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PRINCIPLES
AND PRACTICES
FOR
TOMORROW'S
LEADERS

THIRD EDITION







Gary Dessler

Management

Principles and Practices for Tomorrow's Leaders

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GARY DESSLER

Florida International University



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ABOUT THE AUTHOR

GARY DESSLER (Ph.D., business administration, Bernard Baruch School of Business) is Professor of Business at Florida International University. In addition to *Management: Principles and Practices for Tomorrow's Leaders*, he is the author of a number of other books including, most recently, *Human Resource Management*, 9th edition (Prentice Hall), *Framework for Human Resource Management* (Prentice Hall), and *Winning Commitment: How to Build and Keep a Competitive Workforce*. His books have been translated into Chinese, Russian, Indonesian, French, Malaysian, Lithuanian, Spanish, and Portuguese, and are being used by students and managers all over the world. He has written numerous articles on employee commitment, organizational behavior, leadership, and quality improvement, has consulted for businesses in the U.S. and abroad, and for ten years wrote the syndicated "Job Talk" column for the *Miami Herald*.

"This book is more than words.

It's more than just a way to get new facts and information. It's a window into the world of what managers actually do, and a place to start learning new management practices."

You can't master something just by reading about it, you've got to do it. That's why I emphasize the practical and applied nature of business management in my books. Things today are moving too fast and are too competitive for new managers to spend months on the job figuring out how to transfer what they learned in a book to the real world. As managers, they have to hit the ground running. They have to make decisions, write plans, reorganize employees, lead teams, and keep things under control from day one.

That is why carefully studying this book is so important. This edition cuts through the fads and jargon. That is why this edition takes you back to basics. It provides you with the basic management principles and practices you'll need to succeed as a manager, and to succeed, not just today but tomorrow.

Gary Dessler



HOW DOES GARY DO THIS?

He accomplishes this in three basic ways. First, this management text is like no other, in that it integrates management principles with management applications and techniques. Every chapter contains practical applications, models, checklists and forms that all managers can use every day.

Second, he's included a *Manager's Portfolio*, a special section containing a wealth of realistic exercises to reinforce concepts learned in the chapters. Once you learn the concepts, it's important to practice applying them in real management situations, so he created a series of video-driven scenarios that allow students to practice their new management skills. Students can view the specially designed video clips on the accompaning CD-ROM and act as a consultant to solve the company's problem.

Third, he's filled every page (and just about every paragraph) with *illustrative*, *real-life examples* of how managers are actually using the concepts and ideas on that page—how they're putting them into practice. Readers will never have to stop and say, "What does he mean by that?" or "How could I use that in practice?" Instead, he shows you how to apply it, each step of the way.

Management: Principles and Practices for Tomorrow's Leaders provides students in basic Management/ Organization courses with a complete and highly applied review of essential management concepts and techniques in a very readable and understandable form. The book blends traditional management process coverage with a practical and applied management skills emphasis that is totally unique in management textbooks today.

In addition to the new and distinctive applied-skills theme, there are other significant changes in this third edition.

- Unlike most books, *Management, 3e* gets you into the core course material right away. By moving the managment principles chapters forward, students focus on the fundamentals.
- Entreprenuership is a key topic: Every manager is an entreprenuer. Strategically placed to follow the priniciples chapters, this new chapter will teach students how entreprenuers really use management principles and practices to manage their companies.
- Consolidation of operations management appendices into a new managing World Class Operations chapter.



WEY PEDAGOGICAL FEATURES OF THE THIRD EDITION

New Management Challenge Every chapter begins with a description of a management dilemma at a well-known company. Within the chapter, readers learn how the management principles introduced in the chapter were used to resolve this management challenge.

New Checklists Ranging from self-assessments to management guidelines, this new feature provides quick reference to the fundamental principles and practices successful managers possess. These include:

- How to develop a business plan
- How to be a better listener
- How to rate the adequacy of an organization structure
- How to conduct a new business feasibility study
- and much more

CHECKLIST 4.1 # How to Develop a Plan

- Set an objective. "Where do we want to end up at the end of the planning period?" Do we want to own a successful consulting firm by 2005? Cut costs next year by \$3 billion? Making this decision-setting these goalsmeans the manager must address the right problem ("is cutting costs the problem?"). Always ask, "Are we sure we've defined the problem correctly?"
- Provided the property of the provided in the p analysis provides the information you need to decide how you're going to get from where you are now to where you want to be (and may even help you fine-tune
- Determine your options. Every plan consists of a goal and a course of action for getting there. For any goal, there are usually several options or alternative courses of action for getting there. DaimlerChrysler could save that \$3 billion in many ways. It could sell Chrysler, for instance, cut costs across the board, or just cut costs at

