - The world is always changing
 - Discontent related to original values

Major claims

- "Sam Walton established a demanding corporate based culture on hard work, frugality and accountability
 - Evidence
 - Pg. 25 " One day Whitaker calls up and he says, ' what's your pay role? I said 8.1 percent." And Whitaker says, what did I tell you your budget was? Eight percent.... Since you can't control your pay role I'll control it for you
 - ◻ Representative
 - ◆ It happens in one of the earliest companies, so it probably happened at most of them
 - The Ceo's working 58 hours per week
 - Wal-Mart suppliers having to have a toll free number or take toll free calls so that the company didn't have to pay for calling their suppliers
- "Wal-Mart still has the same culture, but it does not work in the now massive company
 - Wal-Mart not giving their women the same salaries as men
 - Fits the culture because it is being frugal, but it does not work with the massive size of the company because it can not work in a modern company with the amount of employees as modern day Wal-Mart

The Wal-Mart Effect Ch 4

September 26, 2007

10:22 AM

- Major Claims
 - The Wal-Mart effect isn't about always low prices, it's about how Wal-Mart gets those low prices, and the effect they have on the companies that supply Wal-Mart, and the people that work for those companies
- Minor Claims
 - Wal-Mart is so large that it can deny the laws of supply and demand
 - Wal-Mart is accelerating the loss of American jobs to low wage countries like China
 - Eventually there are no more pennys to be pinched through innovative packaging, and eventually the only way to lower costs is to move the production out of the United States
- Evidence
 - The increase in the number of retail jobs in the last 7 years can be attributed to Wal-Mart for 70%
 - The amount of jobs in the retail industry in the US now exceeds the number of jobs in the manufacturing industry where the products are being produced

The Wal-Mart Effect Ch 3

September 25, 2007

9:41 PM

Fleck with his Makin bacon device turned down Wal-Mart

- Major claims
 - The company often knows exactly what it wants and is willing to wait for what it wants
 - With the example of the Makin Bacon
 - The Wal-Mart effect changes to prices for the better even for the competitors
 - The most potent Wal-Mart effect is the power they have in shaping the operations, choices and product mix of its suppliers
 - Like their price control on the bertolli olive oil
 - Minor claims
 - When things go well with Wal-Mart, it's good for everyone: vendors, customers, even the customers of Wal-Mart's competitors
- Evidence of being frugal
They bill for the purchase orders in the regular post of course!

Article 3

September 26, 2007
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Building your Company's Vision

James C. Collins and Jerry I. Porras

- Main Claims
 - Companies that enjoy enduring success have core values and a core purpose that remain fixed while their business strategies and practices endlessly adapt to a changing world
- Minor Claims
 - Truly great companies understand the difference between what should never change and what be open for change
 - Core ideology provides the glue that holds an organization together as it grows
 - Companies need not have humanistic or even likeable core values, just the fact that they have them is sufficient
 - You have to find people with core values that are compatible with those of the company, because you cannot change or instill new core values in people
 - They might sabotage or not give 100% effort towards the company if these values conflict
 - If it's not a core value, it's up for change
 - An envisioned future only helps the organization until it has been achieved, then the company must set a new, higher goal than before to avoid the *We've arrived Syndrome*
- A well conceived vision consists of two parts
 - Core Ideology
 - Defines the enduring character of an organization
 - Core values
 - A small set of timeless guideline principals
 - Beliefs about what is important
 - Strategies are not core values
 - ◆ These are simply ways in surviving in the current market
 - Core purpose
 - Is the organization's reason for being
 - Reflect people's idealistic motivations for doing the company's work
 - Purposes cannot be fulfilled or completed like a goal or plan
 - They should withstand even the market for the company's product being destroyed or removed
 - Ideas that underlie the work of the company
 - Describes what actually exists, not just what we wish existed
 - Envisioned Future
 - Consists of a 10 to 30 year big hairy audacious goal, and a vision of what it would be like to achieve the goal
 - Creative process of the firm because they can set the goals themselves
 - Should be so exciting in its own right that it would continue to keep the organization motivated even if the leaders that set the goal disappeared
 - Different from the core purpose because these goals are eventually attainable
 - BHAGs
 - Stimulate progress
 - Spur passion and team spirit
 - Difficult but not impossible
 - If the purpose of the company becomes attached to the goal
 - The company is in trouble when the goal is achieved
- Mars Group
 - The group of five people

