



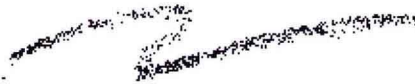
★ ROBERT N. LUSSIER ★

# MANAGEMENT

CONCEPTS • APPLICATIONS • SKILL DEVELOPMENT

# MANAGEMENT

CONCEPTS • APPLICATIONS • SKILL DEVELOPMENT



ROBERT N. LUSSIER, Ph.D

SPRINGFIELD COLLEGE  
SPRINGFIELD, MASSACHUSETTS



SOUTH-WESTERN College Publishing

*An International Thomson Publishing Company*

Acquisitions Editor: Randy Haubner  
Project Manager: Christine Sofranko  
Production Editor: Marci Dechter  
Internal Design: Delgado Design  
Infographic Art: Boston Graphics  
Photo Research: Jennifer Mayhall  
Photo Editing: Charlotte Goldman  
Production House: WordCrafters Editorial Services, Inc.  
Cover Design: Michael H. Stratton

Copyright © 1997  
by South-Western College Publishing  
Cincinnati, Ohio

## ALL RIGHTS RESERVED

The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without the prior written permission of the publisher.

## *Library of Congress Cataloging-in-Publication Data*

Lussier, Robert N.

Management : concepts, applications and skill development. 1e / by Robert N. Lussier

p. cm.

Includes bibliographical references and index.

ISBN 0-538-85126-0 (alk. paper)

1. Management—Problems, exercises, etc. 2. Supervision of employees—Problems, exercises, etc. I. Title

HD31.L84 1996

658'.0076—dc20

96-15162

CIP

4 5 6 7 8 9 VH 4 3 2 1 0 9 8

Printed in the United States of America



International Thomson Publishing

South-Western is an ITP Company. The ITP trademark is used under license.

To my wife Marie and our six children:

Jesse, Justin, Danielle, Nicole, Brian, and Renee



# CONTENTS IN BRIEF

## **PART ONE INTRODUCTION**

- |   |    |
|---|----|
| 1. Management: Past and Present   | 2  |
| 2. The Environment: Quality, Globalization, Ethics, and Social Responsibility | 38 |
| 3. Managing Diversity: Human Skills   | 70 |

## **PART TWO PLANNING SKILLS**

- |  |     |
|--|-----|
| 4. Creative Problem-Solving and Decision-Making Skills | 100 |
| 5. The Strategic and Operational Planning Process      | 136 |
| 6. Plans and Planning Tools                            | 174 |

## **PART THREE ORGANIZING SKILLS**

- |   |     |
|---|-----|
| 7. Organizing Concepts and Delegating Work                      | 206 |
| 8. Managing Change: Culture, Innovation, Quality, and Diversity | 244 |
| 9. Human Resources Management: Staffing                         | 280 |

## **PART FOUR LEADING SKILLS**

- |   |     |
|---|-----|
| 10. Communicating                         | 318 |
| 11. Motivating                            | 358 |
| 12. Leading                               | 388 |
| 13. Group and Team Development            | 416 |
| 14. Power, Politics, Conflict, and Stress | 452 |

## **PART FIVE CONTROLLING SKILLS**

- |  |     |
|--|-----|
| 15. Control Systems: Financial Control and Productivity  | 488 |
| 16. Human Resources Control Systems                      | 534 |
| 17. Operations, Quality, and Information Control Systems | 578 |

# PREFACE

The world of management has changed and so has how it is taught. Increasing numbers of students want more than just an understanding of the concepts of management. They also want skills they can use in their everyday life at work. It's not enough to learn about management; they want to learn how to *BE* managers. This is why I wrote this book.

## INTEGRATION

Based on my experience teaching the management course for over twenty years, I developed course materials that develop students into managers. As the title of this book implies, it involves a balanced, three-pronged approach to the curriculum:

- a clear understanding of management concepts;
- the application of management concepts for critical thinking in the real world; and
- the development of management skills.

I wrote this text and its supporting ancillary package to support these three distinct but integrated parts. This text follows a management functions approach covering all the traditional concepts and current topics. The applications develop students' critical-thinking skills as they require them to apply specific concepts to their own work experience (part time, summer, or full time), to short situations, and to cases. In addition, this text meets the challenge of the AACSB and SCANS call for skills development. Since I wrote almost every exercise and application in the package, the material is completely integrated to create a seamless experience in the classroom.

## FLEXIBILITY

Because these three key elements of concepts, applications, and skills are integrated throughout the chapters, you won't find them in broad general sections. However, they are identified clearly and are delineated in some detail for your reference in this preface. Recognizing the diverse needs of students and faculty, they can be used flexibly to fit any classroom. Instructors can create their course by using only features that fit with their objectives.



# Concepts

This text covers all key management topics and concepts. It is comprehensive in scope as shown by the detailed learning objectives at the front of each chapter. Each objective is reinforced and identified throughout the chapter. Key terms are placed in the margin to emphasize the vocabulary of management for students.

## FEWER CHAPTERS/SYSTEMS INTEGRATION

Businesses today no longer operate in traditional departments isolated by function. To understand management, students must understand the interrelationships of the various business functions. My text is written from this perspective. The business is shown as a system; managers work within a system of relationships. I focus on viewing the organization as a whole and the interrelationship of its

parts. The text emphasizes systems in four ways: the interrelationship of management functions, the interrelationship of the functional areas/departments, systems thinking versus reductionist thinking, and use of traditional systems theory.

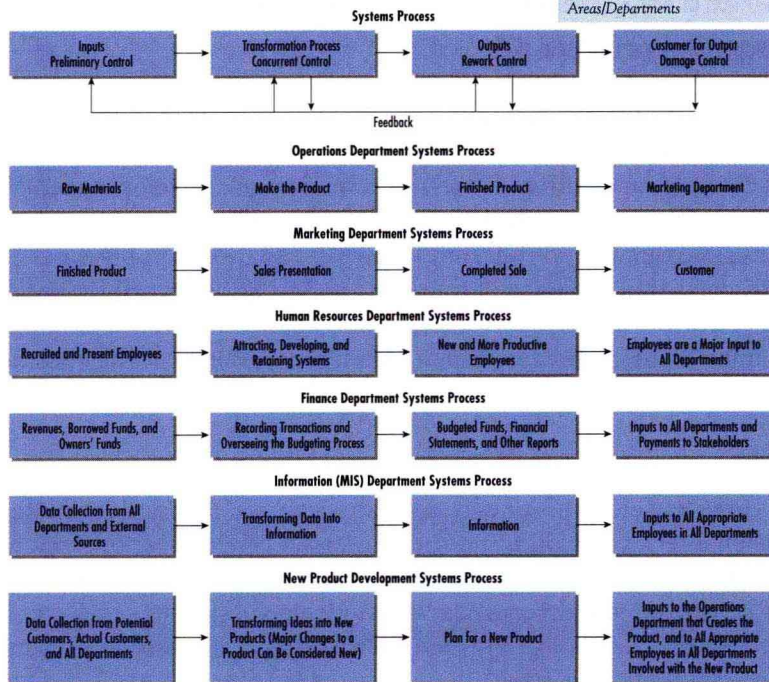
As a result, rather than having 20-24 chapters, my text has 17 chapters because of fusing topics to better correlate with business today. Figures scattered throughout the text reinforce the integrated learnings through visual appeal. The result is a leaner, more realistic book.

to customers, which requires damage control and warranty cost. This is particularly problematic with services, such as manicures and haircuts and auto repairs, which are delivered as they are produced. The best solution is to prevent poor quality from ever happening in the first place. Doing so creates a win-win situation by minimizing warranty cost and maximizing customer satisfaction.

