

GMS 200 Exam

Chapter 1

- What are challenges of working in new economies?
 - Intellectual capital
 - people are the ultimate foundation of company performance
 - is the collective brain power of a workforce that can be used to create value
 - a knowledge worker adds to the intellectual property of a company
 - Globalization
 - national boundaries have largely disappeared
 - is the worldwide interdependence of resource flows, product markets and business competition that characterize the new economy
 - Technology
 - continuing transformation of the modern workplace through: WWW, computers and IT
 - increasing demand for knowledge workers with skills to fully utilize technology
 - Diversity
 - workplace diversity reflects differences with respect to gender, age, race, etc.
 - a diverse and multicultural work force both challenges and offers opportunities to employees
 - Ethics
 - code of moral principles
 - society requires businesses to operate according to high moral standards
 - emphasis today on restoring the strength of corporate governance
 - Careers
 - career of the 21st century won't be uniformly fulltime and limited to a single employer
 - skills must be portable and always of current value
- What are companies like in the new workforce?
 - Critical skills for success in the workplace
 - mastery, contacts, entrepreneurship, love of technology, marketing, and passion for renewal
 - Organization
 - a collection of people working together to achieve a common purpose
 - provide useful goods and services that return value to society and satisfy customer needs
 - Organizations are open systems
 - composed of interrelated parts that function together to achieve a common purpose
 - interact with their environments
 - transform resource inputs into product outputs
 - environmental feedback tells companies how well it is meeting the needs of customers
 - **Picture**
 - Organizational performance
 - Productivity
 - an overall measure of quantity and quality of work performance with resource utilization taken into account
 - Performance effectiveness
 - an output measure of goal accomplishment
 - Performance efficiency

- an input measure of the resource costs associated with goal accomplishment
 - **Picture**
 - Workplace changes that provide a context for studying management
 - belief in human capital, demise of ‘command and control’, emphasis on teamwork, use of technology, embrace of networking, new workforce expectations, concern for work-life balance, and focus on speed
- Who are managers and what do they do?
 - Importance of human resources and managers...
 - toxic workplaces treat employees as expenses
 - high performing companies treat people as valuable assets
 - Managers must ensure that people are treated as strategic assets
 - a manager is a person in a company who supports and is responsible for the work of others
 - the people who managers help are the ones whose tasks represent the real work of the company
 - levels of management
 - top managers – responsible for performance of a whole
 - middle managers – in charge of large department
 - project managers – coordinate complex projects
 - team leaders of supervisors – in charge of small group of workers
 - plan meetings and work schedules
 - clarify goals and tasks and gather ideas
 - appraise performance
 - recommend pay raises
 - recruit and train team members
 - encourage high performance and teamwork
 - inform team members about company goals
 - inform higher levels of management about work unit needs
 - Types of managers
 - Line managers are responsible for work activities that affect output
 - Staff managers use technical expertise to advise line workers
 - Functional managers are responsible for a single area
 - General managers are responsible for more complex units
 - Administrators work in public and non-profit
 - Managerial performance and accountability
 - accountability is the requirement of one person to answer to a higher authority
 - effective managers fulfill performance accountability by helping others to achieve high performance outcomes
 - Quality of work life (QWL)
 - an indicator of the overall quality of human experiences in the workplace
 - QWL indicators
 - fair pay, safe working conditions, opportunities to learn, room to grow, protection of rights
 - High performing managers...
 - build working relationships with others
 - help others develop their skills and performance competencies

