MANAGEMENT

MEETING AND EXCEEDING CUSTOMER EXPECTATIONS



Management: Meeting and Exceeding Customer Expectations, 7e by Plunkett/Attner/Allen

VICE PRESIDENT/PUBLISHER: Jack W. Calhoun

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DEVELOPMENTAL EDITOR: Leslie Kauffman, Litten Editing and Production, Inc.

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MANUFACTURING COORDINATOR: Sandee Milewski INTERNAL DESIGN: Ann Small, a small design studio COVER DESIGN: Ann Small, a small design studio

COVER IMAGE: Barbara Friedman, Stock Illustration Source PRODUCTION HOUSE: Litten Editing and Production, Inc.

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Preface

This seventh edition of Management: Meeting and Exceeding Customer Expectations is a comprehensive survey of the functions of management as they are currently being applied, in the United States and around the world. The content and features are structured to reinforce two continuing themes that are woven into the chapter narratives: (1) the never-ending effort by managers and organizations to meet or exceed customers' needs, and (2) the need organizations and their people have to be guided by effective leadership.

The authors have made every effort to keep this text objective, timely, and interesting to both the student and the instructor. All case problems, examples, and features portray actual companies and managers in action. Companies have been selected to provide balance between large and small organizations representing service, manufacturing, and retailing industries. Successes as well as failures are included to lend perspective and aid in understanding.

FEATURES

This text is designed to introduce you to terminology, theories, and principles at the core of business management. The book is divided into six comprehensive parts, comprising a variety of examples, applications, exercises, and devices. Each chapter contains the following components:

- A list of specific Learning Objectives—concepts to be mastered through chapter content—at the beginning of each chapter. Each learning objective is also highlighted in the page margin to identify where the content addresses the objective.
- A list of **Key Terms** defined within the chapter narrative, highlighted in the page margin, and presented in the glossary at the back of the book.
- A Management in Action chapter introductory case involving managers and their organizations—large and small, service, retailing, or manufacturing—engaged in a variety of activities that relate and connect each chapter's essential concepts. The case is regularly referred to throughout the chapter.
- Figures designed to illustrate and summarize essential concepts.
- Photographs chosen to enrich the chapter content.
- A Global Applications feature demonstrating the successful application of one or more of a chapter's concepts from the practice of management in other countries.
- An **Ethical Management** feature reporting on managers facing decisions that contain a variety of issues and consequences for themselves and others.
- A Valuing Diversity feature depicting unique ways in which organizations show appreciation for their diverse employees.

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A **Managing Technology** feature highlighting techniques that can make the manager more productive.

- A **Chapter Summary** providing a narrative explanation for each of the chapter's learning objectives.
- **Review Questions** designed to assist in mastery of the chapter's learning objectives.
- **Discussion Questions for Critical Thinking** intended to provide an opportunity to analyze and apply the chapter's concepts to practical situations.
- Internet Exercises designed to help in applying one or more of the chapter's key concepts.
- An Application Case—found at the end of each chapter—presenting managers and organizations and their attempt to cope with the major issues raised in that chapter.
- A Video Case to help bring key management concepts and issues to life in the classroom.

Throughout your study of this text, try to relate what you read and discuss to your own experiences. You have already been practicing—and perhaps violating—many of the principles of management. What you are about to learn is an extension and refinement of what you already know—a blending of it with the experiences of others.

Although you will be reading each chapter as a separate area of study, try to relate it to what you have experienced and read previously. By linking the content of each chapter to that which has preceded it, you will begin to appreciate that management is a tapestry with many threads that run parallel to and across one another. For example, planning relates to all the management functions; it is part of every management activity in much the same way as is communicating. Periodically step back from your study to see the "big picture" of which each chapter is but a part.

Upon completion of this text and course, you will have developed your own philosophy of management and be armed with the essentials necessary for improving your career. You will become a better manager of your own concerns as well as the work of others.

ORGANIZATION OF THE CONTENT

Part 1: Management Concepts. This section provides a basic overview of management, the evolution of management thought, management's commitment to improvement, and the various environments that affect the practice of management.

Chapter 1 explores what management is about, why it is necessary, the needs managers must address, management functions, management roles, management skills, and management myths and realities.

Chapter 2 takes the student on a journey through the past, examining the evolution of management theory from the classical schools through today. It assesses the contributions made by each and explains the links among them.

