Basic Management—Functions, Theories, and Best Practices

Learning Outcomes

1. List and describe the four functions of management.
2. Explain the key elements and significance of three historical management theories.
3. Analyze and determine which of Fayol’s principles of management are appropriate in today’s environment.
4. Describe two categories of contemporary management theories.
5. Define best practices and explain why managers should keep abreast of them.
How has your company enabled you to be successful in establishing strategic partnerships with clients?

Our first steps (when starting the company) were to set up an offsite strategic planning session devoted to establishing the vision, mission, and key values we wanted to build the company upon. Then we involved all seven employees and gave them a form to be returned to us a couple of days later requesting suggestions that would become actions and later commitments of the company. The suggestions were focused on increasing growth and improving service quality, productivity, operational efficiencies, and the work environment for our employees. The owners/managers then took the suggestions, put them into categories, and set priorities. We accepted every suggestion because we wanted every employee to buy into what we were doing and take some responsibility for the things we were trying to accomplish.

How did your initial steps impact your company on a long-term basis?

Our company was established with good strategic planning and strong employee engagement; the rest is history. We continue to do strategic planning every year and still involve all employees in the process. We want every employee to feel a part of the company and to have an opportunity to provide input into ways to improve the company. Management takes the input provided during the planning session, reviews it carefully, assigns priorities, and establishes a task force to work on the suggestions and provide feedback to the employees. The process takes a lot of time and involves a number of meetings, but effective face-to-face communication is a critical part of the success that results from the process.

Your company has been recognized several times as a best place to work and for your use of best practices. To what do you attribute this recognition?

Our philosophy is to hire the best people we can get, bring them into our culture, and create a work environment that makes our organization a desirable place to work. We believe the environment is critical in team building. We want the workplace to be light, airy, friendly, and viewed by all employees as a comfortable, productive place to work with each other.

Our primary focus is on revenue growth—obtained by retaining our current clients and attracting new clients. What we make our employees understand is that when revenue is increased, we have both the flexibility and capability of enhancing their positions. We promote internally, and additional growth provides new opportunities for employees. We have created a culture that includes
paying employees a little more than the market, but we also expect a little more. We treat them fairly and hold them accountable for reaching goals. Our focus is on team building, quality service for clients, accountability, and motivating with appropriate incentives for all employees. The result is that we have very little turnover, and normally that results from terminating a few individuals who cannot meet our standards and goals.

How do you measure and improve employee engagement?

We use the Gallup Q12® survey that measures employee engagement and best predicts employee and workgroup performance. An employee committee handles the survey each year and provides us with results and suggestions for improvement. We review the results with employees and take action. For example, one question on the survey was “I have a best friend at work.” To correct the problem that the item was addressing, we set up a company-paid dinner without any managers present once every quarter for any employee who wants to attend. Employees select the date and place. It has provided an excellent way to get to know and develop friendships and relationships with other employees.

We believe that employee engagement with accountability is one of the reasons that we have been named several times as one of the best places to work in South Carolina. Employees are the ones who participate in these surveys, and they would not rate us well if they did not believe we were a great place to work. The best practices recognition comes from objective company data that are provided to a firm that manages these awards in our industry. It is a way of benchmarking that stems from producing outstanding results.

Another thing that is important to our company and our employees is that our mission statement includes giving back to our community. Our employees work together on a number of projects to benefit the community, such as the Harvest Hope Food Bank.

Visit www.cengagebrain.com to read the complete profile.
Chapter 1 focused on the skills required to be a successful manager. This chapter focuses on the process of management, which is critical to organizational success, rather than on the managers themselves. We present a brief overview of basic functions of management and explore several alternative theories of management. You will note as you review the theories how they have changed over time. Most organizations today apply a practical combination of lessons from the past in the form of best practices to ensure continuous improvement. In the chapter opening interview, Thomas Suggs provides insight into how he manages his company for continuous improvement and the emphasis he places on the vitally important element of employee engagement.

Functions of Management

The functional approach to management was developed in the early 1900s by Henri Fayol, an engineer and manager of a French mining company. You will learn more about his work in the “Historical Management Theories” section of the chapter. Fayol’s basic functions are still relevant today, but current literature describes them using slightly different terminology and condenses his five functions into four categories: planning, organizing, leading, and controlling.

