

1 Managers and Management

FACT or FICTION?

Only those who want to be managers need to take a course in management.

[FICTION]

Anyone who works in an organisation
—not just managers—
can gain insight into how organisations work and their boss's behaviour by taking a course in management.

ASSUME for a moment that it's your first day in an introductory physics class. Your instructor asks you to take out a piece of paper and 'describe Newton's second law of motion.' What would your reaction be? I expect most students would respond with something like 'How would I know? That's why I'm taking this course!'

Now let's change the situation to the first day in an introductory management class. Your instructor asks you to write an answer to the question: 'What traits does one need to be an effective leader?' When we've asked this question of students on the first day, we find that they're never at a loss for an answer. Everyone seems to think they know what makes a good leader.

Our example illustrates a popular myth about the study of management: It's just

common sense. Well, it's not! The study of management is filled with insights, based on extensive research, which are counterintuitive. And to reinforce this point, we open each chapter of this book with a finding from that chapter that runs counter to common sense.

Let's begin this chapter by stating for a fact: You don't have to be a manager, or aspire to be a manager, in order to gain something from a management course. Formally studying management in a management course provides a 'toolkit' of perspectives and approaches you can draw on to manage different situations or to understand what managers are doing. So the more you study about management, the more you will understand about how to be a manager yourself and the more you will understand the managers you work with. ●

Learning Outcomes

- 1.1** Tell who managers are and where they work. p. 4

- 1.2** Define management. p. 7

- 1.3** Describe what managers do. p. 8

- 1.4** Explain why it's important to study management. p. 14

- 1.5** Describe the factors that are reshaping and redefining management. p. 14

Although we'd like to think that all managers are good at what they do, you may have discovered through jobs you've had that managers can be good at what they do or maybe not so good, or even good one day and not so good the next! One thing you need to understand is that all managers—including those in organisations where you've worked and in other organisations—have important jobs to do. In this chapter, we introduce you to managers and management: who they are, where they work, what management is, what they do and why you should spend your time studying management. Finally, we'll wrap up the chapter by looking at some important factors that are reshaping and redefining management.

Who Are Managers and Where Do They Work?

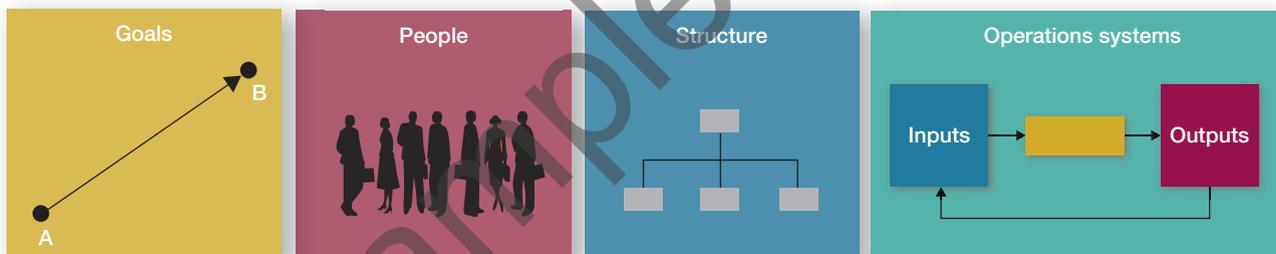
1.1 Tell who managers are and where they work.

organisation

A systematic arrangement of people brought together to accomplish some specific purpose

There's no pattern or prototype or standard criteria as to who can be a manager. Managers today can be under age 18 or over age 80. They may be women as well as men, and they can be found in all industries and in all countries. They manage entrepreneurial businesses, large corporations, government agencies, hospitals, museums, schools and not-for-profit enterprises. Some hold top-level management jobs while others are supervisors or team leaders. However, all managers share one common element: They work in an organisational setting. An **organisation** is a deliberate arrangement of people brought together to accomplish some specific purpose. For instance, your college or university is an organisation as are the Red Cross, your local supermarket, the Cancer Council and global companies such as Nestlé, Nokia and Nissan. These and all organisations share four common characteristics. (See Figure 1.1.)

Figure 1.1 Four Characteristics of Organisations



What Four Characteristics Do All Organisations Share?

The *first* characteristic of an organisation is that it has a distinct purpose, which is typically expressed as a goal or set of goals. For example, Bob Iger, Walt Disney Company's president and CEO, has said his company's goal is to create amazing family entertainment and to provide customers extraordinary experiences, which will lead to increasing shareholder value.¹ Achieving those goals is done by the people in an organisation, which is the *second* common characteristic of an organisation. An organisation's people make decisions and engage in work activities to make the desired goal(s) a reality. For instance, at Disney, many employees work to create the content and experiences that are so important to the company's businesses. Others provide supporting services or interact with guests (customers) directly. The *third* characteristic is that an organisation is structured in some way that defines and limits the behaviour of its members. Disney, like most large organisations, has a fairly complex structure with different businesses, departments and functional areas. Within that structure, rules and regulations might guide what people can or cannot do, some members will supervise other members, work teams might be formed or job descriptions might be created so

organisational members know what they're supposed to do. That structure is the setting within which managers manage.

The fourth characteristic of organisations is that they have an operations system which transforms inputs into outputs. The system takes inputs—people, technology, capital, equipment, materials and information—and transforms them through various processes, procedures and work activities into finished goods and services. Manufacturing organisations turn raw materials into physical goods such as hamburgers, cars and mobile phones. Services organisations use raw materials to deliver services to clients, such as dentists providing dental care, mechanics repairing vehicles and postal services delivering mail. Customers want value from the goods and services they purchase and use, and they decide what has value. So in order to attract and keep customers, organisations must provide that value by transforming inputs into products and services that customers need or desire. They do this by transforming inputs into outputs in ways that create the value—performance characteristics, features and attributes—that customers are prepared to pay money for.

How Are Managers Different from Non-Managerial Employees?

Although managers work in organisations, not everyone who works in an organisation is a manager. For simplicity's sake, we'll divide organisational members into two categories: non-managerial employees and managers. **Non-managerial employees** are people who work directly on a job or task and have no responsibility for overseeing the work of others. The employees who help you choose paint at the hardware store, service your car or process your university enrolment are all non-managerial employees. These non-managerial employees may be referred to by names such as associates, team members, contributors or even employee partners. **Managers**, on the other hand, are individuals in an organisation who direct and oversee the activities of other people in the organisation so organisational goals can be accomplished. A manager's job isn't about *personal* achievement—it's about helping *others* do their work. 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 with people from different departments or even people outside the organisation, such as temporary employees or individuals who work for the organisation's suppliers. This distinction doesn't mean, however, that managers don't ever work directly on tasks. Some managers do have work duties not directly related to overseeing the activities of others. For example, an insurance claims supervisor might process claims in addition to coordinating the work activities of other claims employees.

non-managerial employees

People who work directly on a job or task and have no responsibility for overseeing the work of others

managers

Individuals in an organisation who direct the activities of others

top managers

Individuals who are responsible for making decisions about the direction of the organisation and establishing policies that affect all organisational members

middle managers

Individuals who are typically responsible for translating goals set by top managers into specific details that lower-level managers will ensure are carried out

What Titles Do Managers Have?

Identifying exactly who the managers are in an organisation isn't difficult, but be aware that they can have a variety of titles. Managers are usually classified as top, middle, first-line or team leaders. (See Figure 1.2.) **Top managers** are those at or near the top of an organisation. They're usually responsible for making decisions about the direction of the organisation and establishing policies and philosophies that affect all organisational members. Top managers typically have titles such as vice president, president, chancellor, managing director, chief operating officer, chief executive officer or chairperson of the board. **Middle managers** are those managers found between the lowest and top levels of the organisation. These individuals often manage other managers and maybe some



Ajiti Banga is an associate product manager at Pocket Gems, a firm in San Francisco that makes and publishes mobile games such as Pet Tap Hotel and Paradise Cove. Collaborating with multiple teams of engineers and designers, she manages games from initial concept through development to product launch.