- foster teamwork
 - create work environment that is performance-driven and provides satisfaction for workers
- The organization as an upside-down pyramid...
 - each individual is a value-added worker
 - a manager's job is to support workers' efforts
 - the best managers are known for helping and supporting
- What is the management process?
 - Management is the process of planning, organizing, leading and controlling the use of resources to accomplish performance goals
 - planning – setting performance objectives and determining what actions to be taken
 - organizing – arranging tasks and people, and allocating resources
 - leading – inspiring people to work and direct their efforts to fulfill plans
 - controlling – measuring performance and taking corrective action
 - Managerial activities and roles...
 - Interpersonal roles – involve interaction with persons inside and outside the work unit
 - figurehead, leader, liaison
 - Informational roles – involve giving, receiving and analyzing of information
 - monitor, disseminator, spokesperson
 - Decisional roles – involve using information to make decisions in order to solve problems
 - entrepreneur, disturbance handler, resource allocator, negotiator
 - Characteristics of managerial work...
 - long hours, work at intense pace, and work at fragmented and varied tasks
 - Managerial agendas and networks...
 - agenda setting
 - development of action priorities for one's job
 - include goals and plans that span long and short time frames
 - Networking
 - process of building and maintaining positive relationships with people
- How do you learn the essential managerial skills and competencies?
 - Essential managerial skills
 - skill – the ability to translate knowledge into action that results in desired performance
 - technical skill – the ability to apply a special proficiency or expertise to perform particular tasks
 - human skill – the ability to work well in cooperation with others
 - conceptual skill - the ability to think critically and analytically to solve problems
 - managerial competency...
 - a skill based capability that contributes to high performance in a management job
 - managerial competencies are implicit in:
 - PLOC
 - IID
 - agenda setting
 - competencies for success

- communication, teamwork, self-management, leadership, critical thinking, professionalism

Overview of 21st century workplace

- Companies must adapt to rapidly changing society
- Economy is global and driven by innovation and technology
- High performing companies gain extraordinary results from people working for them
- Interdependent and knowledge based

Chapter 13

Information and Decision Making

- Stages of Development in e-commerce
 - secure an online identity
 - establish a web presence
 - enable e-commerce
 - provide e-commerce and customer relationship
 - utilize a service application model
- IT builds relationships with external environment
- IT has changed the new workplace (email, peer-to-peer file sharing)
- data is raw facts and observation
- Information is data made available for decision making

The Role of Information in the Management Process

- Data – Information – Decision making
- Information exchanges with the external environment within the organization
- the external and internal information needs of the organization is presented clearly
- Information systems
 - Management information system (MIS)
 - Decision support system (DSS)
 - Artificial intelligence (AI)
 - Expert systems (ES)
 - Intranets and corporate portals
 - Extranets and enterprise portals
 - Electronic data exchange (EDI)
- Advantages of IT
 - Planning advantages
 - Organizing advantages
 - Leading advantages
 - Controlling advantages

Information and Decision Making

- a performance deficiency is actual performance being less than desired performance
- a performance opportunity is actual performance being better than desired performance
- problem solving is the process of identifying a discrepancy between actual and desired performance and taking corrective action
 - Problem solving styles
 - Problem avoiders

- problem solvers
 - problem seekers
- Systematic versus intuitive thinking
 - rational versus flexible
 - a combination of both of systematic and intuitive thinking leads to excellent problem solving
- a decision is a choice among possible alternative course of action
 - programmed decisions
 - nonprogrammed decisions
 - crisis decision making
 - decision environments
 - certain environments
 - risk environments
 - uncertain environments
- Steps in decision making process
 1. identify the problem
 2. generate possible solutions
 3. choose a course of action
 4. implement the solution
 5. evaluate results

Current issues in managerial decision making

- types of heuristics for simplifying decision making
 - availability heuristic
 - representiveness heuristic
 - anchoring and adjustment heuristic
- ways to avoid the escalation trap
 - set advance limits and stick to them
 - make your own decisions
 - carefully determine why you are continuing a course of action
 - remind yourself of the costs
 - watch for escalation tendencies
- potential advantages of group decision making
 - greater amounts of information
 - more action alternatives are considered
 - increased understanding and acceptance of outcomes
 - increased commitment
- potential disadvantages
 - pressure to conform
 - minority domination
 - decision making takes longer

Chapter 3

Global Dimensions of Management

SADC – South Africa Development Community: 15 members

ECOWAS – Economic Community of West African States: 15 members (know the countries)

CIC – Citizenship and Immigration Canada
IRB – Immigration Review Board
IOM – International Office of Migration
UNHCR – UN High Commission for Refugees
UNDP – UN Development Program
AfDB/ADB – African/Asian Development Bank
Refugee Path of Immigrants – 1. refugee approved by UNHCR or 2. refugee claimants
The America's – NAFTA (can/usa/mex), FTAA
WTO – World Trade Organization
Know the Spanish territories in Morocco
Multilateral corporations – IMF, UN
Multinational corporations – Nestle, PepsiCo
East Africa Community –
Official language of Tanzania –
OPEC – Organization of Petroleum Exporting Countries

