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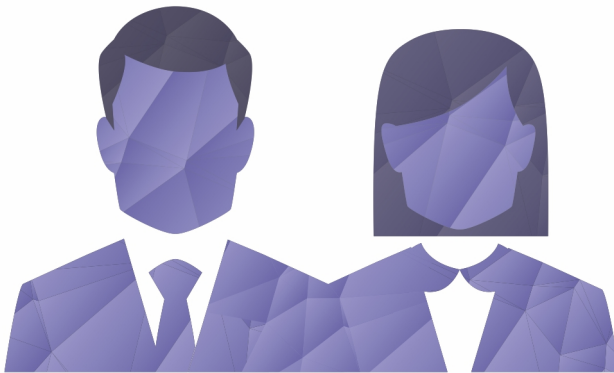


PRINCIPLES OF MANAGEMENT ESSENTIALS

YOU ALWAYS WANTED TO KNOW

THIRD EDITION

A pragmatic guidebook for ushering into the role of a manager



CALLIE DAUM

Exciting new resources for readers:

The 3rd edition of *Principles of Management Essentials You Always Wanted To Know* has some exciting new additions!

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PRINCIPLES OF MANAGEMENT ESSENTIALS

YOU ALWAYS WANTED TO KNOW

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CALLIE DAUM

Principles of Management Essentials You Always Wanted To Know

Third Edition

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About the Author



Callie Daum has worked in the healthcare industry for over 20 years gaining experience in managing teams, project management, strategic development and implementation, business marketing to increase revenues, and many more lessons learned on how to thrive in a business industry. As a seasoned Senior Project Manager and

Leader, her goals include adding value, working efficiently and effectively, and sharing best practices to achieve overall success. Callie started her career as an Application Analyst at Computer Sciences Corporation, before moving on to project management and leadership at Cerner Corporation, Atrium Health, and Novant Health. Callie is a certified Project Management Professional, Professional Scrum Master, Certified Health Coach, and received a certificate in Master Level Six Sigma at Villanova University.

Other contributors

We would like to thank Dr. Mark Koscinski for contributing text on Decision Making Techniques in Chapter 3, Planning and Decision Making. Dr. Mark Koscinski CPA D.Litt. is an assistant professor of accounting practice at Moravian College in Bethlehem, Pennsylvania where he teaches a wide variety of accounting and management courses. Prior to joining Moravian College, Mark had significant experience in public and private accounting. He has been the chief financial officer of a publicly traded defense contractor and a privately held toy company.

We would like to thank Prof. Fernando Pargas for contributing the chapter 'International Business and Management.' Fernando is a Management Professor at James Madison University and has taught various subjects like International Marketing, International Management, Business Strategy, and Organizational Behavior. He was a member of the United States Chamber of Commerce International Policy Committee.

What experts say about this book!

The book is a comprehensive coverage of what one would like to know about management and its sub disciplines. Students and managers will find the book very useful as it is an easy and simple read. The topics covered are current and provide appropriate depth with examples.

**– Subrat Sarangi, Fellow in Management
XLRI, Jamshedpur**

The author Callie Daum and other contributors have maintained a comprehensive layout and lucid language with adequate content throughout the book. The chapter summaries will suffice the students to retrieve the full contents of the entire chapter in an invigorating way. The quizzes at the end of each chapter will work as an intellectual exercise to the students and professionals alike.

This will be a valuable document for the undergraduate and postgraduate students and a guide to a spectrum of learners from those in the foundation stage to the practicing professionals.

**– K.X. Joseph, Dean, Faculty of Commerce & Professional Studies,
Rajagiri College of Social Sciences**

This book teaches practical business terms and concepts that every businessman should know in a simple and understandable language. As a teacher, I would suggest all the entry level management students to read this book, to clearly understand management terminologies with no confusion.

**– Rajkalaiselvi M, Assistant Professor,
Justice Basheer Ahmed Sayeed College for Women**

What experts say about this book!

The book is easy to comprehend. It covers topics which are useful to both management experts and new managers alike. The short and concise texts with illustrations makes this book engaging. I shall be using this book for my management courses.

