

Management, Leadership, and the Internal Organization



**DO YOU KNOW OF ANY GOOD
MANAGERS?**

**ATTRIBUTES OF GOOD
MANAGERS?**

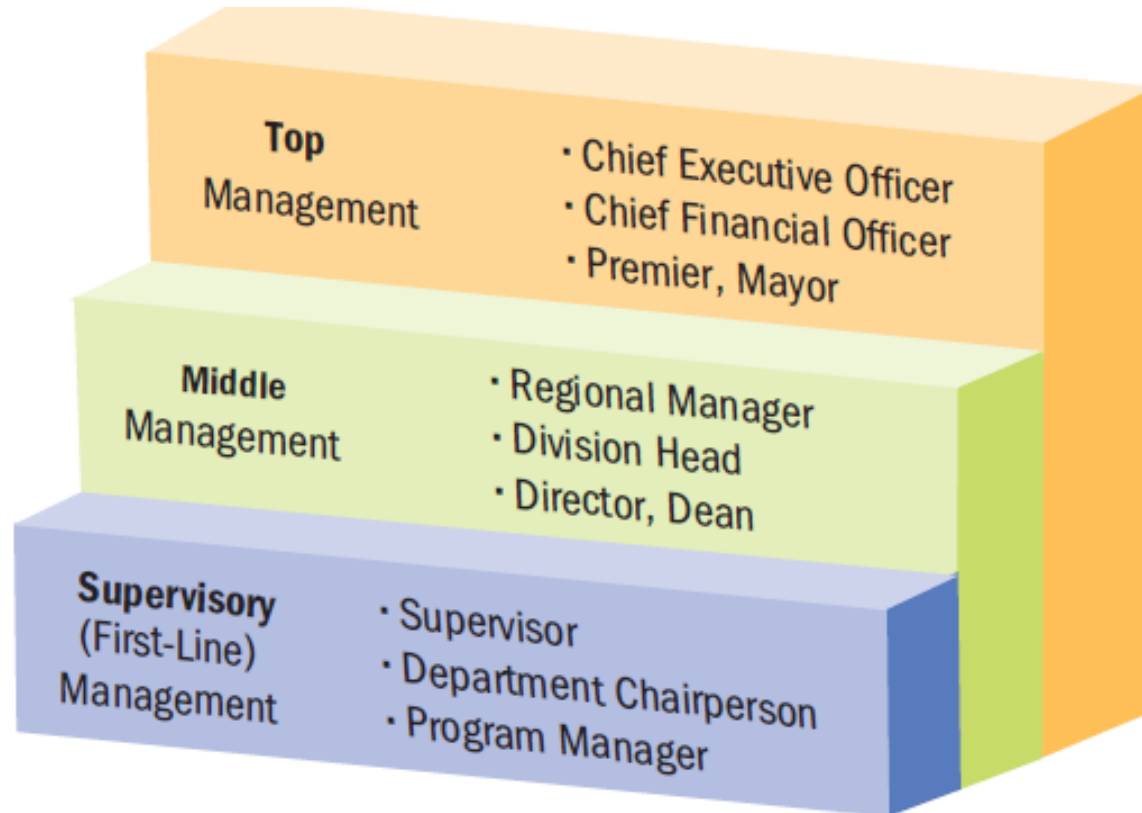
Outline

- Management Levels
- Management Skills
- Management Functions
 - Planning
 - Organizing
 - Leading
 - Controlling

What is Management?

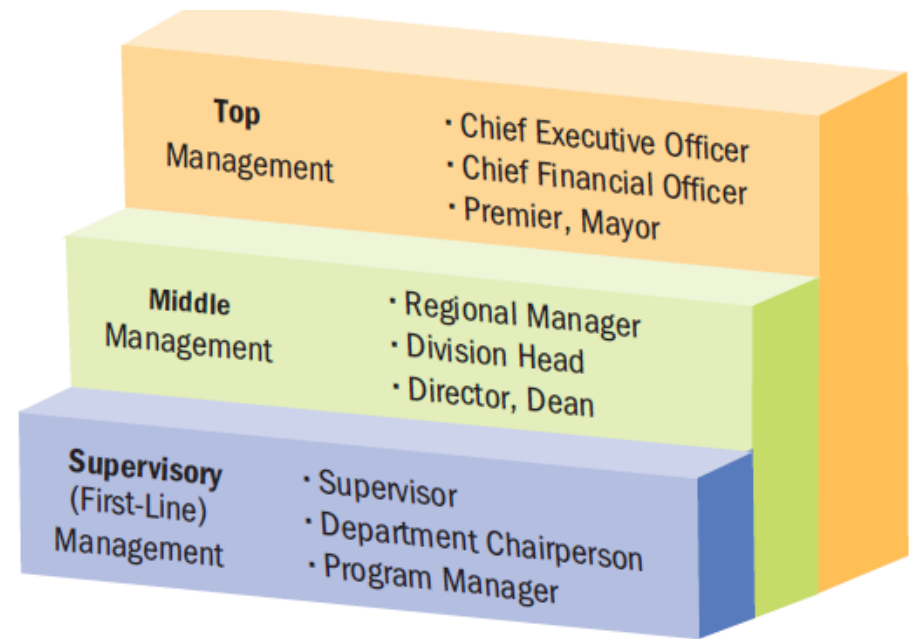
Management: The process of achieving organizational goals through people and other resources

Management Levels



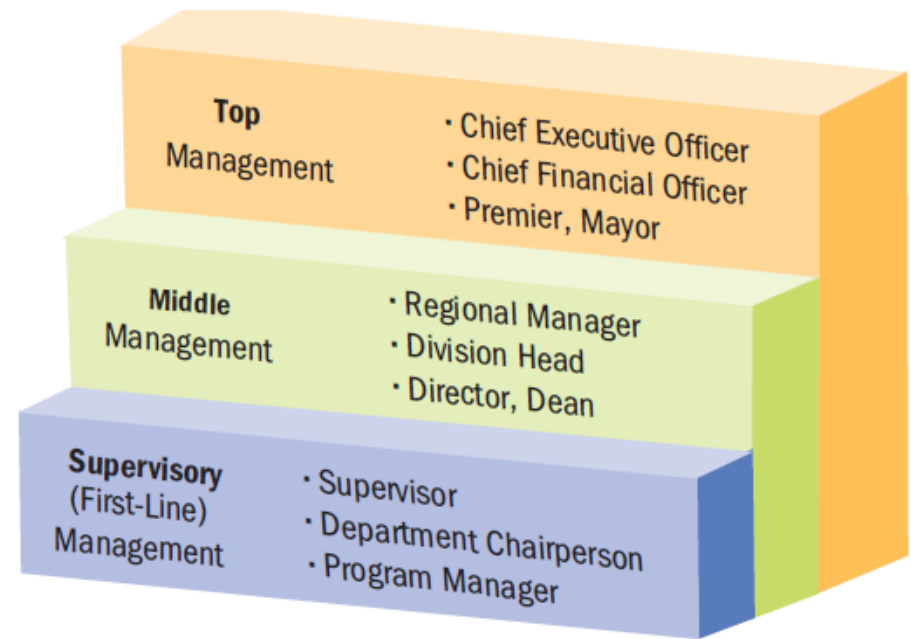
Top Management

- Develop **long-range strategic plans** for the organization.
- Inspire executives and employees to achieve their **vision** for the company's future.



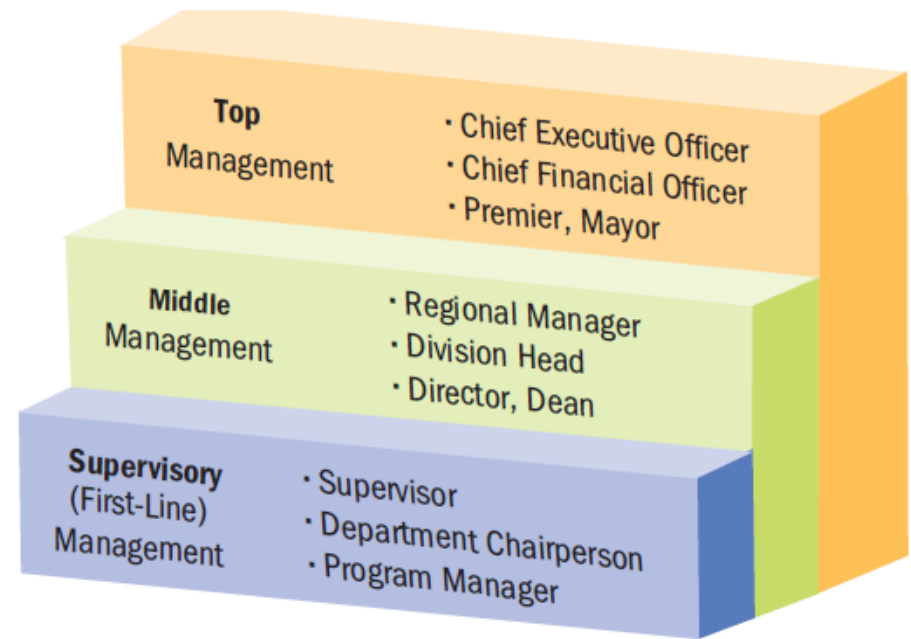
Middle Management

- Focus on specific **operations**, products, or customer groups within an organization.
- Responsible for developing **detailed plans and procedures** to implement the firm's strategic plans in their departments or business units.



Supervisory Management

- **Implement** the plans developed by middle managers.
- **Responsible for non-manager** employees.
- **Motivate workers** to accomplish daily, weekly, and monthly goals.



Management – Basic Requirements?

- Skills
- Functional Capabilities

SKILLS

Technical

Human

Conceptual

Skills Needed for Managerial Success

□ **Technical skills**

- Manager's ability to understand and use the techniques, knowledge, tools, and equipment of a specific department or area of study.

□ **Human skills**

- Interpersonal skills that enable a manager to work effectively with and through people.

