



**INNOVEST SME**  
Accelerating Small Business

# Being a Middle Manager

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*Effective leadership is  
putting first things first.  
Effective management is  
discipline, carrying it out.*

STEPHEN COVEY

# PREFACE

Traditionally, middle managers make up the largest managerial layer in an organization. Middle managers are responsible to those above them and those below them. They head a variety of departments and projects. In order for a company to operate smoothly, it is essential that those in middle management be committed to the goals of the organization and they understand how to effectively execute these goals.

It is crucial for businesses to focus on these essential managers and provide them with the opportunities to succeed. No matter the organization's structure or size, it will benefit from employing well-trained middle managers.

*Effective management  
always means asking the  
right question.*

ROBERT HELLER



# INTRODUCTION TO MANAGEMENT

There are middle managers in every field. From accounting and production to marketing and sales, managers ensure that business runs smoothly. Managers implement the strategies of their superiors. They are responsible for motivating people and getting results. In order to be an effective manager, it is important to understand exactly what management is, what managers do, and why management is so important.

## **WHAT IS MANAGEMENT?**

Management is vital to the success of every organization. Management is not about telling people what to do; it is coordinating and organizing the team based on the policies, goals, and objectives of the organization. Part of management is choosing how a business should run, and directing people based on these decisions. Managers need to be both effective and efficient in their jobs. Efficiency involves doing things correctly. In order, to be effective, however, goals are reached and maintained, which may mean changing processes.

## **Effective Management**

- Task oriented
- Develops strategies to reach goals
- Uses job descriptions to define how work is done
- Goals are based on priorities
- Predicts and adapts to change
- Consistently evaluates and looks for ways to improve current methods

## **Efficient Management**

- Work oriented
- Strives to keep the present system running well
- Adheres strictly to job requirements
- Avoids change
- Monitors work and procedures

## **WHAT DO MANAGERS DO?**

Middle managers have obligations to senior managers and employees. The job is not easy, and requires juggling many different responsibilities. A target metric is provided to most managers. Each managerial role is different, but most managers share several key responsibilities.

## **Managers' Responsibilities:**

1. Meet business goals, vision, and objectives.
2. Supervise and be responsible for the performance of team members.
3. Hire, train, and develop employees.
4. Identify problems and come up with solutions.
5. Share responsibility for the growth and success of the company.

With the number of jobs a manager must perform, it can feel like a juggling act. Successful managers are able to perform these roles by prioritizing their tasks. Again, it is important to weigh effectiveness and efficiency.

## **Prioritizing Tasks:**

- **Effectiveness:** How important is the task in light of company goals or standards? Is it realistic to achieve?
- **Time:** How long will the task take, and what is the affect on labor?
- **Cost:** What is the cost of the task in terms of labor, supplies, and other resources?

## **WHAT DOES IT TAKE TO BE A MANAGER?**

There are many managers in the workforce. Some managers are respected and others are despised. So, what does it take to be a manager? Each

manager is unique, but a successful manager will embody certain characteristics.

### **Characteristics of a Manager**

- **Integrity:** A successful manager is trustworthy and will lead by example.
- **Communication:** Middle managers must be able to communicate effectively to senior managers and their employees.
- **Analytical Thinking:** Managers need to think analytically in order to make decisions.
- **Focus and Composure:** It is important that managers remain focused and composed at all times.

### **WHY DOES MANAGEMENT MATTER?**

Middle managers are often what hold a company together. Most employees will never meet the CEO or other members of senior management. Middle managers are the face of the organization to the employees on their teams. Managers determine how a team functions, and how successful the projects are. A bad manager will cost the company money in the form of turnover and training. Even in times of economic change, strong management is important. Consider the following statistics:

- Thomas Colligan of Wharton Executive Education calculates that reducing turnover by one percent at an organization could increase the earning of partners by 80,000 dollars.

- Employee turnover is roughly 150 percent of the employee's annual salary when all the costs are added together. Manager turnover is roughly 200 to 250 percent.
- Turnover costs about 10,000 dollars per employee according to 45 percent of businesses surveyed.

### **PRACTICAL ILLUSTRATION**

David fumbled to get all his ducks in a row. As a middle manager he had no idea how he would be able to balance the number of employees he had in one hand and the number of tasks that he had to get done in the other hand. David felt like he walked on a tight rope. His boss, Emily, saw that he carried the weight of the world on his shoulders and pulled out her bag of tricks to show him how to tip the scales and find harmony in his day to day tasks. Emily gave David the keys to success by helping him identify how long each task would take and showed him how to identify the top employees to choose to lead his team to many victories ahead.

