



Manage This!

Concept of Management

Objectives:

-  Explain management and the management functions.
-  Explain management levels and responsibilities.



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Think that understanding management isn't important because you'll never be a manager during your career? If so, think again.



There are millions of people employed in management positions in the U.S. today. They can be found in every industry and hold positions ranging from shift supervisor to department head to CEO. Here's the really interesting part—many of these managers began their careers in jobs just like yours. They started in entry-level positions and, thanks to hard work and perseverance, worked their way up in the business.

Think that you don't have what it takes to be a manager? You may not realize it, but you are involved in management every day, whether it's following your supervisor's directions or organizing your own workload. By understanding what management is, you'll become more productive and successful on the job. And by becoming more productive and successful, you'll improve your chances of moving into management, if that's what you want to do.

It's Manageable

What do you think when you hear the word "management"? Do you picture some unknown person or group making random decisions that affect your life? Or, do you envision management as a game, with managers as the players and employees as the pawns? Actually, management is anything but a game.

Management is the logical process of coordinating resources, such as money and employees, to accomplish an organization's goals. In business (and in any organization with resources to coordinate and goals to reach), nothing would get done without management.

The people responsible for management are, of course, the **managers**. They decide how to use the business's resources to make things happen. Managers make sure the work gets done, although they don't usually do the work themselves. For example, if you are the manager of a movie theater, you don't normally sell the popcorn or clean the restrooms. Your job is to oversee the entire operation and make sure there are enough employees on hand to perform these tasks. You hire and train the employees, handle the theater's finances, deal with suppliers, and obtain the resources needed for the business to be successful.

Although managers don't do the actual jobs, they need to understand the jobs to effectively manage the employees who do the work. This information helps managers to know how workers should do their jobs. It also helps them to be realistic about what workers can do. For instance, as the manager of a business, you should be able to answer questions and help employees solve problems. You should be aware of the time it takes to complete certain tasks. In the case of the movie theater, you should understand what's involved in filling customers' food and drink orders at the concession stand and not expect the impossible. However, you also need to set standards and encourage employees to be productive and do their best.

For more on the importance of managers' knowing their employees' job tasks, check out <http://blog.techquility.net/the-importance-of-knowing-your-employees-jobs/>.



▲ Most experts agree that planning is the most important of the management functions because all organizing, staffing, directing, and controlling decisions are based on the business's plans.

What managers do

If **managers** don't perform the actual jobs, what do they do? They are responsible for carrying out the **management functions** of planning, organizing, staffing, directing, and controlling. The successful performance of these activities determines if a business will achieve its goals.

Planning. **Planning** involves deciding what work will be done and how it will be accomplished. First, managers identify **goals**. Then, they identify methods of achieving those goals and the **resources** required to carry out the plans. They also set dates for completing tasks and projects. As the manager of an ice-cream shop, for instance, you might set a goal of increasing sales. You might then decide to increase advertising to help achieve that goal.

Planning is important because it lays the groundwork for all of the other management functions. Organizing, staffing, directing, and controlling decisions are based on the plans the business has established. Planning also helps to prevent mistakes and prepare for potential disasters. Managers who have a plan to follow are less likely to make hasty decisions, regardless of whether they are dealing with a small problem or a major crisis.

Organizing. **Organizing** involves setting up the way the business's work will be done. First, managers review the plans that they have made. After that, managers determine the jobs that need to be performed. Finally, they group those jobs into departments and establish lines of authority. Let's say that you own a restaurant-supply company and decide that the business needs an outside sales force. You assign these employees to the sales department and appoint a sales manager who reports to the vice president of sales. This type of organizing helps to get the work done efficiently because employees know what their jobs are and who their supervisors are.



For a more in-depth look at the organizing function of management, see <https://courses.lumenlearning.com/wmopen-introbusiness/chapter/organizing/>.

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Staffing. **Staffing** is an important management function because staffing helps the business to find employees who know how to do the necessary work. Managers identify the types of skills that employees need to have, and they develop ways to recruit and hire the most qualified people. Staffing also involves assigning new employees to specific work areas and determining compensation for workers.

Another part of staffing involves deciding what skills will be needed in the future. Managers must consider what training the business should provide to new employees. They also must determine whether current employees need additional training and professional development so that the business can stay competitive. Finally, managers need to think about how the company can nurture the growth of potential new managers within its workforce.