The functional view of management has been popular for nearly a century because it divides the management process into distinct activities and duties that can be taught and learned. Management functions are general administrative duties that need to be carried out in virtually all productive organizations.

Planning

Planning is the process of determining the mission and goals of an organization and specifying what it will take to achieve those goals. Chapter 6 discusses in depth the processes of planning and achieving results. Note the weight Thomas Suggs gives to planning and establishing the organization’s vision, values, mission, and goals.

Organizing

Organizing is the process of creating the structure of an organization. An organization chart is typically used to depict the structure. An organization chart is a diagram of an organization’s official positions and formal lines of authority. Organization charts are common in both profit and nonprofit organizations.

Every organization has two dimensions, one representing vertical hierarchy and one representing horizontal specialization. Vertical hierarchy establishes the chain of command, or who reports to whom.
Horizontal specialization shows the various divisions of labor across an organization. The organization chart in Figure 2.1 provides a typical visual tool to describe hierarchy and specialization. The chart lets everyone in the company know who reports to whom and who does what, both of which represent important information for managers and their employees.

What about small organizations lacking multiple levels of hierarchy and lots of specialized jobs? Entrepreneurs and small businesses make up a significant portion of our economy. Just like large Fortune 500 corporations, entrepreneurial ventures need to establish a formal organizational structure for long-term success. In addition, someone in the company needs to accept the supervisory role. Typically, the business owner assumes these responsibilities.

What may be different with a new venture is fewer resources and greater personal responsibility. For example, when Doris Christopher started The Pampered Chef in the basement of her home in the Chicago suburb of
River Forest, she had to do it all. Twenty-five years later, The Pampered Chef had 1,000 employees and 70,000 independent “Kitchen Consultants” to accomplish the same tasks—but on a much larger scale in a much more complex organization.²

During the start-up phase, companies often rely on the founders to handle multiple roles. In small companies, communication is typically more frequent and informal because there are fewer people to reach and feedback is often immediate. In addition, smaller organizations can usually adapt and change more quickly because decisions can be made on the spot rather than requiring committee or board approval. Therefore, smaller organizations are often more flexible than larger organizations.

Many large companies strive to benefit from the economies of scale that come with their size, while maintaining the small company style and corporate culture, which is typically more creative and nimble.

**They Said It Best**

> In my one-woman show, I did everything from answering the phone to emptying wastepaper baskets.
>
> —Doris Christopher describing the early days of The Pampered Chef
>
> *Source:* Doris Christopher, The Pampered Chef

**Leading**

Leading is inspiring and motivating employees to achieve organizational goals. Successful managers employ a wide range of leadership skills in taking the vision and goals established by executives and higher-level management and translating them into reality. Chapter 3 briefly outlines the leadership responsibilities of managers, and Chapter 4 introduces leadership theories, models, and styles.

Leading can occur in a variety of settings, at any level of the organization, and with a variety of leadership styles. The photo on the left is typical of a large sales meeting with an animated approach to motivating a sales team. On the right, an informal team meeting is common in all types of organizations.
Controlling

Controlling is ensuring that performance meets the goals of the organization. It involves setting standards to achieve goals, monitoring performance by comparing it against the standards, detecting any deviations, and making changes to correct for them. In *Effective Management*, Chuck Williams provides the following example:

Needing to cut costs (the standard) to restore profitability (the goal), major airlines began paying Pratt and Whitney to power-wash the grime from inside their jet engines two to three times a year at a cost of $3,000 per wash. Why? Cleaner engines consume less fuel and can go 18 months longer without having to be rebuilt for regular maintenance—at a high cost.³

1. Assume you are taking over a family-owned business with 20 employees and no formal organizational structure. Would it be important to develop a formal structure? Why or why not?

2. Would it also be important to develop an organization chart and provide copies to all employees? Why or why not?

Historical Management Theories

The discussions of key management theories in this section and the next are an overview to acquaint you with the science on which management is based. Both historical (sometimes called classical) and contemporary theories are included because many of the historical theories served as stepping-stones for the development of contemporary theories.

The historical theories were developed during the 19th and early 20th centuries. They go by a variety of names and generally are associated with specific individuals.

