

GMS 200 Lecture 1 - Introduction to Business & The Dynamic New Workplace

January-15-13

3:02 PM

- Change is the only thing that is constant in life
- Perceptions do not represent reality
- Organizations 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

- **Intellectual Capital:**
 - o People are the ultimate foundations of organizational performance
 - o Intellectual capital is the collective brainpower or shared knowledge of a workforce that can be used to create value
 - o A knowledge worker adds to the intellectual capital of an organization

- **Globalization:**
 - o National boundaries of world business have largely disappeared
 - o Globalization is the worldwide interdependence of resource flows, product markets, and business competition that characterize the new economy

- **Technology:**
 - o Continuing transformation of the modern workplace through:
 - The Internet
 - World Wide Web
 - Computers
 - Information Technology
 - o Increasing demand for knowledge workers with the skills to fully utilize technology

- **Diversity:**
 - o Workforce diversity reflects differences with respect to gender, age, race, ethnicity, religion, sexual orientation, and able-bodiedness
 - o A diverse and multicultural workforce both challenges and offers opportunities to employers

- **Ethics:**
 - o Code of moral principles
 - o Society requires businesses to operate according to high moral standards
 - o Emphasis today on restoring the strength of corporate governance

- **Careers:**

- o Career of 21st century won't be uniformly full-time and limited to a single large employer
- o Skills must be portable and always of current value
- Critical skills needed for success in the new workplace:
 - o Mastery
 - o Contacts
 - o Entrepreneurship
 - o Love of technology
 - o Marketing
 - o Passion for renewal
- Organization:
 - o A collection of people working together to achieve a common purpose
 - o Organizations provide useful goods and/or services that return value to society and satisfy customer needs
 - o 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 (goods and services)
 - Environmental feedback tells the organization how well it is meeting the needs to its customers and society
- Organizational performance:
 - o Value is created when an organization's operations adds value to the original cost of resource inputs
 - o When value creation occurs:
 - Businesses earn a profit
 - Non-profit organizations add wealth to society
 - o **Productivity:**
 - An overall measure of the quantity and quality of work performance with resource utilization taken into account
 - o **Performance effectiveness:**
 - An output measure of a task or goal accomplishment
 - o **Performance efficiency:**
 - An input measure of the resource costs associated with goal accomplishment
- Workplace changes that provide a context for studying management:
 - o Belief in human capital
 - o Demise of "command-and-control"
 - o Emphasis on teamwork
 - o Pre-eminence of technology
 - o Embrace of networking

- o New workforce expectations
- o Concern for work-life balance
- o Focus on speed
- **Importance of human resources and managers:**
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 - o "Toxic workplaces" treat employees as costs
 - o High performing organizations treat employees as valuable, strategic assets
 - o Managers must ensure that people are treated as strategic assets
 - o A manager is a person in an organization who supports and is responsible for the work of others
 - o The people whom managers help are the ones whose tasks represent the real work of the organization
- **Levels of management:**
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 - o *Top managers* - responsible for the performance of an organization as a whole or for one of its larger parts
 - o *Middle managers* - in charge of relatively large departments or divisions
 - o *Project managers* - coordinate complex projects with task deadlines
 - o *Team leaders or supervisors* - in charge of a small work group of non-managerial workers
 - o **Responsibilities of team leaders/supervisors:**
 - Plan meetings and work schedules
 - Clarify goals and tasks, and gather ideas for improvement
 - Appraise performance and counsel team members
 - Recommend pay raises and new assignments
 - Recruit, develop, and train team members
 - Encourage high performance and teamwork
 - Inform team members about organizational goals and expectations
 - Inform higher levels of work unit needs and accomplishments
 - Coordinate with other teams and support the rest of the organization
- **Types of managers:**
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 - o Line managers are responsible for work activities that directly affect the organization's outputs
 - o Staff managers use technical expertise to advise and support the efforts of line workers
 - o Functional managers are responsible for a single area of activity
 - o General managers are responsible for more complex units that include many functional areas
 - o Administrators work in public and non-profit organizations
- **Managerial performance and accountability:**

- - o Accountability is the requirement of one person to answer to a higher authority for relevant performance results
 - o Effective managers fulfill performance accountability by helping others to achieve high performance outcomes and experience satisfaction in their work
- **Quality of work life (QWL):**
 - - o An indicator of the overall quality of human experiences in the workplace
 - o QWL indicators:
 - Fair pay
 - Safe working conditions
 - Opportunities to learn and use new skills
 - Room to grow and progress in a career
 - Protection of individual rights
 - Pride in the work itself and in the organization
 - o High performing managers:
 - Build working relationships with others
 - Help others develop their skills and performance competencies
 - Foster teamwork
 - Create a work environment that is performance-driven and provides satisfaction for workers
 - o The organization is an upside down pyramid:
 - Each individual is a value-added worker
 - A manager's job is to support the workers' efforts
 - The best managers are known for helping and supporting
- Management is the process of planning, organizing, leading, and controlling the use of resources to accomplish performance goals
- All managers are responsible for the four functions (planning, organizing, leading, and controlling)
- **Planning:**
 - o setting performance objectives and deciding how to achieve them
- **Organizing:**
 - o arranging tasks, people, and other resources to accomplish the work
- **Leading:**
 - o inspiring people to work hard to achieve high performance
- **Controlling:**
 - o measuring performance and taking action to ensure desired results
 - o You get feedback and take necessary amounts of corrective action
- The functions are continuously carried onwards

- **Managerial activities and roles:**

- - o **Interpersonal roles:**

- Involve interactions with persons inside and outside the work unit
- How a manager interacts with other people
- Figurehead, leader, liaison

- - o **Informational roles:**

- Involve giving, receiving, and analyzing information
- How a manager exchanges and processes information
- Monitor, disseminator, spokesperson

- - o **Decisional roles:**

- Involve using information to make decisions in order to solve problems or to address opportunities
- How a manager uses information in decision making
- Entrepreneur, disturbance handler, resource allocator, negotiator

- - o **Characteristics of managerial work:**

- Managers work long hours
- Managers work at an intense pace
- Managers work at fragmented and varied tasks
- Managers work with many communication media (cell phone, computer, etc.)
- Managers work largely through interpersonal relationships

- **Managerial Agendas and Networks:**

- - o **Agenda setting:**

- Development of action priorities for one's job
- Include goals and plans that span long and short time frames

- - o **Networking:**

- Process of building and maintaining positive relationships with people whose help may be needed to implement one's work agendas

- **Essential managerial skills:**

- - o **Skill** - the ability to translate knowledge into actions that result in the desired performance level

- **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 complex problems

- **Managerial competency:**

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- o A skill-based capability that contributes to high performance in a management job
- o Managerial competencies are implicit in:
 - Planning, organizing, leading, and controlling
 - Informational, interpersonal, and decisional roles
 - Agenda setting and networking
- o Competencies for managerial success:
 - Communication
 - Teamwork
 - Self-management
 - Leadership
 - Critical thinking
 - Professionalism
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GMS 200 Lecture 2 - Information and Decision Making

