CHAPTER 1

MANAGEMENT IN A DIVERSE WORKPLACE

Learning Objectives

1. Define management.
2. Describe the levels of management
3. Discuss the functions of management.
4. Explain the roles of a manager.
5. Describe the skills required to perform the work of management.
6. Explain how principles of management are developed.
7. Define the glass ceiling.
8. Explain diversity.
9. Define entrepreneur.
10. Define small business.
11. Outline three requirements for encouraging entrepreneurship in medium-size and large businesses.

Chapter Overview

Management is part of every business person's life. Management concepts apply equally to public, private, not-for-profit, religious organizations, large corporations, or small entrepreneurial firms. The function of management is usually performed by the three levels or types of managers—top or senior management, middle management, and supervisory management. By studying the functions of management (planning, organizing, staffing, leading, and controlling), knowledge about management can be categorized and examined.

Management skills (conceptual, human relations, and technical) are closely related. Many of the ideas that came from the application of these skills became the principles of management that are still applicable in the contemporary business environment. The individuals that apply these skills are diverse in their demographic makeup. Leaders in the modern business environment come from a variety of backgrounds. The rich diversity present in modern management adds differing viewpoints and intellectual skills that enable the firm to compete in the international and domestic environment.

Lecture Outline

I. What is Management?

A. **Management** is a form of work that involves coordinating an organization's resources—land, labor, and capital—toward accomplishing organizational objectives.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

B. Management concepts apply equally to all forms of business.

Key Term #1; Learning Objective #1; Review Question #1

II. Levels of Management

A. **Top or senior management** determines organizational objectives and policies, and decides on the actions necessary to meet those objectives.

B. **Middle management** implements and achieves organizational objectives and policies.

C. **Supervisory management** manages operative (production) employees.

Key Terms #2, 3, 4; Learning Objective #2; Review Question #2; Figures 1.1, 1.2

III. The Management Process

A. Management tasks: functions (work) performed by managers. Management can be defined as a **role** – a set of behaviors associated with a particular job.

1. **Planning**—deciding what objectives to pursue and how to accomplish them.
2. **Organizing**—grouping, assigning, and delegating activities.
3. **Staffing**—determining human resource needs.
4. **Leading**—directing and channeling behaviors.
5. **Controlling**—measuring performance against objectives.

Key Terms #5, 6, 7, 8, 9, 10; Learning Objective #3; Review Question #3; Figure 1.3

B. Management Roles

1. **Interpersonal**—figurehead, relationship builder, leader.
2. **Informational**—monitor, communicator, spokesperson.
3. **Decisional**—entrepreneur, disturbance handler, resource director, negotiator.

Learning Objective #4; Figure 1.4

C. Management Skills

1. **Conceptual**—seeing that the whole is more than just the sum of the individual parts.
2. **Human relations**—involves understanding people and working well with them.
3 **Technical**—the mechanics of performing jobs.

Key Terms #11, 12, 13; Learning Objective #5; Review Question #4; Figure 1.5

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

IV. Principles of Management

A. A **principle** is a basic truth or law.

B. Hypotheses are ideas about the way something works that can be converted into a law when proven.

C. Controlled experimentation is difficult to do and analyze.

D. Techniques of observation and deduction are typically used.

E. Management principles must be viewed as guides to action and not as laws to be followed without exception.

Key Term #14; Learning Objective #6; Review Question #5

V. The Changing Nature of the Manager's Environment

A. Changes in Information Availability

1. Sophistication of communication systems and increased use of computers has accelerated the rate of new data and information being provided.
2. Technological changes require managers to have increased technical skills.
3. Managers have to build training abilities to ensure that employees meet technical expectations.
4. Thus managers need more human relations skills.

B. Changes in Outlook toward the Work Environment

1. Safe and healthy working conditions.
2. Opportunity to use and develop individual capabilities.
3. Opportunity for personal and professional growth.
4. Efficient time management capabilities.
5. The right to personal privacy, free speech, equitable treatment, and due process.