Forms and opportunities of international business

- Reasons for engaging in IB: profit, customers, suppliers, capital, labor
- Market entry strategies involve the sale of goods or services to foreign markets
- Types of market entry strategies: global sourcing, exporting, importing licensing and franchising
- Common forms of IB: from market entry to direct investment
 - market entry: global sourcing → exporting/importing → licensing/franchising
 - direct investment: joint ventures → foreign subsidiaries
- Criteria for choosing a joint venture partner:
 - familiarity with your firm's major business
 - strong local workforce
 - future expansion possibilities
 - good profit potential
- Complications in the global business environment:
 - environment is complex and competitive
 - WTO resolves trade and tariff disputes among countries
 - protectionism can complicate global trading relationships (dairy cannot be imported into Canada)
- Definition of MNC
 - a business with extensive international operations is more than one foreign country
 - Mutual benefits for host country and MNC
 - shared growth, income, learning, and development
 - Complaints about MNC by host country:
 - excessive profits, domination of economy, interfere with government, disregard local customs
 - Complaints about host country by MNC:
 - profit limitations, overpriced resources, exploitive rules, foreign exchange restrictions
 - Ethical issues for MNCs
 - corruption – illegal practices that further one's business interests
 - sweatshops – employing workers at low wages for long hours and in poor working conditions

- Child labor – full time employment of children for work otherwise done by adults
 - Sustainable development – meeting needs without compromising future needs
- Culture and its relationships with global diversity
 - Culture: the shared values, beliefs, and patterns of behavior common to a group of people
 - Culture shock: confusion and discomfort a person experiences in a unfamiliar culture
 - Ethnocentrism: tendency to consider one’s own culture as superior to others
 - Stages in adjusting to a new culture:
 - confusion, small victories, reality, irritation
 - Popular dimensions of culture:
 - Language: low-context and high-context cultures
 - Interpersonal space
 - Time orientation: monochronic cultures and polychronic cultures
 - Religion
 - Contracts and agreements
 - Values and national cultures (Hofstede)
 - power distance
 - uncertainty avoidance
 - individualism-collectivism
 - masculinity-femininity
 - time orientation
 - Understanding cultural differences
 - relationship with people
 - Universalism vs. particularism
 - individualism vs. collectivism
 - neutral vs. affective
 - specific vs. diffuse
 - achievement vs. prescription
- The transfer of management practices and learning across cultures
 - comparative management
 - global managers
 - planning and controlling
 - organizing and leading

Chapter 2

Management Learning – Past and Present

- Classical schools of thought: assumption – people are rational
 - Scientific method
 - Fred Taylor:
 - develop rules of motion, standardized work implements and proper work conditions
 - carefully select workers with right abilities
 - carefully train workers and provide incentives
 - support workers by carefully planning their work and removing obstacles
 - The Gilbreths:

- motion study, eliminating wasted motion improves performance
- Administrative principles
 - Henry Fayol:
 - Rules: forecast, plan, organize, command, coordinate, control
 - Principles: scalar chain, unity of command, unity of direction
 - Mary Follet:
 - Groups and human cooperation
 - Forward-looking insights
- Bureaucratic organization (Max Weber):
 - Bureaucracy
 - an ideal, rational and efficient for of organization
 - based on principles of logic, order and authority
 - Characteristics or bureaucratic organizations
 - clear division of labor
 - clear hierarchy of authority
 - formal rules and procedures
 - impersonality
 - careers based on merit
 - Possible disadvantages
 - excessive paperwork or ‘red tape’
 - slowness in handling problems
 - rigidity in the face of shifting needs
 - resistance to change
 - employee apathy
- Behavioral or human resource approach: assumption – people are social and self-actualizing
 - Hawthorne studies:
 - initial study examined how economic incentives and physical conditions affected work output
 - no consistent relationship found
 - ‘psychological factors’ influenced results
 - relay assembly test-room studies
 - Maslow’s hierarchy of needs
 - a need is a physiological or psychological deficiency a person feels compelled to satisfy
 - Need levels: physiological, safety, social, esteem, self-actualization
 - Deficit Principle: a satisfied need is not a motivator of behavior
 - Progression Principle: a need becomes a motivator once the preceding lower-level need is satisfied
 - Both principles cease to operate at self-actualization level
 - McGregor’s theory X and Y
 - Theory X assumes workers:
 - dislike work, lack ambition, are irresponsible, resist change, prefer to be led
 - Implications: theory X managers create situations where workers become dependent and reluctant
 - Theory Y assumes workers:

