








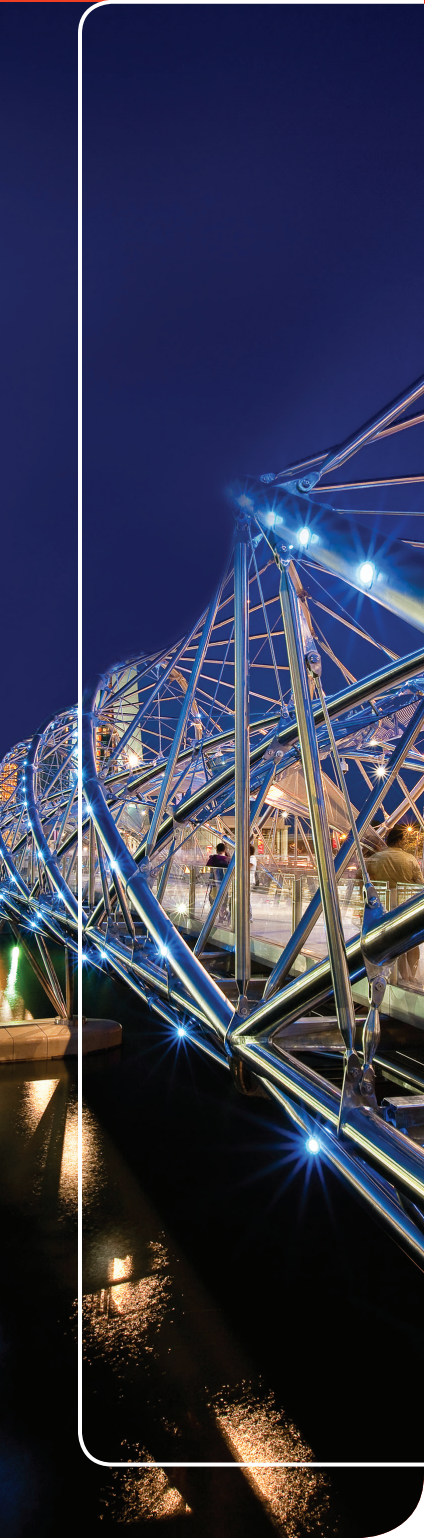
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The Exceptional Manager

What You Do, How You Do It

Major Questions You Should Be Able to Answer

-  1.1 Management: What It Is, What Its Benefits Are
Major Question: What are the rewards of being an exceptional manager?
-  1.2 What Managers Do: The Four Principal Functions
Major Question: What would I actually *do*—that is, what would be my four principal functions—as a manager?
-  1.3 Seven Challenges to Being an Exceptional Manager
Major Question: Challenges can make one feel alive. What are seven challenges I could look forward to as a manager?
-  1.4 Pyramid Power: Levels & Areas of Management
Major Question: What are the levels and areas of management I need to know to move up, down, and sideways?
-  1.5 The Skills Exceptional Managers Need
Major Question: To be a terrific manager, what skills should I cultivate?
-  1.6 Roles Managers Must Play Successfully
Major Question: To be an exceptional manager, what roles must I play successfully?
-  1.7 The Link between Entrepreneurship & Management
Major Question: Do I have what it takes to be an entrepreneur?



the manager's toolbox

A One-Minute Guide to Success in This Class

Got one minute to read this section? It could mean the difference between getting an A instead of a B. Or a B instead of a C.

It is our desire *to make this book as practical as possible for you*. One place we do this is in the Manager's Toolbox, like this one, which appears at the beginning of every chapter and which offers practical advice appropriate to the subject matter you are about to explore. Here we show you how to be a success in this course.

Four Rules for Success

The following four rules will help you be successful in this (or any other) course.

- **Rule 1:** Attend every class. No cutting (skipping) allowed.
- **Rule 2:** Don't postpone studying, then cram the night before a test.
- **Rule 3:** Read or review lectures and readings more than once.
- **Rule 4:** Learn how to use this book.

How to Use This Book Most Effectively

When reading this book, follow the steps below:

- Get an overview of the chapter by reading over the first page, which contains the section headings and Major Questions.
- Read "Forecast: What's Ahead in This Chapter."
- Look at the Major Question at the beginning of each section before you read it.
- Read the "The Big Picture," which summarizes the section.
- Read the section itself (which is usually only 2–6 pages), *trying silently to answer the Major Question*. This is important!
- After reading all sections, use the Key Terms, Key Points, and Understanding the Chapter questions at the end of the chapter to see how well you know the concepts. Reread any material you're unsure about.

If you follow these steps consistently, you'll probably absorb the material well enough that you won't have to cram before an exam; you'll need only to lightly review it before the test.

For Discussion Do you sometimes (often?) postpone keeping up with coursework, then pull an "all-nighter" of studying to catch up before an exam? What do you think happens to people in business who do this?

forecast

What's Ahead in This Chapter

We describe the rewards, benefits, and privileges managers might expect. We also describe the four principal functions of management—planning, organizing, leading, and controlling. We discuss the seven challenges to managers in today's world. We consider levels and areas of management. We describe the three roles managers must play. We describe the three skills required of a manager and the three roles managers play. Finally, we consider the contributions of entrepreneurship.

1.1
MAJOR
QUESTION

Management: What It Is, What Its Benefits Are

What are the rewards of being an exceptional manager?

THE BIG PICTURE

Management is defined as the pursuit of organizational goals efficiently and effectively. Organizations, or people who work together to achieve a specific purpose, value managers because of the multiplier effect: Good managers have an influence on the organization far beyond the results that can be achieved by one person acting alone. Managers are well paid, with the chief executive officers (CEOs) and presidents of even small and midsize businesses earning good salaries and many benefits.

When Mary Barra was named chief executive officer of Detroit-based General Motors in December 2013, she became the first female CEO of an American or any other global automaker. She also became only the 22nd woman at the helm of a Fortune 500 company, one of those 500 largest U.S. companies that appear on the prestigious annual list compiled by *Fortune* magazine. (Other big-time female CEOs: IBM's Virginia "Ginni" Rometty, Yahoo!'s Marissa Mayer, Hewlett-Packard's Meg Whitman, Xerox's Ursula Burns, PepsiCo's Indra Nooyi.)

What kind of a person is Barra (pronounced *Bahr-ra*), a 30-year GM veteran? "She has a soft-spoken manner that belies her intensity on the job," says one report.¹ "She's the real deal, very down to earth," says another.² "Her open, relaxed manner has marked a clear contrast with the far more uptight style of many of the middle-aged men around her in General Motors' management," says a third.³ Are these qualities—which a lot of people have—enough to propel one to the top of a great organization?

The Rise of the Die Maker's Daughter

The daughter of a die maker with a 39-year career in GM's Pontiac division, Barra grew up in suburban Detroit, joined GM at age 18 on the factory floor as an intern, graduated from General Motors Institute (now Kettering University) with a degree in electrical engineering, and then became a plant engineer at Pontiac. Spotting her talent, GM gave her a scholarship to Stanford University, where she earned a graduate degree in business. She then began moving up the GM ladder, first as the executive assistant to the CEO, then as the company's head of human resources—formerly often as high as female executives ever got, in autos or many other industries. In 2011, her big break came when she was promoted to lead GM's \$15 billion vehicle-development operations, a high-profile role that became the steppingstone to CEO.

The driving force. One quality that stands out about General Motors CEO Mary Barra is her obvious enthusiasm for cars. She is said to be given to talking excitedly about whatever car she is currently driving and what it demonstrates about GM's product line. Do you think passion about one's work is a necessary quality for managerial success?



Key to Career Growth: "Doing Things I've Never Done Before"

Did it help that, as one writer put it, Barra "had motor oil running through her veins for most of her life"?⁴ No doubt it did. But there is another key to career growth—the ability to take risks. As IBM's Ginni Rometty, another female CEO, has said about herself, she has grown the most in her career because "I learned to always take on things I've never done before."⁵ She has found that "you have to be very confident, even though you're so self-critical inside about what it is you may or may not know. . . . And that, to me, leads to taking risks."⁶

Of course both men as well as women have to deal with uncertainty. But the ability to take risks—to embrace change and to keep going forward despite fears and internal criticism—is important to any manager's survival, regardless of gender. As Rometty says, "growth and comfort do not coexist."

The Art of Management Defined

Is being an exceptional manager a gift, like a musician having perfect pitch? Not exactly. But in good part it may be an art.⁷ Fortunately, it is one that is teachable.

Management, said one pioneer of management ideas, is “the art of getting things done through people.”⁸

Getting things done. Through people. Thus, managers are task oriented, achievement oriented, and people oriented. And they operate within an **organization**—a group of people who work together to achieve some specific purpose.

More formally, **management** is defined as (1) the pursuit of organizational goals efficiently and effectively by (2) integrating the work of people through (3) planning, organizing, leading, and controlling the organization’s resources.

Note the words *efficiently* and *effectively*, which basically mean “doing things right.”

- **Efficiency—the means.** Efficiency is the means of attaining the organization’s goals. **To be efficient** means to use resources—people, money, raw materials, and the like—wisely and cost-effectively.
- **Effectiveness—the ends.** Effectiveness regards the organization’s ends, the goals. **To be effective** means to achieve results, to make the right decisions and to successfully carry them out so that they achieve the organization’s goals.

Good managers are concerned with trying to achieve both qualities. Often, however, organizations will erroneously strive for efficiency without being effective.

EXAMPLE

Efficiency versus Effectiveness: “Don’t Tell Me You’re Sorry, Just Fix the Problem!”

What do airline passengers complain about most? Cancellations, delays, and failed flight connections. Reservations, ticketing problems, and long telephone wait times. Boarding, baggage, and refund hassles.

How do the airlines handle such complaints? They say they’re sorry.

Having representatives routinely say “I’m sorry” for service difficulties may be *efficient* for the airlines—even when the apologies are accompanied by gift cards, credits, and loyalty points—since it’s a lot cheaper than, say, adding more reservation agents, flight crews, baggage handlers, and, of course, airplanes.⁹ But it’s not *effective* if it leaves us, the customers, fuming and less inclined to continue doing business.

Bad customer service hurts. One survey found that 51% of U.S. consumers in 2013 were so fed up with poor service that they ditched consumer goods retailers, cable and satellite providers, banks, and phone companies.¹⁰ Numerous airline customers no doubt also said “I’ll never use *you* again!”

Efficiency: Saving Company Dollars. Still, a lot of airlines favor efficiency over effectiveness in their customer service—in large part because there are some big events they can’t control, such as bad weather. In the winter of 2014, relentless snow and ice storms led to the highest number of flight cancel-



Effective? Is this irate customer dealing with a company customer-support system that is more efficient than effective?

lations in 25 years—5.5% of the 1.37 million flights between December 1 and mid-January. In addition, new government rules went into effect prohibiting airlines from keeping passengers on the tarmac for three hours or more, so airlines cancelled blocks of flights rather than risk fines of up to \$27,500 per passenger (\$4.1 million for a planeload of 150 flyers). The

government also implemented a new rule increasing the amount of rest pilots need, making it harder for the companies to operate an irregular schedule, as might follow stormy weather. Finally, “airlines have been cutting unprofitable flights and packing more passengers into planes,” reports the Associated Press. “That’s been great for their bottom line but has created a nightmare for passengers.”¹¹

Effectiveness: Retaining Customers & Their Dollars. Apologizing doesn’t work when it’s a canned response or half-hearted or insincere. “Customers know talk is cheap,” says an apology critic.¹² Much better is the method employed by Southwest Airlines, which answered one flyer’s complaint about an unpleasant flight by quickly and personally saying it was “truly sorry,” addressing each issue he’d brought up, and giving him a credit equal to the value of his one-way fare. “Southwest admitted that there were mistakes, didn’t make excuses, and offered sincere and profound apologies,” the mollified passenger said.¹³

YOUR CALL

The average telephone wait time to reach a human agent at Southwest Airlines, according to Get2Human.com (http://get2human.com/get2human_list.asp), was only two minutes, and agent communications—often difficult when agents, such as those in overseas call centers, have severe accents—rated a smiley face (meaning “good”).¹⁴ Spirit Air, on the other hand, took 48 minutes and racked up five red flags (“very bad”) for agent communications. Get2Human.com (or GetHuman.com) is a website that aims to convince enterprises, whether airlines or other kinds, that “providing high quality customer service and having satisfied customers costs much less than providing low quality customer service and having unsatisfied customers”—in other words, being more effective, not just efficient. Get2Human also publishes the unpublicized codes for reaching a company’s human operators and cut-through-automation tips. What recent unpleasant customer experience would you want to post on this website?