C. Changes in Demographics

1. Increased diversity in American population.

Learning Objective #7; Review Question #6; Figure 1.6

D. Diversity and Management

1. Considerable gains have been made by women and minorities in management in the last decade, although most senior managers are still white men.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

2. The "glass ceiling", despite gains, is still an obstacle in many companies for women and minorities; the **glass ceiling** refers to a level within the managerial hierarchy beyond which very few women and minorities advance.

Key Term #15; Learning Objective #7, 8; Review Question #7; Figure 1.7; Management Illustration 1.1

E. What is Diversity?
   1. **Diversity** in the workforce means including people of different genders, races, religions, nationalities, ethnic groups, age groups, and physical abilities.
   2. The trend toward greater diversity is expected to continue over the next 50 years.

Key Term #16; Learning Objective #8; Review Question #8; Figure 1.8

E. Reasons for Creating a Diversity Workforce
   1. The employee population is increasingly diverse.
   2. The customer population is increasingly diverse.
   3. Retaining top talent means recruiting individuals from all backgrounds.
   4. Increasing diversity minimizes the risk of litigation and improve decision making.
   5. Creates a more tolerant organization culture to different behavior styles and wider views.

F. Diversity training helps employees understand the value of diversity in the work place and market place.

Learning Objectives #8; Figures 1.9; Management Illustration 1.2

VI. Entrepreneurship and Management

A. There is a basic distinction between entrepreneurs and managers.
   1. **Entrepreneurs** conceive, start, and build organizations.
   2. **Professional managers** carry out basic functions of management for the ongoing organization.

B. Large and medium-size firms increasingly encourage innovation and risk-taking by employees and managers.

C. Sole proprietors are people who run their businesses single-handedly.

Key Terms #17, 18; Learning Objectives #9; Review Questions #9, 10; Management Illustration 1.3

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

VII. Importance of Small Businesses

A. **Small businesses** are independently owned and operated with generally fewer than 100 employees.

B. Small businesses do not dominate their fields, but they do tend to produce more innovations than larger companies.

C. Entrepreneurship in large and medium-sized businesses

1. **Intrapreneurship** is entrepreneurship by employees with large or medium-sized companies.

Key Term #19, 20; Learning Objective #9, 10; Review Question #11, 12

VIII. The Challenge of the New Information Age

A. User friendly computers require very little technical knowledge.

Learning Objective #11; Review Question #13

Barriers to Student Understanding

1. The first difficulty that students will experience will be the inability to actually see management. They can see the result of management but not the actual function.
2. The second difficulty that students will experience will be in understanding what a principle is as a concept. Ask the student to explain how principles of management are developed. Ask the students how managers can use the techniques of observation and deduction to explore new and creative phenomena in management.
3. The third difficulty that students will have is in being able to sincerely discern the difference between an entrepreneur and a manager. Have students list specific differences between entrepreneurs and managers. Have them explain how an entrepreneur can become a manager by discussing Bill Gates of Microsoft, the late Walt Disney of Disney, or Steve Jobs of Apple Computer.

Key Terms

1. Management
2. Top or Senior Management
3. Middle Management
4. Supervisory Management
5. Role

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

6. Planning
7. Organizing
8. Staffing
9. Leading
10. Controlling
11. Conceptual Skills
12. Human Relations Skills
13. Technical Skills
14. Principle
15. Glass Ceiling
16. Diversity
17. Professional Manager
18. Entrepreneur
19. Small Business
20. Intrapreneurship

Suggested Answers to Analyzing Management Skills

- What is the style of management used by Welch?

  Welch plays a strong interpersonal role where he exhibits a combination of being a figurehead, a leader, and a relationship builder. Self-confidence, an ingredient he rates very high in a leader, has helped him achieve his success in business. Additionally Welch possesses both conceptual and human relation skills. He believes in combining his leadership skills towards motivating and empowering people within organizations.

Suggested Answers to Applying Management Skills

- In the jobs you have held either prior to entering college or during your college career, what skills did effective managers have?

  Student responses here will vary. Since students may be more familiar with ineffective managers than effective managers, you may want to ask this question using the reverse form: what skills did ineffective managers lack?

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Answers to Review Questions

1. What is management?

   Management is the ability to organize and allocate the resources of land, labor, and capital to achieve the company's objectives and mission. It can also be defined as "getting things done through people."