- willing to work1, capable of self-control, willing to accept responsibility, capable of self-direction
- Implication: theory Y managers create situations where workers respond with initiative and high performance
 - central to notions of empowerment and self management
- Argyris's theory of adult personality
 - classical management principles and practices inhibit worker maturation and are inconsistent with the mature adult personality
 - Management practices should accommodate the mature personality by:
 - increasing task responsibility
 - increasing task variety
 - using participative decision making

Role of Quantitative analysis in management

- scientific application of management techniques to management problems
 - mathematical forecasting, inventory modeling, linear planning, network models, simulations

Chapter 6

Planning Process and Techniques

- Planning: the process of setting objectives and determining how to best accomplish them
 - Steps in the planning process
 - define your objectives
 - determine where you stand vis-a-vis objectives
 - develop premise regarding future conditions
 - analyze and choose among action alternatives
 - implement the plan and evaluate results
 - benefits of planning: improves...
 - focus and flexibility
 - action orientation
 - coordination
 - time management
 - control
- Objectives: identify the specific results or desired outcomes that intends to achieve
- Plan: a statement of action steps to be taken in order to accomplish the objectives
 - short and long range plan
 - short range: under 1 year
 - intermediate range: 1 to 2 years
 - long range: over 3 years
 - Higher management levels focus on long term plans
 - Strategic and operational
 - strategic plans: set broad, comprehensive action directions for the organization
 - operational plans: define what needs to be done in specific areas to implement strategic plans
 - production plans
 - financial plans

- facilities plan
- marketing plans
- HR plans
- policies and procedures
 - standing plan: policies and procedures that are designed for repeated use
 - Policy: broad guidelines for making decisions and taking action in specific circumstances
 - Rules or procedures: plans that describe exactly what actions are to be taken in specific situations
- Budget and project schedules
 - single use plan: only used once to meet the needs and objectives if a well defined situation in a timely manner
 - Budgets: single use plans that commit resources to activities; fixed, flexible and zero-based budgets
 - Projects: one time activities that have clear beginning and ends; project management and schedules
- Forecasting:
 - making assumptions about future
 - qualitative forecasting uses expert opinions
 - quantitative forecasting uses math analysis
 - all forecasts rely on human judgment
 - involves deciding on how to deal with implications of a forecast
- Contingency planning:
 - identifying alternative courses of action that can be implemented to meet the needs of changing circumstances
 - they anticipate changing conditions
 - they contain trigger points
- Scenario planning:
 - a long term version of contingency planning
 - identifying alternative future scenarios
 - increases organizations flexibility and preparation for future shocks
- Benchmarking:
 - use of external comparisons to better evaluate current performance and identify possible actions for the future
 - adopting best practices or other organizations that achieve superior performance
- Use of staff planners:
 - coordinating the planning function for the total organization
 - possible communication gaps between staff planners and line management
- Participation and involvement
 - requires that the planning process include people who will be affected by the plans and will help implement them
 - Benefits include: promotes creativity in planning, increases available information

Extras

Trade Facilitation

Trade: move goods and services across borders

- OSBP: one stop border post
- JSP: joint border post (Canada and USA border)

Single Window:

Border: separates sovereign countries

Customs: deal with goods moving across borders

- CBSA: Canadian Border Services Agency

Immigration: deal with people moving across borders

- CIC: Citizenship and Immigration Canada

Cabotage: registered in country A; operating in 2 different points in country B

- shipping from UK to Vancouver and Montreal making two stops

Cargo: commodity/goods moved from point A to B

Shipping container: enclosed material that allows movement of goods; 3 cars

CIF: cost, insurance and freight determined by

ICC: International Chamber of Commerce

TFA: trade facilitation agency

Chapter 7

Strategy and Strategic Management

Foundations of strategic competitiveness

- basic concepts of strategy
 - competitive advantage
 - sustainable competitive advantage
 - strategy
 - strategic intent
 - strategic management
- environments and competitive advantage
 - monopoly
 - only one player and no competition
 - creates absolute competitive advantage
 - oligopoly
 - few players not directly competing against each other
 - long term competitive advantage in defined market segment
 - collusion such as in OPEC members
 - hyper competition
 - several players competing against each other
 - any competitive advantage is temporary
 - perfect competition is not possible; demand = supply
- Strategy formulation
 - the process of creating strategy
 - involves assessing existing strategies, organization, and environment to develop new strategies and strategic plans capable of delivering future competitive advantages
- (strategic management process picture)
- Strategic questions for strategy formulation

