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Introduction

'Julius Caesar never asked anyone to do anything that he was not willing to do himself.'

Gaius Suetonius, *The Twelve Caesars*.

'My staff – my people – were so fresh and full of enthusiasm.

It would have been criminal to drill this out of them.'

Shigeru Kobayashi, Sony (1961), at the opening of the company's first factory.

'Everyone wants instant success. No one is prepared to put in the hard work.'

David Cork, London Leisure Services Ltd, March 2000.

'If you don't like people, leave now.'

Tom Peters (1986), *The World Turned Upside Down*, Channel 4.

Chapter outline

- Introduction
- Summary of management expertise
- The professionalisation of management
- Management as a field of study
- Management research and literature
- The foundations of modern management
- The search for excellence
- Conclusions

Chapter objectives

After studying this chapter, you should be able to:

- begin to understand what management is, and what it is not
- understand the key management tasks and concerns
- understand the personal and professional qualities necessary to be a successful manager
- understand the nature of the professionalisation of management
- understand the piecemeal nature of the development of the body of knowledge of modern management, and the contribution of each accidental and individual step along the way to the present stage of understanding
- understand the foundations on which the expertise and practice of modern management are built.

Introduction

The purpose of this chapter is to identify the range of general and universal concepts and elements that ought to be present in any worthwhile study of the subject of management. These are highlighted in themselves and then drawn together in so far as this is possible. However, many of these elements are disparate or divergent, and it is essential to recognise them as such.

There are many definitions of management; each tackles a part of the answer, and it is most useful to see these as complementary rather than conflicting. Henri Fayol, in the early twentieth century, defined it as the process of ‘forecasting, planning, organising, commanding, coordinating and controlling’. E.F.L. Brech (1984) called it ‘the social process of planning, coordination, control and motivation’. Writing in the 1980s, Tom Peters defined it as ‘organisational direction based on sound common sense, pride in the organisation and enthusiasm for its works’. More recently still, Graham Winch of University College London described management as ‘coping with change and uncertainty’ (Winch, 1996). It is clear that management is partly the process of getting things done through people; and partly the creative and energetic combination of scarce resources into effective and profitable activities, and the combination of the skill and talents of the individuals concerned with doing this.

Management is conducted in organisations; and organisations operate in their environment. Organisations are variously described as: ‘systems of inter-dependent human beings’ (D.S. Pugh, 1986), or a ‘joint function of human characteristics, the task to be accomplished and its environment’ (H. Simon, 1967). Organisations may be seen as combinations of resources brought together for stated purposes. They have their own life, direction, permanence and identity; and are energised by people.

The foundations of management

Management is a body of knowledge, skills and expertise which must be applied in ways demanded by the particular organisation in which the individual manager is working; and in ways demanded also by the particular environment in which activities are being conducted. The knowledge, skills and expertise required are as follows:

- achieving things through people
- achieving things for people
- making a profit
- delivering performance
- using scarce resources
- improving and developing things
- coping with change and uncertainty.

Achieving things through people

Achieving things through people is a key priority, because no managerial activity takes place in isolation from staff and their expertise. People’s capabilities have to be harnessed in ways that are of value to the organisation, and their willingness to work has also to be engaged. The managerial task, and therefore the expertise demanded, is to engage, energise and harmonise the organisation’s staff in pursuit of the stated

goals, targets, aims and objectives. To do this effectively requires a knowledge and understanding of organisational, collective and individual human behaviour, with especial reference to how people act and react in particular situations and circumstances; and how people act and react in response to crises, emergencies and change (see Management in Focus 1.1).



MANAGEMENT IN FOCUS 1.1

STEW LEONARD

Stew Leonard Inc. is a small supermarket company based in Norwalk, Connecticut, USA. The company was founded by Stew Leonard, and each of the three stores is run by one of his children; his son. Stew Leonard Junior is the CEO. The company is the highest performing supermarket in the world in terms of income per square metre, income per product line, and income per product cluster.

The following are illustrations of the attention to detail that the company pays to operations and activities overall, and to the engagement and commitment of their staff.

- *Employees:* all employees are sent out on a regular basis to observe other companies in action. The companies observed may be from any sector or industry – the employee draws their examples from a hat. Employees then visit the company and observe its activities. Employees must then return from their visit

with at least one example of something that the other company does better than Stew Leonard Inc., and that could possibly be implemented at the shop.

- *Retail environment:* the company carries out regular consultations with customers, and all staff have to participate. One customer said: ‘The fish that you sell is not fresh. It is always hygienic because you shrink-wrap it and you keep it on ice. But from time to time, I would like to be able to buy it fresh off the ice.’ The company implemented this. The company lost no sales of shrink-wrapped fish. It gained sales of fish straight off the ice worth between \$15,000 and \$50,000 per week depending on the season.
- *Product and service quality:* Stew Leonard Junior tells the following story. ‘We were having consult-

ants in to advise us on operational development. I asked dad if there was anything that I should take up with them. Dad replied: ‘Yes. I bought some vegetables for tea last night and they were not fresh.’ I said, ‘No dad, you misunderstand. The consultants are here to talk about product and operations development, merchandising and presentation. Is there anything you want me to ask them?’ Dad replied: ‘Yes. I took some vegetables home for tea last night and they were not fresh.’ From that point onwards, the first problem for the consultants to solve was how to get the vegetables on to the shelves as early as possible. By getting the staff engaged, in the end we cut down delivery times by about three days.’

- *Staff management:* the store offers security of employment, training in product knowledge and

retailing management, and a variety of tasks to anyone who expresses an interest. The company reinforces this with a presence in the community as a good employer and sponsor of local events and festivals. All staff are expected to become involved; those who do not, do not stay with the company.

- *Health and safety:* to date, the company has

had no staff accidents or food safety scares. The company offers food across the entire price and quality range as an alternative to the big supermarket chains in the neighbourhood. On each, the company view is absolute: it cannot afford either accidents or food hygiene disasters, and so gears everything up to ensure that these do not happen.