Directing. **Directing** involves providing guidance to workers and work projects. Managers set the direction for the business and influence employees to follow in that direction. Not only do managers plan and organize the work, they guide employees in carrying out the work. Part of directing involves motivating and leading workers to accomplish the business's goals. Managers use their skills to develop a team spirit among employees. This benefits the business because employees who work together well are often motivated to do more than those who work alone. Managers may motivate employees by rewarding them for their hard work. Employee rewards can include bonuses, pay raises, and promotions.



▲ *Staffing involves recruiting, hiring, and training human resources.*

Controlling. **Controlling** involves monitoring the work effort. Managers coordinate the business's activities to make sure that the company is performing effectively and achieving its goals. There is a strong link between planning and controlling. Planning sets the goals, and controlling checks to make sure the goals are being met. Let's say you own a restaurant and promise to serve lunch orders within 15 minutes, or the meals are free. Your goal is prompt service. You monitor this activity to make sure you don't lose money by giving away free lunches. The control function helps you to manage the finances of your business.

Another important part of controlling involves monitoring and measuring employees' performance, identifying problem areas, and making corrections when necessary. To do this, managers set performance standards and evaluate employees against these standards. If managers find there are problems, they make corrections. Plus, managers try to anticipate problems before they occur and take preventive action to avoid any difficulties. Suppose that you are a sales manager who is concerned that salespeople are going to spend too much money entertaining customers compared to the amount of sales they may obtain. As a result, you might start a cost-savings program. The purpose is to address the issue of overspending before it becomes a problem for the company.



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▲ *An important aspect of the controlling management function is monitoring and measuring employees' work performance.*

What managers need

To be effective, managers need certain skills. These skills fall into three main categories—**technical skills**, **interpersonal skills**, and **conceptual skills**.

Technical skills. Although many managers don't perform the same tasks as their employees, they still need to understand the technical aspects of the business. Managers need to be able to answer questions, give directions, and solve problems. To do this, they must understand various work processes, and they should know how to use the specialized tools required for these processes. For instance, how effective would you be as the manager of an accounting department if you didn't have math skills? How could you manage if you knew nothing about preparing invoices or using accounting software? That does not mean that you must be an expert in each area of every job. It just means that you must have an overall knowledge of the business's work.

Interpersonal skills. **Interpersonal skills** are extremely important at all levels of management. Managers are not alone; they must work with others to be successful. Therefore, they need to be able to communicate, interact, and build relationships. To do that, they must treat employees fairly, listen to their concerns, and understand that employees are essential for business success. And, managers must clearly communicate their ideas and expectations to employees so that the workers can be productive. Workers cannot be expected to accomplish the business's goals if they don't know what the goals are or understand the procedures they should follow to achieve the goals.



▲ Successful managers communicate, interact, and build relationships with their employees.

Conceptual skills. Another important skill that managers must have is the ability to see the “big picture.” Managers must be able to look at the organization as a whole and understand how its various parts are interrelated. They need to anticipate how a change in one department could impact all the others. Managers must also understand how the organization fits into its environment. In other words, they need to know how the company affects and is affected by its industry, its community, and the economy.

Managers need strong conceptual skills to think creatively and make wise decisions. They must be able to identify and define problems and opportunities for business improvement. Then, they should use whatever information is available, along with their own creativity, to generate possible options and solutions. After weighing the choices, managers must select the best method for solving the problem or grasping the opportunity. And, the chosen method should be what is best for the whole organization, not for just one department or person.

Take a closer look at important management skills here—
<http://careers-in-business.com/gmskill.htm>.

Summary

Management is the process of coordinating resources to accomplish an organization’s goals, and managers are the people who make things happen. Managers are responsible for the functions of planning, organizing, staffing, directing, and controlling. To be effective, they must have technical skills, interpersonal skills, and conceptual skills.

TOTAL RECALL

1. What is management?
2. Why is it important for managers to understand the jobs of the workers they manage?
3. Describe the five functions of management.
4. Explain the three categories of skills that managers need to be successful.

THE GRAY ZONE

After years of booming business and great success, a large corporation's sales dropped sharply, and the company teetered on the edge of ruin. Thousands of employees were let go, and those who were able to keep their jobs watched their bonuses, pay raises, and benefits disappear. Then, it was just a matter of time before the entire company collapsed and everybody lost their jobs.