### Functional Area/Department Control Systems

Although in most organizations the only functional area that actually transforms the inputs into the outputs of goods and services (which are called products) that are sold to customers is the operations department, all functional departments use the systems process. Figure 15-2 illustrates how this is done; it

Figure 15-2  
Systems Processes for Functional Areas/Departments



# Concepts

## CURRENT MANAGEMENT ISSUES

Because this text takes an integrated approach to the subject of management, it is not cluttered with extraneous boxes. Instead, current topics as described by the AACSB such as globalization, diversity, ethics and social responsibility, quality and TQM, productivity, participative management and teams, and small business are covered throughout the chapters. In particular, each chapter ends with a Current Management Issues section that discusses many of these topics, including future trends. Students are shown the relationship between traditional management topics and current management issues today.

380 Part Four • Leading Skills



Women tend to place more importance on convenient work hours, good interpersonal relations, and the opportunity to learn.

8. Explain the major difference between the Japanese and U.S. approach to motivating employees.

have (organizations, including General Foods and Texas Instruments, offer the opportunity to increase skills to attain raises); a variety of bonuses (cash, gifts, trips, etc.) for suggestions for improvements; profit-sharing programs (at Lincoln Electric, employees in recent years have received approximately their annual wages and double in profit-sharing payouts alone).

**Diversity.** Within the United States, we have a *diversified work force*; what motivates one person may not motivate another. For example, men tend to place more importance on having a lot of autonomy in their jobs, whereas women place more importance on convenient work hours, good interpersonal relations, and the opportunity to learn.<sup>28</sup> However, there are always exceptions; don't over generalize. The needs of a student working part time, a single parent working full time, a person who is not married working full time, and a retired person working part time will tend to be different.

**Globalization.** When you expand the business to other countries, the diversity continues to increase in complexity. The motivation theories you have studied were developed largely in America. As organizations become global, managers must be aware of the cultural limitation to theory generalizations. In 1980 it was recognized that motivational concerns vary globally.<sup>29</sup> A survey revealed distinct differences among U.S. salespeople and Japanese and Korean salespeople, but not between salespeople in the two Asian countries.<sup>30</sup> An example from NAFTA countries includes a U.S. firm in Mexico that gave workers a raise to motivate them to work more hours. The raise actually motivated the employees to work less hours because they could now make enough money to live and enjoy life (one of their primary values) in less time, so why should they work more hours? In Sweden there is a very high tax rate on overtime pay that makes it very difficult to motivate employees to work more hours based on money.

Intrinsic motivation of higher-level needs tends to be more relevant to developed countries than to Third World countries in which most people are on a lower level of hierarchy of need than those in developed countries. The term *self-actualization* is not translatable in the Chinese language. Even in developed countries, the level of needs focus varies. In the United States, people tend to be motivated by higher-level needs of self-actualization (do your own thing) and esteem; in Greece and Japan security is more important, while in Sweden, Norway, and Denmark, people are more concerned with social needs. McClelland's acquired need for achievement is more predominant in the United States. Achievement is difficult to translate into most other languages. Therefore, acquired achievement need has limited use outside of the United States and Canada unless managers are willing to train employees to acquire the need for achievement.

One major cultural difference is in the focus on individualistic versus group approaches to business. Individualistic societies (the United States, Canada, Great Britain, Australia) tend to value self-accomplishment. Collective societies (Japan, Mexico, Singapore, Venezuela, Pakistan) tend to value group accomplishment and loyalty.<sup>31</sup> Cultural differences suggest that self-actualization, achievement, and esteem needs tend to be met from group membership in Japan and from individualism in the United States.

Expectancy theory holds up fairly well, cross-culturally, because it is flexible. It allows for the possibility that there may be differences in expectations

tions and it could have ended in an argument. The cans were straight. The employee was not praised for the slow work pace. However, if the praise had not worked, the manager should have used another reinforcement method.<sup>32</sup>

In the opening case, Donna should give Susan praise for increasing performance to encourage her to continue this behavior. Praise is an effective positive reinforcement when used with a variable interval schedule.

### PUTTING THE MOTIVATION THEORIES TOGETHER WITHIN THE MOTIVATION PROCESS

Motivation is important because it helps to explain why employees behave the way they do. At this point, you may be wondering: How do these theories fit together? Is one the best? Should I try to pick the correct theory for a given situation? The groups of theories are complementary; each group of theories refers to a different stage in the motivation process. Each group of theories answers a different question. Content motivation theories answer the question: What needs do employees have that should be met on the job? Process motivation theories answer the question: How do employees choose behavior to fulfill their needs? Reinforcement theory answers the question: What can managers do to get employees to behave in ways that meet the organizational objectives?

In the first section of this chapter you found that the motivation process went from need to motive to behavior to consequence to satisfaction or dissatisfaction. Now let's make the motivation process a little more complex by incorporating the motivation theories, or answers to the preceding questions, into the process. See Figure 11-6 for an illustration. Note that Step 4 loops back to Step 3 because, according to reinforcement theory, behavior is learned through consequences. Step 4 does not loop back to Steps 1 or 2 because reinforcement theory is not concerned with needs, motives, or satisfaction; it focuses on getting employees to behave in predetermined ways, through consequences provided by managers. Also note that Step 5 loops back to Step 1 because meeting needs is ongoing; meeting our needs is a never-ending process. Finally, be aware that, according to two-factor theory, Step 5, satisfaction or dissatisfaction, is not on one continuum but on two separate continuums (satisfied to not satisfied or dissatisfied to not dissatisfied), based on the level of need being met (motivator or maintenance).

### CURRENT MANAGEMENT ISSUES

Organizational reward systems (pay, benefits, and so on, Chapter 9) must be designed to motivate employees. A reward system is effective if it attracts new people to the organization and motivates existing employees to perform better.

Chapter 11 • Motivating 379

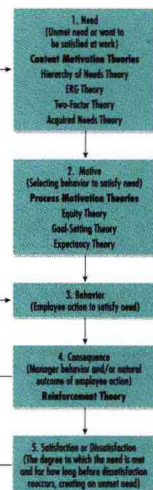


Figure 11-6  
The Motivation Process with the Motivation Theories



# Concepts

122

Part Two • Planning Skills

**Quality and TQM.** To be successful in business requires continually increasing quality and customer value. Continuous improvement does not come from a few major decisions every few years. It comes from continually coming up with creative ideas that become innovations. TQM encourages the use of the decision-making model and math techniques such as statistical process controls. Decisions made with TQM should take a systems effect approach. In other words, a decision should not be made in isolation. Consider how the decision being made will affect other areas and plan changes in all necessary areas.

**Productivity.** As employees develop creative ways to transform inputs into outputs, productivity increases. Generally, when poor decisions are made, problems are not eliminated and opportunities are not taken advantage of. Therefore, poor decisions lead to lower levels of productivity.

**Ethics and Social Responsibility.** Ethics (Chapter 2) should be at the heart of decisions and human relations (Chapter 3). The golden rule, four-way test, and/or the stakeholders' approach to ethics may be used when making decisions. When evaluating alternatives, individuals or groups should consider how they affect stakeholders. In the area of social responsibility, important decisions must be made about the level of commitment and which specific actions the company will take. Coca-Cola believes that it should give back to the communities that have been so good to the company wherever it does business. To this end, it made the decision to establish the Coca-Cola Foundation with the mission of fostering and promoting a favorable environment for business growth by supporting education.