REUTERS/Stephen Lam

FROM THE PAST TO THE PRESENT 1588–1705–1911–TODAY

Management: Finding One Best Way To Do a Job?

The terms *management* and *manager* are actually centuries old.² One source says that the word *manager* originated in 1588 to describe one who manages. The specific use of the word as a person who oversees a business or public organisation is believed to have originated in the early part of the 18th century. However, used in the way we're defining it in terms of overseeing and directing organisational members, *management* and *manager* are more appropriate to the early-20th-century time period. The word *management* was first popularised by Frederick Winslow Taylor. Taylor is a 'biggie' in management history, so let's look at his contributions to how management is practised today.

- In 1911, Taylor's book *Principles of Scientific Management* took the business world by storm—his ideas spread in the United States and to other countries and inspired others.
- Why? His theory of **scientific management**: the use of scientific methods to define the 'one best way' for a job to be done.
- As a mechanical engineer in Pennsylvania steel companies, Taylor was continually appalled by workers' inefficiencies as he observed:
 - Employees using vastly different techniques to do the same job and often 'taking it easy' on the job.
 - Few, if any, existing work standards.
 - Workers placed in jobs with little or no concern for matching their abilities and aptitudes with the tasks they were required to do.
- The result: Worker output was only about *one-third* of what was possible.
- Taylor's remedy? Applying the scientific method to manual shop-floor jobs. The result: phenomenal increases in worker output and efficiency—in the range of 200 per cent or more!
- Because of his work, Taylor is known as the 'father' of scientific management.
- *Here's something for you to try*: Use scientific management principles to be more efficient. Choose a task you do regularly (think... laundry, grocery shopping, studying for exams, etc.). Analyse that task by writing down the steps involved in completing it. What activities could be combined or eliminated? Find the 'one best way' to do this task. Try the scientifically managed way! See if you become more efficient—keeping in mind that changing habits isn't easy to do.

Discuss This:

- What would a 'Taylor' workplace be like?
- How have Taylor's views contributed to how management is practised today?

scientific management

The use of scientific methods to define the 'one best way' for a job to be done

first-line managers

Supervisors responsible for directing the day-to-day activities of non-managerial employees

team leaders

Individuals who are responsible for managing and facilitating the activities of a work team

non-managerial employees and are typically responsible for translating the goals set by top managers into specific details that lower-level managers will see get done. Middle managers may have such titles as department or agency head, project leader, unit chief, district manager, division manager or store manager. **First-line managers** are those individuals responsible for directing the day-to-day activities of non-managerial employees. First-line managers are often called supervisors, shift managers, office managers, department managers or unit coordinators. We want to point out a special category of lower-level managers that have become more common as organisations have moved to using employee work teams to do work. These managers can best be described as **team leaders**—that is, individuals who are responsible for managing and facilitating the activities of a work team. Team leaders will typically report to a first-line manager.

Figure 1.2 Management Levels



What Is Management?

Management is the process of getting things done, effectively and efficiently, with and through other people. We need to look closer at some key words in this definition.

A *process* refers to a set of ongoing and interrelated activities. In our definition of management, it refers to the primary activities or functions that managers perform—functions that we'll discuss in more detail in the next section.

Efficiency means doing a task correctly ('doing things right') and getting the most output from the least amount of inputs. Because managers deal with scarce inputs—including resources such as people, money and equipment—they're concerned with the efficient use of those resources. Managers want to minimise resource usage and thus resource costs.

Effectiveness means 'doing the right things' by doing those work tasks that help the organisation reach its goals. Whereas efficiency is concerned with the *means* of getting things done, effectiveness is concerned with the *ends*, or attainment of organisational goals. (See Figure 1.3.)

Good management is concerned with attaining goals (effectiveness) and doing so as efficiently as possible. Poor management is most often due to both inefficiency and ineffectiveness or to effectiveness achieved without regard for efficiency. Focusing on just effectiveness can waste time, energy and other resources. For example, Hewlett-Packard

**Define
management.**

1.2

management

The process of getting things done, effectively and efficiently, through and with other people

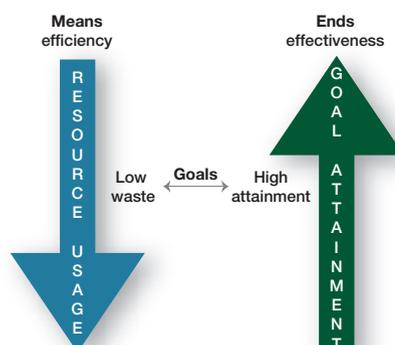
efficiency

Doing things right, or getting the most output from the least amount of inputs

effectiveness

Doing the right things, or completing activities so that organisational goals are attained

Figure 1.3 Efficiency and Effectiveness



could focus solely on effectiveness in producing sophisticated and longer-lasting cartridges for its laser printers. If however, the company focused only on effectiveness, it might generate such high labour and input costs that it might go broke or have to charge such high prices that it could not compete against rival companies. Conversely, if a call centre focused exclusively on efficiency it may deal with calls quickly but provide poor service and make customers unhappy.

What Do Managers Do?

1.3 Describe what managers do.

Describing what managers do isn't easy because, just as no organisations are exactly alike, neither are managers' jobs. However, managers do share some common job elements, whether the manager is the foreperson of a construction company or the CEO of Westpac bank. Management researchers have developed three approaches to describe what managers do: functions, roles and skills. Let's look at each.

What Are the Four Management Functions?

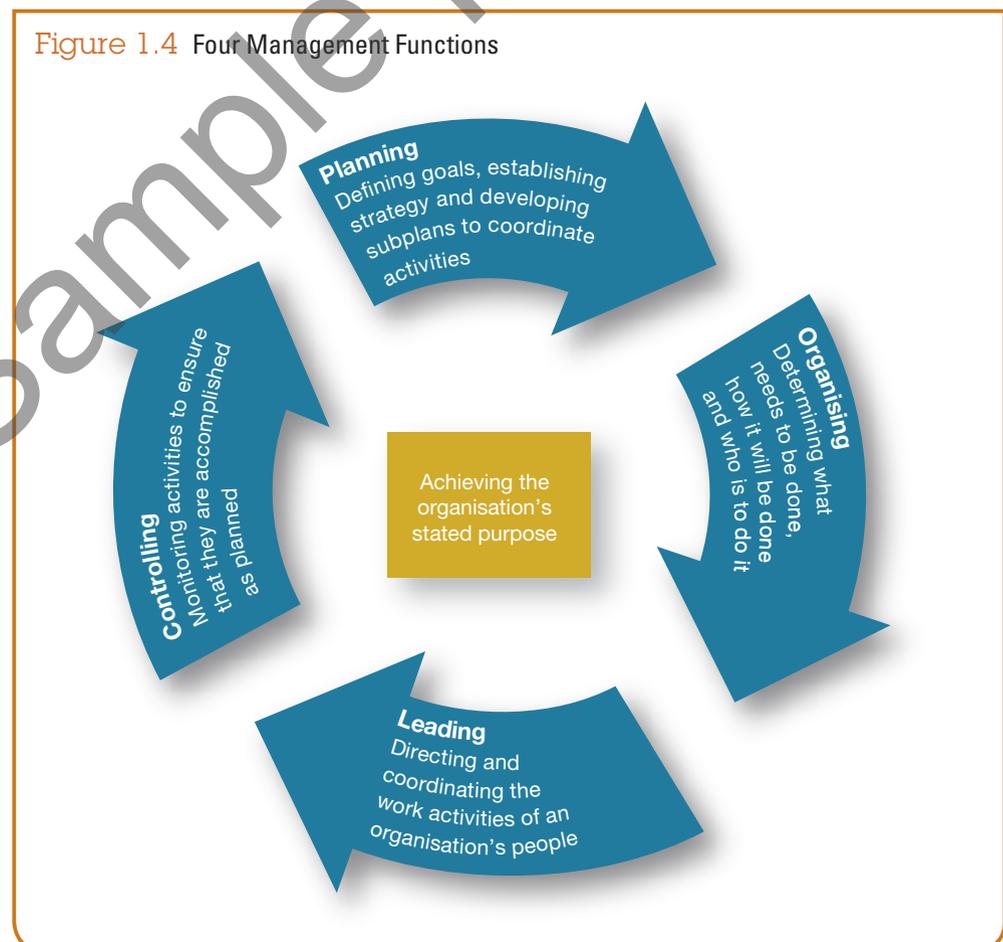
According to the functions approach, managers perform certain activities or functions as they direct and oversee others' work. The functions approach was first proposed in the early part of the 20th century by a French industrialist named Henri Fayol, who suggested that all managers perform five management activities: plan, organise, command, coordinate and control.³ Today, these management functions have been condensed to four: planning, organising, leading and controlling. (See Figure 1.4.) Let's look briefly at each function.