□ **Conceptual skills**

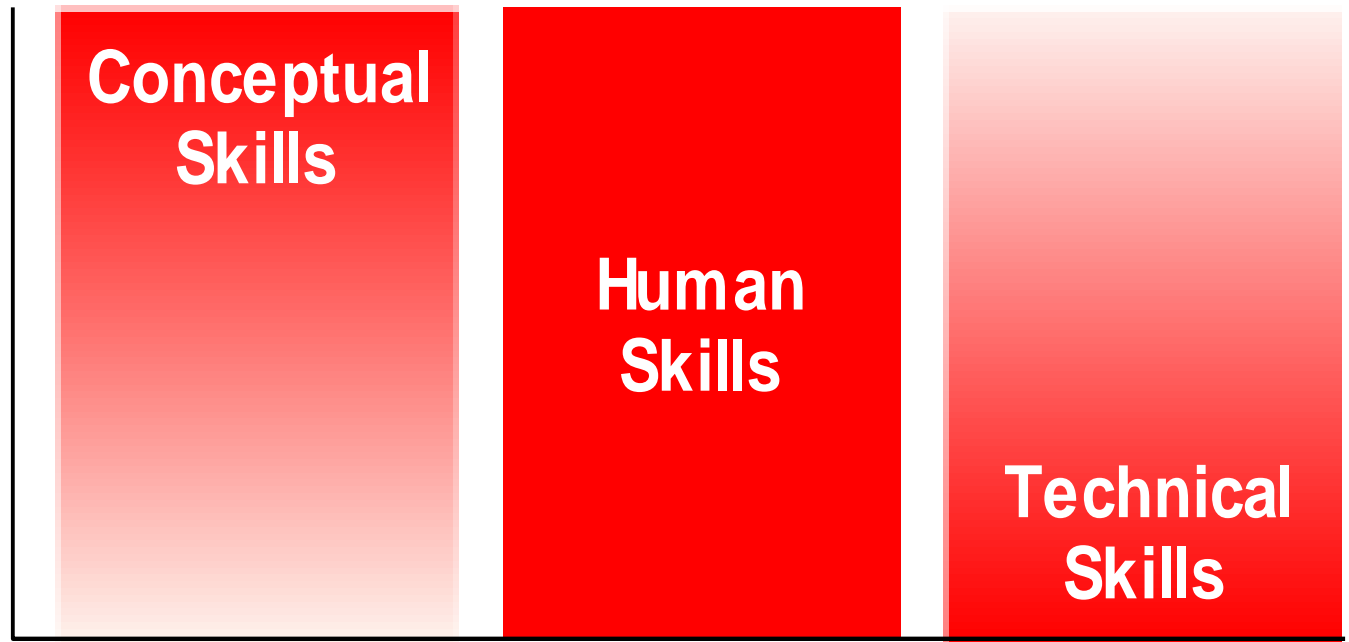
- Ability to see the organization as a unified whole and to understand how each part of the overall organization interacts with other parts.

Skills Required for Management Job

**Top
Managers**

**Middle
Managers**

**Lower-level
Managers**



 **Importance**

FUNCTIONAL CAPABILITIES

Planning

Organizing

Leading

Controlling

Managerial Functions

Planning

- The process of looking forward to future events and conditions and deciding on the courses of action for achieving organizational goals.

Organizing

- The process of blending human and material resources through a formal structure of tasks and authority.

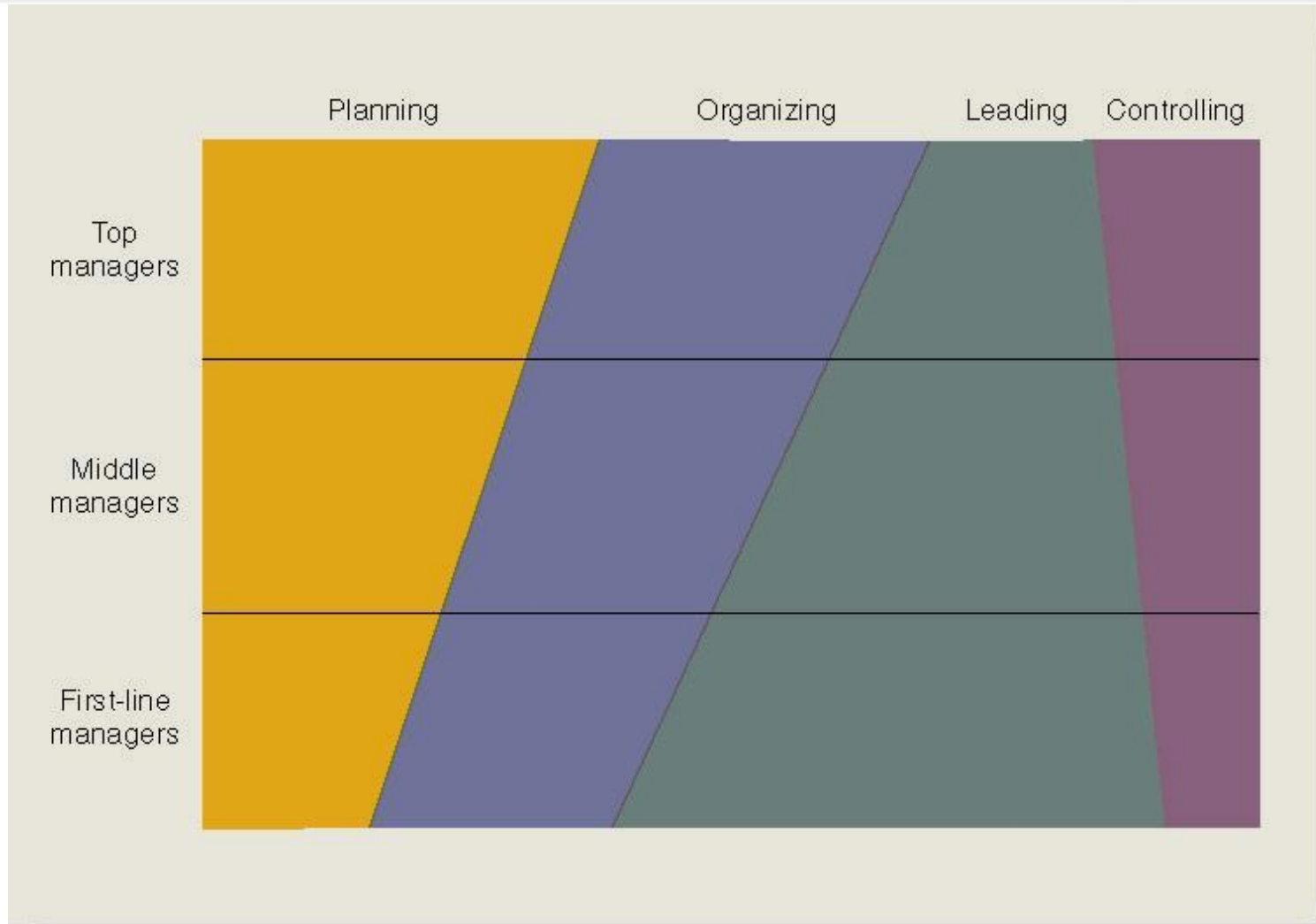
Directing

- Guiding and motivating employees to accomplish organizational goals.

Controlling

- The function of assessing an organization's performance against its goals.
- Involves four basic steps:
 1. Setting performance standards
 2. Monitor actual performance
 3. Compare actual performance with the standards
 4. Making corrections if needed

Manager's Time Spent on Functions





Examples of

TOP MANAGEMENT CHARACTERISTICS

Attributes of Top CEOs

- **Do the majority of the top CEOs have an MBA.**
 - True, False
- **What percentage of the top CEOs have engineering degrees?**
 - 9%, 24%, 39%, 75%
- **How many women are in the top 100 CEOs?**
 - 0, 2, 5, 13
- **How much does the average CEO make in the top 100?** (Including salary, bonuses, stock and option awards, and other pay)
- \$7 million, \$16 million, \$20 million, \$34 million

Source - HBR review of the top 100 CEOs

Top CEO Rankings

(2014 Harvard List)

Ranking	CEO	Firm	MBA	Engineer
1	Jeffrey Bezos	Amazon	No	Yes
2	John Martin	Gilead Sciences	Yes	Yes
3	John Chambers	Cisco Systems	Yes	No
4	David Pyott	Allergan	Yes	No
5	David Simon	Simon Property Group	Yes	No
6	Lars Rebien Sørensen	Novo Nordisk	No	No
7	Hugh Grant	Monsanto	Yes	No
8	J. Michael Pearson	Valeant Pharmaceuticals	Yes	Yes
9	Mark Donegan	Precision Castparts	No	No
10	William Doyle	PotashCorp	No	No

(Rankings compiled using 7 year performance)

Top Managers

- **Top 10**

- 60% have MBAs
- 30% have engineering degrees

- **Top 100**

- Over $\frac{1}{4}$ have an MBA
- Almost $\frac{1}{4}$ have an engineering degree.
- Only 2 women in top 100

(Note: 22 countries represented in CEOs – Americans represent the majority)

Top CEO Remuneration Rankings

Comp Ranking	Leaders' Name	Company	CEO Rank	Total Compensation
1	Robert Iger	Walt Disney	60	\$34,321,055
2	David Zaslav	Discovery Communications	77	\$33,349,798
3	Marc Benioff	Salesforce.com	15	\$31,333,332
4	Fabrizio Freda	Estée Lauder	81	\$31,069,648
5	John Hammergren	McKesson	53	\$25,032,775
6	Monty Moran	Chipotle Mexican Grill	63	\$24,397,054
7	Alexander Cutler	Eaton	34	\$23,087,809
8	Brian Jellison	Roper Industries	99	\$21,368,796
9	John Chambers	Cisco Systems	3	\$21,049,501
10	Carol Meyrowitz	TJX	51	\$20,720,802

