

## **Chapter One: Introduction to Management**

### **Model answers**

#### **Mini case 1(i): Effective core management skills at Grupo Dex**

##### **Discussion point**

##### **Is it possible to identify the core skills that managers need to be successful?**

There are some core skills that managers should be adept at such as communications, organising, coordination, planning and motivating. However, there are many examples of successful managers where one or more of these skills are missing. Much depends on the management style and the expectations of workers and other stakeholders. In some industries the manager needs to demonstrate a technical understanding of the work, such as in the engineering profession, in others communications and motivational skills are most important, such as in the creative industries. Some managers possess superior analytical skills but may not be able to articulate the outcomes so relies on others for dissemination of information. Management involves many different mixes of skills and attributes and there is no one definitive mix that guarantees success in any particular context. So, although we can identify some of the core skills, the way they are deployed and in what mix will vary markedly even within the same industry.

##### **Questions and tasks**

**Give an example of planning, controlling, leading and organising by Fernando Mendez Navia as CEO at Grupo Dex.**

Fernando Mendez Navia as CEO of Grupo Dex has an executive role in the organisation but is also involved in some aspects of functional management that includes planning, controlling, leading and organising. Planning encapsulates both operational and strategic issues. As CEO Fernando sets the strategic agenda and plans the deployment of resources over the long-term to achieve stated aims. Operationally, the planning revolves around the commitment of resources on particular projects from initial meetings of partners through to completion. The organising role entails designating key roles to personnel. The control function starts with the structure of the organisation (four divisions) and then the monitoring and evaluation of progress of the projects aligned to each of the divisions. Leadership involves the ability of Fernando to maintain focus among a cross-cultural community of workers on the various projects by providing guidance and direction.

**List the core management skills required of Fernando in his role as CEO at Grupo Dex.**

Core management skills exhibited by Fernando include:

- communication
- interpersonal
- motivation
- organisation

**Explain what is meant by 'cultural awareness'.**

Cultural awareness refers to the ability to recognise and act upon the distinct cultural norms and values of people from different backgrounds. In a global economy, cultural awareness has become more important as the workforce and the external people modern managers have to deal with are typically

from a wide range of diverse ethnic and cultural backgrounds each with their own distinct attitudes, beliefs, values and cultural norms. Understanding these is an important part of creating effective relationships among stakeholders and partners.

**Give an example of an operational management activity and a strategic management activity at Grupo Dex.**

An operational activity at Grupo Dex may include the administration of an EU funded project. A strategic activity involves deciding on what sources of funding to pursue which typically involves the reallocation of resources over a protracted period of time to achieve stated aims.

**Mini case 1(ii) Managing with style and charisma: the case of Lee Iacocca**

**Discussion point**

**Do organisational figureheads always need to possess a dominant personality type?**

It does not always follow that a figurehead needs to have a dominant personality. In some instances a figurehead assumes the position because of technical know-how and the respect that the knowledge and understanding he or she possesses brings. For example, Neil Armstrong the first man to step on the moon, was a figurehead for the Apollo space missions that captured the imagination of millions of people around the globe. However, he was not chosen for his charisma, but rather his technical and analytical abilities as well as his capability of rational thought under pressure. In other examples, figureheads have displayed dominant personalities that pervade the

organisation and industry in which they operate. Lee Iacocca is a prime example of that type of personality in action.

### **Questions and tasks**

#### **What is charisma?**

Charisma is an aspect of personality that allows people to exude charm, warmth and positive energy to the wider community. Generally, people respond positively to the charismatic personality and that makes it easy for those who possess it to persuade others to follow their lead, or to 'buy into' their message. Charisma is not something that can be taught but is an attributes that is a combination of characteristics that individuals may be born with and those that are developed over time through experience. Some of the great leaders such as human rights campaigner Martin Luther King exhibit charisma and use it to try to achieve positive ends. Conversely, Adolf Hitler used his charismatic personality for destructive ends. Either way it is a powerful means of influencing the behaviour of others.

#### **Identify and explain four key management skills possessed by Lee Iacocca.**

Lee Iacocca possessed leadership skills; motivational skills, negotiating skills and analytical skills. The leadership skills were evident in the manner in which he took control of a desperate situation at Chrysler and set a new tone and attitude among workers and management based on his core values of hard work and commitment. He demonstrated leadership by making radical changes to the structure and processes at the company. His motivational skills were a combination of his ability to communicate ideas and his demonstrable passion for success which influenced the behaviour of others. His negotiating skills were a vital component in the plan to rescue the company from bankruptcy. He successfully negotiated loans from federal government at a time when the economy was in decline, he persuaded

some of the best managers in the industry to join him at Chrysler and he was able to implement his plan free of the constraints of labour unrest through effective communications with unions. Iacocca also had a deep understanding of the car industry and the marketplace for cars. He used his analytical skills to determine the best strategy for the turnaround in fortunes of the company at a critical juncture in the history of the organisation.

**What were the key factors that enabled Iacocca to turn around the fortunes of Chrysler?**

Two key factors were key to the company's survival. Firstly, Iacocca was able to turn around the fortunes of the company because his contacts and negotiating skills with external stakeholders, such as those in federal government bought the company enough time to allow the development and implementation of a strategic plan to return the business to profitability. Secondly, he was able to dispense with failing managers quickly and bring in a management team that were capable of changing the culture of the workforce where hard work and commitment were evident characteristics.