Chapter 3 focuses on management's commitment to continuous improvement. The link between quality, productivity, and profitability is explained. Factors that

affect productivity are examined along with the commitments necessary by top, middle, and first-line management to improve quality and productivity. Key concepts such as core values, reengineering, open-book management, empowerment, and knowledge management are introduced.

Chapter 4 lists and defines the internal and external environments that affect and challenge the practice of management. Business as an open system and the demands of stakeholders are the major focus.

Part 2: Planning and Decision Making. The importance of the first function of management—planning—is examined from several perspectives in Chapters 5 and 6: organizational, contingency, strategic, and operational. The relationship of planning to all other management functions, and ways to make it more effective, are covered. The art of decision making is the focus of Chapter 7.

Chapter 5 explains the importance of planning, the framework for plans, types and uses of plans, and the planning process.

Chapter 6 explores the nature of strategic planning, elements of planning strategies, levels of strategic planning, and the strategic-planning process.

Chapter 7 guides the student through the steps for rational decisions, decision-making climates, quantitative methods, and the various influences on the manager's problem-solving efforts.

Part 3: Organizing. Organizing is examined as a process along with why different organizations adopt different approaches to structuring their operations. Both the formal and informal organization are included in the discussions. Organizing principles are demonstrated with examples.

Chapter 8 looks at the formal organization, the organizing process, its key principles and concepts, and the informal organization.

Chapter 9 covers organizational design, the range of organizational-design outcomes, contingency factors affecting organizational design, and the structures in common use.

Chapter 10 features organizational culture and handling change. The manifestations of cultures and subcultures, creation of cultures, nature of change, managing and implementing change, and the concepts connected with organizational development are covered comprehensively.

Part 4: Staffing and Leading. This section develops the concepts of staffing, communication, motivation, leadership, team management, and conflict. Essential legal concepts are included along with the principles and practices that affect each.

Chapter 11 surveys staffing from human resource planning to employee separations. Sociocultural and legal influences are addressed along with such activities as job analysis, job evaluation, training and development, and the practice of staffing in a union environment.

Chapter 12 focuses on communication—organizational and interpersonal. The communication process and barriers to it are demonstrated along with how managers can improve their communication efforts.

Chapter 13 explores motivation and the applications of the most relevant theories. Special attention is given to how managers can use their insights and principles to get the most from themselves and team members.

Chapter 14 looks at leadership. Its importance and associations with power and authority are detailed. The roles leaders must play with their followers are reviewed along with the theories that govern the practice of leadership and the styles that leaders may adopt.

Chapter 15 examines team management and conflict. The nature and types of teams, philosophical approaches to team management, and how to establish team-based organizations are included. Conflict is defined, and the causes of and methods for managing it are discussed.

Part 5: Controlling. This section examines and applies different aspects of the principles and theories of control.

Chapter 16 focuses on the nature of control, the control process, types of controls, and characteristics of effective controls. Added emphasis is given to the art of making controls effective.

Chapter 17 is an in-depth look at four kinds of controls: financial, budgetary, marketing, and human resource. Financial statement analysis is followed by budget-development processes and types of budgets. Various marketing controls are scrutinized next, followed by popular human resource controls.

Chapter 18 looks at operations management—its nature; its link to planning, processes, and facilities; and how to manage operations. How to control operations for both quality and productivity is included.

Part 6: Special Concerns. This section explores information management systems, international management, succeeding in one's career, and management ethics and social responsibility. Although all chapters include regular features on ethics and international applications, these important subjects merit further exploration.

Chapter 19 focuses on information flow and how it can be managed in organizations. Management information systems and decision support systems are discussed in detail.

Chapter 20 explores the recent trends affecting businesses in global markets, the nature of the international business environment, and the nature of multinational corporations. Each function of management is discussed as it applies to an international operation and environment.

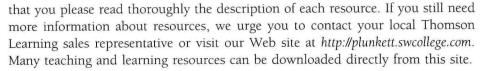
Chapter 21 is concerned with career management. Stages in career development and steps in career planning are analyzed. Discussed next are several strategies managers can take to advance their careers.