Organisations exist to achieve some purpose. Through planning, managers define that purpose and decide how to achieve it. **Planning** includes defining goals, establishing strategy

planning

Includes defining goals, establishing strategy and developing plans to coordinate activities

Figure 1.4 Four Management Functions



and developing plans to coordinate activities. Planning ensures that the work to be done is kept in proper focus and that organisational members keep their attention on what is most important.

Managers are also responsible for arranging and structuring work to accomplish the organisation's goals. This function is called **organising**. Organising includes determining what tasks are to be done and by whom, how tasks are to be grouped, who reports to whom and where decisions are to be made.

Leading is the part of a manager's job that involves directing and coordinating the work activities of others. When managers motivate employees, direct the activities of others, select the most effective communication channel or resolve conflicts among organisational members, they're leading.

The fourth and final management function is **controlling**, which involves monitoring, comparing and correcting work performance. After the goals are set, the plans formulated, the structural arrangements determined and the people hired, trained and motivated, there has to be some evaluation to see if things are going as planned. Any significant deviations will require that the manager get work back on track.

The functions approach is useful for understanding the fundamentals of management. Its continued popularity is a tribute to its clarity and simplicity. According to Carroll and Gillen, 'the classical functions provide clear and discrete methods of classifying the thousands of activities that managers carry out and the techniques they use in terms of the functions they perform for the achievement of goals'.⁴ To understand how managers perform these functions, let's consider the roles that managers play in organisations.

What Are Management Roles?

Our understanding of the roles that managers play in organisations comes from the research conducted by Henry Mintzberg. In the late 1960s, Mintzberg did an empirical study of five chief executives at work.⁵ His discoveries challenged long-held notions about the manager's job. For instance, in contrast to the predominant view that managers were reflective thinkers who carefully and systematically processed information before making decisions, Mintzberg found that the managers he studied had little time for reflective thinking because they encountered constant interruptions and their activities often lasted less than nine minutes. Mintzberg also developed a categorisation scheme for defining what managers do based on the managerial roles they use at work. These **managerial roles** referred to specific categories of managerial actions or behaviours expected of a manager. (Think of the different roles you play—such as student, employee, volunteer, sports team member, sibling and so forth—and the different things you're expected to do in those roles.)

Mintzberg concluded that managers perform 10 different but interrelated roles. These 10 roles, as shown in Table 1.1, are grouped around interpersonal relationships, the transfer of information and decision making. The **interpersonal roles** are ones that involve people (subordinates and persons outside the organisation) and other duties that are ceremonial and symbolic in nature. The **informational roles** involve collecting, receiving and disseminating information. Finally, the **decisional roles** entail making decisions or choices.

Mintzberg's roles approach complements the functions view of management by offering additional insight into what managers do. The roles approach demonstrates that as managers perform each function, they interact with a variety of different people and adopt different roles in those relationships. Understanding how the performance of different roles contributes to each managerial function provides a more detailed perspective on what successful management entails. For example, a manager engaged in planning activities might initially adopt the liaison and monitor roles in order to acquire information on which they base their plans. Once a course of action has been decided, the manager might adopt the leader and disseminator roles as they communicate the plan to employees. Recently, Mintzberg completed another intensive study of managers at work and concluded that, 'Basically, managing is about influencing action. It's about helping organisations and units to get things done, which means action.'⁶ Based on his observations, Mintzberg said managers do this in three ways: (1) by managing actions directly (for instance, negotiating contracts, managing projects, etc.), (2) by managing people who take action (for example, motivating them, building teams, enhancing the organisation's culture, etc.), or (3) by managing information that propels people

organising

Includes determining 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

leading

Includes motivating employees, directing the activities of others, selecting the most effective communication channel and resolving conflicts

controlling

The process of monitoring performance, comparing it with goals and correcting any significant deviations

managerial roles

Specific categories of managerial behaviour; often grouped under three primary headings: interpersonal relationships, transfer of information and decision making

interpersonal roles

Involve people (subordinates and persons outside the organisation) and other duties that are ceremonial and symbolic in nature

informational roles

Involve collecting, receiving and disseminating information

decisional roles

Entail making decisions or choices

Table 1.1 Mintzberg's Managerial Roles

ROLE	DESCRIPTION	EXAMPLES OF IDENTIFIABLE ACTIVITIES
INTERPERSONAL		
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
INFORMATIONAL		
Monitor	Seeks and receives wide variety of internal and external information to develop thorough understanding of organisation and environment	Reading periodicals and reports; maintaining personal contacts
Disseminator	Transmits information received from outsiders or from subordinates to members of the organisation	Holding informational meetings; making phone calls to relay information
Spokesperson	Transmits information to outsiders on organisation's plans, policies, actions, results, etc.	Holding board meetings; giving information to the media
DECISIONAL		
Entrepreneur	Searches organisation and its environment for opportunities and initiates 'improvement projects' to bring about changes	Organising strategy and review sessions to develop new programs
Disturbance handler	Responsible for corrective action when organisation faces important, unexpected disturbances	Organising strategy and review sessions that involve disturbances and crises
Resource allocator	Responsible for the allocation of organisational resources of all kinds; making or approving all significant organisational decisions	Scheduling; requesting authorisation; performing any activity that involves budgeting and the programming of subordinates' work
Negotiator	Responsible for representing the organisation at major negotiations	Participating in industrial negotiations

Source: Based on H. Mintzberg, *The Nature of Managerial Work* (New York: Harper & Row, 1973), pp. 93–4.

to take action (using budgets, goals, task delegation, etc.). Mintzberg's newest study gives us additional insights on the manager's job, adding to our understanding of what it is that managers do and how adopting the roles we have described helps managers influence action in their organisations.

What Characteristics Do Managers Need?