Why Organizations Value Managers: The Multiplier Effect

Some great achievements of history, such as scientific discoveries or works of art, were accomplished by individuals working quietly by themselves. But so much more has been achieved by people who were able to leverage their talents and abilities by being managers. For instance, of the top 10 great architectural wonders of the world named by the American Institute of Architects, none was built by just one person. All were triumphs of management, although some reflected the vision of an individual. (The wonders are the Great Wall of China, the Great Pyramid, Machu Picchu, the Acropolis, the Coliseum, the Taj Mahal, the Eiffel Tower, the Brooklyn Bridge, the Empire State Building, and Frank Lloyd Wright’s Falling Water house in Pennsylvania.)

Good managers create value. The reason is that in being a manager you have a *multiplier effect*: Your influence on the organization is multiplied far beyond the results that can be achieved by just one person acting alone. Thus, while a solo operator such as a salesperson might accomplish many things and incidentally make a very good living, his or her boss could accomplish a great deal more—and could well earn two to seven times the income. And the manager will undoubtedly have a lot more influence.

Exceptional managers are in high demand. “The scarcest, most valuable resource in business is no longer financial capital,” says a *Fortune* article. “It’s talent. If you doubt that, just watch how hard companies are battling for the best people. . . . Talent of every type is in short supply, but the greatest shortage of all is skilled, effective managers.”¹⁵ Even in dismal economic times—maybe *especially* in such times—companies reach out for top talent.

The Financial Rewards of Being an Exceptional Manager

How well compensated are managers? According to the U.S. Bureau of Labor Statistics, the median weekly wage in 2013 for American workers of all sorts was \$786, or \$40,872 a year.¹⁶ Education pays: the median 2013 yearly income for



Best paid. The CEO of Facebook, Mark Zuckerberg, earned \$2.2 billion in 2012—more than \$6 million a day—making him the highest-paid manager in the United States that year. His base salary was \$503,205, but most of his pay package came from exercising millions of stock options when his company went public that year. What do you think your chances are of making even \$100 million in your entire lifetime?

full-time workers with at least a bachelor's degree was \$63,388, compared to \$33,696 for high-school graduates.¹⁷

The business press frequently reports on the astronomical earnings of top chief executive officers (which jumped a median 8.47% in 2012). The top earner in 2012 was Facebook co-founder Mark Zuckerberg, whose total compensation topped \$2.27 billion.¹⁸ However, this kind of huge payday isn't common. Median compensation for top-ranked CEOs in North America in 2012, based on a survey of 2,259 CEOs, was \$9.8 million.¹⁹ The more usual median wage for CEOs that year was \$168,140 and for general and operations managers \$95,440, according to the Bureau of Labor Statistics.²⁰

Managers farther down in the organization usually don't make this much, of course; nevertheless, they do fairly well compared with most workers. At the lower rungs, managers may make between \$35,000 and \$60,000 a year; in the middle levels, between \$45,000 and \$120,000. (For examples of managerial salaries, go to www.bls.gov/ooh/management/home.htm.)²¹ There are also all kinds of fringe benefits and status rewards that go with being a manager, ranging from health insurance to stock options to large offices. And the higher you ascend in the management hierarchy, the more privileges may come your way: personal parking space, better furniture, lunch in the executive dining room, on up to—for those on the top rung of big companies—company car and driver, corporate jet, and even executive sabbaticals (months of paid time off to pursue alternative projects).

What Are the Rewards of Studying & Practicing Management?

Are you studying management but have no plans to be a manager? Or are you trying to learn techniques and concepts that will help you be an exceptional management practitioner? Either way there are considerable rewards.

The Rewards of Studying Management Students sign up for an introductory management course for all kinds of reasons. Many, of course, are planning business careers, but others are taking it to fulfill a requirement or an elective. Some students are in technical or nonprofit fields—computer science, education, health, and the like—and never expect to have to supervise people.

Here are just a few of the payoffs of studying management as a discipline:

- **You will understand how to deal with organizations from the outside.** Since we all are in constant interaction with all kinds of organizations, it helps to understand how they work and how the people in them make decisions. Such knowledge may give you some defensive skills that you can use in dealing with organizations from the outside, as a customer or investor, for example.
- **You will understand how to relate to your supervisors.** Since most of us work in organizations and most of us have bosses, studying management will enable you to understand the pressures managers deal with and how they will best respond to you.
- **You will understand how to interact with coworkers.** The kinds of management policies in place can affect how your coworkers behave. Studying management can give you the understanding of teams and teamwork, cultural differences, conflict and stress, and negotiation and communication skills that will help you get along with fellow employees.
- **You will understand how to manage yourself in the workplace.** Management courses in general, and this book in particular, give you the opportunity to realize insights about yourself—your personality, emotions, values, perceptions, needs, and goals. We help you build your skills in areas such as self-management, listening, handling change, managing stress, avoiding groupthink, and coping with organizational politics.

The Rewards of Practicing Management Many young people not only want to make money but make a difference.²² Becoming a management practitioner offers many rewards apart from money and status, as follows:

- **You and your employees can experience a sense of accomplishment.** Every successful goal accomplished provides you not only with personal satisfaction but also with the satisfaction of all those employees you directed who helped you accomplish it.
- **You can stretch your abilities and magnify your range.** Every promotion up the hierarchy of an organization stretches your abilities, challenges your talents and skills, and magnifies the range of your accomplishments.
- **You can build a catalog of successful products or services.** Every product or service you provide—the personal Eiffel Tower or Empire State Building you build, as it were—becomes a monument to your accomplishments. Indeed, studying management may well help you in running your own business.
- **You can become a mentor and help others.** According to one survey, 84% of workers who had a **mentor**—an experienced person who provided guidance to someone new to the work world—said the mentor helped them advance their careers.²³ By the very fact of being a manager, you are in a unique position to be a mentor to others. ●



Mentoring. Matthew Wardenaar (right), whose California company produces Tagged, an app that helps users meet new people, gives Mohammed Abdulla assistance (with Google Glass) during a session of the Hidden Genius Project, a mentoring organization that gives underrepresented minorities guidance in moving into technology and science careers.²⁴ Is helping others one of your life goals?



1.2 What Managers Do: The Four Principal Functions

MAJOR QUESTION

What would I actually *do*—that is, what would be my four principal functions—as a manager?

THE BIG PICTURE

Management has four functions: *planning, organizing, leading, and controlling.*

What do you as a manager do to “get things done”—that is, achieve the stated goals of the organization you work for? You perform what is known as the **management process**, also called the **four management functions**: **planning, organizing, leading, and controlling.** (The abbreviation “POLC” may help you to remember them.)

As the diagram below illustrates, all these functions affect one another, are ongoing, and are performed simultaneously. (See *Figure 1.1.*)

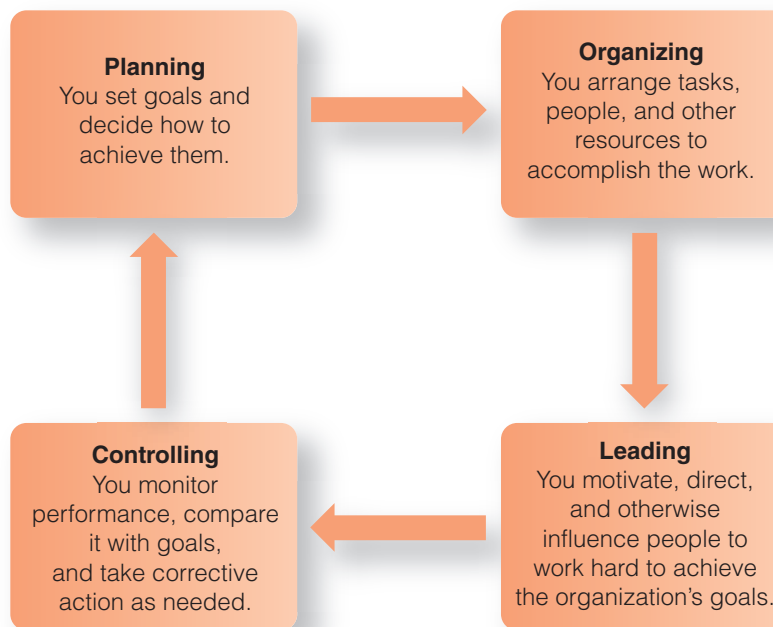


FIGURE 1.1

The Management Process

What you as a manager do to “get things done”—to achieve the stated goals of your organization.

Although the process of management can be quite complex, these four functions represent its essential principles. Indeed, as a glance at our text’s table of contents shows, they form four of the part divisions of the book. Let’s consider what the four functions are, using the management (or “administration,” as it is called in nonprofit organizations) of your college to illustrate them.

Planning: Discussed in Part 3 of This Book

Planning is defined as **setting goals and deciding how to achieve them.** Your college was established for the purpose of educating students, and its present managers, or administrators, now must decide the best way to accomplish this. Which of several possible degree programs should be offered? Should the college be a residential or a commuter campus? What sort of students should be recruited and admitted? What kind of faculty should be hired? What kind of buildings and equipment are needed?

Organizing: Discussed in Part 4 of This Book

Organizing is defined as arranging tasks, people, and other resources to accomplish the work. College administrators must determine the tasks to be done, by whom, and what the reporting hierarchy is to be. Should the institution be organized into schools with departments, with department chairpersons reporting to deans who in return report to vice presidents? Should the college hire more full-time instructors than part-time instructors? Should English professors teach just English literature or also composition, developmental English, and “first-year experience” courses?

Leading: Discussed in Part 5 of This Book

Leading is defined as motivating, directing, and otherwise influencing people to work hard to achieve the organization’s goals. At your college, leadership begins, of course, with the president (who would be the chief executive officer, or CEO, in a for-profit organization). He or she is the one who must inspire faculty, staff, students, alumni, wealthy donors, and residents of the surrounding community to help realize the college’s goals. As you might imagine, these groups often have different needs and wants, so an essential part of leadership is resolving conflicts.

Controlling: Discussed in Part 6 of This Book

Controlling is defined as monitoring performance, comparing it with goals, and taking corrective action as needed. Is the college discovering that fewer students are majoring in nursing than they did five years previously? Is the fault with a change in the job market? with the quality of instruction? with the kinds of courses offered? Are the Nursing Department’s student recruitment efforts not going well? Should the department’s budget be reduced? Under the management function of controlling, college administrators must deal with these kinds of matters. ●

Leading. Called “one of the most powerful people in human history” by one writer, Larry Page, 40, is the co-founder (with Sergey Brin) and CEO of Google Inc., the Mountain View, California, global technology company, which generated nearly \$18 billion in profits in 2013. “He has an expansive belief in the possible,” says the writer, and “has demonstrated a willingness to spend . . . cash on wildly ambitious and expensive projects,” such as self-driving cars and a new gadget category under Google Glass.²⁵ Can you see yourself in this kind of leadership role?





1.3

Seven Challenges to Being an Exceptional Manager

MAJOR QUESTION

Challenges can make one feel alive. What are seven challenges I could look forward to as a manager?