January-22-13

3:06 PM

- Knowledge and knowledge workers provide a decisive competitive factor in today's economy
- **Knowledge worker:**
 - o Intellectual capital
 - o Knowledge and intellectual capital are irreplaceable organizational resources
 - o The productivity of knowledge and knowledge workers depends on computer competency and information competency
- Electronic commerce (B2C e-commerce and B2B e-commerce)
- Stages of development in e-commerce:
 - o Secure an online identity
 - o Establish a Web presence
 - o Enable e-commerce
 - o Provide e-commerce and customer relationship management
 - o Utilize a service application model
- IT facilitates communication and information sharing, reduction in the number of middle managers, better organizational structure, and excellent coordination and control
- IT builds relationships with the external environment
- IT has changed the new workplace (email, P2P - Peer-to-Peer file sharing)
- Data is raw facts and observations
- Information is data made available for decision making
- Good information must be **Timely, High quality, Complete, Relevant, and Understandable**

- Data - Information - Decision Making
- Information exchanges with the external environment and within the organization
- Types of information:
 - **Intelligence Information** - gathered from stakeholders and the external environment
 - **Internal Information** - flows up, down, around, and across organizations
 - **Public Information** - disseminated to stakeholders and the external environment
- Internal and external information flows are essential to problem solving and decision making in organizations
- **Role of information systems in the management process:**
 - Information system
 - Management information system (MIS)
 - Decision support system (DSS)
 - Artificial intelligence (AI)
 - Expert systems (ES)
 - Intranets and corporate portals
 - Extranets and enterprise portals
 - Electronic data interchange (EDI)
- **Advantages of IT:**
 - Planning advantages
 - Organizing advantages
 - Leading advantages
 - Controlling advantages
- The manager is the processing nerve centre
- **Decisional roles** - information used for entrepreneurship, resource allocation, disturbance handling, and negotiation
- **Interpersonal roles** - information used for ceremonies, motivation, and networking
- **Information roles** - information sought, received, and transferred among insiders and outsiders
- 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 action to correct it
- A decision is a choice among the possible alternative courses of action
- Types of decisions:
 - Programmed decisions
 - Nonprogrammed decisions
 - Crisis decision making

- Types of decision environments:
 - Certain environments
 - Risk environments
 - Uncertain environments

- Problem solving styles:
 - Problem avoiders
 - Problem solvers
 - Problem seekers

- Systematic vs. Intuitive Thinking:
 - Rational vs. Flexible
 - A combination of both systematic and intuitive thinking leads to excellent problem solving

- Steps in the decision making process:
 - Identify and define the problem
 - Generate and evaluate possible solutions
 - Choose a preferred course of action and conduct the "ethics double check"
 - Implement the decision
 - Evaluate the results

- **Classical Model vs. Behavioural Model**
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 - Classical Model:
 - Structured problems
 - Clearly defined
 - Certain environment
 - Complete information
 - All alternatives and consequences are known
 - Optimizing Decision - choose the absolute best among alternatives

 - Behavioural Model:
 - Unstructured problems
 - Not clearly defined
 - Uncertain environment
 - Incomplete information
 - Not all alternatives and consequences are known
 - Satisficing Decision - choose the first "satisfactory" alternative

 - Rationality:
 - Acts in a perfect world

 - Bounded Rationality:
 - Acts with cognitive limitations

- Types of heuristics for simplifying decision making:
 - Availability heuristic
 - Representativeness heuristic
 - Anchoring and adjustment heuristic
- Escalating commitment

- 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, knowledge, and expertise are available
 - More action alternatives are considered
 - Increased understanding and acceptance outcomes
 - Increased commitment to implement final plans

- Potential disadvantages of group decision making:
 - Pressure to conform
 - Minority domination may occur
 - Decision making takes longer amounts of time

- Current issues in managerial decision making:
 - Knowledge management
 - Chief Knowledge Officer (CKO)
 - Knowledge management requires a culture that values learning fosters a learning organization
 - Ethical decision making
 - Ethical decisions satisfy the following criteria:
 - Utility
 - Rights
 - Justice
 - Caring

GMS 200 Lectures 3 and 4 - Global Dimensions of Management

January-29-13

3:09 PM

- Values and national cultures (Hofstede):
 - Power distance

- Uncertainty avoidance
- Individualism
- Collectivism
- Masculinity-femininity
- Time orientation
- Key concepts in the challenges of globalization:
 - Global economy
 - Globalization
 - International management
 - Global manager
- Europe - European Union (EU)
- The Americas - NAFTA, FTAA
- Asia & Pacific
- Africa - SADC (South Africa Development Community) and ECOWAS (Economic Community Of West African States), EAC - (East African Community)
- Forms and opportunities of international business:
 - Reasons for engaging in international business:
 - Profits
 - Customers
 - Suppliers
 - Capital
 - Labour
 - Market entry strategies involve the sale of goods or services to foreign markets but do not require expensive investments
 - Types of market entry strategies:
 - Global sourcing
 - Exporting
 - Importing
 - Licensing agreements
 - Franchising
- Market entry strategies:
 - Global sourcing
 - Exporting and importing
 - Licensing and franchising
- Direct investment strategies:
 - Joint ventures
 - Foreign subsidiaries
- Forms and opportunities of international business
 - Direct investment strategies require major capital commitments but create rights of ownership and control over foreign operations

- **Types of direct investment strategies:**
 - Joint ventures
 - Foreign subsidiaries

- **Criteria for choosing a joint venture partner:**
 - Familiarity with your firm's major business
 - Strong local workforce
 - Future expansion possibilities
 - Strong local market for partner's own products
 - Good profit potential
 - Sound financial standing (view financial statements to ensure that your potential partner is not in a predicament (i.e. Close to being bankrupt))

- **Complications in the global business environment:**
 - Environment is complex, dynamic, and highly competitive
 - Global business executives must deal with differences in the environment of business in different countries
 - World Trade Organization resolves trade and tariff disputes among countries
 - Protectionism can complicate global trading relationships

- **A multinational corporation (MNC) is a business with extensive international operations in more than one foreign country**
 - **Mutual benefits for the host country and the MNC:**
 - Shared growth opportunities
 - Shared income opportunities
 - Shared learning opportunities
 - Shared development opportunities

 - **Complaints about the MNC by the host countries:**
 - Excessive profits
 - Domination of local economy
 - Interference with the local government
 - Hiring the best local talent
 - Limited technology transfer
 - Disrespect for local customs

 - **The MNC's complaints about the host countries:**
 - Profit limitations
 - Overpriced resources
 - Exploitative rules
 - Foreign exchange restrictions
 - Failure to uphold contracts

 - **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 labour - full time employment of children for work otherwise done by adults
 - Sustainable development - meeting current needs without compromising future needs
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- A culture is a shared set of beliefs, values, and patterns of behaviour common to a group of people
 - A culture shock is the confusion and discomfort a person experiences in an unfamiliar culture
 - Ethnocentrism is the tendency to consider one's own culture as superior to others
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- **Stages in adjusting to a new culture:**
 - Confusion
 - Small victories
 - The honeymoon
 - Irritation and anger
 - Reality
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- **Popular dimensions of culture:**
 - Language
 - Low-context cultures and high-context cultures
 - Interpersonal space
 - Time orientation
 - Monochronic cultures and polychronic cultures
 - Religion
 - Contracts and agreements
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- Values and national cultures (Hofstede):
 - Power distance
 - Uncertainty avoidance
 - Individualism
 - Collectivism
 - Masculinity-femininity
 - Time orientation
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- **Understanding cultural differences (Trompenaars):**
 - Relationships with people:
 - Universalism vs. Particularism
 - Individualism vs. Collectivism
 - Neutral vs. Affective
 - Specific vs. Diffuse
 - Achievement vs. Prescription