Scientific Management

Frederick Taylor is often referred to as the father of scientific management.⁴ Taylor was a worker, supervisor, and ultimately chief engineer at a steel company. His focus was on improving the productivity of factory workers
by simplifying jobs and optimizing the way tasks were performed. Taylor proposed four principles of scientific management:

1. Conduct a scientific study of workers’ tasks, and replace old rule-of-thumb methods with improved ones.
2. Scientifically select, train, and develop each employee rather than leaving workers to teach themselves.
3. Cooperate with employees to ensure they do their work according to the scientifically developed principles.
4. Divide work nearly equally between managers and workers, with managers doing the planning and workers the execution.

Because Taylor’s principles were intended for industrial and factory settings, some question their usefulness in today’s service-dominated economy. But his emphasis on systematic procedures and efficiency is as relevant as ever.

Industrial engineers Frank and Lillian Gilbreth were part of the scientific management movement. Working as consultants, they focused on motion studies designed to simplify work, improve productivity, and reduce the level of effort required to perform a job safely. Frank Gilbreth’s early experiences as an apprentice bricklayer provide a good example of motion study. After carefully observing his fellow workers on the job, Gilbreth designed a stand for bricks so workers wouldn’t have to bend down to pick up each one. Another idea was to have lower-paid workers arrange the bricks with the best-looking side up so the higher-paid bricklayers wouldn’t have to spend time turning each brick over to find that side. Taken together, Gilbreth’s improvements increased productivity from 120 to 350 bricks per hour and from 1,000 to 2,700 bricks per day.

**Bureaucratic Management**

German sociologist Max Weber developed many of the main concepts of bureaucratic management. He regarded with dismay the unproductive favoritism and hiring of unqualified family members he observed in pre-World War I Germany. Weber envisaged a system focused on hierarchical lines of a chain of command and control. As he conceived of it, bureaucracy is the exercise of organizational control on the basis of knowledge, expertise, or experience.

From Weber’s perspective, bureaucratic management ensured that the organizational structure established a hierarchy in which employees had the proper skills and training to perform the job effectively and moved up in the organization based on their knowledge, experience, and performance. Thus, bureaucratic management theory differs from scientific management theory, which focuses on determining the most efficient way to do work.

Curiously, Weber’s term *bureaucracy* has come full circle and is now an unflattering label for inefficiency, waste, and red tape in large businesses and...
government agencies. Thus, in moderation, bureaucratic elements promote efficiency. Taken to extremes, bureaucracy becomes unwieldy and self-defeating.

Figure 2.2 shows Weber’s elements of bureaucratic organizations. At face value, and not taken to extremes, these elements remain relevant and instructive today.

<table>
<thead>
<tr>
<th>Qualification-based hiring</th>
<th>Employees are hired on the basis of their technical training or educational background.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merit-based promotion</td>
<td>Promotion is based on experience or achievement. Managers, not organizational owners, decide who is promoted.</td>
</tr>
<tr>
<td>Chain of command</td>
<td>Each job occurs within a hierarchy, the chain of command, in which each position reports and is accountable to a higher position. A grievance procedure and a right to appeal protect people in lower positions.</td>
</tr>
<tr>
<td>Division of labor</td>
<td>Tasks, responsibilities, and authority are clearly divided and defined.</td>
</tr>
<tr>
<td>Impartial application of rules and procedures</td>
<td>Rules and procedures apply to all members of the organization and will be applied in an impartial manner, regardless of one's position or status.</td>
</tr>
<tr>
<td>Recorded in writing</td>
<td>All administrative decisions, acts, rules, or procedures will be recorded in writing.</td>
</tr>
<tr>
<td>Managers separate from owners</td>
<td>The owners of an organization should not manage or supervise the organization.</td>
</tr>
</tbody>
</table>


**Administrative Management**

Administrative management emphasizes the ability of managers to lead and the actions they take to get things done. As noted earlier, scientific management theories focus on performing work efficiently, and bureaucratic management establishes a hierarchy to ensure employees have the skills and knowledge to do the job and are promoted based on knowledge, experience, and performance.

Administrative management focuses on managers’ having the ability to lead and using effective management practices in accomplishing the goals of the organization. These practices are categorized as major functions, and management principles are established to put the practices into effect.

As mentioned earlier, Henri Fayol developed the functions of management. He also established 14 principles to expand upon the functions. As you review the 14 principles listed in Figure 2.3 on page 32, note that most still apply in today’s management environment.
1. **Division of work**
   Increase production by dividing work so that each worker completes smaller tasks or job elements.

