Regardless of where you live, as the earth rotates around the sun each year, the seasons change. Whether you live where the signs are obvious—the varying colors of leaves, a blowing snowstorm, tiny buds on branches, a blistering heat wave—or where the signs are more subtle, such as a cool breeze in the evening or increased rain, nature is signaling change all the same. We come to expect these alterations as part of the natural order of life. Today’s managers must expect change as well, as different influences both outside and within organizations force constant shifts and transformations that affect the way managers carry out their jobs. Blizzards of information, blossoming market opportunities, a multi-hued workforce, and hot competition all combine to challenge organizations to adapt in order to thrive and grow.

But some management principles remain constant, like evergreens that retain their color year round, through every season. Managers still need to be able to understand and communicate information to others, maintain good relationships with customers and members of the organization, and make clear, rational decisions. A manager makes plans for her department or company, organizes and leads staff, and monitors activities to keep the department or company on target toward its goals. Ultimately, managers who can read the signs that remain constant—the sun always rises in the east and sets in the west—while anticipating coming changes, like spotting the first spring crocus or robin on the lawn, will make the greatest contributions to their organizations.
CHAPTER 1

Managing the New Workplace

CHAPTER OUTLINE
The Definition of Management
The Four Management Functions
Planning
Organizing
Leading
Controlling
Organizational Performance
Management Skills
Conceptual Skills
Human Skills
Technical Skills
Management Types
Vertical Differences
Horizontal Differences
What Is It Like to Be a Manager?
Manager Activities
Manager Roles
Managing in Small Businesses and Not-for-Profit Organizations
Management and the New Workplace
Forces on Organizations
New Management Competencies
Application: Managing Crises and Unexpected Events

LEARNING OBJECTIVES
After studying this chapter, you should be able to

1. Describe the four management functions and the type of management activity associated with each.

2. Explain the difference between efficiency and effectiveness and their importance for organizational performance.

3. Describe management types and the horizontal and vertical differences between them.

4. Describe conceptual, human, and technical skills and their relevance for managers and nonmanagers.

5. Define ten roles that managers perform in organizations.

6. Discuss the transition to a new workplace and the management competencies needed to deal with issues such as diversity, globalization, and rapid change.

7. Explain the leadership skills needed for effective crisis management.
Kenneth Chenault had just gotten his dream job as chairman and CEO of American Express Co., becoming one of the few African Americans ever to head a major U.S. corporation. He knew he would face challenges, but he never imagined anything like this in his worst nightmares. While he was on a business trip to Salt Lake City, talking with a colleague back in New York, terrorists crashed planes into the twin towers of the World Trade Center, just across the street from American Express headquarters. Chenault immediately telephoned security, and he instructed that they begin evacuation procedures immediately. Over the next two days, stuck in Salt Lake City, Chenault set up a command center and held hourly conference calls with top executives to keep tabs on what was happening and to deal with immediate problems. He learned that the attacks had left eleven American Express employees dead or missing.

American Express was already going through some difficult times before the September 11, 2001, terrorist attacks. In his first year on the job, Chenault twice had to report disappointing financial results and had announced layoffs of almost 7,000 jobs. Now, as the Number 1 issuer of credit cards and the Number 1 travel agency, he knew American Express would be at the center of an economic storm. As he returned to New York, Kenneth Chenault’s heart was heavy and his mind was whirling. He knew that everyone—from the lowest-ranking employee of the company to the biggest shareholder—would be looking to him for leadership.¹

If you were in Ken Chenault’s position, how would you handle this situation? What approach would you take to deal with employees, shareholders, the media, and others?
Ken Chenault is being challenged in a way few American managers could have imagined until recently. The attacks on New York and Washington brought a new element to the manager’s job in America—that of coping with crisis and extreme uncertainty and the human emotions that accompany it. For the past decade or so, managers have been talking about how their organizations struggle to keep pace in an uncertain world that changes faster than ever. The events of September 11, 2001 brought the uncertainty and turbulence of today’s world clearly to the forefront of everyone’s mind.

Managers are constantly dealing with uncertainty and unexpected events, whether it be something as small as the sudden loss of a major customer or something as large and dramatic as what happened on September 11. Solid management skills and actions are the key to helping any organization weather a crisis and remain healthy, inspired, and productive. Today’s organizations are coping with diverse and far-reaching challenges. They must keep pace with ever-advancing technology, find ways to incorporate the Internet and e-business into their strategies and business models, and strive to remain competitive in the face of increasingly tough global competition, uncertain environments, cutbacks in personnel and resources, and massive worldwide economic, political, and social shifts. The growing diversity of the workforce creates other dynamics: How does the company maintain a strong corporate culture while supporting diversity; balancing work and family concerns; and coping with conflicting demands of all employees for a fair shot at power and responsibility. Workers are asking that managers share rather than hoard power. Organizational structures are becoming flatter, with power and information pushed down and out among fewer layers and with teams of front-line workers playing new roles as decision makers. New ways of working, such as virtual teams and telecommuting, put additional demands on managers.

Because of these changes, a revolution is taking place in the field of management. A new kind of leader is needed who can guide businesses through this turbulence—a strong leader who recognizes the complexity of today’s world and realizes there are no perfect answers. The revolution asks managers to do more with less, to engage whole employees, to see change rather than stability as the nature of things, and to create vision and cultural values that allow people to create a truly collaborative workplace. This new management approach is very different from a traditional mindset that emphasizes tight top-down control, employee separation and specialization, and management by impersonal measurements and analysis. In a situation such as the one Ken Chenault is facing at American Express, an impersonal, highly analytical approach could destroy the company.

Making a difference as a manager today and tomorrow requires integrating solid, tried-and-true management skills with new approaches that emphasize the human touch, enhance flexibility, and involve employees’ hearts and minds as well as their bodies. Successful departments and organizations don’t just happen—they are managed to be that way. Managers in every organization today face major challenges and have the opportunity to make a difference. For example, Lorraine Monroe made a difference at Harlem’s Frederick Douglass Academy when she transformed it from one of the worst to one of the best schools in New York City. Stephen Quesnelle, head of quality programs at Mitel Corp. in Ottawa, Canada, made a difference when he organized “sacred cow hunts” to encourage employees to track down and do away with outdated policies and procedures that were holding the company back. Today, signs of energy, change, and renewal are everywhere at Mitel.
These managers are not unusual. Every day, managers solve difficult problems, turn organizations around, and achieve astonishing performances. To be successful, every organization needs skilled managers.

This textbook introduces and explains the process of management and the changing ways of thinking about and perceiving the world that are becoming increasingly critical for managers of today and tomorrow. By reviewing the actions of some successful and not-so-successful managers, you will learn the fundamentals of management. By the end of this chapter, you will already recognize some of the skills that managers use to keep organizations on track. By the end of this book, you will understand fundamental management skills for planning, organizing, leading, and controlling a department or an entire organization. In the remainder of this chapter, we will define management and look at the ways in which roles and activities are changing for today's managers. The final section of the chapter talks about a new kind of workplace that has evolved as a result of changes in technology, globalization, and other forces, and examines how managers can meet the challenges of this new environment and manage unexpected events.

What do managers such as Kenneth Chenault, Stephen Quesnelle, and Lorraine Monroe have in common? They get things done through their organizations. Managers create the conditions and environment that enable organizations to survive and thrive beyond the tenure of any specific supervisor or manager. For example, members of the Grateful Dead rock band created and managed a successful business, Grateful Dead Productions, that continues to thrive even though band member Jerry Garcia has been dead for more than five years and the band no longer regularly performs together. Grateful Dead Productions remains active in merchandise sales, CD releases, and Internet projects, bringing in about $70 million annually. The band members, who shared top management duties and responsibilities, created an organization with a powerful culture, a strong vision, and the motivation and human energy that set great organizations apart and help them survive over the long haul.4

A key aspect of managing is recognizing the role and importance of others. Good managers know that the only way they can accomplish anything at all is through the people of the organization. Early twentieth-century management scholar Mary Parker Follett defined management as “the art of getting things done through people.”5 More recently, noted management theorist Peter Drucker stated that the job of managers is to give direction to their organizations, provide leadership, and decide how to use organizational resources to accomplish goals.6 Getting things done through people and other resources and providing leadership and direction are what managers do. These activities apply not only to top executives such as Kenneth Chenault, but also to the leader of a security team, a supervisor of an accounting department, or a director of marketing. Moreover, management often is considered universal because it uses organizational resources to accomplish goals and attain high performance in all types of profit and not-for-profit organizations. Thus, our definition of management is as follows:

Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.
There are two important ideas in this definition: (1) the four functions of planning, organizing, leading, and controlling and (2) the attainment of organizational goals in an effective and efficient manner. Managers use a multitude of skills to perform these functions. Management’s conceptual, human, and technical skills are discussed later in the chapter. Exhibit 1.1 illustrates the process of how managers use resources to attain organizational goals. Although some management theorists identify additional management functions, such as staffing, communicating, or decision making, those additional functions will be discussed as subsets of the four primary functions in Exhibit 1.1. Chapters of this book are devoted to the multiple activities and skills associated with each function, as well as to the environment, global competitiveness, and ethics, which influence how managers perform these functions. The next section begins with a brief overview of the four functions.