THE BIG PICTURE

Seven challenges face any manager: You need to manage for competitive advantage—to stay ahead of rivals. You need to manage for diversity in race, ethnicity, gender, and so on, because the future won't resemble the past. You need to manage for the effects of globalization and of information technology. You always need to manage to maintain ethical standards. You need to manage for sustainability—to practice sound environmental policies. Finally, you need to manage for the achievement of your own happiness and life goals.

Would you agree that the ideal state that many people seek is an emotional zone somewhere between boredom and anxiety? That's the view of psychologist Mihaly Csikszentmihalyi (pronounced Me-*high* Chick-sent-me-*high*-ee) of Claremont Graduate University.²⁶ Boredom, he says, may arise because skills and challenges are mismatched: you are exercising your high level of skill in a job with a low level of challenge, such as licking envelopes. Anxiety arises when one has low levels of skill but a high level of challenge, such as (for many people) suddenly being called upon to give a rousing speech to strangers.

As a manager, could you achieve a balance between these two states—boredom and anxiety, or action and serenity? Certainly managers have enough challenges to keep their lives more than mildly interesting. Let's see what they are.

Challenge #1: Managing for Competitive Advantage—Staying Ahead of Rivals

Competitive advantage is the ability of an organization to produce goods or services more effectively than competitors do, thereby outperforming them. This means an organization must stay ahead in four areas: (1) being responsive to customers, (2) innovation, (3) quality, and (4) efficiency.

The Struggle for Competitive Advantage: App-Based Ride-Share Services Leave the Taxi Industry Reeling

EXAMPLE

Ever had trouble getting a cab (if you've had occasion to need one)? It could get even harder if ride-sharing services continue to be successful.

Just as technology has allowed the lodging-sharing service Airbnb to take business from hotels, so smartphones and apps have enabled on-demand "transportation network companies" (TNCs) such as Uber, Lyft, and Sidecar to challenge the traditional taxi cab industry. In cities from London to New York to San Francisco to Shanghai, Uber, for instance, lets riders hail drivers in their personal cars by using the UberX app on their mobile device and rent a car and driver on demand and by the minute.

How Ridesharing Works. Once you've signed up with the service and given your credit card information (no cash changes hands), you can then call for a car anytime you want by activating the app, which will show the name and picture of the responding driver, make of car, and approximate arrival time, monitoring its progress through your mobile's display. The charge to you is based on Uber's *surge pricing* model (algorithm): when demand is great, the price goes up—sometimes as much as eight times the normal rate.²⁷

Recruiting Drivers. Drivers for ride-share companies must provide their own personal vehicle and carry personal insurance, and

they are expected to turn over 5% to 15% of their fares to the company. (Some companies offer car-purchasing or car-leasing options for drivers who don't own vehicles.) Because transportation network companies don't require a long-term commitment, there is high turnover—some drivers take the wheel for only a few weeks before stopping. This has led to a recruiting war in which ride services have posted online and billboard ads enticing drivers with promises of setting their own schedules and making up to \$40 an hour.²⁸ As might be expected, the rush to hire has had a devastating effect on the ranks of regular cab drivers.

Trouble for Taxis. “Every cab company I know of is having a huge problem filling shifts,” said the owner of San Francisco-based DeSoto Cab Co., who estimated up to a third of the city's taxi-driving shifts were going unfilled. The cab companies' competitive disadvantage was further aggravated by government requirements that taxis had to be wheelchair accessible and their drivers background-checked, requirements so far not applying to the ride-sharing firms.²⁹ The lack of accommodation in ride services for disabled passengers has been especially worrisome for those dependent on such services.³⁰

YOUR CALL

Which sector, taxis or ride services, do you think will have the ultimate competitive advantage? To make this judgment, you need to be aware that, in California at least, the state has required the app-ride companies to submit plans on how they will meet the needs of disabled riders—especially the wheelchair-accessibility or ramp requirement. In addition, some ride-



Competitive advantage? Lyft ride-share drivers display distinctive pink mustaches on their cars. Customers wanting rides contact them through an app on their smartphones. Do you think traditional taxi-cab companies will still exist 10 years from now?

share drivers have become nervous about insurance regulations, since a personal insurance policy won't cover you while you're using your car for passengers and the \$1 million excess liability policies that the ride services have don't cover damage to the driver's car. Finally, in a case in which a young girl was killed by an Uber driver in San Francisco, her parents are suing the ride service for wrongful death on the grounds that the app violates distracted-driving laws because drivers have to constantly watch their phones to look for possible passengers.³¹ So, which sector do you think will prevail?

1. Being Responsive to Customers The first law of business is: *Take care of the customer.* Without customers—buyers, clients, consumers, shoppers, users, patrons, guests, investors, or whatever they're called—sooner or later there will be no organization. Nonprofit organizations are well advised to be responsive to their “customers,” too, whether they're called citizens, members, students, patients, voters, rate-payers, or whatever, since they are the justification for the organizations' existence.

2. Innovation Finding ways to deliver new or better goods or services is called **innovation**. No organization, for-profit or nonprofit, can allow itself to become complacent—especially when rivals are coming up with creative ideas. “Innovate or die” is an important adage for any manager.

We discuss innovation in Chapter 10.

3. Quality If your organization is the only one of its kind, customers may put up with products or services that are less than stellar (as they have with some airlines that have a near monopoly on flights out of certain cities), but only because they have no choice. But if another organization comes along and offers a better-quality travel experience, TV program, cut of meat, computer software, or whatever, you may find your company falling behind. Making improvements in quality has become an important management idea in recent times, as we shall discuss.

4. Efficiency A generation ago, organizations rewarded employees for their length of service. Today, however, the emphasis is on efficiency: Companies strive to produce goods

or services as quickly as possible using as few employees (and raw materials) as possible. Although a strategy that downgrades the value of employees might ultimately backfire—resulting in the loss of essential experience and skills and even customers—an organization that is overstaffed may not be able to compete with leaner, meaner rivals. This is the reason why, for instance, today many companies rely so much on temp (temporary) workers.³²

Challenge #2: Managing for Diversity— The Future Won't Resemble the Past

Today nearly one in six American workers is foreign-born, the highest proportion since the 1920s.³³ But greater changes are yet to come. By mid-century, the mix of American racial or ethnic groups will change considerably, with the United States becoming half (54%) racial or ethnic minority. Non-Hispanic whites are projected to decrease from 63% of the population in 2011 to 47% in 2050. African Americans will increase from 12%–13%, Asians from 5%–9%, and Hispanics (who may be of any race) from 17%–29%.³⁴ In addition, in the coming years there will be a different mix of women, immigrants, and older people in the general population, as well as in the workforce. For instance, in 2030, nearly one in five U.S. residents is expected to be 65 and older. This age group is projected to increase to 88.5 million in 2050, more than doubling the number in 2013 (41.4 million).³⁵

Some scholars think that diversity and variety in staffing produce organizational strength, as we consider elsewhere.³⁶ Clearly, however, the challenge to the manager of the near future is to maximize the contributions of employees diverse in gender, age, race, ethnicity, and sexual orientation. We discuss this matter in more detail in Chapter 11.

Challenge #3: Managing for Globalization— The Expanding Management Universe

When you ask some Russians “How are you?” the response may not be a simple “Fine” but rather the complete truth as to how they really feel—“a blunt pronouncement of dissatisfaction punctuated by, say, the details of any recent digestive troubles,” as one American world traveler explained it.³⁷ And when you meet Cambodians or Burmese and are asked “Have you eaten yet?” you should not mistake this as an invitation to lunch—all it means is just “Hello.”³⁸



Cross-border burger business. American businesspeople operating overseas often face unique problems. The manager of this Johnny Rockets hamburger store, which opened in Lagos, Nigeria, in 2012, found that to achieve an authentic, U.S. style taste he needed to fly in the toppings—onions, mushrooms, and iceberg lettuce—which meant that he had to start prices at \$14 for a single-patty burger.

The point is this: verbal expressions and gestures don't have the same meaning to everyone throughout the world. Not understanding such differences can affect how well organizations manage globally.

American firms have been going out into the world in a major way, even as the world has been coming to us—leading to what *New York Times* columnist Thomas Friedman has called, in *The World Is Flat*, a phenomenon in which globalization has leveled (made “flat”) the competitive playing fields between industrial and emerging-market countries.³⁹ Managing for globalization will be a complex, ongoing challenge, as we discuss at length in Chapter 4.⁴⁰

Challenge #4: Managing for Information Technology—Dealing with the “New Normal”

The challenge of managing for information technology, not to mention other technologies affecting your business, will require your unflinching attention. Most important is the **Internet**, the global network of independently operating but interconnected computers, linking hundreds of thousands of smaller networks around the world.

By 2017, consumers worldwide are projected to spend \$2.3 trillion online, a rise of 14.8% over the year before.⁴¹ This kind of **e-commerce**, or electronic commerce—the buying and selling of goods or services over computer networks—has reshaped entire industries and revamped the very notion of what a company is. More important than e-commerce, information technology has led to the growth of **e-business**, using the Internet to facilitate every aspect of running a business. Because the Internet so dramatically lowers the cost of communication, it can radically alter any activity that depends heavily on the flow of information. The result is that disruption has become the “new normal.”⁴² Some of the implications of information technology that we will discuss throughout the book are as follows:

- **Far-ranging electronic management: e-communication all the time.** Using mobile devices such as smartphones and tablets, 21st-century managers will need to become masters of electronic communication, able to create powerful messages to create, motivate, and lead teams of specialists all over the world. Their means for doing so will range from **e-mail**, electronic-mail messages and documents transmitted over a computer network; to **texting**, quick text messages exchanged among smartphones; and **social media**, Internet-based and mobile technologies such as Facebook and Twitter for generating interactive dialogue with others on a network. Getting the right balance is important, because many messages may be useful, but many are not. Employees can lose valuable time and productivity when dealing with excessive and unimportant e-mail and text messages, leading to increased conflict and stress.⁴³
- **More and more data: challenges to decision making.** Every day, a typical American office worker puts out about 5,000 megabytes of data, whether from e-mail, word processing, downloaded movies, or other items generated by computers.⁴⁴ The Internet, then, not only speeds everything up, it also, through **cloud computing**—the storing of software and data on gigantic collections of computers located away from a company's principal site (out there somewhere, “in the cloud”)—and huge, interconnected **databases**—computerized collections of interrelated files—can assemble astonishing quantities of information and make them available to us instantaneously. This has led to the phenomenon known as **Big Data**, stores of data so vast that conventional database management systems cannot handle them, and so very sophisticated analysis software and supercomputers are required. The challenge: How do we deal with this massive amount of data to make useful decisions without violating people's right to privacy?

- **The rise of artificial intelligence: more automation in the workforce.** “Software and automation—think self-driving cars, robotic factories, and artificially intelligent reservationists,” writes Thomas Friedman, “are not only replacing blue-collar jobs at a faster rate, but now also white-collar skills.”⁴⁵ **Artificial intelligence (AI)** is the discipline concerned with creating computer systems that simulate human reasoning and sensation, as represented by robots, natural language processing, pattern recognition, and similar technologies. The job losses caused by automation among autoworkers, film processors, travel agents, and the like will probably extend to other fields as robot surgeons, driverless cars, drones (pilotless aircraft), and molecule-sized nanobots (used in medicine) come into use.⁴⁶ What will be the implications of these events for you as a manager for staffing and training employees and for your own professional development?⁴⁷
- **Organizational changes: shifts in structure, jobs, goals, and knowledge management.** With computers and telecommunications technology, organizations and teams become “virtual”; they are no longer as bound by time zones and locations. Employees, for instance, may **telecommute**, or work from home or remote locations using a variety of information technologies. Meetings may be conducted via **videoconferencing**, using video and audio links along with computers to let people in different locations see, hear, and talk with one another. In addition, **collaborative computing**, using state-of-the-art computer software and hardware, will help people work better together. Goal setting and feedback will be conducted via web-based software programs such as eWorkbench, which enables managers to create and track employee goals. Such managers will also rely on **project management software**, programs for planning and scheduling the people, costs, and resources to complete a project on time. All such forms of interaction will require managers and employees to be more flexible, and there will be an increased emphasis on **knowledge management**—the implementing of systems and practices to increase the sharing of knowledge and information throughout an organization.