2. Describe the levels of management.

   Top (senior) management establishes the objectives of the business, and then allocates the resources necessary to achieve these objectives. Middle management is responsible for implementing and achieving organizational goals and objectives set by top management. Supervisory managers handle day-to-day operations and operative (production) employees.

3. Name and describe the basic management functions.

   - **Planning**—deciding what objectives to pursue and how to accomplish them.
   - **Organizing**—grouping, delegating, and providing authority for activities that will enable the company to achieve objectives.
   - **Staffing**—determining resource needs and recruiting, selecting, training, and developing human resources.
   - **Leading**—directing and channeling employee behavior toward the accomplishment of the company's objectives.
   - **Controlling**—measuring performance versus objectives, determining causal relationships, and taking corrective action when needed.

4. Define the basic skills required in management.

   - **Conceptual skills**—involve understanding the relationship of a business's parts to one another and to its whole; examples are decision-making, planning, and organizing.
   - **Human relations-skills**—the ability to work well with people and to understand their needs, frustrations, ideas, etc.
   - **Technical skills**—knowing how to perform the mechanics of a particular job.

5. How are principles of management developed?

   A principle is a basic truth or law. In management, most principles have been developed using deduction and observation. In the physical and life sciences, experimentation is very easy because controls can be set. Experimentation is not easy when trying to develop management principles because of the difficulty and cost of controlling people in the experimental situation.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

6. Explain how the composition of the managerial workforce is changing.

   Through the 90s, the number of women and minorities both in the workplace and in managerial positions has grown rapidly. However, there is still much room for growth and improvement.

7. Define glass ceiling and give examples of how it affects women and minorities.

   The "glass ceiling" is a level within the hierarchy beyond which very few women and minorities advance. In many cases it still is considered the domain of white men. Very few minority males reach this level, and some believe that women cannot do the work of men at these levels.

8. Define diversity.

   Diversity in the workplace means including people of different genders, races, religions, nationalities, ethnic groups, age groups, and physical disabilities.

9. Define entrepreneurship.

   The practice of individuals conceiving an idea of what product or service to produce, starting an organization, and building the organization to the point where additional people are needed. Entrepreneurship involves making decisions, being your own boss, investing money, and taking risks.

10. Distinguish between a professional manager and an entrepreneur.

    An entrepreneur is one who conceives the idea of the service or product, starts the company, and builds it into a larger organization in need of more people. The professional manager, on the other hand, performs the five basic functions of management to achieve the organization's objectives.

11. What is a small business?

    A small business is an entity that is owned and operated independently and does not have a dominance in the field of endeavor; generally, it has fewer than 100 employees.

12. What three essential characteristics are necessary for developing an entrepreneurial spirit in larger organizations?

    a. A support system must exist that encourages the R&D of products and services.

    b. Failure is a given. It must be expected and tolerated.

    c. There must be an effective system of communication with few barriers.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Suggested Answers to Skill-Building Questions

1. Management has often been described as a universal process, meaning the basics of management are transferable and applicable in almost any environment. Do you believe a good manager in a bank could be equally effective in a college or university? Explain your reasoning.

   A manager who successfully performs the management tasks (planning, organizing, staffing, leading, and controlling) and management roles (interpersonal roles, information-related roles, and decision-making roles) in one organization should generally be able to transfer his/her skills to another environment, even though the resources, constraints, and environments may differ. There may be, however, cultural differences between organizations that contribute to the success or failure of certain styles of management.

2. How does one decide who is and who is not a manager in a given organization? For example, is the operator of a one-person business, such as a corner grocery store, a manager? Explain.

   All businesses need managers, even one-person operations. The definition of management involves coordinating an organization's resources—land, labor, and capital—toward accomplishing organizational objectives. A one-person operation would largely focus on managing resources other than labor.

3. Do you think management can be learned through books and study or only through experience?

   Effective management requires both learning through books and study and practical experience.

4. Discuss the following statement: All entrepreneurs are managers, but not all managers are entrepreneurs.

   Many managers assume management responsibilities after the product or service is conceived and/or the organization is started. Thus, these individuals would be classified as managers or professional managers instead of entrepreneurs.