- Chrysler or just at Dalmier. Use your creativity and decision-making skills to produce several options.
- Evaluate alternatives. A plan is a decision you make today for how you're going to do something tomorrow. Therefore, apply all your decision-making skills to evaluating your options. Think through the consequences of each possible course of action.
- Choose your plan, and start to implement it. Remember, in making this decision: Increase your knowledge, use your intuition, weigh the pros and cons, don't overstress the decision's finality, and make sure the timing is right.
- Go to level 2. As at Sunbeam, plans tend to be multilavered. For your career plan, setting an overall goal-for instance, start your own consulting firm-is just the beginning. You'll also need supporting plans. These will include your program of studies, your plans for summ internships, your job search plans for that first consulting job, and a budget.

New Management in Action Feature 70+ Management in Action features are included, giving students a birds-eye view into well-known companies and the management challenges key managers have faced.

New Global Manager Feature Similar to Management in Action, the Global Manager focuses on well-known international or multi-national companies.

The Global Manager: Wal-Mart Deciding how much authority each manager in the chain of command should have is especially tricky when managing a global they need to make decisions that make sense for their stores.

New Managing Without Boundaries This new feature provides vivid examples of how managers use technology to strip away the boundaries between themselves and their customers, vendors, and the company's internal activities.

This well-received feature Webnotes reappears in the new edition. Webnotes provide students with illustrated sources for related information on important topics.

business. Trying to tell someone 10,000 miles away how to run his or her store can mean ordering that person to do something—like selling the wrong products—that his or her customers don't like. Thus, when Wal-Mart first expanded abroad, it reportedly tried to simply transplant its way of doing business. Some of Wal-Mart's German managers objected to being told how to do things by Wal-Mart "mentors" who couldn't even speak German.² Today, Wal-Mart's new head of international operations is working hard to make sure that Wal-Mart's local managers abroad have the authority



Planning and the Boundaryless Supply Chain Wal-Mart needs to know how many size 30 Levi's jeans it needs to order for each of its stores, Dell needs to know

how many laptops to produce next week, and Prentice Hall needs to know whether to reprint this book for the fall. Anticipating to know whether to reprint this book of the real. And and forecasting supply and production requirements is a of the manager's job. Traditionally, managers use qualito quantitative sales forecasting tools like those above t these decisions. For example, Prentice Hall might use sa estimates of probable sales to help predict fall semester estimate future sales. The idea is to ensure that the

exactly the FC you want, and then you click "yo." That Informa-tion then speeds will be interributed to all the participants in Dell's supply chain. Dell's suppliese (including the firm that makes the computer display you ordered) internationacously know when and to whom to skip their products. Dell production sees instanta-socously what FC to assemble for you and when. Us's sees when to pick up your FC and where it goes. And you can actually mon-tor your FCs progress on Dells roder processing Web site. With a system like this, Wah-Mart would not need to keep large quantifies of Levi's jears in the store or local wavehouse:

Levi's would know, on a real-time basis, he

▲ WEBNOTE ■■■ Coors Brewing Company's new Extra-net helps the company improve fore-casts and lets distributors place orders over the Net. orders were com-der. Think of how in fact, do) save by

manufacturer, and Mart, and Dell do

Internet-based Systems Other firms use the Internet to improve their forecasts by expediting the collection of sales estimates. For example, Coors Brewing Company's distributors estimates. For example, Coors Brewing Company's distributors can use the firm's new CoorsNet.com to place orders, and to help analyze the impact of advertising and other promotional activities. Because it takes about four weeks from wholesaler forecast to the shipment of product from the brewery, one supply chain consultant says, "Forecasting demand is a huge problem for these folks. So many times, they are reacting instead of planning ahead. What happens is that they make distributors order too far in advance, and they aren't ready to quantify how much they need to order. ³⁵⁹

Coors expects its new its new Internet-based system to improve performance. Coors will be able to receive real-time orders. Its distributors should be able to predict more accurately how advertising campaigns and other promotional events will affect sales. Wal-Mart also uses sophisticated techniques.

events will affect sales. Wal-Mart also uses sophisticated technology to forecast sales; the "Managing @ the Speed of Thought" feature provides an exampl

MANAGING @ THE SPEED OF THOUGHT

Demand Forecasting at Wal-Mart

When it comes to retailing, Wal-Mart is larger than its three closest competitors combined, and that's not just because it buys its merchandise inexpensively. Wal-Mart has what is probably the most cophisticated information technology system in all of retailing, and it uses that systems power to give its customers what they want, while squeezing every bit of extra cost from its constraints.