**The Four Management Functions**

**Planning**

Planning defines where the organization wants to be in the future and how to get there. Planning means defining goals for future organizational performance and deciding on the tasks and resource use needed to attain them. At Wells Fargo & Co., CEO Richard Kovacevich has set an ambitious goal of doubling the number of products sold per customer (such as checking accounts, credit cards, home equity loans, and certificates of deposit) from 4 to 8.7 To meet the goal, managers will invest significant resources for training and incentives to motivate employees.

A lack of planning—or poor planning—can hurt an organization’s performance. For example, clothing retailer Merry-Go-Round, a once-ubiquitous presence in malls across America, slid into bankruptcy and ultimately disappeared as a result of poor planning. Top managers’ lack of vision in perceiving market direction and demographic trends, weak planning efforts regarding acquisitions and growth, and the failure to prepare for management succession helped to kill a 1,500-store, $1-billion nationwide chain.8

---

**Exhibit 1.1**

The Process of Management
Organizing

Organizing typically follows planning and reflects how the organization tries to accomplish the plan. Organizing involves the assignment of tasks, the grouping of tasks into departments, and the assignment of authority and allocation of resources across the organization. Hewlett-Packard, Sears, Xerox, and Microsoft have all undergone structural reorganizations to accommodate their changing plans. Wells Fargo, the nation’s fourth largest banking company, is a highly decentralized organization that pushes decision-making authority down to banks at the local level. Kovacevich believes the decentralized structure enables the huge company to provide whiz-bang products and services while being as responsive to customers as a small community bank.9

Leading

Providing leadership is becoming an increasingly important management function. Leading is the use of influence to motivate employees to achieve organizational goals. Leading means creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees with the desire to perform at a high level. Leading involves motivating entire departments and divisions as well as those individuals working immediately with the manager. In an era of uncertainty, international competition, and a growing diversity of the workforce, the ability to shape culture, communicate goals, and motivate employees is critical to business success.

Some top managers, such as Herb Kelleher, recently retired CEO of Southwest Airlines, and Michael Dell of Dell Computer, are known as exceptional leaders. They are able to communicate their vision throughout the organization and energize employees into action. Kelleher’s leadership, for example, helped to make Southwest workers the most production in the airline industry. However, at Southwest, leadership filters down throughout the company, and everyone is encouraged to assume leadership responsibility, solve problems, and help motivate others. Providing leadership means helping other people be and do their best for the organization. The Putting People First box describes the leadership approach of Joe Torre, head coach of the New York Yankees.

One doesn’t have to be a well-known top manager to be an exceptional leader. There are many managers working quietly who also provide strong leadership within departments, teams, not-for-profit organizations, and small businesses. Valeria Maltoni is a marketing specialist for Destiny WebSolutions, where she leads teams that help clients solve their online business problems. Maltoni’s philosophy of leadership is that leaders open themselves up to the ideas and opinions of others. “It’s okay to ask for help,” she says. “In any situation, whenever I think that I have more to give than I have to get, I’m wrong.”10

Controlling

Controlling is the fourth function in the management process. Controlling means monitoring employees’ activities, determining whether the organization

organizing

The management function concerned with assigning tasks, grouping tasks into departments, and allocating resources to departments.

leading

The management function that involves the use of influence to motivate employees to achieve the organization’s goals.

Jean Kvasnica began her career at Hewlett-Packard as a secretary. She is currently head of a multifunctional sales team that competes for sales of computers, meters, and other equipment worth hundreds of millions of dollars. Kvasnica succeeds at leading partly because she tries to emulate the qualities she responds to in a leader: “. . . rooted in the ground . . . not defensive, not egotistical. . . . They can take a volatile situation and stay focused.”

controlling

The management function concerned with monitoring employees’ activities, keeping the organization on track toward its goals, and making corrections as needed.
is on target toward its goals, and making corrections as necessary. Managers must ensure that the organization is moving toward its goals. New trends toward empowerment and trust of employees have led many companies to place less emphasis on top-down control and more emphasis on training employees to monitor and correct themselves.

New information technology is also helping managers provide needed organizational control without strict top-down constraints. By using the Internet and other information technology to coordinate and monitor virtually every aspect of operations, managers at Cisco Systems can keep tabs on employee and company performance without maintaining daily authoritarian control over workers. Cisco employees have amazing freedom to make decisions and take action—for example, any employee can fly anywhere on earth without prior approval—but they also know that top managers keep a close eye on what’s going on throughout the company with just a few mouse clicks.¹¹

Companies may also use information technology to put more constraints on employees if managers believe the situation demands it. Managers at C. R. England, a long-haul refrigerated trucking company, implemented a strict computerized control system when the company was on the verge of bankruptcy.
The system monitors about 500 procedures, and managers grade employees weekly based on the computerized data. Although employees don’t necessarily like such close monitoring, it helped to save the company. Organization failure can result when managers are not serious about control or lack control information.

The other part of our definition of management is the attainment of organizational goals in an efficient and effective manner. Management is so important because organizations are so important. In an industrialized society where complex technologies dominate, organizations bring together knowledge, people, and raw materials to perform tasks no individual could do alone. Without organizations, how could technology be provided that enables us to share information around the world in an instant, electricity be produced from huge dams and nuclear power plants, and thousands of videos and DVDs be made available for our entertainment? Organizations pervade our society. Most college students will work in an organization—perhaps Sun Microsystems, Cinergy, or Hollywood Video. College students already are members of several organizations, such as a university, junior college, YMCA, church, fraternity, or sorority. College students also deal with organizations every day: to renew a driver’s license, be treated in a hospital emergency room, buy food from a supermarket, eat in a restaurant, or buy new clothes. Managers are responsible for these organizations and for seeing that resources are used wisely to attain organizational goals.

Our formal definition of an organization is a social entity that is goal directed and deliberately structured. Social entity means being made up of two or more people. Goal directed means designed to achieve some outcome, such as make a profit (J. Crew, Microsoft), win pay increases for members (AFL-CIO), meet spiritual needs (Methodist church), or provide social satisfaction (college sorority). Deliberately structured means that tasks are divided and responsibility for their performance is assigned to organization members. This definition applies to all organizations, including both profit and not-for-profit. Vickery Stoughton runs Toronto General Hospital and manages a $200 million budget. He endures intense public scrutiny, heavy government regulation, and daily crises of life and death. Bob Stein founded Night Kitchen to provide authors with e-publishing tools for creating e-books and multimedia texts. Eleanor Josaitis worked with her parish priest, the late Father William Cunningham, to establish an organization in Detroit called Focus: Hope, which feeds 48,000 hungry people a day, runs a training program in precision machining and metalworking, sponsors a day-care center, and runs several for-profit manufacturing companies, whose plants and equipment are worth more than $100 million. Small, offbeat, and not-for-profit organizations are more numerous than large, visible corporations—and just as important to society.

Based on our definition of management, the manager’s responsibility is to coordinate resources in an effective and efficient manner to accomplish the organization’s goals. Organizational effectiveness is the degree to which the organization achieves a stated goal. It means that the organization succeeds in accomplishing what it tries to do. Organizational effectiveness means providing a product or service that customers value. Organizational efficiency refers to the amount of resources used to achieve an organizational goal. It is based on the use of minimal resources—raw materials, money, and people—to produce a desired volume of output.
on how much raw materials, money, and people are necessary for producing a given volume of output. Efficiency can be calculated as the amount of resources used to produce a product or service.

Efficiency and effectiveness can both be high in the same organization. For example, by using new technology to produce full-color simulations of carpet samples that look almost like the real thing, Lees Carpets in Virginia doesn’t have to interrupt machines to produce small batches of woven samples. Thus, Lees can make much more carpet with the same number of machines and employees. Effectiveness also is improved because the accelerated design system has won more customers, reduced the turnaround time for custom business, and improved product quality and customer satisfaction. Managers in service firms are using new technology to improve efficiency and effectiveness, too. Freddie Mac, one of the largest mortgage underwriters in the United States, uses a system that can automatically—and almost instantly—calculate whether to underwrite a home loan. Since the Loan Prospector system was launched, Freddie Mac’s transaction volume has increased 200 percent, without the addition of more staff.