5. Explain how you would deal with the difficulties and challenges of the glass ceiling.

   Student responses are likely to vary based on their personal experiences and their perceptions of how the glass ceiling negatively impacts females, minorities, and the organization.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Skill Building Exercise 1.1

Managerial Characteristics

This exercise allows students to identify a good and a bad manager. Listing the characterisitics of the managers helps the student to identify the good attributes that help enhance not only the business, but the work environment as well and the bad attributes that might affect the business and the relationships in the work environment.

Skill Building Exercise 1.2

Success of a Business

This exercise allows students the opportunity to understand the use and importance of a website for an entrepreneur or a small business set-up. The students are asked to be prepared to comment on : a) What can be learned from an organization's website?

Skill Building Exercise 1.3

Online Research

This exercise asks students to perform online research on the *Business Week* Web site (www.businessweek.com). Students have the opportunity to gather information on an article and topic of interest and to present their findings to the class. With this exercise, the class will learn about a variety of management issues.

Skill Building Exercise 1.4

Are You an Entrepreneur?

This is a typical survey that has some validity and reliability. The students will find the statements and reasoning interesting. Reassure students that there should be no cause for alarm if a student thinks that he or she might be an entrepreneurial person, but the score says differently.

Suggested Answers to Case Incident Questions

Case 1.1 The Expansion of Blue Streak

1. What suggestions would you offer to Art to improve his operation?

   Art should recognize the five general managerial functions and look into how well he implements them. A suggestion would be to notice the lack of planning and organizing and act upon this first.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

2. What management skills must Art master if he is to resolve his problems and continue to grow?

   Art's management skills to improve are mostly conceptual and human relations related. His technical skills are about all he currently has as support. He needs to understand and visualize how the company is growing and what its needs are. Art should possibly communicate his concerns and allow more to have managerial authority in order to balance attention to each office.

Case 1.2 Wadsworth Company

1. Do you feel that the duties being Evelyn and Bill are handling should have been delegated by Donna?

   Donna does not seem to understand the basic structure and duties of her new job. Her job is not to be "friendly" and to help other managers. She seems to think she can delegate her training and supervisory duties to other employees. We are not even sure of why Donna appointed Evelyn and Bill in the first place or if they are capable of handling the duties of the job. They may lack motivation and/or training in the areas of their assignment. Rather than learn the position at a "normal" pace, Donna is definitely trying to do too much in a rather short period of time.

2. What difficulties do you see for Evelyn and Bill in being both group leaders and operative employees?

   Wearing two hats at the same time creates problems in loyalty, priority, and scheduling. How are they to be evaluated since they actually are doing two jobs and are not having success at either one? The positions they are in are very awkward and unfair. They will receive negative feedback from employees in a day or two. Donna delegated all of her duties away. Evelyn and Bill are expected to handle both managerial and operative jobs, and their coworkers may not view them as qualified to make many of the assignments and training decisions.

3. Do you consider Evelyn and Bill to be managers? Why or why not?

   They are managers because they are performing the work of managers.