**Small Business.** It is more important for companies, like Coca-Cola, to be profitable than to be successful. When a company is profitable, it can afford to open a new store or expand its operations.

## CHAPTER 4

The chapter summary is organized to answer the learning objectives for Chapter 4.

1. Explain the relationship among problem-solving, decision-making, and innovation. The three terms are interrelated as follows. Managers responsible for setting and achieving organization objectives. When managers do not meet objectives, a problem exists. When a problem exists, decisions must be made about what, if any, action must be taken.
2. Explain the relationship among the management functions, decision-making, and problem-solving.

### and nonprogrammed decisions and among the conditions of certainty, uncertainty, and risk.

The difference between programmed and nonprogrammed decisions is in the recurrence, routine, and significance of the decision to be made. Nonprogrammed decisions include nonrecurring, nonroutine, significant decisions. Recurring, routine, and nonsignificant decisions are programmed decisions.

The difference in decision-making conditions is based on the degree of certainty of the outcome of the decision. With certainty you know the outcome of alternatives, with risk you can assign probabilities to the outcomes, and with uncertainty you do not know the outcomes of alternatives.

### 5. Describe when to use the decision-making model versus the bounded rationality model and group versus individual decision-making.

Use the decision-making model with group decision-making when a nonprogrammed decision with high risk or uncertainty exists. Use the bounded rationality model with an individual decision when a programmed decision with low risk or certainty exists. However, this is a general guide; there may be exceptions to the rule.

### 6. State the difference between an objective and "must" and "want" criteria.

An objective is the end result you want from making the decision. The "must" criteria are the requirements that an alternative must meet to be selected as the decision. The "want" criteria are desirable but are not necessary for the alternative to be selected as the decision.

### 7. State the difference between creativity and innovation.

Creativity is a way of thinking that generates new ideas. Innovation is the implementation of new ideas for products and processes.

### 8. List and explain the three stages in the creative process.

The three stages are: (1) preparation; familiarity with the problem; (2) incubation and illumination; incubation is taking a break from the problem and illumination is the point at which one gets the idea for the solution; (3) evaluation; making sure the idea will work before it becomes an innovation.

### 9. Describe the difference among quantitative, the Kepner-Trigoe, and cost-benefit analysis techniques for analyzing and selecting an alternative.

Quantitative and Kepner-Trigoe are management science approaches; cost-benefit is not. Quantitative methods use math subjectively to select the alternative with

## END OF CHAPTER MATERIAL REINFORCEMENT OF CONCEPTS

Each chapter ends with a Chapter Summary and Glossary. The summary reinforces every Learning Objective. The unique glossary aspect of the summary enables the readers to choose the key terms themselves, making it an active glossary. In addition, at least ten Review and Discussion Questions that support and reinforce the key conceptual learnings appear in the chapter.

Chapter 4 • Creative Problem Solving and Decision-Making Skills

123

the highest value. Kepner-Trigoe uses objective math, with some subjectivity in selecting and weighting criteria, to select the alternative with the highest value. Cost-benefit analysis is primarily based on subjective analysis, with some math, but alternatives do not have a final number value to compare.

### 10. Define the following key terms (in order of appearance in the chapter):

Select one or more methods: (1) fill in the missing key terms from memory, (2) match the key terms from the end of the review with their definitions below, or (3) copy the key terms in order from the list at the beginning of the chapter.

A \_\_\_\_\_ exists whenever objectives are not being met.

\_\_\_\_\_ is the process of taking corrective action in order to meet objectives.

\_\_\_\_\_ is the process of selecting an alternative course of action that will solve a problem.

The \_\_\_\_\_ steps include classifying and (1) defining the problem or opportunity, (2) setting objectives and criteria, (3) generating alternatives, (4) analyzing alternatives and selecting the most feasible, (5) planning and implementing the decision, and (6) controlling.

With \_\_\_\_\_, recurring or routine situations, the decision-maker should use decision rules or organizational policies and procedures to make the decision.

With \_\_\_\_\_, significant and nonrecurring and nonroutine situations, the decision-maker should use the decision-making model.

The three \_\_\_\_\_ include certainty, risk, and uncertainty.

\_\_\_\_\_ are the standards that an alternative must meet to be selected as the decision that will accomplish the objective.

\_\_\_\_\_ is the implementation of a new idea.

\_\_\_\_\_ is a way of thinking that generates new ideas.

The three stages in the \_\_\_\_\_ are (1) preparation, (2) incubation and illumination, and (3) evaluation.

With the \_\_\_\_\_ on defending the solution up with criticisms of it.

\_\_\_\_\_ is the \_\_\_\_\_ alternatives without \_\_\_\_\_.

\_\_\_\_\_ is the \_\_\_\_\_ agreement on a \_\_\_\_\_.

124

Part Two • Planning Skills

## KEY TERMS

brainstorming  
consensus mapping  
creative process  
creativity  
criteria

decision-making  
decision-making conditions  
decision-making model  
devil's advocate  
innovation

nominal grouping  
nonprogrammed decision  
problem  
problem-solving  
programmed decision

## REVIEW AND DISCUSSION QUESTIONS

1. Are problem-solving and decision-making really important? Explain.
2. Why is it necessary to determine the decision structure and decision-making conditions?
3. What is the current trend in using groups to solve problems and make decisions?
4. Which potential disadvantage of group problem-solving and decision-making do you think is most common?
5. Is a decrease in sales or profits a symptom or a cause of a problem?
6. Would a maximum price of \$1,000 to spend on a stereo be an objective or a criterion?
7. Are creativity and innovation really important to all types of businesses? Is it important to evaluate creativity before it becomes an innovation?
8. Have you ever made a decision with information that was not timely, of quality, complete, and/or relevant? If yes, explain.
9. What is the major difference between nominal grouping and consensus mapping?
10. Why are generating and analyzing alternatives separate steps in the decision-making model?
11. Have you ever used any of the techniques for analyzing and selecting an alternative? If yes, which one?
12. Do you know anyone who has been the victim of escalation of commitment? If yes, explain.

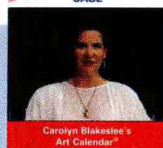
## TEST BANK ASSESSMENT OF CONCEPTS

Over half of the questions in the test bank (print and electronic) assess student knowledge of the managerial concepts taught in the text.

## CASE

(This case also serves as the basis for Exercises 4-1 and 4-2.)

In 1986, Carolyn Blakelee founded Art Calendar, a monthly publication for visual artists. Art Calendar provides information (approximately 15 pages) about grants, shows, and other forums to which artists can submit their work, as well as some topical feature columns. Art Calendar is follow in appearance and is mailed second class.



Carolyn Blakelee's Art Calendar

Carolyn started Art Calendar as a part-time business in a room in her home. She believed that half the people who received her first brochure would want to subscribe to her publication. She was heartbroken when only 3 percent subscribed. Later, she was happy to learn that 3 percent isn't bad in publishing. Regardless of her disappointment, eight out of the first ten years, circulation revenue doubled. Art Calendar grew to become artists' definitive source of information.

# Applications

Powerful learning takes place when theory is put within the context of the real world. Using this text, students are challenged to apply the concepts they learn to actual business situations, especially as they have experienced them personally. Students must *think critically* as they apply specific concepts to their own work experience, short situations, and cases.