*It has become dramatically  
clear that the foundation  
of corporate integrity is  
personal integrity.*

SAM DIPIAZZA



# ETHICS AND SOCIAL RESPONSIBILITY

Business scandals are ingrained in the public's consciousness. Many people expect the worst from those in positions of leadership. The truth is, however, that leadership at every level needs to be ethical and socially responsible. Let's examine the ethics and social responsibility for middle managers.

## WHAT IS ETHICAL WORKPLACE BEHAVIOR?

Integrity has already been defined as an essential managerial trait. Ethics goes along with integrity. Most companies have codes of conduct that govern ethics in the workplace. Many of the rules are based on laws governing business ethics. These codes of conduct are usually available in a handbook, and each company will reflect different issues. There are, however, typical ethical standards in a workplace. It is important that managers lead by example to encourage ethical behavior in the workplace. An ethical workplace will lead to honesty, commitment, and loyalty.

### **Ethical Standards at Most Companies**

- Adhere to OSHA regulations.
- Pay employees fairly.

- Provide equal opportunity.
- No tolerance for harassment of any kind.
- Arrive at work on time and work as scheduled.
- Converse respectfully.
- No tolerance for threats or violent behavior.

## **WHAT IS UNETHICAL WORKPLACE BEHAVIOR?**

Unethical workplace behavior is the exact opposite of ethical workplace behavior. Sometimes the unethical behavior is glaring, such as stealing or making threats. It is possible, however, for people to cross the line accidentally. For example, a joke or a compliment might offend a co-worker or employee. In order to be safe, employees should refrain from saying or doing anything at work if they feel that there is any way it could be misunderstood.

### **Unethical Behavior:**

- Breaking rules or policies
- Discrimination
- Inappropriate jokes or comments
- Lack of compensation for work
- Threats or acts of violence

Unethical behavior can lead to lawsuits against the company and individuals involved. Even if things do not go that far, it could cause resentment and poor performance.

## **HOW TO MAKE ETHICAL DECISIONS**

Managers need to make ethical decision, but it is not always easy. The answer is not always clear in every situation. Fortunately, there are a few steps that will help managers understand the ethics behind their decision-making process.

### **Framework for Ethical Decisions:**

- Identify the ethics of a decision.
- Acquire all of the facts about the situation.
- Evaluate different options.
- Monitor the situation after the decision is made.
- Use the decision to guide new actions.

## **WHAT IS SOCIAL RESPONSIBILITY?**

Workplace ethics govern how a company treats employees. Social responsibility is the way that the company treats those outside of the workplace. Other businesses the company works with, customers, the community, and the environment all fall under the heading of social responsibility.

Social responsibility is important because many people choose to support a business based on its social responsibility. Companies are striving to be more socially responsible, and it is becoming a part of many vision and mission statements.

### **Social Responsibility Covers:**

- **The environment:** Going green and saving energy is socially responsible.
- **The community:** Find ways to give back.
- **Customers:** Determine how to treat customers well and reward their patronage.
- **Business alliances:** Make sure that the companies you work with treat their employees well and share your values.

### **PRACTICAL ILLUSTRATION**

Sam stood tangled in a web of electrical cords in his office. As he entered it felt like running through an obstacle course. Joe spied Sam tiptoeing over the fan cord, the radio cord, the phone charger cord, and the web of cords for the many lamps in Sam's office. Joe braved the live wires and inched his way through the electrified maze to remind Sam about certain safety policies. Together they unplugged the energy zapping monsters and made his obstacle course vanish right before their eyes. The office no longer declared a danger zone, Sam then acted as an energy saving and safety super hero around the office.

*Information is a source  
of learning. But unless  
it is organized, processed,  
and available to the right  
audience in a format for  
decision-making, it is a  
burden, not a benefit.*

WILLIAM POLLARD



# MANAGING INFORMATION

Managing information is important to the success of any business. Technology is making information readily available, and more people are accessing information. Information forms the strategies and processes of a company. Managers, at every level, need to organize, acquire, and maintain information in order to make appropriate decisions and ensure that the company runs smoothly.

### WHY INFORMATION MATTERS

Information determines the decisions that middle managers and senior managers make. With the overflow of information available, it is important that the correct information is included in the decision making process. Middle managers need to seek out, sort, and deliver relevant information.

#### Important Information:

- **Technology and Infrastructure:** Information regarding changes to or problems with technology or the infrastructure of the organization needs to be addressed.
- **Customer Feedback:** Customer feedback, both positive and negative, needs to be addressed.

- **Finances:** Financial information should be constantly monitored.
- **Employee Feedback:** Communication from employees will provide valuable information about different business practices.