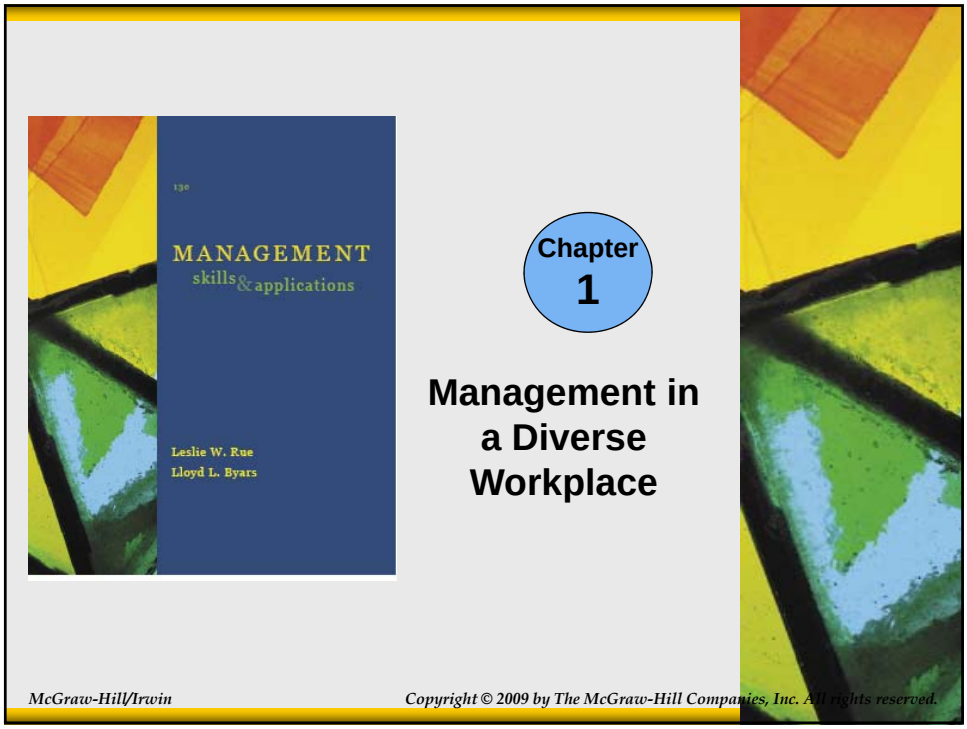
Suggested Student Projects

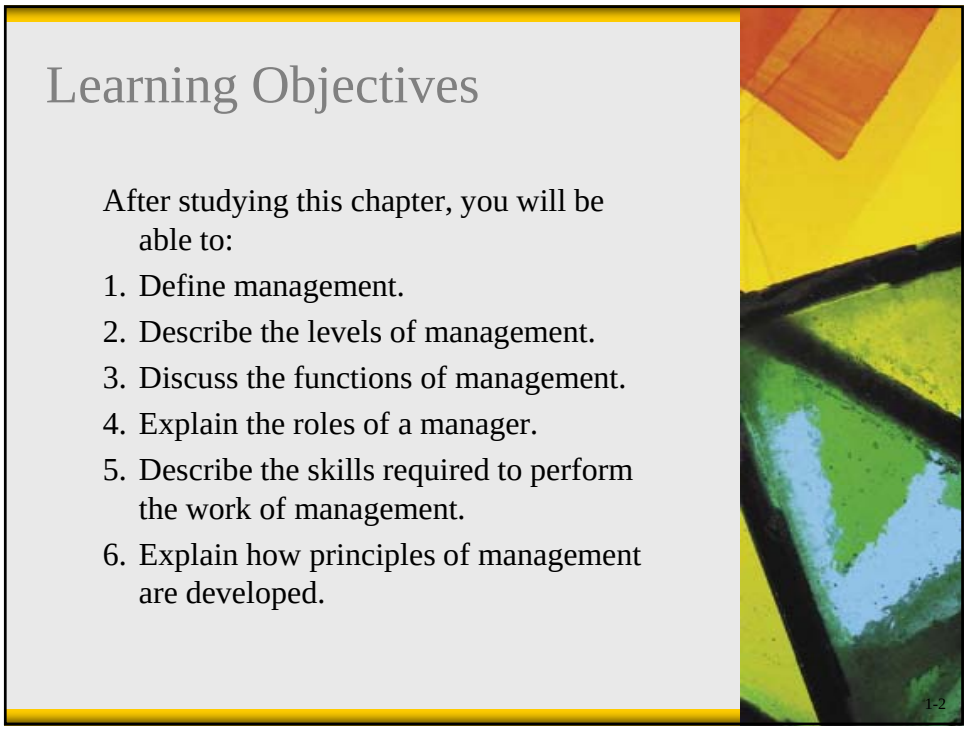
1. Ask students to bring in an article from a contemporary business magazine (Time, Business Week, Fortune, etc.) that illustrates the functions of a manager or managers. Have them discuss what the functions are and how the manager or managers are applying them.

2. Have the students describe an entrepreneurial opportunity that they have always thought that they might like to pursue. What entrepreneurial and managerial skills would they need to make the opportunity work?