2. **Authority and responsibility**
   A manager’s authority, which is the “right to give orders,” should be commensurate with the manager’s responsibility. However, organizations should enact controls to prevent managers from abusing their authority.

3. **Discipline**
   Clearly defined rules and procedures are needed at all organizational levels to ensure order and proper behavior.

4. **Unity of command**
   To avoid confusion and conflict, each employee should report to and receive orders from just one boss.

5. **Unity of direction**
   One person and one plan should be used in deciding the activities to be carried out to accomplish each organizational objective.

6. **Subordination of individual interests to the general interest**
   Employees must put the organization’s interests and goals before their own.

7. **Remuneration**
   Compensation should be fair and satisfactory to both the employees and the organization; that is, don’t overpay or underpay employees.

8. **Centralization**
   Avoid too much centralization or decentralization. Strike a balance depending on the circumstances and employees involved.

9. **Scalar chain**
   From the top to the bottom of an organization, each position is part of a vertical chain of authority in which each worker reports to just one boss. For the sake of simplicity, communication outside normal work groups or departments should follow the vertical chain of authority.

10. **Order**
    To avoid conflicts and confusion, order can be obtained by having a place for everyone and having everyone in his or her place; in other words, there should be no overlapping responsibilities.

11. **Equity**
    Kind, fair, and just treatment for all will develop devotion and loyalty. This does not exclude discipline, if warranted, and consideration of the broader general interest of the organization.

12. **Stability of tenure of personnel**
    Low turnover, meaning a stable workforce with high tenure, benefits an organization by improving performance, lowering costs, and giving employees, especially managers, time to learn their jobs.

13. **Initiative**
    Because it is a “great source of strength for business,” managers should encourage the development of initiative, or the ability to develop and implement a plan, in others.

14. **Esprit de corps**
    Develop a strong sense of morale and unity among workers that encourages coordination of efforts.

*Source: Henri Fayol, General and Industrial Management (London: Pittman and Sons, 1949)*
Behavioral or Human Relations Management

Australian Elton Mayo, a Harvard professor, was best known for directing the Hawthorne Studies at the Western Electric plant near Chicago. Initially, the Hawthorne researchers were simply trying to determine the effect of light on productivity in groups of workers. They measured the workers’ productivity and then in stages brightened the lighting. Each time the level of light was increased, productivity increased. Surprisingly, when they lowered the level of light, productivity still increased. They concluded that the amount of light did not affect productivity.

Mayo then did additional experiments to determine whether other factors, such as wages or workday length, influenced productivity. Ultimately, he concluded that workers became more productive when they received more attention, worked together as a group, and were made to feel their contributions were important to the organization’s success.

Recent reexaminations of the Hawthorne studies show that money and other factors did in fact affect the performance of some employees. Nevertheless, the studies retain their historical importance: They recognized and brought to the attention of employers that the social interaction of a group and other human relations factors greatly impact individual and group performance. Recall how, in the chapter opening interview, Thomas Suggs focuses on the work environment and how it impacts teamwork. You will learn more about the importance of teams in Chapter 5.

Contemporary Management Theories

This section briefly highlights several theories from more recent studies. They will be covered in more detail in the various chapters that relate to them. Note that these theories are called contemporary because early work on them began in the 1960s, and researchers continue to work on them.

Systems Management Theory

In general terms, a system is a set of parts that work together to accomplish a common purpose or goal. Systems have inputs, processes, and outputs. They also often have feedback, in which information from the output (e.g., letters of complaint from customers) generates changes in input (e.g., an adjustment in customer service practices). Systems management theory focuses on managing all parts of a system to ensure that they are working together and that synergies occur. Synergy is the increased effectiveness that results from combined action or cooperation.

In the 1960s, theorists Daniel Katz, Robert Kahn, and James Thompson applied their “open systems” view to organizations. Systems that use feedback are called open systems; those that are self-sufficient and do not rely on feedback are called closed systems. Most organizations are open systems because customer comments, complaints, and suggestions provide essential feedback.
Figure 2.4 illustrates an open system. It shows how input with appropriate feedback can be processed by a business and, with additional feedback, developed into marketable products and services. Customer feedback is the lifeblood of modern organizations.

