

## Introduction to management

It used to be fairly simple to define who managers were: They were the organizational members who told others what to do and how to do it. It was easy to differentiate managers from nonmanagerial employees; nonmanagerial employees were those organizational members who worked directly on a job or task and had no one reporting to them. But it isn't quite that simple anymore, as we can see from the story of Sheela Basrur. The changing nature of organizations and work has, in many organizations, blurred the clear lines of distinction between managers and nonmanagerial employees. Many traditional nonmanagerial jobs now include managerial activities, particularly for employees working in teams.<sup>5</sup>

How do we define who managers are? A **manager** is someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals. A manager's job is not about *personal* achievement—it's about helping *others* do their work and achieve. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team composed of people from several different departments or even people outside the organization, such as temporary employees or employees who work for the organization's suppliers. Keep in mind, also, that managers may have other work duties not related to coordinating and integrating the work of others. For example, an insurance claims supervisor may also process claims in addition to coordinating the work activities of other claims clerks.

### Types of Managers

Is there some way to classify managers in organizations? In traditionally structured organizations (often pictured as being shaped like a pyramid where the number of employees is greater at the bottom than at the top), managers are often described as first-line, middle, or top. (See Exhibit 1-2 below.) Identifying exactly who the managers are in these

#### Exhibit 1-2

#### Managerial Levels



organizations isn't difficult, although they may have a variety of titles. **First-line managers** are at the lowest level of management and manage the work of nonmanagerial employees who are directly or indirectly involved with the production or creation of the organization's products. They're often called *supervisors* but may also be called shift managers, district managers, department managers, office managers, or even foremen. **Middle managers** include all levels of management between the first-line level and the top level of the organization. These managers manage the work of first-line managers and may have titles such as regional manager, project leader, plant manager, or division manager. At or near the top of the organization are the **top managers**, who are responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization. These individuals typically have titles such as executive vice-president, president, managing director, chief operating officer, chief executive officer, or chairman of the board. In the chapter-opening case, Sheela Basrur is a top-level manager for public health in Ontario. She is involved in creating and implementing broad and comprehensive changes that affect the entire organization.

Not all organizations get work done using this traditional pyramidal form, however. Some organizations, for example, are more flexible and loosely structured with work being done by ever-changing teams of employees who move from one project to another as work demands arise. Although it's not as easy to tell who the managers are in these organizations, we do know that someone must fulfill that role—that is, there must be someone who works with and through other people by coordinating their work to accomplish organizational goals.

## What is management

Simply speaking, management is what managers do. But that simple statement doesn't tell us much, does it? A more thorough explanation is that **management** is coordinating work activities so that they are completed efficiently and effectively with and through other people. However, managers should not micromanage, doing the work of their subordinates, or closely monitoring each and every action of their employees. While managers coordinate the work of others, this doesn't mean that managers can do what they want any time, anywhere, or in any way. Instead, management involves the *efficient* and *effective* completion of organizational work activities, or at least that's what managers aspire to do.

**Efficiency** refers to getting the most output from the least amount of inputs, or as management expert Peter Drucker, explained, "doing things right."<sup>7</sup> Because managers deal with scarce inputs—including resources such as people, money, and equipment—they're concerned with the efficient use of those resources by getting things done at the least cost.

For instance, at the Siemens AG factory in Forchheim, Germany, where employees make X-ray equipment, efficient manufacturing techniques were implemented by doing things such as cutting inventory levels, decreasing the amount of time to manufacture products, and lowering product reject rates. These efficient work practices paid off as the plant was named one of *IndustryWeek's* best plants for 2002.<sup>8</sup> From this perspective, efficiency is often referred to as "doing things right"—that is, not wasting resources.

It's not enough just to be efficient, however. Management is also concerned with being effective, completing activities so that organizational goals are achieved. **Effectiveness** is often described as "doing the right things"—that is, those work activities that will help the organization reach its goals. For instance, at the Siemens factory, goals included reducing equipment installation time for customers and cutting costs. Through various work programs, these goals were pursued and achieved.

Whereas efficiency is concerned with the means of getting things done, effectiveness is concerned with the ends, or attainment of organizational goals (see Exhibit 1–3 on page 10). Management is concerned, then, not only with getting activities completed and meeting organizational goals (effectiveness) but also with doing so as efficiently as possible. In successful organizations, high efficiency and high effectiveness typically go hand in hand. Poor management is most often due to both inefficiency and ineffectiveness or to effectiveness achieved through inefficiency.

What do managers do

## Management Functions

*Think about a manager you have had, and identify the extent to which he or she engaged in planning, organizing, leading, and controlling.*

According to the functions approach, managers perform certain activities or duties as they efficiently and effectively coordinate the work of others. What are these activities or functions? In the early part of the twentieth century, a French industrialist named Henri Fayol first proposed that all managers perform five functions: planning, organizing, commanding, coordinating, and controlling.<sup>11</sup> Today, most management textbooks (including this one) are organized around the management functions: planning, organizing, leading, and controlling (see Exhibit 1–4).