Sometimes, however, managers’ efforts to improve efficiency can hurt organizational effectiveness. This is especially true in relation to severe cost cutting. At Delta Airlines, former CEO Robert W. Allen dramatically increased cost efficiency by cutting spending on personnel, food, cleaning, and maintenance. Allen believed the moves were needed to rescue the company from a financial tailspin, but Delta fell to last place among major carriers in on-time performance, the morale of employees sank, and customer complaints about dirty planes and long lines at ticket counters increased by more than 75 percent. Current CEO Leo Mullin is striving to maintain the efficiencies instituted by Allen, but also improve organizational effectiveness.

The ultimate responsibility of managers is to achieve high performance, which is the attainment of organizational goals by using resources in an efficient and effective manner.

Management Skills

A manager’s job is complex and multidimensional and, as we shall see throughout this book, requires a range of skills. Although some management theorists propose a long list of skills, the necessary skills for managing a department or an organization can be summarized in three categories: conceptual, human, and technical. As illustrated in Exhibit 1.2, the application of these skills changes as managers move up in the organization. Though the degree of each skill necessary at different levels of an organization may vary, all managers must possess skills in each of these important areas to perform effectively.
Conceptual Skills

Conceptual skill is the cognitive ability to see the organization as a whole and the relationship among its parts. Conceptual skill involves the manager's thinking, information processing, and planning abilities. It involves knowing where one's department fits into the total organization and how the organization fits into the industry, the community, and the broader business and social environment. It means the ability to think strategically—to take the broad, long-term view.

Conceptual skills are needed by all managers but are especially important for managers at the top. They must perceive significant elements in a situation and broad, conceptual patterns. For example, Microsoft, the giant software company, reflects the conceptual skills of its founder and chairman, Bill Gates. Overall business goals are clearly stated and effectively communicated throughout the company, contributing to Microsoft's leadership reputation and billion-dollar revenues. As one Microsoft manager pointed out, “Each part of the company has a life of its own now, but Bill is the glue that holds it all together.”

As managers move up the hierarchy, they must develop conceptual skills or their promotability will be limited. A senior engineering manager who is mired in technical matters rather than thinking strategically will not perform well at the top of the organization. Many of the responsibilities of top managers, such as decision making, resource allocation, and innovation, require a broad view.

Human Skills

Human skill is the manager's ability to work with and through other people and to work effectively as a group member. This skill is demonstrated in the way a manager relates to other people, including the ability to motivate, facilitate, coordinate, lead, communicate, and resolve conflicts. A manager with human skills allows subordinates to express themselves without fear of ridicule and encourages participation. A manager with human skills likes other people and is liked by them. Scott McNealy, CEO of Sun Microsystems, uses humor and hoopla to motivate employees and help them cope with the stress of their demanding jobs. Impromptu high jinks such as an intramural squirt gun war, at which McNealy played general, help bind together and energize employees.

As globalization, workforce diversity, uncertainty, and competition for highly skilled knowledge workers increase, human skills become even more crucial. Today's managers need to be genuinely concerned with the emotional needs of their employees, not just the physical needs related to their job tasks. Young J. Shin, chief technology officer at Embark.com, an education Web site, notes that knowledge workers “don’t want to be managed as serfs.” These employees want guidance, respect, and a chance to contribute fully to the organization. Meg Whitman, CEO of eBay, believes her most important contribution to the organization is creating a work ethic and culture that is “fun, open, and trusting.”
and other eBay managers pay to human skills seems to be paying off. Motivated employees helped the organization expand its franchise in the face of stiff competition from larger rivals, and, unlike many Internet companies, eBay has been turning a healthy profit.\(^\text{21}\) Human skills are becoming increasingly important for managers at all levels, and particularly for those who work with employees directly on a daily basis. Organizations frequently lose good employees because of front-line bosses who fail to show respect and concern for workers.\(^\text{22}\)

**Technical Skills**

Technical skill is the understanding of and proficiency in the performance of specific tasks. Technical skill includes mastery of the methods, techniques, and equipment involved in specific functions such as engineering, manufacturing, or finance. Technical skill also includes specialized knowledge, analytical ability, and the competent use of tools and techniques to solve problems in that specific discipline. Technical skills are particularly important at lower organizational levels. Many managers get promoted to their first management job by having excellent technical skills. However, technical skills become less important than human and conceptual skills as managers move up the hierarchy. For example, in his seven years as a manufacturing engineer at Boeing, Bruce Moravec developed superb technical skills in his area of operation. But when he was asked to lead the team designing a new fuselage for the Boeing 757, Moravec found that he needed to rely heavily on human skills in order to gain the respect and confidence of people who worked in areas he knew little about.\(^\text{23}\)

**Management Types**

Managers use conceptual, human, and technical skills to perform the four management functions of planning, organizing, leading, and controlling in all organizations—large and small, manufacturing and service, profit and not-for-profit, traditional and Internet-based. But not all managers’ jobs are the same. Managers are responsible for different departments, work at different levels in the hierarchy, and meet different requirements for achieving high performance. Kevin Kurtz is a middle manager at Lucasfilm, where he works with employees to develop marketing campaigns for some of the entertainment company’s hottest properties, including the next Star Wars episode.\(^\text{24}\) Domenic Antonellis is CEO of the New England Confectionary Co. (Necco), the company that makes those tiny pastel candy hearts stamped with phrases such as “Be Mine” and “Kiss Me.”\(^\text{25}\) Both are managers, and both must contribute to planning, organizing, leading, and controlling their organizations—but in different amounts and ways.

**Vertical Differences**

An important determinant of the manager’s job is hierarchical level. Three levels in the hierarchy are illustrated in Exhibit 1.3. Top managers are at the top of the hierarchy and are responsible for the entire organization. They have such titles as president, chairperson, executive director, chief executive officer (CEO), and executive vice-president. Top managers are responsible for setting organizational goals, defining strategies for achieving them, monitoring and
interpreting the external environment, and making decisions that affect the entire organization. They look to the long-term future and concern themselves with general environmental trends and the organization’s overall success. Among the most important responsibilities for top managers are communicating a shared vision for the organization, shaping corporate culture, and nurturing an entrepreneurial spirit that can help the company keep pace with rapid change. Today more than ever before, top managers must engage the unique knowledge, skills, and capabilities of each employee.26

Middle managers work at middle levels of the organization and are responsible for business units and major departments. Examples of middle managers are department head, division head, manager of quality control, and director of the research lab. Middle managers typically have two or more management levels beneath them. They are responsible for implementing the overall strategies and policies defined by top managers. Middle managers generally are concerned with the near future and are expected to establish good relationships with peers around the organization, encourage teamwork, and resolve conflicts.

The middle manager’s job has changed dramatically over the past two decades. During the 1980s and early 1990s, many organizations became lean and efficient by laying off middle managers and slashing middle management levels. Traditional pyramidal organization charts were flattened to allow information to flow quickly from top to bottom and decisions to be made with greater speed. The shrinking middle management is illustrated in Exhibit 1.3.
However, although middle management levels have been reduced, the middle manager's job in many organizations has become much more important. As more and more work is organized around teams and projects, middle managers become involved in a wider range of organizational problems and issues. Strong project managers are in white-hot demand throughout the corporate world. A project manager is responsible for a temporary work project that involves the participation of people from various functions and levels of the organization, and perhaps from outside the company as well. Today's middle manager might work with a variety of projects and teams at the same time, some of which cross geographical and cultural as well as functional boundaries.

Rather than managing the flow of information up and down the hierarchy, they are responsible for creating horizontal networks to help the organization quickly respond to shifting demands from the environment. At Lend Lease, a leading real estate and financial services company in Australia, the organizational structure is based on project management. With each new project, managers and employees are plucked from one area of expertise and moved to another very quickly. The team for the Bluewater shopping complex in Kent, England, for example, included a revolving collection of architects, engineers, managers, manufacturers, community advocates, planning authorities, construction experts, retail-delivery specialists, financial analysts, and potential customers, all coordinated by a project manager. Project management makes the middle manager's job much more challenging and exciting. In this new environment, middle managers need new skills: the ability to inspire and motivate a diverse group of people; negotiating skills; a willingness to listen and ability to communicate clearly; conscientiousness and integrity; and most of all, the ability to manage change and conflict.

First-line managers are directly responsible for the production of goods and services. They are the first or second level of management and have such titles as supervisor, line manager, section chief, and office manager. They are responsible for groups of nonmanagement employees. Their primary concern is the application of rules and procedures to achieve efficient production, provide technical assistance, and motivate subordinates. The time horizon at this level is short, with the emphasis on accomplishing day-to-day goals. For example, Stephanie Carver, the kitchen manager at a Bennigan's Grill and Tavern restaurant, monitors and supervises kitchen employees to make sure food is prepared in a safe and efficient manner. She is responsible for motivating and guiding young, often inexperienced workers, providing assistance as needed, limiting waste, and ensuring adherence to health and safety rules.

