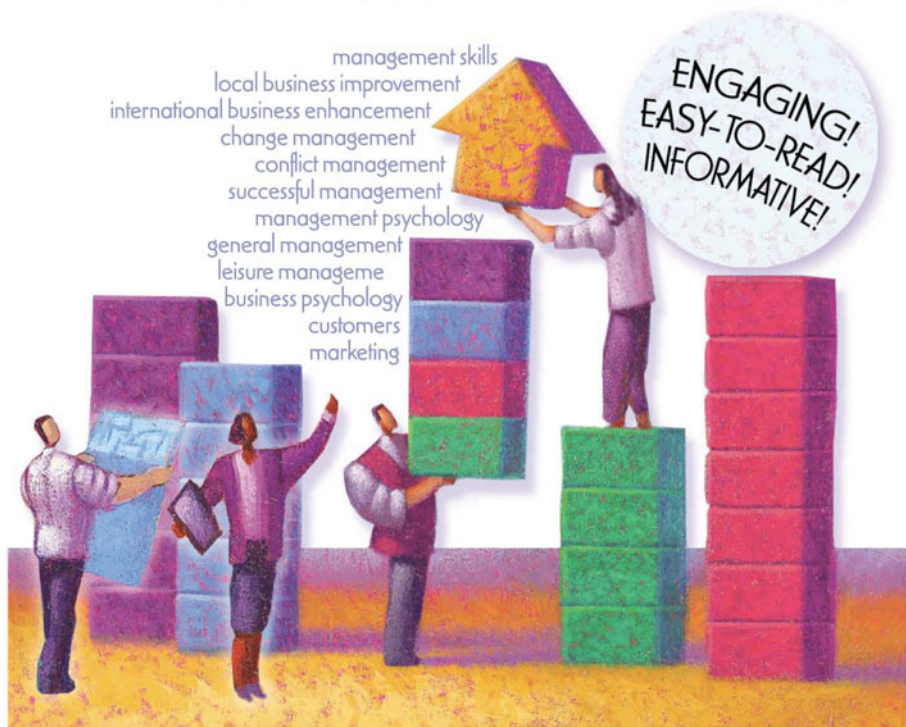


The CONCISE HANDBOOK *of* **MANAGEMENT** A PRACTITIONER'S APPROACH



JONATHAN T. SCOTT

**The Concise Handbook
of Management**
A Practitioner's Approach

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The Concise Handbook of Management

A Practitioner's Approach

Jonathan T. Scott

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To George G. Scott Jr.,
a successful executive, manager, and turn-around specialist
in the highly competitive American wire rope and cable industry
(and a great dad too!)

ABOUT THE AUTHOR

Born in Trenton, New Jersey, **Jonathan T. Scott** grew up in nine different states before attending Brevard College (Brevard, North Carolina) and graduating from Florida State University (Tallahassee, Florida) in 1987. He has since earned a language certification from the Université de Bourgogne (Dijon, France), an MBA from Western International University (at its former London, UK, campus), and a teaching certificate from Oxford Brookes University (Oxford, UK).

Scott worked in the leisure and recreation industry for over twenty years before becoming a teacher. As a manager he earned his stripes, and a reputation, for turning around three separate businesses under difficult circumstances (the first occurred in a war zone). Currently on his third passport, he has lived and worked in eight different countries. He now lectures on business and management issues in Europe.

Apart from his numerous internationally published management articles, Scott's books include *Fundamentals of Leisure Business Success*, the highly acclaimed novels *Expedition* and *Days Captive*, and the upcoming *On Wings*—the story behind the most successful fighting unit in all of human history.

If you are interested in having Jonathan Scott speak with your employees or students about work and management issues, or simply wish to share your comments about this book, please feel free to send him a message via the following address:

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I slept and dreamt
that life was joy.
I woke and saw
that life was duty.
I acted, and behold!
Duty was joy.

Rabindranath Tagore
Calcutta, India

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Preface

Why Another Book About Management?

My induction into teaching was a sink-or-swim affair. While investigating a business opportunity in Warsaw, Poland, I learned that a former corporate executive had “pulled a runner” at the country’s most prestigious private business school (unable to cope with the responsibilities of teaching, she’d simply disappeared). Although I’d never taught anything before, someone asked if I’d be interested in replacing her. Simply put, no one else could be found at such short notice. I said yes even though it was three weeks into the semester and neither syllabus nor lecture notes could be found. Because I didn’t know quite how to approach the job, I took a few minutes during the first class and asked the students to explain their expectations.

