

Modern Management

concepts & skills

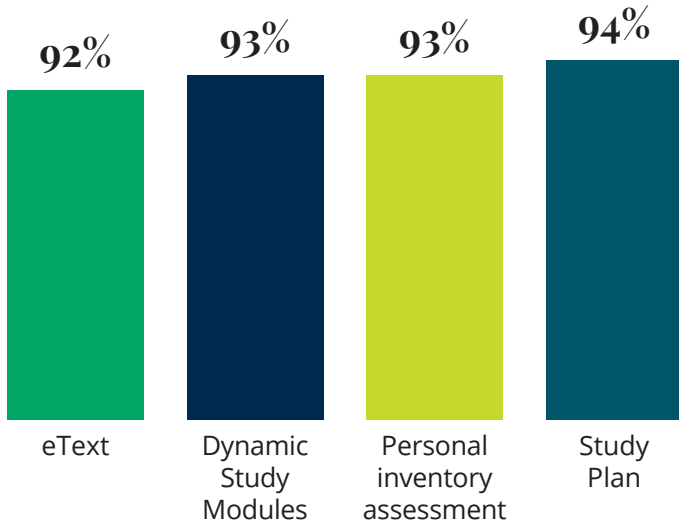
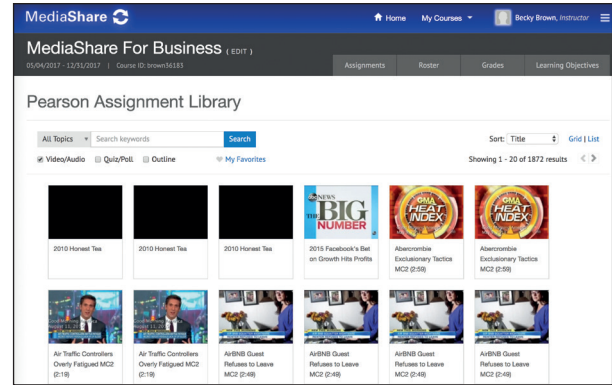


SAMUEL C. CERTO & S. TREVIS CERTO



fifteenth edition

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EDITION

15

Modern Management

CONCEPTS AND SKILLS

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Dr. Certo has also authored or co-authored several highly regarded textbooks, including *Modern Management: Concepts and Skills*, *Strategic Management: Concepts and Applications*, and *Supervision: Concepts and Applications*. His textbooks have been translated into several languages for distribution throughout the world.

His newest popular-market book, *Chasing Wisdom: Finding Everyday Leadership in Business and Life*, recommends combining business and biblical principles to build successful organizations. His podcast program emphasizing the chasing wisdom concept is available on iTunes. The number of its listeners is growing, and it now has listeners in over 200 countries.

A past chairperson of the Management Education and Development Division of the Academy of Management, he has had the honor of being presented with the group's Excellence in Leadership Award. Dr. Certo has also served as president of the Association for Business Simulation and Experiential Learning, an associate editor for *Simulation and Games*, and as a review board member of the *Academy of Management Review*. His consulting experience has been extensive and includes notable participation on boards of directors in both public and private companies.

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Letter from the Authors

Dear Colleague,

Thank you for taking the time to review our book. If you are reading this right now, you likely agree with our (perhaps biased) opinion that Management is one of the most important courses that students will take in their academic careers. Regardless of their majors, management will likely be in your students' futures. Whether your students graduate to become salesforce members, financial analysts, or supply chain specialists, they will undoubtedly work for managers. This book will help students understand how managers work. Moreover, the concepts in this text will help students prepare for their own future management positions.

It is hard to believe that this management textbook, now in its fifteenth edition, is over 35 years old. While a little younger than companies such as Apple and Microsoft, it is amazing to think that our book is older than companies like Alphabet (Google), Costco, Amazon, Lockheed Martin, and Netflix. Like these leading companies, our book has advanced over the years, relying on one constant theme: innovation. We created a product that resonated with the academic community, and we continuously innovated over the decades that followed. Specifically, over the years we have continued to integrate leading-edge research on individuals, teams, and organizations with pedagogical techniques designed to enhance students' performance, their ability to obtain employment, and ultimately their careers.

The unique approach of our book is that each chapter in our comprehensive text helps students develop a specific management skill. The content specifically focuses on how students can be more strategic and more creative, work as team members, become successful leaders, and more. We designed our chapters to build these skills (and others) to fulfill the objective of this book: To help students both obtain employment and flourish in the workplace.

The work on the pages that follow is largely the result of our interactions with the many instructors around the globe who use our book. Thank you! If we can help, please do not hesitate to email us!

Sincerely,

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Preface

Build students' management confidence by helping students not only learn management concepts but also develop a target skill in each chapter.

Applying Management Concepts

Each chapter opens with a **Challenge Case** that presents a company facing a particular challenge relevant to the topic of the chapter.

CHALLENGE CASE

Diverse Employees Contribute to GE Lighting's Bright Future

Despite the common assumption that manufacturing jobs are disappearing, manufacturing companies face a hiring challenge. As experienced workers retire and technology advances, businesses need bright, hard-working employees who are comfortable with technology. GE Lighting is tapping the potential of the "millennial generation," workers born between 1982 and 2000. According to general manager Ron Wilson, the share of millennials among his manufacturing engineers and managers has doubled. The company is smoothing the way by preparing these employees to succeed. Its two-year leadership training program gives operations employees challenging assignments and brings them into contact with senior management. At the level of factory floor workers, the company partners with local com-



Tony Dejak/AP Images

CHALLENGE CASE SUMMARY

This chapter emphasizes what management is and what managers do. As a manager, James Quincey is engaged in processes that help Coca-Cola reach organizational goals. Quincey, as CEO of a major corporation, must focus on how the company can deliver top quality at a competitive price and develop new products that will keep the company abreast of the latest consumer trends. He cannot possibly develop, make, and sell all the products; rather, he leads the efforts within his group, keeping them aligned with the company's goals.

Quincey engages in planning, organizing, influencing, and controlling the work of the people at Coca-Cola. He uses human resources, as well as money, raw materials, and machinery (capital equipment). These efforts succeed when his group is both effective (successful in achieving goals) and efficient (minimizes the use of resources).

Quincey has risen in the ranks at Coca-Cola because he has demonstrated that he has management skill—the ability to carry out the process of reaching organizational goals by working with and through people and other organizational resources. According to the classic understanding, management skill is the combination of three different kinds of skills: technical, human, and conceptual skills. In this understanding of management, technical skills were especially important for Quincey when he first took on lower-management jobs. As he rose through Coca-Cola's hierarchy, Quincey depended less on the use of technical skills and more on the use of conceptual

and building cooperation, are important at all levels of management.

More recently, management skills have been viewed in terms of the activities carried out by managers. Quincey and other managers typically perform task-related, people-related, and change-related activities. Task-related activities require skills in short-term planning, clarifying objectives, and monitoring performance. People-related activities require skills in encouraging employees, providing recognition for accomplishments, developing skills in others, consulting others when making decisions, and empowering employees to solve problems. Change-related activities require skills in monitoring the organization's environment, proposing new ideas, encouraging innovation, and taking necessary risks.