**Horizontal Differences**

The other major difference in management jobs occurs horizontally across the organization. Functional managers are responsible for departments that perform a single functional task and have employees with similar training and skills. Functional departments include advertising, sales, finance, human resources, manufacturing, and accounting. Line managers are responsible for the manufacturing and marketing departments that make or sell the product or service. Staff managers are in charge of departments such as finance and human resources that support line departments.
General managers are responsible for several departments that perform different functions. A general manager is responsible for a self-contained division, such as a Dillard's department store, and for all of the functional departments within it. Project managers also have general management responsibility, because they coordinate people across several departments to accomplish a specific project.

Project management is a vital role in today's flatter, delayered organizations and enables middle managers to contribute significantly to corporate success. As executive vice-president William Kelvie, chief information officer for Fannie-Mae, said, "Automation and empowerment take away the need to have managers oversee the day-to-day work. Everything has become projects. This is the way Fannie-Mae does business today."

So far we have described how managers at various levels perform four basic functions that help ensure that organizational resources are used to attain high levels of performance. These tasks require conceptual, human, and technical skills. Unless someone has actually performed managerial work, it is hard to understand exactly what managers do on an hour-by-hour, day-to-day basis. The manager's job is so diverse that a number of studies have been undertaken in an attempt to describe exactly what happens. The question of what managers actually do to plan, organize, lead, and control was answered by Henry Mintzberg, who followed managers around and recorded all their activities. He developed a description of managerial work that included three general characteristics and ten roles. These characteristics and roles have been supported in subsequent research.

Manager Activities

One of the most interesting findings about managerial activities is how busy managers are and how hectic the average workday can be. Bruce Nelson, CEO of Office Depot, works 14-hour days and is constantly tracking operations at 947 stores in eight time zones. A typical week for Nelson found him answering e-mails on his laptop while flying to stores in three different states, checking the competition by posing as a customer at an OfficeMax store, dining with the board of a major customer to give them a briefing about the office products industry, meeting with managers throughout headquarters in 15-minute back-to-back sessions to get updates and offer advice, talking with media representatives to outline his plan for reviving the troubled company, and accepting an award recognizing Office Depot's information technology performance.

Managerial Activity Is Characterized by Variety, Fragmentation, and Brevity. The manager's involvements are so widespread and voluminous that there is little time for quiet reflection. The average time spent on any one activity is less than nine minutes. Managers shift gears quickly. Significant crises are interspersed with trivial events in no predictable sequence. One example of just two typical hours for general manager, Janet Howard, follows. Note the frequent interruptions and the brevity and variety of tasks.
7:30 AM Janet arrives at work and begins to plan her day.

7:37 AM A subordinate, Morgan Cook, stops in Janet's office to discuss a dinner party the previous night and to review the cost-benefit analysis for a proposed microcomputer.

7:45 AM Janet's secretary, Pat, motions for Janet to pick up the telephone. “Janet, they had serious water damage at the downtown office last night. A pipe broke, causing about $50,000 damage. Everything will be back in shape in three days. Thought you should know.”

8:00 AM Pat brings in the mail. She also asks instructions for typing a report Janet gave her yesterday.

8:14 AM Janet gets a phone call from the accounting manager, who is returning a call from the day before. They talk about an accounting report.

8:25 AM A Mr. Nance is ushered in. Mr. Nance complains that a sales manager mistreats his employees and something must be done. Janet rearranges her schedule to investigate this claim.

9:00 AM Janet returns to the mail. One letter is from an irate customer. Janet dictates a helpful, restrained reply. Pat brings in phone messages.

9:15 AM Janet receives an urgent phone call from Larry Baldwin. They discuss lost business, unhappy subordinates, and a potential promotion.

The Manager Performs a Great Deal of Work at an Unrelenting Pace. Managers' work is fast paced and requires great energy. The managers observed by Mintzberg processed 36 pieces of mail each day, attended eight meetings, and took a tour through the building or plant. As soon as a manager's daily calendar is set, unexpected disturbances erupt. New meetings are required. During time away from the office, executives catch up on work-related reading, paperwork, and e-mail.

At O'Hare International Airport, an unofficial count one Friday found operations manager Hugh Murphy interacting with about 45 airport employees. In addition, he listened to complaints from local residents about airport noise, met with disgruntled executives of a French firm who built the airport's new $128 million people-mover system, attempted to soothe a Hispanic city alderman who complained that Mexicana Airlines passengers were being singled out by overzealous tow-truck operators, toured the airport's new fire station, and visited the construction site for the new $20 million tower—and that was before the events of September 11, 2001, changed airport operations, making them even more complex. Hugh Murphy's unrelenting pace is typical for managers. Management can be rewarding, but it can also be frustrating and stressful, as discussed in the Manager's Shoptalk box on page 18.

Manager Roles

Mintzberg's observations and subsequent research indicate that diverse manager activities can be organized into ten roles. A role is a set of expectations for a manager's behavior. Exhibit 1.4 provides examples of each of the ten roles. These roles are divided into three conceptual categories: informational (managing by information); interpersonal (managing through people); and
decisional (managing through action). Each role represents activities that managers undertake to ultimately accomplish the functions of planning, organizing, leading, and controlling. Although it is necessary to separate the components of the manager’s job to understand the different roles and activities of a manager, it is important to remember that the real job of management cannot be practiced as a set of independent parts; all the roles interact in the real world of management. As Mintzberg says, “The manager who only communicates or only conceives never gets anything done, while the manager who only ‘does’ ends up doing it all alone.”

Informational Roles. Informational roles describe the activities used to maintain and develop an information network. General managers spend about 75 percent of their time talking to other people. The monitor role involves seeking current information from many sources. The manager acquires information from others and scans written materials to stay well informed. John Chambers, CEO of Cisco Systems, spends about 50 percent of his time working directly with customers, asking what the company is doing right and what it could be doing better. The disseminator and spokesperson roles are just the opposite: The manager transmits current information to others, both inside and outside the organization, who can use it. With the trend toward empowerment of lower-level employees, many managers are sharing as much information as possible. A recent example of the spokesperson role is Donald Carty, CEO of American Airlines, who tried to

<table>
<thead>
<tr>
<th>Category</th>
<th>Role</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monitor</td>
<td>Seek and receive information, scan periodicals and reports, maintain personal contacts.</td>
</tr>
<tr>
<td></td>
<td>Disseminator</td>
<td>Forward information to other organization members; send memos and reports, make phone calls.</td>
</tr>
<tr>
<td></td>
<td>Spokesperson</td>
<td>Transmit information to outsiders through speeches, reports, memos.</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Figurehead</td>
<td>Perform ceremonial and symbolic duties such as greeting visitors, signing legal documents.</td>
</tr>
<tr>
<td></td>
<td>Leader</td>
<td>Direct and motivate subordinates; train, counsel, and communicate with subordinates.</td>
</tr>
<tr>
<td></td>
<td>Liaison</td>
<td>Maintain information links both inside and outside organization; use mail, phone calls, meetings.</td>
</tr>
<tr>
<td>Decisional</td>
<td>Entrepreneur</td>
<td>Initiate improvement projects; identify new ideas, delegate idea responsibility to others.</td>
</tr>
<tr>
<td></td>
<td>Disturbance handler</td>
<td>Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environmental crises.</td>
</tr>
<tr>
<td></td>
<td>Resource allocator</td>
<td>Decide who gets resources; schedule, budget, set priorities.</td>
</tr>
<tr>
<td></td>
<td>Negotiator</td>
<td>Represent department during negotiation of union contracts, sales, purchases, budgets; represent departmental interests.</td>
</tr>
</tbody>
</table>

keep family members and the public informed as new information was received following the crash of American flight 587 in New York two months after planes had been used in terrorist attacks in the city.

**Interpersonal Roles.** Interpersonal roles pertain to relationships with others and are related to the human skills described earlier. The figurehead role involves handling ceremonial and symbolic activities for the department or organization. The manager represents the organization in his or her formal managerial capacity as the head of the unit. The presentation of employee awards by a division manager at Taco Bell is an example of the figurehead role. The leader role encompasses relationships with subordinates, including motivation,
communication, and influence. The liaison role pertains to the development of information sources both inside and outside the organization. The head of Coca-Cola Co., Douglas Daft, has placed new emphasis on the liaison role because of new challenges from the environment. A health scare in Belgium that turned into a public relations nightmare, combined with a failed attempt to take over Cadbury Schweppes without European Union clearance, left Coca-Cola's relationships with European customers, officials, and organizations in tatters. Daft went on a goodwill tour from Brussels to Rome, meeting and talking with governments, investors, and employees to find out what went wrong and how to fix it.41

**Decisional Roles.** Decisional roles pertain to those events about which the manager must make a choice and take action. These roles often require conceptual as well as human skills. The entrepreneur role involves the initiation of change. Managers are constantly thinking about the future and how to get there.42 Managers become aware of problems and search for improvement projects that will correct them. The disturbance handler role involves resolving conflicts among subordinates or between the manager's department and other departments. For example, the division manager for a large furniture manufacturer got involved in a personal dispute between two section heads. One section head was let go because he did not fit the team. The resource allocator role pertains to decisions about how to allocate people, time, equipment, budget, and other resources to attain desired outcomes. The manager must decide which projects receive budget allocations, which of several customer complaints receive priority, and even how to spend his or her own time. The negotiator role involves formal negotiations and bargaining to attain outcomes for the manager's unit of responsibility. For example, the manager meets and formally negotiates with others—a supplier about a late delivery, the controller about the need for additional budget resources, or the union about a worker grievance.