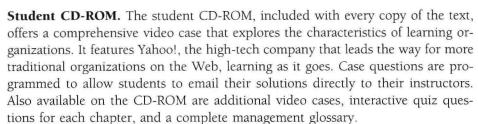
Chapter 22 examines ethical issues and the need to be proactive when managing for social responsibility. After defining both concepts, the chapter explores ethical tests, approaches to social responsibility, and the links between them and applicable legal requirements. The issues of responsibilities to stakeholders and of government regulation of business activities are dealt with as well.

SUPPLEMENTS

Thomson Learning is committed to providing you, our educational partners, with the best educational resources available. Because we prepare our instructor resources with a variety of teaching environments in mind, it is likely that you will need only a portion of these for your course. Before you request an item, we ask

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Study Guide (0-324-02727-3)—prepared by Harold C. Babson, Columbus State Community College, and Murray S. Brunton, Central Ohio Technical College. Designed from a student's perspective, the value-laden study guide comes with all the tools necessary to maximize results on exams and in class. Chapter outlines are included, as well as pre-tests, post-tests, and numerous self-study questions. Concept applications include skill-builder exercises and a journal for keeping track of observations of concepts presented as they relate to classroom discussion and on-the-job experience. Answers are provided for all self-tests.

Instructor's Resource Guide (0-324-02762-5)—prepared by Thomas Lloyd, Westmoreland County Community College. The Instructor's Manual emphasizes our integrated learning system. Each chapter includes learning objectives; key terms; outlines annotated with additional examples and other lecture-enhancing stories and facts; complete solutions to all end-of-chapter questions, activities, and video cases; and additional cases.

Test Bank (0-324-11683-7)—prepared by Thomas Lloyd, Westmoreland County Community College. Organized around the text's learning objectives, the test bank is available to instructors in print and computerized format. The test bank contains more than 2,900 true/false, multiple-choice, matching, short answer, and essay questions.

Examview (0-324-02731-1). This supplement contains all of the questions in the printed test bank. This program is an easy-to-use test creation software compatible with Microsoft Windows. Instructors can add or edit questions, instructions, and answers, and select questions (randomly or numerically) by previewing them on the screen. Instructors can also create and administer quizzes online, whether over the Internet, a local area network (LAN), or a wide area network (WAN).

PowerPoint—prepared by Stephen M. Peters, Cool Pictures and Multimedia. More than 200 full-color images supplement course content and expand on it through slides drawn from relevant material in the text.

Instructor's Resource CD-ROM (0-324-11652-7). Key instructor ancillaries (instructor's manual, test bank, and PowerPoint slides) are provided on CD-ROM, giving instructors the ultimate tool for customizing lectures and presentations.





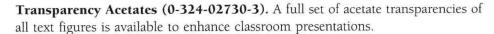
Preface











Taking the Lead Telecourse Videos—prepared by INTELECOM, a not-for-profit producer of distance learning courseware. An award-winning telecourse that explores the ideas and practices of contemporary management, *Taking the Lead* is a series of 26 half-hour video programs designed by INTELECOM to correlate with *Management: Meeting and Exceeding Customer Expectations*. Related telecourse components include a Telecourse Study Guide, available from South-Western (0-324-02728-1). Designed around the telecourse videos, each lesson in the study guide includes learning objectives; an overview of the lesson's subject material; assignments that link the video lesson with applications in the textbook; a list of key terms and definitions; video viewing questions; a self-test; and expanded analysis of the lesson's concepts. To request a preview or to find out more about this INTELECOM video course, visit http://www.intelecom.org or call (626) 796-7300. To license *Taking the Lead* for distance learning, call (800) 576-2988.

Video Cases (0-324-11684-5, 0-324-11685-3, 0-324-11686-1, 0-324-16084-4). Our video package, available on four VHS cassettes, includes twenty-two videos that bring action-based insights right into the classroom. Organizations featured include Yahoo!, Burton Snowboards, and Ben & Jerry's. These videos frame management issues in such a way that students must apply some aspect of chapter content to their analysis of the issues.

CNN Video: Management and Organizations (0-324-13495-9). Forty-five minutes of short segments from CNN, the world's first 24-hour all-news network, are available on VHS cassette to use as lecture launchers, discussion starters, topical introductions, or directed inquiries.