- What is our mission?
- Who are our customers?
 - fewer weddings in Quebec
- What do our customers consider value?
- What have been our results?
- What is our plan?
- Strategy implementation
 - the process of allocating resources and putting strategies into action
 - all organizational and management systems must be mobilized to support and reinforce the accomplishment of strategies
- Essential tasks for strategy implementation
 - identify organizational mission and objectives
 - assess current performance vis-à-vis mission and objectives
 - create strategic plans to accomplish purpose and objectives
 - implement the strategic plans
 - evaluate results; change strategic plans and implementation processes as necessary
- Analysis of mission:
 - the reason for existence
 - good mission statements identify:
 - customers
 - products
 - location
 - underlying philosophy
 - an important test of the mission is how well it serves the stakeholders
- (How external stakeholders can be valued... picture about mission)

Strategic management process

- analysis of values
- organizational culture
- analysis of objectives
- SWOT analysis (picture)
- analysis of industry and environment
 - assessment of macro environment
 - technology, government, social structures, demographics, global economy, natural environment
 - analysis of industry environment
 - resource suppliers
 - competitors
 - customers
- (Porter's model of five strategic forces affecting industry picture)
- Strategic forces to be examined in conducting an industry analysis:
 - competitors
 - new entrants
 - suppliers
 - buyers
 - substitutes

- (Three levels of strategy picture?)
- Growth and diversification strategies
 - growth strategies
 - seek an increase in size and the expansion of current operations
 - types of growth strategies
 - concentration strategies
 - diversification strategies
 - related diversification
 - unrelated diversification
 - vertical integration
 - backward (farms) and forward (distribution)
- Restructuring and divestiture
 - readjusting operations when an organization is in trouble
 - retrenchment
 - correcting weaknesses by making changes to current operations
 - liquidation
 - restructuring
 - downsizing and rightsizing
 - restructuring through divestiture
- Global strategies
 - globalization strategy (coca cola, pepsi)
 - world is one large market; standardize products and advertisements
 - ethnocentric view
 - multidomestic strategy (nestle)
 - customize products and advertising to local markets as much as possible
 - polycentric view
 - transnational strategy (mcdonalds, KFC)
 - balance efficiencies in global operations and responsiveness to local markets
 - geocentric view
 - cooperative strategies
 - strategic alliances – two or more companies partner to pursue an area of mutual interest
 - types of strategic alliances:
 - outsourcing alliance
 - supplier alliance
 - distribution alliance
- e-business strategies
 - the strategic use of the internet to gain competitive advantage
 - B2B
 - B2C
- web based model
 - brokerage model
 - advertising
 - merchant
 - subscription

- infomediary
- community

Development of strategies

- opportunities for achieving sustainable competitive advantage
 - cost / quality
 - knowledge / speed
 - barriers to entry
 - financial resources
- Porters generic model
 - business level decisions are driven by:
 - market scope
 - source of competitive advantage
 - market scope and source to competitive advantage combine to generate four generic strategies
 - differentiation strategy
 - cost leadership strategy
 - focused differentiation strategy
 - focused leadership strategy
- Portfolio planning
- BCG matrix (picture***)
 - ties strategy formulation to analysis of business opportunities according to...
 - industry or market growth rate: low vs high
 - market share: low vs high
- Types of adaptive strategies:
 - prospector strategy
 - pursuing innovation and new opportunities in the face of risk and with prospects for growth
 - defender strategy
 - protecting current market share by emphasizing existing products and current share without seeking growth
 - analyzer strategy
 - maintaining stability of a core business while exploring selective opportunities for innovation and change
 - reactor strategy
 - merely responding to competitive pressure in order to survive
 - incrementalism
 - modest and incremental changes in strategy occur as managers learn from experience and make adjustment
 - emergent strategies
 - develop progressively over time in the streams of decisions that managers make as they learn from and respond to work situations