Challenge #5: Managing for Ethical Standards

With the pressure to meet sales, production, and other targets, managers can find themselves confronting ethical dilemmas. What do you do when, as a manager for a cruise line, say, you learn that an important safety measure will have to be skipped if a 4,200-passenger cruise ship is to sail on time?⁴⁸ As a sales manager, how much should you allow your sales reps to criticize the competition? How much leeway do you have in giving gifts to prospective clients in a foreign country to try to land a contract? In an era of climate change, with changing temperatures and rising sea levels, what is your responsibility to “act green”—avoid company policies that are damaging to the environment?

Ethical behavior is not just a nicety; it is a very important part of doing business. This was certainly made clear in December 2008, when financier Bernard Madoff confessed that his investments were all “one big lie”—not investments at all, but rather a \$50 billion scheme (*Ponzi scheme*), using cash from newer investors to pay off older ones. A few months later, this perpetrator of the world’s biggest fraud, then age 71, was sentenced to 150 years in prison. Madoff joined a long list of famous business scoundrels of the early 21st century: Tyco International CEO Dennis Kozlowski (now on parole after serving prison time for grand larceny, securities fraud, and tax evasion), WorldCom head Bernard Ebbers (doing 25 years for fraud), Adelphia CEO John Rigas (15 years for conspiracy and bank fraud), former Enron chief Jeffrey Skilling (24 years for similar white-collar crimes), Galleon Group hedge fund head Raj Rajaratnam and Goldman Sachs director Rajat Gupta (11 years each for insider trading).

Dread Pirate. Ross Ulbricht, a former Eagle Scout and holder of a master’s degree in materials science, was alleged by federal prosecutors to be a drug kingpin and attempted murderer named Dread Pirate Roberts. He was scheduled to go on trial in late 2014 as the founder of Silk Road, an online site for selling narcotics. He pled not guilty to drug trafficking, computer hacking, money laundering, and running a continuing criminal conspiracy.



Of course, business crime is not perpetrated just by respectable-looking people wearing suits. Hippie entrepreneur Ross Ulbricht, 29, was arrested in late 2013 for allegedly being the founder of Silk Road, described as an “online illegal-goods bazaar that had been dubbed the eBay of vice,” from which he purportedly made nearly half a billion dollars in under three years by selling drugs.⁴⁹

We consider ethics in Chapter 3 and elsewhere in the book.



PRACTICAL ACTION

Preparing Yourself to Behave Right When You're Tempted to Cheat

There are all kinds of things that influence people to cheat. They may cheat more in the afternoon than in the morning. (Perhaps because mental fatigue sets in as the day wears on.)⁵⁰ They may cheat more when technology makes it easy. (Access to copy/paste tools was associated with a higher rate of cheating.)⁵¹ They may even cheat because it makes them feel good. (Really! Cheaters in one study reported more positive feelings than subjects who acted honestly.)⁵²

Of course, just because somehow you feel okay about cheating doesn't mean it's right, or, from a hard-headed business point of view, even effective—either for you or for the organization you work for.⁵³ Did you know, for instance, that you can be fired for lying on a job application or resume?

Learning to Be Ethical. Concerned about transgressions in the managerial world, some of the top U.S. researchers in business ethics in January 2014 introduced a new website, Ethical-Systems.org (www.ethicalsystems.org). One of its purposes is to examine the problem that, as *The New York Times* describes it, “how we think we're going to act when faced with a moral decision and how we really do act are often vastly different.”⁵⁴ Originally business ethics grew out of philosophy and was concerned with the right thing to do. Now research is directed toward the underlying reasons people act the way they do, to develop a more psychologically realistic approach and learn what tools will nudge people toward right behavior.

Doing Right versus Being Liked. When people predict how they're going to act in a given situation, “the ‘should’ self dominates—we should be fair, we should be generous, we should assert our values,” says business ethics professor Ann E. Tenbrunsel. “But when the time for action comes, the ‘want’ self dominates—I don't want to look like a fool, I don't want to be punished.”⁵⁵ Thus, you may see some wrong occur (such as an act of cheating) and actually mean to do something about it, but can't quite figure how—and then the moment passes and you let it go and tell yourself that what you did was okay.

YOUR CALL

How can you learn to be ethical? First, you need to be aware of when you are apt not to speak up about a matter of wrongdoing—as when it might alienate your friends (“No one will speak to me after this”), when it might cause others to disrespect you (“I'm going to look like an idiot”), or when an authority figure is present (“This will get me fired”). Once you become aware of such thoughts, you need to try to override them, letting the discomfort you're experiencing signal you that you need to be courageous and take action, not just lapse into inaction. Can you tell yourself how you should—and must—behave the next time you're tempted to cheat or see someone cheating?

Challenge #6: Managing for Sustainability— The Business of Green

An apparently changing climate, bringing increased damage from hurricanes, floods, and fires throughout the United States and the world, has brought the issue of “being green” to increased prominence. Former U.S. Vice President Al Gore's documentary film *An Inconvenient Truth*, along with his book by the same name, further popularized the concepts of global climate change and the idea of sustainability as a business model.⁵⁶

Our economic system has brought prosperity, but it has also led to unsustainable business practices because it has assumed that natural resources are limitless, which they are not. **Sustainability** is defined as economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs.⁵⁷ In the United States, the U.S. Chamber of Commerce, which is supposed to represent the views of business, has been resistant to climate change legislation.⁵⁸ However, several companies—Levi Strauss, Apple, Tiffany, Exelon, Pacific Gas & Electric, PNM Resources, and Mohawk Fine Papers—have resigned

from the Chamber in protest. Perhaps, then, business can begin to take the lead. After years of being slow to address climate change, major corporations—including industrial giants that make products ranging from electricity to chemicals to bulldozers—have begun to call for limits on global warming emissions.

Challenge #7: Managing for Happiness & Meaningfulness

Which would you rather have, a happy life or a meaningful life?

One study found that “Happiness was linked to being a taker rather than a giver, whereas meaningfulness went with being a giver rather than a taker,” as a study author put it.⁵⁹ Happiness is getting what you want, of having your desires fulfilled. Meaningfulness—which may not always make you happy—is achieving a valued sense of one’s self and one’s purpose within the larger context of life and community. Research clearly shows that a sense of meaningfulness in your life is associated with better health, work and life satisfaction, and performance.⁶⁰

Many people find being a manager doesn’t make them happy.⁶¹ They may complain that they have to go to too many meetings, that they can’t do enough for their employees, that they are caught in the middle between bosses and subordinates. They may feel, at a time when Dilbert cartoons have created such an unflattering portrayal of managers, that they lack respect. They may decide that, despite the greater income, money doesn’t buy happiness.

On the other hand, being a manager can be one of the greatest avenues to a meaningful life, particularly if you are working within a supportive or interesting organizational culture. (We discuss company culture, or style, in Chapter 8.) As Oakland, California, productivity-improvement expert Odette Pollar has stated, being a manager is “an opportunity to counsel, motivate, advise, guide, empower, and influence large groups of people. These important skills can be used in business as well as in personal and volunteer activities.” And, we might add, in nonprofit organizations as well. “If you truly like people,” she goes on, “and enjoy mentoring and helping others to grow and thrive, management is a great job.”⁶²

How Strong Is Your Motivation to Be a Manager? The First Self-Assessment

As we stated at the beginning of this chapter, it is our desire to make this book *as practical as possible* for you. As an important means of advancing this goal, from time to time we present **self-assessments**—two or more to a chapter—which allow you to gauge how you feel about the material you are reading and how you can make use of it. The way this works is you go to the self-assessment website at connect.mheducation.com complete the assessment, then answer the self-assessment questions in the book. Here is the first one. ●

SELF-ASSESSMENT 1.1



How Strong Is My Motivation to Be a Manager?

How motivated are you to manage others? Go to connect.mheducation.com and take the self-assessment. When you’re done, answer the following questions:

1. Does this instrument accurately assess your potential as a manager? Explain.
2. Which of the seven dimensions do you think is likely the best predictor of managerial success? Which is the least? Explain.
3. The instrument emphasizes competition with others in a win–lose mentality. Describe the pros and cons of this approach to management.



1.4

MAJOR
QUESTION

Pyramid Power: Levels & Areas of Management

What are the levels and areas of management I need to know to move up, down, and sideways?

THE BIG PICTURE

Within an organization, there are four levels of managers: *top*, *middle*, and *first-line managers* and also *team leaders*. Managers may also be *general managers*, or they may be *functional managers*, responsible for just one organizational activity, such as Research & Development, Marketing, Finance, Production, or Human Resources. Managers may work for for-profit, nonprofit, or mutual-benefit organizations.

The workplace of the future may resemble a symphony orchestra, famed management theorist Peter Drucker said.⁶³ Employees, especially so-called knowledge workers—those who have a great deal of technical skills—can be compared to concert musicians. Their managers can be seen as conductors.

In Drucker's analogy, musicians are used for some pieces of music—that is, work projects—and not others, and they are divided into different sections (teams) based on their instruments. The conductor's role is not to play each instrument better than the musicians but to lead them all through the most effective performance of a particular work.

This model differs from the traditional pyramid-like organizational model, where one leader sits at the top, with layers of managers beneath, each of whom must report to and justify his or her work to the manager above (what's called *accountability*, as we discuss in Chapter 8). We therefore need to take a look at the traditional arrangement first.

The Traditional Management Pyramid: Levels & Areas

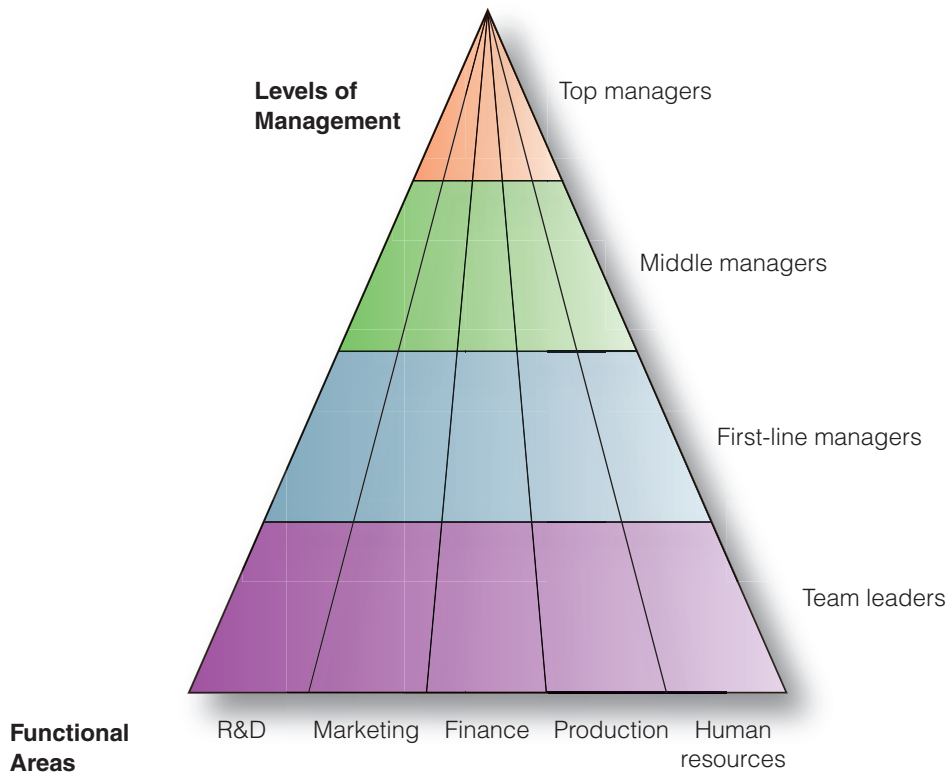
A new Silicon Valley technology start-up company staffed by young people in sandals and shorts may be so small and so loosely organized that only one or two members may be said to be a manager. General Motors or the U.S. Army, in contrast, has thousands of managers doing thousands of different things. Is there a picture we can draw that applies to all the different kinds of organizations and describes them in ways that make sense? Yes: by levels and by areas, as the pyramid on the next page shows. (See Figure 1.2.)