Remuneration Rankings

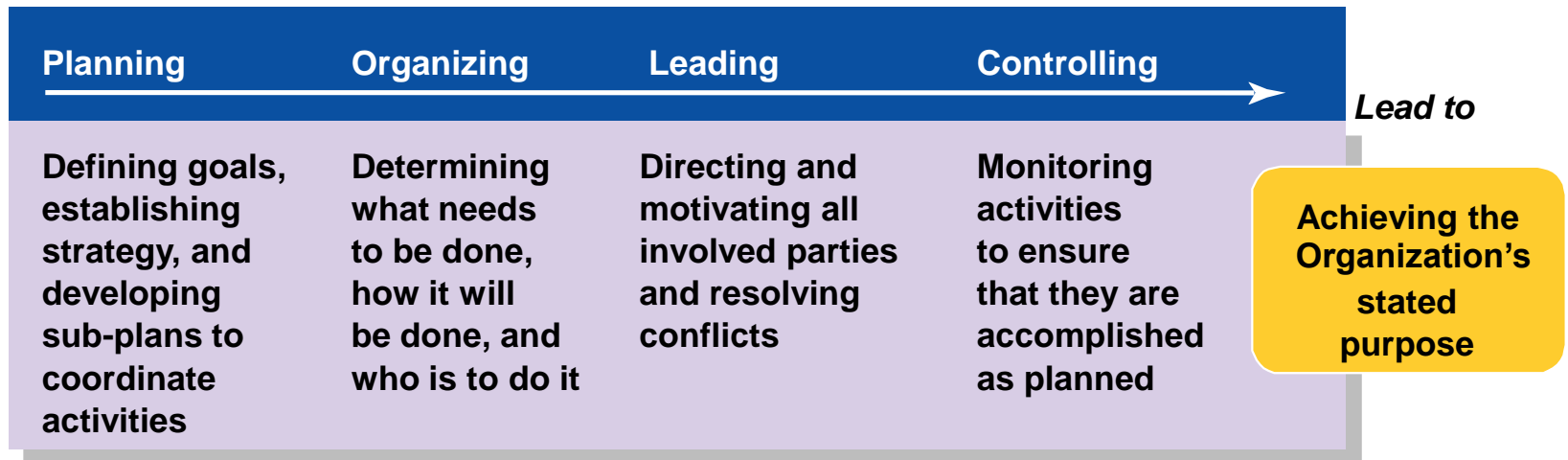
- Average salary is just under \$20 million.
- Reputation is not correlated with pay.
- Performance is not correlated with pay
- Pay is not statistically correlated with rank on the list (i.e., top 100).



Process of Management

MANAGERIAL FUNCTIONS

Management Functional Process



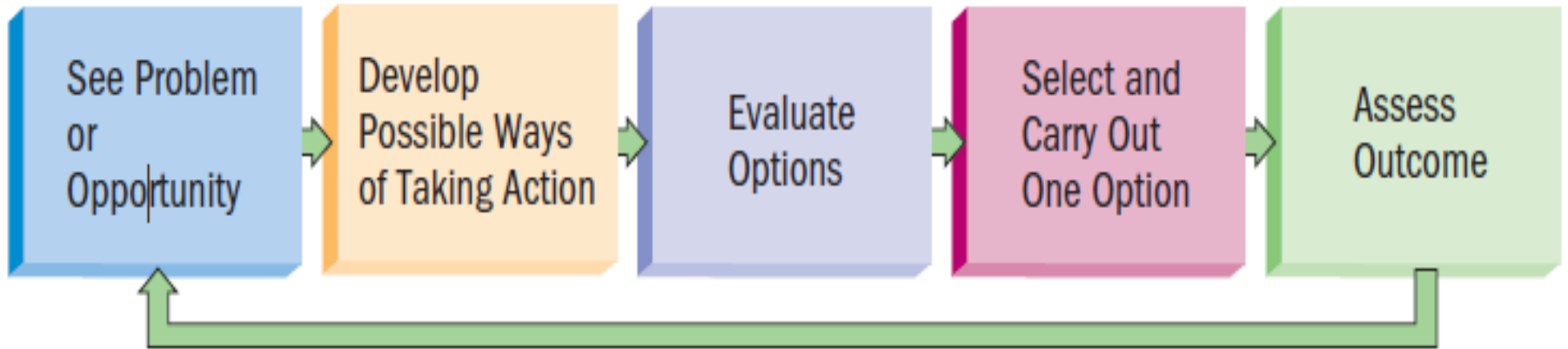


PLANNING

Managers as Decision Makers

- **Decision making:** The process of seeing a problem or opportunity, assessing possible solutions, selecting and carrying out the best-suited plan, and assessing the results

Decision Making Process



Types of Decisions

- A **programmed decision** involves simple, common, and frequently-occurring problems that already have solutions.
- A **non-programmed decision** involves a complex and unique problem or opportunity with important results for the organization.



WHAT ARE SOME KEY DECISIONS IN BUSINESS

Setting a Vision and Ethical Standards for the Firm

- **Vision:** The ability to **perceive marketplace needs** and what an **organization must do to satisfy them**
 - Must be focused yet adaptable to changes in the business environment.

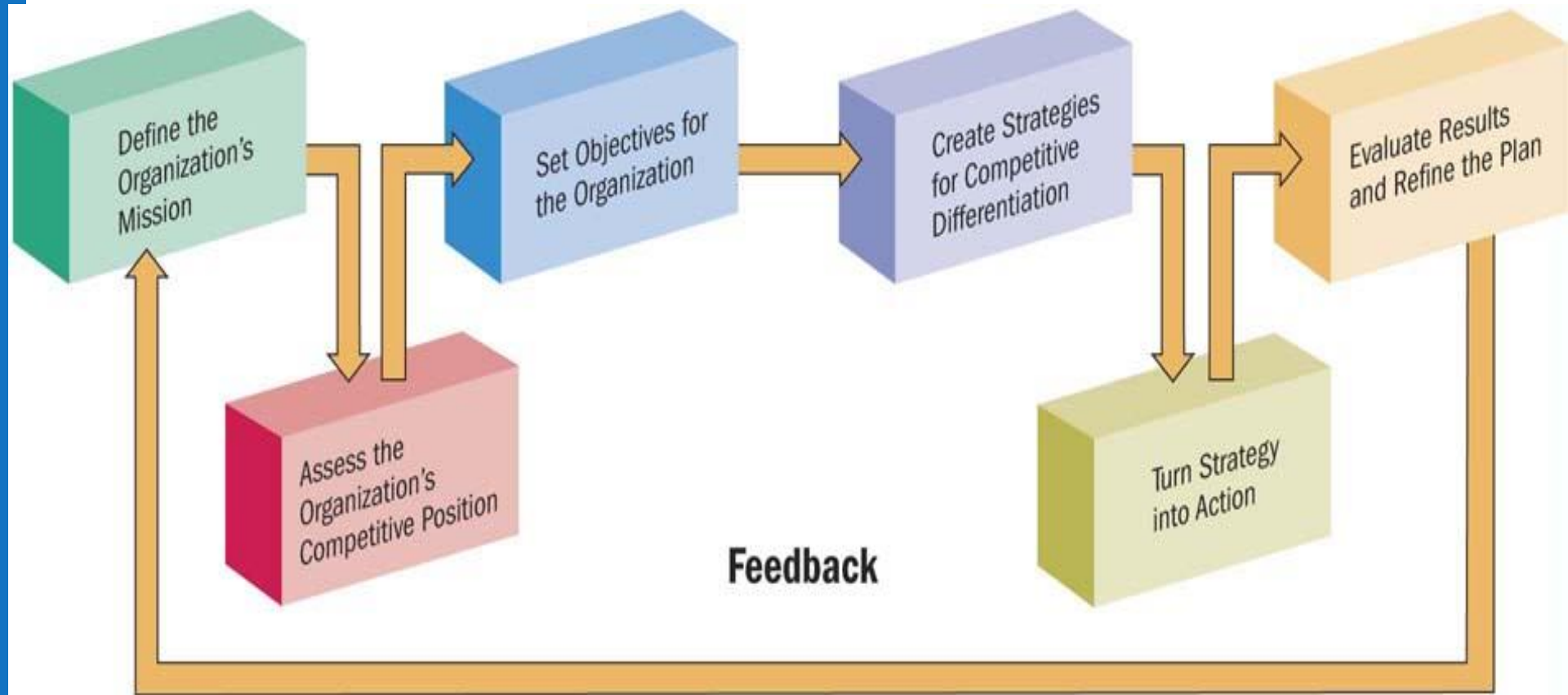
Amazon Vision Statement

- Amazon: “Our vision is to be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.”

THERE ARE DIFFERENT TYPES AND LEVELS OF PLANS

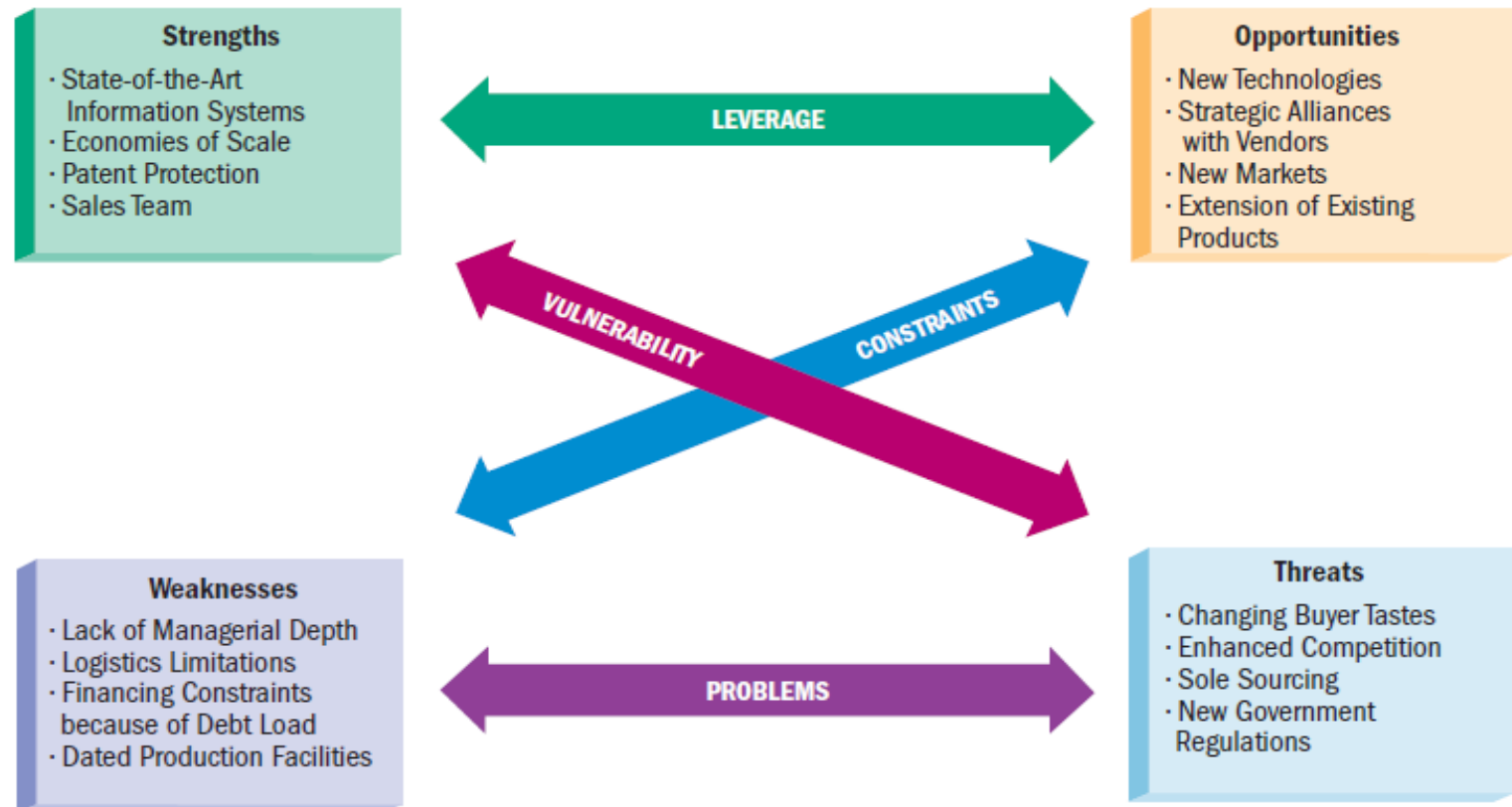
PRIMARY TYPE OF PLANNING	MANAGERIAL LEVEL	EXAMPLES
Strategic	Top management	Organizational objectives, fundamental strategies, long-term plans
Tactical	Middle management	Quarterly and semi-annual plans, departmental policies and procedures
Operational	Supervisory management	Daily and weekly plans, rules, and procedures for each department
Contingency	Primarily top management, but all levels contribute	Ongoing plans for actions and communications in an emergency