Critical Thinking Ch 4

October 3, 2007
8:48 AM

- An underlying assumption is a logical link that fills the gap between the claim and the evidence
 - These must always be questioned, and if they are questionable, the argument is not sound
 - They are generally implicit rather than explicit
 - Usually these are not seen, because they have become a second nature
 - Like the example of the children activists stating the child labor is a bad thing because they don't have enough time to go to school
 - The fact the going to school is a good thing is an underlying assumption
 - These only prove problematic when they do not conform to the assumptions of different people
 - Therefore we have to find them
- We can find the underlying assumptions by reading what people have written and guessing what they must have believed in to do so
 - What must be true for the claim to follow from the evidence
- Two major types of assumptions
 - Reality assumptions
 - These include our beliefs about reality
 - Typically things that we experience
 - Eventually become taken for granted
 - Value assumptions
 - These include assumptions about our ideals, or what we think is right and wrong
 - Sometimes easily recognizable through words like: ought, should, desirable, unacceptable
 - Value conflicts and different value ratings cause reason for the disagreement towards a certain value assumption

Article 4

October 3, 2007
4:57 PM

What is strategy?

Michael Porter

- Major Claims
 - The failure to distinguish between operational effectiveness and strategy is leading companies down the path of mutually destructive competition
 - Operational effectiveness= doing the same thing better than your competitors
 - Is a necessity, but is not enough
 - Strategy= doing the same thing as the competitors in a different way, or doing different thing altogether
 - Importance of uniqueness
 - This relates to Chandler's concept of first movers
 - Competition based only on organizational effectiveness is mutually destructive because everyone can do it
 - Strategy rests on unique activities
 - Like IKEA offering child care in the store, and packaging their products for self serve to save on costs so that the products are cheaper
 - A sustainable strategic position requires trade-offs
- Minor Claims
 - A company can out perform rivals only if it can find a difference that it can preserve
 - Constant improvement in organizational effectiveness is necessary to achieve higher profitability
 - This is because competitors can quickly imitate you (Evidence)
 - Strategic positions can be based on three sources
 - Variety based positioning
 - Producing a subset of an industries products or services (Specialization)
 - Needs based positioning
 - Serving most or all of the needs of a particular group of customers
 - Access based positioning
 - Serving customers that are accessible in a certain way
 - Trade-offs create a need for choice and protect against these things
 - Like if businesses put all of their effort into lowering costs, they trade off the possibility of researching new products, this is the major claim of the author the problem of organizational effectiveness coming before strategy
 - These arise for three reasons
 - Inconsistencies in image or reputations
 - ◆ A company cannot deliver two conflicting images at the same time
 - The activities themselves require different configuration of the firms equipment...
 - Limits on internal coordination and control
 - ◆ Companies that try to be too much to too many people risk confusion in the trenches
 - The leader must provide the discipline to decide which industry changes and customer need the company will respond to
 - Strategic fit
 - Production, marketing, personnel, ect. Should all be consistent
 - When all activities work together as a system, imitation is more difficult
 - Sustainable competitive advantage
 - When you have operational effectiveness AND competitors cannot copy your approach
 - Many companies are tempted to grow by broadening vs. deepening their position and maintaining strategic continuity
 - Benchmarking leads to easy imitation... **Competitive Convergence**

- Companies must be flexible to respond rapidly to competitive market changes
- They must benchmark continuously to best practice
- Cost is generated by performing activities, and cost advantage arises from performing certain activities more efficiently than the competitors
- Differentiation arises from the choice of activities, and how they are performed
 - This is doing different activities than the competitors, while operational effectiveness is doing the same ones, but better
- Firms can copy a good strategy in two ways
 - Reposition themselves to change to the new strategy
 - Straddle the strategy by matching the benefits of a certain position, while remaining in its existing position

The Wal-Mart Effect Ch 6

October 5, 2007

8:50 AM

- Major Claims
 - If you know what a particular county was like before and after a Wal-Mart opened, you can tell the effect of the Wal-Mart there
 - Underlying assumption= That the Wal-Mart was the only change at the time it opened in the new county
 - We don't buy more Rice Krispies because they are cheaper at Wal-Mart, we just move our shopping over there
- Minor Claims
 - Wal-Mart does create jobs in the county it enters, but this is only a net increase of 30 jobs after 5 years. This is because the rest of the hundreds of jobs that it made are negated by the number of jobs that it destroyed
 - The entire US inflation rate doesn't know that Wal-Mart exists
 - Stone had become an expert on Wal-Mart's effect on local communities
 - Based on the underlying assumption that his studies are enough to make him an expert

? What is an operating margin?