Four Levels of Management

Not everyone who works in an organization is a manager, of course, but those who are may be classified into four levels—top, middle, and first-line managers and team leaders.

Top Managers: Determining Overall Direction Their offices may be equipped with expensive leather chairs and have lofty views. Or, as with one Internet company, they may have plastic lawn chairs in the CEO's office and beat-up furniture in the lobby. Whatever their decor, an organization's top managers tend to have titles such as "chief executive officer (CEO)," "chief operating officer (COO)," "president," and "senior vice president."

Some may be the stars in their fields, the men and women whose pictures appear on the covers of business magazines, people such as Facebook founder Mark Zuckerberg or Yahoo! CEO Marissa Mayer, who appeared on *Fortune*. As we've seen, the median salary is \$168,140 a year for CEOs and presidents of small and midsize companies and can range up to the millions for top executives in large companies.

**FIGURE 1.2****The levels and areas of management**

Top managers make long-term decisions, middle managers implement those decisions, and first-line managers make short-term decisions. Team leaders facilitate team activities toward achieving a goal.

Top managers make long-term decisions about the overall direction of the organization and establish the objectives, policies, and strategies for it. They need to pay a lot of attention to the environment outside the organization, being alert for long-run opportunities and problems and devising strategies for dealing with them. Thus, executives at this level must be future oriented, dealing with uncertain, highly competitive conditions.

These people stand at the summit of the management pyramid. But the nature of a pyramid is that the farther you climb, the less space remains at the top. Thus, most pyramid climbers never get to the apex. However, that doesn't mean that you shouldn't try. Indeed, you might end up atop a much smaller pyramid of some other organization than the one you started out in—and happier with the result.

Middle Managers: Implementing Policies & Plans **Middle managers** implement the policies and plans of the top managers above them and supervise and coordinate the activities of the first-line managers below them. Titles might include “plant manager,” “district manager,” and “regional manager” among others. In the nonprofit world, middle managers may have titles such as “clinic director,” “dean of student services,” and the like. Their salaries may range from under \$45,000 up to \$120,000 a year.

Middle managers are critical for organizational success because they implement the strategic plans created by CEOs and top managers. (Strategic planning is discussed in Chapter 6.) In other words, these managers have the type of **“high touch” jobs**—dealing with people rather than computer screens or voice-response systems—that can directly affect employees, customers, and suppliers.⁶⁴

First-Line Managers: Directing Daily Tasks The job titles at the bottom of the managerial pyramid tend to be on the order of “department head,” “foreman” or “forewoman,” or “supervisor”—clerical supervisor, production supervisor, research supervisor, and so on. Indeed, *supervisor* is the name often given to first-line managers as a whole. Their salaries may run from \$35,000 to \$65,000 a year.

Following the plans of middle and top managers, **first-line managers** make short-term operating decisions, directing the daily tasks of nonmanagerial personnel, who

**One kind of top manager.**

India-born Satya Nadella, who joined Microsoft in 1992, became CEO of the technology company in early 2014. He will likely receive \$18 million in compensation in 2015. Nadella will have his hands full, as shareholders have grumbled for years about Microsoft's strategy and direction. Do you see yourself joining a company and staying with it for life, as Nadella has (after an earlier job at Sun Microsystems), or is that even possible anymore?



Top manager of another sort.

In 1999, at age 24, Tony Hsieh (pronounced *Shay*), sold advertising network LinkExchange, the company he co-founded, to Microsoft for \$265 million and then joined Zappos.com, the Nevada online shoe and clothing retailer, as an investor and advisor. Later he became CEO and helped grow Zappos to \$1 billion in sales. He is also author of the book *Delivering Happiness*. Do you think a top manager is always an adventurous type?

are, of course, all those people who work directly at their jobs but don't oversee the work of others.

No doubt the job of first-line manager will be the place where you would start your managerial career. This can be a valuable experience because it will be the training and testing ground for your management ideas.

Team Leaders: Facilitating Team Activities Not all companies have *teams*—small groups of people with complementary skills who are committed to a common purpose—but teams and teamwork are largely the standard way of operating in today's organizations. (Teams are thoroughly discussed in Chapter 13.)

Members of a team generally report to a first-line manager, who has the authority to hire and fire, controls resources, and is responsible for the team's performance. But one of the members of the team may be charged with being the **team leader**, a manager who is responsible for facilitating team activities toward achieving key results. Team leaders may not have authority over other team members, but they are expected to provide guidance, instruction, and direction to the others; to coordinate team efforts; to resolve conflicts; to represent the team to the first-level manager; and to make decisions in the absence of consensus.

Areas of Management: Functional Managers versus General Managers

We can represent the levels of management by slicing the organizational pyramid horizontally. We can also slice the pyramid vertically to represent the organization's departments or functional areas, as we did in Figure 1.2.

In a for-profit technology company, these might be *Research & Development*, *Marketing*, *Finance*, *Production*, and *Human Resources*. In a nonprofit college, these might be *Faculty*, *Student Support Staff*, *Finance*, *Maintenance*, and *Administration*. Whatever the names of the departments, the organization is run by two types of managers—functional and general. (These are line managers, with authority to direct employees. Staff managers mainly assist line managers.)

Functional Managers: Responsible for One Activity If your title is Vice President of Production, Director of Finance, or Administrator for Human Resources, you are a functional manager. A **functional manager** is responsible for just one organizational activity. Google is particularly noteworthy for its unusual functional management job titles, such as Fitness Program Manager, Green Team Lead, and Vice President of Search Products & User Experience, which was Marissa Mayer's former title before she left to head Yahoo!. (Yahoo! has its own unusual functional titles, such as VP of Talent Acquisition, VP Consumer Platforms, and VP of Research for Europe & LatAm.)

General Managers: Responsible for Several Activities If you are working in a small organization of, say, 100 people and your title is Executive Vice President, you are probably a general manager over several departments, such as Production and Finance and Human Resources. A **general manager** is responsible for several organizational activities. At the top of the pyramid, general managers are those who seem to be the subject of news stories in magazines such as *Bloomberg Businessweek*, *Fortune*, *Forbes*, and *Inc*. Examples are big-company CEOs Denise Morrison of Campbell Soup and Jeff Bezos of Amazon.com, and also small-company CEOs such as Gayle Martz, who heads New York-based Sherpa's Pet Trading Co., which sells travel carriers for dogs and cats. But not all general managers are in for-profit organizations.

Sandra Pelletier is chief executive of WomanCare Global, a San Diego, California, nonprofit provider of health care products for women and girls. (Simultaneously, she is also CEO of Evofem Inc., a for-profit biotechnology company.) As the founding CEO, Pelletier secured start-up funding from major foundations and investors and worked to reach women globally in over 100 countries, particularly focusing on underserved parts of Africa and Asia. Previously she worked for pharmaceutical giant G.D. Searle and other companies as a top manager.⁶⁵

Managers for Three Types of Organizations: For-Profit, Nonprofit, Mutual-Benefit

There are three types of organizations classified according to the three purposes for which they are formed—*for-profit*, *nonprofit*, and *mutual-benefit*.⁶⁶

1. For-Profit Organizations: For Making Money For-profit, or business, organizations are formed to make money, or profits, by offering products or services. When most people think of “management,” they think of business organizations, ranging from Allstate to Zynga, from Amway to Zagat.

2. Nonprofit Organizations: For Offering Services Managers in nonprofit organizations are often known as “administrators.” Nonprofit organizations may be either in the public sector, such as the University of California, or in the private sector, such as Stanford University. Either way, their purpose is to offer services to some clients, not to make a profit. Examples of such organizations are hospitals, colleges, and social-welfare agencies (the Salvation Army, the Red Cross).

One particular type of nonprofit organization is called the *commonweal organization*. Unlike nonprofit service organizations, which offer services to *some* clients, commonweal organizations offer services to *all* clients within their jurisdictions. Examples are the military services, the U.S. Postal Service, and your local fire and police departments.

3. Mutual-Benefit Organizations: For Aiding Members Mutual-benefit organizations are voluntary collections of members—political parties, farm cooperatives, labor unions, trade associations, and clubs—whose purpose is to advance members’ interests.

Different Organizations, Different Management?

If you become a manager, would you be doing the same types of things regardless of the type of organization? Generally you would be; that is, you would be performing the four management functions—planning, organizing, leading, and controlling—that we described in Section 1.2.

The single biggest difference, however, is that in a for-profit organization, the measure of its success is how much profit (or loss) it generates. In the other two types of organizations, although income and expenditures are very important concerns, the measure of success is usually the effectiveness of the services delivered—how many students were graduated, if you’re a college administrator, or how many crimes were prevented or solved, if you’re a police chief. ●



Nonprofit general manager.

A general manager is responsible for several organizational activities. As CEO of WomanCare Global, Sandra Pelletier developed the organization’s initial business plan and secured funding, as well as made several product acquisitions. She leads a team with private sector, global public health, and pharmaceutical experience to serve women in need worldwide. Do you think managerial skills are different for nonprofit and for-profit organizations?



1.5

MAJOR
QUESTION

The Skills Exceptional Managers Need

To be a terrific manager, what skills should I cultivate?

THE BIG PICTURE

Good managers need to work on developing three principal skills. The first is *technical*, the ability to perform a specific job. The second is *conceptual*, the ability to think analytically. The third is *human*, the ability to interact well with people.

Lower- and middle-level managers are a varied lot, but what do top managers have in common? A supportive spouse or partner, suggests one study.⁶⁷ Regardless of gender, reaching the top demands a person's all-out commitment to work and career, and someone needs to be there to help with children and laundry. Thus, in 2011, 27 of 29 current or former Fortune 500 female CEOs were married (but only 18 had children), and their husbands were apparently willing to defer their ambitions to their wives'—just as so many spouses of men have.

General Motors CEO Mary Barra, who is married and is the mother of two teenage children, has been assisted in her rise by her husband, Tony Barra, a technology consultant. Although female managers with supportive partners are becoming more common, society is still struggling with what it means for men and women to be peers and whether one's career should come first or both should be developed simultaneously.

Whether or not they have support at home, aspiring managers also need to have other kinds of the “right stuff.” In the mid-1970s, researcher **Robert Katz** found that through education and experience managers acquire three principal skills—*technical*, *conceptual*, and *human*.⁶⁸

1. Technical Skills—The Ability to Perform a Specific Job

Mary Barra has a bachelor's degree in electrical engineering and a master's in business administration and a well-rounded resume that includes important experience as executive assistant to the CEO, being head of midsize car engineering, managing GM's Detroit-Hamtramck plant, and leading the company's human resources division. Then in 2011 she was made head of GM's huge worldwide product development, where she “brought order to chaos,” according to one account, “mostly by flattening its bureaucracy . . . , reducing the number of expensive, global vehicle platforms, and bringing new models to market faster and at lower cost.”⁶⁹ Said by her predecessor to be “one of the most gifted executives” he had met in his career, she displays an engineer's enthusiasm for cars, a quality not found among other car-company CEOs promoted from finance operations.⁷⁰ Indeed, says one account, “Ms. Barra can often be found on the company's test track putting vehicles through their paces at high speeds.”⁷¹

Technical skills consist of the job-specific knowledge needed to perform well in a specialized field. Having the requisite technical skills seems to be most important at the lower levels of management—that is, among employees in their first professional job and first-line managers.