3. Find an illustration of the "glass ceiling" at work. What do the students think managers and companies should do to overcome the "glass ceiling" effect?

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com





Serving to Promote the Potential Of People & Organizations

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Learning Objectives (cont'd)

After studying this chapter, you will be able to:

7. Define the glass ceiling.
8. Explain diversity.
9. Define entrepreneur.
10. Define small business.
11. Outline three requirements for encouraging entrepreneurship in medium-size and large businesses.

Management and Its Importance

- Management is the process of deciding the best way to use an organization's resources to produce goods or provide services.
  - Resources include: employees, equipment and money.
- Umbrella of management encompasses:
  - Sound decisions
  - Good communication skills
  - Delegation of plans
  - Training and motivating people
  - Appraisal of employees' job performance

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Levels of Business Management

- Senior Management
  - Responsible for setting goals for the business, deciding what actions are necessary to meet them and determining how best to use resources.
- Middle Management
  - Responsible for achieving the goals set by senior management.
- Supervisory Management
  - Responsible for the people who physically produce the company's products or provide its services.

1-5

The Management Pyramid

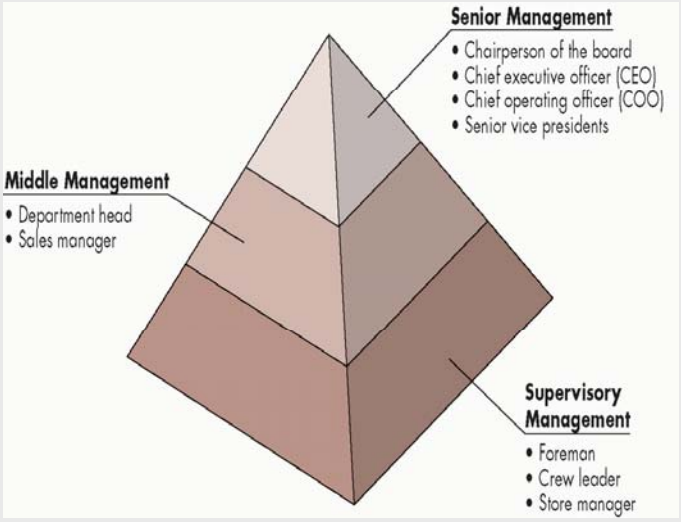


Figure 1.1

1-6

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Management Tasks

- Planning
  - Deciding what objectives to pursue and what to do to achieve those objectives
- Organizing
  - Grouping activities, assigning activities, and providing the authority necessary to carry out the activities
- Staffing
  - Determining human resource needs and recruiting, selecting, training, hence and developing human resources

Management Tasks (cont'd)

- Leading
  - Directing and channeling employee human behavior toward the accomplishment of objectives
- Controlling
  - Measuring performance against objectives, determining the causes of deviations, and taking corrective action where necessary

Levels of Management

1. **Senior Management**

   Senior management is responsible for setting objectives for the organization, deciding what actions are necessary to meet them, and determining how best to use resources. This level of management usually includes the chairperson of the board of directors, the CEO, the COO, and the organization's senior vice presidents.

2. **Middle Management**

   Middle management is responsible for achieving the goals set by senior management.

3. **Supervisory Management**

   Supervisory management is responsible for the people who physically produce the organization's products or provide its services. Crew leaders and foremen are examples of supervisors.

Figure 1.2

1-9

Relative Emphasis Placed on Function of Management at Each Level of Management

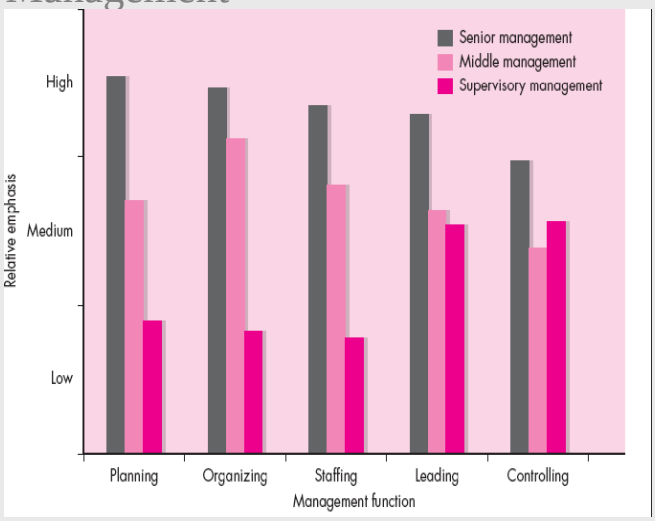


Figure 1.3

1-10

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Definitions of Management Roles