InfoTrac College Edition. With InfoTrac College Edition your students can receive anytime, anywhere online access to a database of full-text articles from hundreds of popular and scholarly periodicals, such as *Newsweek*, *Fortune*, *Entrepreneur*, *Journal of Management*, and *Nation's Business*, among others. Students can use its fast and easy search tools to find relevant news and analytical information among the tens of thousands of articles in the database—updated daily and going back as far as four years—all at a single Web site. InfoTrac is a great way to expose students to online research techniques, with the security that the content is academically based and reliable. An InfoTrac College Edition subscription card is packaged free with new copies of the Plunkett text. For more information, visit http://www.swcollege.com/infotrac.html.

Web Site (http://plunkett.swcollege.com). A rich Web site at http://plunkett.sw college.com complements the text, providing many extras for students and instructors. Resources include interactive quizzes, downloadable support materials, additional cases and Internet exercises, and links to other useful resources.

WebTutorTM **on WebCT and on Blackboard.** WebTutor complements *Management: Meeting and Exceeding Customer Expectations* by providing interactive reinforcement. WebTutor's online teaching and learning environment brings together content management, assessment, communication, and collaboration capabilities



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for enhancing in-class instruction or for delivering distance learning. For more information, including a demo, visit http://webtutor.swcollege.com.

Personal WebTutorTM. This Web-based study guide reviews critical text material chapter by chapter. Concepts are reinforced through extensive exercises, problems, flashcards, self-tests, and other tools. Access certificates for Personal WebTutor can be bundled with the textbook, or students can preview and purchase the product directly online for subscription periods of one month or four months. Visit http://pwt.swcollege.com for more information and to view a demo.

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Management P & W E R **Management Power! PowerPoint Slides (0-324-13380-4).** Management Power! is a CD-ROM of PowerPoint slides covering 14 major management and organizational behavior topics: communication, control, decision making, designing organizations, ethics and social responsibility, foundations of management, global management, human resources, innovation and change, leadership, motivation, planning, strategy, and teams. These easy-to-use, multimedia-enriched slides can easily be modified and customized to suit individual preferences.

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Kehinde A. Adesina Contra Costa College

A. M. Agnello Solano Community College

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With thanks,

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A Strategic Guide

to the seventh edition of Plunkett, Attner, and Allen's

The summary at the end of the chapter is organized around the Learning Objectives as well, reinforcing

the key points under each objective.

Management: Meeting and Exceeding Customer Expectations

Good planning and organization are equally essential to successfully operating a business and writing a textbook —and using one! This guide introduces you to the features in the text that are designed to help you master the management concepts fundamental to success in today's business environment.

This text has been organized around the Learning Objectives,

to create for you a tightly integrated learning system. ◆ CHAPTER OBJECTIVES Organizational Planning The Learning Objectives listed at the beginning of every chapter briefly state the skills you will acquire from reading the chapter. Osph 5 Owner of Propos The President of eBsy Technologies, Maynard Webb, had to make certain that his people gave their hext and used their resources efficiently to rehind the computer system. Duly, weekly, and monthly goals had to be established and reached on time to achieve this end result eBsy since technology people had to create rate-ties on worker for the computer system to serve to semilions of users. Unified Hierarchy of Goals Unified Hierarchy of Goals

The result of pluming should generate a unified framework for the accomplation of the organizations, purposes. The use of the traditional management speak and as a model for the planning process results in a hierarchy of objectives in which the work of each subsystem complements that of the next, goals at each level mesh with of it into each other. In Figure 5.9, for illustrative purposes, a single goal occupies well subsount, in reality, multiple goals are the norm. The figure shows that the practical most and the management has each organization. Multile management has each organization strateful management has calculated as a coordinated internating and mensional turning cach functional areas of marketing and mensional turning.

The strategies of the strategies o Part 2 Panning and Decision Motion CHAPTER SUMMARY age of the order or the cost that the cor The result is bound to be sales to some sr NUMBERED ICONS ▶ Each objective, with its Original plan unusable.

Through contingency planning, man genores and other unexpected events that on their originizations. Examples of continuithe need to conduct a product recall, nature numbered icon, then appears in the chapter margin where the objective is fulfilled, so that you can quickly locate the applicable material. CHAPTER SUMMARIES ▶

MANAGEMENT ► IN ACTION

These cases highlight relevant experiences of actual companies and managers. This example, for instance, offers practical, real-world application of a company's mission.