The main lesson here is to illustrate the possibilities inherent in this and in every situation, in terms of getting the people who work for the organisation actively engaged, not just in their job, but in the present and future well-being of the organisation.

Source: T. Peters (1992), *Liberation Management*, Pan.

Achieving things for people

Achieving things for people, in particular meeting and responding to the legitimate demands and expectations of customers, suppliers and shareholders, is the next key priority. Each of these groups has particular requirements of every organisation. These requirements must be satisfied, or else the customers will go elsewhere, suppliers will seek other outlets for their materials, and backers will seek alternative organisations and ventures into which to put their funds.

Customers require confidence in the products and services on offer. They require that their demands for quality, durability and volumes of products and services are met. They expect to be able to return to the company or organisation for product and service upgrades, maintenance and repairs. The implication is therefore that successful organisations are managed for the long-term as well as to give immediate satisfaction.

Suppliers require steady and assured volumes of business; and so they will gravitate towards those organisations that meet this need. Again, the clear implication is the need to be confident that organisations being supplied will remain in existence over the long-term.

Shareholders require assured levels of returns, both in share values and in dividend payments, as a prerequisite to investment; otherwise they will move their investments elsewhere.

Overall therefore, achieving things for people is based on perceptions and understanding of expectations, assurance and permanence which, together with the delivery of good quality products and services, all add up to immediate and enduring confidence. Confidence in managerial terms is hard to define more precisely. The presence, knowledge and understanding of confidence is an absolute priority in achieving things for people; and it is also the case that, where confidence is lost or not fully assured, organisation decline quickly sets in (see Management in Focus 1.2).



MANAGEMENT IN FOCUS 1.2

ACHIEVING THINGS FOR PEOPLE IN PUBLIC SERVICES

In UK public services in the twenty-first century, the equivalent of customers, suppliers and shareholders, and their demands, are as follows.

- Customers are the users of services of education, health and social care, transport, policing and security. As the result of politicisation, restructuring (including privatisation) and extensive media coverage, general user expectations have been raised without a clear plan for how these expectations are to be met. The result has been increased pressures on managers and professional service staff (e.g. nurses, teachers, doctors, social workers) to respond to demands without always being fully clear about what these demands are.
- Suppliers include those providing health, educa-

tion, social services; and transport, equipment and materials. The supply side increasingly also involves the provision of information services and databases, finance and investment. This has led to uncertainties in the structures, remits and priorities of the public service organisations themselves.

- The ‘shareholders’ of public services are the statutory bodies, organisations and government departments responsible for service delivery. As the result of the politicisation and restructuring referred to above, there is now a lack of full confidence or general understanding of the levels, coverage and quality of services, the circumstances under which services ought to

be provided, and who is entitled to them. Especially there is no longer any clear understanding of who funds the services, who pays for them, and what the levels of prices and charges ought to be.

Lessons

The key application of managerial expertise here is the removal of uncertainty. In the UK public services overall, and in the individual institutions, schools, hospitals and other bodies which deliver them, there can be no clarity, progress or improvement until the priorities and structures are agreed, and until the expectations and demands of customers, users and backers are made clear. Until this happens, what is being delivered and achieved for people is set to remain uncertain.

Making a profit

All managers must ‘make a profit’. ‘Profit’ needs to be defined by all organisations and their managers in their own terms. This definition requires attention to the following.

- Surplus of income over expenditure. A version of this is calculated by law for all organisations on an annual (and increasingly on a half-year and quarterly) basis. The managerial discipline additionally requires knowledge and understanding of product and service surpluses and losses on an individual basis; and ‘individual’ means surpluses and losses per location and per customer, as well as per product and service unit, product and service cluster and in terms of overall output.

- Increasing organisational reputation and confidence, as a result of the ways in which products and services are delivered, as well as attention to absolute expectations in meeting product and service volume and quality demands. Increasing reputation and confidence feed people's expectations and perceptions of products and services, and increasing quality and demand for products and services feed reputation and confidence.
- Costs, cost effectiveness and cost efficiency. There is a key organisational and managerial issue here, in that efficient and effective cost management can lead to a much greater income margin per product and service. The problem occurs when cost management is the only, or overwhelming, driving force towards profit; and this can then go seriously wrong (see Management in Focus 1.3).
- The 'profit' delivered by public service organisations is a function of the speed, effectiveness and completeness of service delivery, as well as the ability to stick within financial and other resource constraints. It is also, in practice, a function of the ability to respond to political directives, raise funds from external sources (e.g. hospitals selling flowers and books for the patients and other relatives), and develop their services according to particular local and environmental needs (e.g. schools providing evening classes, sports clubs and playgroups outside normal hours).
- The profit delivered by not-for-profit organisations and charities is a function of the extent to which they can, and do, raise the levels of funding and resources required to serve the particular client bases. As above, not-for-profit work ultimately takes place in a competitive environment; consequently those responsible for the management of foundations and charities have to arrive at a clear view as to whether they are competing with other charities (e.g. 'If people give to me, they will not give to others'), or whether people will give anyway (e.g. competing for customer's disposable income overall).

Resources

Managers are required to organise, prioritise, use and consume – and produce a return on – those resources that are placed at their disposal. All resources are ultimately finite; and even where resources are plentiful and assured for the present and foreseeable future, they should be used and consumed as efficiently and as effectively as possible. This gives a lead to every organisational and managerial activity to ensure that everything is valued; it provides a discipline for the use and consumption of scarcer and more valuable resources; and it is also the case that even plentiful resources can, and do, become expensive (e.g. oil in the 1960s, 1970s and early twenty-first century).

Organisation production, service and information technology, property, premises and equipment are resources with capital and operational values. Each represents a part of the total organisational investment, and the returns required and demanded must be known, understood and accepted. Organisations and their managers need to know, understand and be clear about the need for all technology and equipment, the returns required, and whether circumstances might change and affect the nature, levels and spread of returns.