“Well, so far we sat through two boring lectures based upon nothing more than theory and definitions,” one student said. He cast his eyes to the ground as if he’d blurted out something wrong.

“Do you know anything about management?” asked another.

“When is someone going to teach us something we can actually use?” muttered a third.

The rest of the class, an intriguing mixture of young men and women from half a dozen different countries, nodded their heads in agreement.

My head reared back. After more than twenty years of working as a business practitioner I couldn’t believe my ears. These students were displaying the typical signs of customer disgruntlement. It was apparent that most of these students were eager to learn, desperate even, but after suffering from a stream of lecturers who seemed to put teaching at the bottom of their priority list, they were losing interest.

“The problem with universities today,” stated a friend (an Ivy League University lecturer) to me in an e-mail later that week, “is that they’re full of professional researchers who are amateur teachers.”

From that moment on I decided to revert to basic business sense. I would listen to my customers' (the students') wants and needs and *act upon them*. Every theory or academic point I introduced in class would be accompanied by an interesting highlight or example of practical application that brought the point home. The way I figured it, the onus was upon me to have my students *want* to come to class and do well. Thankfully, as a part-time lecturer, I had no publishing pressures placed upon me. My emphasis could therefore be placed on preparing students to be good managers—not in having them memorize abstract theories or in using them as cheap labor to gather research data. Now all I needed was a good management book.

Teachers (including myself) notoriously turn into prima donnas when it comes to selecting course texts and now I know why. As I looked through the piles of available material, I could see only the faults. Most textbooks were incredibly verbose and full of hyperbole and/or questionable profiles (remember when **celebrity CEOs** such as Jeff Skilling, Bernie Ebbers, and Dennis Kozlowski were heralded, and when Enron, WorldCom, and Arthur Andersen were considered excellent companies?). Others had graphs and models that were either so oversimplified they were meaningless or needed the explanation of entire chapters to comprehend. Many more books were dead boring or contained Disneyesque-styled writing and explanations. Too many of them placed far too much emphasis on big corporations when more than 90 percent of the world's working people are employed by small to midsized businesses (I suspect it is big corporations that are doling out research grants so they get studied more). In addition, the voices behind these books were not bold enough. In other words, the people who wrote them didn't appear to have much management experience. But what really irked me was how most of these books gave little or no attention to the importance of customers. Everything, and I mean *everything*, a manager does must be customer oriented. Yet it's difficult to come to that conclusion when reading most management books. The word *customer* is barely mentioned. Undaunted, I continued searching. One book seemed to suggest that children's stories could solve business problems (it was actually a pretty good book, but a management course can't be based on children's stories). Others appeared to be designed as an author-publishing vehicle or as a means of self-promotion. A few did nothing but disparage opposing thinkers. Still more were based on a catchy title

and/or a marketing gimmick. The majority were ridiculously overpriced. At one point I considered photocopying relevant academic papers and passing them out to students, but so many of these papers are written in such an unnecessarily complex manner that I soon thought better of burdening students with them.

My mind went back to the MBA program I attended in London, England, at Western International University. On the first day of a class titled “Finance and the Corporation,” the instructor limped into the room (he was awaiting hip replacement surgery) and blinked at us through spectacles the thickness of Coke-bottle bottoms. We, the assembled students, were reduced to a hush. This man was rumored to be a part of almost every piece of accounting legislation passed in the United Kingdom and he was very intimidating.

“Over the past several decades, I’ve worked in over a dozen companies, not to mention five different countries,” he stated in his introduction. “And every few months it seems some bright spark publishes a new theory about determining costs in a business. Indeed there are too many of these formulas out there now, each one more complex than the last. Yet despite this proliferation, only two are ever really used outside academia. And by the end of this term, those two—and only those two—are what you’re going to know inside and out.”

I decided to apply this type of thinking to my new teaching position. I concluded to keep it simple and give the students bits and pieces from my first book, *Fundamentals of Leisure Business Success* (The Haworth Press), combined with what readable and applicable material I could find from around the world. After two years of this process I’d gathered enough fundamental material to write a book on management in much the same way my finance professor had approached his subject: by sticking to the basics. And so, *The Concise Handbook of Management* was born. Is it biased? Yes. Is it scientific? No. Is anything new being presented? Not really. The vast majority of information contained in this book is, similar to most management books, a rehash of everything else that’s out there. The difference is that this book approaches the subject from a practitioner’s viewpoint. In other words, it discusses management with customers in mind. I didn’t write this book to pitch a new management theory but to present the practical necessities of management from a manager’s perspective.