## STRATEGIC IMPORTANCE OF INFORMATION

Information is essential to basic business strategies. The success of any business plan is linked to the reliability of the information that is used. It is important that managers use accurate, reliable, and relevant information when creating business plans. Information is used to guide decisions that determine processes that work to achieve goals.

### Flow of Information

- **Information:** Be sure financial, functional, and mission related information is used to develop the plan.
- **Decisions:** Use the gathered information to help make decisions and manage teams and employees.
- **Work processes:** When decisions are made, use them to determine important processes that will affect the goals and mission of the company.
- **Goals:** The goals need to be clearly defined and performance indicators established to measure the effectiveness of the processes.

## CHARACTERISTICS AND COSTS OF USEFUL INFORMATION

There is an abundance of information available. In order for information to be used effectively, however, it must be useful. There are five basic characteristics of useful information. Information that follows these criteria may not always be free. There are costs associated with finding and using the information. For example, there are often fees associated with hiring market research companies, and there are usually costs associated with making changes according to the information gathered.

### Characteristics of useful information:

- **Relevant:** Information that speaks specifically to the topic or problem is relevant.
- **Comprehensive:** Make sure that the information is complete and detailed to prevent miscommunications.
- **Accurate:** Double check the accuracy of information, and use only reliable sources.
- **Current:** Information is always changing. Only current information is useful.
- **Economical:** Business demands a profit. Useful information will include the economic impact of the company.

## GETTING AND SHARING INFORMATION

In order to implement useful information, it must be obtained and shared. Information comes from a variety of sources. The appropriate information needs to be passed on to senior management or employees.

## **Sources of Information:**

- Employee surveys
- Customer surveys
- Market research
- Sales reports
- Productivity reports
- Meetings and conferences
- Reviews

When information is gathered from different sources, it must be shared. There are guidelines to sharing information effectively.

## **Sharing Information:**

- Communicate directly and clearly.
- Communicate frequently and respectfully.
- Present information honestly and openly.
- Answer questions.
- Encourage feedback and dialogue.

## **PRACTICAL ILLUSTRATION**

Mary sank underneath a mountain of files, flow charts, and equations. Sandra jumped in to rescue her before she buried herself under the rubble.

Mary's head spun at the idea of trying to funnel all of the information she needed to keep the ship sailing. Sandra volunteered to lead the charge to help Mary organize and balance the gigantic pile of information that overflowed nearly caused a tsunami. Sandra fashioned a great system to allow data to pass through and it gave Mary a chance to soak up the information and neatly send it sailing to where it needed to be.

*Making good decisions is a  
crucial skill at every level.*

PETER DRUCKER



# DECISION-MAKING

Once useful information is gathered, decisions need to be made. These decisions will guide the business, so it is important that the decision-making process be as accurate as possible. Rational decision-making is a traditional method of decision-making. Truly effective managers are familiar with this method, and they are always seeking to improve their decision-making skills.

## WHAT IS RATIONAL DECISION-MAKING?

Decision making is not the same as problem-solving because decisions do not always come from problems. Rational decision-making is a cognitive process that relies on an analysis of information to make decisions. It takes several steps, and compares different solutions to discover the best possible scenario. Rational decision-making has its limitations, which will be discussed later.

## STEPS TO RATIONAL DECISION-MAKING

There are six basic steps to rational decision-making in the business setting. These steps depend on the information collected, which is why it is so important to make sure that the information is truly useful.

## Steps to Rational Decision-Making:

- **Define the decision:** Before making a decision, determine what it is and why it is necessary.
- **Determine the criteria:** The criteria for the decision are based on the values, interests, and goals of the organization.
- **Evaluate the criteria:** Evaluate the criteria to determine that it is appropriate and will help keep priorities in place.
- **Explore options:** At this point, brainstorm different answers.
- **Rate options:** Evaluate and rate the answers for priority and effectiveness.
- **Calculate the best decision:** Select the decision with the best rating.

## LIMITS TO RATIONAL DECISION-MAKING

Rational decision-making is useful, but there are limits to its effectiveness:

- The process assumes that it is possible to have all the information and consider the effectiveness of every option.
- Rational decision-making is limited by the abilities of the person making the decision.
- The steps depend on the criteria and information remaining unchanged.
- Creativity is limited with rational decision-making.

- Rational decision-making takes time that is not afforded with every scenario.

## IMPROVING DECISION-MAKING

Rational decision-making is limited. In order for it to be effective, it should include creativity and intuition. There are guidelines for both creative and intuitive decisions.