The Challenge Case described how John Quincey has progressed through his career in management and the challenges of being a top manager. A career is a sequence of work-related positions over the course of a person's life. Also, in his progression to the top position at Coke, he has embodied the six management employability skills. He has demonstrated his expertise in communication, critical thinking, creativity, collaboration, knowledge application, and ethics and social responsibility. We have not yet seen the end of Quincey's career, but his path so far illustrates how a hardworking, goal-oriented person can develop skills by successfully taking on challenging positions that offer opportunities to learn more about a company's products, customers, and

At the end of each chapter is the **Challenge Case Summary**, where students read about how the company manager(s) used the concepts presented in the chapter to address the challenge.

Tips for Managing Around the Globe, Steps for Success, and Practical Challenge callouts highlight practical applications of management concepts.

TIPS FOR MANAGING AROUND THE GLOBE

Making the Most of International Experience

People assume that international experience will open up opportunities for managers. Certainly, if employees and customers live in different countries, familiarity with those cultures should be a big plus. For example, Andrew Gamertsfelder credited his marketing internships in Brazil with helping him land a job working for Stryker Orthopaedics in Brazil after he graduated from the University of Pittsburgh. And when the staffing firm Robert Half surveyed chief financial officers in the United States, almost 70 percent said international experience was important for accounting and financial management.

However, researchers at the IE Business School in Spain conducted a study that raises questions about the value of international experience. Reviewing the careers of chief executive officers at large corporations, the researchers found that the longer the managers had worked overseas, the longer they took to reach the top jobs. Apparently, executives should balance overseas experience against staying in contact with decision makers at headquarters. To do this, executives should take shorter assignments, participate in

STEPS FOR SUCCESS

Developing Human Skills

At SAS America, Thomas Lynch's management career had stalled. Lynch, who specializes in sales support, had an excellent record of helping customers solve problems, but he was not getting key assignments or promotions. He brought the issue to his superiors, who pointed to his human skills: Although he was a great problem solver and well liked, he came across as lacking ambition. With coaching and practice, Lynch learned to pick opportunities to offer his expertise.

As Lynch learned, human skills are important.

looking for the ability to set priorities, a positive attitude, and the ability to function well as part of a team. Here are some ways to build human skills:²⁷

- Ask colleagues what you do well and what behaviors they would like to see improve.
- Learn to control your emotions. Notice what triggers a reaction, and practice ways to be calm in those situations.
- Get expert advice—seek help from a career coach,

PRACTICAL CHALLENGE: ATTAINING GOALS

Michael Hoffman Achieves User Satisfaction at New York Passport Agency

To see how managers can contribute to attaining goals, consider Michael Hoffman, who works for the State Department as regional director of the New York Passport Agency. The busy facility he directs, on Hudson Street in New York City, is one of only 17 where people may pick up their passports if they are traveling within 14 days. Therefore, many clients are under stress; perhaps an emergency came up overseas, or they discovered at the airport that the passport had expired. Hoffman's goal is to serve clients efficiently, fulfilling their requests to the extent allowed.

Hoffman uses the resources under his control. He organizes waiting rooms and plans the flow of clients for maximum efficiency. He must use the State Department's software but has discretion to promote and discipline agents according to their performance. Strong leadership builds dedicated staff members who are committed to helping clients, even working in unheated offices after Hurricane Sandy in 2012. Hoffman's goal-oriented management has helped create an agency that scores 4.5 out of 5 stars on the Yelp consumer ratings website, far ahead of other government agencies.¹⁶

Each chapter references assignable exercises in MyLab Management like branching, scenario-based **Try It! Mini Sims** and **Watch It! Videos** about real companies to provide even more opportunities for students to apply the concepts they are learning to real-world situations.

Being a woman and a member of a minority group can present a double hurdle in investment banking. For this reason, leadership at Morgan Stanley initiated its Emerging Manager Program to identify and support up-and-coming asset managers, particularly women of color. The program seeks to partner with and provide capital to asset managers in underrepresented segments (such as women-owned and minority-owned businesses). The goal is to increase the number of female and minorities in asset management, thereby creating a broader pool of talent and ultimately enhancing business results.²⁷

MyLab Management Try It

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the Mini Sim.

Older Workers Older workers are a significant and valuable component of the labor force.²⁸ Approximately 16 million Americans over 55 years of age are employed or look for work. Older workers are becoming an important labor force component. From 2002 to 2009, progressively fewer younger employees were available for hire because of the slow population growth between 1966 and 1985. During this same period, the pool of older workers available for hire increased faster than that of any other age segment and comprised more than 19 percent of the labor market.²⁹

Anticipating this simultaneous shortage of younger workers and increase in the number of older workers in the labor market, many managers have recommended that now is the time to start recruiting older workers.³⁰ Successful tactics for recruiting older workers include asking for referrals from current employees, using employment agencies, contacting local senior citizens community groups, and surveying members of various churches. Advantages of hiring older workers include their willingness to work nontraditional hours, their ability to serve as mentors, and their strong work ethic. Disadvantages of hiring older workers might include their lack of technology experience and possible increased benefit costs to the organization due to their health-care needs. Once hired, management should focus on meeting the needs of older workers. For example, management must understand issues such as job preferences and that the personal needs of older versus younger workers are normally different. As a result, management may have to take special steps to meet the needs of the two different groups of workers. However, such steps will help management retain older workers and encourage older workers to remain productive as possible.³¹

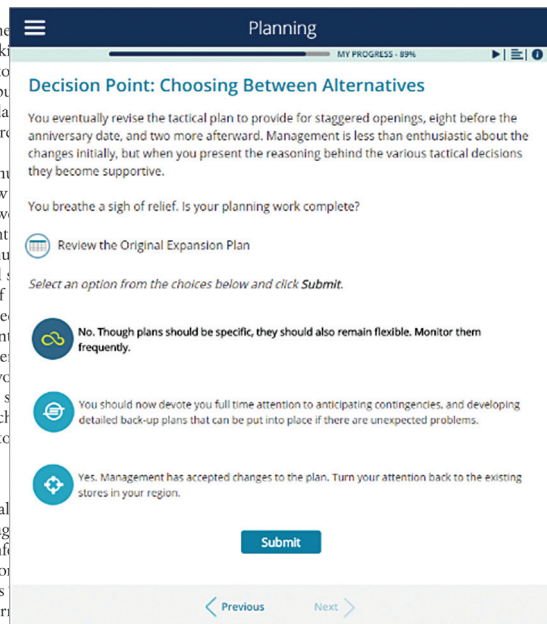
Stereotypes and Prejudices Older workers face some specific challenges because of managers' views of older people. Stereotypes and prejudices link age with senility, incompetence, and lack of worth in the labor market. Jeffrey Sonnenfeld, an expert on senior executives and older workers, compiled research findings from several studies of older employees. He found that managers view older workers as "wood" and seek to "weed them out" through pension incentives, biased performance appraisals, and other methods.³²

Sonnenfeld's compilation of research indicates that even though older managers are more cautious, less likely to take risks, and less open to change than younger managers, many are high performers. Studies that tracked individuals' careers over the long term conclude that a peak in performance occurs at about age 45 to 50, and a second peak occurs at about age 55 to 60. Performance in some fields (e.g., sales) either improves with age or does not significantly decline.

Effective managers retain their valuable older workers by recognizing and meeting their special needs.