A good way to think about how an open system works is to examine the system used to create this textbook (a new product):

**Input**
- **Human resources.** An acquisitions editor saw a need for the textbook. She hired the authors and a consulting editor to work with them. The publisher assigned a developmental editor, designer, and production manager.
- **Financial resources.** The acquisitions editor created a budget.
- **Raw materials.** Various editors and managers determined the raw materials needed, such as the design and quantity of paper.
- **Information resources.** The authors and editors used the publisher’s information resources, such as a conference call service and an FTP site for sharing and transferring materials.

**Feedback**
- Reviewers (instructors) read (1) the text upon which this text was based and (2) the proposed outline for the new text and made suggestions.

**Process**
- **Planning.** The editors and authors planned the text, timeline, and process.
- **Organizing.** The editors organized and assigned tasks to appropriate individuals to complete.
- **Creating/developing.** The authors prepared the first draft of the chapters, working from an approved outline.
- **Controlling.** The consulting editor edited the chapters to meet the publisher’s standards.
Feedback

- As each chapter was written, it went to instructors for review and suggestions for improvement.

Output

- The authors and consulting editor finalized the chapters and, along with the developmental editor, checked accuracy of page proofs.
- The product was printed.

For the book to be successful, the system and all its subparts had to work together and meet the budget, deadlines, and quality control standards.

Situational or Contingency Theories

Situational or contingency theories are generally applied to leadership styles. Therefore, they will be briefly highlighted in this chapter and discussed in more detail in Chapter 4, “Leadership Essentials.” Situational or contingency theories hold that, to be effective, leaders must use different leadership styles as situations change.

**Situational leadership** is the concept that successful leadership occurs when the leader’s style matches the situation. Ken Blanchard and Paul Hersey developed one widely known model of situational leadership.

Fred Fiedler’s contingency theory is similar to Blanchard and Hersey’s situational leadership theory. However, Fiedler asserts that a leader’s performance depends, or is contingent on, the likelihood that he or she can successfully do the job and the person’s basic motivation. Fiedler thinks leaders must be matched with situations that fit their personalities.

A third situational leadership theory is the path-goal theory. This theory suggests leaders can improve employee satisfaction and performance by clarifying how workers can achieve organizational goals, clearing the path to the goals (removing obstacles, for example), and adding more and different kinds of rewards to motivate workers to attain the goals. This theory assumes leaders can change and adapt their leadership styles.11–16

1. Are all of Fayol’s 14 principles of management still valid in the current work environment? If not, which ones are not valid and why?

2. Would applying Fayol’s principles in a small entrepreneurial organization be different from applying them in a large, well-established company? Explain.
A key responsibility for managers at all levels is the safety and security of company information. Adopting new technologies is essential for business success, but at the same time, it creates risks to vital proprietary data. People typically assume that information technology (IT) specialists take care of data security. However, a company’s employees may be the weakest link in its efforts to protect its data.

In the *Wall Street Journal* article “What’s a Company’s Biggest Security Risk? You,” Geoffrey Fowler points out ways in which your perspective as an employee may be different from a hacker’s perspective and may make it easy for a hacker to access key data (Figure 2.5 on page 37). An important point to remember is that employees have good intentions in taking the actions described in the figure. However, they are being outsmarted by hackers. If it is that easy for well-meaning employees to create major security problems, think how easy it is for rogue or dishonest employees.

In most organizations, the IT group handles the technical tools used to protect data. Managers need to focus on reducing risks caused by end users in their departments or divisions. Here are four steps you, as a manager, can take to reduce the risks created by end users:

1. Be a good role model in how you use technology.
2. Use company-wide policies and procedures, and add any specific policies and procedures that apply to your area.
3. Make employees aware of the causes of security breaches, and train them repeatedly on how to prevent breaches.
4. Observe and monitor employees as they use technology.