### **Creative Decisions:**

- **Experience:** Expertise in the field is imperative for all creative decisions.
- **Creative ability:** Creative skill includes confidence, self-control, ability to think abstractly, and perseverance.
- **Motivation:** Creative decisions demand that managers want to work on the project and make the decision.

### **Intuitive Decisions:**

Intuitive decisions allow decision makers to make decisions quickly. The decisions are made based upon experience and observation. People see patterns from their experiences in previous situations and use these patterns to guide them in the decision-making process.

## **PRACTICAL ILLUSTRATION**

Trent ran in circles trying to decide which road to take. Alex witnessed the tornado flying passed him and chased after the storm that Trent became before he caused anymore destruction. Alex told Trent that he needed a Super Process to make his life easier. Alex showed him that instead of running uphill backwards or getting stranded on dead end roads, he could build a new path that would save him time and trouble and give him all the information he needed right at the tip of his fingers to make a wise choice without hitting bumps in the road and causing natural disasters with his indecisiveness.

*You can't control  
what you can't measure.*

TOM DEMARCO



# CONTROL

Middle managers are responsible for controlling operations. This does not mean operating as micromanagers. Control is simply the actions that managers take after making decisions. Control is used to establish timetables and achieve goals.

## BASICS OF CONTROL

Management control is used to direct and guide operations. There are two types of control: regulative and normative. Regulative controls regulate the policies and procedures of the company. Normative control is the cultural behavior in teams and the organization. There are several different types of regulative controls and normative controls.

### Regulative Control:

- **Bureaucratic Control:** This type of control comes from the chain of command or company hierarchy.
- **Financial Control:** These are the key metrics that managers are responsible for meeting and surpassing.
- **Quality Control:** The regulative control that determines the quality of the product or service.

## Normative Control:

- **Teams:** This type of control defines the unofficial roles of team members.
- **Culture:** This control is made up of the values, beliefs, and customs of the organization that bring the employees together.

## THE CONTROL PROCESS

Managers need to keep control of tasks and operations. There are four steps to the control process that middle managers need to consider when implementing control.

- **Standards:** Managers need to create plans and standards of measurement to gauge performance.
- **Measure:** Once standards are established, measure performance regularly. Provide feedback.
- **Compare:** Compare performance with the standards of measurement. Performance reports are an example of this comparison.
- **Action:** Take action to correct mistakes and guide performance such as corrective action.

## IS CONTROL NECESSARY OR POSSIBLE?

Control has its limitations. It is not possible to have complete control at all times because life is unpredictable. Situations change and every

possible outcome may not be accounted for in the planning stages. Strict control management will not guarantee the best possible outcome for a project. It may not even be the most efficient method to use. While it is important to have standards and measures, the most effective business plans include an element of flexibility.

## HOW AND WHAT TO CONTROL

Control management is effective when it is exercised appropriately. The problem many managers face with control is with regard to morale. The human element must be approached in the planning stage. It is also essential that people be coached and rewarded rather than simply punished and penalized. Controls have traditionally used exact numbers or measures as goals. Ranges of measurement are much more effective, and they give people more control over their performance.

## CONTROL METHODS

The control methods that a manager must use depend on the situation. Each type of control demands its own method.

### **Bureaucratic Control Methods:**

- **Standard operating procedures:** Create rules that define the policies and procedures. An employee handbook is one example.
- **Output control:** This monitors action and helps correct mistakes.

### **Financial Control Methods:**

- **Financial policies:** Budgets and money managing policies are essential to control.
- **Roles and responsibilities:** Assign roles and responsibilities to those in charge.
- **Reports:** Keep regular financial reports and audits.

### **Quality Control Methods:**

- **Statistical process:** Mathematical procedures determine control.
- **Process and capability study:** Sample random products to determine quality.

### **Team Control:**

- **Norms:** Create informal rules and assign responsibility based on qualifications.

### **Culture:**

- **Language:** Use language that aligns company culture to corporate values.
- **Socialization:** Employees work together towards common goals and values.

## **PRACTICAL ILLUSTRATION**

Paul lost his head sitting at the controls of the entire work force. Paul pushed buttons and shouted orders and drove himself into a frenzy trying to do it all. He said he needed eight arms in order to have his hand in every aspect of the job. His coworker, Nancy, saw that he had no clear vision of how to lead a team without hovering over them like a spy in a helicopter. Nancy offered a suggestion that would make his job easier and keep his head on straight. Nancy took the controls away from him and gave him a chart to coordinate all the jobs that needed to be done and decide who would fly each plane for him so he could work in his peaceful oasis without having to don his spy kit and go on covert missions to scope out what everyone else was doing.