Layland Masuda/Shutterstock

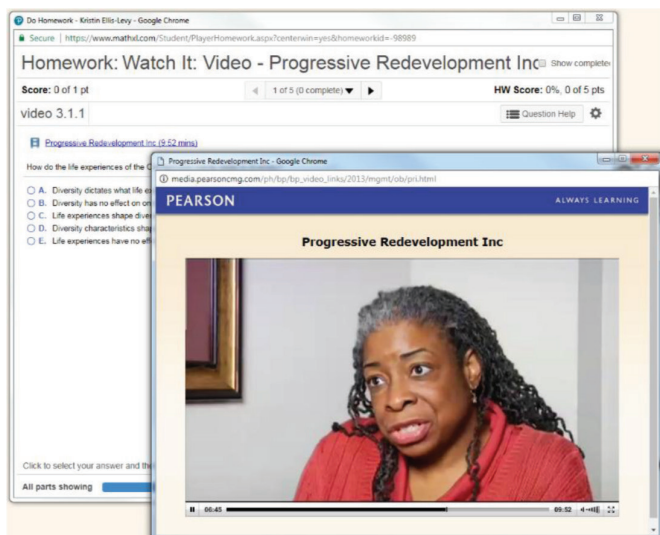


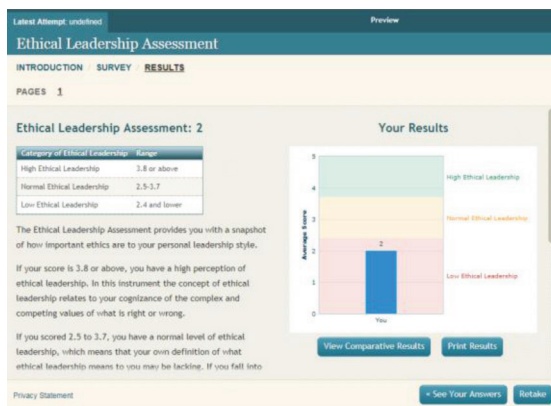
somewhat effective despite being inefficient if demand for the finished goods is so high that the manager can get an extremely high price per unit sold and thus absorb inefficiency costs. Thus, a manager can be effective without being efficient, and vice versa. To maximize organizational success, however, both effectiveness and efficiency are essential.

MyLab Management Watch It

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the video exercise.

As an example of achieving efficiency and effectiveness, consider Telstra Corporation, Australia's largest telecommunication company. Like its counterparts the world over, Telstra faces the challenges of a changing industry in which mobile phones are fast becoming more popular than the landline business on which Telstra built its fortunes. To survive, Telstra is scrambling to create a nimble management team and prune the bureaucracy that slows down decision making and internal operations. In a recent reorganization of his executive team, Telstra CEO David Thodey created four groups—customer sales and support, product and marketing innovation, operations, and corporate support—all focused on effectiveness: getting more competitive while also attracting and retaining customers.¹⁹





Developing Management Skills

Target Skill and **Skill and Your Career** at the opening of each chapter focus on managerial skills that employers most value in job candidates. Students can develop these skills by completing specially designed, innovative learning activities, which appear both in the text and through MyLab Management.

Homework: Chapter 1 Assessing Your Management Skills

Score: 0 of 1 pt | 1 of 14 (1 complete) | HW Score: 0%, 0 of 14 pts

Assessing Your Mgmt Concepts 1.1

Refer to the Challenge Case at the beginning of the chapter. Respond to the following question regarding the type of advice you would give to Rodney Adkins, senior vice president at IBM. Then address the management and personal challenges he has faced within the company.

For Each Statement Select:

- "Y" if you would give the advice to Adkins.
- "N" if you would NOT give the advice to Adkins.
- "NI" if you have no idea whether you would give the advice to Adkins.

Mr. Adkins, in meeting your management challenges at IBM, you should...

make sure you understand how important management is in successfully marketing the new IBM products.

A. Y
B. N
C. NI

Management Skills Exercises provide additional discussion questions to dig into the Challenge Case and a second, short case to help students better understand how concepts apply to companies and their challenges.

Personal Inventory Assessments, assignable in MyLab Management, are recommended by the authors in every chapter. These assessments provide immediate results to develop professionalism and awareness of oneself and others, giving students the skills necessary for their future career.

TARGET SKILL



Management Skill: the ability to work with people and other organizational resources to accomplish organizational goals


MyLab Management Assessing Your Management Skill

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the exercise related to the Challenge Case.

Assessing Your Management Skills is an assignment in MyLab Management with an average of 15 questions that asks the students to indicate how they would advise senior management to respond to situations in the Case Challenge and Case Challenge Summary. Students receive instant feedback on their responses. Results flow to the gradebook.

Management Skills Exercises

MyLab Management Discussion Questions

Go to www.pearson.com/mylab/management to complete the problems marked with this icon .

★ Cases

Coke's New CEO Battles a Changing Market

"Coke's New CEO Battles a Changing Market" and its related Challenge Case Summary were written to help you understand the management concepts contained in this chapter. Answer the following discussion questions about the introductory case to explore how fundamental management concepts can be applied to a company such as Coca-Cola.

Three **Experiential Exercises** are featured at the end of each chapter. The first type helps students use active learning, frequently in groups, to develop knowledge and skills specific to chapter content. The second, **You and Your Career**, is an exercise that asks students to reflect on chapter content to help them better understand how to manage their careers. The third type, **Building Your Management Skills Portfolio** activities, use real company examples and data points to help students demonstrate the management knowledge and skill acquired in that chapter.

Experiential Exercises

Managing Generation Z

Directions. Read the following scenario and then perform the listed activities. Your instructor may want you to perform the activities as an individual or within groups. Follow all of your instructor's directions carefully.

This chapter discussed the various generations that make up American society as well as the workforce. Most likely, you're a member of Generation Z (born after 1995) and you're eager to begin your career. A few characteristics of Generation Z have already been mentioned in this chapter. However, list 10 traits that typify a member of Generation Z. You might even ask a person of another generation his or her thoughts on what characterizes someone from Generation Z. Next, for each trait you identify, provide one suggestion for managers who find themselves supervising this age group. Try to be specific so that the manager could take what you prepare and be a more effective manager in supervising this generation.

You and Your Career

Diversity in the workplace is important. It ensures that fresh ideas and ways of looking at problems and opportunities abound. However, a few firms may not value diversity as much, preferring a much more homogeneous staff. Assume you interviewed for a job for an open position at a company that you were very interested in. A week after the interview, however, you receive an e-mail letting you know that you were not selected. Coincidentally, you discover from a friend of yours who works at the company that it didn't hire you because of your race, gender, age (etc.); choose the most fitting for your circumstances).

Also assume that you filed a lawsuit and won. The judge has ruled that the company must hire you and was assessed a small fine. Would you accept the position now with the company? Why or why not?

Building Your Management Skills Portfolio

Your Management Skills Portfolio is a collection of activities specially designed to demonstrate your management knowledge and skill. Be sure to save your work. Taking your printed portfolio to an employment interview could be helpful in obtaining a job.

The portfolio activity for this chapter is Assessing Diversity at TECO Energy. Read the following about TECO Energy and answer the questions that follow.

TECO Energy is an energy company headquartered in Tampa, Florida. TECO Energy's five business units include (1) Tampa Electric, a regulated electric utility serving more than 635,000 customers in West Central Florida; (2) Peoples Gas System, Florida's largest natural gas distribution utility; (3) TECO Coal, a producer of conventional coal and synthetic fuel; (4) TECO Transport, a river and ocean waterborne transportation provider; and (5) TECO Guatemala, owner of two power plants in Guatemala. (You can learn more about the company by visiting www.tecoenergy.com)

creating a diverse workforce. Management recently reported the results of a diversity study aimed at monitoring its diversity efforts by ascertaining the present characteristics of its workforce. Part of the results of that study appears in Exhibits 1, 2, and 3.

