



Business Management
Chapter 7
Sections 7.1 & 7.2

What you will learn...

- Section 7.1 – Management Functions
 - Overall purpose of management
 - Four functions of management
 - Differences between management structures
 - Six skills necessary for effective management

Management

- **Management:** Includes the process or functions of planning, organizing, leading, and controlling
- Helps businesses focus on setting and meeting goals efficiently and effectively so that a profit can be made
- If a firm has employees...they must have management

Importance of Management?

- Why is management important?
- Provides a framework for setting and achieving goals
- If a business does not meet goals, then there will be no profit!

4 Functions of Management

1. Planning
2. Organizing
3. Leading
4. Controlling

Planning

- **Planning:** The act or process of creating goals and objectives as well as the strategies to meet them
- Involves figuring out the resources that are needed and the standards that must be met

Organizing & Staffing

- **Organizing:** Getting resources arranged in an orderly and functional way
 - Accomplish goals and objectives
- Managers organize:
 - People
 - Work processes
 - Equipment
 - Hiring, firing, training

Levels of Management

- **Organizational Chart:** Shows how the firm is structured and who is in charge of whom
 - Top-Level Manager
 - Middle Manager
 - Operational Manager

Levels of Management (Cont.)

- **Top-Level Manager:** Responsible for setting goals and planning for the future; Leads and controls the work of others
 - Ex. CEO, president, vice president
- **Middle-Manager:** Carries out the decisions of top management
 - Responsible for production, marketing, and accounting departments
- **Operational Manager:** Responsible for daily business operations
 - Ex. Supervisors, office managers, crew leaders

Leading

- **Leading:** Providing direction and vision
 - Leaders also:
 - Set standards (deadlines & sales quotas)
 - Delegate work
 - Enforce policies
 - Oversee time management
 - Provide feedback on employees' work
 - Resolve conflicts

Controlling

- **Controlling:** Keeping the company on track and making sure the companies goals are met
- Ex. Budget, schedules, quality of products and services, employee performance, customer satisfaction

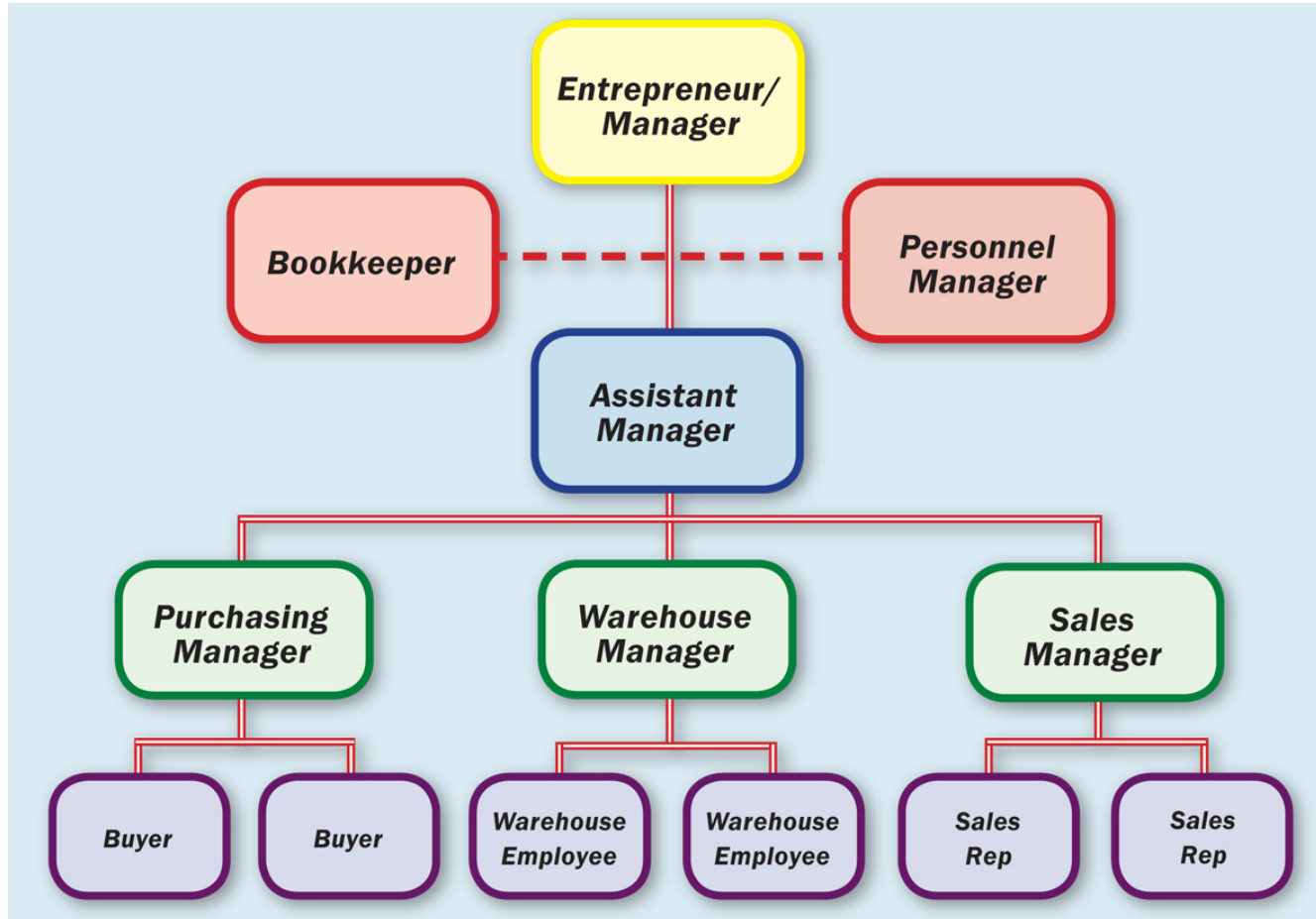
What you will learn...

- Section 7.2 – Management Structures
 - Identify differences between management structures
 - 6 skills necessary for effective management

Management Structures

- **Line authority:** Managers are on one level, with others below them
- **Line and staff authority:** There is a direct line of authority as well as staff who advise the line personnel
 - Enables managers to get advice
 - Can also lead to overstaffing

Line & Staff Authority Organization Chart



Management Structures

- **Centralized authority:** Authority in one place (top management)
 - Consistent in decision-making
- **Decentralized authority:** Authority is given to many managers
 - Often used in international businesses
 - People working there know the markets better

Management Structures

- Formal Structure:
 - **Departmentalization:** Divides responsibility among specific units, or departments
 - Organized by:
 - Geographic
 - Function
 - Customer Groups
 - Product

Management Structures

- Informal Structure:
 - Smaller businesses
 - Employees can be more flexible
 - Share duties
 - Work alone or together

Skills Needed by Managers

- Task-oriented
- Prioritize (yourself and others)
- Keep accurate records
- Work under pressure/time constraints
- Communicate well/interacting with others
- Understand the company/business world as a whole

Advantages/Disadvantages of Managers

➤ Advantages

- Earn more money
- Respected
- Have influence & authority
- Greater control of time

➤ Disadvantages

- Often blamed
- Mistakes can be costly to company

Resources

- Textbook:
- Brown, B.J., Clow, J.E. (2008). Introduction to Business. California: The McGraw-Hill Companies.