Staff expertise, willingness and commitment are the primary organisational resources. Expertise and commitment are both required, neither is effective in isolation from the other. Organisations that have expertise and commitment, targeted at



MANAGEMENT IN FOCUS 1.3

FROZEN FISH

Helmont Ltd is a fish processing and cannery company located at Walsall, West Midlands, UK. Until recently, it took its supplies of fresh and frozen fish from Ocean Going Trawlers Ltd, a fishing fleet based in Liverpool. Helmont Ltd was a very successful and profitable company and supplied to all of the main brands, including John West, Bird's Eye and Ross. Helmont also supplied fresh, frozen, canned and processed fish products to the supermarket chains for sale under its own brand names.

Following new quota arrangements introduced by the EU, the prices of the landed fish catches in the UK rose by 10 per cent. Accordingly, Helmont decided to look around for alternative supplies. After extensive research, the company found that the port and fishing fleet of Cadiz, Spain, were prepared to supply them with the volumes of fish and the regularity of deliveries required.

Helmont unilaterally cancelled the contract with Ocean Going Trawlers of Liverpool and took up with Cadiz. The catch prices in Cadiz were 53 per cent lower than those in Liverpool; and

the full cost, including transport, worked out at 38 per cent cheaper than the Liverpool supplies.

The key lesson is that there is a simple cost advantage, and this is apparent to all. However, Helmont's previous suppliers were barely 100 miles away, and it was therefore much easier to manage any difficulties if things did go wrong. The new suppliers would be over 1000 miles away, and consequently, there was a much greater propensity for things to go wrong. All of this in practice has to be paid for out of the cost advantages.

This venture failed, because everything that could go wrong did go wrong. Refrigeration units on the lorries broke down. There were strikes and disputes involving the border authorities between France and Spain, with the result that the lorries were held up on their journeys (in spite of the fact that the EU is notionally an open market, the Spanish in particular retain an active border presence). There were hold-ups at the Channel ports in northern France. The lorries were then faced with the problems of negotiating the overcrowded UK motor-

way network, in particular the M25 around London and the M6 through the West Midlands, before they could get back to the company's headquarters and factory.

Helmont tried to reschedule deliveries to meet its own new limitations, and to ensure that the customers would remain satisfied. However, the customers – the branded goods and the supermarket own brands – had contracted with Helmont in good faith, and now did their best to hold them to the agreement. In order to remain viable, Helmont now had to return to Ocean Going Trawlers in Liverpool and to do their best to renegotiate the contract. This they did, but the conditions in the contract were now to be very much more onerous.

Clearly not every cost-saving exercise goes wrong; many indeed are very successful. However, as the result of seeking to engage in an extensive cost reduction exercise, Helmont found itself faced with operating losses for nearly two years into the future.

Source: adapted from P. Griseri (2004), *Foundations of Management*, UCL.

known, understood and agreed priorities, out-perform those that do not. Organisations that have expertise but no commitment lose staff to other organisations where there is a greater sense of overall purpose; and these organisations tend to retain staff because of their commitment to themselves and their own individual interests, rather than to the organisation and its products and services (see Management in Focus 1.4).

Improvement

Everything that is done in organisations and by people is capable of improvement. Customers, clients and product and service users expect improved and enhanced quality and volumes of what they require and demand. Staff expect improved wages, salaries, terms and conditions of employment; improvements in the quality of their working environment and working relationships; and improved opportunities and interest in their job and careers. Shareholders expect improved returns on their investments, and will seek out organisations in which to invest that promise or give a clear understanding of improvements in these areas.

Meeting the requirements and demand for improvement is a fundamental human need, as well as a priority placed on organisations and managers. Managers



MANAGEMENT IN FOCUS 1.4

RESOURCES, CAPABILITY AND WILLINGNESS IN THE FOOTBALL INDUSTRY

An international footballer greatly enhanced his reputation as the result of his performances in one of the international championships. After this, the leading clubs in the world of football queued up to take him on. He eventually chose one of the very top brand clubs in world football. The club were delighted; they offered him very high wages, and looked forward to his excellent performances continuing in their interests.

The relationship failed. The footballer quickly realised that he was a commodity to be

bought and sold. The high levels of wages merely underlined this. He had, in addition, moved his family thousands of miles away from their home, and his wife was homesick. The footballer therefore settled down to ensure that he picked up the very high wages that were on offer for the duration of the contract (which was three years) before moving on.

The club never did understand what they had done wrong. They offered very high wages, as mentioned, and in addition provided a luxury house and car. They knew that the player was a good foot-

baller; his subsequent international performances continued to underline this. The club continued to try to get him to play for two further years before they changed their management team, and sold the player on.

The lesson here is to underline and emphasise the relationship between resources, capability and commitment. In any industry or sector, each of the three elements has to be present. Failure to ensure that this is so leads to resources being squandered, and this in turn leads to enduring under-performance.

must therefore know and understand the full range of activities carried out in their domain and how these activities interact with each other; and from this, seek to improve processes, attitudes and behaviour, as well as products, services and outputs.

Change and uncertainty

Coping with change and uncertainty requires a full and dispassionate knowledge and understanding of the organisation; its products and services; its staff and their priorities, hopes, fears and expectations. It also requires a full and detailed knowledge and understanding of the external, economic, social, political and operating environment, and of the forces that are present within it. It is essential to know and understand, and be able to respond to, the effect of the following:

- Natural disasters including earthquakes, floods and drought. While it is never possible to predict the precise dates or locations in which these will happen, it is absolutely certain that each will occur at some time; and so the key is to be prepared and be able to respond when they do occur.
- Terrorist attacks. Again it is not possible to predict when and where these will happen; it is certain that they will occur and so again, it is essential to be able to respond at these times.
- Economic crises brought on by, for example: stock market crashes; runs on particular currencies (and upward valuations of others); oil crises (as above); energy shortages.
- Political crises and uncertainties, which are at their most visible in war-torn regions of the world, but which can occur anywhere (e.g. it took Germany nearly four months to form a government in late 2005).
- Market crises brought about by losses in consumer, wholesaler and investor confidence, which are increasingly set to be brought about as the result of macro market choices to invest either in India or China, or in Western Europe, North America and Japan, but not both.