MANAGEMENT IN ACTION

How Mission Makes the Difference at eBay

Founded in September 1995 by Pierre Omidyar, eBay began as a place for trading Pez dispensers. 'Users can find everything from the practical, unique, and interesting on eBay-such as automobiles, chintz china, jewelry, teddy bears, musical instruments, photographic equipment, computers, furniture, and figurines " eBay doesn't actually carry the inventory. It hosts the auctions and charges the sellers a fee for its services. (See "About eBay," http:// www.ebay.com.)

By 1998, a headhunter recruited

tomers to express themselves directly to the firm in response to the firm's communications. One of the ways Whitman scans the environment is through the "Voice of the Customer Day " Each month, 10 to 20 customers are brought to eBay's offices to meet new employees, as well as Whitman. "One of the things I'm most focused on is managing something that's growing from a small town to a larger community," says Whitman (Green, 1999).

The eBay user community was sending signals that it was inter-

& Butterfield, which brought higher valued items to the site. She also purchased Cruise International Auctioneers, an automobile auctioneer company, allowing automobiles to be auctioned on the eBay site.

eBay is a multibillion-dollar company and has grown at a phenomenal rate in terms of the number of people who are using eBay, the quantity of items that are being listed for sale, and the dollar amount of transactions that close everyday. It is difficult to forecast this rate of growth, and a lack of forecast caused poor technology planning. Furthermore, eBay had little or no backup strategy in case of an emergency

For most Web sites, the supporting infrastructure is a fragile ecosystem of software, hardware and wiring. A small weakness in any part can cascade

ed a new market segment for online auctions of higher-

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Organizational Planning

EARNING OBJECTIVES Explain the importance of planning

After studying this chapter, you should be able to

- Describe the importance of an organization's mission statement
- Discuss the purposes of strategic, tactical, operational, and contingency plans
- Explain the relationships between strategic, tactical, and operational goals
- List and explain the steps in a basic planning process
- Discuss various ways to make plans effective
- Describe the barriers to planning

KEY TERMS

budget contingency plan forecasting management by objectives (MBO)

mission statement operational objective operational plan plan

> planning policy procedure program rule

single-use plan standing plan strategic goal strategic plan strategy stretch goal tactic

tactical objective

tactical plan

◀ KEY TERMS

The terms are your introduction to the vocabulary of management. They are listed at the beginning of each chapter, then defined in context, as well as in a master glossary at the back of the book.

A Strategic Guide XXVII

that 2 Maring 10,500 new Manage

In forecasting, the organization's transgers concernate on developing predictions about the fature. Along with truncially generated budgers, managers must aconfig forecasts that will made with some degree of section by the conditions likely to exist in all areas of the mental and external environments. Evorecasts under the conditions will be epitacental environments. Evorecast on the condition of alloward and two materials and forecasts on the seafficial environments. Based on testinecasts or the engineering schedules of capital engineering. Based on testinecasts of the engineering of the environment of the enviro

resources. This chapter's Global Applications feature, which illustrates both, speaks to the assumptions and lorscasts behind the expansion of Mercedes from its the 1-5, market. Its Alabana lacility began supplying some 65,000 all-purpose utility vehicles arimally, beginning in 1947.



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■ GLOBAL APPLICATIONS

This feature presents a successful application of a chapter concept by an organization from another country. The selection of organizations is varied by country and by industry—service, manufacturing, retail.

138 "Flat" - Hannay and Deceme Making ETHICAL MANAGEMENT

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name aloud, cate Acris Gely I hash a legison. Mongreen keep April 26th or 21-25, and free hand will not have been allowed by the many categories. Comprise the December 1990 or 10-11.

▼ ETHICAL MANAGEMENT

Focused only on U.S. organizations, you are presented with the ethical dilemma of a company or manager. Selection of firms is balanced between large and small organizations and by industry.

Consider the following so

- rum of merchandise at a local 1. Determine customer's ner
- Verily that purchase (cash Inspect merchandise for da Consult store return polic
- Issue exchange, telund, o
 Deny return and explain

Only after performing each ste exchange, refund, or credit to

exchange, refund, or credit to.