Exhibit 1 Gender of Workforce

Company	Female	Male
TECO Energy (corporate)	62%	38%
Tampa Electric	25%	75%
Peoples Gas	28%	72%
TECO Transport	10%	90%
TECO Coal	4%	96%
TECO Guatemala (corporate)	29%	71%
TECO Guatemala	12%	88%
Total number of employees	970	4,122

Exhibit 2 Race/Ethnicity of Workforce

Company	Black	White	Hispanic	Other
TECO Energy (corporate)	6%	84%	10%	0%
Tampa Electric	14%	73%	11%	2%
Peoples Gas	14%	70%	15%	1%
TECO Transport	12%	85%	2%	1%
TECO Coal	0%	100%	0%	0%
TECO Guatemala (corporate)	0%	43%	43%	14%
TECO Guatemala*				
Total number of employees	522	3,993	399	178

* U.S. ethnicity codes not applicable to TECO Guatemala.

Exhibit 3 Leadership by Gender and Race

Company	Female	Male	Black	White	Hispanic	Other
TECO Energy (corporate)	56%	44%	4%	87%	9%	0%
Tampa Electric	30%	70%	9%	77%	11%	3%
Peoples Gas	28%	72%	6%	80%	14%	0%
TECO Transport	20%	80%	6%	91%	2%	1%
TECO Coal	9%	91%	0%	100%	0%	0%
TECO Guatemala (corporate)	29%	71%	0%	43%	43%	14%
TECO Guatemala*	11%	89%	N/A	N/A	N/A	N/A
Total number of employees	28%	72%	7%	79%	10%	4%

* U.S. ethnicity codes not applicable to TECO Guatemala.

Questions

4-10 List five major points that Exhibits 1, 2, and 3 tell management about TECO's workforce.

- _____
- _____
- _____
- _____
- _____

4-11 How does management at TECO determine whether the present level of workforce diversity is appropriate for the company?

- _____
- _____

4-12 Assume that TECO management performs a similar study in five years. Name three new dimensions of diversity that you would like the study to explore. Explain why you would like each dimension studied.

Dimension 1: _____

Why study this dimension?

- _____
- _____
- _____

Dimension 2: _____

Why study this dimension?

- _____
- _____
- _____

Dimension 3: _____

Why study this dimension?

- _____
- _____
- _____

MyLab Management Writing Assignments

If your instructor has assigned this activity, go to www.pearson.com/mylab/management for auto-graded writing assignments as well as the following assisted-graded writing assignments:

Assisted-Grading Questions

4-13 Pinpoint five ways that discrimination might negatively affect an organization.

4-14 List five ways that you would promote diversity in an organization. How would you control your efforts to make sure they were successful?

What's New to This Edition

NEW! Management Skill and Your Career

Helps students understand the relationship between each chapter's Target Skill and future employability.

UPDATED! Reorganized Table of Contents

Reflects the changing importance placed on Entrepreneurship and Creativity and Innovation due to research on what companies are seeking in applicants.

- **Management and Entrepreneurship** chapter (formally Appendix 2) is now Chapter 2.
- **Creativity and Innovation** chapter (formally Appendix 3) is now Chapter 6.

NEW! Employability & Employability Skills

Consistent with our traditional pragmatic focus on concepts and skills, a new theme has been added on what it means to be employable and developing related skills.

NEW! Chapter-Opening Challenge Cases & Chapter-Ending Challenge Case Summaries

Half of the Challenge Cases and Challenge Case Summaries are new to this edition, including new cases on Netflix, Walt Disney Company, and Domino's Pizza.

NEW! Chapter-Ending Cases

Half of the Chapter-Ending Cases are new to this edition, including a new case on Fox News and CNN.

NEW! Experiential Exercises

Half of the chapter-ending experiential exercises are new to this edition. Exercises focus on topics like conducting feasibility studies, managing Generation Z, and understanding cultures in other countries.

NEW! Chapter Highlights: Tips for Managing Around the Globe, Steps for Success, and Practical Challenge.

Half of the highlights are new to this edition. New features focus on topics like P&G's Integrity Statement, interviewing recruits at Home Depot, and China's efforts to implement sustainable agricultural practices.

NEW AND UPDATED! Research Updates

Each chapter topic was thoroughly reviewed for timeliness of cited research, with endnotes being modified as necessary. Topics now include, for example, employability, self-managed teams, organization development, and workplace bullying.

Chapter-by-Chapter Changes

Introduction to Modern Management

Chapter 1: Introducing Modern Management: Concepts and Skills

- Updated with new Highlight: Management Skill and Your Career
- New chapter coverage on employability skills and highlights about top-paid executives
- New Challenge Case discusses Coca-Cola's new CEO, James Quincey

- New end-of-chapter case features Doze Mattresses and the challenges of managing a start-up business
- New Experiential Exercise related to conceptual skills
- New You and Your Career activity delves into managing older generations of workers

Chapter 2: Management and Entrepreneurship: Handling Start-Ups and New Ventures

- New Chapter Placement: Moved to front of book to emphasize entrepreneurship early in course
- New Highlight: Entrepreneurship Skill and Your Career
- New Challenge Case, Professor Becomes Restaurateur, focuses on start-ups
- New Experiential Exercise focuses on conducting a feasibility study
- New You and Your Career looks at hiring decisions
- New Building Your Management Skills Portfolio activity discusses the entrepreneurship process

Modern Management Challenges

Chapter 3: Society, Ethics, and Sustainability

- New Highlight: Social Responsibility Skill and Your Career
- New chapter coverage on tracking sustainability goals
- New Challenge Case addresses how IKEA builds on its commitment to the environment
- New Tips for Managing Around the Globe focuses on China's efforts to implement more sustainable agricultural practices
- New Steps for Success is about P&G's integrity statement
- New Practical Challenge emphasizes sustainability at Mars
- New end-of-chapter case on whistle-blowing at Wells Fargo

Chapter 4: Management and Diversity

- New Highlight: Diversity Skill and Your Career
- New chapter coverage on EEOC and related case settlements
- New Tips for Managing Around the Globe that looks at Deloitte UK
- New Steps for Success discusses Generation Z
- New Practical Challenge examines Pinterest's hiring goals for a more diverse workforce
- New Challenge Case discusses how diverse employees contribute to GE Lighting's bright future
- New end-of-chapter case on Fox News and CNN's racial discrimination lawsuits
- New Experiential Exercise explores difficulty of managing Generation Z
- New You and Your Career emphasizes discrimination

Chapter 5: Managing in the Global Arena

- New Highlight: Global Management Skill and Your Career
- New chapter coverage of foreign investment in the United States, U.S. investment abroad, non-verbal gestures and different cultures, and the United Kingdom exiting the European Union
- New Challenge Case discusses the phenomenal growth of KFC in China
- New Experiential Exercise considers understanding other cultures
- New You and Your Career examines moving a firm to Brazil.
- New Building Your Management Skills Portfolio addresses challenges of working abroad

Chapter 6: Creativity and Innovation

- New Chapter Placement: Moved to front of book to emphasize this topic earlier in course
- New Highlight: Creativity and Innovation Skill and Your Career
- New Challenge Case: Olde Peninsula Brings Brewpub Innovation to Kalamazoo
- New end-of-chapter case focuses on autonomous vehicles
- New Experiential Exercise uses student experiences in their principles of management course to gain insight about how creativity and innovation can have an impact on the effectiveness of training environments
- New You and Your Career emphasizes creative ways to enhance résumés