Interpersonal Roles	Information-Related Roles	Decision-Making Roles
Figurehead: Manager serves as official representative of the organization or unit.	*Monitor:* Manager receives and collects information.	*Entrepreneur:* Manager initiates change.
Relationship builder: Manager interacts with peers and with people outside the organization to gain information.	*Communicator:* Manager distributes information within the organization.	*Disturbance handler:* Manager decides how conflicts between subordinates should be resolved and steps in when a subordinate suddenly leaves or an important customer is lost.
Leader: Manager guides and motivates staff and acts as a positive influence in the workplace.	*Spokesperson:* Manager distributes information outside the organization.	*Resource director:* Manager decides how the organization will use its resources.
		Negotiator: Manager decides to negotiate major contracts with other organizations or individuals.

Figure 1.4

Management Skills

- Conceptual Skills
  - Help managers understand how different parts of an organization relate to one another and to the business as a whole.
    - Decision making, planning and organizing require conceptual skills.
- Human Relations Skills
  - Needed by managers to understand and work well with people.
    - Interviewing job applicants, forming partnerships with other organizations and resolving conflict require human relations skills.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Management Skills (cont'd)

- Technical Skills
  - Specific abilities that people use to perform their jobs.
    - Operating a word processing program, designing a brochure and training people in using a new budgeting system require technical skills.

1-13

Mix of Skills Used at Different Levels of Management

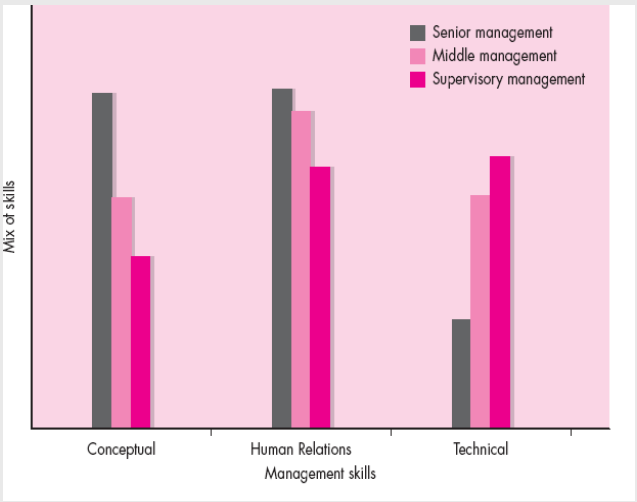


Figure 1.5

1-14

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Principles of Management

- Management principles are more likely to change than physical principles, hence are more effective used as guidelines to actions.
  - A principle is a basic truth or law.
  - Hypothesis are conducted to prove a principle.
  - Deduction is the process of drawing a general conclusion from specific examples.

Changes in Information Availability

- Increasing sophistication of communication systems and the rapid increase in the use of computers, new data and information are being provided at an accelerating rate.
  - These changes require managers to have increased technical skills.
  - Higher levels of skill and training require new approaches to motivation and leadership.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Changing Work Environment

- Factors that can improve quality of life:
  - Safe and healthy working conditions.
  - Opportunity to use and develop individual capabilities.
  - Opportunity for personal and professional growth.
  - Work schedules, career demands and travel time that do not regularly take up family and leisure time.
  - Right to personal privacy, free speech, equitable treatment and due process.