The above are all macro issues that affect the activities, operations, effectiveness – and performance – of organisations when they do occur. That is not to say that each will occur, or occur on a regular basis. It is for managers to know, understand and be able to respond when they do.

At a micro level, the ability to respond depends on the overall efficiency and effectiveness of product and service delivery, and of organisational processes, attitudes, values and behaviour. For example:

- A competitor's new technology may render that of other organisations obsolete; or it may appear to do so; or it may not do so (however attractive it may look at first sight). The need therefore is to be able to take a fully informed view as to whether or not the competitor's technology requires that all other organisations in the sector replace their technology, rather than jumping to the conclusion that it does.
- A new entrant to a particular market may gain immediate share, and cause concern among existing players. Whether the new player sustains and develops the market for itself is very much up to the ability of the existing players to respond (see Management in Focus 1.5).



MANAGEMENT IN FOCUS 1.5

VIRGIN COLA

In 1990, the Virgin Organisation introduced a cola drink. As with all Virgin products and services, it was produced to the best possible quality in order to fill market niches in the UK and elsewhere which were not served fully by Coca-Cola, Pepsi-Cola and supermarkets' own brands.

All soft drinks companies conduct extensive consumer research. Part of this entails 'blind tests', in which volunteers are asked to taste the

particular drink without knowing what it is, and rate it for taste and quality against alternatives. In blind tests conducted by Coca-Cola and Pepsi-Cola, the Virgin product was found to taste the best, better than all of the products of the two larger organisations. This caused initial concern at Coca-Cola and Pepsi-Cola; and the concern was deepened when they found themselves unable to respond quickly.

However, the problem passed. Coca-Cola and Pepsi-Co. already had marketing and branding strategies and campaigns in place, and these continued to deliver the results demanded. In spite of the fact that the Virgin product tasted best, it became clear that it was the full brand delivery that customers required, and that Coca-Cola and Pepsi-Co. could deliver this provided that the present product quality remained assured.

Change and uncertainty remain constant features in the employment of staff. The stability, commitment and engagement of the staff and workforce can only be assured so far, however good the wages, terms and conditions, and managerial and supervisory style and relations. The key issues for all organisations to be aware of as employers of staff are: the effects of new employers (especially large employers) moving into the area; the effects of large employers leaving the area; increases in demand for relatively mobile staff (e.g. professionally qualified people) elsewhere; and gaining and losing road, rail and air infrastructure and transport connections.

Alongside this, it is essential for managers to know and understand every aspect of the bond between organisation and staff, and to be fully aware of the strengths, and especially the shortcomings, present. Organisations and their managers must know and understand that in some cases individuals will move on for their own reasons. Organisations and their managers must also know and understand that if there are demonstrable known and understood weaknesses in the bond between employer and employee, they ultimately have a clear choice to make between remedying these issues, or managing the constant problems each time they arise.

A summary of the foundations of management in this way clearly illustrates the range of skills, knowledge, understanding and expertise involved. For those who aspire to be truly expert managers, delivering effective products and services in whatever organisation and circumstances they may find themselves, there is no substitute for acquiring and developing this range of skills, knowledge, understanding and expertise. The sheer complexity has driven others to seek quick, easy and assured solutions to problems, development, enhancement and improvement through the adoption of faddish approaches (see Management in Focus 1.6).



MANAGEMENT IN FOCUS 1.6

FASHIONS AND FADS

The opposite to the rigour of developing expertise and a body of knowledge is to take a prescriptive approach. ‘Fashions and fads’ is a useful way of describing directive, prescriptive and simplistic approaches to management issues and problems. Some current issues are as follows.

- *Job evaluation*: the analysis of job and work activities according to specific criteria in order to rank them in importance, status, values and place on the pay scale. In practice, job evaluation tends to be rigid, inconsistent and divisive.
- *Business process re-engineering (BPR)*: attention to administration, supervision and procedures for the purposes of simplicity, clarification and speed of operation. The premise is that improvements are always possible. In practice, business process re-engineering tends to be applied prescriptively to all functions without reference to organisational effectiveness or wider aspects of operations.
- *Total quality management (TQM)*: attention to every aspect of organisational practice in pursuit of continuous improvement, the highest possible standards of practice, products, services and customer service. In practice, TQM tends to be prescriptive in approach and dominated by paperwork and administration systems rather than attention to products and customers.
- *Right first time, every time*: this rolls easily off the tongue/pen; it is a direct contradiction of the view that everything can be improved.
- *Benchmarking*: benchmarks set standards of activity against which other activities can be compared and rated; benchmarking also applies to placing people on salary scales, activity scales, job importance scales and other matters to do with status. In practice, it is usually rigid, inconsistent and divisive. Some organisations also seek to benchmark their salaries, terms and conditions against other employers; while this is useful knowledge to have, ultimately all organisations have to be able to stand alone and independently.
- *Virtual organisation*: organisation structures based on technology rather than physical presence. A useful concept that tends to get drowned, either by cost-cutting or technological processes, or by conventional, adversarial supervision.
- *Outsourcing*: especially the practice of outsourcing manufacturing, production and service delivery activities to locations in Central America, the Pacific Islands, south-east Asia, and the Indian subcontinent. The driving force behind this form of outsourcing is to take advantage of the reduced labour costs and less stringent labour laws in these locations. The downside of this form of overt cost saving is that it is a lot harder to manage and resolve problems and issues when they arise in a rural location thousands of miles away, than if the same problems and issues arise on the spot.

The major contribution of each and all fashions and fads is to broaden the debate on management issues, and to get people thinking about progress and improvement. Their weakness is apparent when they are grasped as perfection, the absolute truth, and instant solutions to all-round management problems.

● The professionalisation of management

Management is variously defined as science, profession and art. The truth of its status lies somewhere between the three, and there are strong elements of each.