*A leader needs enough  
understanding to fashion  
an intelligent strategy.*

JOHN KOTTER



# ORGANIZATIONAL STRATEGY

Organizational strategy is an important aspect of business success. It uses the missions and goals of the organization to develop plans. The plans include policies, projects, and resources to meet the goals. Organizational strategy allows managers to create, develop, and evaluate their decisions.

## BASICS OF ORGANIZATIONAL STRATEGY

Organizational strategy is a plan to meet the goals of the company and team. The strategy will include specific methods managers will take to meet the goals. Before these goals are determined, the business must be carefully examined. A SWOT analysis is good place to start.

### **SWOT = Strengths, Weaknesses, Opportunities, and Threats:**

- **Strengths:** These are internal characteristics that create a competitive advantage.
- **Weaknesses:** Internal weaknesses that need to be improved such as turnover, sales, or operations are defined in this category.
- **Opportunities:** Opportunities are external, and require managers to take advantage of them. They involve market trends and a strong economy.

- **Threats:** External threats that companies cannot control and need to prepare for include a poor economy and changing demographics.

## **SUSTAINABLE COMPETITIVE ADVANTAGE**

A sustainable competitive advantage is any advantage that an organization has, and that their competitors are not able to reproduce or duplicate easily. For example, a well-known copyright brand is a sustainable competitive advantage because other organizations cannot copy the protected branding. This should become apparent after the SWOT analysis. It will be in the list of strengths. There are different ways that organizations can create and sustain competitive advantages.

- **Customer service:** Customer service can distinguish an organization.
- **Products or services:** Fine-tuning products or services will create an advantage.
- **Reputation:** The good reputation of a company will define it from other organizations.
- **Brand:** Branding is a simple way for organizations to differentiate themselves from the competition.
- **Management and employee loyalty:** Effective management and company culture makes a difference in how well the organization functions.

## **STRATEGY-MAKING PROCESS**

The strategy-making process is aligned with organizational strategy.

Organizational strategies allow managers to guide the direction of teams. It is important to build organizational strategies with the support of team members.

1. The first step to an organizational strategy is to develop goals based on the mission and vision statements. The goals need to be SMART. (SMART = Specific, Measurable, Achievable, Realistic, and Timely)
2. Once goals are created, it is time to collect information to guide the plan.
3. Use the information to create a strategic plan. This will include product changes, deliverables, policies, budgets, and employee expectations.
4. Evaluate the effectiveness of the plan.

## **CORPORATE, INDUSTRY, FIRM LEVEL STRATEGIES**

Organizational strategies are unique to different levels of business. There are corporate level strategies, industry level strategies, and firm level strategies.

## **Corporate Strategies:**

This is done at the top level of the company and looks at the organization as a whole. Corporate strategy covers everything from products and production to resource allocation and market competition. This type of strategy determines what the business will be. There are two corporate strategies: Portfolio and Grand. Portfolio strategy focuses on acquisitions and diversification. Grand strategy focuses on growing, stabilizing, or recovering business, based on the needs assessed.

## **Industry Strategies:**

Industry strategy examines how to compete in the industry. The four forces that motivate industry strategies are: Threats, Rivals, Buyers, and Suppliers. The four forces need to be examined in order for the company to become adaptive. This includes choosing whether or not to differentiate or focus on a particular product.

## **Firm Strategies:**

This type of strategy deals directly with competition. There are two different firm strategies: Attack or Defend. The names are fairly self-explanatory. The defense strategy is used to defend the company's position in marketing and retain customers. This is typically done in times of financial growth. Attacks occur in times of financial stress. Attacks are marketing attempts to take customers from competitors.

## **PRACTICAL ILLUSTRATION**

Kelly missed the mark when it came to keeping her eyes glued to the goals of the company. She had been spread too thin while she tried to find the right path that led to success. With too many roads in front of her, Kelly waved the white flag and asked Jane for help. Jane arrived equipped with her bow and arrow ready to help Kelly hit the target and beat the goal setting blues. Together they practiced and honed in on the paths Kelly had to choose from. Using their keen eyes, they spied movement towards success in the distance of one path and ventured on a journey together to lasso in that goal and declare Kelly victoriously chose the road to organizational paradise.

*Innovation is the ability  
to see change as an  
opportunity-not a threat.*

ANONYMOUS



# INNOVATION AND CHANGE

Innovation is important to business survival. Organizational innovation is the ability of employees to find different methods that improve the way that work is performed and the organization functions. While innovation can increase productivity and business success, it means change, and people naturally resist change. Managers need to encourage innovation and manage the change that comes with it.