## OPENING CASE AND INTERNET

At the beginning of each chapter information about an actual manager and organization is presented. Throughout the chapter, how the manager/organization applies the management concepts is discussed. The student gets a real-world example illustrated extensively throughout the chapter beginning with the opening pages. These cases reflect a mix of large, medium, and small businesses, both for profit and nonprofit organizations. As appropriate, an Internet address referring students to that company's WWW site is provided, allowing students to do further research on the organization. Use of the Internet is optional.

### Skill Development



1. You should develop your skill to analyze a company's environment and management practices (Skill-Building Exercise 2-1).

This analysis requires conceptual skills. Having the skill to analyze your company's environment and management practices, and those of its competitors, will make you a more valuable employee. This skill is especially important if you want to progress to higher levels of management. The primary management function skill developed is planning. The primary management roles developed are informational and decisional. The SCANS skill competencies of resources, information, and especially systems, as well as basic and thinking foundation skills are developed.



Frederick W. Smith thought of the idea of an overnight delivery system by air freight to accommodate time-sensitive shipments such as medicines, com-

puter parts, and electronics. Smith presented the idea in a term paper to a professor in college and received a grade of "C." On March 12, 1973, Smith tested his service by delivering six packages. FedEx began operations officially on April 17 with a total of 186 packages shipped. FedEx lost a million dollars a month for the first 27 months.

FedEx developed the hub-and-spokes system now widely imitated in the airline industry. Using this system, all shipments are flown to a central-

ized hub, sorted, loaded onto planes, and dispatched. By November 1988, Federal Express was able to deliver as many as a million packages in one night. FedEx was the first in its industry to offer innovative ideas and services including overnight package delivery, the Overnight Letter (1981), 10:30 A.M. next-day delivery (Fall 1982), package tracking in vans, real-time package tracking over the phone (1981), time-definite service for freight, Saturday delivery, and pickup service.



# Applications

## WORK APPLICATIONS

Throughout the chapter there are scattered open-ended questions (approximately ten per chapter) that require the students to explain how the text concepts apply to their own work experience. Student experience can be present, past, summer, full-time, or part-time employment. The questions cause the students to bridge the gap between theory and their real world.

## APPLYING THE CONCEPT

Every chapter contains a series of three to five Applying the Concepts boxes that require the student to determine the management concept being illustrated in a specific short example. There are 20 objective questions per chapter for development of student critical-thinking skills.

certainly, the manager knows the outcome of each alternative in advance. When making a decision under conditions of risk, the manager does not know the outcome of each alternative in advance, but can assign probabilities to each outcome. Under conditions of uncertainty, lack of information or knowledge makes the outcome of each alternative unpredictable so the manager cannot determine probabilities.

As an example, suppose you were considering making an investment. If you were considering bonds, money market accounts, and certificates of deposit, you would know the payoff of each of the alternatives and would make a decision with certainty as to the interest paid. If you consider well-established stocks like Coca-Cola, Mobil Oil, and GM, through research you could assign probabilities of each stock going up (such as 40%, 35%, and 25%) and you would know the dividend paid. However, if you considered investing in two new companies with new innovative products, you could not be sure of the return, nor could you assign probabilities to them. When Coca-Cola introduced New Coke, it incurred a risk. If the company had been certain of the outcome of the decision, it would not have made it. It was a condition of risk because the company had conducted research with over 190,000 consumers through taste tests. The overwhelming majority preferred the taste of New Coke over Coca-Cola.

Management makes most decisions under conditions of risk. However, upper-level managers tend to make more uncertain decisions than lower-level managers. When making decisions under uncertainty, it is difficult to determine the needed resources to solve the problem or create an opportunity.<sup>7</sup> Although risk and uncertainty cannot be eliminated, they can be reduced. Figure 4-2 illustrates the decision-making conditions continuum.

**Decision-Making Model.** There are two primary decision models: the rational model and the bounded rationality model. With the rational model, the decision-maker attempts to use optimizing, selecting the best possible alternative. With the bounded rationality model, the decision-maker uses satisficing, selecting the first alternative that meets the minimal criteria. The decision-making model presented as Model 4-1 is the rational model. With satisficing, only parts, or none, of the model would be used.

You need to remember which model to use and when. The more unstructured the decision and the higher the degree of risk and uncertainty, the greater the need to spend the time conducting research with the aid of the decision-making model. Optimize (select the best possible alternative) when you are making nonprogrammed high-risk or uncertain decisions. Satisfice (select the first alternative that meets the minimum criteria) when you are making programmed low-risk or certain decisions. Figure 4-4 on page 110 il-

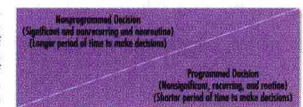


Figure 4-1  
Decision Structure Continuum

### Work Application

- Give an example of a programmed and a nonprogrammed decision and their decision conditions from an organization you work or have worked for.
- Describe when to use the decision-making model versus the bounded rationality model and group versus individual decision-making.



Figure 4-2  
Decision-Making Conditions Continuum

cation by offering new products related to its motor oil through its Gumout line of automotive products. Nike used related diversification when it diversified from sports shoes to selling sports clothing. Sears used unrelated (conglomerate) diversification when it went from selling retail goods to selling insurance through its Allstate Insurance line of business. Pennzoil sold its sulfur line of business in order to move away from conglomerate diversification; this allows the company to better focus on its core operations. See Figure 5-8 for a review of strategies at the corporate level.

**Common Growth Strategy Approaches.** Common corporate approaches to growth include mergers, acquisitions, takeovers, joint ventures, and strategic alliances. A **merger** occurs when two companies form one corporation. Two companies become one new company. An **acquisition** occurs when one business buys all or part of another business. One business becomes a part of an existing business. Mergers and acquisitions often occur between competing companies to decrease competition; to compete more effectively with larger companies; to realize economies of size; to consolidate expenses; and to achieve access to markets, products, technology, resources, and management talent. Companies often use acquisitions to enter new lines of businesses by buying an existing business rather than starting a new one. When management of the target company rejects the purchasing company's offer, the purchasing company can make a bid to the target company shareholders to acquire the company through a takeover.

You learned about joint ventures (partners) and strategic alliances (work together without joint ownership), which are of increasing importance to growth (Chapter 2).<sup>40</sup> Some recent examples of the growth approach include: Price Club and Costco warehouse membership clubs become one company: Price

### APPLYING THE CONCEPT

#### AC 5-1 Corporate Growth Strategies

Identify each statement by the type of growth strategy it would be making.

- a. concentration
  - b. forward integration
  - c. backward integration
  - d. related diversification
  - e. unrelated diversification
- Sears buys a tool company to make its Craftsman tools.
  - General Motors buys the Sea World theme park.
  - The Gap opens a new retail store in a mall.
  - Lee opens stores to sell its clothes.
  - Gateway 2000, a computer manufacturer, manufactures printers.