There are precise, scientific and exact aspects that have to be learned and assimilated. Any manager must have a good grasp of certain quantitative methods and financial and statistical data, as well as certain less scientific, but well tried and tested, elements such as human motivation and the effect of different payment systems on the performance of different occupations.

Management is a profession in so far as there is a general recognition that there are certain knowledge, skills and aptitudes that must be assimilated and understood by anyone who aspires to be a truly effective manager. Management is not a true or traditional profession in the sense that it is not a fully self-regulating occupation, and nor is there yet a named qualification that must be achieved before one is allowed to practise. However, pressure to be both educated and qualified is growing universally. There is a recognition also of the correlation between this and expert and effective practice.

Management is an art in the sense that within these confines and strictures there is great scope for the use of creativity, imagination, initiative and invention within the overall sphere of the occupation. The scientific methods and body of knowledge referred to must be applied in their own way to each and any given situation, issue or problem. This is the creative aspect of the manager's role and function; and anyone in a managerial position who seeks for prescriptive solutions to organisational problems is likely to fail.

The best managers are committed and dedicated operators; highly trained and educated; with excellent analytical and critical faculties. Beyond this, there is a body of skills and aptitudes, knowledge, attitudes and behaviour that the effective manager must have and be able to draw upon.

The personal qualities required include:

- ambition, energy, great commitment, self-motivation
- job, product and service knowledge
- drive and enthusiasm
- creativity and imagination
- a thirst for knowledge
- a commitment to improvement
- a commitment to continuous development, both personal and professional
- the ability to grow and broaden the outlook and vision of the organisation concerned
- a positive and dynamic attitude, self-discipline, empathy with the staff
- a love of the organisation and pride and enthusiasm in the job, its people, its products, its services, its customers and clients (see Management in Focus 1.7).

These personal qualities provide the springboard for the successful and professional operator. A good general knowledge, understanding and grasp of basic economics is necessary, including the relationship between organisations and their environment, current issues and affairs, and constraints on the ability to conduct business. It is also necessary to understand:

- strategy and policy
- marketing
- finance

- behavioural sciences
- personnel and industrial relations
- the use and management of information and statistics
- the use and management of technology
- production, operations, systems, service, projects and facilities management
- the management of initiative and innovation.

Currently, much of this is formalised and achieved through the study of business at school, college and university. This is by no means a universal requirement, however – there have been countless successful managers who never had this benefit, although their success was undoubtedly based on their own ability, however gained, in these areas.

Management is a global activity and lessons can be learned from everywhere in the world. This includes Western Europe, North America, Japan, Korea, the Philippines, Malaysia, Indonesia, the Middle East, Australia, New Zealand and South Africa, where managerial practices are well documented. This will inevitably be changed and transformed again as the economies of central and eastern Europe become integrated within the EU. Additionally, growth in the Middle East, South and Central America, south east Asia and Russia, while uncertain and far from assured, is certain to affect management practices. There is substantial growth already in India, China and Northern and Southern Africa; and this too continues to affect and develop the outlook and attitudes of organisations and managers in the most developed economies. It must be recognised, finally, that management is currently being conducted in a changing and turbulent environment. This has itself changed over the period since 1945 and the reconstruction of the world damaged by the Second World War. Then, everything was arranged to try and bring order, stability and performance steadiness to business, service and the markets and spheres in which they operated. Today all that has gone and the processes of technological advance, management education, automation, social change and political development, together with the globalisation of business and commerce, ensure that all concepts of management are in turn subject to continuous change and revision. Truly expert and committed managers will always ensure that they keep themselves up-to-date with everything that impinges on both their job and their chosen profession. Many managerial institutions now insist that their members keep records of all continuous professional development activities that they undertake and, indeed, insist on this as a condition of continuing membership (see Management in Focus 1.7).

● Management research and literature

There is a great range of management research and literature – textbooks, how-to books, personal and organisational histories, professional and commercial journals and periodicals, computer-based packages, databases, leaflets, checklists; and also university and commercial research programmes, monographs and learned papers. This can be broken down as follows:

- Some of it is intellectually extremely challenging. The ability both to understand and to be an effective practitioner in certain aspects of the managerial sphere requires a high degree of intellectual capacity, higher education, and a basic grasp of some mathematical and economic theories as well as behavioural and operational matters.



MANAGEMENT IN FOCUS 1.7

PROFESSIONS

The ‘classical’ professions are medicine, law, the priesthood and the armed forces. The following properties were held to distinguish these from the rest of society:

- *Distinctive expertise*: not available elsewhere in society or in its individual members.
- *Distinctive body of knowledge*: required by all those who aspire to practice in the profession.
- *Entry barriers*: in the form of examinations, time serving, learning from experts.
- *Formal qualifications*: given as the result of acquiring the body of knowledge and clearing the entry barriers.
- *High status*: professions are at the top of the occupational tree.
- *Distinctive morality*: for medicine, the commitment to keep people alive as long as possible; for law, a commitment to represent the client’s best interests; for the church, a commitment to godliness and to serve the congregation’s best interest; for the armed forces, to fight within stated rules of law.
- *High value*: professions make a distinctive and positive contribution to both the organisations and individual members of the society.
- *Self-regulating*: professions set their own rules, codes of conduct, standards of performance and qualifications.
- *Self-disciplining*: professions establish their own bodies for dealing with problems, complaints, and allegations of malpractice.
- *Unlimited reward levels*: according to the levels of charges that the professionals choose for themselves and that members of society are prepared to pay for their services. For example, unlimited and self-set rewards are available to those army officers who make themselves available as mercenary soldiers, and those clergy who establish free and non-denominational churches.
- *Life membership*: dismissal at the behest of the profession; ceasing to work for one employer does not constitute loss of profession.
- *Personal commitment*: to high standards of practice and morality; commitment to deliver the best possible in all circumstances.
- *Self-discipline*: commitment to personal standards of behaviour in the pursuit of professional excellence.
- *Continuous development*: of knowledge and skills; a commitment to keep abreast of all developments and initiatives in the field.
- *Governance*: by institutions established by the profession itself.