The final approach we're going to look at for describing what managers do is by looking at the characteristics they need for managing. One way to think about managerial characteristics is to think in terms of the competencies managers need in their positions as important contributors to organisational success. Research on managerial competencies has identified nine managerial competencies including: *traditional functions* (encompassing tasks such as decision making, short-term planning, goal setting, monitoring, team building, etc.); *task orientation* (including elements such as urgency, decisiveness, initiative, etc.); *personal orientation* (including things such as compassion, assertiveness, politeness, customer focus,

etc.); *dependability* (involving aspects such as personal responsibility, trustworthiness, loyalty, professionalism, etc.); *open-mindedness* (encompassing elements such as tolerance, adaptability, creative thinking, etc.); *emotional control*, which includes both resilience and stress management; *communication* (including aspects such as listening, oral communication, public presentation, etc.); *developing self and others* (including tasks such as performance assessment, self-development, providing developmental feedback, etc.); and *occupational acumen and concerns* (involving aspects such as technical proficiency, being concerned with quality and quantity, financial concern, etc.).⁷

Another way to think about managerial characteristics is to consider the skills and drive that managers need to have to perform a managerial role. Robert L. Katz and others have proposed that managers must possess and use four critical management skills in managing.⁸

Conceptual skills are the skills managers use to analyse and diagnose complex situations. They help managers see how things fit together and facilitate making good decisions. **Interpersonal skills** are those skills involved with working well with other people both individually and in groups. Because managers get things done with and through other people, they must have good interpersonal skills to communicate, motivate, mentor and delegate. Additionally, all managers need **technical skills**, which are the job-specific knowledge and techniques needed to perform work tasks. These abilities are based on specialised knowledge or expertise. For top-level managers, these abilities tend to be related to knowledge of the industry and a general understanding of the organisation's processes and products. For middle- and lower-level managers, these abilities are related to the specialised knowledge required in the areas where they work—finance, human resources, marketing, computer systems, manufacturing, information technology and so forth. Finally, managers need and use **political skills** to build a power base and establish the right connections. Political skills represent the ability to change one's situation by influencing others at work, with the overall objective of attaining valued goals from the situation.⁹ Organisations are political arenas in which people compete for resources. Managers who have and know how to use political skills tend to be better at getting resources for their groups.

The importance of different managerial skills changes as managers progress to higher levels of the organisation.¹⁰ Technical skills have higher importance for a lower-level manager as they are working close to the physical operations of the organisation. Conceptual skills have higher importance for high-level managers who require the ability to conceptualise unknown situations and visualise how their decisions will affect the organisation. Interpersonal skills are very important at all levels because management always involves working with others. By extension, political skills are also valuable at all managerial levels for acquiring resources and support.

Managers also need the drive or **motivation to manage**, which is an internal force that drives people to take, enjoy and perform well in managerial positions, especially in large hierarchical organisations.¹¹ Motivation to manage has six components: attitudes to superiors, desire to engage in competitive situations, desire to exercise power over subordinates and direct their behaviour, desire to behave assertively, engage in highly public activities and organise administrative tasks. Motivation to manage influences how comfortably and how well individuals perform managerial roles. A person may have strong technical, interpersonal and conceptual skills but a weak motivation to manage would make them unsuited to a managerial role.

conceptual skills

A manager's ability to analyse and diagnose complex situations

interpersonal skills

A manager's ability to work with, understand, mentor and motivate others, both individually and in groups

technical skills

Job-specific knowledge and techniques needed to perform work tasks

political skills

A manager's ability to build a power base and establish the right connections

motivation to manage

An internal force that drives people to take, enjoy and perform well in managerial positions

Is the Manager's Job Universal?

So far, we've discussed the manager's job as if it were a generic activity. If management is truly a generic discipline, then what a manager does should be essentially the same whether he or she is a top-level executive or a first-line supervisor, in a business firm or a government agency; in a large corporation or a small business; or located in Paris, Texas, or Paris, France. Is that the case?

Is a manager a manager no matter where or what he or she manages?



Carmen Freeman/ZUMAPRESS/Newscom

Extreme biker Hans Rey is the founder of Wheels 4 Life, a nonprofit group that provides free bicycles for people in need of transportation in developing countries. Rey, shown here delivering a bike to a boy in Tanzania, manages his not-for-profit charity in much the same way as managers in for-profit organisations.

small business

An independent business that employs between 5 and 19 people

medium-sized business

An independent business that employs between 20 and 199 people

large business

An independent business that employs at least 200 people

Level in the Organisation

Although a supervisor of the Genius Bar in an Apple Store may not do exactly the same things that Apple's CEO Tim Cook does, it doesn't mean that their jobs are inherently different. The differences are of degree and emphasis but not of activity.

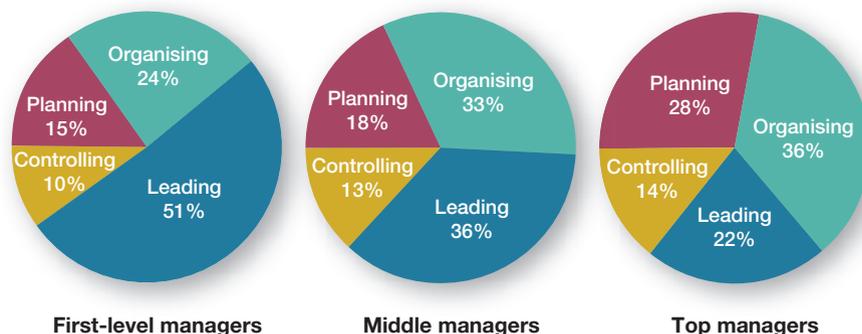
As managers move up in the organisation, they do more planning and less direct overseeing of others. (See Figure 1.5.) All managers, regardless of level, make decisions. They do planning, organising, leading and controlling activities, but the amount of time they give to each activity is not necessarily constant. In addition, the content of the managerial activities changes with the manager's level. For example, as we'll demonstrate in Chapter 5, top managers are concerned with designing the overall organisation's structure, whereas lower-level managers focus on designing the jobs of individuals and work groups.

Size of Organisation

Organisational size affects management by influencing the importance of different managerial roles. Organisational size can be defined using a number of measures, such as the number of employees, annual sales or total assets. For simplicity, we will define organisational size according to the number of employees. According to the Australian Bureau of Statistics, a **small business** is one that employs between 5 and 19 people, a **medium-sized business** has between 20 and 199 employees and a **large business** is one which employs at least 200 people.¹² Now to the question at hand: Is the job of managing a small business different from that of managing a large one? Some differences appear to exist. For example, as illustrated in Figure 1.6, the small business manager's most important role is that of spokesperson. He or she spends a great deal of time performing outwardly directed actions such as meeting with customers, arranging financing with bankers, searching for new opportunities and stimulating change. In contrast, the most important concerns of a manager in a large organisation are directed internally—deciding which organisational units get what available resources and how much of them. Accordingly, the entrepreneurial role—looking for business opportunities and planning activities for performance improvement—appears to be least important to managers in large firms, especially among first-level and middle managers.

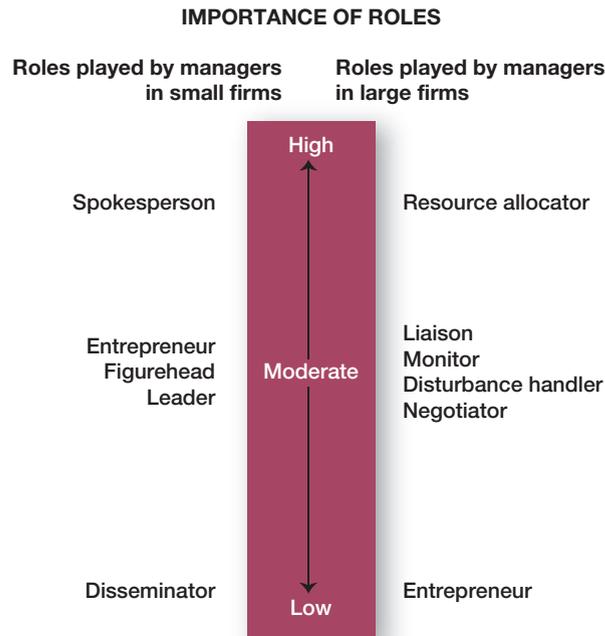
Compared with a manager in a large organisation, a small business manager is more likely to be a generalist. His or her job will combine the activities of a large corporation's chief executive with many of the day-to-day activities undertaken by a first-line supervisor. Moreover, the structure and formality that characterise a manager's job in a large organisation tend to give way to informality in small firms. Planning is less likely to be a carefully

Figure 1.5 Management Activities by Organisational Level



Source: Based on T. A. Mahoney, T. H. Jerdee and S. J. Carroll, 'The Job(s) of Management', *Industrial Relations*, 4, no. 2 (1965), p. 103.

