

Claim(s):

- a successful firm has a competitive advantage when being a first mover in the industry with stable management structures and sufficient research and development.
- once firm loses opportunity of being a first mover in an industry, it is difficult to regain competitive advantage.

**Managerial Enterprise:** large industrial concerns where operating/investment decisions are made by Board of Directors (hierarchy of salaried managers)

- economics of an enterprise
- cost advantages of scale and scope
  - marketing and distribution
  - management team

dynamic logic of growth/competition that drives modern industrial capitalism

**Economies of Scale:** large plants can produce high volumes at lower cost compared to small businesses (cost per unit drops as volume rises).

**Economies of Scope:** large plants can use same raw material/semi-finished materials to make new products.

**Benefit** from economies of scale and scope:

- flow of materials be kept constant
- marketing and distribution internationally be created
- low and middle management be recruited

**First Mover:** first to invest/enter the market  
(R&D, innovation, marketing, growth, expansion, management hierarchy)  
companies that do not invest to create opportunities cannot achieve long-term success  
benefits: comparable costs

**Challenger:** not first mover, difficult to succeed  
challenges: build plants to meet comparable size of a first mover  
create distribution and capture markets where first movers were already  
recruit management teams when first movers were already specialized

**Related Diversification:** products that compliment each other

**Unrelated Diversification:** no relation in products

**Comparative/Competitive Advantage:** upper-hand in an industry, research, products

**Research & Development (R&D):** competitive advantage in research

**Stock Market Pressure:**

**Corporate Restructuring:** companies being bought, sold, split up, recombined (competitiveness)

**Size:** too large of a managerial enterprise is a disadvantage, can stagnate

**Diversification:** range of companies (mergers) and products

Claim(s):

- organizational growth is a series of developmental phases.
- management practices that work well in one phase bring crisis to the next.
- different management styles are appropriate in different phases of the life cycle.

Organization Development Dimensions:

**Age:** greater age is difficult to change

**Size:** large – problems with coordination, communication, levels in management multiply  
small – may retain same management issues over long periods of time

**Stages of Revolution:** prolonged growth, not always linear  
management to find new organizational practices to be basis of next period

**Growth Rate of Industry:** speed organization experiences phases of evolution and revolution

**Phases of Growth:** phases of evolution and revolution, followed by **Phases of Crisis**

1) **Creativity:** creating product and market, founders, frequent communication between employees, long hours of work, highly sensitive motivation

= **Crisis of Leadership:** confusion in management

2) **Direction:** capable leadership, structure, accounting systems, formal communication

= **Crisis of Autonomy:** management lack decision-making, more delegation needed

3) **Delegation:** greater responsibility for managers, infrequent communication, expansion

= **Crisis of Control:** regain control over whole company

4) **Coordination:** executives achieving greater coordination, formal planning procedures are created, product groups for specialization, centralized headquarters, achieving growth through efficient allocation of resources

= **Red-Tape Crisis:** complaints about uncooperative managers, too large of an organization

5) **Collaboration:** confrontation of interpersonal differences, social control, focus on solving problems, staff experts reduced, frequent managerial conferences, economic rewards, team building, educational programs

**Large Organizations:** hierarchy (control, responsibility)  
specialization in sub-units (expertise)  
management by rules (consistency)  
impersonal (equality)

Claim(s):

- complete analysis of firm's competitive environment cannot, by itself, explain success.
- SWOT helps outline firm's advantages and disadvantages towards competition.