Notes

1. In absolute terms ‘management’ falls short in most areas. Formal qualifications are not a prerequisite to practice (though they are highly desirable and ever more sought after). Discipline and regulation of managers is still overwhelmingly a matter for organisations and not management institutions. There is some influence over reward levels and training and development. Measures of status and value are uneven. Management institutions act as focal points for debate; and they also have a lobbying function. They do not act as regulators.
2. There is a clear drive towards the professional-

isation of management. This is based on attention to expertise, knowledge and qualifications, and the relationship between these and the value added to organisations by expert managers.

3. In 1995, Charles Handy proposed that all business school graduates should be required to take the

equivalent of the Hippocratic Oath, thus committing themselves to best practice and high standards and quality of performance.

If management is viewed in this way, it is a highly professional activity and one that demands a set body of expertise and a large measure of commitment

on the part of its practitioners.

In traditional terms, management falls short of the full status of profession in that the elements outlined here do not constitute yet a formal entry barrier (in medicine, the law, the clergy and the military, it is essential to have the stated qualifications before being allowed to practice).

- Some of the literature addresses precise or defined issues that have a direct bearing on the business sphere. This is especially true of the areas of leadership, motivation, perception, the formation of attitudes, standards and values, which have their own body of knowledge in their own right, and which then require translation into particular managerial situations in different ways.
- Some of it dwells heavily on empirical research, case histories and anecdotal examples. This enables studies of the relationships between variables in given situations to be undertaken and assimilated, and ‘what if’ and other hypothetical discussions to take place in relation to real events of the past, but in what are at present overtly ‘safe’ situations. The body of the general knowledge and experience of the manager is thus developed and extended, as are his or her critical faculty, awareness and overall view of the sphere.
- Some of it illustrates particular successes and failures; this is especially true of the swelling array of books produced by successful business people. The lessons to be drawn here are often in the mind of the reader. Such books tend to reinforce certain aspects only of the whole managerial sphere. They provide a very useful library of what has worked in practice for comparison against a theoretical or academic base, although one by-product of this has been to create and develop a faddish approach.

Over the years, management research and literature has concentrated heavily on all aspects of organisational and managerial performance, and the skills, knowledge and expertise required of those placed in management positions and responsibilities. To date however, there remains no firm, understood and agreed body of knowledge, skills or expertise; nor, as noted above, are there any qualifications required, as a condition of appointment, of those who come into managerial and executive positions.

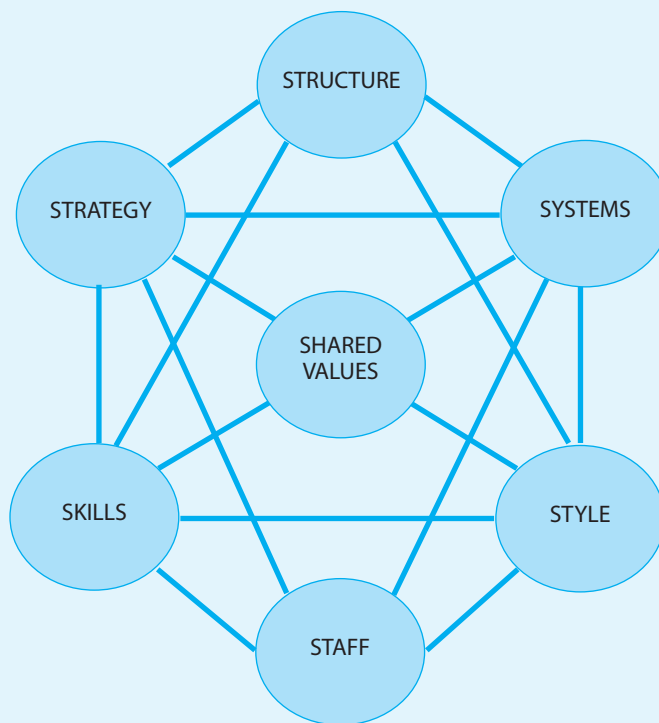
That there is even any consideration that such a body of knowledge, skills and expertise might exist at all is overwhelmingly the result and impact of the work that came to be known as ‘The Excellence Studies’.

Excellence

The genesis of the work that subsequently grew into the management concept of ‘excellence’, was a review carried out in the latter part of the 1970s by McKinsey, the international management consulting firm, of its thinking and approach to business strategy and organisation effectiveness. This review was itself founded in a dissatisfaction with conventional approaches to these matters.

The approach adopted was to study both businesses and managers of high repute and/or high performance, and to try and isolate those qualities and characteristics that made them so. A model (the 7-S model; see Figure 1.1) for the design and description of organisations was also proposed. Those working on the study also identified those attributes that they felt ought to be present in such organisations and persons, and tested them against those studied.

In all, 62 organisations were studied. They were drawn from all sectors of US industry and commerce, and included many global firms (e.g. Boeing, McDonald’s, Hewlett-Packard, 3M).



Purpose: a configuration of organisation, pattern and design that reflects the essential attributes that must be addressed in the establishment and development of an excellent organisation.

Figure 1.1 The 7-S framework

Source: Peters and Waterman (1982)

The concept of excellence applied to organisations

‘High performing’ took on a variety of meanings:

- ensuring appropriate levels of profitability
- a global organisation such as IBM
- a strong positive image such as that of Tesco
- a strong domestic organisation (Sainsbury’s in the UK or 3M in the USA)
- a strong player in a slumped or declining market
- a strong general image for the organisation, its products and services
- strong levels of customer confidence, leading to assured levels of repeat business
- strong levels of staff and customer loyalty.