Figure 1.6 Managerial Roles in Small and Large Businesses



Source: Based on J. G. P. Paolillo, 'The Manager's Self-Assessments of Managerial Roles: Small vs. Large Firms', *American Journal of Small Business* (January–March 1984), pp. 61–62.

orchestrated ritual. The organisation's design will be less complex and structured, and control in the small business will rely more on direct observation than on sophisticated, computerised monitoring systems. Again, as with organisational level, we see differences in degree and emphasis but not in the activities that managers do. Managers in both small and large organisations perform essentially the same activities, but how they go about those activities and the proportion of time they spend on each are different.

Profit Versus Not-for-Profit

An organisation's profit orientation affects management by determining the focus of organisational activities on efficiency and effectiveness. Profit is the difference between an organisation's revenues and operating costs. Businesses are profit-oriented because they fund their operations using capital provided by investors such as company owners, shareholders and financial institutions in exchange for a share of future profits. Businesses generate profits by maximising the revenues they generate from sales (for example, by charging higher prices for their products) and/or by minimising their operating costs. If a business cannot generate sufficient profits it will eventually become bankrupt, so profit determines the organisation's survival. Consequently, managers in profit-oriented businesses focus on efficiency in minimising costs and effectiveness in generating revenues so as to maximise profits.

Not-for-profit organisations, such as government agencies, schools, hospitals, charities and community groups, have a different focus on efficiency and effectiveness because they do not rely on profits for survival. Not-for-profit organisations use funds provided by governments, sponsors or donors to provide goods and services such as health care, education and support to members of the community. Managers in not-for-profit-organisations focus on efficiency in minimising costs and effectiveness in delivering services so as to be able to help as many members of the community as possible.

Management Concepts and National Borders

The last generic issue concerns whether management concepts are transferable across national borders. If managerial concepts were completely generic, they would also apply universally in any country in the world, regardless of economic, social, political or cultural differences. Studies that have compared managerial practices among countries have not generally

supported the universality of management concepts. In Chapter 2, we'll examine some specific differences between countries and describe their effect on managing. At this point, it's important for you to understand that most of the concepts discussed in the following chapters primarily apply to the United States, Canada, Great Britain, Australia and other English-speaking countries. Managers likely will have to modify these concepts if they want to apply them in India, China, Chile or other countries whose economic, political, social or cultural environments differ from that of the so-called free-market democracies.

Why Study Management?

1.4 Explain why it's important to study management.

A QUESTION OF ETHICS

- ▶ **26%** of new managers feel they're unprepared to transition into management roles.
- ▶ **58%** of new managers don't receive any training to help them make the transition.
- ▶ **48%** of first-time managers fail in that transition.

Moving to a management position isn't easy, as these statistics indicate.¹³

Discuss This:

- Does an organisation have an ethical responsibility to assist its new managers in their new positions? Why or why not?
- What could organisations do to make this transition easier?

Whatever kind of work you do and whatever kind of career you plan to have, you will work in organisations and either manage or be managed. So understanding management is important for two reasons. The first reason is that understanding management will help you to gain insights into the way your boss and fellow employees behave, and to develop your management skills. Research shows that managers critically influence an employee's experience of working in a particular organisation. The Gallup Organization, which has polled millions of employees and tens of thousands of managers, has found that the more important variable in employee productivity and loyalty isn't pay or benefits or workplace environment: it's the quality of the relationship between employees and their direct supervisors.¹⁴ When you understand what management is and how it is practised, you are able to make sure that your influence as a manager is positive.

The second reason is that understanding what management is will help you to differentiate between organisations that are well managed or poorly managed when you are deciding who to deal with and who to work for. Organisations that are well managed develop loyal customers and employees and find ways to prosper even in economically challenging times. When you deal with a well-managed organisation you are likely to have a far better experience of being a customer or an employee. So the more you learn about management, the better you can choose the roles and organisations you experience in your career.

What Factors Are Reshaping and Redefining Management?

In today's world, managers are dealing with changing workplaces and workforces, ethical and trust issues, global economic uncertainties, new priorities for sustainability and changing technology. Managers everywhere are likely to have to manage in changing circumstances, and the fact is that how managers manage is changing. Throughout the rest of this book, we'll be discussing these changes and how they're impacting the way managers plan, organise, lead and control. We want to highlight four of these changes: the increasing importance of customers, ethics and social responsibility, social media and sustainability.

1.5 Describe the factors that are reshaping and redefining management.

Why Are Customers Important to the Manager's Job?

John Chambers, CEO of Cisco Systems, likes to listen to voice mails forwarded to him from dissatisfied customers. He said, 'Email would be more efficient, but I want to hear the emotion, I want to hear the frustration, I want to hear the caller's level of comfort with the strategy we're employing. I can't get that through email.'¹⁵ This is a manager who understands the importance of customers. Organisations need customers. Without them, most organisations would cease to exist. Yet, focusing on the customer has long been thought to be the responsibility of marketing people. 'Let the marketers worry about the customers' is how

many managers felt. We're discovering, however, that employee attitudes and behaviours play a big role in customer satisfaction. Think of the times you've been treated poorly (or superbly) by an employee during a service encounter and how that affected the way you felt about the situation.

Managers are recognising that delivering consistent high-quality customer service is essential for survival and success in today's competitive environment and that employees are an important part of that equation.¹⁶ In fact, in developed countries such as Australia, Germany and Japan more than 70 per cent of the labour force works in customer service roles such as sale assistants, teachers, bartenders, nurses, receptionists, financial planners and bank tellers.¹⁷ The implication is clear—they must create a customer-responsive organisation where employees are friendly and courteous, accessible, knowledgeable, prompt in responding to customer needs and willing to do what's necessary to please the customer.¹⁸



REUTERS/Steve Marcus

Claire Hobean, operations manager for Re-Time Pty Ltd, models the Australian firm's innovative Re-Timer glasses at a consumer electronics show. The medical device innovation uses bright light therapy to assist in the treatment of insomnia, jet lag and Seasonal Affective Disorder by helping reset a person's natural body clock.

Is it Still Managing When What You're Managing Are Robots?

TECHNOLOGY and THE MANAGER'S JOB

The office of tomorrow is likely to include workers that are faster, smarter, more responsible—and who just happen to be robots.¹⁹ Are you at all surprised by this statement? Although robots have been used in factory and industrial settings for a long time, it's becoming more common to find robots in the office and it's bringing about new ways of looking at how work is done and at what and how managers manage. So what *would* the manager's job be like managing robots? And even more intriguing is how these 'workers' might affect how human co-workers interact with them.

As machines have become smarter and smarter, researchers have been looking at human-machine interaction and 'how people relate to the increasingly smart devices that surround them'. One conclusion is that people find it easy to bond with a robot, even one that doesn't look or sound anything like a real person. In a workplace setting, if a robot moves around in a 'purposeful way', people tend to view it, in some ways, as a co-worker. People will give their robots names and even can describe the robot's moods and tendencies. As telepresence robots become more common, the humanness becomes even more evident. For example, when Erwin Deininger, an electrical engineer, moved to the Dominican Republic when his wife's

job transferred her there, he was able to still be 'present' at his company via his VGo robot. Now Deininger 'wheels easily from desk to desk and around the shop floor, answering questions and inspecting designs'. The company's president was 'pleasantly surprised at how useful the robot has proven' and even more surprised at how he acts around it. He finds it hard to not think of the robot as, in a very real sense, Deininger himself. 'After a while', he says, 'it's not a robot anymore'.

There's no doubt that robot technology will continue to be incorporated into organisational settings. The manager's job will become even more exciting and challenging as humans and machines work together to accomplish the organisation's goals.