Planning

Chapter 7: Plans and Planning Tools

- New Highlight: Planning Skill and Your Career
- New example illustrates how Mitsubishi Electric constructed a new training facility
- New Steps for Success feature reviews tips for creating a budget
- New end-of-chapter case showcases how Gillette is battling Dollar Shave Club

Chapter 8: Making Decisions

- New Highlight: Decision-Making Skill and Your Career
- New Practical Challenge features Ford deciding to cancel building a Mexican auto factory
- New Building Your Management Skills Portfolio examines the decision making in solving a restaurant problem

Chapter 9: Strategic Planning: Strategies, Tactics, and Competitive Dynamics

- New Highlight: Strategic Planning Skill and Your Career
- New Tips for Managing Around the Globe explores Ryanair's cost leadership strategy
- New Experiential Exercise focuses on applying Porter's model to Burger King
- New Building Your Management Skills Portfolio activity examines strategic issues at Newell Brands

Organizing

Chapter 10: Fundamentals of Organizing

- New Highlight: Organizing Skill and Your Career
- New Tips for Managing Around the Globe shows how a French law bans work e-mail after hours
- New You and Your Career explores working in a flat versus tall organization structure
- New Building Your Management Skills Portfolio examines coordination and span of management

Chapter 11: Responsibility, Authority, and Delegation

- New Highlight: Responsibility and Delegation Skill and Your Career
- New Challenge Case examines Hy-Vee Supermarkets and manager autonomy
- New Steps for Success provides tips for delegating tasks
- New end-of-chapter case reviews Warby Parker permitting employees to choose their own projects
- New Experiential Exercise discusses centralization versus decentralization at Dairy Queen
- New You and Your Career emphasizes job descriptions
- New Building Your Management Skills Portfolio illustrates delegation at Etsy

Chapter 12: Human Resource Management

- New Highlight: Human Resource Management Skill and Your Career
- New Challenge Case discusses Netflix revamping its human resource function
- New Steps for Success gives tips for being an effective interviewer
- New Practical Challenge illustrates how Home Depot conducts interviews
- New end-of-chapter case looks at Disney using social media to recruit employees
- New Building Your Management Skills Portfolio illustrates conducting a human resource audit at Gold Star Chili

Chapter 13: Changing Organizations: Stress, Conflict, and Virtuality

- New Highlight: Organizational Change Skill and Your Career
- New chapter coverage of IBM and Yahoo! moving from virtual work arrangements back to traditional office settings
- New Experiential Exercise discusses change agents in a campus organization
- New You and Your Career focuses on stress reduction

- New Building Your Management Skills Portfolio emphasizes helping employees through a major change at work

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- New Highlight: Communication Skill and Your Career
- New Practical Challenge: Google's Emotional Intelligence Course
- New Tips for Managing Around the Globe: Cross-Cultural Communication
- New Steps for Success: Crafting an Elevator Speech
- New end-of-chapter case: Houston Zoo Improves Internal Communication
- New You and Your Career discusses the use of mobile devices across different generations
- New Building Your Management Skills Portfolio examines Radisson Hotels

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- New Highlight: Leadership Skill and Your Career
- New Challenge Case: Bain & Company's CEO, Bob Bechek, Leads the Team
- New Tips for Managing Around the Globe: Adapting Your Leadership Style in Other Cultures
- New Steps for Success: Tips for Establishing a Coaching Program
- New Practical Challenge: How Mary Barra, GM's CEO, Meets the Leadership Challenge
- New Experiential Exercise explores leaders consulting with employees when making decisions
- New Building Your Management Skills Portfolio discusses Don Blankenship, former president of the Upper Big Branch Mine, losing 29 miners in an industrial accident

Chapter 16: Motivation

- New Highlight: Motivation Skill and Your Career
- New Challenge Case focuses on how Disney motivates employees
- New Practical Challenge: How The Home Depot Recognizes Employees
- New Tips for Managing Around the Globe: Motivating Employees from Other Cultures
- New Steps for Success: Tips for Disciplining Employees Effectively

Chapter 17: Groups and Teams

- New Highlight: Team Skill and Your Career
- New chapter coverage on collaboration and effective work teams
- New Practical Challenge: How Momchil Kyurkchiev Builds Teams at Leanplum
- New You and Your Career exercise focusing on cross-functional teams

Chapter 18: Building Organization Culture

- New Highlight: Organization Culture Skill and Your Career
- New Tips for Managing Around the Globe: P&G's Worldwide Business Conduct Manual
- New Steps for Success: Tips on Writing a Values Statement
- New Practical Challenge: Southwest Airlines Celebrates Its Organization Culture
- New You and Your Career feature focusing on an ideal organization culture

Controlling

Chapter 19: Controlling, Information, and Technology

- New Highlight: Controlling Skill and Your Career
- New Challenge Case highlighting how Domino's uses technology
- New end-of-chapter case emphasizes how Metail helps buyers try on clothes with virtual models
- New Experiential Exercise illustrates controlling instructional programs in organizations by having students reflect on personal experiences in their principles of management courses

- New You and Your Career emphasizes the role of information and technology in career building

Chapter 20: Production and Control

- New Highlight: Production Skill and Your Career
- New Challenge Case on Tesla increasing production while improving quality
- New end-of-chapter case examines new layout strategy at Cheddar's restaurant
- New Experiential Exercise illustrates calculating a break-even point
- New You and Your Career explores production versus service environments
- New Building Management Skills Portfolio focuses on material controls in a manufacturing setting

Appendix 1

Managing: History and Current Thinking

- New Highlight: Comprehensive Management Skill and Your Career
- New Challenge Case focuses on Alan Mulally emphasizing innovation at Ford Motor Company
- New Practical Challenge highlight discusses how Bank of America redesigned work areas
- New Steps for Success highlights tips for better understanding employees
- New Tips for Managing Around the Globe describes crowdfunding at IBM
- New end-of-appendix case focuses on managing UPS in an Internet economy

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S. Trevis Certo

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Introducing Modern Management: Concepts and Skills

TARGET SKILL



Management Skill: the ability to work with people and other organizational resources to accomplish organizational goals

MANAGEMENT SKILL AND YOUR CAREER

Management skill will be of great value to you in enhancing your career. For example, this skill can help you to focus systematically on engaging organizational resources to meet profit goals. Profit making will contribute to organizational success, build your image as a competent manager, make you valuable to your organization, and support promotions as you build your career.

OBJECTIVES

To help build my *management skill*, when studying this chapter, I will attempt to acquire:

- | | |
|--|--|
| 1-1 An understanding of a manager's task | 1-3 An understanding of management skill as the key to management success |
| 1-2 Knowledge about the management process and organizational resources | 1-4 Insights concerning what management careers are and how they evolve |

MyLab Management Chapter Warm Up

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the chapter warm up.

CHALLENGE CASE

Coke's New CEO Battles a Changing Market

This chapter focuses on a number of introductory management topics, but one key concept is that of management employability skills (communication, critical thinking, creativity, collaboration, knowledge application, and ethics and social responsibility). The new CEO of Coca-Cola is a great example of all six of these management employability skills. Coca-Cola is a brand that has been around for over 130 years. The iconic logo script, contoured shape of the bottle, and bubbly taste have made Coke one of the most recognizable brands in the world. The beverage giant has enjoyed a worldwide popularity envied by most consumer companies. However, the last 10 years have been tough on Coke and on the carbonated beverage industry in general. Bottled water has supplanted soda as the most commonly purchased drink in the United States, and cities have begun taxing carbonated beverages heavily in hopes of raising funds and curbing obesity and diabetes.