Strategic Planning Process



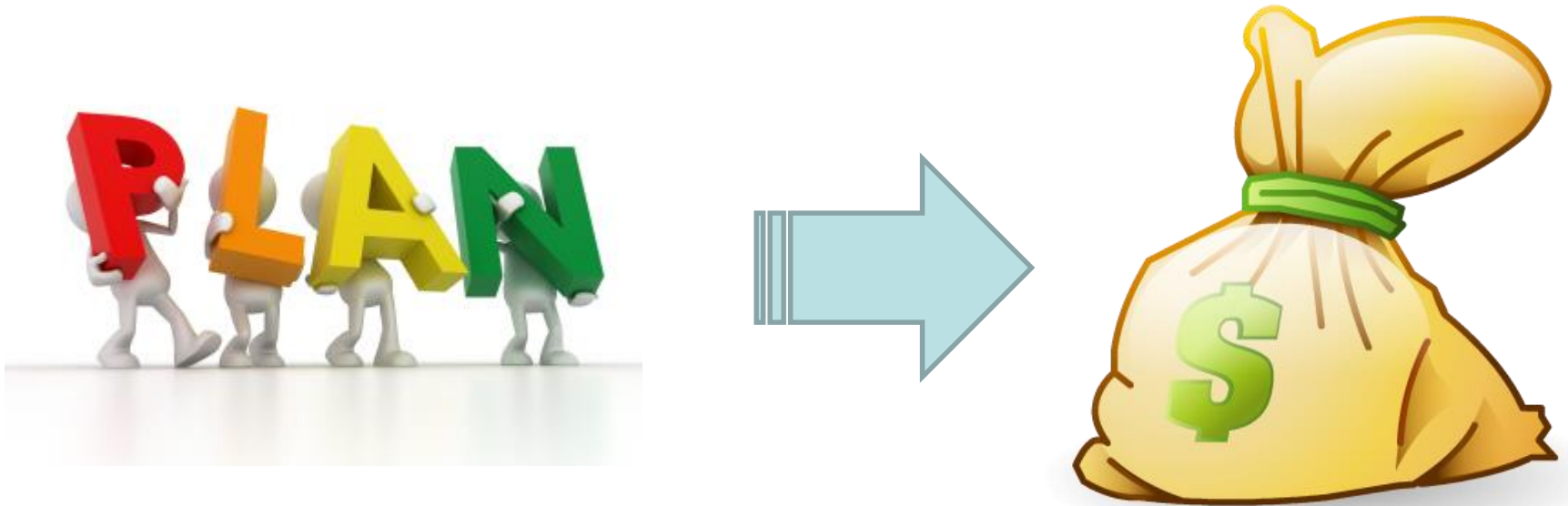
Elements of SWOT Analysis

- SWOT stands for *strengths*, *weaknesses*, *opportunities*, and *threats*
 - By assessing all four factors one by one, a firm can then develop the best strategies for gaining a competitive advantage



Research shows

- Firms that spend more effort on effective planning have higher profits





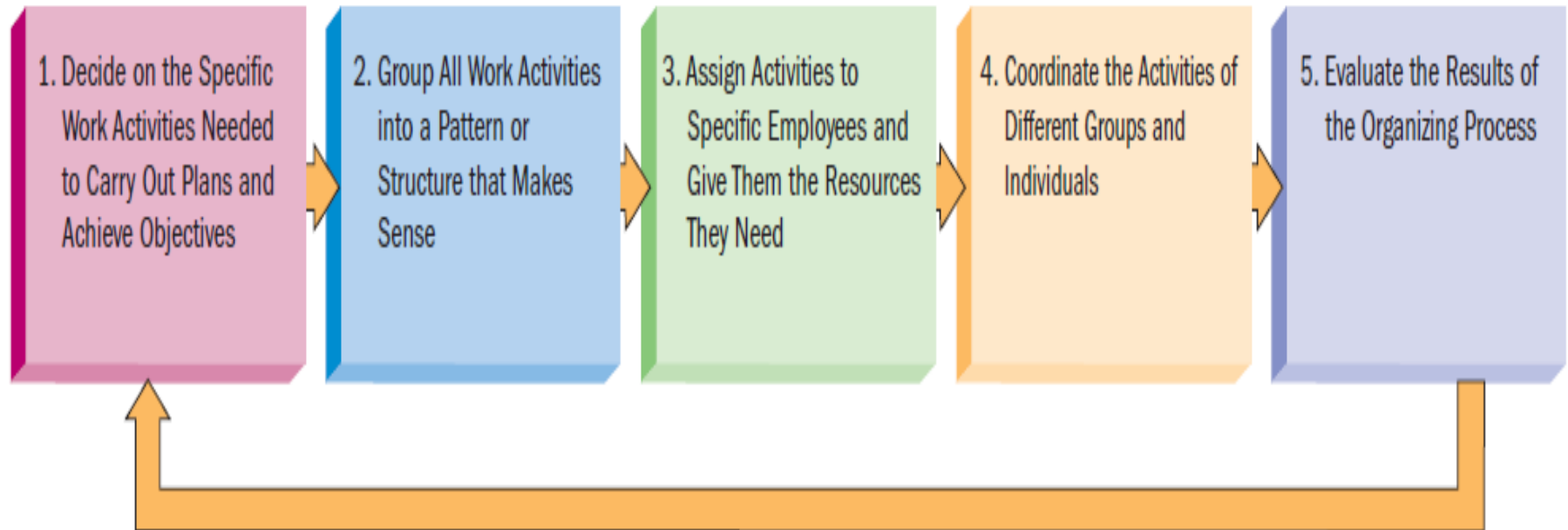
ORGANIZING

Developing Organizations

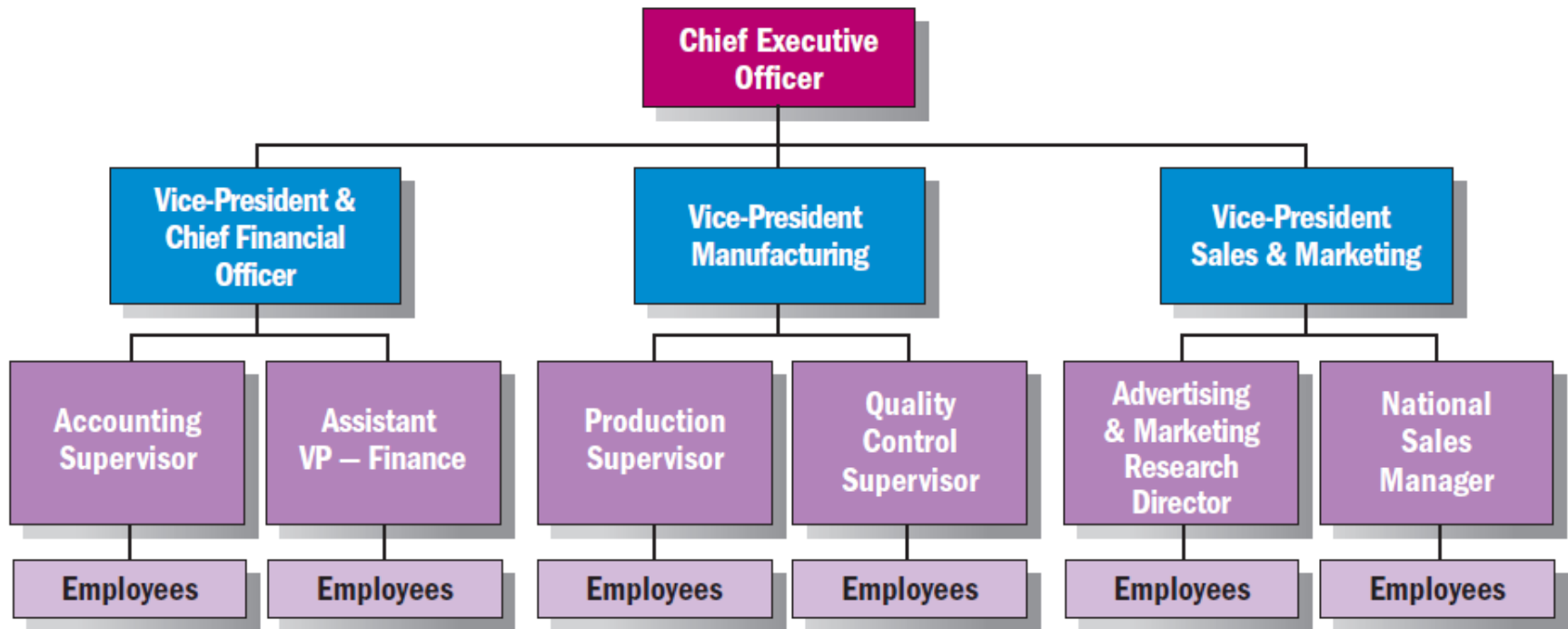
- **Organization:** A structured group of people working together to achieve common goals