Discuss This:

- What's your response to the title of this box: *Is it still managing when what you're managing are robots?* Discuss.
- If you had to 'manage' people and robots, how do you think your job as manager might be different than what the chapter describes? (Think in terms of functions, roles and skills/competencies.)

Why Are Ethics and Social Responsibility Important to a Manager's Job?

Ethics and social responsibility are important to a manager's job because society expects managers and organisations to behave in ethical and socially responsible ways. But what does that mean?

Being a socially responsible organisation means going beyond legal economic obligations to act in ways that are good for society. Since the 1960s, the question of how much social responsibility organisations have to go beyond those obligations has inspired a lot of debate and discussion and as we'll explain in more detail in the Ethics and Social Responsibility module (starting on p. 52), there are a number of different positions an organisation can take in defining its social responsibilities. The way in which an organisation manages its social responsibilities affects the economies, societies and natural environment in which it operates. So understanding how an organisation defines its social responsibilities and the way in which it meets them affects its sustainability and whether it is considered to act in an ethical manner.

Importance of Social Media to the Manager's Job

You probably can't imagine a time when employees did their work without email or Internet access. Yet, 15 years ago as these communication tools were becoming more common in workplaces, managers struggled with the challenges of providing guidelines for using the Internet and email in their organisations. Today, the new frontier is **social media**, which are forms of electronic communication through which users create online communities to share ideas, information, personal messages and other content. Social platforms such as Facebook, Twitter, YouTube, LinkedIn and others are used by more than a billion people.²⁰ Employees don't just use these on their personal time, but also for work purposes. That's why managers need to understand and manage the power and peril of social media. More and more businesses are turning to social media not just as a way to connect with customers but also as a way to manage their human resources and tap into their innovation and talent. That's the potential power of social media. But the potential peril is in how it's used. When the social media platform becomes a way for boastful employees to brag about their accomplishments, for managers to publish one-way messages to employees, or for employees to argue or complain about something or someone they don't like at work, then it's lost its usefulness. To avoid this, managers need to remember that social media is a tool that needs to be managed to be beneficial. In the remainder of the book, we'll look at how social media is impacting how managers manage, especially in the areas of human resource management, communication, teams and strategy.

social media

Forms of electronic communication through which users create online communities to share ideas, information, personal messages and other content

Ford Motor Company uses social media platforms including Facebook, Twitter, YouTube and Flickr to engage with current and potential customers for making decisions about products and customer service. In this photo, Ford's CEO Alan Mulally talks with bloggers during an international car show.

BRIAN KERSEY/UPI/Newscom



Why Is Sustainability Important to the Manager's Job?

What's emerging in the 21st century is the concept of managing for sustainability.²¹ Although 'sustainability' means different things to different people, in essence, according to the World Business Council for Sustainable Development (2005), it is concerned with 'meeting the needs of people today without compromising the ability of future generations to meet their own needs'. For organisations, managing for sustainability means managing the economic, social and environmental impact of organisational products and activities so that what the organisation does today doesn't create problems for the future. These aren't new issues for managers. What is new is the increasing importance placed on managing such impacts by organisations, governments and societies and on giving each of these

types of impact equal priority in organisational thinking. So where has this focus on managing for sustainability come from?

Managing for sustainability means managers and organisations need to consider and respond strategically to a wide range of environmental and societal challenges and develop new ideas about how to respond appropriately. It means doing old things in new ways, and doing completely new things. Managing for sustainability will require fundamental shifts for many organisations and managers about what they do and how they do it. These shifts are affecting many aspects of management and we'll explore them throughout the book in the Managing for Sustainability boxes.

Managing for Sustainability

Organisations today need to manage for sustainability because of growing expectations that they will responsibly manage the impact of their activities on the environments in which they operate. Global climate change and the depletion of natural resources and natural environments have made communities and governments increasingly concerned about the ongoing capacity of Earth to maintain all life. This has focused greater attention on the environmental impact of organisations and as the consumption of natural resources for organisational products or activities and the generation of waste and emissions that cause environmental degradation.

The powerful and widespread impacts of the global financial crisis and the subsequent global economic downturn have also demonstrated just how profoundly economies and communities can be influenced by organisational actions, and the importance of managing that impact in a positive manner. These events have

drawn greater attention to the economic impact of organisations, such as the ways in which organisations create wealth and the impact of those activities at local, national and even global levels. They have also highlighted the social impacts of organisational activities on human rights, labour, health and safety, and the development of communities and regions.

Communities and governments are not just paying more attention to these issues. They are actively trying to influence organisations to make them operate more sustainably. One recent study of nearly 6500 shoppers found that sustainability considerations drove or influenced the purchasing decisions of more than half the consumers who were interviewed.²² So organisations need to manage sustainably so that they can *be* more sustainable and so they can *demonstrate* to key stakeholders that they are responsibly managing their influence on the environment.

Managers Matter!

As you can see, being a manager is both challenging and exciting because what managers do and how they do it can profoundly affect their organisations and the people within them. Towers Watson found that the way a company manages its people can significantly affect its financial performance.²³ The Gallup Organisation, which has polled millions of employees and tens of thousands of managers, has found that relationship with their manager is the largest factor in **employee engagement**—which is when employees are connected to, satisfied with and enthusiastic about their jobs—accounting for at least 70 per cent of an employee's level of engagement.²⁴ Moreover, the way that organisations and managers treat employees has been shown to affect employees' stress and wellbeing, including their mental and emotional health.²⁵ So good management matters a lot!

employee engagement

When employees are connected to, satisfied with and enthusiastic about their jobs

Review 1

Chapter Summary

1.1 Tell who managers are and where they work.

Managers are individuals who work in an organisation directing and overseeing the activities of other people. Managers are usually classified as top, middle or first-line. Organisations, which are where managers work, have four characteristics: goals, people, a deliberate structure and an operations system.

1.2 Define management.

Management is the process of getting things done, effectively and efficiently, with and through other people. Efficiency means doing a task correctly ('doing things right') and getting the most output from the least amount of inputs. Effectiveness means 'doing the right things' by doing those work tasks that help the organisation reach its goals.

1.3 Describe what managers do.

What managers do can be described using three approaches: functions, roles and skills/competencies. The functions approach says that managers perform four functions: planning, organising, leading and controlling. Mintzberg's roles approach says that what managers do is based on the 10 roles they use at work, which are grouped around interpersonal relationships, the transfer of information and decision making. The skills/competencies approach looks at what managers do in terms of the skills and competencies they need and use. Four critical management skills are conceptual, interpersonal,

technical and political. Additional managerial competencies include aspects such as dependability, personal orientation, emotional control, communication and so forth. All managers plan, organise, lead and control although how they do these activities and how often they do them may vary according to level in the organisation, whether the organisation is profit or not-for-profit, the size of the organisation and the geographic location of the organisation.

1.4 Explain why it's important to study management.

Management is fundamentally about influencing human behaviour in order to achieve organisational goals. Formally studying management will help you to build a broader knowledge of what management entails and develop a 'toolkit' of approaches you can apply to manage in different situations.

1.5 Describe the factors that are reshaping and redefining management.

In today's world, managers are dealing with changing workplaces, a changing workforce, global economic and political uncertainties and changing technology. Four areas of critical importance to managers are delivering high-quality customer service, dealing responsibly with ethical issues using social media efficiently and effectively, and recognising how sustainability contributes to an organisation's effectiveness.

Discussion Questions

1-1 What is an organisation and what characteristics do organisations share?

1-2 How do managers differ from non-managerial employees?

1-3 In today's environment, which is more important to organisations—efficiency or effectiveness? Explain your choice.

1-4 What similarities do you see among the four management functions? Do you think these functions are related? Explain.

1-5 Using any of the popular business periodicals (such as *BRW* and *Australian Financial Review*), find examples of managers doing each of the four management functions.

Write up a description and explain how these are examples of that function.