The relative emphasis a manager puts on these ten roles depends on a number of factors, such as the manager's position in the hierarchy, natural skills and abilities, type of organization, or departmental goals to be achieved. For example, Exhibit 1.5 illustrates the varying importance of the leader and liaison roles as reported in a survey of top-, middle-, and lower-level managers. Note that the importance of the leader role typically declines while the importance of the liaison role increases as a manager moves up the organizational hierarchy.

Other factors, such as changing environmental conditions, may also determine which roles are more important for a manager at any given time. For example, a top manager may regularly put more emphasis on the roles of spokesperson, figurehead, and negotiator. However, the emergence of new competitors may require more attention to the monitor role, or a severe decline in employee morale and direction may mean that the CEO has to put more emphasis on the leader role. A marketing manager may focus on interpersonal roles because of the importance of personal contacts in the marketing process, whereas a financial manager may be more likely to emphasize decisional roles such as resource allocator and negotiator. Despite these differences, all managers carry out informational, interpersonal, and decisional roles to meet the needs of the organization. Managers stay alert to needs both within and outside the organization to determine what roles are most critical at various times.
Small businesses are growing in importance. Hundreds of small businesses are opened every month by people who have found themselves squeezed out of the corporation due to downsizing or who voluntarily leave the corporate world to seek a slower pace and a healthier balance between work and family life. Many small businesses are opened by women or minorities who found limited opportunities for advancement in large corporations. In addition, the Internet has opened new avenues for small business formation. The huge wave of dot-com start-ups in the late 1990s was driven not just by dreams of wealth, but also by the desire of people to get out of big corporations and start something new and exciting.

The environment for small business has become increasingly complicated due to technology, globalization, government regulation, and increasing customer demands. Solid management is critical to success, but small companies sometimes have difficulty developing the managerial dexterity needed to survive in a complex environment. One survey on trends and future developments in small business found that nearly half of respondents saw inadequate management skills as a threat to their companies, as compared to less than 25 percent in larger organizations. Managing in small businesses and entrepreneurial start-ups will be discussed in detail in Chapter 6.

One interesting finding is that managers in small businesses tend to emphasize roles different from those of managers in large corporations. Managers in small companies often see their most important role as spokesperson, because they must promote the small, growing company to the outside world. The entrepreneur role is also very important in small businesses, because managers must be creative and help their organizations develop new ideas to be competitive. Small-business managers tend to rate
lower on the leader role and on information-processing roles compared with counterparts in large corporations.

Not-for-profit organizations also represent a major application of management talent. The Red Cross, the Girl Scouts, universities, city governments, hospitals, public schools, symphonies, and art museums all require excellent management. The functions of planning, organizing, leading, and controlling apply to not-for-profits just as they do to business organizations, and managers in not-for-profits use similar skills and perform similar activities. The primary difference is that managers in businesses direct their activities toward earning money for the company, while managers in not-for-profits direct their efforts toward generating some kind of social impact. The unique characteristics and needs of not-for-profit organizations created by this distinction present unique challenges for managers.44

Financial resources for not-for-profits typically come from government appropriations, grants, and donations rather than from the sale of products or services to customers. In businesses, managers focus on improving the organization’s products and services to increase sales revenues. In not-for-profits, however, services are typically provided to nonpaying clients, and a major problem for many organizations is securing a steady stream of funds to continue operating. Not-for-profit managers, committed to serving clients with limited resources, must focus on keeping organizational costs as low as possible.45 Donors generally want their money to go directly to helping clients rather than for overhead costs. If not-for-profit managers can’t demonstrate a highly efficient use of resources, they might have a hard time securing additional donations or government appropriations.

In addition, since not-for-profit organizations do not have a conventional bottom line, managers may struggle with the question of what constitutes results and effectiveness. Whereas it is easy to measure dollars and cents, not-for-profits have to measure intangibles such as “improve public health” or “make a difference in the lives of the disenfranchised.” It is more difficult to gauge the performance of employees and managers when the goal is providing a public service rather than increasing sales and profits. Managers in not-for-profits must
market their services to attract not only clients but also the volunteers and donors on whom they depend. However, these volunteers cannot be supervised and controlled in the same way a business manager deals with employees. The roles defined by Mintzberg also apply to not-for-profit managers, but these may differ somewhat. We might expect managers in not-for-profits to place more emphasis on the roles of spokesperson (to “sell” the organization to donors and the public), leader (to build a mission driven community of employees and volunteers), and resource allocator (to distribute government resources or grant funds that are often assigned top-down).

Managers in all organizations—large corporations, small businesses, and not-for-profit organizations—carefully integrate and adjust the management functions and roles to meet new challenges within their own circumstances and keep their organizations healthy. One way in which many organizations are meeting new challenges is through increased use of the Internet. Some government agencies are using the Web to cut bureaucracy, improve efficiency, and save money, as described in this chapter’s Leading Online box.

Management and the New Workplace

The world of organizations and management is changing. Rapid environmental shifts are causing fundamental transformations that have a dramatic impact on the manager’s job. These transformations are reflected in the transition to a new workplace, as illustrated in Exhibit 1.6. The primary characteristic of the new workplace is that it is centered around bits rather than atoms—information and ideas rather than machines and physical assets. The shift from an industrial age to an information age has altered the nature of work, employees, and the workplace itself. The old workplace was characterized by routine, specialized tasks and standardized control procedures.

Exhibit 1.6
The Transition to a New Workplace

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>The Old Workplace</th>
<th>The New Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources</strong></td>
<td>Atoms—physical assets</td>
<td>Bits—information</td>
</tr>
<tr>
<td>Work</td>
<td>Structured, localized</td>
<td>Flexible, virtual</td>
</tr>
<tr>
<td>Workers</td>
<td>Dependable employees</td>
<td>Empowered employees, free agents</td>
</tr>
<tr>
<td><strong>Forces on Organizations</strong></td>
<td>Mechanical</td>
<td>Digital, e-business</td>
</tr>
<tr>
<td>Technology</td>
<td>Local, domestic</td>
<td>Global, including Internet</td>
</tr>
<tr>
<td>Markets</td>
<td>Homogenous</td>
<td>Diverse</td>
</tr>
<tr>
<td>Workforce</td>
<td>Stability, efficiency</td>
<td>Change, speed</td>
</tr>
<tr>
<td>Values</td>
<td>Calm, predictable</td>
<td>Turbulent, more frequent crises</td>
</tr>
<tr>
<td>Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Management Competencies</strong></td>
<td>Autocratic</td>
<td>Dispersed, empowering</td>
</tr>
<tr>
<td>Leadership</td>
<td>Profits</td>
<td>Connection to customers, employees</td>
</tr>
<tr>
<td>Focus</td>
<td>By individuals</td>
<td>By teams</td>
</tr>
<tr>
<td>Doing Work</td>
<td>Conflict, competition</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Relationships</td>
<td>Efficient performance</td>
<td>Experimentation, learning</td>
</tr>
<tr>
<td>Design</td>
<td></td>
<td>organization</td>
</tr>
</tbody>
</table>
Employees typically perform their jobs in one specific company facility, such as an automobile factory located in Detroit or an insurance agency located in Des Moines. The organization is coordinated and controlled through the vertical hierarchy, with decision-making authority residing with upper-level managers.

In the new workplace, by contrast, work is free-flowing and flexible. The shift is most obvious in e-commerce and Internet-based organizations, which have to respond to changing markets and competition at a second’s notice. However, all organizations are facing the need for greater speed and flexibility. Empowered employees are expected to seize opportunities and solve problems as they emerge. The workplace is organized around networks rather than rigid hierarchies, and work is often virtual. Thanks to modern information and communications technology, employees can often perform their jobs from home or another remote location, at any time of the day or night. Flexible hours, telecommuting, and virtual teams are increasingly popular ways of working that require new skills from managers. There are an estimated 9 million telecommuters in the United States, for example, and the number is expected to increase over the next few years. AT&T has 7,500 fully mobile workers.47

Teams in today’s organizations may also include outside contractors, suppliers, customers, competitors, and free agents who are not affiliated with a

---

Government agencies are often thought of as plodding, inefficient bureaucracies that waste the public’s time as well as money. But new ideas are changing that perception, as some government agencies apply Internet technology to save taxpayers money and make their lives easier.