The Wal-Mart Effect Ch 5

- Main Claims
 - Wal-Mart sets the pace even if you're not working for them
 - Wal-Mart sacrifices price for quality because after you cut back profits, the two are mutually exclusive
 - Like when Snapper separated from Wal-Mart because it wanted to preserve Quality
 - In order to compete with Wal-Mart you have to focus on things other than price
- Minor Claims
 - The history of consumer culture in America in the last century has, in some ways been powered by self service, an idea that Wal-Mart has continually be t on
 - It's not a place people expect to find premium products
 -
- Evidence

Article 5

October 9, 2007
11:27 PM

The balanced scorecard: Measures that drive performance

Robert Kaplan & David Norton

- Major Claims
 - Senior executives understand that their organization's measurement system strongly affects the behavior of managers and employees
 - The balanced scorecard allows managers to look at the business from 4 important perspectives
 - Customer prospective
 - Measures that reflect what really matters to the customers
 - Internal business prospective
 - Measures of what the firm must do internally to meet the customer's need
 - Innovative and learning perspective
 - How can we make continual improvements
 - Financial Perspective
 - Measures that indicate whether the company's strategy, implementation and execution are contributing to the bottom line improvement
 - Failure to convert any of the other measures into this one by the company, means that the managers must try again
- Minor Claims
 - Managers should not have to choose between improving financial and organizational measures

Article 6

October 9, 2007

11:30 PM

The bases of social power

J. French & B. Raven

- Major Claims
 - Power can be based on 5 main sources of social power
 - Based on perceptions by the P(erson) of the O(ther)
 - Reward Power
 - Base on the ability to reward
 - Strength of the power increases with the magnitude of the reward
 - Coercive Power
 - Based on the idea that P will be punished by O
 - This leads to dependant change
 - Legitimate power
 - Based on internalized values of the p, being influenced by the O
 - Usually described by the culture's values
 - The acceptance of a legal office as right is an example of this
 - Referent power
 - Because of the relationship between the two of the individuals
 - Like two people that are attracted to one and other
 - Expert power
 - Varies with the extent of O's knowledge over P
- Minor Claims
 - For any of the powers, the strength of the base will determine that of the power
 - Any attempt to use the power outside the range will reduce the power

Class 6

October 11, 2007

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- Stake holders, can lose from the companies activities
 - Employees
 - Wage, the job itself, working conditions
 - Suppliers
 - image

Mid Term Review

- Know the major claims for each chapter
 - CH1: Wal-Mart is a powerful company that is influencing everything and everyone
- Know the main points in the articles
 - Chandler
 - Successful firms capitalize on economies of scale, create management structures, and invest in research and development
 - Once a firm loses the opportunity to be a first mover, it is difficult to regain the competitive advantage
 - Growth through unrelated diversification is a poor business strategy
 - Business ownership patterns have diminished the likelihood of long term success
 - Greiner
 - Know the series of crises and grows
 - Might be asked which of these a company is in
 - Collins and Porras
 - Vision
 - Is not attainable, carries on as the leaders die
 - Core ideology
 - Core purpose
 - Envisioned Future
 - Audacious goals BHAGs
 - Porter
 - "Operational effectiveness is not a strategy, it is a given
 - Strategy rests on unique Activities
 - Variety
 - Needs
 - Aces
 - A sustainable strategic position requires trade-offs
 - Fit drives both competitive advantage and sustainability
 - Fit is when all of the units within the organization are working together for the same goal
 - Therefore all of the activities of the companies are oriented to the strategy used by the company
 - Kaplan and Norton
 - Vision
 - Strategy
 - Importance of measurement
 - Stakeholders
 - Bottom line measurement
 - Customer related measures
 - Innovative measures
 - Operational effectiveness measures
 - French
 - Know the different bases of power and their groups
- Critical thinking material

- Know the terminology
 - Claim
 - Evidence
 - Evaluating evidence
 - 6 characteristics of good evidence
 - Underlying assumptions
- Be able to use this in writing
- Know the articles that are in the electronic reserve