information, managers can more socurately paint when humber to create an intermet-based col-bitantive foresting and regisemblement (ORA) system. Wal-Mart callects data (on things like siberative foresting and regisemblement (ORA) system. Wal-Mart callects data (on things like short was supported by the system of the Lambert then collaborate to develop forecasts for sales by store for Warner-Lambert products such as Listerine. Once Warner-Lambert and Wal-Mart plannens decide on mutually acceptable forecast figures, a purchase plan is finalized and sent to Warner-Lamberts menufacturing plan-ning system. So far, CARA has helped cut the supply-cycle time for Listerine form 12 weeks to 6. That means less inventory, lower costs, and better buys for Wal-Mart customers. Similar

Managing @ the Speed of Thought This feature illustrates how managers are using the Internet to manage organizations today.

Margin Glossary Key terms appear in boldface within the text, and with their definitions in the margin. For added reinforcement, readers will also find the terms at the end of the chapter. In addition, a complete Glossary appears at the end of the book.

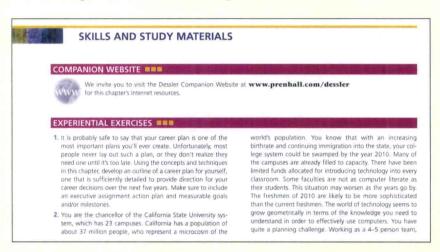
END OF CHAPTER FEATURES

Chapter Summaries Each chapter contains a concise chapter summary students can use to quickly refresh their memories and get a synopsis of what they've read in that chapter.

Skills and Study Materials

Experiential Exercises Individual and team exercises provide an opportunity for students to reinforce their understanding of the principles and practices introduced in the chapter. Using exercises (written for this edition by Gary Dessler) students get an opportunity to apply what they learned in the chapter.

Case Studies These short cases provide students an opportunity to apply the principles learned in the chapter to a common management situation.



New "You Be the Consultant" Case Featuring JetBlue These provide students with actual challenges facing managers at JetBlue Airways. They give students an opportunity to act as a consultant, applying what they learned in the chapters to the problem at hand.

YOU BE THE CONSULTANT

PLANNING IN THE FACE OF UNCERTAINTY

jetBlueAIRWAYS'
Stuck closely to his original concept and plan.

As Neeleman says, "We're Southwest with seat assignments, leather seats, and television." ⁶⁰ The foundations of his original

As Neeleman says, "We're Southwest with seat assignments, leather seats, and television." 60 The foundations of his original plan called for strong financing, fleet homogeneity (so maintenance people and pilots and flight service crews could easily switch from plane to plane), high fleet utilization, attractive pricing, and experienced management.

To a large extent, things are working out according to plan. JetBlue is flying about 80% full, versus an industry average of about 68%. JetBlue is also profitable, an impressive feat given the fact that virtually all of its competitors are racking up losses. ⁶¹ While its fleet of brand new Airbus A-320 jets meant higher purchase and/or leasing costs, they are also much less expensive to fly; they burn less fuel and require virtually no expenditures on heavy maintenance (since Airbus warranties them for the first few years). As Mr. Neeleman says, "The way to have low-cost is to buy brand new airplanes," 62

However, any plan is only as good as the assumptions it's based on, and no manager is ever dealing with an entirely predictable future. On the one hand, some things have worked in JetBlue's favor. For example, right after JetBlue began flying out of JFK, LaGuardia was hit with months of record delays, making JFK a more attractive alternative. Furthermore, Neeleman's most basic assumption—that there was a huge, pent-up demand for flights form places like Fort Lauderdale to JFK on a low-cost airline with new planes and top-quality service—proved very accurate.

On the other hand, many other things were impossible to predict. No one, for instance, expected the 9/11 attacks or the decline

MANAGER'S PORTFOLIO...LEARN IT, PRACTICE IT, APPLY IT: An Integrated Learning Package

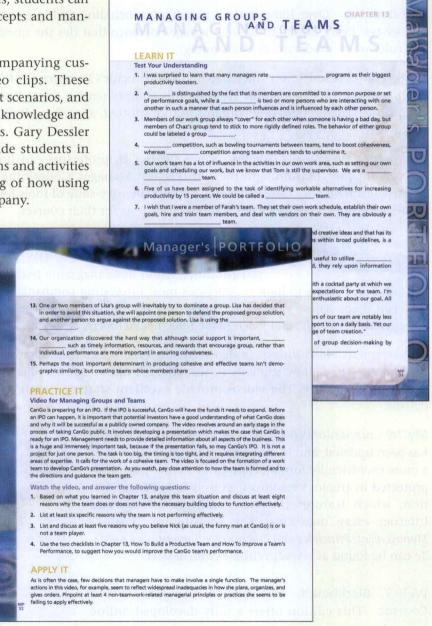
In addition to the in-chapter learning features, the third edition includes an exciting new learning tool—the *Manager's Portfolio*—at the end of the book. To enhance your student's understanding of the key principles of management, we provide a three-tiered skills mastery program.