- Three key elements:
 - Human interaction
 - Goal-directed activities
 - Structure

The Process of Organizing



Sample Organizational Chart

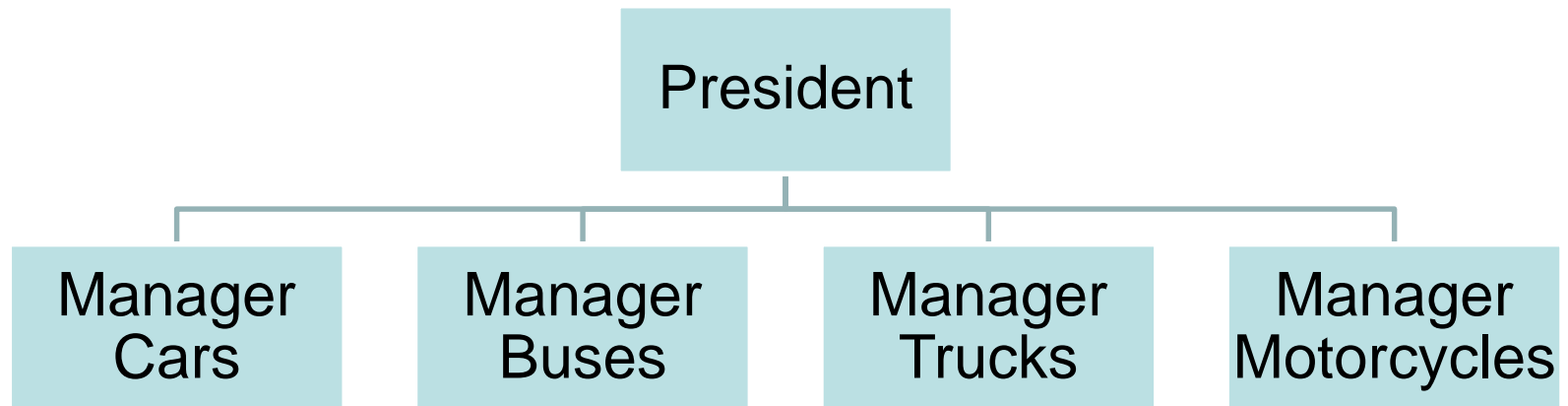


Departmentalization (Org. Structures)

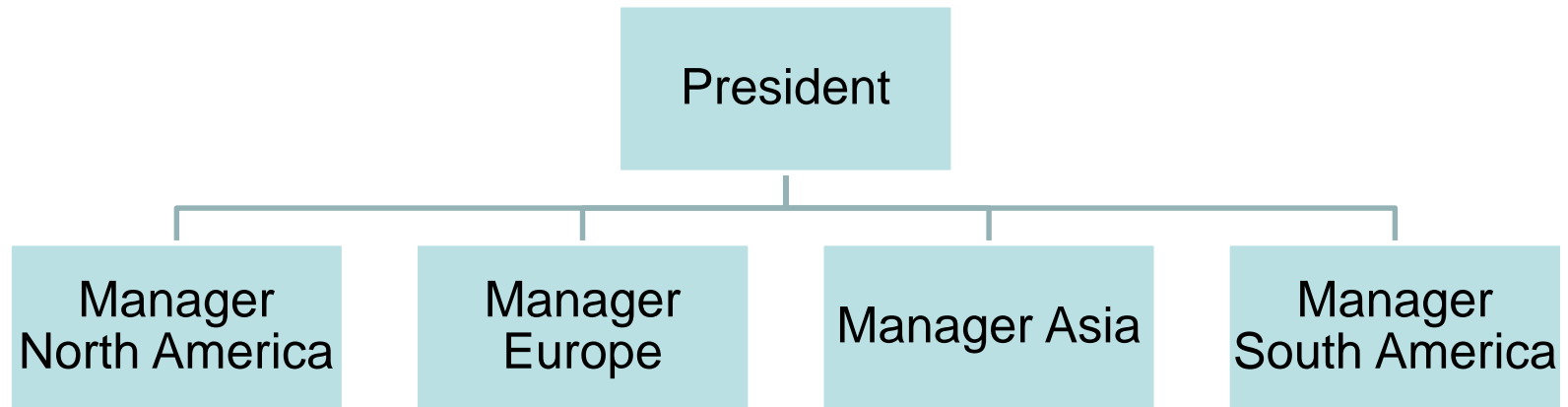
The process of dividing work activities into units within the organization

- **Product departmentalization:** Organized based on the goods and services a company offers.
- **Geographical departmentalization:** Organized by geographical regions within a country or, for a multinational firm, by region throughout the world.
- **Customer departmentalization:** Organized by the different types of customers the organization serves.
- **Functional departmentalization:** Organized by business functions such as finance, marketing, human resources, and production.
- **Process departmentalization:** Organized by work processes necessary to complete production of goods or services.

