# Business Management

**The features of effective management**

Every business — whether it be profit or not-for-profit, small, medium or large — needs effective management to succeed.

The task of management crucial. Managers are necessary because society could not function without businesses, and businesses cannot function without managers.

The important role of effective management is to make sure the joint efforts of employees are directed towards achieving the goals of the business. Producing all the goods and services demanded by consumers involves the combined efforts of many people. This combined effort must be effectively coordinated so that the greatest amount of goods and services can be produced for the least cost — that is, efficiently. This coordination needs to be managed on many different levels; for example, within businesses, between businesses and on a national and international level. Businesses must do more than meet the needs of individuals; they must also meet the needs of all the stakeholders in general.

Management is the process of:

* 1. coordinating a business's resources to achieve its goals
  2. working with and through other people to achieve business goals in a changing environment.
* Whether the goals of the business are achieved largely depends on the skills and expertise of the management team in coordinating the business's resources.
* Every business needs effective management to succeed.
* The role of effective management is to make sure the joint efforts of employees are directed towards achieving the business's goals.
* Effective management is usually the major factor influencing the success or failure of a business.

**Skills of management**

In every occupation, certain skills are needed for success. If you have a **skill**, it means that you have the ability to complete a task effectively. A surgeon must be decisive and have the technical abilities to perform complicated operations. A champion swimmer must have the combination of natural talent and skills that enable him or her to swim better than almost anyone else.

Not surprisingly, managers also need certain skills. The more successful managers appear to have more of these skills than the less successful managers. Not every manager requires the same amount of each skill; however, some skills are more important for some job types or workplaces than are others.

In general, effective managers are those who:

* possess a range of specific management skills (see figure 5.6)
* are able to use these skills in a number of different situations.

Normally, a manager is not required to use all these skills constantly. What is important is that these skills and abilities must be available when they are needed so that managers can organise and motivate staff to work effectively towards objectives. These skills take on added significance, given the two fundamental changes that have taken place in the structure of many businesses over the past decade:

1. the movement away from the ‘tall’ hierarchical structures of many traditional businesses, with their multiple layers of management, towards ‘flatter’ business structures
2. the development of self-managing work teams.

**Managers require a range of skills to operate effectively now and into the future. These skills include:**

1. Interpersonal (people)

Interpersonal skills centre on the ability to relate to people, being aware of and appreciating their needs, and showing genuine understanding. People skills include the ability to communicate, motivate, lead and inspire.

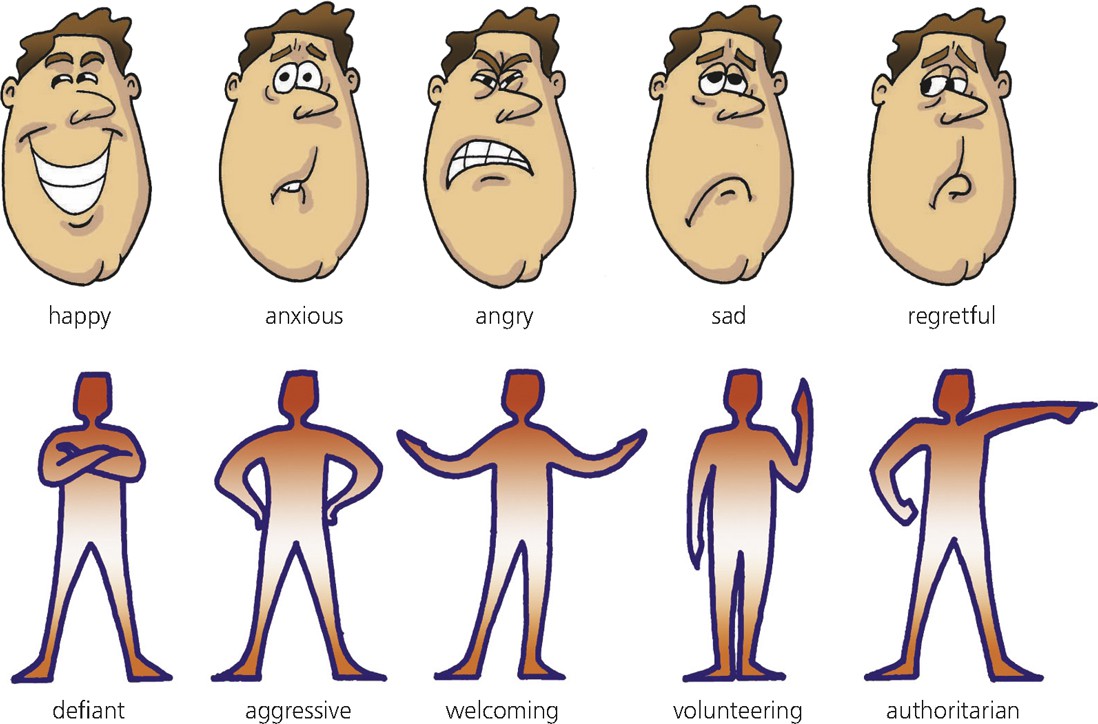
1. Communication

Communication is one of the easiest and, at the same time, most difficult of management skills. This is because of the complex nature of communication. Whether communicating with employees within the business or customers in the marketplace, effective communication is essential for the long-term survival of the business. Well-written letters, an inviting telephone manner, pleasant conversation, concise emails, and friendly smiles and gestures reinforce carefully planned business strategies and client networking.