In this current turbulent climate, James Quincey took the reins as CEO of the soda giant in 2017. Beginning his career with Coke in 1996, he oversaw operations in Latin America and Europe and worked his way up to chief operating officer, learning along the way the employability skill of knowledge application. Each position he filled in his career with the company taught him something new that he could utilize in subsequent positions. The former CEO, Muhtar Kent, had held the position for 8 years and groomed Quincey to take over the helm upon his departure.

Quincey has a number of challenges ahead of him requiring critical thinking skills. Currently the firm's soda sales account for 70 percent of global revenue.¹ And though that number is impressive, it is also a daunting figure because sales of carbonated beverages are steeply declining. In addition, the company is downsizing its number of employees as it tries to enter new beverage markets. These are major trials for the 52-year-old Quincey. The critical thinking skills needed to tackle these issues showcase Quincey's ability to use purposeful, goal-directed thinking to define and solve these problems.

"We are moving quickly to structure our organization for faster growth and to ensure we can respond to the fast-changing needs of our consumers," Quincey said.² The restructuring has meant cutting 1,200 jobs at the corporate office on top of the nearly 100,000 jobs lost as Coke has



Pascal Le Segretain/Getty Images

James Quincey, new CEO of The Coca-Cola Company, will need his broad-based knowledge to face current competitive challenges.

sold off bottling operations since 2012. This is important as the company refocuses its efforts on products such as sports drinks, tea, plant-based beverages, bottled water, and flavored water—a major departure from the tried-and-true carbonated namesake of the firm.

Quincey understands that if Coke is to continue to compete with Pepsi and Dr. Pepper Snapple, he has to create new revenue streams while significantly cutting costs. This means making tough decisions about reducing staff and taking risks with the introduction of new products. As consumers seek out healthier options, the beverages of 20 years ago are no longer the top sellers. People want less sugar and fewer calories, and they want to feel good about what they are consuming. This embodies the employability skill of ethics and social responsibility. Coke's voluntary decision to manufacture a beverage that helps contribute to the reduction of diabetes and the number of obese consumers demonstrates the company's commitment to implementing strong ethical and socially responsible choices. It will be crucial for Quincey to communicate with his team about this trend. This is a critical management employability skill that is highly desirable by organizations, and Quincey's ability to convey the information effectively to his associates will be critical for Coke's success.

Coke, under Quincey, is entering a new era where deliberate management initiatives will maintain the strong market position the company has enjoyed. However, changes to a company built on a single carbonated beverage product

are a necessity. In addition, Quincey is effectively demonstrating the six management employability skills that are discussed in this chapter. According to Quincey, “The brand Coca-Cola will always be the heart and soul of The Coca-Cola Company, but the company has outgrown its core brand. The company needs to be bigger than our core brand. We’ve been very clear that for us to drive sustainable, profitable growth of our brands, we also need to encourage and enable our consumers to control added sugar consumption.”³

THE MODERN MANAGEMENT CHALLENGE

The Challenge Case illustrates a few of the ways that James Quincey will need his personal management skills at Coke. After studying chapter concepts, read the Challenge Case Summary at the end of the chapter to help you to relate chapter content to developing management skills to inspire innovation.

A Manager’s Task

Managers influence all phases of modern organizations. Plant managers run manufacturing operations that produce the clothes we wear, the food we eat, and the automobiles we drive. Sales managers maintain a sales force that markets goods. Personnel managers provide organizations with a competent and productive workforce. The “jobs available” section in the classified advertisements of any major newspaper describes many different types of management activities and confirms the importance of management.

Managers are also important because they serve a very special purpose in our lives. They are the catalysts for new and exciting products of all kinds that keep our economy and standard of living moving forward. One such new product of today is the Transportable Exam Station (TES), which brings the doctor to you. Other such products include Apple’s new head-mounted iPhone, Microsoft’s new tablet called Surface, and Chevrolet’s new electric car called Volt.

In addition to understanding the significance to managers and society of managerial work and its related benefits, prospective managers need to know what the management task entails. The sections that follow introduce the basics of the management task through discussions of the roles and definitions of management, the management process as it pertains to management functions and organizational goal attainment, and the need to manage organizational resources effectively and efficiently.

Our society could neither exist as we know it today nor improve without a steady stream of managers to guide its organizations. Peter Drucker emphasized this point when he stated that effective management is probably the main resource of developed countries and the most needed resource of developing ones.⁴ In short, all societies desperately need good managers.

Management is important to society as a whole as well as vital to many individuals who earn their livings as managers. Government statistics show that management positions have increased from approximately 10 to 18 percent of all jobs since 1950. Managers come from varying backgrounds and have diverse educational specialties. Many people who originally train to be accountants, teachers, financiers, or even writers eventually make their livelihoods as managers. Although in the short term, the demand for managers varies somewhat, in the long term, managerial positions can yield high salaries, status, interesting work, personal growth, and feelings of accomplishment.

The Associated Press has recently ranked total compensation paid to top managers in the United States. Based on the 2016 ranking, **Table 1.1** shows the names of the 10 most highly paid chief executives, the company they worked for, and how much they earned.

An inspection of the list of highest-paid executives in Table 1.1 reveals that the overwhelming majority of the top-paid executives are men. Based on the results of a recent survey at the *Wall Street Journal*, **Figure 1.1** illustrates a broad salary gap between men and women. Whereas women and men make up roughly the same proportion of the workforce, men hold a disproportionate number of higher-paying jobs according to the figure.

In addition, a notable study by the American Association of University Women indicated that the discrepancy between the pay of men versus the pay of women is a national phenomenon

1-1 An understanding of a manager’s task

TABLE 1.1 The 10 Highest-Compensated CEOs, 2016

Ranking	CEO Name	Company Name	Paid (\$ millions)
1	Dara Khosrowshahi	Expedia	94.6
2	Leslie Moonves	CBS	56.4
3	Philippe Dauman	Viacom	54.1
4	Leonard Schleifer	Regeneron Pharmaceuticals	47.5
5	Robert Iger	Walt Disney	43.5
6	Sandeep Mathrani	General Growth Properties	39.2
7	Brian Roberts	Comcast	36.2
8	Marissa Mayer	Yahoo	36
9	David Cote	Honeywell International	33.8
10	Marc Benioff	Salesforce.com	33.4

Source: "Top 10 Highest-Paid CEOs," The Associated Press, May 25, 2016.

