

12e

Management

Meeting and
Exceeding
Customer
Expectations



Gemmy S. Allen

“I just wanted to tell you how much I enjoyed the Management course you taught and I really value the text book you co-authored. It is the first text book that I’ve decided to keep because I know that I will be referring to it throughout my career. Thank you so much for the pride and effort you put in to what you do. You are greatly appreciated.”

— Jo Zuercher (student at North Lake College)

about the author

GEMMY S. ALLEN holds a Bachelor of Business Administration degree from the University of Texas at Arlington, a Master of Business Administration degree from the University of North Texas, and a Doctor of Education degree from Lamar University. Her awards include being named Outstanding Mountain View College Faculty Member and receiving the Golden Oak Award, Oak Cliff Chamber of Commerce; the National Institute for Staff and Organizational Development (NISOD) Excellence in Teaching Award; and the award for Mountain View College Innovator of the Year. She has served as a member of Microsoft Mentors, the Microsoft/Compaq College Advisory Council, and the St. Philip’s College Model Electronic Commerce Curriculum Advisory Committee. She is the founding teacher of the Virtual College of Texas—“Internet Teachers at Every College.” Known for her progressive use of social media in the classroom, Ms. Allen maintains a blog called “Management Minutes” (www.gemmyallen.com), tweets about management on Twitter @MgtMin, and regularly posts to her Facebook page at www.facebook.com/ManagementText. In addition to *Management: Meeting and Exceeding Customer Expectations*, she has co-authored several discipline-specific, Internet-related books, and has developed several online classes. Ms. Allen has made numerous presentations to industry and has led workshops in the United States, Australia, and Mexico.

Management: Meeting and Exceeding Customer Expectations

This twelfth edition of *Management: Meeting and Exceeding Customer Expectations* is a comprehensive survey of the functions of management as they are currently being applied in the United States and around the world. The content and features are structured to reinforce three continuing themes that are woven into the chapters' narratives: (1) the never-ending effort by managers and organizations to meet or exceed customers' needs, (2) the need organizations and their people have to be guided by effective leadership, and (3) the growing use of technology, including social media.

The author has made every effort to keep this text objective, timely, and interesting to both the student and the instructor. All case problems, examples, and features portray actual companies and managers in action. Companies have been selected to provide balance between large and small organizations representing technology, service, manufacturing, and retailing industries. Successes as well as failures are included to lend perspective and aid in understanding.

putting this book in context

Your study of management should not be and does not need to be purely theoretical, abstract, and distant. Throughout your study of this text, try to relate what you read and discuss to your own real experiences at work, in the classroom, on the athletic field, and at home. You have already been practicing — and perhaps violating — many of the principles of management. What you are about to learn is an extension and refinement of what you already know — a blending of it with the experiences of others.

Although you will be reading each chapter as a separate area of study, try to relate it to what you have experienced and read previously. By linking the content of each chapter to that which has preceded it, you will begin to appreciate that management is a tapestry with many threads that run parallel to and across one another. For example, planning relates to all the management functions; it is part of every management activity in much the same way as is communicating. Periodically step back from your study to see the “big picture” of which each chapter is but a part.

Upon completion of this text and course, you will have developed your own philosophy of management and be armed with the essentials necessary for improving your career. You will become a better manager of your own concerns as well as the work of others.

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from chapter 1

PART 1

Management Concepts

CHAPTER 1

Management: An Overview

CHAPTER 2

Management Thought: Past and Present

CHAPTER 3

The Manager's Environment

part opener — this book is divided into six comprehensive parts, comprising a variety of examples, applications, exercises, and devices

learning objectives — concepts to be mastered through chapter content, found at the beginning of each chapter; each learning objective is also highlighted in the page margin to identify where the content addresses the objective

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CHAPTER 1

Management: An Overview

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. Explain why organizations need managers.
2. Determine the needs that affect a manager's universe.
3. Identify three levels of management.
4. Describe five management functions.
5. Apply management functions to each level of management.
6. Summarize ten management roles.
7. Analyze three management skills.
8. Contrast the myths with the realities of a manager's job.
9. Discuss the criteria used to evaluate a manager's performance.

INTRODUCTION

Key people—managers—create, oversee, and expand the operations of a business organization by coordinating various resources, skills, and activities. In addition to profit-seeking enterprises, key people initiate, oversee, and expand other types of organizations such as not-for-profit enterprises, including charities, private schools, and governmental agencies in every country in the world.

Peter F. Drucker—the late, preeminent management thinker—asserted that, “management is not business management!”