**Competitive Advantage:** valuable resources  
rare resources and capabilities  
hard to imitate  
resources organized to be exploited

**Environmental Analysis:** business internal and surroundings

**SWOT:** traditional tool for strategic analysis

**Internal Environment:** internal resources and capabilities of a firm

**Internal Attributes:** resources, capabilities

**External Environment:** external, business and societal trends, competitive industry

**S:** strengths (internal)

**W:** weaknesses (internal)

**O:** opportunities (external)

**T:** threats (external)

Assets:

**Financial:** debt, equity, retained earnings

**Physical:** machines, manufacturing

**Human:** resources, knowledge, propensity, judgment, risk-taking, wisdom

**Organizational:** history, relationships, trust, culture

**Questions of Value:** resources add value by exploiting opportunities, neutralizing threats

**Question of Rarity:** are resources rare compared to competition

**Question of Imitability:** are resources not able to be duplicated

**Question of Organization:** organized in order to exploit resources

**VRIO:** value, rarity, imitability, organization

not valuable → competitive disadvantage

valuable, but not rare → competitive parity (equality)

valuable and rare → competitive advantage

**Importance of History:** skills and abilities picked up over time benefits the firm

**Importance of Numerous Small Decisions:** small decisions may have a bigger impact

**Importance of Socially Complex Resources:** rare products for decreased competition and duplication

Claim(s):

- every company has a core ideology that identifies what they stand for and why they exist.
- vision is essential in a company in order to build a stable foundation for a clear future.

Vision	<i>change</i> <i>stability</i>	Envisioned Future Core Ideology	Core Values Core Purpose
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**Core Ideology:** what we stand for and why we exist  
defines character of organization  
discovery process  
inspiration to internal organization

**Core Values:** external justification of intrinsic values  
company should not change values

**Core Purpose:** not a specific goal, the reason  
What would be the cost if the company didn't exist

**Envisioned Future:** reachable in 10-30 years

**BHAGs:** big, hairy, audacious, goal  
50%-70%  
way to stimulate progress  
clear, compelling and engages people

- 1) target
- 2) common-enemy
- 3) role-model
- 4) internal format

**Vivid Description:** future needs  
what it will be like to achieve BHAG

# HERZBERG

## One More Time: How Do You Motivate Employees?

### Claim(s):

- if the organization does not kick you, you kick yourself.
- motivation depends on hygiene and motivation factors.

**K.I.T.A.:** kick in the ass  
instill motivation

Reducing time spent at work  
Spiraling Wages: seek the next wage increase  
Fringe Benefits: rewards are rights  
Human Relations Training  
Sensitivity Training: employee fails to appreciate  
Communication: house organs, briefing sessions

**Negative KITA:** physical (reduces physical backlash) and psychological, threatening

**Positive KITA:** incentives, seduction, reward

**Hygiene Factors:** working conditions, keep people from being unhappy

**Motivation Factors:** creates job satisfaction

**Internal Rewards:** recognition, responsibilities, encouragement, challenges

**Extrinsic Rewards:** company policy, supervision, working conditions, status

**Satisfiers:** hard work is noticed, satisfied with achievement recognition

Not Satisfied      ←      **Motivators**      →      Satisfied  
Not Motivated      (recognition, promotion)      Motivated

Dissatisfied      ←      **Hygiene**      →      Not Dissatisfied  
(pay, supervision, colleagues)

**Horizontal Job Loading:** job enlargement  
add tasks to a responsibility, meaningless tasks, structurally bigger

**Vertical Job Loading:** job enrichment  
job with added satisfaction, psychologically bigger  
remove controls while retaining accountability  
assign workers to specialized tasks

Employees dissatisfied and unmotivated	Hygiene factors →	Employees not dissatisfied but unmotivated	Motivation factors →	Employees satisfied and motivated
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Claim(s):

- what you measure is what you get.
- bottom line (profit) is not enough.

**Balanced Scorecard:** measurement  
comprehensive view of business  
1) customer-related measures  
2) measures of operational effectiveness  
3) measures of innovation  
4) financial "bottom line" measures

**Customer Perspective:** *how do customers see us?*  
priority for top management  
customer service

**Internal Business Perspective:** *what must we excel at?*  
what company must do internally to meet customer expectation  
processes, decisions, action in an organization

**Innovation & Learning Perspective:** *can we continue to improve and create value?*  
company ability to innovate, improve, learn

**Financial Perspective:** *how do we look to shareholders?*  
company strategy, implementation, execution  
bottom-line improvement