Current issues in strategy implementation

- strategic planning failures that hinder strategy implementation:

- failures of substance
 - inadequate attention to major strategic planning elements
- failures of process
 - poor handling of strategy implementation
 - lack of participation error
 - goal displacement error
- corporate governance
- strategic leadership
- critical tasks of strategic leadership
 - be a guardian of trade-offs
 - create a sense of urgency
 - ensure that everyone understands the strategy
 - be a teacher
 - be a great communicator

Chapter 11

Leading and Leadership Development

- Nature of Leadership
 - leadership: create living environment; inspire others (Picture on PLOC)
 - contemporary leadership challenges
 - visionary leadership
 - meeting the challenges of visionary leadership
 - sources of managerial power
 - position power
 - reward power
 - coercive power
 - legitimate power
 - personal power (Picture on sources)
 - expert power
 - referent power
 - relationship between power and influence
 - building managerial power
 - workplace structures – centrality, criticality, visibility – affect power and influence
 - acceptance theory of authority
 - leadership and empowerment
 - leadership behavior
- Leadership traits and behaviors
 - Task concerns
 - plan and defines work to be done
 - assigns task responsibilities
 - sets clear standards
 - urges task completion
 - monitors performance results
 - People concerns (Picture on concerns)

- acts warm and supportive toward followers
 - develops a social rapport
 - respects the feelings
 - sensitive to follower's needs
 - trusts followers
- Classic styles
 - autocratic
 - emphasizes task over people, keeps authority and information within the leader's control and acts in a unilateral command and control fashion
 - laissez-faire
 - shows little concern for task, lets team make decisions and act with a do the best you can attitude
 - democratic
 - committed to people and task, getting things done while sharing information, encouraging participation and helping develop skills
- Contingency theories of leadership
 - fiedler's contingency model (picture)
 - good leadership depends on a match between leadership and situational demands
 - determining leadership style
 - low lpc – task motivated leaders
 - high lpc – relationship-motivated leaders
 - leadership is part of one's personality and therefore relatively enduring and difficult to change
 - leadership style must be fit to the situation
 - diagnosing situational control:
 - quality of leader-member relations (good or poor)
 - degree of task structure (high or low)
 - Amount of position power (strong or weak)
 - task oriented leaders are most successful in:
 - very favorable (high control) situations
 - very unfavorable (low control) situations
 - relationship-oriented leaders are most successful in:
 - situations of moderate control
 - hersey-blanchard situational leadership model (picture)
 - leaders adjust their styles depending on the readiness of their followers to perform in a given situation
 - readiness – how able, willing and confident followers are in performing tasks
 - House's path-goal leadership theory (picture on contingency)
 - effective leadership deals with the paths through which followers can achieve goals
 - leadership styles for dealing with path-goal relationships
 - directive leadership
 - supportive leadership
 - achievement-oriented leadership
 - participative leadership

- Vroom-jago leader-participation theory **Picutre**
 - helps leaders choose the method of decision making that best fits the nature of the problem situation
 - basic decision making choices
 - authority decision
 - consultative decision
 - group decision
- Transformational leadership
 - superleaders
 - charismatic leaders
 - transactional leaders
 - transformational leaders
 - characteristics of transformational leaders: vision, charisma, symbolism, empowerment, integrity
- Current issues in leadership development
 - emotional intelligence
 - gender and leadership
 - drucker's old fashioned leadership
 - moral leadership

Chapter 5

Entrepreneurship and Small Business

Definition of entrepreneurship

- Entrepreneurship: strategic thinking and risk-taking behavior that results in the creation of new opportunities
- Entrepreneurs: risk taking individuals who take actions to pursue opportunities and situations others may fail to recognize or may view as problems or threats
- Typical characteristics of entrepreneurs:
 - Internal locus of control
 - High energy level
 - High need for achievement
 - tolerance for ambiguity
 - self confident
 - passion and action oriented
 - self reliant and independent
 - flexible
- Harper, 2003
 - Entrepreneurship can be a function of self efficacy (chen, 1998) and locus of control (rotter, 1966)
 - Self efficacy: competence
 - Locus of control: contingency
 - Personal agency belief is multiplicative function = self efficacy * locus of control
- Typical backgrounds and experiences
 - parents were entrepreneurs