But you do not have to be a manager in order to have a need to plan, organize, lead and control, so understanding these processes is important for everyone. Let's briefly define what each of these functions encompasses.

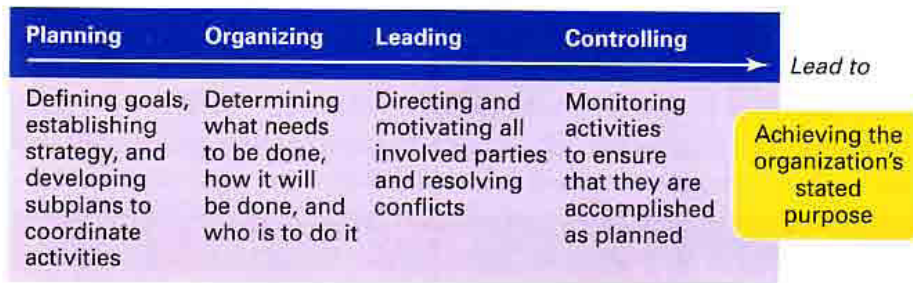
### Planning

If you have no particular destination in mind, then you can take any road. However, if you have someplace in particular you want to go, you've got to plan the best way to get there. Because organizations exist to achieve some particular purpose, someone must clearly define that purpose and the means for its achievement. Management is that someone. Managers performing the **planning** function define goals, establish strategies for achieving those goals, and develop plans to integrate and coordinate activities. Lack of planning can have disastrous consequences, as we saw in the failure of so many dot-coms, whose managers tried to make money quickly, and did not have business plans or long-term vision. Planning, by the way, is not just for managers. For instance, as a student, you need to plan for exams and your financial needs.

### Organizing

Managers are also responsible for arranging work to accomplish the organization's goals. We call this function **organizing**. When managers organize, they determine what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made. When you work in a student group, you engage in some of these same organizing activities—deciding on a division of labour, and what tasks will be carried out to get an assignment completed.

# Management Functions



## Leading

Every organization includes people, and a manager's job is to work with and through people to accomplish organizational goals. This is the **leading** function. When managers motivate subordinates, influence individuals or teams as they work, select the most effective communication channel, or deal in any way with employee behaviour issues, they are leading. Knowing how to manage and lead effectively is an important, and sometimes difficult, skill. CEOs often have only a few short months to prove that they are able to communicate a vision and carry it out. Recent studies suggest that CEOs have about 14 to 18 months to show results to investors and analysts.<sup>12</sup> As a student, you might want to practise leadership skills when working in groups or club activities. You might also want to evaluate whether you need to improve your leadership skills in anticipation of the needs of future jobs.

## Controlling

The final management function is **controlling**. After the goals are set (planning), the plans formulated (planning), the structural arrangements determined (organizing), and the people hired, trained, and motivated (leading), there has to be some evaluation of whether things are going as planned. To ensure that work is going as it should, managers must monitor and evaluate performance. Actual performance must be compared with the previously set goals. If performance does not match goals, it's management's job to get work performance back on track. This process of monitoring, comparing, and correcting is what we mean by the controlling function. Individuals who work in groups also face the responsibility of controlling; i.e., making sure the group achieves its goals and actions.

Just how well does the functions approach describe what managers do? Do managers always plan, organize, lead, and then control? In reality, what a manager does may not always happen in this logical and sequential order. But that doesn't negate the importance of the basic functions that managers perform. Regardless of the "order" in which the functions are performed, the fact is that managers do plan, organize, lead, and control as they manage.

The continued popularity of the functional approach to describe what managers do is a tribute to its clarity and simplicity. But some have argued that this approach isn't appropriate or relevant.<sup>13</sup> So let's look at another perspective.

## Exhibit 1-5

### Mintzberg's Management Roles

Role	Description	Examples of Identifiable Activities
<b>Interpersonal</b>		
Figurehead	Symbolic head; obliged to perform a number of routine duties of a legal or social nature	Greeting visitors; signing legal documents
Leader	Responsible for the motivation of subordinates; responsible for staffing, training, and associated duties	Performing virtually all activities that involve subordinates
Liaison	Maintains self-developed network of outside contacts and informers who provide favours and information	Acknowledging mail; doing external board work; performing other activities that involve outsiders
<b>Informational</b>		
Monitor	Seeks and receives wide variety of internal and external information to develop thorough understanding of organization and environment	Reading periodicals and reports; maintaining personal contacts
Disseminator	Transmits information received from outsiders or from subordinates to members of the organization	Holding informational meetings; making phone calls to relay information
Spokesperson	Transmits information to outsiders on organization's plans, policies, actions, results, etc.	Holding board meetings; giving information to the media
<b>Decisional</b>		
Entrepreneur	Searches organization and its environment for opportunities and initiates "improvement projects" to bring about changes	Organizing strategy and review sessions to develop new programs
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances	Organizing strategy and review sessions that involve disturbances and crises
Resource allocator	Responsible for the allocation of organizational resources of all kinds—making or approving all significant organizational decisions	Scheduling; requesting authorization; performing any activity that involves budgeting and the programming of subordinates' work
Negotiator	Responsible for representing the organization at major negotiations	Participating in union contract negotiations

Source: H. Mintzberg, *The Nature of Managerial Work* (New York: Harper & Row, 1973), pp. 93-94. Copyright © 1973 by Henry Mintzberg. Reprinted by permission of Harper & Row, Publishers, Inc.