**Periodic Financial Statement:** reminder of improvement (response time, productivity) benefit  
translated into improved sales, market share, higher asset turnover

# HANDY

## The Sigmoid Curve

### Claim(s):

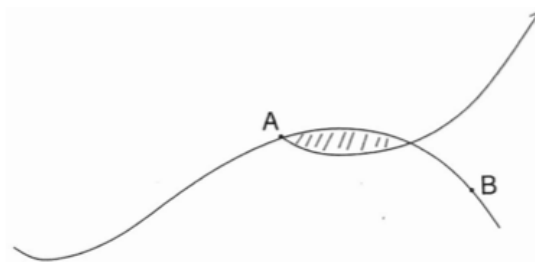
- sigmoid curve is key to effective growth.
- live in the first curve as the second one develops.

**Sigmoid Curve:** explains many of present discontents and confusions  
s-shaped curve  
story of a product's life cycle and corporation's rise and fall

**Constant Growth:** start new sigmoid curve before the first one runs out  
start second curve at point A

**Point A:**

- 1) there is time, resources, energy
- 2) "everything is fine", current recipe  
explore before going downward, leads to confusion
- 3) toward point B, disaster



**Point B:** resources, energy goes down  
hard to mobilize resources, restore credibility  
hire new people for new vision and credibility

**New Curve:** new product, new way of operating, new strategy, new culture  
always assume you are near the peak of the first curve, always be prepared  
challenge assumptions of the first curve  
begins with asking questions (ideas, possibilities, hypotheses)  
test out tentatively and experimentally  
past may not be the best guide for the future

**Balance:** at time of paradox, is to allow past and future co-exist in the present

**Curvilinear Logic:** everything is the sigmoid curve  
starting life over again, something that gets harder as one gets older  
entrust thinking to future generation

**Kaizen:** continuous improvement

## MINTZBERG

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### *The Manager's Job: Folklore and Fact*

#### Claim(s):

- manager's role is more complex than organize, control, plan and coordinate tasks.

**Manager:** CEO, vice president, bishops, foremen, hockey coaches, prime minister

**Myths:** managers organize, coordinates, plans, controls

**Facts:** managers work at quick pace, brevity, variety, oriented in action  
performing duties (negotiation, processing)  
favor verbal media (meetings, calls)  
programs (schedule, process, make decisions that remain locked inside brain)

**MIS:** managing information system

**Soft Information:** gossip, speculation

**Verbal Information:** stored in brains, why they are reluctant to delegate tasks

**Dump Memory:** tell subordinates about subject (too long, managers do it themselves)

**Managerial Work:** 1) characteristics of work (how managers work, where, with whom, what pace)  
2) content of work (what activities managers actually carry out, why)

**Formal Authority:** interpersonal (figurehead, leader, liaison)  
informational (monitor, disseminator, spokesperson)  
decisional (entrepreneur, disturbance handler, resource allocator, negotiator)

**Figurehead:** head of organization, routine, little communication, representation

**Leader:** motivate, reconcile needs

**Liaison:** manager makes contracts outside vertical chain of command

**Monitor:** scanning environment for information, interrogating liaisons

**Disseminator:** privileged information to subordinates to give access

**Spokesperson:** sends information outside unit, informs others, influential

**Entrepreneur:** improve unit, adapt to changes, lookout for new ideas

**Disturbance Handler:** manager involuntary response to pressures

**Resource Allocator:** who does what, allocation of own time

**Negotiator:** to negotiate

*Building Deep Supplier Relationships*

Claim(s):

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**Supplier Importance:**

- 1) reduce costs
- 2) improve quality
- 3) develop
- 4) make products faster than rivals