– Manish Killing, Assistant Professor
Gauhati University

Principles of Management has covered all the aspects of management and is easy to understand even by an undergraduate student. This book will be useful for undergraduate students, managers, teachers and research scholars. It can be prescribed for undergraduate courses too. The Self-Learning Management series as a whole would be a great help for the student as well as the professional community.

– Mrs. Ritika Waghray, Assistant Professor
St. Joseph's Degree & PG College

Callie Daum's Principles of Management Essentials book provides startup founders and management students a thorough understanding of managerial concepts. It is simple to understand, well-structured with flow charts and covers a wide range of business topics such as Human Resource Management, Quality Management, Customer Relationship Management and International Business and Management. This book guides the readers through the real-world application of management skills. All the books in the Self-Learning Management series of Vibrant Publishers give clear insights on all subject areas of management, and can be used by undergraduate and postgraduate students.

– K.Mathumathi, Assistant Professor,
Agurchand Manmull Jain College

What experts say about this book!

This book has a relatively complete compilation of managerial information. "Principles of Management Essentials You Always Wanted to Know" is an exceptional book that covers all of the pertinent and most important components of the management stream. In today's global context, such publications help managers be better leaders and provide vital guidance in this modern era. The wider typography, as well as the inclusion of charts, graphs, and illustrations makes the book very reader-oriented. This will undoubtedly be one of the best management books for students, researchers, entrepreneurs, marketers, and even beginners because it combines contemporary knowledge with simple language. I would strongly suggest this book to my students, colleagues, and aspiring managers.

**– Hetal Rathod, Assistant Professor
Gujarat Technological University**

Principles of Management Essentials by Callie Daum, a book in the Self-Learning Management series lives up to the promises made. It covered 18 broad essential topics for a manager to refer to in the discharge of their responsibilities. The focus on the basics of communication and change management reflects the need of the hour for managers. The team management and group handling skills needed is rounded off with a discussion on organization culture.

The author has done an appreciable job of bringing together the topics in a practical manner. The book is easy to read and will help not only self learning managers but also management students as a ready reckoner. The book addresses a niche need of understanding the concepts driving managers in the data driven dynamic business arena. It is a must read for any one looking to learn the latest thoughts on essential areas of management literature.

**– Dr. Nagapavan Chintalapati
Central University of Jharkhand**

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Preface

Many managers will tell you that their first experience with management was the most challenging. Often, employees are recognized for their exemplary performance and are promoted to a manager role. It is assumed that since the employee performed well at their line worker job, they will perform just as well in a management role. What most people do not take into consideration is that the skillset to be a great employee and the skillset to be a great manager are two completely separate things. Some may say they are qualified because they studied it in school but, again, studying and experiencing are two totally different things. So, how do you succeed in this new role of manager knowing that the cards are somewhat stacked against you?

Principles of Management Essentials You Always Wanted To Know seeks to guide you in answering this question. This book consists of core elements of management and being a manager how to support day-to-day activities. New managers may be faced with challenges such as rebuilding a team, developing performance appraisals, dealing with customer complaints, and providing feedback to employees. These items are included in this book along with several other elements to help anyone understand and function in their role of manager. Using real life experiences and detailed study, this book will give you the tools to get started in your management role.

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Introduction to the book

Management role requires the ability to get things done through teams and individuals. Though managers hold recognized positions of authority in the organization, for a manager to become a leader, he/she needs to develop several qualities and traits.

Management can be effective only if authority, responsibility, and information flow within the organization and are in place. This is possible only if there is a proper organizational structure. With their respective teams, an organization uses time, money, and other resources, effectively and efficiently through budgeting activities. Another activity of importance is problem-solving. This pertains to analyzing a larger problem at hand by understanding its intricacies. This is possible only if the manager is confident in making rational and sound decisions.

This book familiarizes the reader with different levels of authority, leadership effectiveness, managerial effectiveness, decision-making, budgeting, organizational structures, and other functions of management.

While working in an organization, a manager is expected to work with different groups and teams successfully. If a manager is acquainted with group dynamics, it is easier for him/her to handle a team as well as conflicts for the betterment of the organization. A manager should be aware of barriers to effective communication. Therefore, managerial communication is at the core of every effective organization.