Learn It With these fill-in-the-blank exercises, students can check their knowledge of each chapter's concepts and management principles.

Practice It Let's go to the video! The accompanying customized CD-ROM contains 18 special video clips. These illustrate for each chapter specific management scenarios, and thus give students a chance to apply their new knowledge and skills in solving real-life managerial problems. Gary Dessler wrote special questions and exercises to guide students in addressing the issues in the scenarios. Questions and activities are provided to guide students' understanding of how using management principles would affect this company.

In-chapter self assessments and management checklists are included in the CD-ROM for additional practice.

Apply It The next "layer of learning" challenges students to view the process of management as a whole. Drawing on cases and exercises throughout the book, these special exercises challenge students to apply what they learned in an integrated, cross-functional way. For example: How did the leader's style inadvertently influence the plan his or her team came up with? And, how did JetBlue's plan influence how it decided to organize?



MANAGEMENT: PRINCIPLES AND PRACTICES FOR TOMORROW'S LEADERS, 3E SUPPLEMENTS

Instructor's Resource Manual In the new edition of the Instructor's Resource Manual, instructors will find chapter summaries, learning objectives, lecture outlines with space for instructors' notes, answers and suggestions for all in-chapter elements, answers to all end-of-chapter materials, as well as video guide material for the BusinessNOW segments. Also includes instructor's materials for the *Manager's Portfolio*.

Test Item File Over 100 questions per chapter including multiple choice, true/false, short answer, and essays. Every question includes a page reference that ties the question to the text and level of difficulty (easy, moderate, or challenging).

PowerPoint Presentation Included on the Instructor's Resource CD-ROM, and available for faculty download on the Companion Website, this comprehensive set of PowerPoints contains over 500 color slides. The presentation contains lecture content, as well as all of the tables and figures found in the text.

Instructor's Resource CD-ROM On a single CD, professors can find the Instructor's Manual, PowerPoint presentation, and the Win/PH Test Manager. Containing all of the questions in the printed Test Item File, Test Manager is a comprehensive suite of tools for testing and assessment and allows educators to easily create and distribute tests for their courses.



BusinessNOW Video Series Brand new to this edition, Prentice Hall is pleased to offer exciting BusinessNOW video cases. BusinessNOW is a fast-paced television news magazine that takes viewers on location and

behind closed doors to look at America's most interesting companies and the corporate executives who run them. These videos offer interesting up-to-date content pertaining to the topics raised in *Management: Principles and Practices for Tomorrow's Leaders*, 3e.

Management Skills Video Video segments offer dramatizations that highlight various management skills. They allow students to see what it's like to conduct an interview, make management decisions, and more. The videos provide excellent starting points for classroom discussion and debate.

MyCW Companion Website The format of our website has been updated, and includes the same great features in a more user-friendly format. Here you will find password-protected instructor's resources, as well as a student section, which features true/false, multiple-choice, and Internet essay questions. The website for Dessler's Management: Principles and Practices for Tomorrow's Leaders, 3e can be found at www.prenhall.com/dessler.

WebCT, Blackboard, and Course Compass Online Courses This edition offers a fully developed online course for management.









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This edition's all new continuing cases feature JetBlue Airways, which could not have happened without the enthusiastic response and assistance I received from members of the JetBlue management team. I especially want to thank Gareth Edmondson-Jones, Holly Nelson, and Vincent Stabile for taking the time to tell me about JetBlue. After speaking with them and reading dozens of articles and filings about their company, it's easy to see why so many airlines today seem to be trying to imitate JetBlue's way of doing things.

Closer to home, I again want to acknowledge the support of my wife, Claudia, and her willingness to tolerate my disappearance for more evenings and weekends than I should have been gone while working on this book. However, when all the acknowledgments are said and done, if there can be a single inspiration for a book entitled *Management: Principles and Practices for Tomorrow's Leaders* it is again my son Derek, for whom I wrote this book in as practical and useful a way as I could, and whose unswerving support was the only motivation I needed.

Gary Dessler

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