The Wal-Mart Effect Ch 7

October 22, 2007
10:25 PM

- Major Claims
 - Wal-Mart's code of conduct concerning the treatment of workers of suppliers says one thing; what actually happens is something else (198)
 - Wal-Mart's market dominance puts it in a position to be able to change the sweatshop abuse, but it doesn't
 - Should be willing to admit that every cost squeezed out of production is not necessarily a good cost
- Minor Claims
 - When a price is low to a certain extent, it inspires not happiness, but wariness
 - It's a deal too good to be true
 - The ridiculously low price should alert buyers

The Wal-Mart Effect Ch 8

- Major claims
 - Sam walton built the store on the sole pretence that lower prices would attract customers
 - People no longer need walmart, because there is only so much that we need to buy at low prices
 - Shopping at Wal-Mart is not fun, an it is hard
- Minor Claims
 - Wal-Mart has no sence of humor or easy going about its business

The Wal-Mart Effect Ch 9

November 7, 2007
9:42 PM

- Major Claims
 - The Wal-Mart effect is so powerful that their second most important group of customers actively dislikes the place
 - This is how the store reshapes our own behavior
 - Is Wal-Mart good or bad?
 - It is something entirely new, that we don't know
- Minor Claims
 - There are 4 kinds of Wal-Mart shoppers
 - Champions
 - 29 percent of the Oklahoma shoppers
 - Enthusiasts
 - Conflicted
 - Next biggest group to the champions
 - rejecters
 - Only Wal-Mart has shoppers with such polar opinions regarding the store
 - No company can claim better fidelity to its core value
 - Wal-Mart is not predatory
 - The slogan is not "low prices until the competitors are strangled" it is just always low prices
 - The fear of Wal-Mart is that the more business you do with them, the deeper you end up in the Wal -Mart ecosystem
 - Wal-Mart is increasing beyond the market systems that capitalism relies on to ensure fair play
 - It is not subject to these market forces because it is making them

Article 7

October 23, 2007
5:58 PM

One more time: How Do You Motivate Employees

Frederick Herzberg

- Major Claims
 - The best way to get someone to do something that you want is to give them a kick in the ass -KITA
- Minor Claims
 - Different kinds of KITA
 - Negative physical KITA
 - ◻ Literal application of the term
 - ◻ Has three major drawbacks
 - ◆ It is inelegant
 - ◆ Contradicts the image of benevolence that most organizations strive for
 - ◆ It is a physical attack, and therefore it stimulates to autonomic nervous system, and the employee will generate negative feedback
 - Negative psychological KITA
 - ◻ Several advantages over negative physical KITA
 1. The cruelty is not visible
 2. Since it affects the higher cortical sections of the brain, it reduces the probabilities of physical backlash
 3. Because there are almost an infinite number of psychological pains a person can feel, therefore the effectiveness is increased
 4. The person administering the KITA can manage to be above it all, and let the system accomplish the dirty work
 5. They also feel ego satisfaction of one-upmanship
 6. There is no tangible evidence of the attack
 - ◻ Does not lead to *motivation*, but movement
 - Positive KITA
 - ◻ Anything that is waved in front of the face of the people
 - ◆ Like promotions, days off...
 - ◻ Not motivation, because you are still the person that is motivated in getting the employees to work
 - ◆ Without your incentives, they wouldn't be want to do it on their own
 - ◻ Some positive KITA motivators that were developed to attempt to motivate (they do not instill motivation, just temporary want for a reward or temporary movement)
 1. Reducing the time at work
 2. Spiraling Wages
 3. Fringe benefits
 4. Human relations Training
 5. Sensitivity Training
 6. Communications
 7. Two way communication
 8. Job participation (what their job is doing for the big picture of the company)
 9. Employee counseling
- Motivators
 - Extrinsic
 - Outside of you
 - Includes, salary....
 - Intrinsic
 - Personal internal motivations
 - Psychological reasons
- Motivator Factors
 - Achievement
 - Recognition for achievement
 - The work itself