- family encouraged initiative and independence
- between 22 and 45 years
- sense of mastery
- Common myths about entrepreneurs
 - are born, not made
 - are gamblers
 - money is key to success
 - must have a degree in business
 - have to be young

Characteristics of small business

- Small business
 - ones with 100 or fewer employees
 - Independently owned
 - 50 percent of the private labor force works in small businesses
 - Are established by:
 - starting a new business
 - buying an existing business
 - buying and running a franchise
- Entrepreneurship and the internet
- IB entrepreneurship
- Family businesses
- reasons for small business failures (8 reason picture)

Starting a new venture

- Important issues in new venture creation:
 - Does the entrepreneur have good ideas and courage?
 - Is the entrepreneur prepared to meet and master the test of strategy and competitive advantage?
 - Can the entrepreneur identify a market niche or new market?
 - Can the entrepreneur generate first-mover advantage by exploiting niche or market before competitors?
- Questions that keep a venture focused on customers
 - Who is the customer?
 - How will you reach key market segments?
 - What determines customer choice to buy or not buy your product?
 - Why is product compelling?
 - How will you price it?
 - How much will it cost to make it?
 - How much does advertising cost?
 - How much does it cost to retain customers?
- Life cycle of entrepreneurial firms
 - birth stage
 - breakthrough stage
 - maturity stage
 - Each stage poses different managerial challenges and requires different managerial competencies (Picture)

- Basic items in a business plan
 - executive summary, industry analysis, company description, product description, market description, marketing strategy, operations description, staffing description, financial projection, capital needs, milestones
- Forms of legal ownership
 - sole proprietorship
 - partnership
 - general partnership
 - limited partnership
 - limited liability partnership
 - corporation
 - limited liability corporation
- Finance the new venture
 - sources of outside financing
 - debt financing
 - equity financing
 - equity financing alternatives
 - venture capitalists
 - initial public offerings
 - angel investors

Resources that support entrepreneurship and business development

- promoting entrepreneurship in large enterprises
 - entrepreneurship
 - skunk works
- business incubators
- small business development center

Chapter 8

Organization Structures and Design

- An organization is a social entity. It is composed of two or more persons who work together towards the attainment of common goals
- For the organization to work as a cohesive unit, a formal structure of reporting and control must be established with different members
- Organizing is the process of allocating resources toward the achievement of long-term organizational goals
- Three key elements:
 - divide up the work
 - arrange the resources
 - coordinate activities
- Organization structure is the set of formal tasks assigned to individuals and departments by formal relationships
 - includes the division of labor, hierarchical of authority

- Formal structures identify work positions within an organization
- Organizational chart includes:
 - the division of labor
 - supervisory relationships
 - communication channels
 - major sub-units
 - levels of management
- Informal structures are unofficial work relationships between members
 - help to accomplish work
 - gain access to interpersonal network
 - help informal learning
- Traditional organization structures
 - employees are assigned to specific jobs and specialize
 - training is provided
 - employees perform only their specialized function
 - given the authority to execute the job
- Modern trends
 - cross training employees
 - makes them more flexible and responsive to change
- Five organizational design Approaches
 - functional
 - divisional
 - matrix
 - team
 - network
- Functional: exist when people with similar skills performing similar tasks are grouped together into formal units
 - Advantages: efficient use of resources
 - Disadvantages: difficult to pinpoint cost containment
- Divisional: people are grouped together based on common product or region found in large corporations: product, geographical, customer, process
 - Advantages: more flexible, improved cooperation, expertise focused
 - Disadvantages: duplications of functions, competition, emphasis on divisional goals
- Matrix: combines functional and divisional structures – two chains of command
 - Advantages: better cooperation, better performance accountability
 - Disadvantages: task confusion, loss of focus
- Team: eliminate functional barriers to solve problems
- Network: linked through networks of relationships with outside contractors and suppliers
- Boundary less organization: communicate through email, and phone

- Trends:
 - shorter chain of command
 - less unity of command
 - wider span of control
 - more delegation
 - decentralization with centralization
 - reduced use of staff

Extras

- trade agreements
- refugee types
- 5 economies in Africa
- MNCs
- biggest economic area = EU
-