- Attitudes towards time - sequential and synchronic views
- Attitudes toward environment - inner-directed and outer-directed cultures
- The transfer of management practices and learning across cultures:
 - Comparative management
 - Global managers
 - Planning and controlling
 - Organizing and leading
- Management theories are not universal:
 - North American management theories may be ethnocentric
 - Not all Japanese management practices can be applied successfully abroad
- Global organizational learning:
 - Companies can and should learn from each other
 - Readiness for global organizational learning varies based on managerial attitudes
 - Ethnocentric attitudes
 - Polycentric attitudes
 - Geocentric attitudes
 - Be alert, open, and inquiring, but always remain cautious

GMS 200 Lecture 5 - Management Learning: Past and Present

February-12-13

3:09 PM

- **Classical school of thought:**
 - Scientific management
 - Frederick Taylor, The Gilbreths (Frank and Lillian)
 - Administrative principles
 - Henry Fayol, Mary Parker Follett
 - Bureaucratic organization
 - Max Weber
- The assumption for classical approaches is that people are rational
- **Scientific management (Frederick Taylor):**
 - Develop rules of motion, standardized work implements, and proper working conditions for every job
 - Carefully select workers with the right abilities for the job
 - Carefully train workers and provide proper incentives
 - Support workers by carefully planning their work and removing obstacles
- **Scientific management (Frank and Lillian Gilbreth):**
 - Motion study, eliminating wasted motions improves performance

- **Administrative principles (Henry Fayol):**
 - Forecast, Planning, Organization, Command, Coordination, and Control
 - Key principles of management:
 - Scalar chain, Unity of command, Unity of direction
- **Administrative principles (Mary Parker Follett):**
 - Groups and human cooperation
 - Forward-looking management insights (strategic management)
- **Bureaucracy organization (Max Weber):**
 - Bureaucracy
 - An ideal, intentionally rational, and very efficient form of organization
 - Based on principles of logic, order, and legitimate authority
 - Characteristics of a bureaucratic organization:
 - Clear division of labour
 - Clear hierarchy of authority
 - Formal rules and procedures
 - Impersonality
 - Careers based on merit
 - Possible disadvantages of bureaucracy:
 - Excessive paperwork or "red tape"
 - Slowness in handling problems
 - Rigidity in the face of shifting needs
 - Resistance to change
 - Employee apathy
- **Behavioural or Human Resource Approach**
 - Human resource approaches include:
 - **Hawthorne studies**
 - Elton Mayo
 - Initial study examined how economic incentives and physical conditions affected worker output
 - No consistent relationship found
 - "Psychological factors" influenced results
 - Relay assembly test-room studies
 - Employee attitudes, interpersonal relations, and group processes
 - Lessons from the Hawthorne studies
 - **Maslow's theory of human needs**
 - Abraham Maslow
 - A need is a physiological or psychological deficiency a person feels compelled to satisfy

- Need levels:
 - **Physiological** (most basic of all human needs: need for biological maintenance, food, water, and physical well-being)
 - **Safety** (need for security, protection, and stability in the events of day-to-day life)
 - **Social** (need for love, affection, sense of belongingness in one's relationships with other people)
 - **Esteem** (need for esteem in the eyes of others; need for respect, prestige, recognition and self-esteem, personal sense of competence, mastery)
 - **Self-actualization** (highest level; need for fulfillment; to grow and use abilities to fullest and most creative extent)
- **Deficit principle:**
 - A satisfied need is not a motivator of behaviour
- **Progressive principle**
 - A need becomes a motivator once the preceding lower-level need is satisfied
- Both principles cease to operate at the self-actualization level
- **McGregor's Theory X and Theory Y**
 - Douglas McGregor
 - Theory X assumes that workers:
 - Dislike work
 - Lack ambition
 - Are irresponsible
 - Resist change
 - Prefer to be led
 - Theory Y assumes that workers:
 - Willing to work
 - Capable of self-control
 - Willing to accept responsibility
 - Imaginative and creative
 - Capable of self-direction
 - Implications of Theory X and Theory Y:
 - Managers create self-fulfilling prophecies
 - Theory X managers create situations where workers become dependent and reluctant
 - 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**
 - Chris Argyris
 - 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
- The assumption for human resource approaches is that people are self-actualizing
- **Management Science (operations research) foundations:**
 - o Scientific application of mathematical techniques to management problems
 - o Techniques and applications include:
 - Mathematical forecasting
 - Inventory modeling
 - Linear programming
 - Queuing theory
 - Network models
 - Simulations
- **Quantitative Analysis today:**
 - o Staff specialists help managers apply techniques
 - o Software and hardware developments have expanded the horizon
 - o Good judgment and appreciation for human factors should support quantitative analysis
- **Systems Thinking vs. Contingency Thinking**
 - o Systems Thinking:
 - System
 - Subsystem
 - Open systems
 - o Contingency Thinking:
 - Tries to match managerial responses with problems and opportunities unique to different situations
 - No "one best way" to manage
 - Appropriate way to manage depends on the situation at hand
- **Management themes of the 21st century**
 - o Quality and performance excellence
 - Eight attributes of performance excellence:

- A bias towards action
 - Closeness to the customer (customer relationship management or CRM)
 - Autonomy and entrepreneurship
 - Productivity through people
 - Hands-on and value-driven
 - Sticking to the knitting
 - Simple form and lean staff
 - Simultaneous loose-tight properties
- o Global awareness
 - o Contemporary businesses must learn to become learning organizations
 - o Core ingredients of learning organizations:
 - Mental models
 - Personal mastery
 - Systems thinking
 - Shared vision
 - Team learning
 - o To survive the competition in the 21st century, managers must be:
 - Global strategists
 - Masters of technology
 - Inspiring leaders
 - Models of ethical behaviour
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GMS 200 Lecture 6 - Planning Processes and Techniques

February-26-13

3:07 PM

- **Planning:**
 - o The process of setting objectives and determining how to best accomplish them
- **Objectives:**
 - o Identify specific results or desired outcomes that one intends to achieve
- **Plan:**
 - o A statement of action steps to be taken in order to accomplish the objectives
- Planning differs from a plan in the sense that planning involves identifying the objectives and the optimizing solutions whereas a plan is a statement of action involving specific steps towards a successful result

- Steps in the planning process:
 - o Define your objectives
 - o Determine where you stand vis-a-vis objectives
 - o Develop premises regarding future conditions
 - o Analyze and choose among action alternatives
 - o Implement the plan and evaluate the results
- Benefits of planning:
 - o Improves focus and flexibility
 - o Improves action orientation
 - o Improves coordination
 - o Improves time management
 - o Improves control
- Short-range and long-range plans:
 - o Short range plans = 1 year or less
 - o Intermediate-range plans = 1 to 2 years
 - o Long-range plans = 3 or more years
- People vary in their capability to deal effectively with different time horizons
- Higher management levels focus on longer time horizons
- Strategic and operational plans:
 - o Strategic plans - set broad, comprehensive, and longer-term action directions for the entire organization
 - o Operational plans - define what needs to be done in specific areas to implement strategic plans
 - Production plans
 - Financial plans
 - Facilities plans
 - Marketing plans
 - Human resource plans
- Policies and procedures:
 - o Standing plans:
 - Policies and procedures that are designed for repeated use
 - o Policy:
 - Broad guidelines for making decisions and taking action in specific circumstances
 - o Rules or procedures:

- Plans that describe exactly what actions are to be taken in specific situations
- **Budgets and project schedules:**
 - **Single-use plans:**
 - Only used once to meet the needs and objectives of a well-defined situation in a timely manner
 - **Budgets:**
 - Single-use plans that commit resources to activities, projects, or programs
 - Fixed, flexible, and zero-based budgets
 - **Projects:**
 - One-time activities that have clear beginning and end points
 - Project management and project schedules
- **Forecasting:**
 - Making assumptions about what will happen in the future
 - Qualitative forecasting uses expert opinions
 - Quantitative forecasting uses mathematical and statistical analysis
 - All forecasts rely on human judgement
 - Planning involves deciding on how to deal with the implications of a forecast
- **Contingency planning:**
 - Identifying alternative courses of action that can be implemented to meet the need of changing circumstances
 - Contingency plans anticipate changing conditions
 - Contingency plans contain trigger points
- **Scenario planning:**
 - A long-term version of contingency planning
 - Identifying alternative future scenarios
 - Plans made for each scenario
 - Increases the organization's 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 of other organizations that achieve superior performance
- **Use of staff planners:**
 - Coordinating the planning function for the total organization or one of its major components
 - Possible communication gaps between staff planners and line management

- **Participation and involvement:**
 - Participatory planning requires that the planning process include people who will be affected by the plans and/or will help implement them
 - **Benefits of participation and involvement:**
 - Promotes creativity in planning
 - Increases availability of information
 - Fosters understanding, acceptance, and commitment to the final plan

GMS 200 Lecture 7 - Strategy and Strategic Management

March-12-13

3:02 PM

- **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
 - **Hyper competition:**
 - Several players directly competing against each other
 - Any competitive advantage is only temporary
- **Strategy Formulation:**
 - The process of creating a strategy
 - Involves assessing existing strategies, organization, and environment to develop new strategies and strategic plans capable of delivering future competitive advantage
- **The Strategic Management Process:**
 - Identify and analyze current mission, objectives, and strategies

- Analyze internal and external environment:
 - *Organizational resources and capabilities (strengths and weaknesses)*
 - *Industry and external environment (opportunities and threats)*
- Revise mission and objectives, and select new strategies:
 - *Corporate*
 - *Business*
 - *Functional*
- Implement strategies:
 - *Corporate governance*
 - *Management systems and practices*
 - *Strategic leadership*
- Evaluate results:
 - *Strategic control*
 - *Renew strategic management process*
- The first three points are part of strategy formulation or creating strategies while the last two points are part of strategy implementation or putting strategies into action
- **Strategic questions for strategy formulation:**
 -
 - What is our business mission?
 - Who are our customers?
 - What do our customers consider to be of value?
 - What have our results been like?
 - What is our plan?
- **Strategic 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 the organizational mission and objectives
 - Assess current performance vis-a-vis mission and objectives
 - Create strategic plans to accomplish purpose and objectives
 - Implements the strategic plans
 - Evaluate results; change strategic plans and/or implementation processes as necessary
- **Analysis of the Mission Statement:**
 -
 - The reason for an organization's existence
 - **Good mission statements identify:**

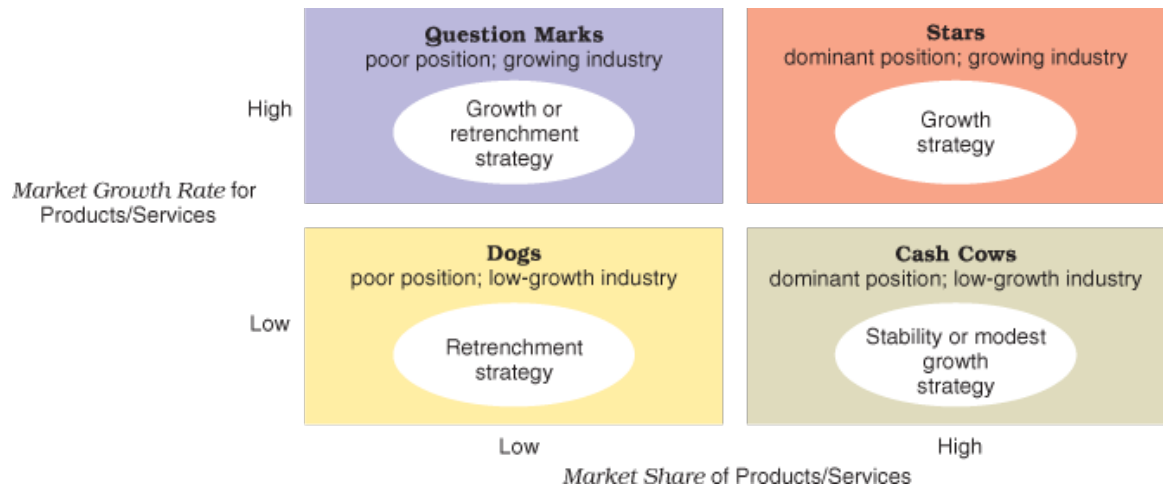
- Customers
- Products and/or services
- Location
- Underlying philosophy
- An important test of the mission statement is how well it serves the organization's stakeholders
- Analysis values
- Organizational culture
- Analysis of objectives
- **SWOT (strengths, weaknesses, opportunities and threats) Analysis**
 - - Strengths (internal assessment of organization):
 - - Manufacturing efficiency
 - Skilled workforce
 - Good market share
 - Strong financing
 - Strong reputation
 - Weaknesses (internal assessment of organization):
 - - Outdated facilities
 - Inadequate R & D (research and development)
 - Obsolete technologies
 - Weak management
 - Past planning failures
 - Opportunities (external assessment of organization):
 - - Possible new markets
 - Strong economy
 - Weak market rivals
 - Emerging technologies
 - Growth of an existing markets
 - Threats (external assessment of organization):
 - - New competitors
 - Shortage of resources
 - Changing market tastes
 - New regulations
 - Substitute products
 - **Analysis of the industry and the environment:**
 -

- Assessment of the macro environment:
 - Technology
 - Government
 - Social structures and population demographics
 - Global economy
 - Natural environment
- Assessment of the micro or industry environment:
 - Resource suppliers
 - Competitors
 - Customers
- **Porter's 5 Strategic Forces Model affecting industry competition:**
 - New Entrants:
 - Threat of potential new competitors
 - Customers:
 - Bargaining power of buyers
 - Substitute Products:
 - Threat of substitute products or services
 - Suppliers:
 - Bargaining power of suppliers
 - Industry Competition:
 - Rivalry among competition
- **Levels of strategy in organizations:**
 - Corporate strategy:
 - What businesses are we in?
 - Business strategy:
 - How do we compete in each of our major businesses?
 - Unit A, Unit B, Unit C, etc.
 - Functional strategy:
 - How do we best support each of our business strategies?
 - **Examples:** finance, HR, manufacturing, and marketing
- **Growth and diversification strategies:**
 - Growth strategies:

- Seek an increase in the size and the expansion of current operations
- Types of growth strategies:
 - Concentration strategies
 - Diversification strategies:
 - Related diversification
 - Unrelated diversification
 - Vertical integration
- **Restructuring and divestiture strategies:**
 -
 - 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:
 - The world is one large market; standardize products and advertising as much as possible
 - Ethnocentric view
 - Multi-domestic strategy:
 - Customize products and advertising to local markets as much as possible
 - Polycentric view
 - Transnational strategy:
 - Balance efficiencies in global operations and responsiveness to local markets
 - Geocentric view
- **Cooperative strategies:**
 -
 - Strategic alliances - two or more organizations partner to pursue an area of mutual interest
 - Types of strategic alliances:
 - Outsourcing alliances
 - Supplier alliances
 - Distribution alliances
- **E-business strategies:**
 -

- The strategic use of the Internet to gain competitive advantage
- Popular e-business strategies:
 - Business-to-business (B2B) strategies
 - Business-to-customer (B2C) strategies
- **Web-based models:**
 - ○ Brokerage model
 - Advertising model
 - Merchant model
 - Subscription model
 - Infomediary model
 - Community model
- **Opportunities for achieving sustainable competitive advantage:**
 - ○ Cost and quality
 - Knowledge and speed
 - Barriers to entry
 - Financial resources
- **Porter's generic strategies model:**
 - ○ Business-level strategic decisions are driven by:
 - • Market scope
 - Source of competitive advantage:
 - ▪ Market scope and source of competitive advantage combine to generate four generic strategies:
 - Differentiation strategy
 - Cost leadership strategy
 - Focused differentiation strategy
 - Focused cost leadership strategy
- **Portfolio planning approach:**
 - ○ Designed to help managers decide on investing scarce organizational resources among competing business opportunities
 - Useful for multibusiness or multiproduct situations
- **BCG Matrix**
 - ○ 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:**

- - o Prospector strategy:
 - Pursuing innovation and new opportunities in the face of risk and with prospects for growth
 - o Defender strategy:
 - Protecting current market share by emphasizing existing products and current share without seeking growth
 - o Analyzer strategy:
 - Maintaining stability of a core business while exploring selective opportunities for innovation and change
 - o Reactor strategy:
 - Merely responding to competitive pressure in order to survive

- **Incrementalism:**

- - o Modest and incremental changes in strategy occur as managers learn from experience and make adjustments

- **Emergent strategies:**

-

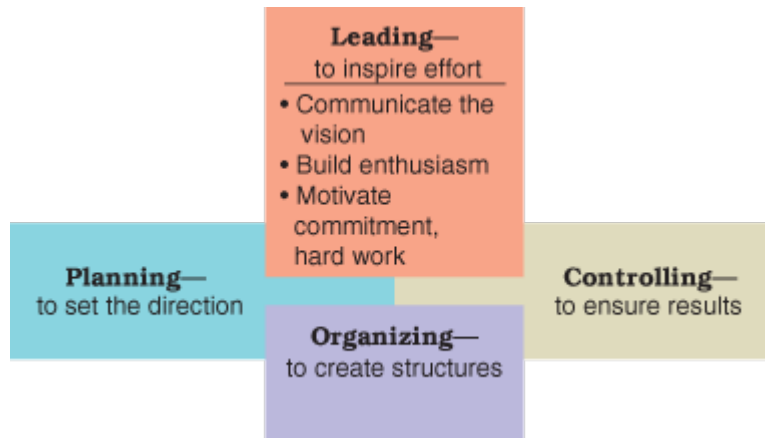
- Develop progressively over time in the streams of decisions that managers make as they learn from and respond to work situations
- **Current issues in strategy implementation:**
 - ○ **Strategic planning failures that hinder strategy implementation:**
 - • **Failures of substances:**
 - Inadequate attention to major strategic planning elements
 - **Failures of processes:**
 - 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

GMS 200 Lecture 8 - Leading and Leadership Development

March-19-13

3:06 PM

- **Nature of leadership:**
 - ○ Leadership
 - Contemporary leadership challenges
 - Visionary leadership
 - Meeting the challenges of visionary leadership



- Sources of managerial power:

- o **Position power:**

- Reward power
 - Coercive power
 - Legitimate power

- o **Personal power:**

- Expert power
 - Referent power

Sources of power...

Power of the POSITION: <i>Based on things managers can offer to others.</i>	Power of the PERSON: <i>Based on how managers are viewed by others.</i>
Rewards: "If you do what I ask, I'll give you a reward."	Expertise —"You should do what I want because of my special expertise or information."
Coercion: "If you don't do what I ask, I'll punish you."	Referent —You should do what I want in order to maintain a positive, self-defined relationship with me."
Legitimacy: "Because I am the boss, you <i>must</i> do as I ask."	

- A relationship exists between power and influence

- Building managerial power:

- o **Workplace structures:**

- Centrality
 - Criticality
 - Visibility

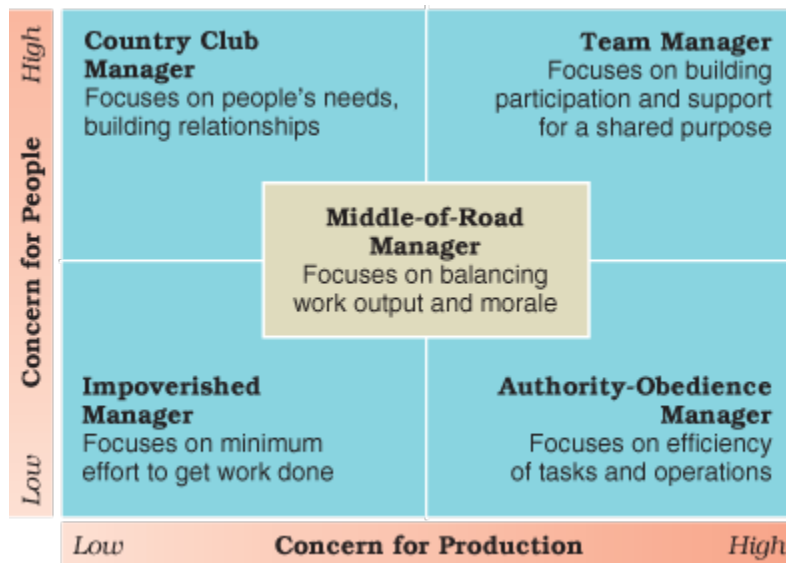
- o The above structures affect power and influence

- Acceptance theory of authority
- Leadership and empowerment
- Leadership behaviour

- **Leadership traits and behaviours**
 - o Task concerns:
 - Plans and defines the work to be done
 - Assign task responsibilities
 - Sets clear work standards
 - Urges task completion
 - Monitors performance results

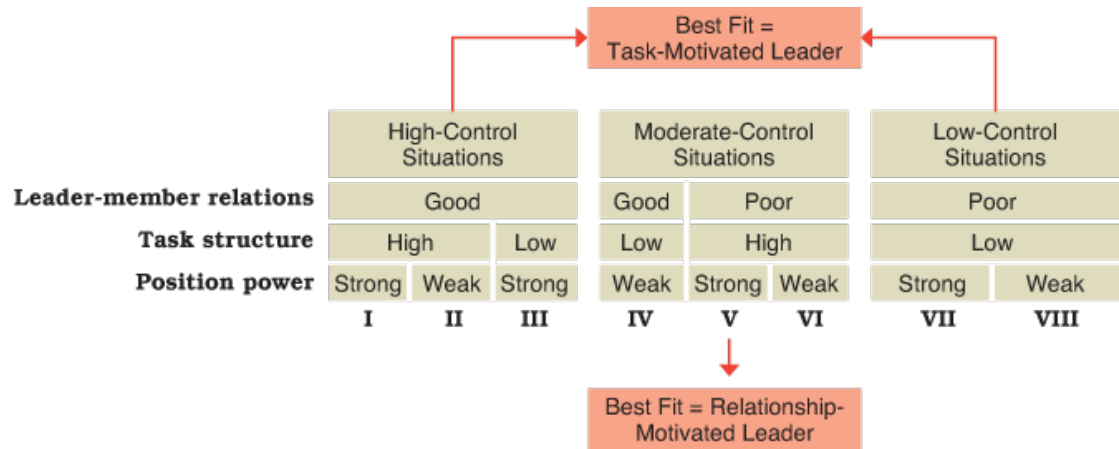
 - o People concerns:
 - Acts warm and supportive toward followers
 - Develops social rapport with followers
 - Respects the feelings of followers
 - Is sensitive to the followers` needs
 - Shows trust in followers