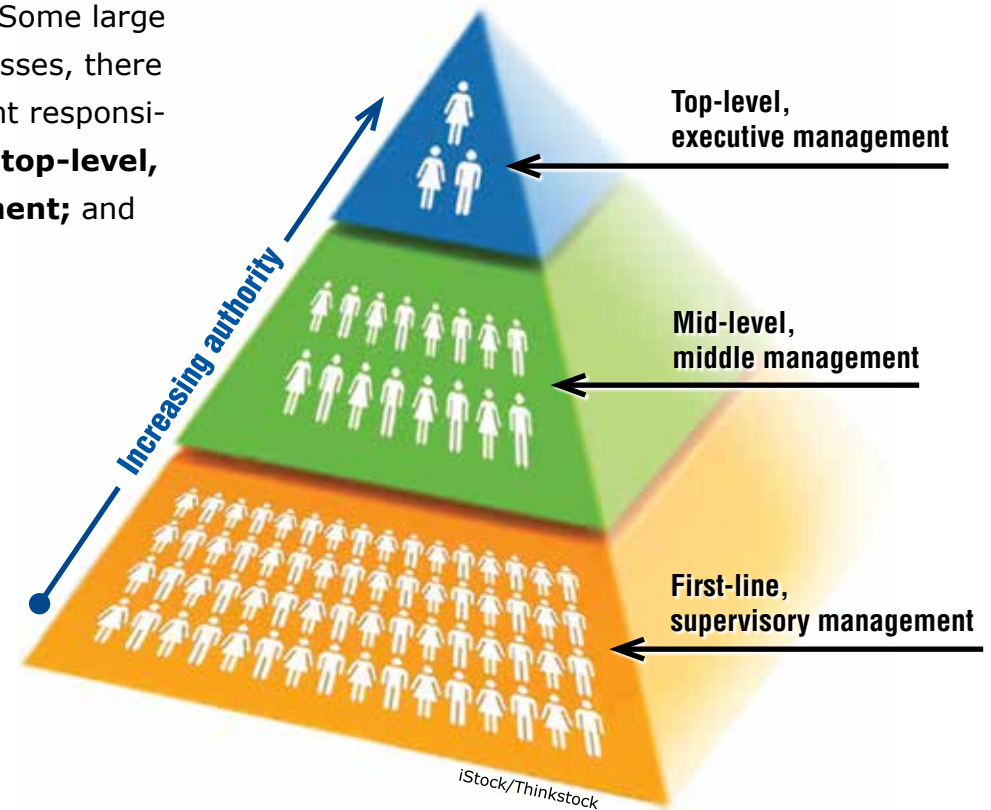
Due to the extreme change in fortune that the company experienced, the chief executive officer and other top executives came under great scrutiny. Journalists, the government, and the population in general asked questions about management's involvement in the sudden decline of the company. In addition, many of these same individuals began to question why many of the top executives garnered multi-million dollar salaries at the same time that the business was failing. Should the CEO and top executives be held responsible for the collapse of their company? And, were the top executives compensated fairly, given their high-level positions with the company, or were they grossly overpaid?

Management Up Close

All but the smallest of businesses have more than one manager. Some large businesses have hundreds of managers. In these types of businesses, there are many levels of management, and each level has very different responsibilities and authority. The three main levels of management are: **top-level**, or **executive, management**; **mid-level**, or **middle, management**; and **first-line**, or **supervisory, management**.

Top-level, or executive, management. Managers at this level are responsible for the operation of the entire organization. They are the owners, chief executive officers, presidents, chief financial officers, vice presidents, and general managers.

There are only a few top managers because they are at the highest level of the business. These managers are the highest paid because they have the most authority and the most responsibility. As a result, they are usually the ones who are blamed if the business has a bad year and profits are down.

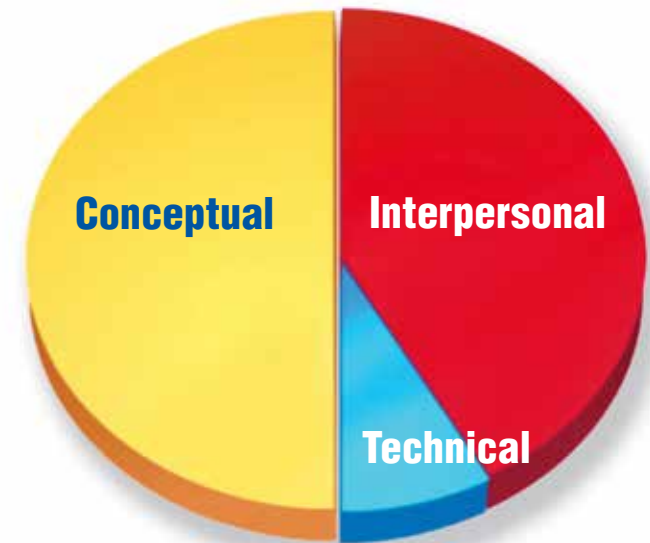




Managers at this level must have strong conceptual and decision-making skills because they are responsible for organizational goal setting. Top-level managers develop a vision of what the business should be and decide where the business is headed. After setting the organization's goals, they must communicate those goals to everyone else. They also spend a good deal of time conducting **strategic planning**. They plan **strategies** to achieve the goals over a long period of time. Lastly, they monitor the business's performance and may make decisions about whether to develop new products or expand into new markets.