- Responsibility
- Growth or advancement
- Satisfiers
 - Factors outside of the people's direct working environment
 - Opportunity for personal growth
 - Enjoyment with the actual job, not where you work
 - These are motivators
- Dissatisfies
 - Factors in the working environment that have to do with the internal environment of the job
 - Like the actual place they work
 - The person you work for which you work
 - The low technology where they work
 - The salary
 - Include hygiene
- Dissatisfaction avoidance (KITA) factors cause dissatisfaction if they are not present, but do not cause satisfaction
- Satisfaction and dissatisfies are not opposites, but separate forces
 - The opposite of job dissatisfaction is no job dissatisfaction
 - Related to the number of hygiene factors on the job
 - ◆ Like the office being infected with mice
 - ◆ Computers not working
 - The opposite of job satisfaction is the lack of job satisfaction
 - Because of this difference, you can have high job dissatisfaction and satisfaction at the same time
- Company policy
- Administration
- Supervision
- Interpersonal relationships
- Working conditions
- Salary
- Status
- Security
- Job loading
 - By removing the personal contribution of employees rather than giving them chance to grow
 - Vertical job loading
 - Improving the level of the job
 - Removes some controls while retaining accountability
 - Increase accountability of individuals for their own work
 - Give person a complete natural unit or work
 - Grant additional authority; job freedom
 - ◆ The power to make decisions
 - Make periodic reports available to the workers themselves instead of just to the managers
 - Introduce new, more difficult tasks
 - Provides motivation by adding autonomy to the worker
 - Horizontal job loading
 - Challenging the employee by increasing the amount of production expected does nothing if the employee wasn't motivated by the work in the first place
 - Adding another meaningless task does nothing
 - Rotating assignments of a number of jobs that need enriching is only changing the form of the problem
 - Removing the most difficult part of the assignment does nothing
 - To add motivation into the jobs
 - Us vertical loading

Critical Thinking Ch 5

October 23, 2007

8:11 PM

- Causal Claims
 - When authors argue that certain causes bring on certain effects
 - No longer valid when there is another event that can be shown as causing the effect
 - Rival causes
 - When the same evidence applies through a different cause applied to the effect
- Third variable discredits a causal claim
- Reverse causal error is when the cause is actually the effect and the effect is actually the cause
- Differences between groups
 - If the author claims that the outcome is caused by a difference between two groups
 - We should look to see if there are other differences
- Correlation between characteristics
 - Just because two variables are correlated, it does not mean that either of the variables caused the other
 - Correlation \neq causality
- *Post hoc ergo propter hoc* fallacy
 - After this therefore because of this

Critical Thinking Ch 6

November 1, 2007

12:54 AM

- Techniques of persuasion
 - Anticipate and counter argue readers' objections
 - A destructive testing of your ideas
 - Present the questions explicitly, and then provide and answer
 - Present the negative evidence and refute it to show that you did not simply over look it
 - Negative Evidence
 - Evidence that run counter to the claim
 - Present this and find a way to discredit it
 - Or show how it might also be interpreted in a way that supports your argument
 - Present any rival causes if you are making a causal argument and then refute them
 - Show how other assumptions are not valued in your case and that you have considered them
 - Provide explicit data to back up any underlying assumptions you made that might be questioned
 - Limit your calms when you have no rebuttal
 - You might have to limit the generalizations
 - State that there is a margin of error
 - Refine or redefine your terms
 - Rhetoric
 - Be complete
 - Give sufficient detail to backup evidence and assumptions
 - Use an appropriate tone
 - Scholarly vs. narrative
 - Be vivid
 - Use precise words instead of vague ones
 - Use concrete details