 - o Managerial styles in Blake and Mouton`s Leadership Grid:



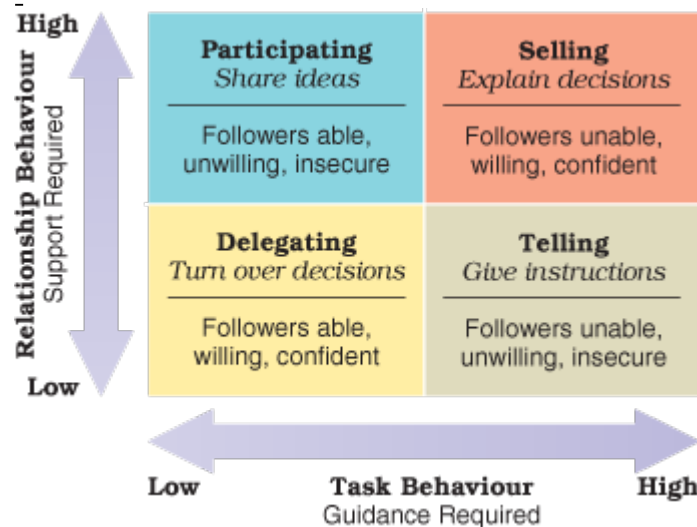
- **Classic leadership styles:**

- - o Autocratic style:
 - Emphasizes tasks over people, keeps authority and information within the leader's tight control, and acts in a unilateral command-and-control fashion
 - o Laissez-faire style:
 - Shows little concern for the tasks, lets the group make decisions, and acts with a "do the best you can and don't bother me" attitude
 - o Democratic style:
 - Committed to task and people, getting things done while sharing information, encouraging participation in decision making, and helping people develop skills and competencies
- **Contingency theories of leadership:**
 - - o Fiedler's contingency model:
 - - 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
 - One must use the leadership style that best fits 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 favourable (high control) situations
 - Very unfavourable (low control) situations
 - Relationship-oriented leaders are most successful in:
 - - Situations of moderate control
 - Summary predictions from Fiedler's contingency theory:
 -



o Hersey-Blanchard situational leadership model:

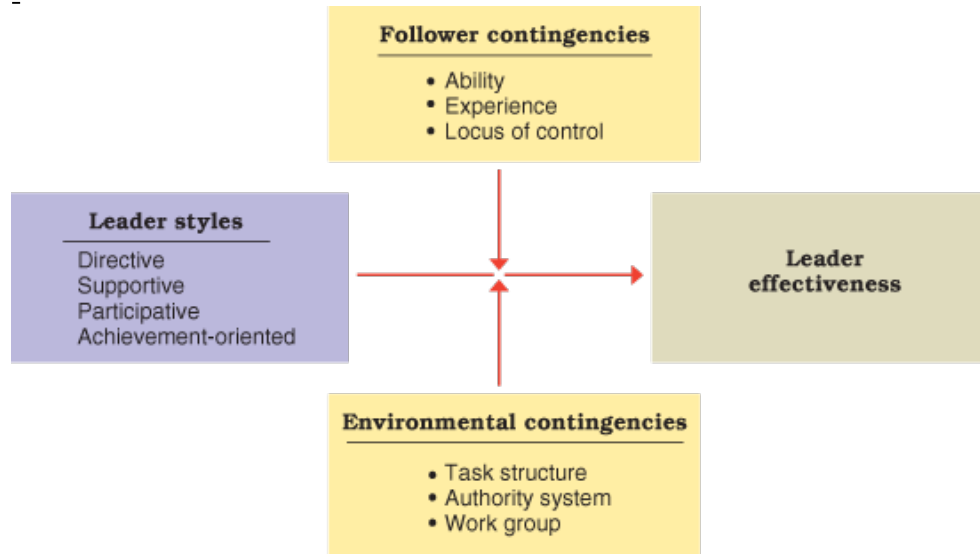
- Leaders adjust their styles depending on the readiness of their followers to perform in a given situation
- Readiness is defined as how able, willing, and confident followers are in performing tasks
- Leadership implications of the Hersey-Blanchard model:



o House`s path-goal leadership theory:

- 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
- Contingency relationships in the path-goal leadership theory:



o Vroom-Jago leader-participation theory:

- 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
- Leadership implications of the Vroom-Jago leader-participation theory:



- **Transformational leadership:**
 -
 - o Superleaders
 - o Charismatic leaders
 - o Transactional leadership
 - o Transformational leadership
 - o Characteristics of transformational leaders:
 - Vision
 - Charisma
 - Symbolism
 - Empowerment
 - Intellectual stimulation
 - Integrity

- **Current issues in leadership development**
 -
 - o Emotional intelligence
 - o Gender and relationship
 - o Drucker`s ``old fashioned`` leadership
 - o Moral leadership

GMS 200 Lecture 9 - Entrepreneurship and Small Business Management

- **Entrepreneurship:**
 -
 - o Strategic thinking and risk-taking behaviour that results in the creation of new opportunities for individuals and/or organizations

- **Entrepreneur:**
 -
 - o 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:**
 -
 - o Internal locus of control
 - o High energy level
 - o High need for achievement
 - o Tolerance for ambiguity
 - o Self confidence
 - o Passion and action-orientation
 - o Self-reliance and desire for independence
 - o Flexibility

- **Harper (2003):**

- - o Entrepreneurship can be a function of self efficacy (Chen, 1998) and locus of control (Rotter, 1966)
 - o Self-efficacy : competence
 - o Locus of control : contingency
 - o Personal agency belief (Entrepreneur) is a multiplicative function = self efficacy * locus of control

- **Typical entrepreneurial backgrounds and experiences:**

- - o Parents were entrepreneurs or self-employed
 - o Family encourages responsibility, teamwork, independence
 - o Have tried more than one business venture
 - o Having a relevant personal or career experience
 - o Become entrepreneurs between 22-45 years of age
 - o Have strong interests in creative production and enterprise control
 - o Seek independence and sense of mastery

- **Common myths about entrepreneurs:**

- - o Entrepreneurs are born, not made
 - o Entrepreneurs are gamblers
 - o Money is the key to entrepreneurial success
 - o You have to be young to be an entrepreneur
 - o You must have a degree in business to be an entrepreneur

- **Characteristics of small businesses:**

- - o Small businesses:
 - - 100 or fewer employees
 - Independently owned and operated
 - 50% of the private labour force works in small businesses
 - Small businesses are established by:
 - - Starting a new business
 - Buying an existing business
 - Buying and running a franchise