There are, of course, differences in management between different organizations—mission defines strategy, after all, and strategy defines structure. But the differences between managing a chain of retail stores and managing a Roman Catholic diocese are amazingly fewer than either retail executives or bishops realize. The differences are mainly in application rather than in principles.¹

The paragraphs that follow provide a brief introduction and overview of the ongoing features and themes of this text. They explain what management is and why it is needed and describe the functions, roles, and skills executed by all managers. The following chapters examine the details of what managers do and how they do it. Each chapter contains a variety of features designed to help you understand and apply its contents.

- **Management Insights and Management in Action:** Company profiles and self-assessments providing insight into management talents and skills.

sample pages from chapter 1

management insights —
new to the twelfth edition, a chapter-opening “Management Insights” profile helps students relate chapter concepts to their own lives in a fun and engaging manner.

Management Insights

Best Buy: Close to the Customer

Best Buy is a company which lacks the advantages that come with product innovation, but it is a retail leader in consumer electronics and entertainment. In fact, it is one of the most popular specialty retailers in the United States. Marcus Buckingham—author of *The One Thing You Need to Know ... About Great Managing, Great Leading, and Sustained Individual Success* (Free Press)—attributes the success of Best Buy to management mastering the discipline of managing.

Buckingham spent 17 years researching the world's best managers for the Gallup Organization. One million employees and 80,000 managers in all kinds of organizations, at all levels, in most industries, and in many countries were studied. Marcus Buckingham and Curt Coffman of the Gallup Organization presented the findings of Gallup's in-depth study of great managers in their book *First, Break All the Rules* (Simon & Schuster). They found that “great managers share one common trait: They do not hesitate to break virtually every rule held sacred by conventional wisdom.”

Gallup's research identified 12 questions that measure dimensions that managers can influence.

- Do you know what is expected of you at work?
- Do you have the materials and equipment you need to do your work right?
- At work, do you have the opportunity to do what you do best every day?
- In the last seven days, have you received recognition or praise for doing good work?
- Does your supervisor, or someone at work, seem to care about you as a person?
- Is there someone at work who encourages your development?
- At work, do your opinions seem to count?
- Does the mission/purpose of your company make you feel your job is important?
- Are your associates (fellow employees) committed to doing quality work?
- Do you have a best friend at work?
- In the last six months, has someone at work talked to you about your progress?
- In the last year, have you had opportunities at work to learn and grow?

Employee satisfaction on Gallup's 12 questions distinguish the greatest managers from all the rest. Buckingham's findings revealed that Best Buy is a successful workplace with strong managers building it.

1. **Best Buy, like many retailers, has struggled to stay in business. But a focus on the customer experience has paid off for Best Buy. Why are customers willing to pay a little more for great service?**
2. **What unique (in-store, online, home visit) experience does Best Buy provide?**

For more on Best Buy, read *Corporate Information* at <http://www.bestbuy.com>. For more on the Gallup Organization, read *About Us* at <http://www.gallup.com>. For more on what the world's greatest managers do differently, read Marcus Buckingham and Curt Coffman, *First, Break All the Rules* (Simon & Schuster, 1999) and Marcus Buckingham and Donald A. Clifton, *Now, Discover Your Strengths* (Free Press, 2001).

The Need to Please Customers

Managers know that the survival and profitability of their organization are directly linked to meeting or exceeding customers' needs and expectations. Best Buy puts customers at the center of everything they do. Thus, it is the customer experience that differentiates Best Buy from its competitors. Customers can shop online, in the store, or have a home consultation. A Best Buy employee will visit the customer at home to suggest products which best meet the customer's needs. The Geek Squad unit of Best Buy will deliver, install, and teach the customer how to use the products.

Managers can satisfy customers by guaranteeing that all individual efforts and their results possess **quality**. “The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied [requirements of those who use or consume them]” Quality translates into the ability of some persons, groups, or organization's output to meet or exceed some other persons, groups, or organization's (i.e., a customer's) needs. Satisfying customers involves engaging all employees, every day, in solving problems, which turns into innovation and leads to better products and services. Managers encourage continuous improvement by using the Socratic Method discussed in this chapter's *Quality Management* highlight.

Throughout this text, a **customer** includes any person or group, both inside and outside an organization, who uses or consumes outputs from an organization or its members. The **internal customer** is any person or group inside the organization who receives what is needed from others in the organization. Examples include:

- Managers at headquarters receiving reports on time from their regional managers.
- An employee receiving her office supplies on time and in the right amount from the company's office inventory clerk.
- Each of the company's salespersons receiving properly prepared shipping reports in a reasonable time from shipping/receiving.

quality

The features and characteristics of a product or service that allow it to satisfy requirements of those who use or consume them.

customer

Any person or group, both inside and outside an organization, who uses or consumes outputs from an organization or its members.