## ORGANIZATIONAL INNOVATION

Organizational innovation is used to improve a process, product, service, technology, or administrative practice. There is, however, a necessary process to take that will help support organizational Innovation.

### Process:

- **Identify opportunities:** Pinpoint internal opportunities in a SWOT analysis.
- **Determine direction:** Identify which direction to take those opportunities.
- **Brainstorm ideas:** Come up with different innovative concepts.

- **Analyze ideas:** Analyze the different ideas to determine their effectiveness.
- **Apply innovations:** Use the innovations in the appropriate setting.

## WHY INNOVATION MATTERS

Innovation allows companies to remain competitive. Advancement requires an atmosphere of acceptance toward innovation. This allows people to think outside of the normal parameters, experiment, and discover new ideas that will benefit company performance and employee culture. Innovative ideas and knowledge can be passed on to employees and ensure that the new concepts are accepted and possibly used to create further innovations and advancements.

## MANAGING INNOVATION

Managers need to be aware of innovation in order to successfully manage innovation and teams. There are steps managers can take to help support innovation within their companies.

### Steps:

- **Managerial support:** Innovation requires the support of managers. Managers should encourage employees to take risks and work across fields.
- **Creative teams:** Managers should identify and build creative teams.

- **Monitor teams:** Once teams are created, monitor them for the success.
- **Apply:** Create strategies to apply any helpful innovations.
- **Evaluate:** Evaluate how effective the innovations are and make changes as necessary.

## ORGANIZATIONAL CHANGE

Organizational change is any change to the way that a business or team operates. These changes are made to help reach organizational goals and can be the result of innovation. Organizational changes are not made simply for the sake of change itself. People naturally resist change, which makes the management of change essential to its success. Why Change Occurs and Why it Matters

Organizational change can occur for a variety of reasons. It can be due to company growth, cutbacks, technological changes, product changes, changes in leadership, or HR changes. No matter the reasons for the change, it is important that middle managers successfully guide their employees through the transitions. Often, unsuccessful company changes are the result of a poor implementation and management rather than the change itself.

## MANAGING CHANGE

Managers need to responsibly oversee the change process. It is important that people understand the reasons for the change and how the changes relate to the overall goals and objectives of the organization.

## The Process:

- **Share goals:** Share how the change is essential for achieving continued success and reaching the company's goals and mission.
- **Communicate:** Explain the changes in detail, and respect different points of view.
- **Involve people in the process:** Encourage employees to be responsible for the organizational changes.
- **Develop structure and schedules:** Clearly outline the roles, responsibilities, and expectations of each employee.

## PRACTICAL ILLUSTRATION

Angela sat deflated spinning like a hamster on a wheel all day long doing the same task over and over again in the same way. Angela had not been excited by the process anymore and needed a pick-me-up. Diane noticed the boredom written all over Angela's face and decided to help her put some pep in her step by showing her how to dream up big new ideas that will catapult Angela into a brand new world full of innovation and ideas that kept her momentum soaring for years to come. Diane knew that the key to success meant thinking outside the box and she need to create her own magic instead of working like a puppet on a string. Innovation gave just the gift Angela needed and she had become beside herself with excitement at the thought of reaching new heights with new ideas.

*The achievements of an  
organization are the results  
of the combined effort of  
each individual.*

VINCE LOMBARD



# ORGANIZATIONAL STRUCTURES AND PROCESS

Every organization needs structure. People rely on processes that clearly define their roles and responsibilities. Organizations, however, are made up of people, and middle managers need to address the human element as they design structures and processes to help guide their employees.

## DEPARTMENTALIZATION

Departmentalization is the process that divides work groups into areas. These areas are divided into different departments such as research and development, sales, production, and finance. There are five categories of departmentalization.

### Categories:

- **Product:** The departments are responsible for manufacturers.
- **Geographic:** The locations define the departments.
- **Customer:** The different types of customers define departments.
- **Functional:** Areas of specialty are divided into departments. This is probably the most familiar type of departmentalization.

- **Process:** The steps of the production process make up departments.

## ORGANIZATIONAL AUTHORITY

Organizational authority is chain of command that establishes the authority of management and employees. There are different methods for establishing this authority.

- **Direct hierarchy:** This is the direct flow of power from the top to the bottom. All department employees have an individual boss.
- **Line authority-function:** Employees have authority over those immediately below them.
- **Staff authority-function:** Employees have no authority, but can offer advice to others.

No matter which type of organizational authority is used, it is essential that managers delegate assignments so that they involve employees in the process and do not burn out.