2. Conceptual Skills—The Ability to Think Analytically

Conceptual skills are more important as you move up the management ladder. Said a GM executive about Barra, “When you put her in a position that's completely new to her, she does an amazing job of getting grounded, understanding what's important and

what's not, and executing very well."⁷² Or, as Barra said about her management approach, "Problems don't go away when you ignore them—they get bigger. In my experience, it is much better to get the right people together, to make a plan, and to address every challenge head on."⁷³ At every stop along the way in rising through GM, Barra analyzed the situation and simplified things. For example, in her product-development job, she streamlined designs by using the same parts in many different models. She also assigned engineers to work in car dealerships to learn more about what customers want in their vehicles.⁷⁴

Conceptual skills consist of the ability to think analytically, to visualize an organization as a whole and understand how the parts work together. Conceptual skills are particularly important for top managers, who must deal with problems that are ambiguous but that could have far-reaching consequences.

3. Human Skills—"Soft Skills," the Ability to Interact Well with People

This may well be the most difficult set of skills to master. **Human skills** consist of the ability to work well in cooperation with other people to get things done—especially with people in teams, an important part of today's organizations (as we discuss in Chapter 13). Often these are thought of as "soft skills." **Soft skills**—the ability to motivate, to inspire trust, to communicate with others—are necessary for managers of all levels.

But because of the range of people, tasks, and problems in an organization, developing your human-interacting skills may turn out to be an ongoing, lifelong effort.⁷⁵

During her more than three decades at GM, Barra has demonstrated exceptionally strong soft skills. She has "an ability with people," says her previous boss, that is critical to GM's team-first approach.⁷⁶ "She is known inside GM as a consensus builder who calls her staff together on a moment's notice to brainstorm on pressing issues," says another report.⁷⁷ "She's fiercely intelligent yet humble and approachable," says a third account. "She's collaborative but is often the person who takes charge. And she's not afraid to make changes."⁷⁸



General Motors headquarters.

The Renaissance Center in Detroit is headquarters for most of GM's enterprises, including CEO Mary Barra's office. Barra seems to have the three skills—technical, conceptual, and human—necessary to be a terrific manager for such a complex organization. Which skill do you think you need to work on the most? (Human skills are the most difficult to master.)

The Most Valued Traits in Managers

Clearly, Barra embodies the qualities sought in star managers, especially top managers. "The style for running a company is different from what it used to be," says a top executive recruiter of CEOs. "Companies don't want dictators, kings, or emperors."⁷⁹ Instead of someone who gives orders, they want executives who ask probing questions and force the people beneath them to think and find the right answers.

Among the chief skills companies seek in top managers are the following:

- The ability to motivate and engage others.
- The ability to communicate.
- Work experience outside the United States.
- High energy levels to meet the demands of global travel and a 24/7 world.⁸⁰

Let's see how you can begin to acquire these and other qualities for success. ●

✉ 1.6 MAJOR QUESTION

Roles Managers Must Play Successfully

To be an exceptional manager, what roles must I play successfully?

THE BIG PICTURE

Managers tend to work long hours at an intense pace; their work is characterized by fragmentation, brevity, and variety; and they rely more on verbal than on written communication. According to management scholar Henry Mintzberg, managers play three roles—*interpersonal*, *informational*, and *decisional*. Interpersonal roles include figurehead, leader, and liaison activities. Informational roles are monitor, disseminator, and spokesperson. Decisional roles are entrepreneur, disturbance handler, resource allocator, and negotiator.

Clearly, being a successful manager requires playing several different roles and exercising several different skills. What are they?

The Manager's Roles: Mintzberg's Useful Findings

Maybe, you think, it might be interesting to follow some managers around to see what it is, in fact, they actually do. That's exactly what management scholar **Henry Mintzberg** did when, in the late 1960s, he shadowed five chief executives for a week and recorded their working lives.⁸¹ And what he found is valuable to know, since it applies not only to top managers but also to managers on all levels.

Consider this portrait of a manager's workweek: "There was no break in the pace of activity during office hours," reported Mintzberg about his subjects. "The mail (average of 36 pieces per day), telephone calls (average of five per day), and meetings (average of eight) accounted for almost every minute from the moment these executives entered their offices in the morning until they departed in the evening."⁸²

Only five phone calls per day? And, of course, this was back in an era before e-mail, texting, and Twitter, which nowadays can shower some executives with 100, even 300, messages a day. Indeed, says Ed Reilly, who heads the American Management Association, all the e-mail, cellphone calls, text messaging, and so on can lead people to end up "concentrating on the urgent rather than the important."⁸³

Obviously, the top manager's life is extraordinarily busy. Here are three of Mintzberg's findings, important for any prospective manager:

1. A Manager Relies More on Verbal than on Written Communication

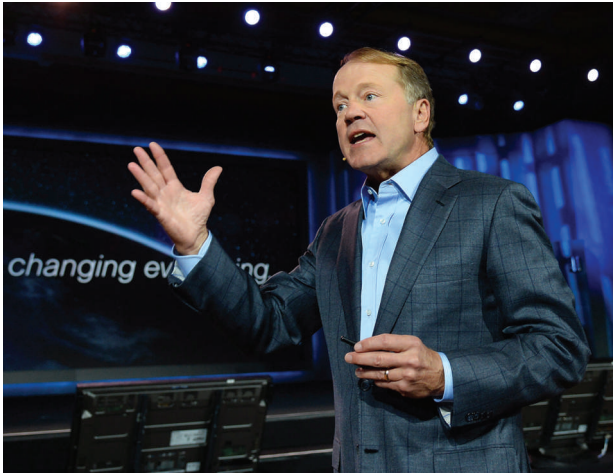
Writing letters, memos, and reports takes time. Most managers in Mintzberg's research tended to get and transmit information through telephone conversations and meetings. No doubt this is still true, although the technologies of e-mail, texting, and Twitter now make it possible to communicate almost as rapidly in writing as with the spoken word.

2. A Manager Works Long Hours at an Intense Pace

"A true break seldom occurred," wrote Mintzberg about his subjects. "Coffee was taken during meetings, and lunchtime was almost always devoted to formal or informal meetings." Long hours at work are standard, he found, with 50 hours being typical and up to 90 hours not unheard of. A 1999 survey by John P. Kotter of the Harvard Business School found that the general managers he studied worked just under 60 hours per week.⁸⁴ Four decades following the Mintzberg research, another study found that many professionals worked a whopping 72 hours a week, including weekend work.⁸⁵ Prior to the

Multitasking. Multiple activities are characteristic of a manager—which is why so many managers use their smartphones to keep track of their schedules. Do you use a mobile electronic device for this purpose?





A Mintzberg manager. John T. Chambers, CEO of network gear maker Cisco Systems, relies more on verbal than on written communication, works long hours, and experiences an “interrupt-driven day.” Interestingly, Chambers is successful despite having had lifelong dyslexia, the common language-related learning disability. He compensates by leaving 40 or 50 voice mails a day, studies summaries in briefing binders, and tapes videos for employees. What kind of personal adversity have you had to overcome?

2007–2009 Great Recession, researchers at Purdue and McGill universities found that more companies were allowing managers to reduce their working hours and spend more time with their families yet still advance their high-powered careers.⁸⁶ However, during economic hard times, top managers may be more apt to see subordinates’ work–life flexibility as a luxury they can no longer afford.

3. A Manager’s Work Is Characterized by Fragmentation, Brevity, & Variety

Only about a tenth of the managerial activities observed by Mintzberg took more than an hour; about half were completed in under 9 minutes. Phone calls averaged 6 minutes, informal meetings 10 minutes, and desk-work sessions 15 minutes. “When free time appeared,” wrote Mintzberg, “ever-present subordinates quickly usurped it.”

No wonder the executive’s work time has been characterized as “the interrupt-driven day” and that many managers—such as GM’s Mary Barra—are often in their offices by 6 a.m., so that they will have a quiet period in which to work undisturbed. No wonder that finding balance between work and family lives—“work–life balance,” as we consider in Chapter 12—is an ongoing concern.⁸⁷ No wonder, in fact, that the division between work and nonwork hours is considered almost obsolete in newer industries such as information technology, where people seem to use their smartphones 24/7 to stay linked to their jobs.⁸⁸

It is clear from Mintzberg’s work that *time and task management* are major challenges for every manager. The Practical Action box below, “Executive Functioning: How Good Are You at Focusing Your Thoughts, Controlling Your Impulses, & Avoiding Distractions?” examines this challenge further. The box “Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career” at the end of this chapter also offers some important suggestions.



PRACTICAL ACTION

Executive Functioning: How Good Are You at Focusing Your Thoughts, Controlling Your Impulses, & Avoiding Distractions?

Managers are executives, of course, and good managers have what psychologists call good “executive functioning.” This is a psychological term, rather than a workplace one, and it involves the ability to manage oneself and one’s resources in order to achieve a goal. Specifically, this means

the ability to focus your thoughts, control your impulses, and avoid distractions.⁸⁹

Gen Z. The 20 million people born from 1990 to the present, known as Generation Z, or the Net Generation, were “practically

born with a smartphone in their hand,” in one description.⁹⁰ Indeed, one study found that 92% of college undergraduates are cellphone or tablet users.⁹¹ How good is their executive functioning? The typical college student plays with his or her digital device an average of 11 times a day while in class, and more than 80% admit that their use of smartphones, tablets, and laptops can interfere with their learning. More than a fourth say their grades suffer.⁹² In addition, students do a lot of multitasking—as in checking out Facebook and listening to music while reading this textbook. You may think you’re simultaneously doing three separate tasks, but you’re really not. “It’s like playing tennis with three balls,” says one expert.⁹³

The Finite Brain. “Life,” says Winifred Gallagher, author of *Rapt*, “is the sum of what you focus on.”⁹⁴ Another writer says, “You can drive yourself crazy trying to multitask and answer every

e-mail message instantly. Or you can recognize your brain’s finite capacity for processing information.”⁹⁵ To be successful not only in school but in the workplace—especially as a manager—you need to learn to *direct your attention*. This is known as *focus* or *mindfulness*, as we explore further later in the book.⁹⁶

YOUR CALL

Do you procrastinate about getting your work done? Most people do—and in fact the problem has worsened over the years: Today about 26% of Americans think of themselves as chronic procrastinators, up from 5% in 1978, and 80%–95% of college students procrastinate on a regular basis. The major reason: too many tempting diversions, especially electronic ones.⁹⁷ Is this a problem for you? What can you do to improve your “executive functioning”?

Three Types of Managerial Roles: Interpersonal, Informational, & Decisional

From his observations and other research, Mintzberg concluded that managers play three broad types of roles or “organized sets of behavior”: *interpersonal*, *informational*, and *decisional*.

1. Interpersonal Roles—Figurehead, Leader, and Liaison In their **interpersonal roles**, managers interact with people inside and outside their work units. The three interpersonal roles include *figurehead*, *leader*, and *liaison activities*.

2. Informational Roles—Monitor, Disseminator, and Spokesperson The most important part of a manager’s job, Mintzberg believed, is information handling, because accurate information is vital for making intelligent decisions. In their three **informational roles**—as *monitor*, *disseminator*, and *spokesperson*—managers receive and communicate information with other people inside and outside the organization. Mary Barra, for example, wrote an e-mail in early 2014 to all GM employees to discuss how the company was responding to a recall of 1.6 million vehicles. She already had been actively communicating with government officials and a host of senior executives regarding the matter. She noted in her e-mail that “recalls of this size and scope usually take time to play out. Various other parties will naturally be involved, and GM will cooperate fully. You can expect additional developments in the near term.”⁹⁸

3. Decisional Roles—Entrepreneur, Disturbance Handler, Resource Allocator, and Negotiator In their **decisional roles**, managers use information to make decisions to solve problems or take advantage of opportunities. The four decision-making roles are *entrepreneur*, *disturbance handler*, *resource allocator*, and *negotiator*.