The Internal Revenue Service (http://www.irs.gov) provides one of the best examples in the government or corporate world of a Web site that is central to the organization’s mission. Distributing tax forms has always been an expensive logistical nightmare for the IRS. Hordes of form pullers, envelope stuffers, label-addressers, and so forth are needed to process the millions of mail-in requests for various tax publications and forms. The cost of handling a single request is around three dollars. The IRS recognized the problem and made the distribution of tax forms a major focus when it opened its Web site five years ago. Today, more than 100 million tax forms are downloaded directly from the site, with each request costing the IRS (and thus the taxpayers) only a fraction of a penny. Many of the workers at the distribution facility have been retrained for other assignments because business is down so sharply.

State governments are also tapping into the power of the Web. In the state of Washington, the Access Washington Web site (http://www.access.wa.gov) offers more than 200 electronic resources and services. People can file for unemployment benefits, apply for various permits, transact workers’ compensation claims, pay quarterly business taxes, reserve a state park campsite, find a nursing home, or even check a potential nanny for a possible criminal record. Managed by the state’s Department of Information Services (DIS), Access Washington is recognized as the most advanced state site in the nation. By automating routine transactions and requests for information, Access Washington not only eases the burden on agency personnel but also saves people long hours of standing in line or waiting on the phone. Another interesting point for taxpayers is that DIS is completely self-supporting. The department supports itself by selling computers and electronic equipment to schools, nonprofits, and government agencies, and by providing a range of technology services, including Web hosting. One recent year, $7.9 million in profits were plowed back into developing the Web site and other new services. DIS director Steve Kolodney believes technology is a tool that can make people’s lives easier and better. He’s striving to shatter the image of government workers as paper-shufflers and replace it with one of real people providing real and valuable services to the public.

specific organization but work on a project-by-project basis. The valued worker is one who learns quickly, shares knowledge, and is comfortable with risk, change, and ambiguity.

**Forces on Organizations**

The most striking change now affecting organizations and management is technology. In 1995, there were about 238 million computers in use and 39 million Internet users on a global basis. Five years later, the numbers had expanded to an estimated 530 million computers and more than 316 million Internet users.\(^4\) There’s a global technology explosion, and its impact on organizations and management is astonishing. Organizations are increasingly using digital networking technologies to tie together employees and company partners in far-flung operations. The growing use of wireless technology is expanding options even further, truly enabling people to work from practically anywhere, not just from a computer hooked to a company network. Wireless remote access to the Internet, for example, already enables salespeople to send and receive instant messages on hand-held devices from any location, helping them quickly close deals.\(^4\)

One of the biggest technological advances is the Internet, which is transforming the way business is done. Only a few years ago, the Internet was still little more than a curiosity to many managers, but how things have changed. In January 1999, Jack Welch urged managers at General Electric to “destroyyourbusiness.com,” and since then GE has been using the Web to cut layers of management, promote teamwork, improve customer service, and save money.\(^5\) Companies develop intranets and extranets, communication systems that use Internet technology and tie employees, managers, free agents, customers, suppliers, partners, subcontractors, and shareholders together in a seamless information flow. Organizations are turning to e-business ideas and models to increase speed, cut costs, improve quality, and better serve customers.

The Internet and other new technologies are also tied closely to globalization, another force that is significantly affecting organizations. People around the world are connected in the flow of information, money, ideas, and products, and interdependencies are increasing. The French tire manufacturer Michelin gets 35 percent of its revenues in the United States, while U.S.-based Johnson & Johnson does 43 percent of its business abroad.\(^6\) Schering AG, the German pharmaceuticals company, employs 56 percent of its 22,000 workers outside its home country.\(^7\) Customers today operate globally and they expect organizations to provide worldwide service.

Managers have to understand cross-cultural patterns, and they often work with virtual team members from many different countries. Diversity of the population and the workforce has become a fact of life for all organizations. Talented, educated knowledge workers seek opportunities all over the world, just as organizations search the world for the best minds to help them compete in a global economy. The general population of the United States, and thus of the workforce, is also growing more ethnically and racially diverse. Generational diversity is another powerful force in today’s workplace, with employees of all ages working together on teams and projects in a way rarely seen in the past. Although the workforce in general is growing older with the aging of the baby boomers and there is a trend toward staying in the workforce longer, Generation X employees, now in their late 20s...
and 30s, are having a profound impact on the workplace. And members of the next generation, Generation Y, which rivals the baby boomers in size, are beginning to enter the workforce.

In the face of these transformations, organizations are learning to value change and speed over stability and efficiency. The fundamental paradigm during much of the twentieth century was a belief that things can be stable. In contrast, the new paradigm recognizes change and chaos as the natural order of things.53 Events in today's world are turbulent and unpredictable, with both small and large crises occurring on a more frequent basis.

In the face of these transitions, managers must rethink their approach to organizing, directing, and motivating workers. According to one consultant, many managers who have grown accustomed to the old workplace complain that employees no longer play by the rules. The consultant's response: “Why should they play by the rules? The rules are dead.”54

**New Management Competencies**

As discussed earlier in the chapter, not all managers' jobs are the same. Managers rely on varied skills and perform different activities, depending on hierarchical level and job responsibilities. For all managers, however, human skills are becoming increasingly important.55 In a survey of managers on their views of how the Internet has affected management, for example, the majority considered communicating effectively, retaining talented employees, and motivating workers to be essential management skills for the Internet world.56 Although these abilities have always been important to managers, they take on added significance today, particularly when employees are dispersed and working in a virtual environment.

Today's best managers give up their command-and-control mindset to embrace ambiguity and create organizations that are fast, flexible, adaptable, and relationship-oriented. Leadership is dispersed throughout the organization, and managers empower others to gain the benefit of their ideas and creativity. The model of managers controlling workers no longer applies in a workplace where employee brainpower is more important than physical assets.57 Moreover, managers often supervise employees who are scattered in various locations, requiring a new approach to leadership that focuses more on mentoring and providing direction and support than on giving orders and ensuring that they are followed.

Rather than a single-minded focus on profits, today's managers must recognize the critical importance of staying connected to employees and customers. The Internet has given increased knowledge and power to customers, so organizations have to remain flexible and adaptable to respond quickly to changing demands or competition. In some e-commerce organizations, managers have almost totally ignored profits in favor of building customer relationships. Although all organizations have to be concerned with profits sooner or later, as managers of numerous failed dot-coms learned, the emphasis these companies put on developing customers and relationships is a reflection of trends affecting all organizations.

Team-building skills are crucial for today's managers. Teams of front-line employees who work directly with customers have become the basic building block of organizations. Instead of managing a department of employees, many managers act as team leaders of ever-shifting, temporary projects. At SEI Investments, all work is distributed among 140 teams. Some are permanent,
such as those that serve major customers or focus on specific markets, but many are designed to work on short-term projects or problems. Computer linkups, called pythons, drop from the ceiling. As people change assignments, they just unplug their pythons, move their desks and chairs to a new location, plug into a new python, and get to work on the next project. 58

Success in the new workplace depends on the strength and quality of collaborative relationships. Partnerships, both within the organization and with outside customers, suppliers, and even competitors, are recognized as the key to a winning organization. New ways of working emphasize collaboration across functions and hierarchical levels as well as with other companies. E-business models that digitally link customers, suppliers, partners, and other stakeholders require managers to assess and manage relationships far beyond the confines of the traditional organization.

An important management challenge in the new workplace is to build a learning organization by creating an organizational climate that values experimentation and risk taking, applies current technology, tolerates mistakes and failure, and rewards nontraditional thinking and the sharing of knowledge. Everyone in the organization participates in identifying and solving problems, enabling the organization to continuously experiment, improve, and increase its capability. The role of managers is not to make decisions, but to create learning capability, where everyone is free to experiment and learn what works best.

**Application: Managing Crises and Unexpected Events**

Many managers may dream of working in an organization and a world where life seems relatively calm, orderly, and predictable. Today's world, though, is marked by increasing turbulence and disorder. Organizations face various levels of crisis every day—everything from the loss of computer data, to charges of racial discrimination, to a factory fire, to a flu epidemic. However, these organizational crises have been compounded by crises on a more global level. Consider a few of the major events that have affected U.S. companies within the last few years: an energy crisis in California that led to a virtual state takeover of the energy market; the massacre at Columbine High School, which prompted schools all over the country to form crisis teams to deal with school violence; the grounding of Concorde jets for 14 months after the fiery crash of an Air France Concorde in Paris. And then the U.S. was hit with the most devastating and far-reaching event of the twenty-first century to date: the September 11, 2001, terrorist attacks in New York and Washington that destroyed the World Trade Center, seriously damaged the Pentagon, killed thousands of people, and interrupted business around the world. The subsequent bombings in Afghanistan, continuing uncertainty over terrorist activities, and a deepening recession continue to affect companies worldwide. Anthrax scares altered companies' advertising and marketing plans as they weighed the public's perceptions of the U.S. mail. Organizations scrambled to implement videoconferencing as airport security checks stretched travel time beyond the point where business flights made economic sense.

