LEARNING PLAN 2

Managing

Important as enterprise and entrepreneurship are, the survival of a business depends on the ability to combine the other productive factors to make goods and services profitably in a viable business model. Since any one person has limited skills and abilities, those who found new companies have to delegate decision-making authority over work activities to others for them to grow.

Company owners provide incentives for managers through reward systems, but they also use monitoring and control systems to supervise managers' business decisions and actions. A board of directors of experienced executives from inside and outside the company has the authority and responsibility to recruit, oversee, and reward the Chief Executive Officer (CEO). The CEO creates a hierarchy of managers in which more senior managers direct and supervise the activities of those listed on the next page.

Top managers are responsible for building a company's business model, investing its resources, and are ultimately responsible for its success or failure. They establish major company goals, decide how the different functions and people in charge of them will work together to reach them, and monitor and control the work of middle managers in each functional area.

Middle managers are responsible for the functions that produce profitable goods and services. Their work includes developing employees' occupational skills and know-how, such as manufacturing or marketing expertise, as well as the supervisory skills of first line managers.

First-line managers, or supervisors, are responsible for the daily supervision of non-managerial employees. These are the people in the organization who actually design, make, and sell the product to customers.

Types of managers differ because, depending on the functional area in which they work, they have occupational or job-specific skills. Whether it's in accounting or marketing, specialized knowledge brings the advantages of specialization and division of labor. Managers higher up the structure are better able to monitor and mentor those below them, and those at the bottom have a career path within their area of specialization that provides incentives.

Efficiency measures how productively a company's resources are being used to produce goods and services. Companies are efficient when managers minimize the amount of resources such as materials or time, needed to produce goods and services. Efficiency focuses on reducing costs.

Effectiveness measures the success of the business model by meeting the goals or targets that have been set. It focuses on increasing the revenue of the company.

Successful organizations are both simultaneously. They have managers who are able to "do the right things" and to do "things right".

LEARNING ACTIVITIES

THE FOLLOWING ACTIVITIES ARE COMPLETED ONLINE AT **www.mhhe.com/ferrellm3e**

1. VIEW ONE INTERACTIVE APPLICATIONS
2. COMPLETE THE QUIZ. DON'T SUBMIT THE RESULTS TO ME. THIS ACTIVITY IS FOR YOUR SELF-IMPROVEMENT. YOU SHOULD NOT HAVE TO DOWNLOAD THE VIDEO TO WATCH IT.

ASSESSMENT ACTIVITIES

1. READ CHAPTER 6
2. COMPLETE AND SUBMIT LP2 | DB IN-CLASS DISCUSSION
3. COMPLETE LP2| SWOT ACTIVITY AND POST IN THE DISCUSSION BOARD

Managers perform the four essential managerial functions, outlined by in the early 1900s by French manager Henri Fayol as planning, organizing, leading, and controlling. Managers at all levels and in all functional groups, whether in companies that are large or small, profit or non-profit, perform these functions.

1. Planning is the process managers use to identify and select an appropriate business model, allocate resources to pursue it, and select the goals to measure how effectively and efficiently the model is working.

2. Organizing creates the formal structure of authority and responsibility that groups people into functions according to the jobs they do. The structure coordinates and motivates members of the organization to work together to achieve organization goals. It also shapes the company culture, which is the set of norms, values, beliefs, and feelings shared by employees of the organization.