- **Quality Management:** Continuous improvement of the high-performance workplace.
- **Global Applications:** Successful application of one or more of a chapter's concepts from the practice of management in other countries.
- **Ethical Management:** Managers making or facing decisions that contain a variety of issues and consequences for themselves and others.
- **Valuing Inclusion:** Unique ways in which organizations show appreciation for their diverse employees.

key term — defined within the chapter's narrative are also highlighted in the page margin and listed at the end of each chapter with page numbers where you can locate the key term

quality management — feature in most chapters that explores techniques for continuous improvement in the high-performance workplace



Quality Management

The Socratic Method

Quality management is about creating a system to make employees think. The quality manager's goal is for every employee to understand his or her job. In this way, every employee solves problems every day, which leads to better products, as well as more value for customers. Thus, quality products and services, resulting in customer satisfaction, are created by all employees.

The ultimate measure of a manager's success is the employee's development over and above what they could otherwise achieve by simply learning on their own. Many problems encountered by employees cannot be predicted. Therefore, each employee must become a capable, independent problem solver.

Quality managers employ the Socratic Method to develop problem solvers. (Socrates was a classical Greek philosopher renowned for using questions to encourage critical thinking.) People are natural problem solvers, and the Socratic Method is a way of engaging employees by helping them discover the answers to problems. The manager using this method avoids giving away answers to problems and focuses on

helping the employee systematically think through situations to arrive at appropriate answers.

Instead of telling employees the answers, the quality manager asks neutral questions that encourage independent thought. The questions probe the implications and consequences of changing the conditions of the original problem. The employee is required to understand the problem in its entirety rather than just memorizing the approach used for specific situations. Examples of neutral questions follow: “What do you think?”, “Why do you think that?”, “Have you considered...?”, “How would you approach...?”. The manager discusses the situation with the employee, summarizes what the employee says, and checks for understanding. Since the employee is engaged in solving the problem, he or she will not forget the lesson. Learning has taken place.

➔ **It's so easy to solve others' problems by giving quick solutions, but that makes people dependent on you. The next time someone asks you what to do, what will you say?**

Managing Social Media

Customer Relationship Management

Understanding customers' wants and needs are crucial elements for success in business. Who are our customers? What do they like to buy? How much do they spend? What motivates them? Where do they live?

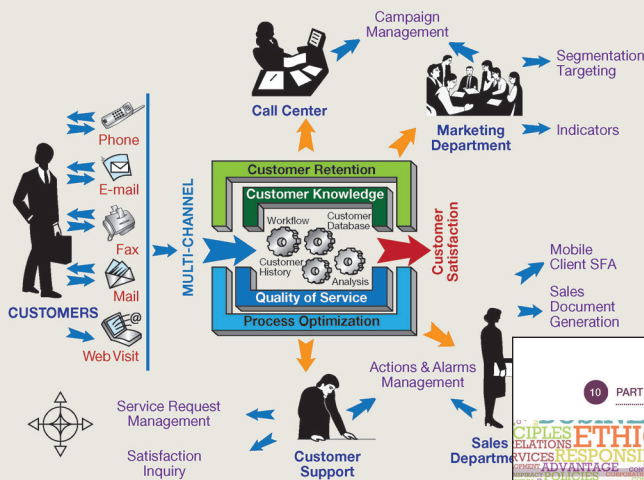
Organizations get to know their customers through customer relationship management (CRM): a team relationship among sales, marketing, support, and between the team and its clients. CRM software organizes contact information for current and prospective customers, and allows multiple users to track customers' buying habits. For example, when engineering has a product update, it sends a notification to sales and support. Messages and screens of data pop between managers, based on rules established by the users in the software. Engineering, sales, and support collaborate concerning customers with that product need.

Social media technologies take CRM a step further. Customers can give direct feedback to the business by rating products, writing reviews,

uploading images, videos, audio clips, and quotes. Thus, organizations are able to use CRM and the power of the internet to more effectively and efficiently respond to customer demands.

Each time the customer contacts the business—whether in the store, by phone, by direct mail, or on the Internet—information can be collected. With each piece of information collected, the business becomes more familiar with the customers and can tailor messages to a customer's specific needs, as seen in the graphic below.

➔ **Customer-driven CRM means that organizations must first understand the customer. Recall a recent shopping experience where your expectations were not met. What recommendations to the management could you make so that it can see its business from the customer's perspective, rather than from its own?**



Source: Amilog, Customer Relationships Management. <http://www.amilog.com/NewsSite/index.php/en/consells-et-serv>

ethical management — feature reporting on managers facing decisions that contain a variety of issues and consequences for themselves and others; at least one critical thinking question is found at the end of this feature

managing social media — feature highlighting modern technologies, such as social networking, strategy, and blogging that can make the manager more productive and the business more successful.