- **Reasons why many small businesses fail:**

-
-



- **Starting a new venture:**

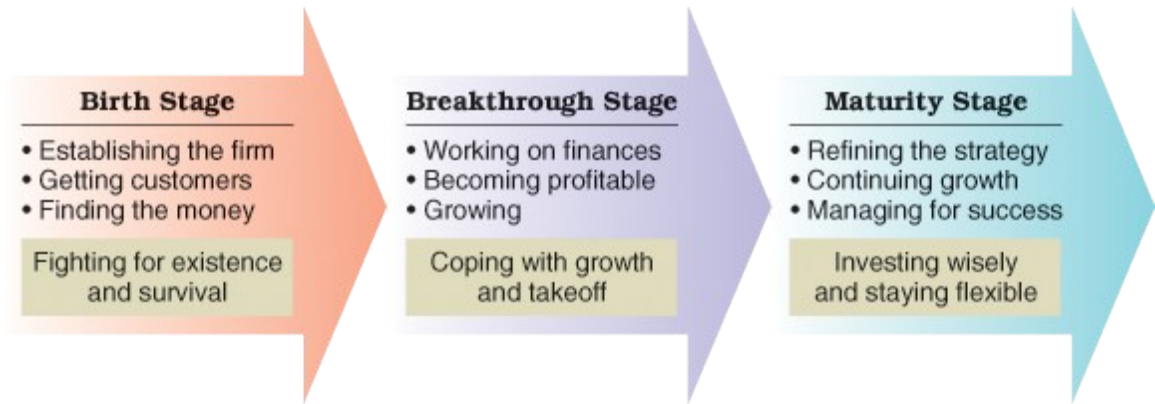
- o Important issues in new venture creation:

- Does the entrepreneur have good ideas and the courage to give them a chance?
- Is the entrepreneur prepared to meet and master the test of strategy and competitive advantage?
- Can the entrepreneur identify a market niche that is being missed by other established firms?
- Can the entrepreneur identify a new market that has not yet been discovered by existing firms?
- Can the entrepreneur generate first-mover advantage by exploiting a niche or entering a market before competitors?

- o Questions that keep a new venture focused on its customers:

- Who is your customer?
- How will you reach key customer market segments?
- What determines customer choices to buy or not buy your product or service?
- Why is your product or service a compelling choice for the customer?
- How will you price your product or service for the customer?
- How much does it cost to make and deliver your product or service?
- How much does it cost to attract a customer?
- How much does it cost to support and retain a customer?

- o Life cycle of entrepreneurial firms:



- Each stage poses different managerial challenges and requires different managerial competencies as shown in the image above
- o Basic items that should be included in a business plan:
- - Executive summary
 - Industry analysis
 - Company description
 - Product and services description
 - Market description
 - Marketing strategy
 - Operations description
 - Staffing description
 - Financial projection
 - Capital needs
 - Milestones
- o Forms of legal ownership:
- - Sole proprietorship
 - Partnership
 - General partnership
 - Limited partnership
 - Limited liability partnership (LLP)
 - Corporation
 - Limited liability corporation (LLC)
- o Financing a new venture:
- - Sources of outside financing:
 - - Debt financing
 - Equity financing

- Equity financing alternatives:
 - - Venture capitalists
 - Initial public offerings (IPOs)
 - Angel investors
- **Resources that support entrepreneurship and business development:**
 - - o Promoting entrepreneurship in large enterprises:
 - Intrapreneurship
 - Skunkworks
 - o Business incubators
 - o Small Business Development Centers

GMS 200 Lecture 10 - Organizational Structures and Design

April-02-13

3:02 PM

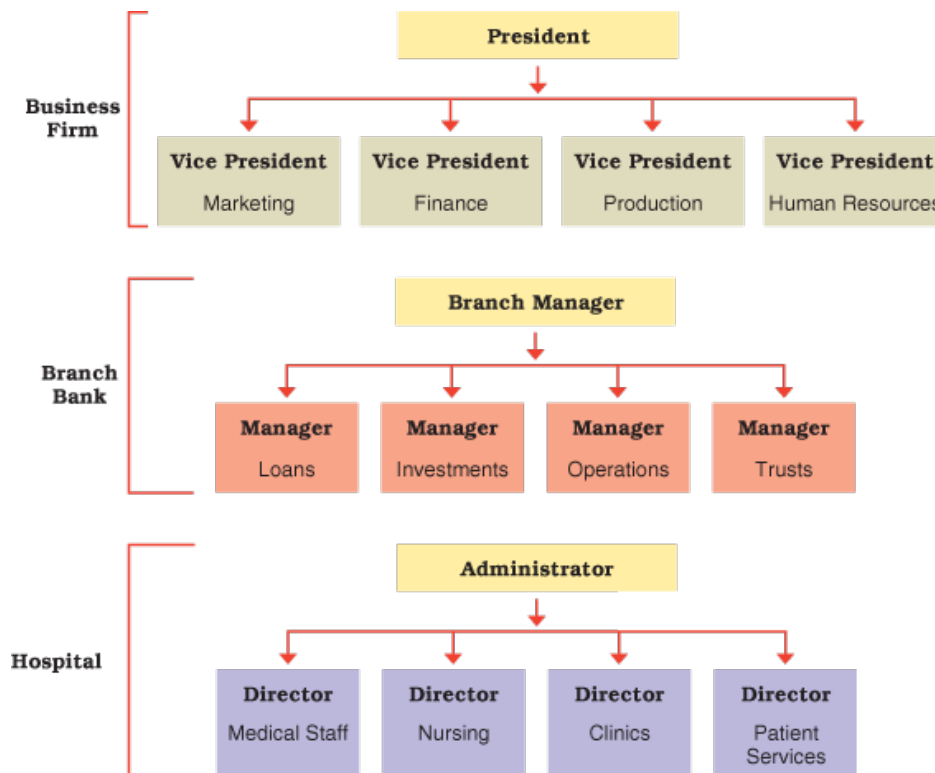
- **Organizing - a management function:**
 - - o Organizing
 - o Organization structure
 - o Formal structures
 - o Informal structures



- **Types of organizational structures:**
 - - o Functional, Divisional, and Matrix structures

0 Functional structures:

- People with similar skills and performing similar tasks are grouped together into formal work units
 - Members work in their functional areas of expertise
 - Are not limited to businesses
 - Works well for small organizations producing few products and services
-
- Functional structures in a business, branch bank, and a community hospital:



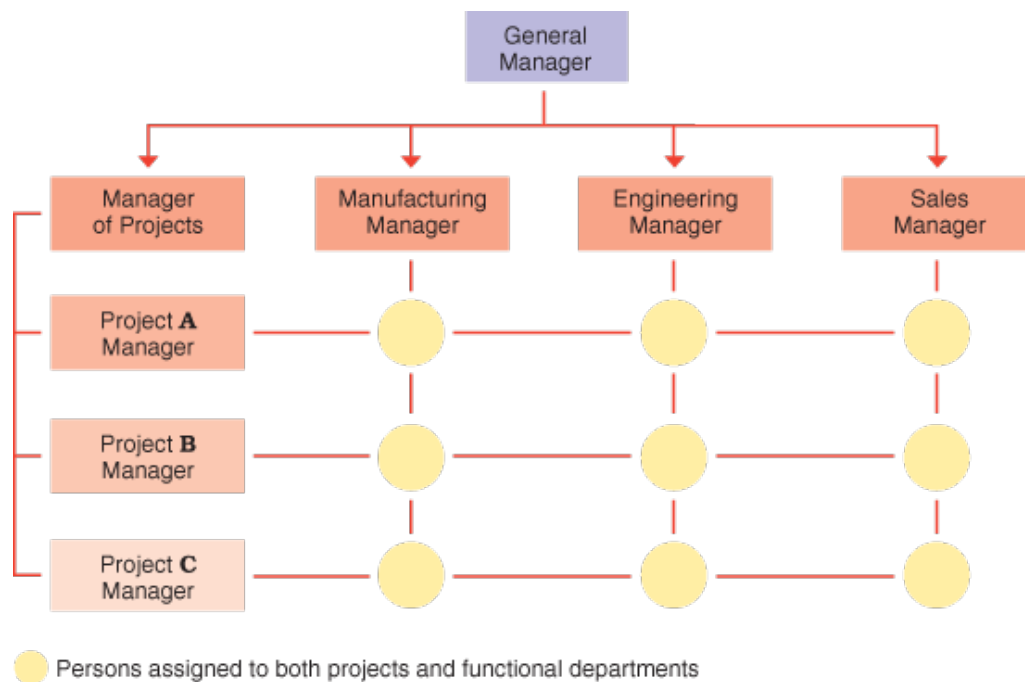
0 Divisional structures:

- Groups together people who work on the same product or process, serve similar customers, and/or are located in the same area or geographical region
 - Common in complex organizations
 - Avoids problems associated with functional structures
 - Product structures focus on a single product or service
 - Geographical structures focus on the same location or geographical region
 - Customer structures focus on the same customers or clients
 - Process structures focus on the same processes
- Divisional structures based on product, geography, the customer, and process:

Type	Focus	Example
Product	Good or service produced	
Geographical	Location of activity	
Customer	Customer or client serviced	
Process	Activities part of same process	

o Matrix structure:

- Combines functional and divisional structures to gain advantages and minimize disadvantages of each
- Matrix structure in a small, multi-project business firm:



- **New developments in organizational structures:**

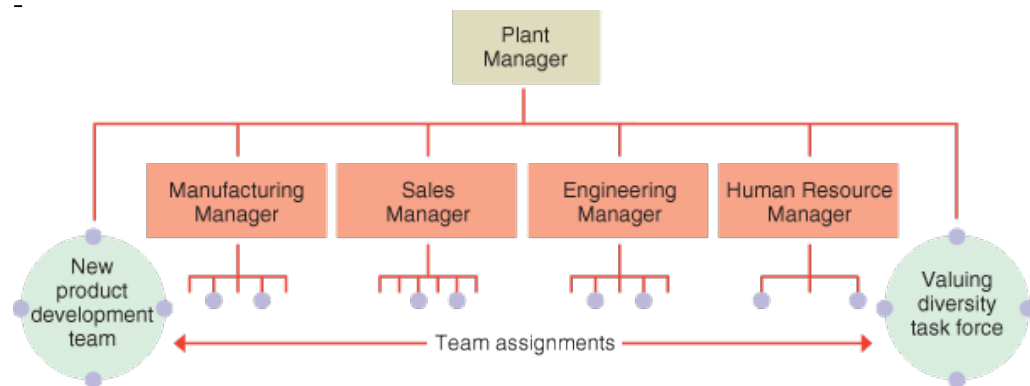
- o **Guidelines for horizontal structures:**

- Focus the organization around processes, not functions
 - Put people in charge of core processes
 - Decrease hierarchy and increase the use of teams
 - Empower people to make decisions critical to performance
 - Utilize information technology
 - Emphasize multiskilling and multiple competencies
 - Teach people how to work in partnership with others
 - Build a culture of openness, collaboration, and performance commitment

- o **Team structures:**

- Extensively use permanent and temporary teams to solve problems, complete special projects, and accomplish day-to-day tasks
 - Often use cross-functional teams

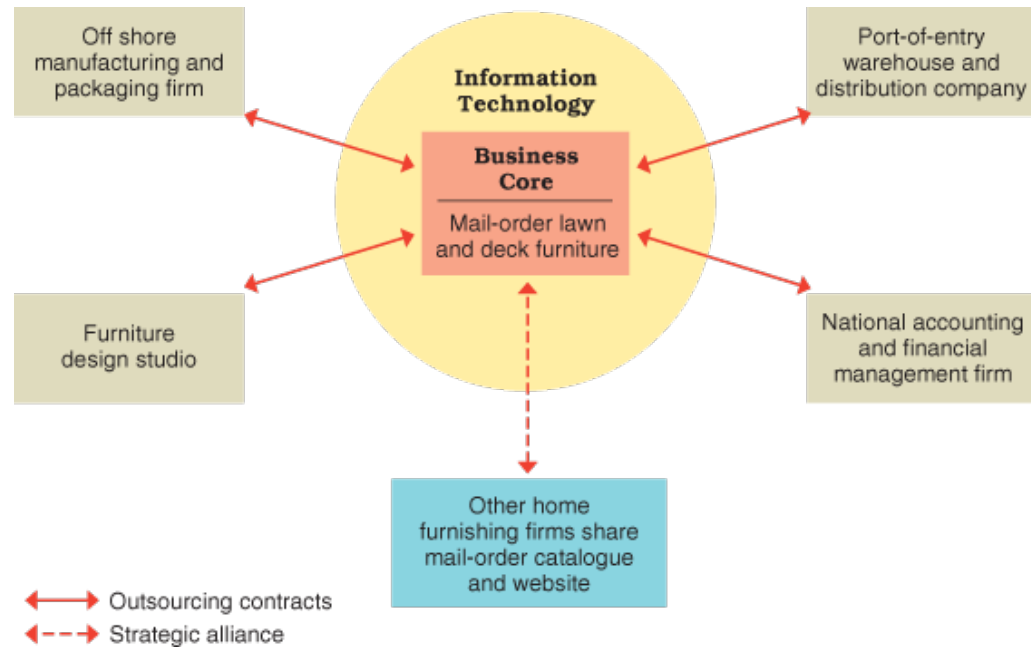
- **How a team structure uses cross-functional teams for improved lateral relations:**



- o **Network structures:**

- A central core that is linked through networks of relationships with outside contractors and suppliers of essential services
 - Own only core components and use strategic alliances or outsourcing to provide other components

- **A network structure for a web-based retail business:**



- Outsourcing
- Deadly sins of outsourcing:
 - Outsourcing activities that are part of the core
 - Outsourcing to untrustworthy vendors
 - Not having good contracts with the vendor
 - Overlooking impact on existing employees
 - Not maintaining oversight; losing control to vendors
 - Overlooking hidden costs of managing contracts
 - Failing to anticipate need to change vendors, cease outsourcing

o Boundaryless organizations:

- Eliminate internal boundaries among subsystems and external boundaries with the external environment
- A combination of team and network structures, with the addition of "temporariness"
- Key requirements:
 - Absence of hierarchy
 - Empowerment of team members
 - Technology utilization
 - Acceptance of impermanence
- The organization trends that are changing the workplace:

- - o Contemporary organizing trends include:
 - - Shorter chains of command
 - Less unity of command
 - Wider spans of control
 - More delegation and empowerment
 - Decentralization with centralization
 - Reduced use of staff