Communication is all about sending a message to another person. A message might be verbal, meaning words either written or spoken are used to convey the message. Alternatively, you may choose to convey a message using nonverbal methods as simple as a smile or an image to get your message across.

Nonverbal communication is any message that is not written or spoken. Nonverbal communication mainly consists of body language (posture, facial expressions, placement of limbs and proximity to others).

It is important for managers to be aware of the power of body language and the messages that can be secretly conveyed. Usually, body language conveys a more powerful message than spoken or written communication. This can result in contradictory messages being intentionally or unintentionally given. A manager who says she is free to talk to an employee about a work problem but then constantly glances at her watch is giving a message that it is not a convenient time to talk. Another example is a manager who expresses one emotion orally, such as confidence, but then has body language reading ‘I don't trust you’. Such a contradiction often suggests that actions ‘speak louder’ (and more accurately) than words.



3.strategic thinking

Strategic thinking allows a manager to see the business as a whole — as a complex of parts that depend on and interact with each other, like the gears in a machine and to take the broad, long-term view.

The ability to think strategically lets the manager see the ‘big picture’. The manager may then:

* visualise how work teams and individuals interrelate
* understand the effect of any action on the business
* gain insights into an uncertain future
* see the business in the context of events and trends, and identify opportunities or threats.

Strategic thinking therefore involves thinking about a business's future direction and what future goals the business wants to achieve. As a student, for example, you were thinking strategically when you made your senior course subject selections in Year 10. You had to imagine what the future job or study requirements would be when you left school, how the workplace may change over time, what future goals you wanted to achieve, and what would interest and motivate you in the future.

4.Vision

Vision is the essential contribution of management, for without it there can be no sense of cooperation and commitment, which makes achieving goals impossible. Drucker explains that the most effective way for managers to share their vision for the business is through the organisation's goals. Knowing where the business is headed and what it is trying to achieve helps employees understand where the manager wishes to take the business. A manager without a clear vision for the business is like a person who attempts to lead a bushwalk without any idea of where the group wants to go, without a compass or even a map. The walk would become aimless. The same thing happens in a business whose manager has not communicated clearly its vision. The business is without guidance.

To share their vision and inspire others, managers will have to display effective leadership qualities. **Leadership** is the ability to influence people to set and achieve specific goals. A manager will use his or her leadership abilities to act as a bridge on which to support team members as they cross from the existing ideas into new and unfamiliar territory.

Being an effective leader is not an easy task; it is time consuming, especially if there are lots of people to lead. However, not displaying leadership qualities is inviting a greater possibility of failure.

5.problem solving and decision making

Problem solving means finding and then implementing a course of action to correct an unworkable situation. Although managers have to deal with many problems in the course of a day, not all problems require such a systematic, formal process. One of the most important skills a manager can develop is the ability to decide which problem they should give their full attention.

There are six steps involved in problem solving:

The task of solving problems will obviously require making some decisions. **Decision making** is the process of identifying the options available and then choosing a specific course of action to solve a specific problem.

Decision making can sometimes be dangerous. Not all management decisions are effective, as NASA discovered tragically in 1986, providing a case study of management decision making that shows dramatically the importance of the decision-making process

6.flexibility and adaptability to change

Regardless of their level of management, successful managers are those who anticipate and adjust to changing circumstances. They must be flexible, adaptable and **proactive** rather than reactive. Those who are unprepared or passive in the face of change will not succeed. Businesses today are recruiting and selecting managers who can cope with unfamiliar and unexpected circumstances.

7.reconciling the conflicting interests of stakeholders.

there are a number of stakeholders in business. Stakeholders are groups and individuals who interact with the business and thus have a vested interest in its activities. Over the last four decades, there has been a significant philosophical shift in business conduct to meet society's expectations.

Society increasingly expects businesses to accept responsibility and accountability toward all stakeholders for the promotion and management of change. Businesses are expected to be enterprising, to comply with the law, and be socially just and ecologically sustainable in their operations.

Most businesses are now extremely sensitive to public opinion and strive to be recognised as ‘good corporate citizens’. Businesses recognise that they increase their chances of success when they pursue goals that align with the interests and expectations of all stakeholders.

All the stakeholders who interact with a business require something different; all place competing demands upon the business. Some of these expectations are compatible. For example, customers want quality for money. If the business meets this expectation then sales should increase, leading to greater profits. This in turn satisfies the business owners who are rewarded with higher dividends.

However, some expectations are incompatible; that is, they oppose each other. In this case, satisfying one set of stakeholders will most probably result in other stakeholders being dissatisfied. For example, employees require safe working conditions and reasonable wages while customers want reasonably priced products. Providing safer working conditions or a wage rise will cost money in the short term. If the business wished to retain a high dividend to satisfy the shareholders' expectations, then it may be forced to raise the prices of its products. This action will upset customers. On the other hand, the business may retain prices at the original level, reducing its profit. Doing this could cause disquiet among shareholders.

To maintain its profit, the management of a business may choose to cut costs, for example, and ignore some of its responsibilities. These types of decisions can endanger employees or society, or damage the environment through pollution, raising serious ethical and social responsibility considerations. Management might choose to reduce costs by sacking employees or by compromising on product quality or safety, which also raises other ethical and social responsibility considerations.

Reconciling these conflicting interests is not always easy. Senior management must assess constantly the actions of the business and attempt to satisfy as many stakeholder expectations as possible, while at the same time acting in a responsible manner.