A rule is an ongoing, speciRules are usually "do" and "do
safety, ensure the uniform trealike policies and like procedursets of circumstances. A rule th
for no exceptions. Figure 5.7 if

VALUING DIVERSELY Planning for Diversity

Chapter 5 Dyjanizarional Planma

Bobbs Guman, the first and only Bubb Carmon, he had and only African American searons to account a sea or sense of the Moureau had a sea or sense of the Moureau had account of the season of the Moureau transport to entire that the season that Moureau transport to entire the test week-regardless of season pender sedgen, one or actually—Carmon legist the promoting efforts. In the Carmon gridered file the sea or seasons of Moureau to by the seasons of the season of t

To help set goals, an internal census was conducted. It detailed what per certage of employees at every level were women, African American, His panic. Assert and Native American

The census numbers became a base-line for inectaining increases. Has Gohran been excessful? When the pregram began in 1088, these were I learned and 6 people of color among the units of 3,60 sico. Presidents By 1944, or of 3,60 sico. Interview and 3 people of color and 23 worden vice presidents. Even more migrassive results have been achieved and lower improgreement trents.

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at lower management levels http://www.materola.com

Scarce Roserts German, Claritying the Toll & Meaning-over 1 Wooling Monte Polision 9041 pp. 21-21. Van Metterlei online in 905 / 2000 mid-hal om

VALUING DIVERSITY ▶

Designed to illustrate how managers value and utilize diversity, you will see diversity as a business strategy in large and small organizations, balanced by industry.

ent's strategic plan becomes the foundation for middle-level managers' planning efforts that produce factical plans. Figure 5.5 illustrates how factical and then operational objectives evolve from strategic goals.

Developed by middle managers, a tactical plan is concerned with what each of Executive to minute transgers, a factival path is concrited with what each or the major organizational subsystems must do, how they must do it, when thrings must be done, where activities will be performed, what resources are to be utilized, and who will have the authority needed to perform each task. Teactical plans have more details, shorter time frames, and narrower scopes than strategic plans, they usually span one year or less

they usually span one year or less.

Strategie and natical plans are usually but not always related. Every strategy requires a series of tactical and operational plans linked to each other to achieve strategie goids: middle managares, however, do create plans to reach what are unsiquely department, division, or team goids, both for the short and long term. The tactical plans discussed in the felly case are all related to reaching the company's strategic goids. Iwo such plans involved the following:

- # To build a "warm backup," a redundant computer system to take over when
- the main one failed.

 To build a "hot backup" that could reduce any blackouts to less than an bour.

Chapter 5 Organizational Planning

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functions, the behaviors of organizational members, and the shaping of the organization's culture (Jones and Kahaner, 1995). Many companies are placing their mission statements on their Web sites, which can be read with a browser. Browser software is the subject of this chapter's Managing Technology feature.

Figure 5.1 illustrates the mission statements for Starbucks, eBay, and Amgen Notice the emphasis on quality—meeting customer needs that the organization can meet—in these statements. The mission statement serves as a template against which decisions can be measured. The organization's values should be easily apparent in the mission statement.

While creating a mission statement, management expert Peter Drucker states (Drucker, 1954). These questions must be answered. What is our business? What should it he's (Drucker, 1954). These questions must be raised and answered periodically, not just when forming a business. The answer to the first question is determined in part by the customers an organization currently serves. Meeting their demands and needs has made the organization what it is. The answer to the second question is determined in part by the customers an organization whose to serve. The specific needs of identified customers, along with the firm's experience and expertise, will dictate what products and services it creates and/or sells, what processes it uses, and what their levels of quality will be.

Since the values, behels, and wants of an organization's customers keep changing, so too must the organization. Consider the situation ellay has faced since it began in 1995. This virtual auction house (the subject of this chapter's Management in Action case) was growing over 50 percent quarter to quarter, making it a new company every three months. By staying focused on the mission—to help people trade practically anything on earth—CEO Margaret C. Whitman turned ellay from a 'quirky idea into an Internet giant capable of handling millions of buyers and sellers. ... More than that, Whitman has helped legitimize the notion of negotiated pricing—making it one of the most powerful economic forces on the Internet' (Green, 1999).

■ MANAGING TECHNOLOGY

Effective management techniques are never static, so each chapter includes an overview of a technology that can increase managers' productivity. Based on emerging technologies, this survey provides insight into the environment that you, as a manager of tomorrow, will face.