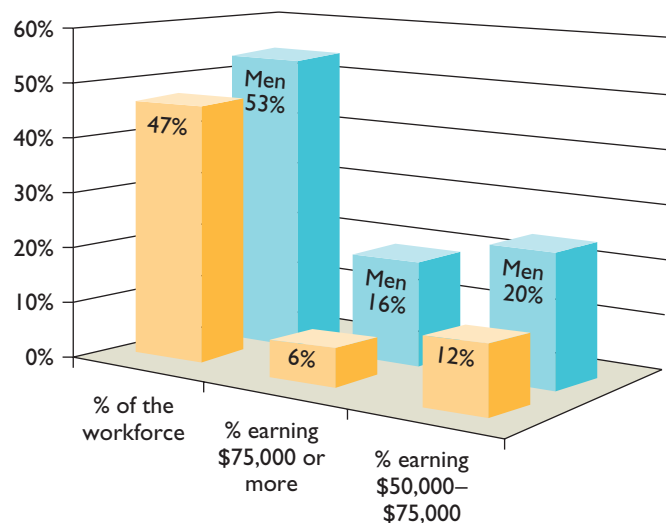
and is not isolated to a particular state or region.⁵ As a general trend, however, the gap has narrowed since the 1970s due largely to women's progress in education and workforce participation and to men's wages rising at a slower rate.⁶

Concerns that certain managers are paid *too* much have been raised. For example, consider the notable criticism in recent years regarding the high salary paid to Robert R. Nardelli, former CEO of Home Depot.⁷ Disapproval of the excessive compensation paid to Nardelli surfaced in the popular press as well as in statements by stockholders. An article in the *Wall Street Journal*, for example, questioned whether Nardelli was worth the amount he received.⁸ Nardelli had been paid \$63.5 million during a five-year period at Home Depot, while company shares lost 6 percent of their value. In the end, as with any manager, Nardelli's compensation should have been determined by how much value he added to the company. The more value he added, the more compensation he deserved. As a result of the growing criticism about Nardelli's compensation and Nardelli's resistance to modify his compensation level, he was fired.

Some evidence suggests that societal concern about management compensation goes well beyond one manager at one company.⁹ A recent Senate Commerce Committee meeting, for example, focused on trying to justify lavish pay programs for managers at companies such as Tyco International and American Airlines when the companies were in financial trouble and laying off employees. Senators seemed unified in questioning the logic that justifies the average CEO salary being more than 400 times higher than a production worker's wages. This Senate Commerce Committee meeting should be an important signal that managers who do not exercise judicious self-control about their salaries may face future legislative control.

Figure 1.1

The salary gap between genders



The Role of Management

Essentially, the role of managers is to guide organizations toward goal accomplishment. All organizations exist for certain purposes or goals, and managers are responsible for combining and using organizational resources to ensure that their organizations achieve their purposes. Management moves an organization toward its purposes or goals by assigning activities for organization members to perform. If the activities are designed effectively, the production of each individual worker will contribute to the attainment of organizational goals. Management strives to encourage individual activity that will lead to reaching organizational goals and to discourage individual activity that will hinder the accomplishment of those goals. Because the process of management emphasizes the achievement of goals, managers must keep organizational goals in mind at all times.¹⁰



ESB Professional/Shutterstock

This manager works with people and other resources to achieve the organization's goals.

Defining Management

Students of management should be aware that the term *management* can be (and often is) used in different ways. For instance, it can refer simply to the process that managers follow in order to accomplish organizational goals. It can also refer to a body of knowledge; in this context, management is a cumulative body of information that furnishes insights on how to manage. The term *management* can also refer to the individuals who guide and direct organizations or to a career devoted to the task of guiding and directing organizations. An understanding of the various uses and related definitions of the term will help you avoid miscommunication during management-related discussions.

As used most commonly in this text, **management** is the process of reaching organizational goals by working with and through people and other organizational resources. A comparison of this definition with the definitions offered by several contemporary management thinkers indicates broad agreement that management encompasses the following three main characteristics:

1. It is a process or series of continuing and related activities.
2. It involves and concentrates on reaching organizational goals.
3. It reaches these goals by working with and through people and other organizational resources.

A discussion of each of these characteristics follows.

The Management Process: Management Functions

The four basic **management functions**—activities that make up the management process—are described in the following sections.

Planning Planning involves choosing tasks that must be performed to attain organizational goals, outlining how the tasks must be performed, and indicating when they should be performed. Planning activity focuses on attaining goals. Through their plans, managers outline exactly what organizations must do to be successful. Planning is essential to getting the “right” things done.¹¹ Planning is concerned with organizational success in the near future (short term) as well as in the more distant future (long term).¹²

Organizing Organizing can be thought of as assigning the tasks developed under the planning function to various individuals or groups within the organization. Thus, organizing creates a mechanism to put plans into action. People within the organization are given work assignments that contribute to the company's goals. Tasks are organized so that the output of individuals contributes to the success of departments, which in turn contributes to the success of divisions, which ultimately contributes to the success of the organization. Organizing includes determining tasks and groupings of work.¹³ Organizing should not be rigid; it should be adaptable and flexible to meet challenges as circumstances change.¹⁴

Figure 1.2

Classic mistakes commonly made by managers in carrying out various management functions

Planning

Not establishing objectives for all important organizational areas
 Making plans that are too risky
 Not exploring enough viable alternatives for reaching objectives

Organizing

Not establishing departments appropriately
 Not emphasizing coordination of organization members
 Establishing inappropriate spans of management

Influencing

Not taking the time to communicate properly with organization members
 Establishing improper communication networks
 Being a manager but not a leader

Controlling

Not monitoring progress in carrying out plans
 Not establishing appropriate performance standards
 Not measuring performance to see where improvements might be made

Influencing Influencing is another of the basic functions within the management process. This function—also commonly referred to as *motivating*, *leading*, *directing*, or *actuating*—is concerned primarily with the people within organizations.¹⁵ Influencing can be defined as guiding the activities of organization members in appropriate directions. An appropriate direction is any direction that helps the organization move toward goal attainment. The ultimate purpose of influencing is to increase productivity. Human-oriented work situations usually generate higher levels of production over the long term than do task-oriented work situations because people find the latter type less satisfying.

Controlling Controlling is the management function through which managers:

1. Gather information that measures recent performance within the organization.
2. Compare present performance to preestablished performance standards.
3. From this comparison, determine whether the organization should be modified to meet preestablished standards.

Controlling is an ongoing process. Managers continually gather information, make their comparisons, and then try to find new ways of improving production through organizational modification.

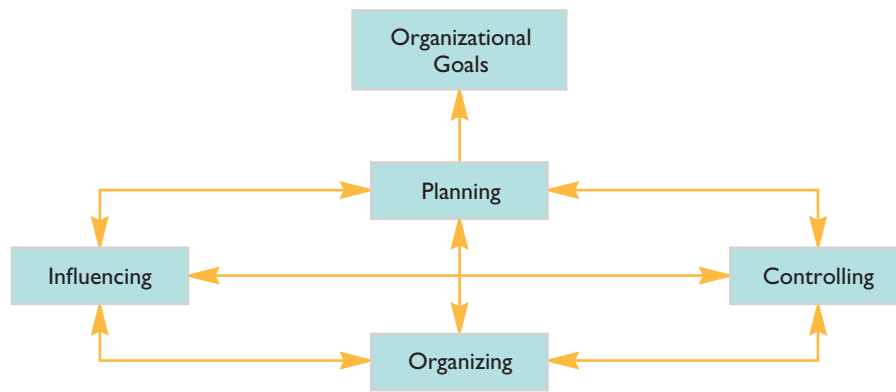
History shows that managers commonly make mistakes when planning, organizing, influencing, and controlling. **Figure 1.2** shows a number of such mistakes managers make related to each function. Studying this text carefully should help managers avoid making such mistakes.

Management Process and Organizational Resources

1-2 Knowledge about the management process and organizational resources

Although we have discussed the four functions of management individually, planning, organizing, influencing, and controlling are integrally related and therefore cannot be separated in practice. **Figure 1.3** illustrates this interrelationship and also indicates that managers use these activities solely for reaching organizational goals. Basically, these functions are interrelated because the performance of one depends on the performance of the others. For example, organizing is based on well-thought-out plans developed during the planning process, and influencing systems must be tailored to reflect both these plans and the organizational design used to implement them. The fourth function, controlling, involves possible modifications to existing plans, organizational structure, or the motivation system used to develop a more successful effort.