1-6 Is your course instructor a manager? Discuss in terms of planning, organising, leading and controlling. Also discuss using Mintzberg's managerial roles approach.

1-7 Is business management a profession? Why or why not? Do some external research in answering this question.

1-8 Is there one best 'style' of management? Why or why not?

1-9 In what ways can managers at each of the four levels of management contribute to efficiency and effectiveness?

Management Skill Builder UNDERSTANDING CONFLICT RESOLUTION

SKILL DEVELOPMENT Resolving Conflicts

Studies have found that managing conflicts is one of the top activities consuming a manager's time. Therefore, how effective a manager is in handling conflicts will go a long way in determining how successful he or she will be on the job.

PERSONAL INSIGHTS What's My Preferred Conflict-Handling Style?

When you differ with someone, how do you respond? Use the following rating scale to record your answers:

- 1 = Practically never
- 2 = Once in a great while
- 3 = Sometimes
- 4 = Fairly often
- 5 = Very often

1-10	I work to come out victorious, no matter what.	1	2	3	4	5
1-11	I try to put the needs of others above my own.	1	2	3	4	5
1-12	I look for a mutually satisfactory solution.	1	2	3	4	5
1-13	I try not to get involved in conflicts.	1	2	3	4	5
1-14	I strive to investigate issues thoroughly and jointly.	1	2	3	4	5
1-15	I never back away from a good argument.	1	2	3	4	5
1-16	I strive to foster harmony.	1	2	3	4	5
1-17	I negotiate to get a portion of what I propose.	1	2	3	4	5
1-18	I avoid open discussions of controversial subjects.	1	2	3	4	5
1-19	I openly share information with others in resolving disagreements.	1	2	3	4	5
1-20	I would rather win than end up compromising.	1	2	3	4	5
1-21	I go along with suggestions of others.	1	2	3	4	5
1-22	I look for a middle ground to resolve disagreements.	1	2	3	4	5
1-23	I keep my true opinions to myself to avoid hard feelings.	1	2	3	4	5
1-24	I encourage the open sharing of concerns and issues.	1	2	3	4	5
1-25	I am reluctant to admit I am wrong.	1	2	3	4	5
1-26	I try to help others avoid losing face in a disagreement.	1	2	3	4	5
1-27	I stress the advantages of give-and-take.	1	2	3	4	5
1-28	I agree early on, rather than argue about a point.	1	2	3	4	5
1-29	I state my position as only one point of view.	1	2	3	4	5

Source: Based on conflict dimensions defined in K. W. Thomas, 'Conflict and Conflict Management', in M. Dunnette (ed.), *Handbook of Industrial and Organisational Psychology* (Chicago: Rand McNally, 1976), pp. 889–935.

Analysis and Interpretation

Research has identified five conflict-handling styles. They are defined as follows:

Competing = A desire to satisfy one's interests, regardless of the impact on the other party to the conflict. Items 1-10, 1-15, 1-20, 1-25 in this instrument tap this style.

Collaborating = Where the parties to a conflict each desire to satisfy fully the concerns of all parties. Items 1-14, 1-19, 1-24, 1-29 in this instrument.

Avoiding = The desire to withdraw from or suppress the conflict. Items 1-13, 1-18, 1-23, 1-28 in this instrument.

Accommodating = Willingness of one party in a conflict to place the opponent's interests above his or her own. Items 1-11, 1-16, 1-21, 1-26 in this instrument.

Compromising = Where each party to a conflict is willing to give up something. Items 1-12, 1-17, 1-22, 1-27 in this instrument.

To calculate your conflict-handling score, add up your totals for each of the five categories. Your score within each category will range from 4 to 20. The category you score highest in is your preferred conflict-handling style. Your next-highest total is your secondary style.

Ideally, we should adjust our conflict-handling style to the situation. For instance, avoidance works well when a conflict is trivial, when emotions are running high and time is needed to cool them down, or when the potential disruption from a more assertive action outweighs the benefits of a resolution. In contrast, competing works well when you need a quick resolution on important issues where unpopular actions must be taken, or when commitment by others to your solution is not critical. But the evidence indicates that we all have a preferred style for handling conflicts. When 'push comes to shove', this is the style we tend to rely on.

Skill Basics

To manage conflict effectively, you need to know yourself, as well as the conflicting parties; to understand the situation that has created the conflict; and to be aware of your options.

- *What's your underlying conflict-handling style?* Most of us have the ability to vary our conflict response according to the situation, but each of us has a preferred style for handling conflicts. These styles include *collaborating* (accommodating various points of view to seek a win-win solution); *compromising* (we both give up something so there is no clear winner or loser); *accommodating* (self-sacrificing by putting others' interests above your own); *forcing* (satisfying your own interest regardless of the impact on others); and *avoiding* (withdrawing from or suppressing differences).
- *Selectively choose the conflicts you want to handle.* Not every conflict justifies your attention. Avoidance may appear to be a cop-out, but it can sometimes be the most appropriate response. Avoid trivial conflicts and save your efforts for the ones that count.
- *Evaluate the conflict parties.* Who is involved in the conflict? What interests do you or they represent?

What are each party's values, personality, feelings and resources?

- *Assess the source of the conflict.* The most common sources of interpersonal conflicts in organisations are communication differences, structural differences (i.e. rules, territorial battles, budget conflicts, questions of authority) and personality and value differences. Communication conflicts are typically the easiest to resolve, while personality and value differences the most difficult. Knowing the source of a conflict will narrow your choices of resolution techniques.
- *Select the best option.* In addition to the five preferred styles of handling conflict noted above, additional resolution techniques include expanding the scarce resource (such as a budget or promotion opportunities) that is causing the conflict; creating a shared goal that requires all parties to the conflict to cooperate on; behavioural-change intervention and counselling; and reorganising jobs or departments.

Based on S. P. Robbins, *Managing Organisational Conflict* (Englewood Cliffs, NJ: Prentice Hall, 1974); K. W. Thomas, 'Conflict and Conflict Management', in Marvin Dunnette (ed.), *Handbook of Industrial and Organisational Psychology* (Chicago: Rand McNally, 1976), pp. 889-935; and K. Cloke and J. Goldsmith, *Resolving Conflicts at Work: Eight Strategies for Everyone on the Job*, rev. ed. (San Francisco: Jossey-Bass, 2006).

Skill Application

Form teams of three. Analyse each of the following scenarios and formulate a conflict-handling strategy:

Situation 1. You are a staff specialist and have been assigned two projects: one by your immediate supervisor and one by the supervisor of another department. There is adequate time to complete both projects by the deadline date; however, neither project would be completed with the degree of excellence required by your organisation. What would you do?

Situation 2. You are the moderator of a group session with five other people. The purpose of the session is to formulate a plan that requires consent from all participants. One of the participants is so involved with the important details of the plan that he is delaying the group from reaching agreement. As moderator, what would you do in this situation?

Situation 3. Your boss has called you into his office and you find that he wants your opinion about the performance of one of your co-workers. The co-worker is your best friend and neighbour, but you are inclined to believe that his performance is substandard. What would you tell the boss?

Skill Practice

- 1-30** Interview several managers to learn (a) what they think their basic conflict-handling style is; (b) how flexible they perceive themselves to be in adjusting their style to changing situations; (c) and how effective they have been in mastering the skills of conflict management.
- 1-31** Think of three conflict situations you've faced in recent months. How did you handle the conflict? How effective was your approach? What could you have done differently to improve the outcome?