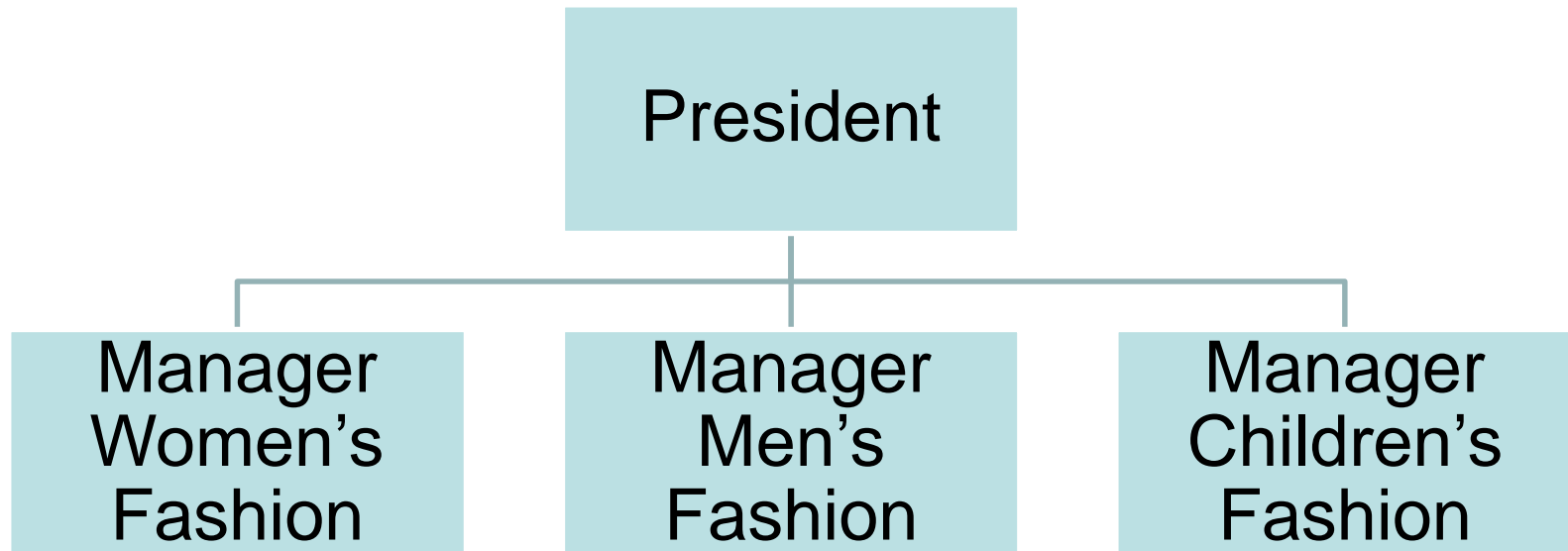
Product Departmentalization



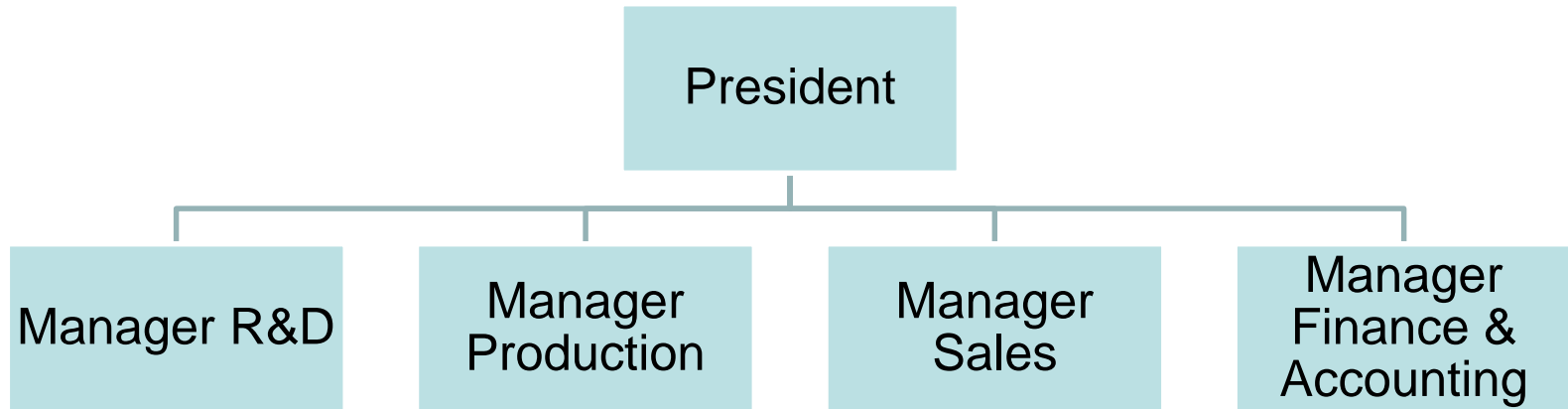
Geographic Departmentalization



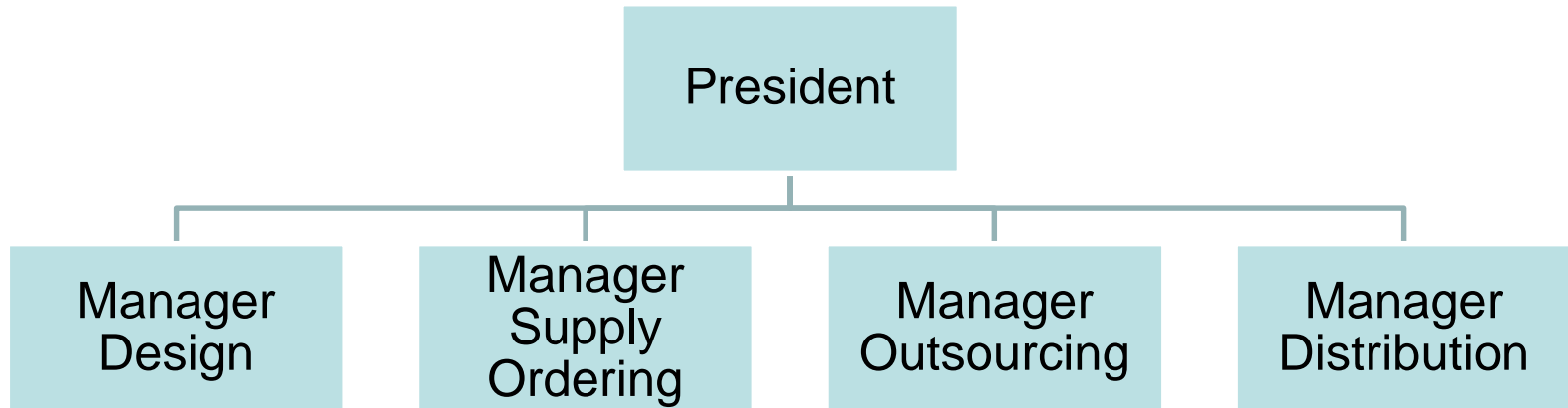
Customer Departmentalization



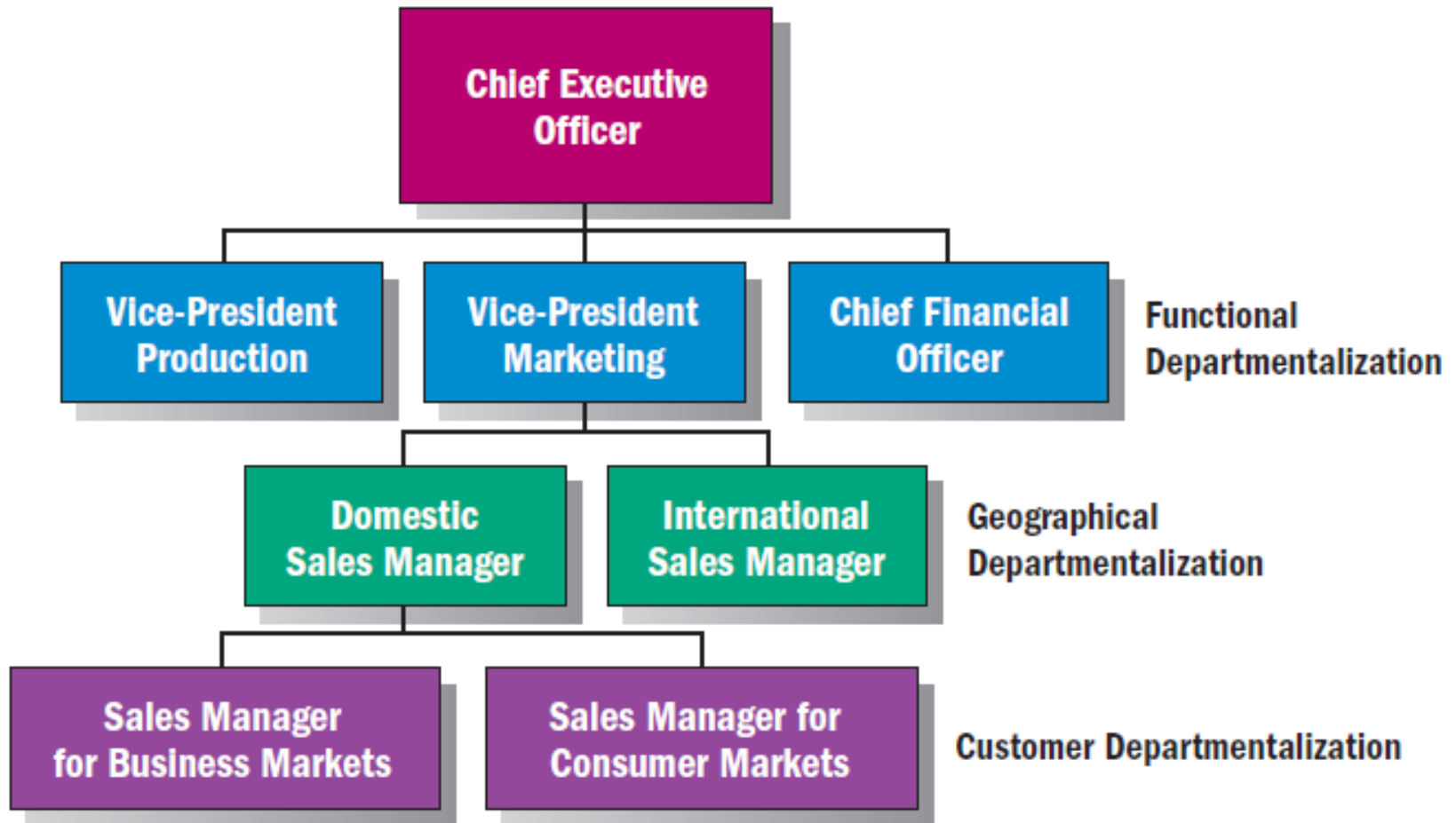
Functional Departmentalization



Process Departmentalization



Different Levels of Departmentalization



Delegating Work Assignments

- **Delegation:** The managerial process of assigning work to employees.
 - Providing employees with the responsibility and necessary authority for completing tasks.
 - Employees have accountability, or responsibility, for their actions and decisions.
- **Span of management** is the number of employees a supervisor manages.
- **Centralization** means that decision-making is retained at the top of the management hierarchy.
- **Decentralization** means that decision-making is shifted to the lower levels. Many firms believe it enhances their flexibility and responsiveness to customer needs.

Types of Organizational Structures

Line organizations

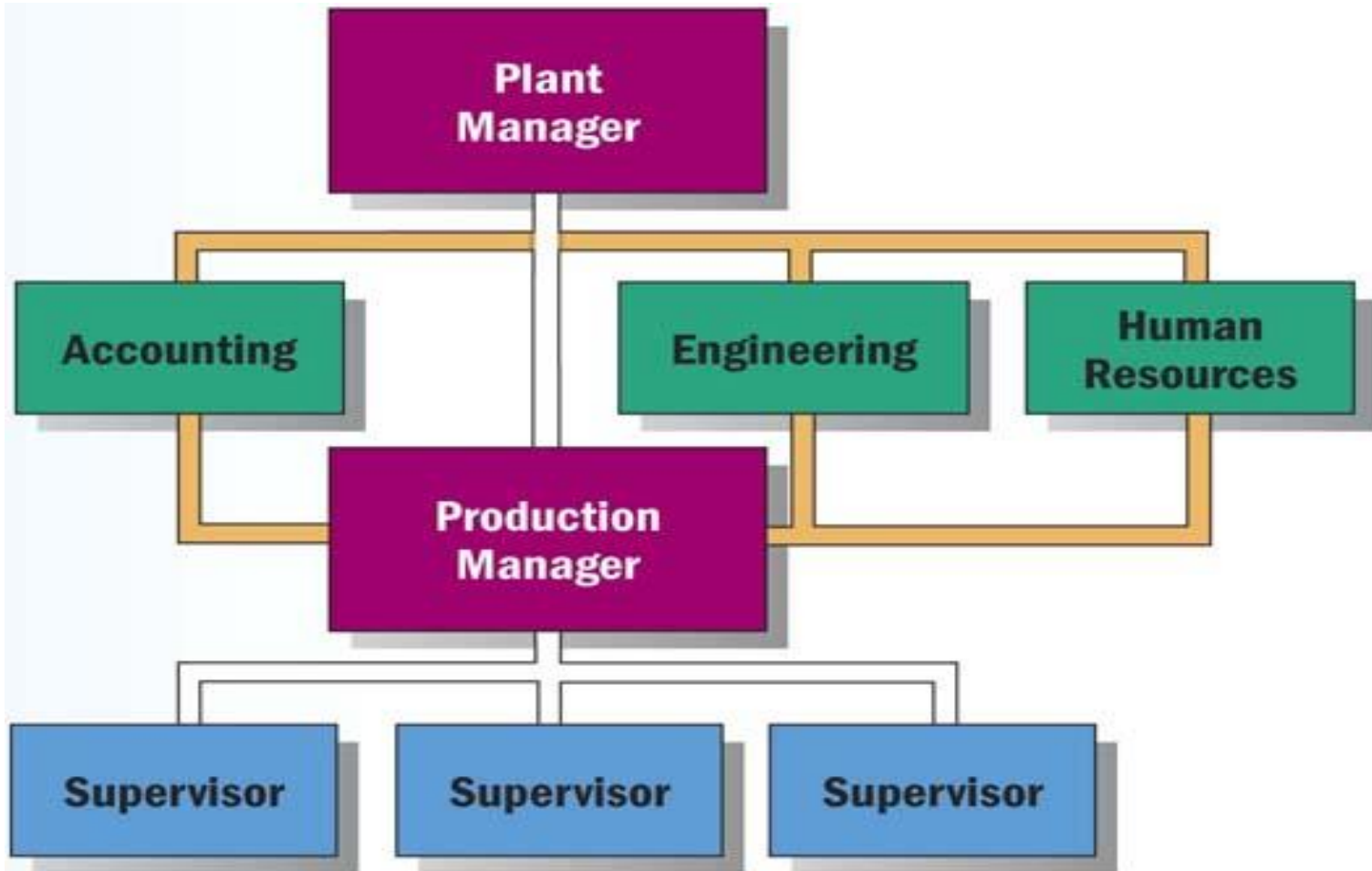
- Oldest and simplest form; direct flow of authority from CEO to employees.
- Chain of command indicates who directs which activities and who reports to whom.