These roles are summarized on the next page. (See Table 1.1.)

TABLE 1.1 Three Types of Managerial Roles: Interpersonal, Informational, and Decisional

| BROAD MANAGERIAL ROLES | TYPES OF ROLES | DESCRIPTION |
|------------------------|--------------------------|---|
| Interpersonal | Figurehead role | In your <i>figurehead role</i> , you show visitors around your company, attend employee birthday parties, and present ethical guidelines to your subordinates. In other words, you perform symbolic tasks that represent your organization. |
| | Leadership role | In your role of <i>leader</i> , you are responsible for the actions of your subordinates, as their successes and failures reflect on you. Your leadership is expressed in your decisions about training, motivating, and disciplining people. |
| | Liaison role | In your <i>liaison</i> role, you must act like a politician, working with other people outside your work unit and organization to develop alliances that will help you achieve your organization's goals. |
| Informational | Monitor role | As a <i>monitor</i> , you should be constantly alert for useful information, whether gathered from newspaper stories about the competition or gathered from snippets of conversation with subordinates you meet in the hallway. |
| | Disseminator role | Workers complain they never know what's going on? That probably means their supervisor failed in the role of <i>disseminator</i> . Managers need to constantly disseminate important information to employees, as via e-mail and meetings. |
| | Spokesperson role | You are expected, of course, to be a diplomat, to put the best face on the activities of your work unit or organization to people outside it. This is the informational role of <i>spokesperson</i> . |
| Decisional | Entrepreneur role | A good manager is expected to be an <i>entrepreneur</i> , to initiate and encourage change and innovation. |
| | Disturbance handler role | Unforeseen problems—from product defects to international currency crises—require you be a <i>disturbance handler</i> , fixing problems. |
| | Resource allocator role | Because you'll never have enough time, money, and so on, you'll need to be a resource <i>allocator</i> , setting priorities about use of resources. |
| | Negotiator role | To be a manager is to be a continual <i>negotiator</i> , working with others inside and outside the organization to accomplish your goals. |

Did anyone say a manager's job is easy? Certainly it's not for people who want to sit on the sidelines of life. Above all else, managers are *doers*. ●

1.7

MAJOR QUESTION

The Link between Entrepreneurship & Management

Do I have what it takes to be an entrepreneur?

THE BIG PICTURE

Entrepreneurship, a necessary attribute of business, means taking risks to create a new enterprise. It is expressed through two kinds of innovators, the *entrepreneur* and the *intrapreneur*.

Most of the popular get-rich stories you hear these days are about technology start-ups, such as Facebook, Yelp, Foursquare, or Uber, a **start-up being defined as a newly created company designed to grow fast.**⁹⁹ But there are all kinds of new endeavors constantly being launched, not all of which are about technology and not all of which are intended to quickly become big.

Starting Up a Start-up: From Hats to Hamburgers

Big Truck Brands, founded in Truckee, California, in 2010, makes custom-designed trucker hats for Olympic skier Julia Mancuso and actor Zach Efron, as well as average consumers.¹⁰⁰ Brooklyn-based MOD Restoration, launched by a rabbi's daughter, Hanny Lerner, handles furniture reupholstering for clients like Barclays Center and Long Island Hospital; it currently has about 10 employees.¹⁰¹ Walker & Company, headed by Tristan Walker, aims to revolutionize the skin-care and beauty-products industry for African Americans.¹⁰²

While so far these businesses have remained small, others have experienced rapid growth. Numi, founded in 1999 by brother and sister Ahmed and Reem Rahim in their 750-square-foot Oakland, California, apartment, is now a fair-trade tea empire with annual sales of over \$20 million in nearly 40 countries.¹⁰³ Denver chain Smashburger, founded in 2007, which features a \$6 truffle, mushroom, and swiss burger, among other specialties, is up to 235 stores in 30 states and aiming for 765 more in the next five years.¹⁰⁴



EXAMPLE

A Hot Start-Up Cleans Up: Homejoy Transforms an Old Business

As has been often demonstrated in recent years, an old work sector can be transformed by the application of new technology and new management ideas. An example is house cleaning, which until recently was fundamentally unchanged since the 1960s.

“Everyone Deserves a Happy Home.” “My brother Aaron and I started working together in 2009,” says South Carolina native Adora Cheung, who had moved to the San Francisco Bay Area. “We were both engineers coding [computer programming], and we wanted a place that was clean in order to be more efficient. We tried to find someone online to clean.”¹⁰⁵

They discovered there were basically two choices—get highly qualified cleaning help from an agency, which might cost them \$40–\$60 an hour (but workers earned only minimum wage), or get someone from Craigslist, which cost much less, “but you don’t know who the heck is going to show up at your door.”

To find out how they might make the business more efficient and learn the needs of the cleaners themselves, Adora



Entrepreneurs. Former South Carolinians Adora and Aaron Cheung founded their house-cleaning company, Homejoy, in the San Francisco Bay Area in 2012. Most people, even young people, prefer the security of a job with a paycheck to the risks of starting a business. Which life would you prefer?

took a job at a cleaning company. Later, in July 2012, the two launched their own company, Homejoy, under the slogan “Everyone deserves a happy home.”

The Homejoy Differences. Several things make Homejoy, which is headquartered in San Francisco with operations in 30 North American markets, different from traditional cleaning services.

First, having determined what their true costs are, the Cheungs are able to charge customers only \$20 an hour—whether it’s for once a year, once a month, or twice a week—with the worker keeping \$12–\$15 an hour, the rest going to Homejoy.

Second, to ensure a professional cleaning experience and keep customers happy, Homejoy “certifies” all their cleaners by running numerous background and reference checks, and all house cleanings are bonded and insured and frequently checked for quality. The company offers a complimentary re-clean if customers aren’t satisfied.

Third, to keep cleaners happy, Homejoy allows them to select their own hours and the geographical areas where they want to work. The cleaners, who are independent contractors rather than employees, are found through contacts with city agencies, such as the Chicago mayor’s office, and nonprofits, such as the Urban League—a novel form of recruitment.

Finally, the Cheungs used their expertise in information technology to set up a website that allows customers to book,

cancel, and reschedule cleanings through their computers or smartphones.¹⁰⁶

Not Just for the Money. Homejoy has its competitors, of course, among them Jack Rabbit, Handybook, Merrymaids.com, and Care.com. But having raised \$40 million in funding by investors, the Cheungs clearly think they’re on the way to making a tidy return. However, they have also established their own nonprofit foundation, the Homejoy Foundation, to provide support to build, create, or maintain a happy home environment. The foundation currently focuses on improving the living environments of veterans and military families by donating cleaning services and a slice of its profits.

“I think there’s a point where start-ups get to a certain size and level of recognition which gives them a platform to do something for a greater good,” says Adora Cheung. “We believe it’s our social responsibility to give back.”¹⁰⁷

YOUR CALL

It would be nice as a start-up business owner to get to the point where you would be worth several times what your salaried counterparts are worth and able to be a magnanimous donor to good causes. But do you think you have the stomach for the risks involved in establishing and growing a start-up? What are some risks associated with owning your own business?¹⁰⁸

Entrepreneurship Defined: Taking Risks in Pursuit of Opportunity

Homejoy in its early days represents one of the many small outfits in the United States that are one of the primary drivers of the nation’s economy. Indeed, according to the Bureau of Labor Statistics, small companies, defined as having between 1 and 250 employees, created 46.7% of all new jobs in 2013.¹⁰⁹ (Note, however: Because many small firms fail, “new businesses are important to job creation primarily because they get founded,” says entrepreneurial studies professor Scott Shane, “not because most of them tend to grow.”)¹¹⁰

Most small businesses originate with people like the Cheungs. They are the entrepreneurs, the people with the idea, the risk takers. The most successful entrepreneurs become wealthy and make the covers of business magazines: Oprah Winfrey (Harpo Productions), Fred Smith (Federal Express), Larry Page and Sergey Brin (Google). Failed entrepreneurs may benefit from the experience to live to fight another day—as did Henry Ford, twice bankrupt before achieving success with Ford Motor Co.

What Entrepreneurship Is **Entrepreneurship** is the process of taking risks to try to create a new enterprise. There are two types of entrepreneurship:

- An **entrepreneur** is someone who sees a new opportunity for a product or service and launches a business to try to realize it. Most entrepreneurs run small businesses with fewer than 100 employees.
- An **intrapreneur** is someone who works inside an existing organization who sees an opportunity for a product or service and mobilizes the organization’s resources to try to realize it. This person might be a researcher or a scientist but could also be a manager who sees an opportunity to create a new venture that could be profitable.



EXAMPLE

Example of an Intrapreneur: Intel's Anthropologist Genevieve Bell Explores Possible Innovations for Automakers

If being an intrapreneur sounds more attractive than being a manager, consider this: Managers are vital to supporting the intrapreneur's efforts. Microsoft in-house researchers, for instance, have brought forth many truly cutting-edge ideas, often beating out Apple and Google. The problem, says one analysis, is that such intrapreneurs were “not getting the buy-in from management to turn their discoveries into products,” a difficulty that its new CEO, Satya Nadella, has been urged to address.¹¹¹

Backing In-House Risk Taking. Richard Branson, CEO of the Virgin Group, who says his 200 companies (including music and airline businesses) were built on the efforts of “a steady stream of intrapreneurs who looked for and developed opportunities,” understands the importance of management support. In his view, CEO should stand for “chief enabling officer,” to nurture in-house experimentation.¹¹²

Intel's Dr. Bell. Intel Corporation, most famously known for its computer chips but now anxious to go in other directions, certainly appreciates the infusion of new ideas. Indeed, it has hired anthropologist Genevieve Bell as its “director of user experience research” at Intel Labs, where she heads some 100 social sci-

tists and designers who explore how people use technology in their homes and in public. “The team's findings help inform the company's product development process,” says one report, “and are also often shared with the laptop makers, automakers, and other companies that embed Intel processors in their goods.”¹¹³

For example, to find out how people shift back and forth between the built-in technologies in their cars and the personal mobile devices they carry, Bell and a fellow anthropologist have traveled around the world examining, photographing, and describing the contents of people's cars. They learned that, despite the fact that automakers have installed voice-command systems and other technology in their vehicles for the purpose of reducing distracted driving, drivers in traffic—especially when bored—often picked up their handheld personal devices anyway. This has led Intel to join with Jaguar Land Rover to find ways for consumers to better synchronize their personal devices with their cars.

YOUR CALL

Do you think most companies truly support intrapreneurship? Why would they not?

Multiple entrepreneur. South African-born Elon Musk, declared No. 1 on *Fortune's* 2013 list of Top People in Business, was a co-founder of PayPal, which provides payment processing for online vendors. He went on to shake up the auto business with Tesla Motors, which builds electric cars; developed SpaceX, a space launch vehicle company; and began retooling the energy sector with SolarCity, a residential solar energy provider. He is said to be worth \$7.7 billion. What is your passion that you might turn into a business?

How Do Entrepreneurs & Managers Differ? While the entrepreneur is not necessarily an inventor, he or she “always searches for change, responds to it, and exploits it as an opportunity,” Peter Drucker pointed out.¹¹⁴ Most people are not suited to be entrepreneurs. Let's consider the differences between entrepreneurs and managers.

Being an entrepreneur is what it takes to *start* a business; being a manager is what it takes to *grow or maintain* a business. As an entrepreneur/intrapreneur, you initiate new goods or services; as a manager you coordinate the resources to produce the goods or services—including, as we mentioned, the efforts of the intrapreneurs. Do you think it takes different skills to excel at being a good entrepreneur or manager?