Peters and Waterman (1982) identified eight characteristics of organisational excellence; they went on to state that in all organisations, locations, sectors and industries, each of these ought to be a managerial priority for attention, development and improvement. These characteristics are as follows:

1. The leadership and management of business organisations requires: *vision*, energy, dynamism and positivism; the placing of customers and their needs and wants at the centre of the business; and the ability to change and improve as a permanent organisational feature.
2. The closeness of the relationship between the *organisation* and its *customers* and clients must be maintained; if this is lost the customers will go elsewhere.
3. The commitment, motivation, ability, training and development of all *staff* at all levels of the organisation are critical to the continuation of its success; closely related to this is a shared vision or shared values to which all members of the organisation must ascribe; staff must be held in high respect and well rewarded.
4. *Supervision* levels, hierarchies, and regional and head office establishments must be kept to a *minimum*; the purpose of these establishments is to service those who generate business for the organisation and not to impose a superstructure on them; such establishments should also be flexible and responsive and not hierarchical and inert.
5. Organisations must stick to their *core business*, to what they are good at and what is profitable and effective.
6. Organisations must constantly *innovate and improve*, update working practices, staff abilities, technology, customer response times and methods. They should constantly seek new applications and new markets for their existing products and services.
7. Organisations must be *receptive* to ideas and influences from outside, and be able to evaluate them for use and value to themselves in their own circumstances.
8. The bias of the organisation must be towards *action* not procedure.

Peters and Waterman went on to define the essential nature of organisation culture, and the importance of macro-organisational analysis, as critical bases on which overall organisational knowledge and understanding must be built. Their findings are summarised below.

The essential nature of organisation culture

In the organisations studied, organisation culture, values and attitudes were found to

be very strong, positive and cohesive. The components of this strength and cohesion were found to be a set of corporate beliefs, as follows:

- a belief in being the best
- a belief in the importance of the staff and individuals as well as in their contribution to the organisation
- a belief in, and obsession with, quality and service
- a belief that organisation members should innovate and have their creative capacities harnessed
- a belief in the importance of excellent communication among all staff
- a belief in the concept of simultaneous loose-tight properties – measures of control that allow for operational flexibility
- a belief in the continuous cycle of development
- a recognition that there is always room for improvement
- attention to detail – the necessity to ensure that whatever the excellence of the strategic vision, it must always be carefully and accurately carried out
- a belief in the importance of economic growth and profit motive.

The importance of macro-organisational analysis

Macro-organisational analysis is the term used to define the need to know and understand everything about the organisation's characteristics, activities, behaviour and performance.

Essentially, this is dependent upon the strength and style of leadership – the drive, determination, core values and strategic vision necessary to energise and make profitable the organisation's activities. In time, this becomes 'the way things are done here'. Managers underpin this through their day-to-day activities – the issues they concern themselves with, the matters on which they spend resources, the people with whom they spend time. It is therefore a combination both of what they do and of how they do it, and messages are given off by this to the rest of the organisation. Above all, the leader of the organisation expresses the true organisational value through the means by which s/he conducts her/himself in all activities.

These values become an integral part of the structures and systems of the organisation that affect all of its activities. If the management style is energetic and positive, this is reflected in the ways in which senior managers wish to have things done.

The study also looked at the particular performance indicators of the organisation. These came from all areas of activity, including asset growth and returns on capital invested. The organisations studied and from which the lessons were drawn had rates of return on these factors of between 10 and 60 times the sectoral average. Absenteeism was another factor studied. In a US steelworks studied by Peters he found an uncertificated sickness rate of two-fifths of 1 per cent – against a national average of 6 per cent and a sectoral average of 9 per cent. Organisation reputation was another factor assessed. This was conducted across all of an organisation's activities – marketing, human resource policies, customer care and customer relations, equality of opportunity – and also across its wider general reputation in the environment and community, in which it invariably perceived itself to have a direct stake, interest and wider responsibility.

The work of Peters and Waterman caused many others to produce their own studies of organisational excellence. Different studies concentrated on different aspects of organisational leadership, direction, strategy, structure and performance (see Management in Focus 1.8).



MANAGEMENT IN FOCUS 1.8

CRITERIA FOR EXCELLENCE

- High growth of assets, value, turnover and profits.
 - Consistent reputation in sector as leader and pioneer.
 - Solid and positive reputation with customers, community and general public.
- Source: W. Goldsmith and D. Clutterbuck (1990).
- Professional organisations are lean and empowered.
- Professional staff require flat structures and autonomy for effective performance.
 - Processes and procedures are speedy, simple and effective.
- Source: C.B. Handy (1984).
- Excellence is performance thousands and thousands of percentage points over sectoral norms.
- Source: T. Peters and R. Waterman (1982).
- Innovation and development leading to maximisation and optimisation of the human resource.
 - Innovation in quality of working life.
 - Promotion of full and genuine equality of opportunity.
 - Models of good practice offer their example to the world, and are pleased and proud to be studied.
- Source: R.M. Kanter (1985).

Superficially, the result and outcomes of the Peters and Waterman study, and those which followed it, appear to simplify the range, expertise and environment of management. However, further consideration of the findings and conclusions of these studies underlines the complexities of the managerial task, the range, quality and depth of expertise required, and the extent of knowledge and understanding on which this expertise must be based.

The continuing professionalisation of management

The continuing professionalisation of management has led to attempts to classify the disciplines involved, as well as to crystallise the body of skills, knowledge and expertise required. This has led in turn to the rise of summary classifications, as follows:

- *The reflective practitioner.* The ‘reflective practitioner’ approach emphasises the ability to think things through, and to know and understand why things turned out in particular ways. This requires analytical and evaluative capabilities and expertise, as well as a detailed and comprehensive body of knowledge and understanding, so that for any given set of circumstances, a detailed and precise critique can be conducted.
- *The thinking performer.* The ‘thinking performer’ approach was developed by the Chartered Institute of Personnel and Development, the Chartered Management Institute, and the Association of MBAs, to attempt to summarise the expertise required under the following headings:

- personal drive and effectiveness, which requires individuals to set out their own personal as well as professional objectives
- people management and leadership, requiring capabilities in the management and leadership of people and the expertise that goes with it
- business knowledge and understanding, of the specific needs and wants of whatever organisation is being served at the time
- professional and ethical competence, and a commitment to serve the standards of all professional bodies of which the individual is a member. Handy (1996) proposed that all managers ought to be required to take the equivalent of the medical ‘Hippocratic Oath’, and to establish the same level of commitment to management as doctors do to medicine
- continuing learning, a discipline required of all those in the traditional professions of law and medicine, and a personal commitment of anyone who aspires to excellence in any field at all
- analytical and creative/intuitive thinking, to develop the capability to evaluate any situation, proposal, venture or initiative, and to be able to implement what is intended in the particular given set of circumstances
- customer focus, a commitment to serve to the best of one’s ability all those who seek to take advantage of the particular professional and expert capability
- strategic capability, the capability to see the wider interests and ranges of issues, as well as being able to respond to specific requests
- communication, persuasion and interpersonal skills; this includes active listening as well as the ability to communicate actively, early, positively and with integrity.