## What is an organization

A deliberate arrangement of people to accomplish some specific purpose

1. *Distinct purpose.* This purpose is typically expressed in terms of a goal or a set of goals that the organization hopes to accomplish.
2. *Composed of people.* One person working alone is not an organization, and it takes people to perform the work that's necessary for the organization to achieve its goals.
3. *Deliberate structure.* Whether that structure is open and flexible or traditional and clearly defined, the structure defines members' work relationships. In summary, the term *organization* refers to an entity that has a distinct purpose, includes people or members, and has some type of deliberate structure.

Although these three characteristics are important to our definition of *what* an organization is, the concept of an organization is changing. It's no longer appropriate to assume that all organizations are going to be structured like Air Canada, Petro-Canada, or General Motors, with clearly identifiable divisions, departments, and work units. In fact, one of GM's subsidiaries, Saturn Corporation, may be more characteristic of what contemporary organizations look like, with its flexible work arrangements, employee work teams, open communication systems, and supplier alliances. Just how is the concept of an organization changing? Exhibit 1-8 lists some differences between traditional organizations and new organizations. As these lists show, today's organizations are becoming more open, flexible, and responsive to changes.<sup>20</sup>

The Changing Organization	
Traditional Organization	New Organization
<ul style="list-style-type: none"><li>• Stable</li><li>• Inflexible</li><li>• Job-focused</li><li>• Work is defined by job positions</li><li>• Individual-oriented</li><li>• Permanent jobs</li><li>• Command-oriented</li><li>• Managers always make decisions</li><li>• Rule-oriented</li><li>• Relatively homogeneous workforce</li><li>• Workdays defined as 9 to 5</li><li>• Hierarchical relationships</li><li>• Work at organizational facility during specific hours</li></ul>	<ul style="list-style-type: none"><li>• Dynamic</li><li>• Flexible</li><li>• Skills-focused</li><li>• Work is defined in terms of tasks to be done</li><li>• Team-oriented</li><li>• Temporary jobs</li><li>• Involvement-oriented</li><li>• Employees participate in decision making</li><li>• Customer-oriented</li><li>• Diverse workforce</li><li>• Workdays have no time boundaries</li><li>• Lateral and networked relationships</li><li>• Work anywhere, anytime</li></ul>

# Summary and Implications

## 1. Who are managers?

Managers work with and through other people by coordinating employee work activity in order to accomplish organizational goals. Managers may have personal goals, but management is not about *personal* achievement—it's about helping *others* to achieve for the benefit of the organization as a whole. As we saw with Sheela Basrur, though she is quite an accomplished medical specialist, her focus is on improving health care delivery in Ontario, for the benefit of all people.

## 2. What is management?

Management is coordinating work activities of people so that they are done efficiently and effectively. Efficiency means “doing things right” and getting things done at the least cost. Effectiveness means “doing the right thing” and refers to completing activities that will help achieve the organization’s goals. Not all organizations are either efficient or effective, and some do better at one, at the expense of the other. In Sheela Basrur’s role as chief medical officer of health for Ontario, one of the challenges she faces will be determining how to best achieve the goal of effective health delivery without getting bogged down with politics.

## 3. What do managers do?

Managers plan, organize, lead, and control. This means they set goals and plan how to achieve those goals; they figure out what tasks need to be done, and who should do them; they motivate individuals to achieve goals, and communicate effectively with others; and they put accountability measures into place to make sure that goals are achieved efficiently and effectively. Sheela Basrur sets the goals for health planning in Ontario, working with the various regional medical officers of health. She will be effective to the extent that she sets clear goals, communicates effectively, and sets targets to make sure that goals are met.

## 4. What is an organization?

There is no single type of organization. Managers work in a variety of organizations, both large and small. They also work in a variety of industries, including manufacturing and the service sector. The organizations they work for can be publicly held (meaning shares are traded on the stock exchange and managers are responsible to shareholders), privately held (meaning that shares of the company are not available to the public), public sector (where the government is the employer), or not-for-profit (where the emphasis is on providing services rather than on making a profit). Sheela Basrur works in the public sector, and she reports to the Ontario Minister of Health and Long-Term Care, George Smitherman. This means that her actions will be scrutinized by the government in power, which will consider whether her goals are consistent with those of the Ontario provincial government.