Dealing with the unexpected has always been part of the manager's job, but our world has become so fast, interconnected, and complex that unexpected events happen more frequently and often with greater and more
painful consequences. All of the new management skills and competencies we have discussed are important to managers in such an environment. In addition, crisis management is an emerging need that places further demands on today's managers. As California Governor Gray Davis put it, "Extraordinary times...require extraordinary leadership." Some of the most recent thinking on crisis management suggests the importance of five leadership skills.

1. Stay calm.
2. Be visible.
4. Tell the truth.
5. Know when to get back to business.

Stay Calm. A leader's emotions are contagious, so leaders have to stay calm, focused, and optimistic about the future. Perhaps the most important part of a manager's job in a crisis situation is to absorb people's fears and uncertainties. Leaders have to suppress their own fears, doubts, and pain to comfort others. Although they acknowledge the danger and difficulties, they remain rock-steady and hopeful, which gives comfort, inspiration, and hope to others.

Be Visible. When people's worlds have become ambiguous and uncertain, they need to feel that someone is in control. George W. Bush got off to a shaky start as a crisis leader following the September 11 terrorist attacks because people didn't know where he was. As soon as he became visible, practically the entire country rallied behind him.

Put People Before Business. The companies that weather a crisis best, whether the crisis is large or small, are those in which managers make people and human feelings their top priority. Top managers of Thomson Financial, which had about 200 employees in the World Trade Center and 1,800 elsewhere in downtown Manhattan, spent basically no time at all on business issues for the first few days after September 11, concentrating instead on the physical and emotional needs of employees and helping the families of the eleven Thomson workers lost in the attacks.

Tell the Truth. Following the 2001 collapse of Enron Corp. and charges of unethical and possibly illegal activities, top managers at Enron compounded the crisis by destroying documents, refusing to be straightforward with employees and the media, and stonewalling investigators by pleading the fifth amendment. Managers at Arthur Andersen, Enron's accounting firm, also reportedly handled the crisis by destroying documents and pleading the fifth.

Know When to Get Back to Business. Although managers should first deal with the physical and emotional needs of people, they also need to get back to business as soon as possible. The company has to keep going, and most people want to be a part of the rebuilding process, to feel that they have a home with the company and something to look forward to. The rejuvenation of the business is a sign of hope and an inspiration to employees.
Moments of crisis also present excellent opportunities for looking forward and using the emotional energy that has emerged to build a better company.

Crisis management is an important aspect of any manager's job, particularly in today's turbulent times. This is a challenging time to be entering the field of management. Throughout this book, you will learn much more about the new workplace, about the new and dynamic roles managers are playing in the twenty-first century, and about how you can be an effective manager in a complex, ever-changing world.

This chapter introduced a number of important concepts and described the changing nature of management. High performance requires the efficient and effective use of organizational resources through the four management functions of planning, organizing, leading, and controlling. To perform the four functions, managers need three skills—conceptual, human, and technical. Conceptual skills are more important at the top of the hierarchy; human skills are important at all levels; and technical skills are most important for first-line managers.

Two characteristics of managerial work also were explained in the chapter: (1) Managerial activities involve variety, fragmentation, and brevity and (2) Managers perform a great deal of work at an unrelenting pace. Managers are expected to perform activities associated with ten roles: the informational roles of monitor, disseminator, and spokesperson; the interpersonal roles of figurehead, leader, and liaison; and the decisional roles of entrepreneur, disturbance handler, resource allocator, and negotiator.

These management characteristics apply to small businesses, entrepreneurial start-ups, and not-for-profit organizations just as they do in large corporations. In addition, they are being applied in a new workplace and a rapidly changing world. In the new workplace, work is free-flowing and flexible to encourage speed and adaptation, and empowered employees are expected to seize opportunities and solve problems. The workplace is organized around networks rather than vertical hierarchies, and work is often virtual. These changing characteristics have resulted from forces such as advances in technology and e-business, globalization, increased diversity, and a growing emphasis on change and speed over stability and efficiency. Managers need new skills and competencies in this new environment. Leadership is dispersed and empowering. Customer relationships are critical, and most work is done by teams that work directly with customers. In the new workplace, managers focus on building relationships, which may include customers, partners, and suppliers. In addition, they strive to build learning capability throughout the organization. An emerging need is for leadership during crises and unexpected events. Managers in crisis situations should stay calm, be visible, put people before business, tell the truth, and know when to get back to business.

An excellent example of a leader during a crisis is Kenneth Chenault, described at the beginning of the chapter. Even though he was stuck in Salt Lake City, Chenault took control, gathering information, talking with managers back at headquarters hourly, and taking steps to ensure the safety of employees. "He was there, and he was in the middle of it," said one manager. From the moment the crisis began, Chenault remained calm, steady, and focused, dealing with personal losses, refusing to complain about his company's problems, listening to employees and sharing their grief, taking care of customers, doing favors for other companies, and getting the company back to business as quickly as possible. Every decision he made was guided by concerns for employees and customer service. After ordering the evacuation, his next move was to have the call center track down each and every employee. Then he turned to customers, helping 560,000 stranded American Express cardholders get home, waiving delinquent fees on late payments, and increasing credit limits if customers needed it. When he returned to New York, Chenault gathered his employees together at the Paramount Theater, where he expressed his own despair, anger, and sadness and gave employees a chance to do the same. At the end, he told them, "I represent the best company and the best people in the world. In fact, you are my strength, and I love you." Thus began the long healing process. Chenault continued to be a highly visible
leader. In his visits to the various temporary offices, he exchanged hugs and handshakes, tears and laughter. When President Bush visited New York, Chenault was there, stressing the need for greater airport security, joining with New York Mayor Rudolph Giuliani and Governor George Pataki to ask for more aid, and meeting with other business leaders to support the president's plan for economic recovery. During all this time, Chenault was also studying his company's financial problems and how to help the organization survive this extremely difficult period in its history. "If you're the leader, you've got to feel you're the person where the decisions rest," he says. "This is no time for excuses."62

Discussion Questions

1. Assume you are a research scientist at a biotechnology company, collaborating with a marketing manager on a major product modification. You notice that every memo you receive from her has been copied to senior management. At every company function, she spends time talking to the big shots. You are also aware that sometimes when you are slaving away over the project, she is playing golf with senior managers. What is your evaluation of her behavior?

2. How do you feel about having a manager's responsibility in today's world characterized by uncertainty, ambiguity, and sudden changes or threats from the environment? Describe some skills and qualities that are important to managers under these conditions.

3. What similarities do you see among the four management functions of planning, organizing, leading, and controlling? Do you think these functions are related—that is, is a manager who performs well in one function likely to perform well in the others?

4. Why do some organizations seem to have a new CEO every year or two, whereas others have top leaders who stay with the company for many years (e.g., Jack Welch's 20 years as CEO at General Electric)? What factors about the manager or about the company might account for this difference?

5. What is the difference between efficiency and effectiveness? Which is more important for performance? Can an organization succeed in both simultaneously?

6. What changes in management functions and skills might occur as one is promoted up the management hierarchy? How can managers acquire the new skills?

7. If managerial work is characterized by variety, fragmentation, and brevity, how do managers perform basic management functions such as planning, which would seem to require reflection and analysis?

8. A college professor told her students, "The purpose of a management course is to teach students about management, not to teach them to be managers." Do you agree or disagree with this statement? Discuss.

9. Describe the characteristics of the new workplace. How do these characteristics compare to those of an organization in which you have worked?

10. How could the teaching of management change to prepare future managers to deal with workforce diversity? With empowerment? Do you think diversity and empowerment will have a substantial impact on organizations in the future? Explain.

Management in Practice: Experiential Exercise

Management Aptitude Questionnaire

Rate each of the following questions according to the following scale:

1. I never am like this.
2. I rarely am like this.
3. I sometimes am like this.
4. I often am like this.
5. I always am like this.