Line-and-staff organizations

- Combines line departments and staff departments.
- Line departments participate directly in decisions that affect the core operations of the organization.
- Staff departments lend specialized technical support.



Line-and-Staff Organizations



— Line Relationships
— Staff Relationships

Committee (or team) in Organizations

- Authority and responsibility are in the hands of a groups.
- Often part of a line-and-staff structure.
- Often develop innovate, or new products, or create or do new things.
- Tend to act slowly and conservatively.
- Often make decisions by compromising conflicting interests rather than choosing best alternative.



Matrix Organizations

- Project management structure that links employees from different parts of the organization to work together on specific projects.
- Employees report to both a line manager and a project manager.

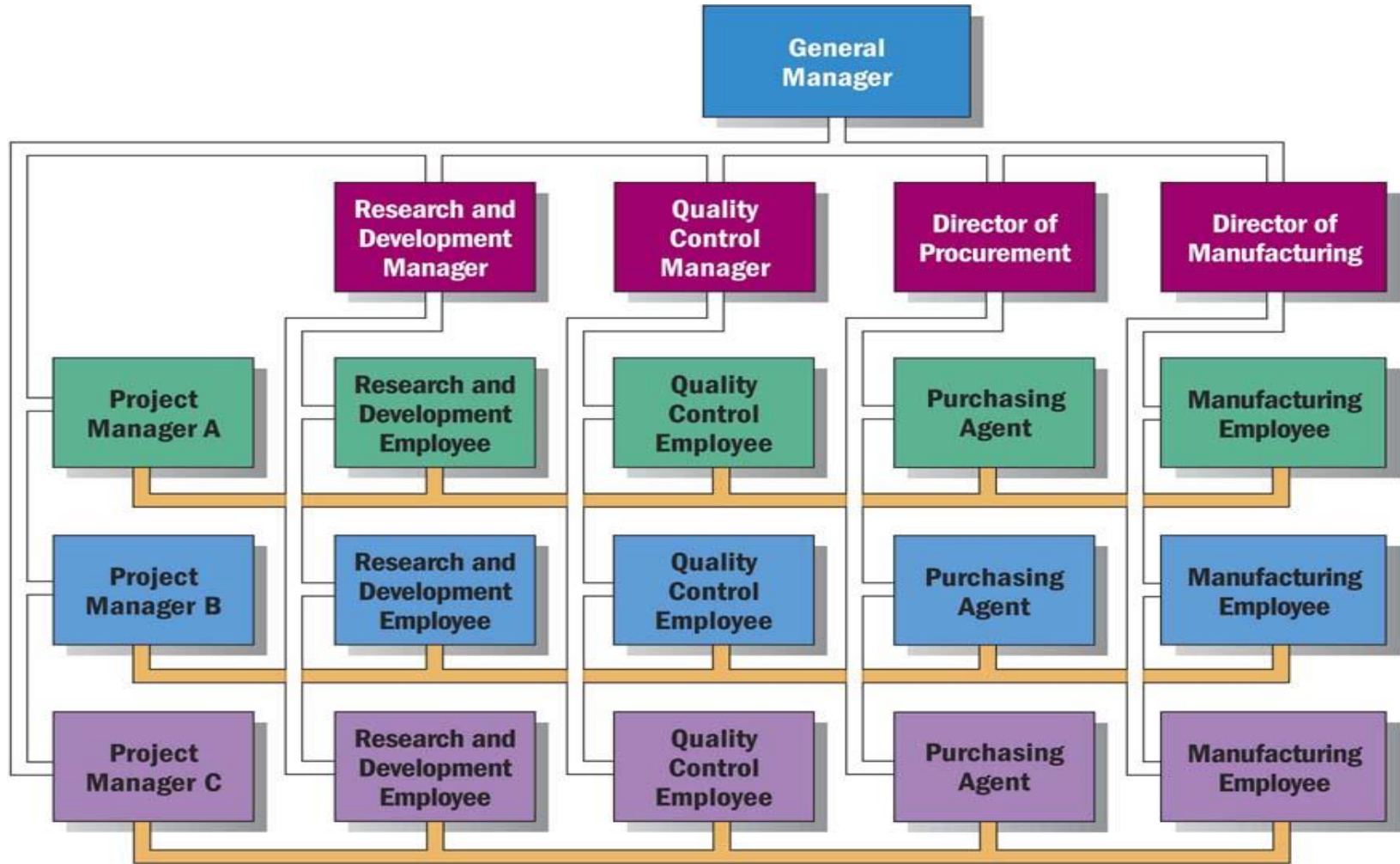
Advantages:

- Flexibility in adapting to changes.
- Focus on major problems or products.
- Outlet for employees' creativity and initiative.

Disadvantages:

- Integrating skills of many specialists into a coordinated team.
- Team members' permanent functional managers must adjust the employees' regular workloads.

Matrix Organizations



— Line Authority
— Project Authority



DIRECTING OR LEADING

Leadership Styles



- **Autocratic leadership**
 - Leader-centred; make decisions on own without consulting employees.
- **Democratic leadership**
 - Involves employees in decisions, delegate assignments, and ask them for suggestions.
- **Free-rein leadership**
 - Involves minimal supervision; leave most decisions to employees.

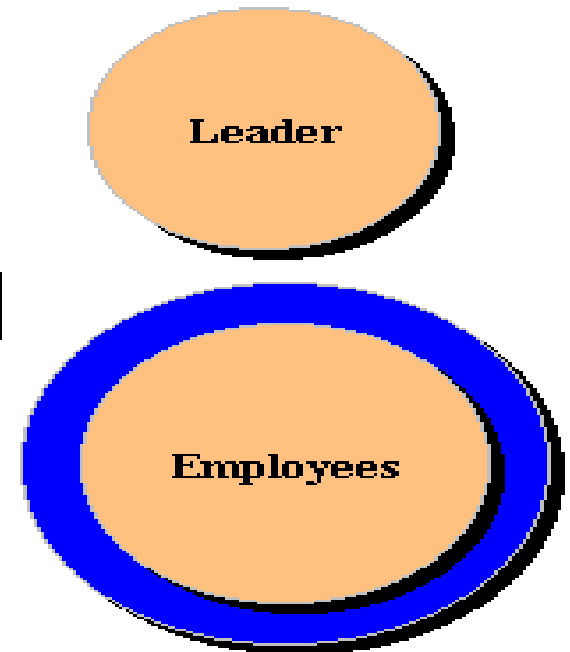
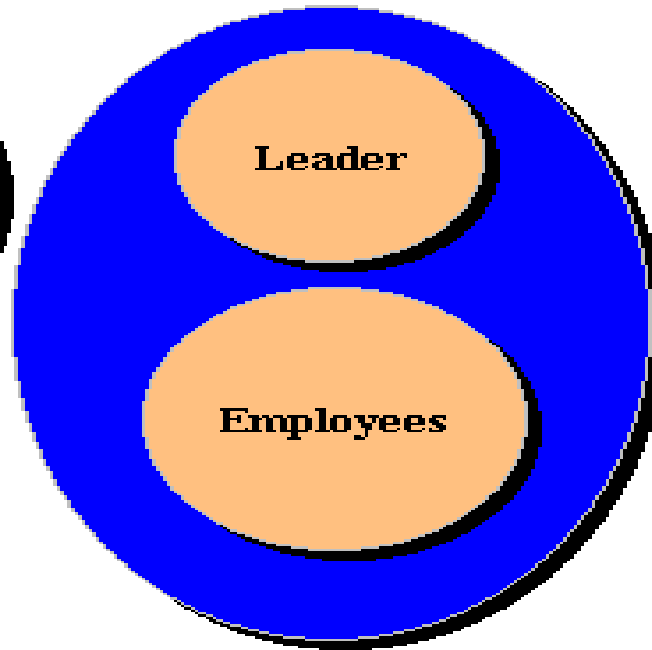
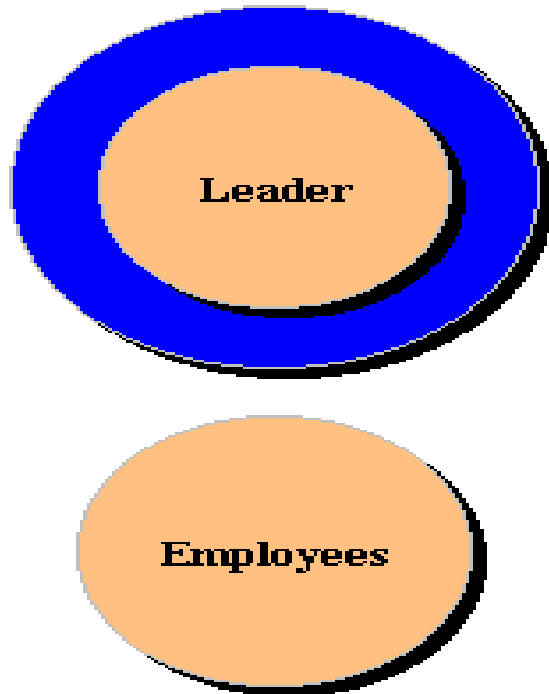
Leadership Styles