## JOB DESIGN

Job design is important to improving morale and reducing turnover. It uses different rewards to increase satisfaction such as job enlargement, simplification, rotation, and enrichment. It allows employees to help create their own job descriptions:

## Managing Job Design:

- **Share objective:** Explain the exact objectives that employees need to achieve in their jobs.
- **Allow them to create a plan:** Allow employees to organize their work how they wish, as long as they meet objectives.
- **Help with implementation:** Assist the employees in implementing their plans.
- **Allow them to trade tasks:** Make it easy for employees to trade tasks. It does not matter who does what as long as the tasks are complete.

## DESIGNING ORGANIZATIONAL PROCESS

Designing the organizational process means putting it all together. Use the design process to create organizational processes. The steps of the design process are simple, and should be familiar from the information found in earlier modules.

### Design Process:

- **Review objectives and plans:** Determine the objectives, and choose a plan to implement that will help reach those objectives.
- **Determine expectations:** Recognize what tasks will need to be done in order to achieve the goals and objectives.
- **Create departments:** Build work units to focus work activities.
- **Delegate authority:** Assign authority within the work groups.

## **PRACTICAL ILLUSTRATION**

Adam and Larry were stepping all over each other's toes. Neither one knew who should hold the reins on the gigantic project they were worked on. Adam pulled one way and Larry tugged the other way. There went nowhere fast. Larry decided the line had to be drawn in the sand and they each needed to stake their claim on their part of the project or they would sink an already sinking ship. Adam agreed and they drew out a diagram detailing who was in charge of what – split the tasks right down the center and declared themselves masters of their own domains. Adam led his team on one mission and Larry led his team on another mission and they all met in the center where celebrations took place due to their well-drawn out plan.

*If everyone is moving  
forward together, then  
success takes care of itself.*

HENRY FORD



# MANAGING TEAMS

Middle managers are usually in charge of teams. Managing teams is difficult but rewarding. Teams are made up of individuals who have to learn to work together as a single unit. Teammates often go through a difficult adjustment period before they reach their optimal level of performance. Fortunately, the right leadership will enhance the effectiveness of teams.

## THE GOOD AND THE BAD OF USING TEAMS

Like everything else there are good elements and bad elements associated with using teams. Before setting up a team, determine if you are able to handle the bad and the good.

### **Good:**

- Work is faster.
- Work is more efficient.
- More ideas are generated.
- There is more consistent feedback.
- Teammates teach each other.
- Accuracy improves.

## **Bad:**

- Teams are as strong as their weakest members.
- Differences in interests make unity difficult.
- The environment can become political.
- Personality conflicts cause problems.
- Leaders need to motivate people.

## **KINDS OF TEAMS**

Each team is different. There are five kinds of teams recognized in modern business.

### **Five Teams:**

- **Informal:** These are more like friendly associations that work together. Leaders are not necessarily appointed.
- **Traditional:** These are assigned teams with clear leaders such as department heads.
- **Problem-solving:** Temporary teams that are brought together for a specific purpose or project are problem-solving teams.
- **Leadership:** Teams made up of people in authority are leadership teams. Councils and committees are examples of leadership teams.
- **Virtual:** This is a new team. It is comprised of members who do not work in the same geographic locations and meet virtually.

## WORK TEAM CHARACTERISTICS

Effective teams share certain characteristics. Middle managers need to be familiar with the characteristics of effective teams in order to create a working team.

### Characteristics:

- **Direction:** The goals and direction of the team are clear.
- **Expectations:** Team members understand what is expected of them.
- **Qualified members:** Members are qualified to complete their assignments.
- **Practical procedures:** The procedures are clear and relevant.
- **Strong internal relationships:** Team members work together and respect the diversity of the group.
- **Shared responsibility:** The projects are the responsibility of the group.
- **Strong external relationships:** Members work to educate employees outside their team.

## ENHANCING WORK TEAM EFFECTIVENESS

Every team has difficulties. Like any other relationship, team members will have their good times and bad. Managers, however, can take a few steps to enhance the effectiveness of the team.

**Steps:**

- Communicate clearly: Communicate the roles and expectations clearly and respectfully.
- Choose members carefully: Have team members work on jobs that cater to their strengths.
- Lead by example: Set the tone for appropriate behavior and communication. Foster trust within the team.
- Evaluate: Evaluate the effectiveness of the team, and make any necessary adjustments.