Please note that nothing in these pages is designed to be prescriptive or omnipotent. Rather, *The Concise Handbook of Management* is meant to

- be motivating—to whet the appetite of readers and get them interested in probing further into the subject of management (which really is fascinating);
- be supplemental to and balanced against other management books (because what's presented here is certainly not definitive or all-encompassing);
- approach management in a way that is understandable, practical, and, yes, somewhat entertaining;
- not overload the reader (management is *not* a complicated subject); and
- be affordable.

To accomplish these objectives, this book has been laid out in short, condensed chapters that include many true stories and renowned case studies designed to assist in highlighting each section's main points. Important terms have been highlighted in bold print and included in the glossary. Topics are approached with the attitude that you, the reader, have enough intelligence and ability to determine if or how the issues raised can be applied to current or future work challenges. In the end, I suppose proof of the book's success will be measured by the sales figures. I hope you find the information presented here to be useful.

Acknowledgments

Many thanks are owed to those at The Haworth Press, whose efforts helped make this a better book. These people include Donna Biesecker, Tara Davis, Peg Marr, Jillian Mason-Possemato, Julie Bednar, Lindsey Lewis, and Dawn Krisko.

PART I:
BUILDING THE MANAGEMENT
FOUNDATION

Chapter 1

What Is Management?

1: the act or art of managing: the conducting or supervising of something (as a business) **2:** judicious use of means to accomplish an end **3:** the collective body of those who manage or direct an enterprise

Merriam-Webster's Collegiate Dictionary

1: the control and organizing of a business or other organization **2:** . . . also refers to the people who do this **3:** the way you control someone or something

Collins Cobuild English Language Dictionary

1: the art or practice of managing (especially a business or money) **2:** the people in charge of a company or industry **3:** skill in dealing with people or situations (judgment)

Longman Dictionary of Contemporary English

1: the application of skill or care in the manipulation, use, treatment, or control of things or persons, or in the conduct of enterprise, operation or organization of commercial enterprise

The New Oxford English Dictionary

1: planning, organizing, leading and controlling the use of resources to accomplish goals

A popular definition seen in many textbooks

1: overseeing the work of others

A classic definition

By any stretch of the imagination, there will probably never be a shortage of management definitions or management job titles (see Exhibit 1.1). The problem with most definitions of management is that they only tell part of the story. For example, in the definitions previously mentioned (indeed in every definition of management I've ever seen) the word *customer* isn't seen. This is astonishing because servicing customers is the crux of *every* business organization. Equally as remiss is that most writers neatly filter out human nature in their descriptions of management. Let's face it, aseptic words and terms are great for dictionaries and academic tomes but they're terrible when it comes to explaining, warts and all, the full scope of what management entails. So how can the art and science of management be summed up in a few succinct words? Well, truth be told, it can't. Management is about more than leading, controlling, planning, organizing, and setting goals and objectives. Much more.

**EXHIBIT 1.1. Three Basic Categories
of Management Positions****TOP MANAGERS (ADMINISTRATORS)**

Presidents
Managing directors
Vice presidents
CEOs (chief executive officers)

MID-LEVEL MANAGERS

Department heads
District managers
Unit chiefs

FRONTLINE MANAGERS

Supervisors
Foremen
Coordinators
Team or project leaders

Perhaps the best way to present a richer and more accurate concept of management is to look at what good managers do—or are *supposed* to do—in the course of a typical working day. Good managers constantly streamline their organizations toward making a sale. In other words, good managers keep their organizations on track by ensuring that everything that's being done is geared toward providing what customers want. In this regard, a good manager is responsible for reducing ambiguity, keeping costs down, and motivating others to do the same. In the same vein, good managers regularly take educated risks and exercise good judgment. These risks include trying new approaches, successfully adjusting to constant change, developing subordinates (good managers aren't afraid of letting other people shine—in fact they encourage it), and improving their own skills.

Since most managers are responsible for more work than one person can normally perform, a good manager delegates and integrates the work of others by acting as a clear channel of communication within the businesses they serve. Good management is about rising above the often monotonous grind of a working day and injecting motivation, creativity, discipline, and enthusiasm into areas in which they either don't exist or they're not wanted. It entails doing things you don't want to do in order to get and do the things you want. And while all this is occurring, the ups and downs of life in general must be successfully dealt with, such as fear, insecurity, births, deaths, romances, divorces, physical injuries, bad-hair days, bad-manner days, personal failings, and attitude problems to name a very few. Again, I'm talking about *good* managers. These are the men and women who face problems, put in long hours, set a good example, and have an inherent knack to create something from nothing. Good managers work well with others (including those they don't like) and can be counted on to be honest and upstanding. They concentrate on goals and results rather than showing who's boss, because the creed they live by is *integrity*, *responsibility*, and *maturity*. This means financial figures aren't manipulated and production numbers aren't fiddled with. That's not to say that good managers always score; they most certainly do not, but when good managers don't succeed the first time they pick themselves up, brush themselves off, learn from what happened (without blaming others), and *then* score. Good managers create value. In other words, they don't make excuses; they produce results.

