Chapter 7
Managing Effectively

Learning Objectives
1. Identify the levels of management.
2. Identify the key functions of managers.
3. Describe the skills that managers need.
4. Describe methods in that managers can use to utilize their time effectively.

Effective Management
- Proper Planning of Tasks
- Proper Organizing of Tasks
- Proper Control of Tasks
- Proper Communication to Employees About Job Tasks
- Firm’s Earnings
- Firm’s Value
- Firm’s Revenues and Expenses

Three Levels of Management
- Top (high-level) management, makes decisions regarding long-run objectives.
- Middle Management, often responsible for short-term decisions.
- Supervisory (first line), usually involved in the day-to-day operation of the firm.

Examples:
- Examples: President, CEO, executive V-P
- Examples: Regional manager, plant manager
- Examples: Account manager, office manager

Managerial Functions
- Planning
- Organizing
- Leading
- Controlling

Business Planning First Step
- Mission Statement
  - Describes the firm’s primary goal.
Managers and the Function of Planning

- Strategic Planning
- Tactical Planning
- Operational Planning
- Contingency Planning

Strategic Planning
(Top Managers)

- Involves more detailed planning than mission statement.
- Consists of goals and strategies used to satisfy firm’s mission.
- Focuses on long-term period, three to five years.

Tactical Planning
(High-level and Middle Managers)

- Normally focuses on a short-term period, one to two years.
- Consistent with firm’s strategic plans.
- May include assessing economic conditions, demand for products, competition, and changes in technology.

Operational Planning
(Supervisory (First Line))

- Short or near future planning, one year or less.
- Supports tactical planning.
- Deals with day-to-day operations.
- Requires firm to abide by their policies and procedures to complete tasks.

Contingency Planning

- Alternate plans developed for various business conditions
- Plans developed for crisis situations

Managers and the Function of Organizing

Organize employees and other resources in a manner consistent with the firm’s goals.
Occurs continuously throughout the life of the firm.
Especially important for firms who restructure often.
Managers and the Function of Leading

- Providing a vision.
- The ability to influence others to achieve a common goal.
- Involves not only instructions on how to complete a task but incentives to do so correctly and quickly.
- To be effective must have initiative.

Leadership Styles