Article 8

October 31, 2007
11:00 PM

Marketing Myopia

Theodore Levitt

- Major Claims
 - Myopia is near sightedness
 - This is what levit is talking about with marketing near sightedness
 - Growth stops not because the market is saturated, but because there is a failure of management
 - There is no such thing as growth industries (industries that will grow forever), there are just companies organized to capitalize on growth opportunities
 - Petroleum industries should focus on making new fuel methods before other people make them first and destroy their market for oil
 - There is no guarantee against obsolescence, if a company's own research does not make the product obsolete, another company's will!
 - Therefore if you research just to improve the product that you already have, when a different product all together comes along, you will lose the market
 - Therefore you should research a product to replace your product
- Minor Claims
 - Customer orientation can keep an organization growing
 - Mass production usually leads to selling and not marketing
 - In order to prevent becoming obsolete, companies should plot what could cause them to become obsolete and make it first or at least also!
 - There are 4 conditions that guarantee that self-deceiving perpetual growth industries
 - The belief that growth is assured by an expanding and more affluent population
 - This expanding market keeps the manufacturer from having to think about the future
 - The belief that there is no competitive substitute
 - Too much faith in mass production and rapidly declining unit costs as output rises
 - This results in all focus being given to improving production and a neglect of marketing
 - Companies should focus on the customer's needs (marketing) not how to make profit by unloading the product (selling)
 - Preoccupation with a product that lends itself to carefully controlled scientific experimentation, improvement, and manufacturing cost reduction
 - This is when there is too much R&D, it assumes that a better product will sell itself (This is the dangers of R&D)
 - ◆ Forgets about marketing
 - You can't grow the company by trying to sell more, because there is a reason that people aren't buying more (they can't afford it at the price) so you have to think of the customer's wants (lower price) and then market it to them. Then the organization will grow

Article 9

November 1, 2007
12:11 AM

The manager's Job: Folklore and Fact Henry Mintzberg

- Major Claims
 - Managers work at an unrelenting pace, and that their activities are characterized by brevity, variety, and discontinuity, they are strongly oriented to action and do not like reflective activities
 - Managerial work involves performing a number of regular duties
 - Managers strongly favor verbal media, telephone calls and meetings over documents
 - Therefore they much prefers t informal information over formal information
 - This makes it hard for them to delegate their tasks, because most of the information is in their heads
 - The manager's programs to schedule time, process information.. Remain deep inside their brains
 - Roles of managers
 - Interpersonal roles (most important of the roles)
 - Figurehead role
 - ◆ Ceremonial duties because they are the head of a unit or organization
 - Leader Role
 - ◆ They are responsible for the actions of the people in their unit
 - ◆ Motivate and encourage the employees, hire and fire the employees
 - Liaison role
 - ◆ The manager makes contacts outside the vertical chain of command
 - ◆ Relations with the suppliers, and the government...
 - Informational Roles
 - Monitor role
 - ◆ Scanning the environment for information, mostly verbal form
 - Disseminator Role
 - ◆ Passes some of the privileged information on to the subordinates
 - Spokesperson Role
 - ◆ Send information to people outside the company
 - ◆ Public figure role
 - Decisional Roles
 - Entrepreneur Role
 - ◆ To improve the unit, to adapt it to changing conditions in the environment
 - ◆ When to take a risk, nd what risk to take
 - Disturbance handler role
 - ◆ Involuntarily responding to pressures
 - ◆ Like strikes or other things that were out of their control originally
 - ◆ People who are complaining
 - Resource allocator role
 - ◆ Deciding who will get what
 - Negotiator role
 - ◆ Negotiations
 - ◆ Making the best deals for everyone involved
 - None of these roles are seperatable from the others
- Minor Claims
 - Myths
 - Managers plan, organize, coordinate, and control
 - Fact
 - The above roles of managers

Critical Thinking Ch 6

November 1, 2007

12:54 AM

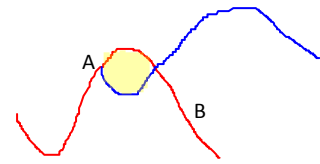
- Techniques of persuasion
 - Anticipate and counter argue readers' objections
 - A destructive testing of your ideas
 - Present the questions explicitly, and then provide and answer
 - Present the negative evidence and refute it to show that you did not simply over look it
 - Negative Evidence
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 - Refine or redefine your terms
 - Rhetoric
 - Be complete
 - Give sufficient detail to backup evidence and assumptions
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Article 10

November 6, 2007
10:16 PM

The Sigmoid Curve Handy

- Major claims
 - One of the major paradoxes of our times is that once you know where you ought to go, it's too late
 - The secret to growth is to start a new sigmoid curve before the first one runs out
 - The sigmoid curve describes everything in life
 - The point to start the new curve is point A
 - Here there is enough time and energy to start off the new curve
 - The problem is that at this point, all the messages coming to the organization is that everything is fine
 - Most changes occurs only when you are looking disaster in the face at point B
 - Here it takes much more energy to start a new curve, or to get to where you should be on the new curve
 - In the highlighted section, both of the idea, or individuals, or leaders.. Have to cooperate until the new one takes off
 - Keeps the past, while experimenting with the new
 - The good leader are those that can convince the organization to change at point A even though there is nothing wrong, before point B is ever seen
- Minor Claims
 - The discipline of the second curve requires that you assume that you are at point A and should start looking for the second curve
 - Follows the 4 stage cycle of discovery
 - Questions
 - Ideas
 - Testing the ideas
 - Reviewing the results
 - Organizations should assume that their present strategies will need to be replaced in the next two or three years and should start looking for them
 - Curvilinear logic is when you restart life, this gets harder as you get older
 - There it is often better in business to level this thinking to the next generation
 - It is important that the seniors give permission and encouragement for this
 - Therefore the owners have to be able to step down
 - Our assumptions lock us into our existing curve