CASE APPLICATION #1

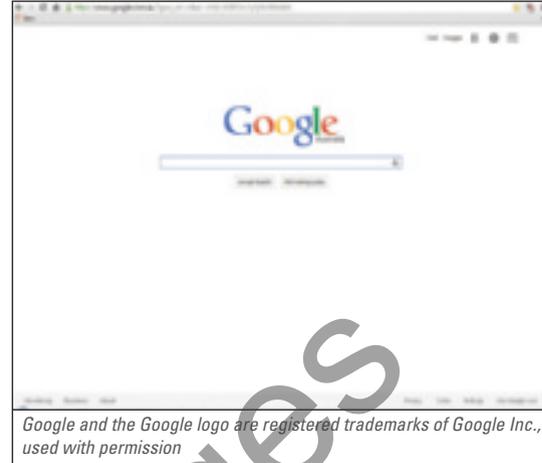
Google: Building a Better Boss

Google doesn't do anything halfway. So when it decided to 'build a better boss', it did what it does best: look at data.²⁶ Using data from performance reviews, feedback surveys and supporting papers turned in for individuals being nominated for top-manager awards, Google tried to find what a great boss is and does. The project, dubbed Project Oxygen, examined some 100 variables and ultimately identified eight characteristics or habits of Google's most effective managers. Here are the 'big eight':

- Provide an unambiguous vision of the future
- Help individuals to reach their long-term work goals
- Express interest in employees' wellbeing
- Ensure you have the necessary technical abilities to support employee efforts
- Display effective communication skills, especially listening
- Provide coaching support when needed
- Focus on being productive and on end results
- Avoid over-managing; let your team be responsible.

At first glance these eight attributes seem pretty simplistic and obvious and you may be wondering why Google spent all this time and effort to uncover them. But, as the old saying goes, there *was* more to this list than meets the eye. Historically, Google has defined a great boss as one who is an outstanding technical specialist and helps employees deal with problems they can't solve alone. Since the company was founded in 1999, Google managers were encouraged to 'leave people alone. Let the engineers do their stuff. If they become stuck, they'll ask their bosses, whose deep technical expertise propelled them to management in the first place.' Google's vice president for people operations, Laszlo Bock, explains, 'In the Google context, we'd always believed that to be a manager, particularly on the engineering side, you need to be as deep or deeper a technical expert than the people who work for you.' However, when Bock and his team began looking closer and rank ordering the eight items by importance, Project Oxygen revealed that technical expertise was ranked number eight (very last) on the list. So what did Google employees *actually* want and value in a boss? Here's the complete list from most important to least important, along with what each characteristic entails:

- *Provide coaching support when needed* (provide specific feedback and have regular one-on-one meetings with employees; offer solutions tailored to each employee's strengths).
- *Avoid over-managing; let your team be responsible* (give employees space to tackle problems themselves, but be available to offer advice).
- *Express interest in employees' wellbeing* (make new team members feel welcome and get to know your employees as people).



- *Focus on being productive and on end results* (focus on helping the team achieve its goals by prioritising work and getting rid of obstacles).
- *Display good communication skills, especially listening* (learn to listen and to share information; encourage open dialogue and pay attention to the team's concerns).
- *Help individuals to reach their long-term work goals* (notice employees' efforts so they can see how their hard work is furthering their careers; appreciate employees' efforts and make that appreciation known).
- *Provide an unambiguous vision of the future* (lead the team but keep everyone involved in developing and working towards the team's vision).
- *Ensure you have the necessary technical abilities to support employee efforts* (understand the challenges facing the team and be able to help team members solve problems).

You can say that Project Oxygen breathed new life into Google's managers. Now, the company's managers aren't just encouraged to be 'great' managers, they know what being a great manager involves. Google has also used the list as the foundation for management training, as well as providing individual coaching and performance review sessions.

Bock says the company's efforts paid off quickly. 'We were able to have a statistically significant improvement in manager quality for 75 per cent of our worst-performing managers.'

Discussion Questions

- 1-32** Describe the findings of Project Oxygen using the functions approach, Mintzberg's roles approach and the skills approach.
- 1-33** Are you surprised at what Google found out about 'building a better boss?' Explain your answer.
- 1-34** What's the difference between encouraging managers to be great managers and knowing what being a great manager involves?
- 1-35** What could other companies learn from Google's experiences?

CASE APPLICATION #2

Managing to Create a Better World



Brendan J. Doyle © Broken Yellow

When Daniel Flynn began studying project management at university, he might have expected it would take a few years for him to be able to put his new knowledge into practice. But then he learned two things that really shocked him. Around the world there are 900 million people without access to safe drinking water. In Australia, where free drinkable water is available from the nearest tap, people spend \$600 million each year on bottled water. So, at just 19, Daniel decided to establish a social enterprise—a company that uses its business activities to generate ‘profit for purpose’, using its profits to benefit create social good in the community. The result was Thank You Water, a company that sells bottled water in order to fund safe water projects in developing countries. Within a few years, the company had also developed Thank You Food and Thank You Body Care to reach more customers, sell more products and help more people.²⁷

From day one, Daniel knew success would depend on convincing customers they really were helping to make a difference by buying Thank You products. ‘When I was at uni everyone was talking about charities and often people would say ‘yeah but you don’t really know where [the money] is going’, said Daniel. So the company created Track Your Impact to show customers what they were helping to achieve. Customers download an app from the company’s website, enter a unique code provided on each Thank You product and receive detailed information, including GPS co-ordinates, about the water, hygiene or food aid project their purchase will contribute to. Creating Track Your Impact has helped the company establish trust and credibility with its customers and to improve public perceptions about charity reporting, even with people who don’t actually use the feature.

Daniel also learned early that management is all about working through others. For instance, when the company wanted to convince 7-Eleven to stock its bottled water it asked customers to lobby 7-Eleven on its behalf. It paid off—7-Eleven was so impressed by the campaign of Facebook messages and promises to buy the product from Thank You fans that it stocked Thank You water in all 600 stores across

Australia, even using it to replace its own low-price bottled water. Rather than employ sales representatives to promote its products, Thank You customers are invited to be ‘Street Reps’ and use materials provided by the company to convince their local cafés and restaurants to stock Thank You products.

As the company has grown Daniel has learned how to successfully run an organisation. He says, ‘A good idea doesn’t guarantee success—everyone has one. The value is in the execution of that idea and that’s where your focus needs to be. You’ll be surrounded by people who always ask of you, “But what will happen if you fail?” Instead, ask yourself “What if we succeed?” This is why it’s important to surround yourself with a great team who support each other. The people and culture are the lifeblood of your business, so be sure to devote the deserved energy and time ... Always start with the thought: “If we had no limitations, we would ...” Then work from there and remind yourself every day of those big objectives.’

Daniel has also learned a lot about his own strengths, weaknesses and goals as a manager. ‘My goal is to release people to step up and bring their own dream and passion to what we do. I’m not huge on confrontation—in the early years that was my greatest weakness. I was always trying to make everyone happy. But if I believe something is possible I won’t give up on it. Impossibility is only someone’s opinion, not a fact.’

By 2014, with only 11 staff and three volunteers, Thank You had helped over 67,000 people access safe water, provided health and hygiene training to 62,000 individuals, and funded 60,000 weeks’ worth of food aid for people in need across Cambodia, Uganda, Kenya, Timor-Leste, Myanmar and Sri Lanka. In recognition of Daniel’s efforts he was named 2014 Victorian Young Australian of the Year, 2013 Victorian Young Achiever of the Year and was an honouree in the 2014 JCI Ten Young Outstanding People of the World program.

Discussion Questions

- 1-36** How could Daniel and his co-founders at Thank You use technical, human and conceptual skills to help Thank You achieve its business goals and social mission? What managerial competencies might be important for them? Why?
- 1-37** What management roles would Daniel be playing as he (a) had weekly video conferences with Thank You’s aid project leaders around the globe, (b) assessed the feasibility of developing a new Thank You product line, and (c) negotiated distribution deals with retailers such as Coles and Woolworths?
- 1-38** How, if at all, do you think managing a social enterprise would be different to managing a profit-oriented corporation?
- 1-39** What could other managers learn from Daniel and Thank You’s approach?