MANAGING TECHNOLOGY Browsers

The development of granhical Wish browner software, such as si Net scape Communicator and Microsoft Internet Explorer, hos mode et easy to view at Web page. Browser with combines south graphics images video, and ted. Across the top of the browner screen are image usors as well as an address to the By typing in an Internet address, called a Uniform Resource Location 128B, south as http://fulnikeit.

swoolege.com, you go to that page and see its information. From there you can vari other pages amply by clicking on anything that is highlighted on hyperlinked to first page. Hyper links link just about everything on the Web to Something does and you can spend hours softing—just making from place to place seeing what yeur can find. To vast an Internet site, simply type in the address line and hit the enter key.

Chapter 5 Cirganizational Planning

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APPLICATION CASE Mars Clings to Its Plans

The brands read like in consty Hall of Fame. Shickers, MRAMs, Milky Way, 3 Musketsens, Twix, and Shittles. Whit this powerful linear of familiar brands. Mass has obtained the U.S. and the world condy markers. But for several years, Mars has been query, but dimentically yelding market streen in bath is U.S. cand. Western European candy businesses. From 1993 to 1994 in the United States afone. Mass gince up 1.4 market share points in the \$10 billion confectionery business. From 1991 to 1994, Mars diappeal about three market share points—also 5 Smikkes box.

Yet with all of its success, why has Mars began to tail? The most basic explanation offered is that Mars has not modified its plane—either strategic or tacked—in the face of changes in its competitive environment.

- The cardy industry has expenenced charactic consolidation with monsters such as Nestle and Coditiony Schweopes gabbling up smaller competition. These stronger competitors are bentracting the market with new offerings in Industries in the retail and wholesale distribution chain.
- ion are bornodraing the market with new otherings. Innovatives in the retail and wholescile dishipation chain have whited power to the hands of any supermarket chains and discourt stores. Rather than adjury policy to meet the need for lower costs and more value to the power brokes. Mass eliminated promotional money, that is, special discourts. The action net only enoughd the hade grains but also reduced the hade ignore; profits.

- Mais has held to its long-term plan, facusing on maximum asset utilization. Quite simply, the plan allows the sales fairce to sell beyond a manufacturing plant's capacity to
- produce—even in peak periods.

 Rather than inhoducing new producs, Mans developed plans calling for product line extensions. The result has been odditions such as Almond M&Ms. Lowlat Miley Way II, and ice cream novely knockoffs of its candy bans.

 https://www.mans.com

Questions

- How does the case illustrate the importance of flexibility in planning? Cite on example to support your answer.
- What does this case illustrate about the relationship of the environment to the development of plans? Cite an example to support your answer.
- Which of the actions by Mars related to a failure to adjust strategic planning? One an example to support your answer.
- Which of the octions by Mars related to a follure to adjust toctical planning? Cite an example to support your answer.

Source Bill Sopolis The Edgae of Mars. Foreign (28 November 1994) pp. 82-92

APPLICATION CASE ►

Each chapter includes an actual case problem, directly related to the chapter content. Some are success stories; others present unresolved problems. All of these case studies, however, allow you to apply what you have learned.

There are no right or wrong answers—just workable solutions, based on underlying principles of informed management decisions.

VIDEO CASE ▶

Each chapter concludes with a video case designed to bring key management concerns and issues to life in the classroom.

VIDEO CASE

Kropf Fruit Company: A Study in Planning

Knock fruit Company is a family actual business consisting of conchards, storage, and packing facilities, in the early 1590b, the owners of Knock food at anitral decision. Changing market concitations floored large fully processors over inedium-based processors. New Knock floored is a created from a consolidation in the grocery state indiamy. As a result the coverse of Knock were lieft with two strategic splants remain a medium-sized processor, or expand and become a major player. Remaining a medium-lazed processor areant that the company would committee to face unfavorable market conditions and that some of the young formly, members might not have a future in the business. Becoming a major player involved risk. But would allow the company to compact with other large growners and processors for major growny storage with other large growners and processors for major growny storage set who there large growners and processors for major growny storage sets. The awness of Kraph decided to expand, but only within the parameters of contently developed stategic and appearance plans and clearly articulated goas. The plans were developed after the owners considered the strengths and weaknesses of the company along with the appointness and threats in the firm's business environment. During the planning process, the owners dos remained open to suggestross from their growers, customers, early open, and other stakeholders. In the end, the company's strategic and operational plans represented an thoughtul analysis of what Kingh readed to do to remain competitive in its business.

ness environment today and in the future.

The expansion has been successful, although the owners of Kropf have worked long and hard and the firm has suffered.

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