Such approaches have reinforced the crystallisation of ‘foundational management’, which may be summarised as the basic body of knowledge, skills, expertise and understanding, as above. Many professional managerial bodies now run their own certificate and diploma level qualifications, management education schemes, foundation programmes and introductory courses, so that those who seek to join them and to practise in their name are known and understood to have an agreed level of competence; and this also applies to many organisation-based management training schemes.

● Conclusions

The overall purpose here has been to illustrate the complexity, range and scale of the subject matter that is to be considered, the widely differing standpoints from which it has been tackled, and its progression as a field of study. The balance of the material quoted reflects the particular concern with it over the period since 1945 and its emergence as an area critical to both business and economic success, and also the wider prosperity of society at large.

It is not at all an exhaustive coverage. However, it does attempt to itemise major staging posts and fields of enquiry, and to illustrate the variety of studies that have been undertaken. Each study indicated addresses different parts of the business and management sphere. Each makes its own particular contribution to the whole field; none provides a comprehensive coverage of it. What is clear, however, is that it is an

ever-broadening sphere. The works illustrated here demonstrate just how far this has developed and the variety of approaches that have been taken in the pursuit of it.

There is no doubt that there has been a shift in approach to regard management as an occupation in its own right. What has been less certain is what the actual composition of this occupation and profession is. This chapter has attempted to illustrate the basis of this and to introduce some of the major concepts, studies and ideas that have contributed to the state of its development.

Some more specific conclusions can also be drawn from this material. Management direction and leadership are separate from the functions, operations and activities of the organisation. Ability to generate confidence, loyalty, trust and faith of all those in the organisation is essential. It is necessary to establish the identity of a common purpose to which everybody in the organisation can aspire and to which all the resources of the organisation are concentrated. People must be rewarded in response to the efforts that they put into the achievement of the organisation's purposes. Both the organisation and its managers must have knowledge and ability to operate in the chosen environment and to influence this as far as they possibly can. Within particular constraints, organisations establish their own ways of working, cultural norms, procedures and practices, as part of the process of making effective their daily operations. There is the recognition that business and managerial practice takes place in what is both a global and turbulent environment. The ability to operate within this is critical to continuity and success.

This, then, represents the backcloth against which the rest of the book is set. It enables a broad understanding of where the current state of the management art/science/profession is drawn and where the current matters of importance and concern within it lie. It also indicates the range and complexity of the qualities and capacities required of the manager.



CRITICAL THINKING, ANALYSIS AND EVALUATION

1. Identify organisations where there is little evidence of humanity in managerial practice, yet (on the face of it at least) great evidence of economic success. What are the reasons for this? What effects do you think the addition of humanity to drives for productivity would have on these organisations?
2. What were the major influences of Tom Peters, and the other writers on excellent organisations, on the development of principles of management?
3. Why do so many excellent professionals (e.g. doctors, lawyers, teachers, nurses, sales people) find it necessary to take promotion into managerial positions? What are the advantages and disadvantages of this?
4. Identify those principles of management that have endured through the ages; and contrast these with those that have only recently been identified.



DEVELOPING MANAGEMENT SKILLS AND EXPERTISE

POTTER'S GLASS LTD

Potter's Glass Ltd is a medium-sized manufacturer of industrial glassware. It is situated near the southern entrance to the Blackwall Tunnel in East London. Its core business is to produce sheet glass and finished window units for the construction industry.

The company employs a total of 190 staff, of whom 130 are engaged on glass manufacturing, 35 on sales, and 25 on management and administration.

The company has recently experienced a downturn in its order book, and at present has the capacity to produce 20 per cent more than it can sell. The company Chief Executive, Nicholas Potter, has run the company successfully for the past 25 years. He has managed to avoid any redundancies or lay-offs in spite of the recessions in the UK building industry in the 1980s and 1990s. This time however, matters are more serious, because he understands that he is being undercut on both price and productivity by alternative suppliers from mainland Europe.

He has accordingly held meetings with two firms of management consultants. The first, a major City of London institution, charged £8000 for a two-day fact-finding exercise. When the consultants presented their report, they recommended an immediate reduction in the workforce of 25 per cent, and a reduction of the number of sales staff to 20.

The second firm of management consultants, a small company owned by a friend of Nicholas' brother and operating out of Dartford in Kent, 20 miles away, spent a week analysing the factory. This company's recommendation was that Potter's should maximise the productivity and sales efforts, and fight the continental opposition on price, value and reliability.

Nicholas Potter has both reports in front of him. He is just wondering what to do, when his secretary walks into the room. She asks him what he is studying. When he tells her, she replies: 'Yes, I've been thinking about this to. Why don't we go into the production of glass ornaments?'

'What?'

'I said, go into the production of glass ornaments. We could do it. I've done a little bit of research, and the people on the factory floor tell me that there is no reason why the machinery cannot be re-jigged to produce excellent, high quality, durable glass ornaments for the gift shop sector.'

Questions

1. Briefly evaluate the information that you have been given. What further information do you require to arrive at an informed judgement?
2. On the basis of what you have been told, identify a much broader range of alternative courses of action open to Potter's Glass Ltd.

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