**How would you describe Iacocca's management style? Explain your answer.**

Iacocca used his dominant personality to stamp his mark on the organisation. He has been variously described as autocratic and dictatorial, characteristics which are often associated with power and authority. However, he used his power positively by maintaining effective communications with key business leaders and politicians who had influence on the car industry, and in the way he set about changing the culture of the organisation. So, while his management style may be deemed authoritarian, at that particular time in the company's history, it was the appropriate one for the situation.

### **Mini case 1(iii) Setting the cultural tone at Ben & Jerry's**

#### **Discussion point**

**The success of Ben & Jerry's was as much down to luck as good judgement. Discuss.**

Ben and Jerry did not set out to become a large scale corporate body so the scale of their success came as a surprise. In any business venture there is an element of luck in the sense that success depends on bring a compelling product to market at the right time. For example, there were several iterations of social networking websites available on the internet before Facebook came along. Their predecessors entered the market with the right product but at the wrong time. Facebook entered just at the time when users were comfortable with the medium and eager for interaction. Similarly, Ben & Jerry's produced a business model that was right for the time. In particular, their experimental approach to ice cream flavours attracted the modern, young, urban and educated demographic that consisted of influential people in industries such as internet, marketing, promotion, public relations and other communications media sectors. The support of this group elevated the Ben & Jerry's brand to a level where national exposure could deliver the volume sales more akin to the more established ice cream producers such as Haagen Daz. So, there is an element of luck attached to the success, but there is also a considerable amount down to business acumen, risk taking and strategy.

#### **Questions and tasks**

**What is organisational culture?**

The organisational culture at Ben & Jerry's is based on the ideals of the hippie era where respect for the environment, commitment to ecologically friendly practices, mutual respect for each other and experimentation are key characteristics. These ideals were easily incorporated into the business culture in the early years of the company's growth but proved more difficult to maintain as huge growth transpired. For example, some small scale competitors have previously accused Ben & Jerry's of using their market power to pressure retailers to position their brand more prominently on shelves and of anti-competitive behaviour. The same charge Ben & Jerry's made against Pilsbury, the owners of Haagen Daz when they were an up and coming rival.

**Define the core values of Ben & Jerry's.**

Ben & Jerry's have core values based on mutual respect between workers and stakeholders; active protection of the environment and support for finding new and innovative ways to support issues pertaining to ecology, sustainability, and social activism.

**Have the core values of Ben & Jerry's survived their transition to a corporate giant?**

Unilever claim the core values have survived the transition to corporate giant and emphasise the fact that the core values are what differentiate the company and what attracted them to Ben & Jerry's in the first place. Nevertheless, it is inconceivable that the core values espoused by Ben & Jerry's remain intact in the same form they did at the outset of the business venture. For example, shareholders would expect to have some say in how

the business is run since their investment funds contribute to the achievement of strategic aims.

### **How can the core values of Ben & Jerry's be evaluated?**

It is possible to match the core values with outcomes if those values can be measured in some form. Some values may be generic and without specific aims, such as concern for the environment. Others, such as committing a percentage of profits to environmental causes or social projects can more easily be quantified and verified. It is in the interests of consumers and other external stakeholders that companies like Ben & Jerry's provide specific and measurable outcomes based on their corporate social responsibility aims.

## **Chapter questions and tasks**

### **Is management an art or a science?**

Since management first became a subject for study there has been a debate as to whether it constitutes an art or a science, or both. No definitive answer to this has been forthcoming, nor is it likely to as it tends to polarise opinion. There are elements of both art and science in the practice of management.

If art is defined as a function that effects change and achieves stated aims through a systematic and deliberate course of action, then it clearly displays those characteristics. In this regard, management can be deemed an art from the perspective that it is an aspect of human behaviour that delivers knowledge and know-how as a means of achieving stated aims. In effect the



art of management delivers the 'how' aspect of human behaviour. Science, on the other hand, represents a systematic body of knowledge linked to a particular area of study. Fundamentally, science is concerned with cause and effect relationships between different variables. The body of knowledge consists of concepts, principles and theoretical perspectives that help understanding of past events and inform predictions about the outcomes of future actions. Again, these are evident in the practice of management. Essentially, science explains the 'why'. So, most likely, management is a combination of both art and science and the most successful managers are the ones who can deploy elements of both when and where appropriate.

**What are the four main functions of management?**

- Forecasting and planning
- Organising
- Controlling
- Leading

**According to your own view, list the five main attributes that managers should possess.**

- Communication skills
- Leadership qualities
- Analytical skills
- Decision making skills
- Motivational skills

**Choose a high profile manager and describe his/her style of management.**

Sometimes it is not possible to link a management style to a typology created for the purposes of a textbook. In this book a number of management styles have been identified, explained and discussed, each with its own

characteristics and title. However, there should always be room for maverick who does not fit easily into any category. Steve Jobs of Apple is a case in point as he has such a unique and distinctive management style that it is difficult to emulate or copy. When he died in 2011 there was no obvious successor to his role as figurehead, spokesperson and advocate for the company. His management style was unconventional in the sense that he did not seek to build consensus before acting, but neither was he seen as an autocrat. In many ways he set the bar so high for himself in terms of performance that others had to stretch beyond their known capabilities to keep pace. As a leader he led by example and gathered consensus and a following based on others' desire to aspire to his high standards. This was complemented by his communications skills in articulating a vision and set of beliefs that defined the culture of the organisation. A culture of 'can do' and 'excellence' permeated the organisation and was the rallying call for investors who flocked to support the vision. It can be argued that Apple is still struggling to fill the gap left by the passing of Steve Jobs.