Apart from the focus on managerial functions, roles, responsibilities, and challenges, this book elaborately discusses Organizational Culture, Total Quality Management, Operations

Management, People Management, and Customer Relationship Management. This book deals with all such essentials of management and the principles associated with it. In this edition, a new chapter on International Business and Management and quizzes for each chapter are also included.

After going through this book completely, you will be able to:

- Appreciate how the management concepts are built on useful principles that help to achieve any organization's objectives and goals but also facilitate holistic development of all stakeholders.
- Understand that a manager should know the basics of planning, strategizing, organizing, and controlling apart from the techniques of developing and leading a team.
- Accept that, what a manager could achieve through authority accompanying the position in any organization, a leader could achieve by inspiring people.
- Understand the role of organizational charts and structures in achieving the mission of an organization and the impact of organizational culture on the employees and their relationships internally.
- Know that to improve the cohesion of a team, a manager is expected to resolve conflicts cropping up within and outside the team in an organization by adopting various conflict management strategies.
- Understand that communication plays a vital role whenever a change happens in an organization and an effective change management plan prepares the personnel of an organization to successfully sail through the change.

- Appreciate that the largest and most challenging managerial role is in people management
- Understand that Total Quality Management gives every employee a part in the process of ensuring superior products or services.
- Learn the intricacies of International Business and Management as well as the need for expanding the business globally and acquiring the skill set required for the same.

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Who can benefit from the book?

- Any functional specialist, aspiring for a managerial position to understand and grasp the fundamentals of management concepts quickly.
- Middle and Front line Managers to understand the nuances of various concepts and apply them in their day-to-day work to infuse further quality in their work environment.
- As a reference material to research scholars in management studies.
- Faculty members, professors, and students of management education courses.

How to use this book?

This book provides insights into management principles and acts as a ready reckoner to understand the essential aspects of those principles.

- As the essentials of Management are intertwined, reading the chapters in chronological order will provide a smooth understanding; however checking out a relevant chapter can also be done, as the chapters address the subject matter comprehensively.
- MCQs under each chapter will not only test your understanding but also act as a quick refresher on the topics covered.

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Chapter 1

Introduction to Management

Management is the process of efficiently and effectively accomplishing organizational tasks and goals with and through other people. This definition of management seems simplistic but the actual performance of the role of management is very complicated. In fact, management is very different from a functional specialist role and can prove to be very challenging. If you strive to succeed and grow in your industry or if you are simply very good at what you do, chances are you will be approached to fill a management role. To be successful as a new manager, you cannot rely on your exceptional technical skills.

Your management toolbox should be filled with knowledge of how to get work accomplished through teams and individuals, planning and strategizing, organizing, controlling, and developing and leading a group as small as a team or as large as an organization. As a manager, you must know how to wear many hats in an organization including negotiator, advocate, mentor, communicator, counselor,

conflict resolver, motivator, and so much more. This book is designed to help you build your toolbox and know how and when to wear one of the many hats required.

Key learning objectives of this chapter include the reader's understanding of the following:

- Roles and responsibilities of operative level staff to top-level managers
- Types of authority

1.1 Management Types

Managerial roles are typically housed inside organizations. Organizations are comprised of a group of people brought together to carry out a specific purpose whether it is a for-profit, not-for-profit or government. Organizations across the country and around the world are easily identified by the goals they have set, the structure put into place, and the people involved. An organization's personnel can be categorized as either operatives or managers. Operatives work directly on jobs, tasks, or projects and are not responsible for overseeing the work of others. Managers are more focused on directing the activities of others.

Vertical or top down management defines the level at which an employee is functioning within the organization. Levels include top level managers, middle managers, first-line managers, and operators. The biggest challenge of vertical management is the flow of communication. Two-way communication is difficult to

accomplish specifically when lower levels of the organization are trying to communicate up to the top level.

Top-level managers make decisions about where the organization is going and put into place policies that affect all members of the organization. Examples of these managers are the Chief Executive Officer (CEO), Chief Technology Officer (CTO), Chief Financial Officer (CFO), etc. This group of executives are commonly referred to as the “C-suite.” Some organizations include their executive vice presidents and division heads as a part of their top management team. These managers are responsible for ensuring long term success for the organization. They pay attention to internal and external environmental drivers when developing long term strategies.