POWER STYLE

Autocratic

Participative

Free-rein



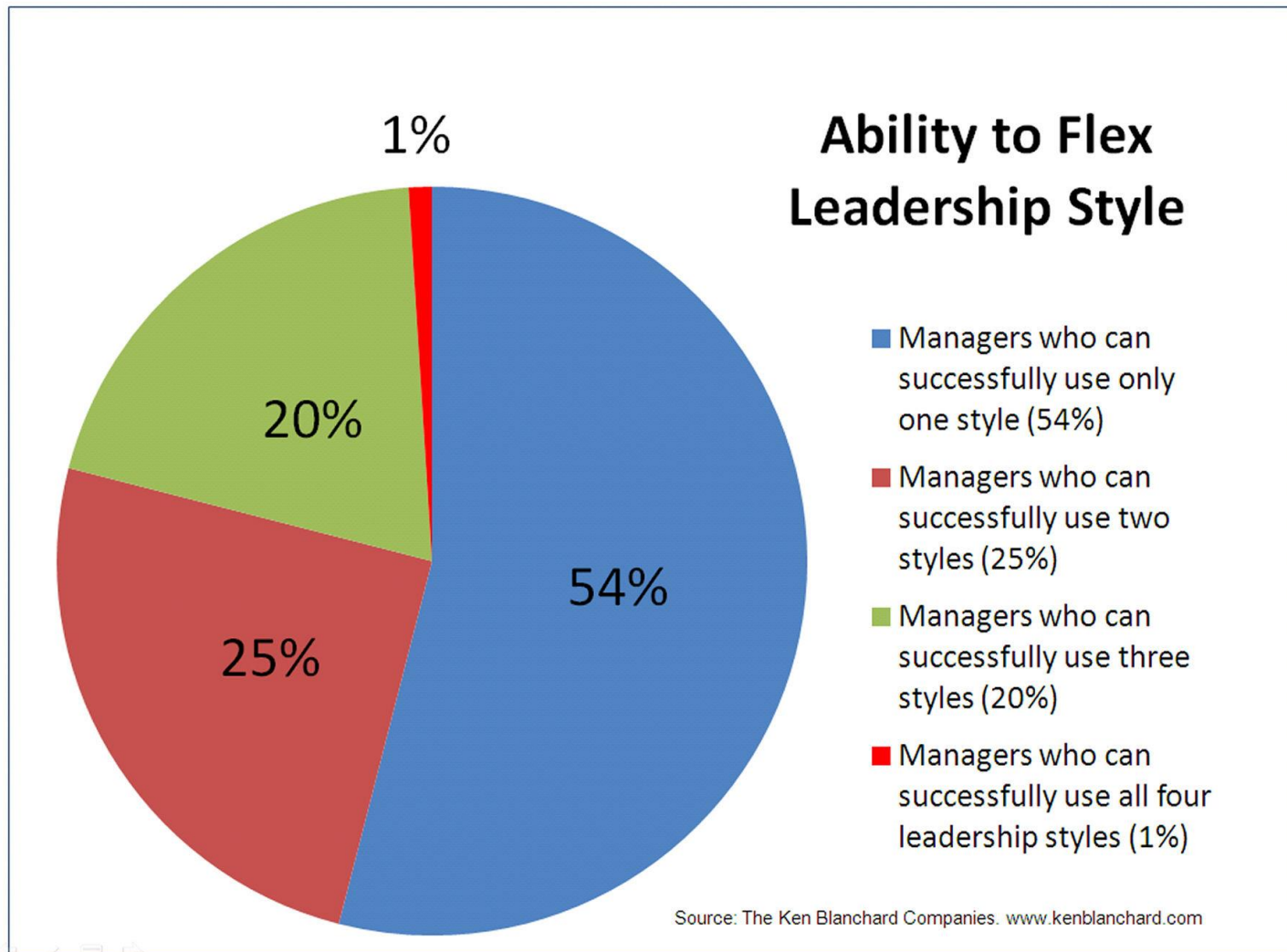
Leader

Whole Group

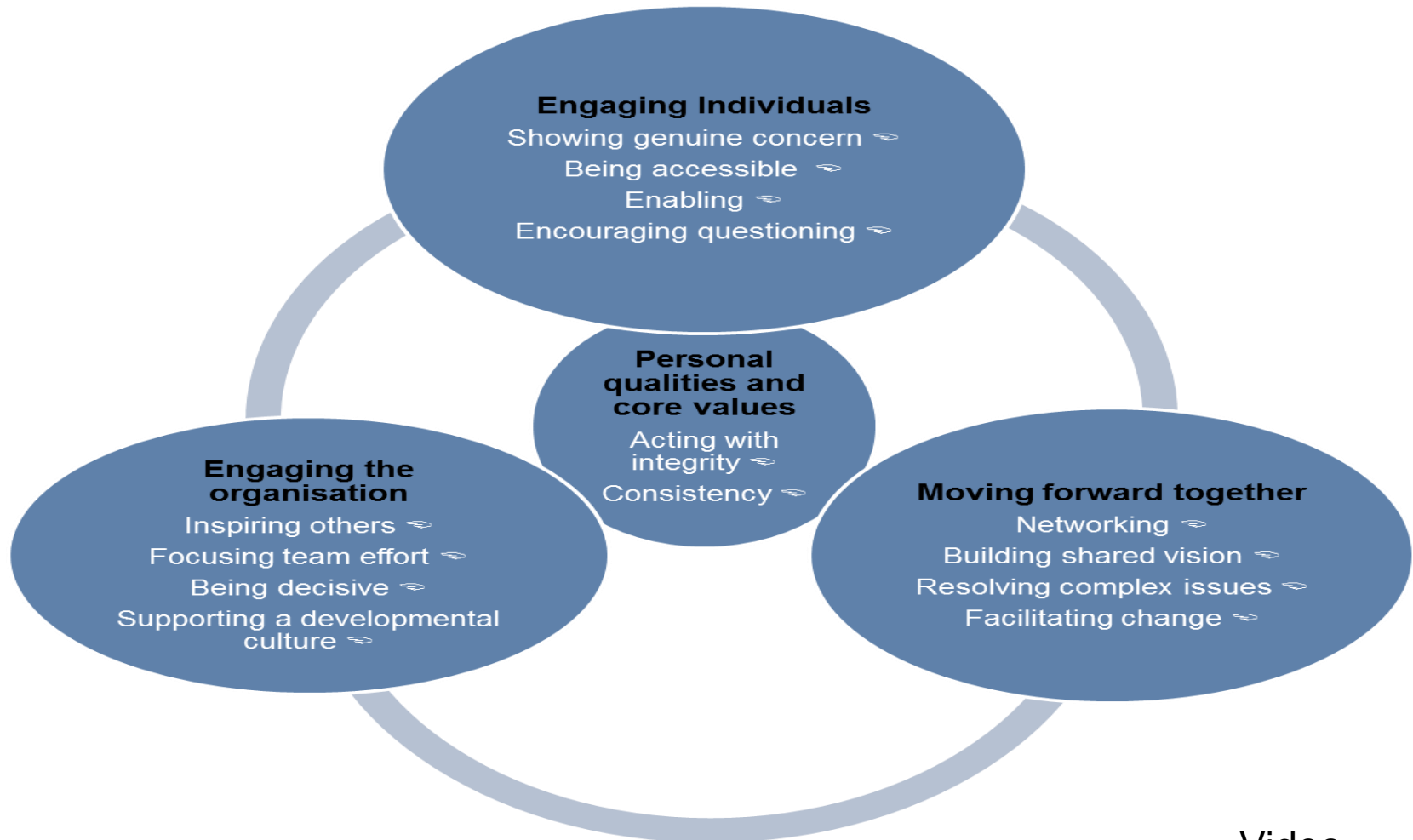
Employees

EMPHASIS

Leadership Style Rigidity or Flexibility



Transformational Leadership



Video



"Miss Whitney, cancel that memo requiring that personal appearance should reflect our corporate culture."

CONTROLLING

Controlling Definition

- Involves monitoring organizational units, activities, and employees to measure whether they have attainment their goals and objectives.

Types of Controls

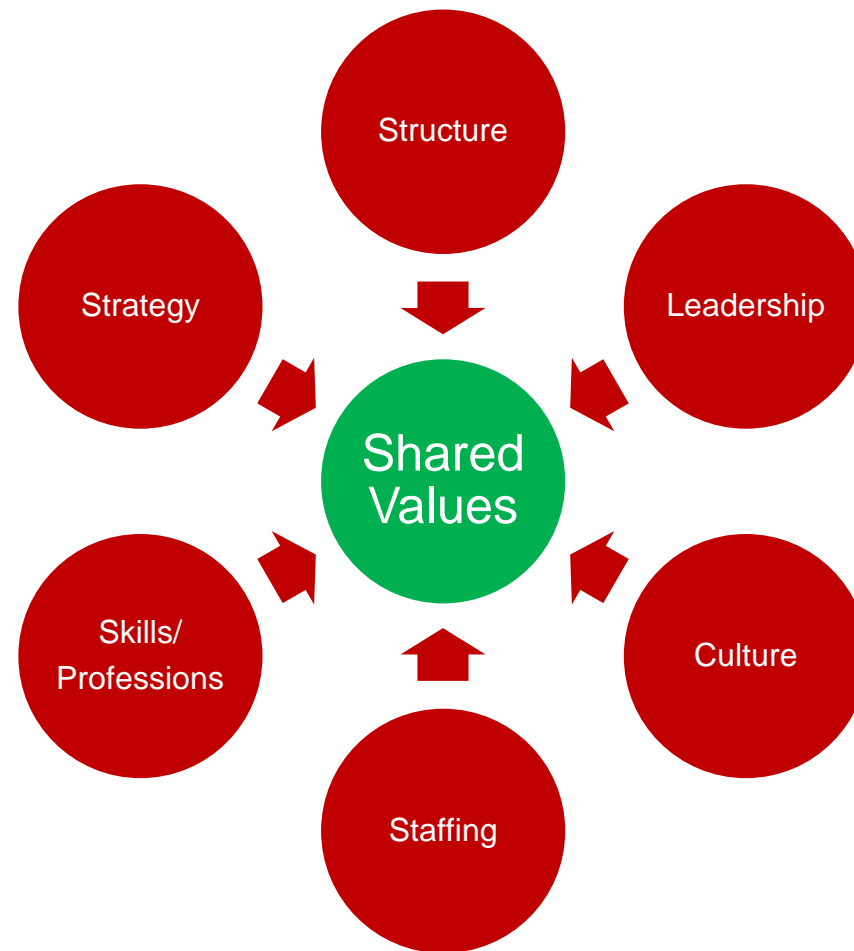
- Supervision
- Bonuses/penalties for doing a job
- Accounting/performance – financial feedback
- Performance feedback
- Employee & customer surveys
- Quality control
- Etc.

(Anything that manages or controls workers behavior)



CORPORATE CULTURE

Influences on Organizational Culture



Corporate Culture



- "At Microsoft, we're aspiring to have a living, learning culture with a growth mindset that allows us to learn from ourselves and our customers," Microsoft CEO Satya Nadella says. "These are the key attributes of the new culture at Microsoft, and I feel great about how it seems to be resonating and how it's seen as empowering."
- Managers use symbols, rituals, ceremonies, and stories to influence & reinforce corporate culture.

Influences on Culture