**Supplier Cost:** easily able to source globally  
low wage costs outweigh long-term benefits  
internet based

**Keirtsu:** close-knit network of vendors that continuously learn, improve with parent company

**Kaizen:** continuous improvement

**Jishuken:** study group teams

**Parent:** long-term relationship, trust, mutual agreement, discipline, expectation of improvement

**Target Prices:** amount they can afford to pay suppliers for components given the budget for product

**BAMA:** Bluegrass, Automotive, Manufacturers, Association

**Supplier-Partnering Hierarchy:**

- 1) conduct joint improvement activities
- 2) share information intensively but selectively
- 3) develop suppliers' technical capabilities
- 4) supervise your suppliers
- 5) turn supplier rivalry into opportunity
- 6) understand how your suppliers work

**Conduct Joint Improvement Activities:** exchange practices with suppliers, initiate kaizen, study groups

**Share Information Intensively but Selectively:** specific times, places, rigid formats in sharing info

**Develop Suppliers Technical Capabilities:** supplier problem-solving skills, innovation capabilities

**Supervise Your Suppliers:** monthly report cards, constant feedback, senior management involvement

**Turn Supplier Rivalry into Opportunity:** source to two-three vendors, joint ventures with suppliers

**Understand How Your Suppliers Work:** learn about supplier's business, how they work, capabilities

**Report:** quality, delivery, quantity delivered, performance history, incident report, comments

*The Bases of Social Power*

Claim(s):

- Purpose of article is to define the types of powers, how they work systematically and if they produce effects
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**Power:** what determines behavior of the agent who exerts power  
what determines reactions to recipient of this behavior  
relationship between O and P

**Change:** behavior, opinions, needs, attitudes, goals, values, system = lifespaces

**Psychological Change:** alteration of the state of some system A over time  
size of change between states measured at time 1 and time 2

**Social Agent "O":** person, role, group, part of group  
Has power > 0

**Resultant Force:** induced by "O", for to change system direction, opposing resistance

**Sleeper Effect:** change in degree of dependence of an opinion on O

**5 Bases of Power:**

- 1) reward
- 2) coercive
- 3) legitimate
- 4) referent
- 5) expert

**Reward Power:** ability to reward, magnitude depends on how much P perceives O's reward

**Coercive Power:** ability to manipulate attainment of valences, magnitude of threat

**Legitimate Power:** ability to induce force, power of agent, behavior of person

**Referent Power:** if O is attractive, P will have a desire, O has control over P

**Expert Power:** social importance, informational power

## CRITICAL THINKING SKILLS

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**Claim:** main idea  
claim + evidence = argument  
cue words: therefore, thus, in summary, I believe that, as a result, in fact

**Unproblematic Claims:** consistent with own observations  
facts with no need of interpretation, no challenge  
technical/mathematical claims

**Contestable Claims:** not commonly accepted, awakens curiosity  
cannot stand on their own, not enough evidence supplied

**Concept List:** important words/ideas from an article that are listed

**Concept Map:** link between the concepts

**Evidence:** helps form judgments about claims  
cue words: because, as a result, in the first place, for example, in addition  
implicit/explicit

S: sufficiency (enough information)  
P: precision (quality, numbers, proof)  
A: accuracy (logical, relevant)  
A: authority (credentials, experience, citing)  
R: representativeness (variety of sources)  
C: clarity (interpretation)

**Assumptions:** beliefs, comments or opinion from writer

**Reality Assumptions:** beliefs about reality, about the way things are, first-hand experiences

**Value Assumptions:** our ideals, standards and the way we believe things ought to be

**Underlying Assumptions:** found in the gap that separates claim and the evidence

**Terminal Values:** goals you want to achieve in lifetime

**Instrumental Values:** modes of behavior that help achieve terminal values

**Causal Claims:** certain events/factors (causes) are responsible for other events (effects)

**Correlation:** link between cause and effect

**Post Hoc Ergo Propter Hoc Fallacy:** decrease in an event due to the strategy implemented

**Persuasion:** 1) **Negative Evidence:** misleading, contrary evidence to undermine your argument  
2) **Alternative Causes:** more reasons to back up claim  
3) **Conflicting Assumptions:** opposite, contradict each other

**Rival Causes:** rival explanations to your claim, effect of a third variable, another reason