To be effective, a manager must understand how the four management functions are practiced, not simply how they are defined and related. Thomas J. Peters and Robert H. Waterman, Jr., studied

**Figure 1.3**

Relationships among the four functions of management used to attain organizational goals

numerous organizations—including Frito-Lay and Maytag—for several years to determine what management characteristics best describe excellently run companies. In their book *In Search of Excellence*, Peters and Waterman suggest that planning, organizing, influencing, and controlling should be characterized by a bias for action; a closeness to the customer; autonomy and entrepreneurship; productivity through people; a hands-on, value-driven orientation; “sticking to the knitting”; a simple organizational form with a lean staff; and simultaneous loose–tight properties.

This brief introduction to the four management functions will be developed further in Parts 3 through 6 of this text.

Management and Organizational Resources

Management must always be aware of the status and use of **organizational resources**. These resources, composed of all assets available for activation during the production process, are of four basic types:

1. Human
2. Monetary
3. Raw materials
4. Capital

As **Figure 1.4** shows, organizational resources are combined, used, and transformed into finished products during the production process.

Human resources are the people who work for an organization. The skills they possess and their knowledge of the work system are invaluable to managers. Monetary resources are the

PRACTICAL CHALLENGE: ATTAINING GOALS

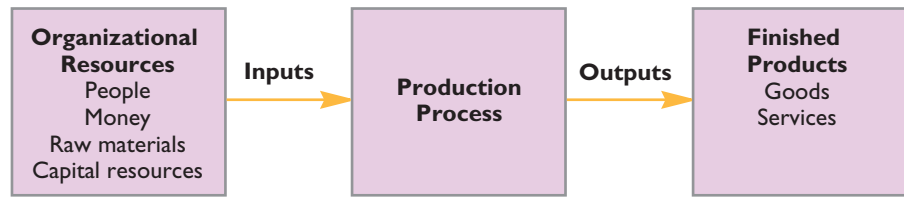
Michael Hoffman Achieves User Satisfaction at New York Passport Agency

To see how managers can contribute to attaining goals, consider Michael Hoffman, who works for the State Department as regional director of the New York Passport Agency. The busy facility he directs, on Hudson Street in New York City, is one of only 17 where people may pick up their passports if they are traveling within 14 days. Therefore, many clients are under stress; perhaps an emergency came up overseas, or they discovered at the airport that the passport had expired. Hoffman’s goal is to serve clients efficiently, fulfilling their requests to the extent allowed.

Hoffman uses the resources under his control. He organizes waiting rooms and plans the flow of clients for maximum efficiency. He must use the State Department’s software but has discretion to promote and discipline agents according to their performance. Strong leadership builds dedicated staff members who are committed to helping clients, even working in unheated offices after Hurricane Sandy in 2012. Hoffman’s goal-oriented management has helped create an agency that scores 4.5 out of 5 stars on the Yelp consumer ratings website, far ahead of other government agencies.¹⁶

Figure 1.4

Transformation of organizational resources into finished products through the production process



amounts of money that managers use to purchase goods and services for the organization. Raw materials are the ingredients used directly in the manufacturing of products. For example, rubber is a raw material that Goodyear would purchase with its monetary resources and use directly in manufacturing tires. Capital resources are the machines used during the manufacturing process. Modern machines, or equipment, can be a major factor in maintaining desired production levels. Worn-out or antiquated machinery can make it impossible for an organization to keep pace with competitors.

Managerial Effectiveness As managers use their resources, they must strive to be both effective and efficient. **Managerial effectiveness** refers to management’s use of organizational resources in meeting organizational goals. If organizations are using their resources to attain their goals, the managers are declared effective. In reality, however, managerial effectiveness can be measured by degrees. The closer an organization comes to achieving its goals, the more effective its managers are considered. Thus, managerial effectiveness exists on a continuum ranging from *ineffective* to *effective*.

Managerial Efficiency **Managerial efficiency** is the proportion of total organizational resources that contribute to productivity during the manufacturing process.¹⁷ The higher this proportion, the more efficient is the manager. The more resources wasted or unused during the production process, the more inefficient is the manager. In this situation, *organizational resources* refer not only to raw materials that are used in manufacturing goods or services but also to related human effort.¹⁸ Like management effectiveness, management efficiency is best described as being on a continuum ranging from inefficient to efficient. *Inefficient* means that a small proportion of total resources contributes to productivity during the manufacturing process; *efficient* means that a large proportion of resources contributes to productivity.

As **Figure 1.5** shows, the concepts of managerial effectiveness and efficiency are obviously related. A manager could be relatively ineffective—with the consequence that the organization is making little progress toward goal attainment—primarily because of major inefficiencies or poor utilization of resources during the production process. In contrast, a manager could be

Figure 1.5

Various combinations of managerial effectiveness and managerial efficiency



somewhat effective despite being inefficient if demand for the finished goods is so high that the manager can get an extremely high price per unit sold and thus absorb inefficiency costs. Thus, a manager can be effective without being efficient, and vice versa. To maximize organizational success, however, both effectiveness and efficiency are essential.

MyLab Management Watch It

If your instructor has assigned this activity, go to www.pearson.com/mylab/management to complete the video exercise.

As an example of achieving efficiency and effectiveness, consider Telstra Corporation, Australia's largest telecommunication company. Like its counterparts the world over, Telstra faces the challenges of a changing industry in which mobile phones are fast becoming more popular than the landline business on which Telstra built its fortunes. To survive, Telstra is scrambling to create a nimble management team and prune the bureaucracy that slows down decision making and internal operations. In a recent reorganization of his executive team, Telstra CEO David Thodey created four groups—customer sales and support, product and marketing innovation, operations, and corporate support—all focused on effectiveness: getting more competitive while also attracting and retaining customers.¹⁹

The Universality of Management

Management principles are universal: That is, they apply to all types of organizations (businesses, churches, sororities, athletic teams, hospitals, etc.) and organizational levels.²⁰ Naturally, managers' jobs vary somewhat from one type of organization to another because each organizational type requires the use of specialized knowledge, exists in unique working and political environments, and uses different technology. However, job similarities are found across organizations because the basic management activities—planning, organizing, influencing, and controlling—are common to all organizations.

The Theory of Characteristics Henri Fayol, one of the earliest management writers, stated that all managers should possess certain characteristics, such as positive physical and mental qualities and special knowledge related to the specific operation.²¹ B. C. Forbes emphasized the importance of certain, more personal qualities, inferring that enthusiasm, earnestness of purpose, confidence, and faith in their own worthiness are primary characteristics of successful managers. Forbes described Henry Ford as follows:

A Forbes article described the characteristics of a successful business leader by describing Henry Ford. According to the article, every successful business starts with an individual like Ford who is enthusiastic, believes in the organization's purpose, is self-confident, and believes in the high value of what the organization aims to accomplish. Like any business leader, Henry Ford certainly faced many difficulties and high challenges in building the Ford Motor Company. It can be argued that only Henry Ford's enthusiastic and continued support of his company saved both him and his company from certain failure.²²

Fayol and Forbes can describe desirable characteristics of successful managers only because of the universality concept: The basic ingredients of successful management are applicable to all organizations.

Management Skill: The Key to Management Success

Thus far, the introduction to the study of management has focused on discussing concepts such as the importance of management, the task of management, and the universality of management. This section continues the introduction to management by defining management skill and presenting both classic and more contemporary views of management skills thought to ensure management success.

1-3 An understanding of management skill as the key to management success