Ethical Management

Unsolicited Electronic Mail

Many legitimate companies sell their products and services through electronic mail (e-mail), because it is productive and efficient. E-mail efforts sell everything from used books to home repairs and exist at the manufacturing, wholesale, and retail levels in every major industry. Even charitable organizations use e-mail to raise money. E-mail generates more sales than its direct-mail counterpart and costs far less than putting salespeople on the streets.

There is a dark side, however. Some consumers find unsolicited e-mail, known as "spam," to be bothersome. Others have lost money by responding to spam. In the US, almost 50 percent of e-mail is spam (Symantec).

Typically, an e-mail spammer buys a list of e-mail addresses from a list broker, who compiles it by "harvesting" addresses from the Internet. If your e-mail address appears in a newsgroup posting, on a website, in a chat room, or in an online service's membership directory, it may find its way onto these lists. The marketer then uses special software that can send hundreds of thousands—even millions—of e-mail messages to the addresses at the click of a mouse (FTC Facts for Consumers).

Every state's attorney general can testify to the abuses deceptive e-mail marketing efforts bring. Fraud by e-mail marketers includes asking consumers to send money to claim a prize or for a free gift. Other scams include work-at-home schemes, weight-loss claims, credit repair offers, advance fee loans, and adult entertainment.

In response to complaints against spammers, the federal government passed the CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act. The law sets the rules for commercial e-mail, establishes requirements for commercial messages, gives recipients the right to have businesses stop e-mailing them, and spells out tough penalties for violations.

➔ **Almost 200 million people have placed their telephone number on the national Do-Not-Call Registry to stop telemarketers from calling. Should a similar list be put in place for e-mail? Defend your answer.**

Sources: Symantec Intelligence Report June 2015. https://www.symantec.com/content/en/us/enterprise/other_resources/intelligence-report-06-2015-en-us.pdf. FTC Facts for Consumers, "You've Got Spam: How to Can Unwanted Email." <http://www.ftc.gov/bcp/edu/pubs/consumer/tech/tec02.pdf>.

strong set of moral and ethical values and a commitment to avoid compromising them. Certainly customers expect no less. Author and researcher Danny Cox has conducted studies on leadership and believes that

...at the core of any high standard of personal ethics is the declaration of personal responsibility. A person who refuses to accept responsibility lacks the ethical armor to stand against temptation.¹⁴

Chapter 6 explores ethical concepts in more depth.

The Need to Value Diversity and Inclusion in Their Employees

Managers no longer manage a homogeneous workforce. Organizations are composed of a heterogeneous mix of people that reflects our nation's population. Data from the U.S. Department of Labor show "the future racial and ethnic makeup of America will be considerably different than it is today. Trends show that whites will be a declining share of the future total population, while the Hispanic share will grow faster than that of non-Hispanic blacks. By 2050, minorities are projected to rise from one in every four Americans to almost one in every two. The Asian and Pacific Islander population is also expected to increase. Growth rates of both the Hispanic-origin and the Asian and Pacific Islander populations may exceed two percent per year until 2030."

additional features found in
**Management: Meeting and Exceeding
Customer Expectations 12e**

- ▶ **global applications** — feature demonstrating the successful application of one or more of a chapter's concepts to the practice of management in other countries; at least one critical thinking question is found at the end of this feature
- ▶ **valuing inclusion** — feature depicts unique ways in which organizations show appreciation for their diverse employees; at least one critical thinking question is found at the end of this feature
- ▶ **management in action** — quiz that helps students relate chapter concepts to their own lives in a fun and engaging manner; found at the end of each chapter

Following each chapter's content is a review section called "Review What You've Learned" which includes: Chapter/Appendix Summary; Key Terms; Review Questions; Discussion Questions for Critical Thinking.

Following each chapter's review is an application section called "Apply What You Know" which may include: *Social Media Management Exercises*; *Experiential Learning Exercises*.

support materials for instructors

- ▶ A revised test bank with multiple choice, matching and true false questions, essay and short answer questions
- ▶ PowerPoint slides for each chapter (ADA-accessible)
- ▶ An Instructor Manual
- ▶ Flashcards in PPT for each key term by chapter
- ▶ Online teaching assignments, discussions, and videos

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Noel Capon, R.C. Kopf Professor of International Marketing, Columbia Business School, founded Wessex Press, Inc. in 2007. Wessex Press is a publishing company, located in New York, that makes textbooks, simulations, and other learning materials more accessible to college students and life-long learners globally. We operate at the cutting edge of technology, and provide traditional and e-learning tools to students and professors at affordable prices. We focus primarily on Marketing, Sales, and other higher-education textbooks, and continue to expand into other business areas, covering subjects as diverse as Management, Finance, Human Resources, and Sociology.



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