For examples of top-level managers in action, read Aimee Groth and Kim Bhasin's article "The Best CEOs of the Past 20 Years" at <http://www.businessinsider.com/best-ceos-past-30-years-2011-7?op=1>.

**Skills Needed by
Top-Level, Executive Management**



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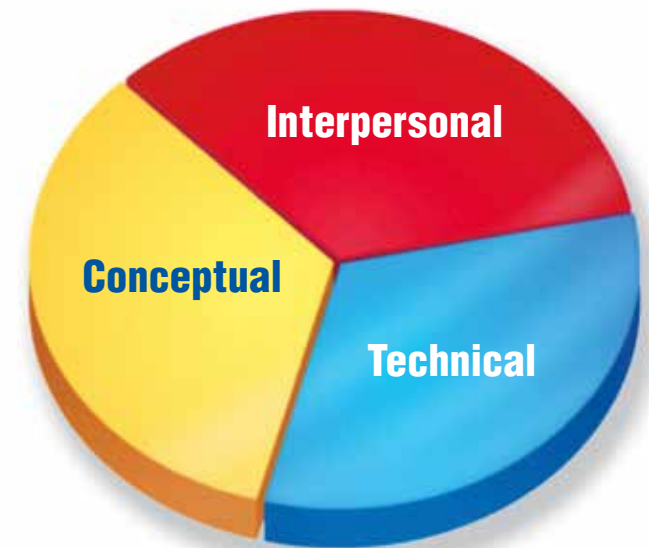
- ▲ *Top-level managers must have strong conceptual skills to set goals for the organization, significant interpersonal skills to communicate these goals to everyone else, and technical skills to make decisions about new products and markets.*

Mid-level, or middle, management. This level of management is responsible for implementing the goals set by top management. Middle managers are the department heads, production managers, sales managers, and district managers.

Middle managers not only report to top managers, but also have lower level supervisors who report to them. Therefore, they are in the middle and are considered the link between top-level and first-line management. If top-level management decides to design a new product, then mid-level managers will plan how to do this. On the other hand, if first-line managers notice major problems, such as low morale among employees, they tell middle managers. The middle managers pass on the information to top managers.

Middle managers, who should possess a healthy dose of all three managerial skills, are especially active in the planning, organizing, and controlling functions of management. The planning that they do is more **tactical** in nature, meaning that they develop short-term plans to carry out within the next year in response to top management's decisions. In other words, what actions should the business take on a short-term basis to achieve its goals? Let's say that you are a middle manager for a business that wants to open a new location. You will plan how to find the best site, decide how to recruit qualified employees, and determine how to attract customers. You and the other middle managers are the ones who figure out how to make top management's vision a reality.

**Skills Needed by
Mid-Level, Middle Management**



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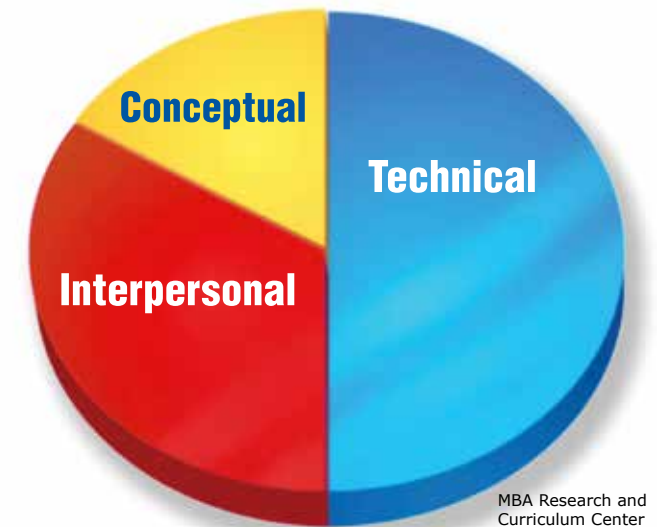
- ▲ *Middle managers need a fairly equal balance of conceptual, interpersonal, and technical skills.*

Melissa Korn follows a mid-level manager's day in her *Wall Street Journal* article "What It's Like Being a Middle Manager Today."
You can listen to the article in podcast form here—
<https://umano.me/c/QnnO/what-its-like-being-a-middle-manager-today->.