Some of the examples of success we have previously mentioned—Fred Smith (FedEx) and Larry Page (Google)—are actually *both* entrepreneurs and effective managers. Other people, however, find they like the start-up part but hate the management part. For example, Stephen Wozniak, entrepreneurial co-founder with Steve Jobs of Apple Computer, abandoned the computer industry completely and went back to college. Jobs, by contrast, went on to launch another business, Pixar, which among other things became the animation factory that made the movies *Toy Story* and *Finding Nemo*.

Entrepreneurial companies have been called “gazelles” for the two attributes that make the African antelope successful: *speed and agility*. “Gazelles have mastered the art of the quick,” says Alan Webber, founding editor of *Fast Company* magazine. “They have internal approaches and fast decision-making approaches that let them move with maximum agility in a fast-changing business environment.”¹¹⁵



Is this the kind of smart, innovative world you'd like to be a part of? Most people prefer the security of a job and a paycheck. Entrepreneurs do seem to have psychological characteristics that are different from managers, as follows:¹¹⁶

- **Characteristic of both—high need for achievement.** Both entrepreneurs and managers have a high need for achievement. However, entrepreneurs certainly seem to be motivated to pursue moderately difficult goals through their own efforts in order to realize their ideas and, they hope, financial rewards. Managers, by contrast, are more motivated by promotions and organizational rewards of power and perks.
- **Also characteristic of both—belief in personal control of destiny.** If you believe “I am the captain of my fate, the master of my soul,” you have what is known as **internal locus of control**, the belief that you control your own destiny, that external forces will have little influence. (*External locus of control* means the reverse—you believe you don't control your destiny, that external forces do.) Both entrepreneurs and managers like to think they have personal control over their lives.
- **Characteristic of both, but especially of entrepreneurs—high energy level and action orientation.** Rising to the top in an organization probably requires that a manager put in long hours. For entrepreneurs, however, creating a new enterprise may require an extraordinary investment of time and energy. In addition, while some managers may feel a sense of urgency, entrepreneurs are especially apt to be impatient and to want to get things done as quickly as possible, making them particularly action oriented.
- **Characteristic of both, but especially of entrepreneurs—high tolerance for ambiguity.** Every manager needs to be able to make decisions based on ambiguous—that is, unclear or incomplete—information. However, entrepreneurs must have more tolerance for ambiguity because they are trying to do things they haven't done before.
- **More characteristic of entrepreneurs than managers—self-confidence and tolerance for risk.** Managers must believe in themselves and be willing to make decisions; however, this statement applies even more to entrepreneurs. Precisely because they are willing to take risks in the pursuit of new opportunities—indeed, even risk personal financial failure—entrepreneurs need the confidence to act decisively.



IBM CEO Virginia “Ginni” Rometty. The Chicago-area native began her career during the early 1980s, when women began entering corporate America in droves. As the leader of “Big Blue,” as IBM is called, Rometty placed No. 1 on *Fortune’s* 2013 list of The 50 Most Powerful Women in the United States. Currently she is pushing IBM resources into commercializing Watson, the supercomputer famed for winning on *Jeopardy*, whose ability to learn, Rometty believes, represents new sales opportunities. Are entrepreneurs and managers really two different breeds?

Of course, not all entrepreneurs have this kind of faith in themselves. So-called *necessity* entrepreneurs are people such as laid-off corporate workers, discharged military people, immigrants, and divorced homemakers who suddenly must earn a living and are simply trying to replace lost income and are hoping a job comes along. In the United States, these make up about a quarter of entrepreneurs. However, three-quarters are so-called *opportunity* entrepreneurs—those who start their own business out of a burning desire rather than because they lost a job.¹¹⁷

So where do you stand? Do you think you would like to be an entrepreneur? The following self-assessment was created to provide you with feedback about your entrepreneurial orientation. ●

SELF-ASSESSMENT 1.2



To What Extent Do You Possess an Entrepreneurial Spirit?

How motivated are you to be an entrepreneur, to start your own company? Do you have the aptitudes and attitudes possessed by entrepreneurs? This self-assessment allows you to compare your motivations, aptitudes, and attitudes with those found in a sample of entrepreneurs from a variety of industries.¹¹⁸ Go to connect.mheducation.com and take the self-assessment. When you're done, answer the following questions:

1. To what extent are your motives, aptitudes, and attitudes similar to entrepreneurs? Explain.
2. Based on your results, where do you have the biggest gaps with entrepreneurs in terms of the individual motives, aptitudes, and attitudes?
3. What do these gaps suggest about your entrepreneurial spirit? Discuss.
4. Do these results encourage or discourage you from thinking about starting your own business? Explain.

TAKING SOMETHING PRACTICAL AWAY

Professionals and managers all have to deal with this central problem: how not to surrender their lives to their jobs. The place to start, however, is in college. If you can learn to manage time while you're still a student, you'll find it will pay off not only in higher grades and more free time but also in more efficient information-handling skills that will serve you well as a manager later on.¹¹⁹

Using Your “Prime Study Time”

Each of us has a different energy cycle.¹²⁰ The trick is to use it effectively. That way, your hours of best performance will coincide with your heaviest academic demands. For example, if your energy level is high during the mornings, you should plan to do your studying then.

To capitalize on your prime study time, you take the following steps: (1) Make a study schedule for the entire term, and indicate the times each day during which you plan to study. (2) Find some good places to study—places where you can avoid distractions. (3) Avoid time wasters, but give yourself frequent

Getting Control of Your Time: Dealing with the Information Deluge in College & in Your Career

rewards for studying, such as a TV show, a favorite piece of music, or a conversation with a friend.

Improving Your Memory Ability

Memorizing is, of course, one of the principal requirements for succeeding in college. And it's a great help for success in life afterward.

Here are some tips on learning to concentrate:¹²¹

Choose What to Focus On

“People don't realize that attention is a finite resource, like money,” one expert says. “Do you want to invest your cognitive cash on endless Twittering or Net surfing or couch potatoing [watching TV]?” She adds, “Where did the idea come from that anyone who wants to contact you can do so at any time? You need to take charge of what you pay attention to instead of responding to the latest stimuli.”¹²² For example, to block out noise, you can wear earplugs while reading, to create your own “stimulus shelter.”

Devote the First 1½ Hours of Your Day to Your Most Important Task

Studying a hard subject? Make it your first task of the day, and concentrate on it for 90 minutes. After that, your brain will probably need a rest, and you can answer text messages, e-mail, and so on. But until that first break, don't do anything else, because it can take the brain 20 minutes to refocus.

Space Your Studying, Rather Than Cramming

Cramming—making a frantic, last-minute attempt to memorize massive amounts of material—is probably the least effective means of absorbing information. Research shows that it's best to space out your studying of a subject over successive days. A series of study sessions over several days is preferable to trying to do it all during the same number of hours on one day. It is *repetition* that helps move information into your long-term memory bank.

Review Information Repeatedly—Even “Overlearn It”

By repeatedly reviewing information—what is known as “rehearsing”—you can improve both your retention and your understanding of it. Overlearning is continuing to review material even after you appear to have absorbed it.

Use Memorizing Tricks

There are several ways to organize information so that you can retain it better. For example, you can make drawings or diagrams (as of the parts of a computer system). Some methods of establishing associations between items you want to remember are given in the exhibit. (See *Exhibit 1.1*.)

How to Improve Your Reading Ability: The SQ3R Method

SQ3R stands for “survey, question, read, recite, and review.”¹²³ The strategy behind it is to break down a reading assignment into small segments and master each before moving on. The five steps of the *SQ3R* method are as follows:

1. *Survey the chapter before you read it:* Get an overview of the chapter or other reading assignment before you begin reading it. If you have a sense of what the material is about before you begin reading it, you can predict where it is going. In this text, we offer on the first page of every chapter a list of the main heads and accompanying key questions. At the end of each chapter we offer a Key Points, which explains what the chapter's terms and concepts mean and why they are important.
2. *Question the segment in the chapter before you read it:* This step is easy to do, and the point, again, is to get you involved in the material. After surveying the entire chapter, go to the first segment—section, subsection, or even paragraph, depending on the level of difficulty and density of information. Look at the topic heading of

EXHIBIT 1.1 Some Memorizing Tricks

- **Mental and physical imagery:** Use your visual and other senses to construct a personal image of what you want to remember. Indeed, it helps to make the image humorous, action-filled, sexual, bizarre, or outrageous in order to establish a personal connection. Example: To remember the name of the 21st president of the United States, Chester Arthur, you might visualize an author writing the number “21” on a wooden chest. This mental image helps you associate chest (Chester), author (Arthur), and 21 (21st president).
- **Acronyms and acrostics:** An acronym is a word created from the first letters of items in a list. For instance, Roy G. Biv helps you remember the colors of the rainbow in order: red, orange, yellow, green, blue, indigo, violet. An acrostic is a phrase or sentence created from the first letters of items in a list. For example, *Every Good Boy Does Fine* helps you remember that the order of musical notes on the staff is E-G-B-D-F.
- **Location:** Location memory occurs when you associate a concept with a place or imaginary place. For example, you could learn the parts of a computer system by imagining a walk across campus. Each building you pass could be associated with a part of the computer system.
- **Word games:** Jingles and rhymes are devices frequently used by advertisers to get people to remember their products. You may recall the spelling rule “/before *E* except after *C* or when sounded like *A* as in *neighbor* or *weigh*.” You can also use narrative methods, such as making up a story.

that segment. In your mind, restate that heading as a question. In this book, we have done this by following each main section head with a Major Question. As an example, for the first section of this chapter (Management: What It Is, What Its Benefits Are), our restatement question is, “What are the rewards of being an exceptional manager?”

After you have formulated the question, go to steps 3 and 4 (read and recite). Then proceed to the next segment and again restate the heading there as a question.

3. *Read the segment about which you asked the question:* Now read the segment you asked the question about. Read with purpose, to answer the question you formulated. Underline or color-mark sentences that you think are important, if they help you answer the question.

Read this portion of the text more than once, if necessary, until you can answer the question. In addition, determine whether the segment covers any other significant questions, and formulate answers to these, too. After you have read the segment, proceed to step 4. (Perhaps you can see where this is all leading. If you read in terms of questions and answers, you will be better prepared when you see exam questions about the material later.)

4. *Recite the main points of the segment:* Recite means “say aloud.” Thus, you should speak out loud (or softly) the answer to the principal question or questions about the segment and any other main points.
5. *Review the entire chapter by repeating questions:* After you have read the chapter, go back through it and review the main points. Then, without looking at the book, test your memory by repeating the questions.

Clearly the SQ3R method takes longer than simply reading with a rapidly moving color marker or underlining pencil. However, the technique is far more effective because it requires *your involvement and understanding*. This is the key to all effective learning.

Learning from Lectures

Does attending lectures really make a difference? Research shows that students with grades of B or above were more apt to have better class attendance than students with grades of C

or below.¹²⁴ Some tips for getting the most out of lectures are the following.

Take Effective Notes by Listening Actively

Research shows that good test performance is related to good note taking.¹²⁵ And good note taking requires that you listen actively—that is, participate in the lecture process. Here are some ways to take good lecture notes:

- *Read ahead and anticipate the lecturer:* Try to anticipate what the instructor is going to say, based on your previous reading. Having background knowledge makes learning more efficient.
- *Listen for signal words:* Instructors use key phrases such as “The most important point is . . .,” “There are four reasons for . . .,” “The chief reason . . .,” “Of special importance . . .,” “Consequently . . .” When you hear such signal phrases, mark your notes with a ! or *.
- *Take notes in your own words:* Instead of just being a stenographer, try to restate the lecturer’s thoughts in your own words, which will make you pay attention more.
- *Ask questions:* By asking questions during the lecture, you necessarily participate in it and increase your understanding.

Review Your Notes Regularly

Make it a point to review your notes regularly—perhaps on the afternoon after the lecture, or once or twice a week. We cannot emphasize enough the importance of this kind of reviewing.