**merger**  
Occurs when two companies form one corporation.

**acquisition**  
Occurs when one business buys all or part of another business.

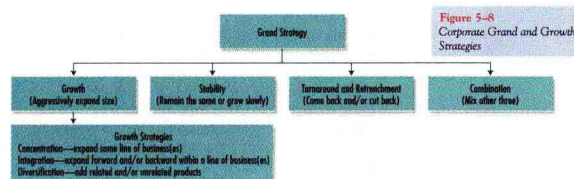


Figure 5-8  
Corporate Grand and Growth Strategies



# Applications

## END-OF-CHAPTER CASE

### AND INTERNET

Following the review questions, students are presented with another actual manager and organization. The student learns how the manager/organization applies the management concepts from that chapter. Again, the businesses in the cases are large, medium, and small from both the for profit and nonprofit sectors. Each case is followed by ten multiple-choice questions and several open-ended questions. The questions require the student to apply management practices and concepts to the actual organization. As appropriate, an Internet address referring students to that company's WWW site is provided, allowing students to do further research on the organization. Use of the Internet is optional.

274 Part Three • Organizing Skills

Polaroid, and got used in the process for patent infringement. In the film area it lost market share to Fuji and other companies. On top of the heavy competition, the price of silver rose dramatically. Kodak was in a crisis because silver was a critical raw material in its photographic products.

#### Planning for Change

Top managers identified three major factors contributing to problems at Kodak. First, costs were too high. Second, information at the bottom of the operation was not being shared throughout the company, and managers were not being held accountable for performance. Third, staff specialists developed strategic planning but it was not implemented by the line managers. In other words, the planning process was not working. Based on these factors, departmentalization was considered to be the cause of many of Kodak's problems.

Kodak's functional departments focused on manufacturing, marketing, R&D, and finance. However, the top managers believed that the company had to respond to the global environment based on business rather than functions. With functional departments, no one was responsible for performance. The decision was made to change from functional to divisional departmentalization. The next decision was how to plan and implement the departmental change. A common approach was to have a group of four or five managers make the new organization chart behind closed doors and then dictate the change.

Managers were concerned about making the reorganization a success, so they decided to use participative management to implement the change following these steps: The top three managers developed a new organization. Then they met with the nine line managers, who would be affected by the change, and explained the new organization and the rationale as to why it was required. Part of the rationale was to become more competitive by developing new products at a faster rate. Top managers simply told the nine line managers to go off and think about the reorganization and then come back and discuss it. Line managers were to challenge, question, understand, improve, and most importantly to feel as though it is "our" reorganization. After four months, the team of 12 had a reorganization plan.

The team of 12 was expanded to the top 50 managers who went through roughly the same process. At the end of five months, 62 managers had a reorganization plan. The 62 were then to the top 150 managers. However, their job was not to rework the departmentalization; they were to develop a specific plan for the divisional implementation.

The next step was to appoint people to the top jobs in the new organization. Appointments were made based on assessment of talent, with seniority second in importance. Most of the top 150 managers involved in the process had new jobs. But more importantly, the large majority of managers supported the reorganization regardless of their new jobs. The preparation for change took 14 months.

#### Implementing Change

Kodak's reorganization began with a 12 percent reduction of employees over a two-year period. Most left voluntarily for other jobs, retirement, and so on. Over time, the number of managers was reduced by about 25 percent, and Kodak stopped its habit of promoting managers from within. Over a five-year period, nearly 70 percent of the key managers were new to their jobs.

Next, nearly 30 independent business units were created and given the responsibility for developing and implementing their own strategy and worldwide profit performance. The export strategy changed, depending on the business unit, all the way to the direct investment level. The business units were grouped into traditional imaging businesses, image-intensive information technologies, and electronic products.

In order to market, and were split up. The relative different in business terms, as opening the geography of that it. Each nation of

\_\_\_\_\_ is an OD technique that uses a questionnaire to gather data that are used as the basis for change.

\_\_\_\_\_ is an OD technique designed to help work groups increase structural and team dynamics performance.

Chapter 8 • Managing Change, Culture, Innovation, Quality, and Diversity 273

\_\_\_\_\_ is an OD technique that is designed to improve team dynamics.

\_\_\_\_\_ is the planned change to realign the organization with its environment.

#### KEY TERMS

core values of TQM  
forcefield analysis  
learning organization  
levels of culture  
management information systems (MIS)

OD interventions  
organizational culture  
organizational development (OD)  
organizational revitalization  
process consultation

stages of the change process  
survey feedback  
team-building  
types of change

#### REVIEW AND DISCUSSION QUESTIONS

- How do the management functions relate to change?
- How does the systems affect relate to the four types of change?
- List the four stages in the change process.
- Which of the five reasons for resisting change do you believe is most common?
- Which of the six ways to overcome resistance to change do you believe is the most important?
- What is the difference between a strong and weak
- What are the two types of innovations?
- List the six characteristics of an innovative culture.
- Do you agree with the core values of TQM or would you recommend changing them? If yes, state your core values for TQM.
- Which change model do you prefer? Why?
- Have you ever worked for a firm that went through any type of organizational revitalization? If yes, explain it.

#### CASE



of business, best known to the public, was its photographic products. The Japanese came out with the 35-millimeter camera, while Kodak ignored the market for too long and gave the first mover advantage to the Japanese companies. Kodak also unsuccessfully spent years and millions of dollars on developing an instant camera to compete with

Chapter 8 • Managing Change, Culture, Innovation, Quality, and Diversity 275

to generate a return that exceeded an internally established cost of equity, reflecting its own level of risk and market conditions. Businesses unable to attain the required rate of return were put on probation, and if they did not reach the goal, they were dismantled or divested.

Kodak's reorganization was successful by most measures. It improved its financial productivity, and market share performance. Kodak's performance improved at a rate four times the U.S. average for several years in a row.

Select the best alternative for the following questions. Be sure you are able to explain your answers.

- The forces for change at Kodak came from the \_\_\_\_\_ environment.  
a. external b. internal c. both
- The type of change Kodak made was primarily a \_\_\_\_\_ change.  
a. strategy b. technology c. structure d. people
- Top management at Kodak took so long, 14 months, coming up with a plan for change because it was concerned about the \_\_\_\_\_ stage in the change process.  
a. denial b. resistance c. exploration d. commitment
- Managers at Kodak may have resisted the change for \_\_\_\_\_ reasons.  
a. uncertainty b. loss c. inconvenience d. control e. self-interest f. all of these
- The primary way to overcome resistance to change used at Kodak was  
a. develop a true climate  
b. plan  
c. state why change is needed and how it will affect employees  
d. create a win-win situation  
e. involve employees  
f. provide support
- Part of the reason for Kodak's change in departmentalization was to develop a more innovative culture.  
a. true b. false
- Kodak changed to a TQM culture.  
a. true b. false
- Kodak used OD in its change process.  
a. true b. false
- Kodak followed the steps in the comprehensive change model.  
a. true b. false
- Kodak's change can be considered an organizational revitalization.  
a. true b. false
- Discuss the systems affect of Kodak's reorganization.
- It took 14 months to plan the change, and the organizational design was not changed dramatically from the original top three managers' plan. Would it have been faster just to have dictated the change? Using hindsight, would you have dictated the change or used participation as Kodak did?

For current information on Kodak, use Internet address <http://www.kodak.com>. For ideas on using the Internet, see the Appendix.

# Applications

## APPENDIX:

### HOW TO RESEARCH CASE MATERIAL USING THE INTERNET

Students familiar and not so familiar with the Internet will find this appendix a practical tool for using the Internet to gain more information about various companies. Whether researching the companies and addresses listed with the text cases or completing other class projects, this short guide shows students how to find the most current information on businesses in our information age.