Final

November 29, 2007

1:19 PM

- Articles
 - Holoway: The Molson Way. Canadian Business, 2007
 - Campbell: In critical Condition. Macleans, 2007
 - George: It's swedish for Invincible: Macleans, 2007
- Preparation
 - Annotate the article, (CH 7) and choose the relevant management theories
 - Select the evidence
 - With the 6 criteria of the good evidence
 - Get together with others
 - Write major claims, and 4-5 bullet points to be used as evidence in the essay
- Authors and their main points
 - Chandler
 - What matters is size (big and broad) and structure
 - Grow quickly so that you can save money by lower operating costs
 - Management higherarchy
 - Power is in the upper levels of the higherarchys
 - Functioning divisions
 - Companies activities are divided into different divisions
 - investments in R&D, marketing and distribution
 - Related in investing in the economies of scale and being bigger
 - Importance of the first movers
 - If you are not a first mover, you can still compete, but you have to innovate
 - Avoid un related diversification
 - When the diversification is not related, it is bad
 - dilution of ownership
 - This dilutes the power of those in the position of power
 - Like in the event of a publically traded company
 - ◆ Would not agree with this
 - Greiner's model
 - Evolution through the phases of growth and then crisis
 - Know the differes stages of this
 - Collins and Porras
 - Vision is the main purpose of the article
 - This is comprised with the core purpose
 - Core values
 - Envisioned future
 - BHAGs
 - Porter
 - Strategic positioning is based on uniqueness of business strategy
 - Operational effectiveness is expected
 - Sustainable competitive advantage, trade offs
 - straddling
 - Want to be everything to everyone
 - growth trap
 - Managers are so focused on the growth that they will not choose an original postion
 - strategic fit
 - Orienting all of the thinking of the company on the unique strategy
 - Variety based positioning
 - Unique product or service
 - needs based positioning
 - Unique target of customers
 - access based positioning

- Unique or original way of getting the product to the customers
- French and Raven
 - Power
 - Capacity of A to influence B
 - Based on the perception of B towards A
 - Social bases of the social power
 - ◆ Legitimate power
 - ◇ A has the right to tell B what to do
 - ◇ Like cop, or parent
 - ◆ Reward power
 - ◇ A has the ability to give a reward to B
 - ◆ Coercive
 - ◇ A has the ability to hurt B
 - ◆ Expert
 - ◇ A knows better than B
 - ◆ Referent
 - ◇ Attracted for any way to the person
- Kaplan and Norton
 - What you measure is what you get
 - Performance measures
 - How are we doing
 - Vision and strategy drive the measures
 - Three dimensions
 - Performance with the customers
 - Efficiency (operationan performance)
 - Innovation (creative performance)
 - Might have been another one, check the slides
- Herzberg
 - Move vs. Motivate
 - External vs. Internal
 - Internal is when the dog wants to behave, and external is when you smack it
 - Hygiene factors
 - Motivators
 - Negative and positive KITA
 - Are external motivators
 - Job dissatisfaction
 - The level of dissatisfies on the job
 - Job satisfaction
 - The level of the satisfiers on the job
 - Enlargement/enrichment
 - Horizontal/vertical loading
- Levitt
 - Mistake of investments in R&D product developments instead of marketing
 - Even if you can make the product for cheaper, people might no longer want it
 - Mistake of growth industry
 - No such thing as a growth industry
 - Marketing vs. selling
 - ◆ Selling leads to mass production
- Mintzberg
 - Managerial work is people work that is usually verbal and informal
 - Managers spend more time taking action than planning, coordinating, controlling or organizing
 - Know all of the roles
- Handy
 - Sigmoid curve explains the cyclical nature of organizational success
 - Change at A not B to a new curve