1. When I have a number of tasks or homework to do, I set priorities and organize the work around deadlines. C
2. Most people would describe me as a good listener. H
3. When I am deciding on a particular course of action for myself (such as hobbies to pursue, languages to study, which job to take, special projects to be involved in), I typically consider the long-term (three years or more) implications of what I would choose to do. C

4. I prefer technical or quantitative courses rather than those involving literature, psychology, or sociology. T

5. When I have a serious disagreement with someone, I hang in there and talk it out until it is completely resolved. H

6. When I have a project or assignment, I really get into the details rather than the “big picture” issues.* C

7. I would rather sit in front of my computer than spend a lot of time with people. T

8. I try to include others in activities or when there are discussions. H

9. When I take a course, I relate what I am learning to other courses I have taken or concepts I have learned elsewhere. C

10. When somebody makes a mistake, I want to correct the person and let her or him know the proper answer or approach.* H

11. I think it is better to be efficient with my time when talking with someone, rather than worry about the other person’s needs, so that I can get on with my real work. T

12. I know my long-term vision of career, family, and other activities and have thought it over carefully. C

13. When solving problems, I would much rather analyze some data or statistics than meet with a group of people. T

14. When I am working on a group project and someone doesn’t pull a fair share of the load, I am more likely to complain to my friends rather than confront the slacker.* H

15. Talking about ideas or concepts can get me really enthused or excited. C

16. The type of management course for which this book is used is really a waste of time. T

17. I think it is better to be polite and not to hurt people’s feelings.* H

18. Data or things interest me more than people. T

Total Score

Scoring key
Add the total points for the following sections. Note that starred * items are reverse scored, as such:

1 I always am like this.
2 I often am like this.
3 I sometimes am like this.
4 I rarely am like this.
5 I never am like this.

1, 3, 6, 9, 12, 15 Conceptual skills total score _____
2, 5, 8, 10, 14, 17 Human skills total score _____
4, 7, 11, 13, 16, 18 Technical skills total score _____

These skills are three abilities needed to be a good manager. Ideally, a manager should be strong (though not necessarily equal) in all three. Anyone noticeably weaker in any of the skills should take courses and read to build up that skill. For further background on the three skills, please refer to the model in pages 10–12.

*reverse scoring item

Note: This exercise was contributed by Dorothy Marcic.
Management in Practice: Ethical Dilemma

Can Management Afford to Look the Other Way?
Harry Rull had been with Shellington Pharmaceuticals for 30 years. After a tour of duty in the various plants and 7 years overseas, Harry was back at headquarters, looking forward to his new role as vice president of U.S. Marketing.

Two weeks into his new job, Harry received some unsettling news about one of the managers under his supervision. Over casual lunch conversation, the director of human resources mentioned that Harry should expect a phone call about Roger Jacobs, Manager of New Product Development. Jacobs had a history of being “pretty horrible” to his subordinates, she said, and one disgruntled employee had asked to speak to someone in senior management. After lunch, Harry did some follow-up work. Jacobs’s performance reviews had been stellar, but his personnel file also contained a large number of notes documenting charges of Jacobs’s mistreatment of subordinates. The complaints ranged from “inappropriate and derogatory remarks” to subsequently dropped charges of sexual harassment. What was more disturbing was that the amount as well as the severity of complaints had increased with each of Jacobs’s ten years with Shellington.

When Harry questioned the company president about the issue, he was told, “Yeah, he’s had some problems, but you can’t just replace someone with an eye for new products. You’re a bottom-line guy; you understand why we let these things slide.” Not sure how to handle the situation, Harry met briefly with Jacobs and reminded him to “keep the team’s morale up.” Just after the meeting, Sally Barton from HR called to let him know the problem she’d mentioned over lunch had been worked out. However, she warned, another employee had now come forward demanding that her complaints be addressed by senior management.

What Do You Do?
1. Ignore the problem. Jacobs’s contributions to new product development are too valuable to risk losing him, and the problems over the past ten years have always worked themselves out anyway. No sense starting something that could make you look bad.
2. Launch a full-scale investigation of employee complaints about Jacobs, and make Jacobs aware that the documented history over the past ten years has put him on thin ice.
3. Meet with Jacobs and the employee to try to resolve the current issue, then start working with Sally Barton and other senior managers to develop stronger policies regarding sexual harassment and treatment of employees, including clear-cut procedures for handling complaints.


Surf the Net

1. Web Research. You will be asked in many of the “Surf the Net” exercises throughout the text to locate information on the Web. This exercise is designed to help you improve your Web research skills. After spending some time at one of the Web Tutorial links listed below, outline three new ideas you discovered that would help you to find what you are looking for on the Web.
   UC Berkeley’s Teaching Library Internet Workshops: http://www.lib.berkeley.edu/TeachingLib/Guides/Internet/FindInfo.html
   University of South Carolina’s Basic Tutorial on Searching the Web: http://www.sc.edu/beaufort/library/bones.html

2. Management Occupations. The U.S. Department of Labor’s Bureau of Labor Statistics uses the Standard Occupational Classification (SOC) system to classify workers into one of more than 820 occupations according to their occupational definition. To facilitate classification, occupations requiring similar job duties, skills, education, or experience are combined to form 23 major groups. Go to http://stats.bls.gov/soc/soc_majo.htm to see the 23 major groups; choose the link for “Management Occupations.” Select one management occupation of interest to you under each of the four minor groups (11-1000 Top Executives; 11-2000 Advertising, Marketing, Promotions, Public Relations, and Sales Managers; 11-3000 Operations Specialties Managers; and 11-9000 Other Management Occupations). List the SOC number, occupation title, and description for the four occupations you selected.

3. Ten Manager Roles. Find and read a feature story on a current leader of an organization. Look for examples of the leader performing activities from those listed in Exhibit 1.4, “Ten Manager Roles.” On your sheet of paper, identify the source of your article, the leader featured, and the roles you identified the individual fulfilling, along with a brief description of the activity the individual performed. Use any of the links below to access current issues of business periodicals that often include feature stories on organizational leaders.
   http://www.business2.com
   http://www.businessweek.com
   http://www.fastcompany.com
   http://www.forbes.com
   http://www.fortune.com
   http://www.inc.com
   http://www.herring.com
Case for Critical Analysis

Electra-Quik

Barbara Russell, a manufacturing vice president, walked into the monthly companywide meeting with a light step and a hopefulness she hadn’t felt in a long time. The company’s new, dynamic CEO was going to announce a new era of empowerment at Electra-Quik, an 80-year-old, publicly held company that had once been a leading manufacturer and retailer of electrical products and supplies. In recent years, the company experienced a host of problems: market share was declining in the face of increased foreign and domestic competition; new product ideas were few and far between; departments such as manufacturing and sales barely spoke to one another; morale was at an all-time low, and many employees were actively seeking other jobs. Everyone needed a dose of hope.

Martin Griffin, who had been hired to revive the failing company, briskly opened the meeting with a challenge: “As we face increasing competition, we need new ideas, new energy, new spirit to make this company great. And the source for this change is you—each one of you.” He then went on to explain that under the new empowerment campaign, employees would be getting more information about how the company was run and would be able to work with their fellow employees in new and creative ways. Martin proclaimed a new era of trust and cooperation at Electra-Quik. Barbara felt the excitement stirring within her; but as she looked around the room, she saw many of the other employees, including her friend Harry, rolling their eyes. “Just another pile of corporate crap,” Harry said later. “One minute they try downsizing, the next reengineering. Then they dabble in restructuring. Now Martin wants to push empowerment. Garbage like empowerment isn’t a substitute for hard work and a little faith in the people who have been with this company for years. We made it great once, and we can do it again. Just get out of our way.” Harry had been a manufacturing engineer with Electra-Quik for more than 20 years. Barbara knew he was extremely loyal to the company, but he—and a lot of others like him—were going to be an obstacle to the empowerment efforts.

Top management assigned selected managers to several problem-solving teams to come up with ideas for implementing the empowerment campaign. Barbara loved her assignment as team leader of the manufacturing team, working on ideas to improve how retail stores got the merchandise they needed when they needed it. The team thrived, and trust blossomed among the members. They even spent nights and weekends working to complete their report. They were proud of their ideas, which they believed were innovative but easily achievable: permit a manager to follow a product from design through sales to customers; allow salespeople to refund up to $500 worth of merchandise on the spot; make information available to salespeople about future products; and swap sales and manufacturing personnel for short periods to let them get to know one another’s jobs.

When the team presented its report to department heads, Martin Griffin was enthusiastic. But shortly into the meeting he had to excuse himself because of a late-breaking deal with a major hardware store chain. With Martin absent, the department heads rapidly formed a wall of resistance. The director of human resources complained that the ideas for personnel changes would destroy the carefully crafted job categories that had just been completed. The finance department argued that allowing salespeople to make $500 refunds would create a gold mine for unethical customers and salespeople. The legal department warned that providing information to salespeople about future products would invite industrial spying.

The team members were stunned. As Barbara mulled over the latest turn of events, she considered her options: keep her mouth shut; take a chance and confront Martin about her sincerity in making empowerment work; push slowly for reform and work for gradual support from the other teams; or look for another job and leave a company she really cared about. Barbara realized there would be no easy choices and no easy answers.

Questions

1. How might top management have done a better job changing Electra-Quik into a new kind of organization? What might they do now to get the empowerment process back on track?
2. Can you think of ways Barbara could have avoided the problems her team faced in the meeting with depart-ment heads?
3. If you were Barbara Russell, what would you do now? Why?


Endnotes


54. Ibid.
57. Byrne, “Management By Web.”