#### ENVIRONMENT

#### MANAGING CHANGE

#### LEADERSHIP

#### CONTROL SYSTEMS

#### HUMAN RESOURCES

#### QUALITY

#### PLANNING

#### TEAMWORK

#### DECISION MAKING

## BUSINESSLINK VIDEOCASES

Student learning is enhanced by seeing actual managers tackling real management problems within their workplace. The Lussier package contains nine videocases provided free to adopters. Each videocase centers around the decisions made by managers from the topic of a given chapter. All videos pose critical-thinking questions to be answered by students.

BusinessLink Video Cases are integrated at the end of each chapter. All BusinessLink Video Cases have extensive supporting print material for both instructors and students.

## TEST BANK

### (ASSESSING APPLICATION ABILITY) AND INSTRUCTOR MANUAL REINFORCEMENT OF APPLICATIONS

The test bank includes application questions that include work application questions, questions similar to “applying the concepts” questions, and some short cases with accompanying critical-thinking questions. The Instructor’s Manual contains detailed answers for all of the application features.

Chapter 7 • The Environment: Quality, Globalization, Ethics, and Social Responsibility 49

#### VIDEOCASE

##### The Changing U.S. Health Care Environment: Central Michigan Community Hospital

The U.S. health care environment is undergoing major changes. The average age of the American population is increasing. This is due to aging of the post-war baby boom generation and life-extending medical technologies which have increased the average life span for both men and women. The population has also become more health conscious, enabling senior citizens in their seventies and eighties to lead active lives. At the same time, there are major concerns about the cost of health care. Employers, consumers, and government—the major payers of health care bills—are seeking ways to contain health costs while maintaining quality and access to medical services. New technologies are constantly being developed, and they are often very expensive.

In response to these social, economic, and technological trends, hospitals and doctors have come under pressure to better manage delivery of health care services and costs. Hospitals and doctors are joining together, sometimes in cooperation with insurance companies, to control costs and provide services. These cooperative arrangements are sometimes called managed care or health maintenance organizations. These newly formed cooperative hospital/doctor groups are now competing with one another to provide coverage to growing elderly (Medicare) and poor (Medicaid) populations, while keeping costs under control.

Central Michigan Community Hospital (CMCH) is a nonprofit regional referral system which includes a full-service 151-bed hospital; a medical staff of over 120 doctors; READYCARE, a walk-in urgent care center; wellness services; occupational medicine; home health care; plus numerous other services. In 1994, CMCH was honored as one of the “Top 100 Hospitals in the U.S.” But changes in the U.S. health care environment are affecting CMCH. CMCH has been evaluating these environmental changes and how they could influence the future of their regional health system.



The difference between learning about management and learning to be a manager is the acquisition of skills. My text focuses on skill development so students can use what they learn on the job. While the skill material is integrated throughout the text, instructors can choose how to incorporate the material into their classroom experience — individually or as groups, inside the class or as outside group projects. Instructors can also determine the extent to which they want to use behavior modeling as the basis for skill development in their classroom, if at all.

I use the term “skill building” in this text only if students can actually develop a skill that can be used on the job. The features listed below include true skill building, such as step-by-step models, skill-building exercises, and behavior model videos. Other features support skill building, such as self-assessments and group exercises. Students will know they are working on a skill when they see this icon in the margin.



## SKILL DEVELOPMENT GOALS

Following a chapter's Learning Objectives, the chapter's Skill Development Goals are listed. Specific skills that can be learned through the use of the chapter and its exercises are detailed. The goals identify the management function, skill, role, and SCANS competencies taught in that chapter.

### Skill Development



1. You should develop your skill at setting priorities (Skill-Building Exercise 7-1).

Setting priorities is an organizing skill that utilizes conceptual and decision-making skills. The exercise develops your decisional role skill of resource allocator. The SCANS skill competencies of using resources, information, and systems, as well as basic, thinking, and personal qualities foundation skills are also developed.



2. You should develop your delegating skills (Skill-Building Exercise 7-2).

Delegating is an organizing skill that utilizes human and communication skills. This exercise develops your interpersonal leader skills, informational skill of monitor, and decisional skill of resource allocator. The SCANS skills competencies of using resources, information, and systems, as well as basic, thinking, and personal qualities foundation skills are developed.



Ifred Chandler determined the need to match the organization's strategy and structure (Chapter 1). In other words, for the strategy to be implemented suc-

cessfully, the organization must have a compatible structure. When the strategy changes, the structure follows (form follows function). As firms change, the organization structure must also change. The need for change will be illustrated throughout the chapter with the CMP Publications integrated case.

The husband and wife team of Gerry and Lilo Leeds founded CMP Publications in 1971. They have grown, at their goal of 20 percent a year, from 1 to 14 business newspapers and magazines, which are leaders in their respective markets. Sales

exceed \$380 million a year. They compete in the high growth high-tech markets.

The Leeds's original structure called for centralized authority with Gerry and Lilo making all important decisions. As CMP grew, it became increasingly difficult for employees to personally meet with the Leeds. Employees began to line up outside the office at 8:00 in the morning and there was a constant waiting line. Important decisions that required a quick response, due to rapidly changing environments, were often delayed. The



policy that allows employees to feel free to come to you with a complaint. It is much better to get complaints out in the open and try to resolve them than to have employees complaining to everyone else about you. In this section you will learn how to handle complaints, and Skill-Building Exercise 2-1 will help you develop this skill.

### The Complaint-Handling Model

When employees come to you with a complaint, try not to take it personally as a reflection on you or your management ability. Even the best managers have to deal with complaints. Do not become defensive and try to talk the employee out of the complaint. You can use the complaint-handling model to help you resolve complaints when employees come to you. The **complaint-handling model** involves (1) listening to the complaint and paraphrasing it; (2) having the complainant recommend a solution; (3) scheduling time to get all the facts and/or make a decision; (4) developing a plan; and (5) implementing the plan and following up. A discussion of each step follows.

**step 1.** **Listen to the Complaint and Paraphrase It.** This is a very important step. Listen to the full story without interruptions and paraphrase it (repeat it back to the complainant in your own words) to ensure accuracy. Listening and paraphrasing are necessary because if you cannot accurately state the complaint, you cannot resolve it. Paraphrasing is very important because employees often do not know how to state their complaint accurately. They often talk about one issue when something else is causing the problem. Your paraphrasing helps them see the difference and adjust accordingly. As the manager, it's your job to determine the true cause of the complaint.

When listening to the complaint, distinguish facts from opinions. There will be times when employees think they know the facts, when in reality they do not. For example, a more experienced employee may have heard that a less experienced worker earns the same wages. The experienced employee may complain. When the manager states the facts—that the experienced worker is paid more (it may be best not to state the specific amount)—the complaint may be dropped immediately.

It is also helpful to identify the person's feelings about the complaint and to determine the employee's motives for the complaint.

**step 2.** **Have the Complainant Recommend a Solution.** After you have paraphrased the complaint and the employee has agreed with the paraphrasing, you should ask the complainant to recommend a solution. The complainant may know a good solution you may not think of. Requesting a solution does not mean that you have to implement it. In some cases, the recommended solution may not solve the problem. Moreover, the solution may not be fair to others. Some recommendations may not be possible. In such cases, you should let the employee know that the solution is not possible and explain why.