*The security gap is end users.*

—— Kevin Mandia, chief executive of security, MANDIANT

*Source: Quoted by Geoffrey Fowler in *The Wall Street Journal***
**Figure 2.5**

Security risks created by end users

<table>
<thead>
<tr>
<th>Action</th>
<th>How You See It</th>
<th>How Hackers See It</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening an unexpected email attachment from a colleague</td>
<td>Being a good coworker</td>
<td>An opportunity to inject a virus inside the corporate network, bypassing the firewall</td>
</tr>
<tr>
<td></td>
<td>HOW HACKERS SEE IT</td>
<td>A new route for viruses and spyware to make their way into corporate systems</td>
</tr>
<tr>
<td>Adding a new personal gadget to the work network</td>
<td>HOW YOU SEE IT An opportunity to keep up with the latest technology</td>
<td>HOW HACKERS SEE IT A new route for viruses and spyware to make their way into corporate systems</td>
</tr>
<tr>
<td>Posting job details on an online professional network</td>
<td>HOW YOU SEE IT Creating a professional presence and finding another potential job</td>
<td>HOW HACKERS SEE IT Reconnaissance data to map out company hierarchies and target specific users with computer attacks</td>
</tr>
<tr>
<td>Using personal web email for work</td>
<td>HOW YOU SEE IT Making it easier to work from home or to move files between computers</td>
<td>HOW HACKERS SEE IT A path to access critical data from relatively unprotected services</td>
</tr>
</tbody>
</table>

Best Practices

This section introduces the concept of **best practices**, broad standards, policies, procedures, and guides used by the most successful businesses and nonprofit organizations. They are an excellent way to achieve continuous improvement. Best practices focus on role model behavior in specific areas or industries. For example, what are the best practices for customer service in a bank or an insurance agency? What you are really asking is, What procedures, policies, practices, and standards relating to excellent customer service do the most successful banks or insurance agencies follow? Perhaps the professional associations to which bankers or real estate professionals belong have accumulated information about those standards or practices. Their lists of best practices may come from the professional literature, surveys, discussions at meetings, and years of accumulated practical experience.

However, that does not necessarily mean your company should automatically adopt them as is. Each company has its own unique situations, and some best practices may not be appropriate for your particular circumstances. Therefore, you may have to adapt the practices to meet your needs.

Another factor to consider is how today’s best practices can quickly become obsolete because of economic, political, legal, and technological changes. The key to continuous improvement is to stay well informed about the policies, practices, and standards of successful companies in your field. Then examine what your company is doing, get as much input as you can from the people who are actually doing the task or job, and work with them to incorporate all the information to improve the way the task or job is being done. Continuous improvement means you should never accept the status quo. You continue to search for ways to be more productive or to provide better service.
SUMMARY

1. The four functions of management are planning, organizing, leading, and controlling.

2. Historical management theories include scientific management, bureaucratic management, and administrative management.

3. Contemporary management theories include systems management theory and situational or contingency theories.

4. Best practices are standards, policies, procedures, and guides used by the most successful businesses and nonprofit organizations. They are an excellent way of achieving continuous improvement.

Terms

administrative management, 31
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horizontal specialization, 27
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management functions, 26
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Study Tools

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• Flashcards
• Interactive Quizzes
• Tech Tools
• Video Segments

and More!
Questions for Reflection

1. Are the four functions of management important in very small businesses (under 25 employees)? Why or why not?

2. Why are both dimensions of an organization chart—vertical hierarchy and horizontal specialization—important?

3. What are some differences between Frederick Taylor’s ideas about scientific management and Max Weber’s concepts of bureaucratic management?

4. What do you think are the key advantages and disadvantages of businesses using social media, such as Facebook, YouTube, LinkedIn, or Twitter?

5. Review the three situational or contingency theories described in the chapter. Do you think they can be applied effectively in today’s business environment? Explain.

6. Do you think it is important to keep up with best practices in your career field? Explain. How would you go about keeping abreast of best practices in your career field?

Hands-On Activities

Work With Your Team
You have been approached by Karen Spencer, the administrative manager of a local nonprofit organization with 15 employees. Ms. Spencer graduated three years ago from the program you are pursuing. She would like your help in identifying technology risks her organization faces and developing a plan to manage them. Currently, the organization has no policies or procedures for using technology and reducing the risk to proprietary information. Ms. Spencer provided the following information:

- The organization has a network with a large database containing information about donors and supporters. Safeguarding this database is critical.
- Many of the donors are affluent and influential in the community.
- The organization uses social media extensively for marketing, public relations, and communication with supporters.
- Employees use computers and handheld devices provided by the organization as well as personal handheld devices to connect to the organization’s computer network.
- The network is protected by a firewall and a virus checker.
- The organization outsources its IT technical support. Lynn, a technology-savvy employee, coordinates all support requests.