Sound like a tall order? Well, it's not so high that it can't be reached. The truth is that there are tens of thousands of good managers in this world quietly going about their work and performing admirably. That most of them don't attract attention to themselves, in part, shows their management acumen and the dedication they have for their craft. Good managers understand that management isn't merely a rank; it's a responsibility, and they more often than not let their work speak for itself. They don't need to be charlatans, actors, or show-people. Yes, a little bit of flashiness sometimes goes a long way in business; nevertheless, *prioritizing* showmanship is not the mark of a good manager.

Now let's look at the other side of the coin. What constitutes bad management? Simply put, bad managers are insecure, overbearing, dictating bosses who, in the long run, do little more than manage to get to work on time, instill fear in others instead of respect, barely put in an eight-hour day (or less) of real work, collect a paycheck, and/or maintain the status quo when opportunities abound. At an administrative level, bad managers tend to see their profession as only a game of acquisitions and mergers or act as though what they do involves only numbers.

Calling yourself a manager doesn't make you one in the same manner that cooking dinner doesn't make you a chef, penning a letter doesn't make you a writer, and going jogging doesn't make you an athlete. For those of you who think management is glamorous, well, placing the word *manager* on your door or a business card isn't an invitation to a gold-encrusted club and a bottomless expense account. Most management positions, particularly those in small to mid-sized businesses, aren't glamorous and don't come with perks. A business's resources are best spent serving *customers*—not managers—and that involves deflating one's ego,* rolling up one's sleeves, and working with everyone in an organization's hierarchical structure. In this regard, management is not about you. It's about serving others.

I often tell anyone who'll listen that although managing a business isn't the easiest thing in the world to do, too many teachers and students try to make it as complex as brain surgery. Certainly management, like so many other tasks, can be made as complicated as you'd

*Winston Churchill was once asked if he was flattered by the size of the crowds that came to hear him speak. "Yes," he replied, "but then I remind myself that if I was being hanged the crowds would be twice as big."

like, but the truth of the matter is that it needn't be complex. Nor is it dry and boring. In most cases management is fascinating—or at least it should be. (It's based on the study of human nature for heaven's sake. Who among us isn't intrigued by money, influence, passion, achievement, success, failure, greed, good deeds, and similar emotions, attributes, and weaknesses?) What else besides management demands the successful maneuvering of the strengths and weaknesses of those who perform it alongside those being managed? What else besides romance, sport, and warfare constantly tries and tests an individual both personally and against others?

Suffice it to say that all these factors combined with planning, organizing, leading, and controlling is a tough, relentless, and time-consuming job that demands regular assessment, constant improvement, and the ability to give more than is taken. And that, in part, is what makes management so difficult to define—let alone do.

Chapter 2

A Brief History of Management

Because before taking any journey, it's important to know where you've been, where you are, and which direction you're going.

Every day new technologies and innovations make our world a better place. Advancements on almost every front are being made at an astonishing rate. Yet when it comes to management, there isn't much that's new under the sun. If you traveled back in time thousands of years you'd probably be surprised to discover that we're really no more intelligent than our ancestors (i.e., our tools have changed, but human behavior hasn't). We live in a rather arrogant age in which too many people believe we have nothing to learn from the past. For a species that constantly relives its mistakes, this is a disturbing trend. Long before skyscrapers, multithousand-employee corporations, and the computer, people, not unlike us, built the great pyramids, the Great Wall of China, sailed the seas, explored the earth, and traded with far away lands. It took highly intelligent brains to do that.

Consider the pyramids, designed and built approximately 5,000 years ago by *people*—not a super human race of beings, not individuals anointed by Gods, and certainly not by alien intervention, but people—regular people who sat down, thought through, and carried out the entire process. Experts today concede that this monumental achievement, still unsurpassed today, was primarily the result of a well-managed, orderly system of volunteerism and rotating conscription. As proof of this, the ruins of medical facilities, housing areas, recreation grounds, kitchens, communal eating locations, and other remnants of a vibrant community project are scattered over the vast area surrounding the pyramids' bases. The general belief today is that it took 10,000 people twenty years to build the great pyramid—or perhaps 20,000 people ten years. Other sources state it took many