Middle managers exist between the first-line and top levels of management. Examples of these managers are department heads and directors. They act as liaison between the two levels pushing down information to first-line managers and pushing up information to top-level managers. They also take the “big picture” strategic plans developed by the top-level managers and break it down into operational plans for the first-line managers. Middle management’s most critical role is implementing directives from the top management team and supporting first-line managers while they work with their teams to complete their day to day activities.

First-line managers direct the day to day activities of employees and are typically entry level roles. Examples of these managers are assistant manager, shift manager, supervisor, office manager, etc. These managers are the closest to the employees and their activities. They are primarily responsible for ensuring organizational plans are completed efficiently and effectively. First-line managers are important because they are usually the

first to identify internal issues and problems with operations. For this reason, it is critical that they are communicating frequently with their managers.

1.2 Authority

Authority is the power or right to have others perform the tasks and activities you need them to do. Essentially, authority allows the holder to disperse the organization's resources in a way that will best achieve organizational goals and strategies. There are three main types of authority that can be used in an organization: line, staff, and functional.

Line

Managers have the ability to give employees reporting to them (subordinates) orders or directives. These orders and directives are issued to help efficiently and effectively achieve the organization's goals and objectives. Line authority is given to managers who are directly accountable for departments or areas within the organization to aid them in their required activities. For example, an office manager has line authority over each immediate subordinate according to the organization chart's reporting structure.

Staff

Staff authority is the right to assist or guide those who hold line authority and other employees. Staff authority gives those responsible for performing their tasks the ability to improve

effectiveness and efficiency of line employees. Line and staff employees collaborate closely to achieve increased effectiveness and efficiency. For example, supply chain managers have staff authority relative to the office manager. The supply chain manager can advise the office manager on approved items to purchase within the organization.

Functional

Subordinates can veto suggested management directives or propose specific actions based on their area of specialty when they are given functional authority. In many hospitals, physicians are given functional authority to veto management decisions and make recommendations based on their best judgement for patient care.

Chapter Summary

- ◆ Management is the process of accomplishing organizational tasks and goals with and through other people effectively and efficiently.
- ◆ Vertical, or top-down, management defines the level at which an employee is functioning within the organization and faces the challenge of communication flow especially when the lower level of management is trying to communicate with the top level.
- ◆ Top-level managers make decisions about where the organization is going and put into place policies that affect all members of the organization.
- ◆ Middle managers are liaisons between top-level and first line managers and are responsible for creating operational plans to achieve the strategic plans of the organizations.
- ◆ First-line managers ensure that the organizational plans are completed efficiently and effectively.
- ◆ Authority allows management to properly disperse an organization's resources to achieve goals and strategies.
- ◆ Line authority is when a manager is assigned to a specific department. They are directly accountable for the performance of these departments.

PRINCIPLES OF MANAGEMENT

ESSENTIALS YOU ALWAYS WANTED TO KNOW

In the 3rd edition of *Principles of Management Essentials You Always Wanted To Know*, you will uncover the myriad functions of a manager and prepare yourself to take on a managerial role. This new edition has an additional chapter on International Business and Management and multiple-choice quizzes at the end of each chapter. As a manager, you will learn to become a leader with smart decision-making, conflict resolution, and problem-solving skills.

With this book, you will:

- Understand the different types of organizational structures
- Uncover the myriad roles of a manager
- Know the difference between leaders and managers
- Learn to manage employees and maintain customer relationships

This book is a part of the *Self-Learning Management Series*.

“

The book is a comprehensive coverage of what one would like to know about management and its sub disciplines.

*Subrat Sarangi, Fellow in Management
XLRI, Jamshedpur*

.....
This will be a valuable guide to a spectrum of learners from those in the foundation stage to the practicing professionals.

*K.X. Joseph, Dean,
Faculty of Commerce & Professional Studies,
Rajagiri College of Social Sciences*

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This book teaches practical business terms and concepts that every businessman should know in a simple and understandable language

*Rajkalaiselvi M, Assistant Professor,
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About the Author:

Callie Daum is a certified Project Management Professional, Professional Scrum Master, Certified Health Coach, and has received a certificate in Master Level Six Sigma at Villanova University.



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