1. Each member of the team should read the feature on critical thinking on page 43.

2. Identify the organization’s technology risks and discuss how to minimize them. A list of suggested resources appears on page 41. Use a balanced approach so you do not rule out using social media and other technology tools advantageously.

3. Prepare a report to Ms. Spencer in memo format with the following information:
   a. A comprehensive summary of the technology risks the team believes the organization must address.
   b. A plan for managing the risks. Explain how to implement the plan and what managers can do to ensure employees take the appropriate actions to protect the database. Apply critical thinking to each step of developing the plan.
Resources

- Review the “Leveraging Technology” feature on page 36. It discusses the role of the manager in protecting company data and many of the end-user (employee) risks that exist in this organization.
- Ask your instructor or lab manager what policies your school has established to protect its IT labs.
- If you have a job, ask a company IT resource to explain the plan and policies used to safeguard company data.
- Search the Internet for helpful articles using the keywords protect company data and information technology policies.
- Remember to include the outsourced IT specialists in your plans.

Apply Management Principles

You have been named the general manager of a small telecommunication services company. You want to establish a good management team that will apply effective management principles to supervise the work of approximately 50 employees.

1. Review Fayol’s 14 principles of management.
2. Determine which of the 14 principles you would use in your management approach.
3. Provide a brief description explaining how you will implement the principles you select.

You Decide | Case Study

Responsible Blogging and Social Networking for Work

Mimi is the supervisor for a local electronics store that also sells and installs home theaters. The store has a loyal following and an excellent reputation. The business recently expanded, which required hiring three new people.

Eldrick, one of the new employees, has outstanding skills and expertise with all the store’s products. He is also a regular Internet user, blogger, and social networker. Eldrick is very enthusiastic about his new job. In fact, he placed a lengthy posting on his social networking page describing the store, his coworkers, and a few of the customers. He did not use anyone’s name, but he used enough details that people familiar with the store know whom he was talking about. One of his comments describes his boss as “really nice and pretty hot.” Mimi learned about the posting from a customer.

Questions

1. If you were Mimi, how would you handle this situation?
2. What are the potential consequences if Mimi ignores Eldrick’s actions?
3. How can Mimi take advantage of Eldrick’s interest in Internet resources to benefit the store?
4. Does Eldrick’s blog pose any security risk to the company? Why or why not?
As manager of a real estate company, you want to make your company as efficient and effective as you can. You have decided to use a systems management approach. You have three work groups within your organization: a sales group responsible for soliciting real estate listings and selling real estate; a property management group responsible for managing rental properties for clients, including collecting deposits and rent and handling maintenance; and an administrative and accounting group responsible for daily and financial operations.

The sales and property management groups operate fairly independently of each other. However, both groups interact extensively with the administrative and accounting group.

Diagram or describe how an open systems management process would work for the sales and property management groups. Be sure to include feedback from sellers and buyers in the sales group and from clients and renters in the property management group.
Soft Skills for Success

Critical Thinking

The ability to think critically is among the primary skills required for success in the workplace. Critical thinking is the use of logical thinking, reasoning, and evidence to question assumptions and evaluate ideas before determining an outcome or reaching a conclusion.

### Critical Thinking Attributes

| Use of inductive (from specific to general) and deductive (from general to specific) logic |
| Research from credible sources to collect appropriate information |
| Objective thinking |
| Separating opinions from facts |
| Recognition of biases |
| Avoiding emotional appeals and faulty logic |
| Seeking alternative explanations |
| Asking questions to clarify information |
| Challenging the validity of statements including one’s own |
| Knowledge of historical context—what may have been true in the past may not be true now |
| Questioning generalizations from facts to ensure they are accurate |

### Put It to Work

1. Read at least two credible articles on inductive and deductive reasoning. To ensure you understand these concepts, write two examples of inductive reasoning and two of deductive reasoning.

2. Read at least two credible articles on critical thinking.

3. Prepare a list of the articles you read; include complete documentation of sources.

4. As a team, discuss how you can use critical thinking to be effective in the project you are doing for the nonprofit organization.

5. After the team report is in rough-draft form, the team should review everything in it using the critical thinking attributes described above and the information in the articles each member read to evaluate the validity of the information and judgments in the report.