1-17

Projected Population of the United States, by Demographic Group: 2010 to 2050

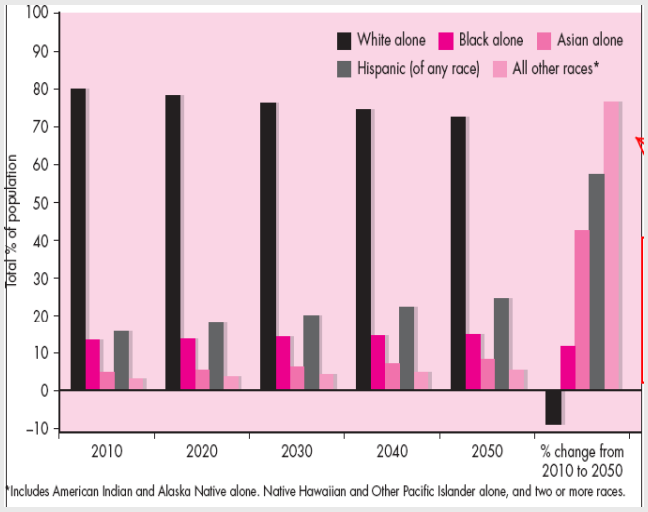


Figure 1.6

1-18

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Projected U.S. Population, by Demographic Group, 2000–2050 (percent of population)

Demographic Group	2010	2020	2030	2040	2050
Non-Hispanic white	68.0	64.3	60.6	56.6	52.8
Non-Hispanic black	12.6	12.9	13.1	13.3	13.6
Hispanic	13.8	16.3	18.9	21.7	24.5
Non-Hispanic American Indian, Eskimo, and Aleut	0.7	0.8	0.8	0.8	0.9
Non-Hispanic Asian and Pacific Islander	4.8	5.7	6.6	7.5	8.2
Total	100.0	100.0	100.0	100.0	100.0

Figure 1.7

The Changing American Workplace

1. **The Workplace in the 1960s**

   Until the 1970s, white males dominated most businesses in the United States. For the most part, managers managed people who came from backgrounds that were similar to their own.

2. **The Workplace in the Year 2006**

   By the year 2006, most workplaces included women and minorities. Increasing diversity has helped companies understand the needs of their increasingly diverse customer bases.

3. **The Workplace in the Mid-Twenty-First Century**

   By the middle of the twenty-fist centur y, minorities will make up almost half of the population. In response to these changes, the workplace is expected to become even more diverse than it is today.

Figure 1.8

Diversity and Glass Ceiling

- Glass ceiling is a level within the management hierarchy beyond which few women and minorities advance.
- Diversity in the workforce means including people of different genders, races, religions, nationalities, ethnic groups and physical abilities.

Advantages of Diversity

- Can improve decision making.
- Increasing globalization.
- Presents stimulating challenges to both employees and supervisors.
- Creates an organization culture that is tolerant, hence leading to better business decisions.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Entrepreneurship and Management

- Professional managers are paid to perform functions within a company.
  - Senior, middle and supervisory managers are all professional managers.
- Entrepreneurs are people that launch and run their own businesses.
  - Entrepreneurs may hire professional managers as their organization grows.
  - Being a entrepreneur is more riskier than being a professional manager.
  - Entrepreneurs are more independent and possess less formal education.

Types of Entrepreneurial Ownership

- Sole proprietors run the business single-handedly.
- Partnerships are usually made when large investments over the business are made.
  - One or more partners can provide money, while the other runs the business.
  - Two or more partners might also run the business together.
- Incorporates involves people forming a corporation to avoid being held personally liable for financial losses.
- Franchisees can also be owned by some entrepreneurs.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com

Small Businesses

- A small business is a company that is independently owned and operated.
  - Owners of small businesses often perform all management tasks.
  - According to the Small Business administration (SBA), a company is a small business if it has less than 100 employees.
  - These companies generally tend to be more innovative than larger businesses.

Encouraging Entrepreneurship

- To encourage intrapreneurship (entrepreneurship within an organization), many medium-sized and large organizations must:
  - Develop a system that supports and encourages people to champion their new ideas or products.
  - Accept failures and learn from the mistakes made.
  - Encourage managers to become innovative and take risks.

1253 Orchard Glen Circle, Encinitas, California 92024 Ph: 760-519-9360 Fx: 760-753-9380
greg@goatesconsulting.com www.goatesconsultinggroup.com