**step 3.** **Schedule Time to Get All the Facts and/or Make a Decision.** Since employee complaints often involve other people, you may find it necessary to check records or to talk to others. It is often helpful to talk to your boss or your peers, who may have had a similar complaint; they may be

7. List and explain the steps in the complaint-handling model.

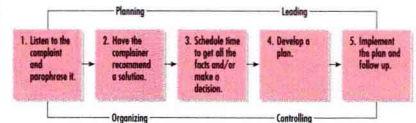
#### complaint-handling model

(1) Listen to the complaint and paraphrase it. (2) Have the complainant recommend a solution. (3) Schedule time to get all the facts and/or make a decision. (4) Develop a plan. (5) Implement the plan and follow up.

## STEP-BY-STEP MODELS

The book contains 24 detailed sets of how-to steps for handling day-to-day management functions. They are integrated into the context of the chapter or skill-building exercise being taught. For example, models teach how to set objectives and priorities, how to handle a complaint, how to discipline an employee, etc. This feature directly teaches students how to be managers.

### Model 3-1 The Complaint Model



able to offer you some good advice on how best to resolve it. Even when you have all the facts, it is usually advisable to take some time to weigh them and make a decision.

Schedule a specific period of time. In many cases, it does not have to be long. Generally, the faster a complaint is resolved, the fewer the negative side effects. A poor management approach to complaints is to simply say, "I'll get back to you on this," without specifying a time period. This frustrates the employee. Some managers are purposely vague because they have no intention of getting back to the employee. They hope the employee will forget about the complaint or give it up. This tactic may get the employee to stop complaining, but it may also cause productivity and turnover problems.

### Work Application

- a. Identify a complaint you brought to a manager. State the complaint and identify which steps in the complaint-handling model the manager did or did not follow. If you have never complained, interview someone who has.

**step 4.** **Develop a Plan.** After getting all the necessary facts and advice from others, you should develop a plan. The plan may be developed by simply using the complainant's recommended solution. However, when you do not agree with the complainant's solution, explain why, and either work with the employee to find an alternative or present your own plan. The level of the employee's participation in planning should be based on his or her capability level.

In cases where you decide not to take any action to resolve the complaint, you should clearly explain why you chose not to do so. State that if employees are not satisfied, they can appeal the decision to another level. The complainant should be told how to appeal the decision. In a nonunion organization, the usual step is to go to the manager's boss. In a union organization, the first step usually is to go to the union steward, who often accompanies the employee during the meeting with the supervisor.

**step 5.** **Implement the Plan and Follow Up.** It is important to make sure that the plan is implemented through follow-up meetings. It may be appropriate to set a follow-up meeting. It is also advisable to make a written documentation of all meetings and actions taken by you and others.

See Model 3-1 for a review of the five steps just discussed.



### CURRENT MANAGEMENT ISSUES

In this chapter we discussed diversity and globalization and diversity. Ethics is an important concept as it relates to diversity. If you use ethical behavior, it will improve your human relations. If you use unethical behavior, for example, if you

## SKILL-BUILDING EXERCISES

Each chapter contains at least one Skill-Building Exercise, all class tested to be the best found in any text in the market. Full support of over 27 activities can be found in the Instructor's Manual including detailed information, timing, answers, etc. All exercises and their use are optional in the classroom. There are two primary types of exercises:

**A. Individual Focus:** Approximately 60 percent are those in which participants are required to make individual decisions prior to or during class. These can be shared in class for discussion or, in large class settings, the instructor may elect to go over recommended answers;

**B. Role Play Focus:** Less than 40 percent are those in which participants are presented with a model and given the opportunity to use the model, usually in groups of three.

276 Part Three • Organizing Skills



### SKILL-BUILDING EXERCISE 8-1 Identifying Resistance to Change

#### Preparing for Skill-Building Exercise 8-1

Below are ten statements made by employees asked to make a change on the job. Identify the source and focus of their resistance using Model 8-1. Because it is difficult to identify intensity of resistance on paper, skip the intensity factor. However, when you deal with people on the job, you need to identify their intensity. Place the number of the box (1-9) that represents and best describes the major resistance.

- 1. "But we never did the job that way before. Can't we just do it the same way as always?"
- 2. The tennis coach asked Jill, the star player, to have Louise as her doubles partner. Jill said, "Come on, Louise is a lousy player. Betty is better; don't break us up." The coach disagreed and forced Jill to accept Louise.
- 3. The manager, Winny, told Mike to stop letting everyone in the department take advantage of him by sticking him with extra work. Mike said, "But I like my coworkers and I want them to like me, too. If I don't help people they may not like me."
- 4. "I can't learn how to use the new computer. I'm not smart enough to use it."
- 5. The police sergeant asked Chris, the patrol officer, to take a rookie cop as her partner. Chris said, "Do I have to? I broke in the last rookie, Wayne. He and I are getting along well."
- 6. The employee went to Chuck, the manager, and asked him if she could change the work-order form. Chuck said, "That would be a waste of time; the current form is fine."
- 7. Diane, an employee, is busy at work. The manager tells her to stop what she is doing and begin a new project. Diane says, "The job I'm working on now is more important."
- 8. "I don't want to work with that work team. It has the lowest performance record in the department."

buy our smoke detector system. I don't think it's unethical. Our competitors do it."

#### Doing Skill-Building Exercise 8-1 in Class

##### Objective

To develop your ability to identify resistance to change so that you can improve your skill at overcoming resistance and implement changes effectively.

##### Preparation

You should have determined the resistance to change for the ten preparation statements.

##### Experience

You will get feedback on how well you identified resistance to change.

##### Procedure (10-30 minutes)

Option 1. Break into groups of four to six and share your priorities. Try to reach a group consensus on each of the ten priorities. When the groups are finished, one member records priorities for the entire class to see. After all groups are finished, the instructor goes over the recommended answers.

Option 2. The instructor calls on students to get their priorities to each task. The instructor goes over the recommended answer for each item after a student(s) gives a priority.

Option 3. The instructor goes over the recommended answers without student involvement.

##### Conclusion

The instructor leads a class discussion and/or makes concluding remarks.

##### Application (2-4 minutes)

What did I learn from this experience? How will I use this knowledge in the future?

Chapter 9 • Human Resources Management: Staffing



### SKILL-BUILDING EXERCISE 9-1 Selecting a Tennis Coach<sup>68</sup>

#### Preparing for Skill-Building Exercise 9-1

You are in your first year as athletic director at a local high school. While planning your human resources needs, you realize the tennis coach position will be open. You must staff the position. The compensation for the job is set in the budget. It is to be paid in one lump sum at the end of the season. It is competitive with the pay of other tennis coaches in the area.

##### Recruiting

Because you have no recruiting budget, you do some internal recruiting and contact some athletic directors in your area to spread the word about the opening. You recruit three candidates for the coaching position. Following is a brief listing of their qualifications.

**Candidate A** has been a history teacher at your school for ten years. This person was the tennis coach for two years. It's been five years since the teacher coached the team. You don't know why the candidate stopped coaching or how good a job was done. Candidate A never played competitive tennis. However, someone told you the candidate plays regularly and is pretty good. You guess the teacher is about 35 years old.

**Candidate B** works as a supervisor on the 11 P.M. to 7 A.M. shift for a local business. This candidate has never coached before. However, the person was a star player in high school and college. Candidate B still plays in local tournaments and you see the name in the paper now and then. You guess this candidate is about 25 years old.

**Candidate C** has been a basketball coach and physical education teacher at a nearby high school for the past five years. The person has a master's degree in physical education. You figure it will take the person 20 minutes to get to your school. Candidate C has never coached tennis, but did play on the high school team. The candidate plays tennis about once a week. You guess the person is about 45 years old.