First-line, or supervisory, management. First-line managers take the vision one step further and make it happen. They are the ones who are concerned with actually carrying out the actions and plans that the middle managers identified. They are the office manager, floor supervisor, shift supervisor, and team leader. They spend most of their time staffing, directing, and controlling and are generally responsible for the day-to-day activities of the employees who do the routine work of the business. They train these employees, assign work to these employees, evaluate employees' job performance, and maintain respect and discipline among the employees. In addition, first-line managers often work side-by-side with these workers.

There are more managers at the first-line level than at either of the other two levels of management. Many times, competent employees who are performing well on the job are promoted to supervisory positions. A lot of businesses have a policy of promoting from within whenever possible. They often reward good employees by making them supervisors. The idea is that employees who do the work well have a better understanding of what needs to be done on a daily basis. They have the technical skills required to help others do their jobs effectively.

Skills Needed by First-Line, Supervisory Management



▲ Although front-line managers need some conceptual skills to assist in planning and interpersonal skills to communicate and build relationships with others, they must have strong technical skills to oversee the day-to-day activities of the business.

What managers manage

All levels of management are responsible for managing the resources of the business. Although top managers have the final say, both middle and supervisory managers are involved to a certain extent. The resources that a business must manage are human resources, financial resources, material resources, and information.

Human resources. **Human resources** are all of a business's employees. Many businesses believe that employees are their most important resource because without workers, the business could not function. Could a coffee shop exist without servers to take customers' orders and baristas to make the coffee and other specialty drinks?

All levels of management are involved with human resources. Top managers are mainly concerned that there are enough qualified employees to meet the business's needs. Beyond that point, middle and supervisory managers are usually responsible for human resources.

Financial resources. **Financial resources** are all of the sources of money available to the business. These resources might include the cash the business has on hand, income from sales or investments, a line of credit that allows the business to borrow funds as needed, or money owed to the business by its customers. All businesses need financial resources to buy supplies and materials, to pay employees, and to cover their other operating expenses.



monkeybusinessimages/iStock/Thinkstock

▲ *Most businesses agree that human resources are their most important, essential resource.*

The way managers handle the business's financial resources often determines whether the business succeeds or fails. Top managers have final responsibility for the profitability of the business. However, they usually do not personally handle the finances unless they are the owners of small businesses. Middle managers are the ones who develop budgets, oversee accounting departments, and coordinate investment programs. At the supervisory level, managers watch expenses to make sure they stay within their budgets.

Material resources. **Material resources** are the equipment and supplies that businesses need to produce and/or sell their products. Managing material resources involves purchasing and maintaining the right type and amount of equipment and supplies for workers to use in doing their jobs. As a result, top managers are seldom involved directly with these activities. They pass on that responsibility to middle managers. Depending on the size of the business, regional managers or branch managers may be the ones who decide what's needed and purchase the materials. They often rely on first-line managers to give them information about the equipment and supplies that workers need.

Information. Another important resource for a business is **information**, including facts, statistics, and opinions. One type of information is internal and comes from within the business, such as sales reports. Another type is external and includes information about what is going on in the business's industry. External information can also include the state of the economy, consumer trends, and any other data that apply to the specific business.



Christopher Robbins/Photodisc/Thinkstock

▲ *Front-line managers are typically responsible for the business's material resources.*



Managers get important information from many sources. Top managers often receive information from outside sources, such as advertising firms. They also get information from their own middle managers, who may get information from front-line managers, who may get information from their employees, who may get information from customers! The more information that business managers and owners have, the better able they are to make good decisions.

To achieve their goals, businesses must effectively manage all of these resources. To do so, all levels of management need to carry out their unique responsibilities and work together.

Summary

Management is divided into three levels: top level, or executive; mid level, or middle; and first line, or supervisory. Management is responsible for managing a business's resources, including human resources, financial resources, material resources, and information.

TOTAL RECALL

1. Explain the responsibilities of top-level management.
2. Describe the functions of middle managers.
3. What are the responsibilities of first-line managers?
4. Describe four types of resources that managers manage.

Make It Pay!

Think about your place of employment or your school. Can you name someone at each level of management—executive, mid level, and supervisory? What are some tasks that they perform in the planning, organizing, staffing, directing, and controlling functions? Consider one manager in particular—what essential qualities or skills does s/he possess that make her/him a good manager?