##### Preparing for the Interviews

Follow the six interview preparation steps in Model 9-1. For step 1, there are no job descriptions and specifications. Because there are only three candidates, you have decided to interview them all, even if they do not meet your job specifications.

##### Conducting the Interviews

During the in-class part of this exercise you will conduct a job interview. Be sure to bring your preparation—written questions on a form—material for class use.

#### Doing Skill-Building Exercise 9-1 in Class

##### Objectives

To perform a job analysis and to develop skills in employment selection interview.

##### Preparation

You should have your form with a list of questions for candidates.

##### Experience

You will discuss your preparation. You will also conduct a job interview, be an interviewee, and observe an interview.

##### Procedure 1 (5-10 minutes)

Break into groups of five or six, pass your preparation materials around to the other members, and discuss them. You may make changes to improve your preparation. For example, you may want to add some good questions you did not think of.

##### Procedure 2 (3-5 minutes)

Break into groups of three; do not divide into the same groups used in procedure 1. Make one or two groups of two, if necessary. Each person selects one of the three candidates (A, B, or C) he or she will role-play during the interview. Use your own name, but assume you have the person's qualifications; act realistically.

##### Procedure 3 (25-75 minutes)

1-1. Interview 1 takes place. The person who chose A is the interviewer, B is the interviewee, and C is the observer. A conducts the interview using his or her interview materials, while B answers the questions. C observes quietly, and gives feedback on how well the interview went. (If there are only two in your group, B is also the observer.) You may not be able to ask all your questions in the allotted time (5 to 20 minutes). Keep the opening short and be sure to close when you are ready to or the time is up.

1-2. Integration (3-5 minutes). C gives his or her observation of the interview. All three group members discuss the interview and how it could be improved. Do not go on to the next interview until you are told to do so.

2-1. Interview 2 takes place. B is the interviewer, C is the interviewee, and A is the observer. Follow the guidelines for 1-1.

2-2. Integration. Follow the guidelines for 1-2.

3-1. Interview 3 takes place. C is the interviewer; A is the interviewee; and B is the observer. Groups of two join other triads as observers. Follow the guidelines for 1-1.

the sharing questions.



# Skills

SITUATIONAL MANAGEMENT  
HANDLING COMPLAINTS  
DECISION MAKING  
DELEGATION  
EMPLOYMENT INTERVIEWING  
TRAINING  
SITUATIONAL COMMUNICATIONS  
GIVING PRAISE  
INITIATING CONFLICT RESOLUTION  
MEDIATING CONFLICT RESOLUTION  
COACHING  
DISCIPLINE

## BEHAVIOR MODEL VIDEOS

To reinforce the development of skills for students, the Lussier package includes twelve Behavior Model Videos, unique to the Management curriculum. The videos demonstrate managers successfully handling common management functions such as handling complaints, delegating tasks, conducting job interviews, etc. Students learn from watching the videos and/or using them in conjunction with Skill-Building Exercises. Material in the text integrates the videos into the chapters. Ideas for using all videos are detailed in the Instructor's Manual.

## SELF-ASSESSMENT EXERCISES

Scattered throughout the text are 16 Self-Assessment Exercises. Students complete these assessments in order to gain personal knowledge of self. All information for completing and scoring the assessments is contained within the text. Self-knowledge leads students to an understanding of how they can and will operate as managers in the real world. Many of the assessments are tied to exercises within the book, thus enhancing the impact of the activities.

8. As CEO, Bill Gates has greater need for which skills?

- a. technical over conceptual
- b. conceptual over technical
- c. a balance

9. As CEO, how does Bill Gates spend more time.

- a. planning and organizing
- b. leading and controlling
- c. a balance

10. Which approach does Bill Gates most likely take to management?

- a. classical
- b. behavioral
- c. management science
- d. integrative

11. Give examples of some of the tasks Bill Gates performs in each of the four management functions.

12. Give examples of some of the tasks Bill Gates performs in each of the three management roles.

13. Do you think you would like to work for Bill Gates? Explain your answer.

For current information on Microsoft, use Internet address <http://www.microsoft.com>. For ideas on using the Internet, see the Appendix.

## VIDEO BEHAVIOR MODEL

Behavior Model Video 1-1, Situational Management, shows Laura, a bank branch manager, who manages tellers who are not collecting fees. Laura's boss, Celeste, discusses the situation with her. The video illustrates the four management styles, explained in Skill-Building Exercise 1-1.

### Objective

To better understand the four situational management styles.

### Procedure 1 (10-20 minutes)

The instructor shows Behavior Model Video 1-1. As you view each of the four scenes, identify the style used by the manager and select the one being used by the manager.

- Scene 1. \_\_\_\_ a. autocratic (S1A)
- Scene 2. \_\_\_\_ b. consultative (S2C)
- Scene 3. \_\_\_\_ c. participative (S3P)
- Scene 4. \_\_\_\_ d. empowerment (S4E)

After viewing each of the four scenes, identify/match the style used by the manager by placing the letter of the style on the scene line.

Option A: View all four scenes and identify the style used by the manager. After viewing all four scenes, discuss them. The correct answers are given in the video.

Option B: After each scene, the class discusses the style used by the manager. After each scene, the class discusses the style used by the manager.

Notice that the second statement takes the pressure off the employee. The sender is asking for a check on his or her ability, not that of the employee. These types of requests for paraphrasing should result in a positive attitude toward the message and the sender. They show concern for the employee and for communicating effectively.

Delta Airlines' communication objective was to inform travel agents of its decision to cap their commissions. Delta selected the written fax to send the message. Delta did not check understanding because it knew the feedback would be negative. What type of feedback would you give to a person who told you that you will do the same work, but you will be paid less, possibly half as much, for doing it? The written fax was chosen because it does not often encourage a response. Many travel agents that target business travelers had their revenues cut dramatically. They needed to book passengers on airlines that did not have a cap. However, this is not always possible. Therefore, to help cut the lost revenue, they needed to pass on some of the cost to the client. Many travel agents appropriately met face-to-face with clients to go over the cap situation and discuss added fees.

### RECEIVING MESSAGES

The third step in the communication process requires the receiver to decode the message and decide if feedback is needed. With oral communication, the key to successfully understanding the message is listening.

### Listening Skills

Complete Self-Assessment Exercise 10-1 to determine how good a listener you are, then read the tips for improving listening skills in the message-receiving process.

### SELF-ASSESSMENT EXERCISE 10-1

#### Listening Skills

Select the response that best describes the frequency of your actual behavior. Place the letter A, U, F, O, or S on the line before each of the 15 statements.

- A—almost always U—usually F—frequently
- O—occasionally S—seldom

- \_\_\_\_ 1. I like to listen to people talk. I encourage others to talk by showing interest, smiling, nodding, and so forth.
- \_\_\_\_ 2. I pay closer attention to people who are more similar to me than people who are different from me.
- \_\_\_\_ 3. I evaluate people's words and nonverbal communication ability as they talk.
- \_\_\_\_ 4. I avoid distractions; if it's noisy, I suggest moving to a quiet spot.
- \_\_\_\_ 5. When people come to me and interrupt me when I'm doing something,

### Work Application

- 6. Recall a past or present boss. How effective was this person at getting feedback? Was the boss open to feedback and aware of nonverbal communication? Did the boss ask questions and ask you to paraphrase?