**PRACTICAL ILLUSTRATION**

Roman had enough work to last a lifetime on his mile long to-do list. It took all the strength he could muster to start to dig through each task one by one. His coworker, Shane, noticed that he flew solo with a very heavy work load that dragged him down and brought him to almost a standstill. With his back up against the wall and deadlines that hung over his head, Roman told Shane he felt like the walls closed in on him. Shane told him that he needed an army of coworkers to help him toe the line and knock each item off his to-do list in no time flat. Roman agreed and scoped out the room of eager coworkers and handed off tasks. His load felt lighter and items fell off that list and left Roman energized for the next challenge.

*If your actions inspire  
others to dream more, learn  
more, do more and become  
more, you are a leader.*

JOHN QUINCY ADAMS



# MOTIVATION AND LEADERSHIP

A successful manager is a good leader who is able to motivate and inspire employees into action. Highly motivated employees are more productive than unmotivated employees. They are creative and passionate about their work. Motivated people are aligned with the company's values and show more loyalty to their organizations. Middle managers need to understand that motivation is the key to running a successful team.

## BASICS OF MOTIVATION

There are both internal and external motivations. Managers often focus on external motivations. While external motivations can be useful, they are only effective if they mean something to the employees.

### **External Motivation:**

- Pay
- Recognition
- Fear
- Promotion
- Rewards

It is important that managers take the time to understand the personal, internal motivations of individuals, and try to link personal goals with work. Social responsibility is an example of connecting personal employee beliefs and motivations to company procedures.

### **Internal Motivation:**

- Family
- Environment
- Success
- Community
- Personal time

In order for managers to motivate employees they must be motivated themselves. Their work needs to reflect their internal motivations.

### **EQUITY THEORY**

Adam's Equity Theory is named for the psychologist who developed the idea. Basically, employees are not motivated to work if they believe that they are putting more into a job than they are getting out of it. When employees see this type of discrepancy, they react in different ways. They may become less productive, unruly, or leave the organization. Managers need to try to balance what people put into their work with what they get out of it.

### **Typical Employee Inputs:**

- Skill
- Time
- Commitment
- Trust
- Effort
- Support

### **Common Employee Outputs:**

- Pay
- Benefits
- Advancement
- Security
- Recognition

## **EXPECTANCY THEORY**

The Expectancy Theory looks at motivation through a system of rewards. It uses the concepts of Expectancy, Instrumentality, and Valence.

- **Expectancy:** This is the relationship between effort and performance. For example, I will sell more if I work overtime.

- **Instrumentality:** This is the relationship between the performance and the reward. For example, if I sell more, I will earn a bonus.
- **Valence:** This is the value that people place on the reward. For example, the overtime is worth the bonus.

## WHAT IS LEADERSHIP?

Leaders do more than issue orders. Leaders must provide answers to difficult questions and create the culture of their teams. Effective managers are good leaders.

### Roles of Leaders:

- Determine a vision.
- Communicate that vision effectively.
- Provide employees with all the necessary resources to achieve this vision.
- Balance the interests of employees and the organization.

## SITUATIONAL LEADERSHIP

Situational leadership is the belief that the employees determine the leadership style of the manager. The maturity of the employees determines whether a leader is task-oriented or relationship-motivated. There are four levels of maturity in the Hersey-Blanchard model along with four corresponding leadership styles.

### **Maturity:**

- M1 = Immature employees have neither the desire nor skill to work.
- M2 = Employees are unskilled, but willing to learn.
- M3 = Skilled and willing workers, but they are not confident.
- M4 = Mature employees are able to work independently.

### **Styles:**

- S1 = Inform people what their tasks are and how they are to be done.
- S2 = Direct employees and sell them on the task.
- S3 = Provide less direction and focus on relationships and shared decisions.
- S4 = Delegate authority and responsibility.

## **STRATEGIC LEADERSHIP**

Strategic leadership is the ability to see the big picture and forecast the future of the team or organization. This type of leader creates plans that consider the growth and direction of the business as well as the people within the organization. Strategic leaders are able to effectively prepare themselves and their teams for the future that they see.

## Qualities of Strategic Leaders:

- **Adaptable:** The ability to adapt to change and guide others through change is important to strategic leaders.
- **Thoughtful:** Leaders consider why things are happening before they take action.
- **Empowering:** Strategic leaders motivate employees and encourage creativity and initiative.
- **Intentional:** Strategic planning requires leaders to make informed decisions.
- **Rewarding:** Recognizing and rewarding talent is a motivational tool of strategic leaders.

## PRACTICAL ILLUSTRATION

Connie moved at a snail's pace through the office with her head hanging low. Jim welcomed her with a huge grin and Connie kept her eyes on the ground. Jim recognized that Connie had lost her motivation and decided to help Connie get some pep in her step and return to the ray of sunshine she had always been around the office. Jim motivated Connie with his winning attitude and his eternal optimism and reminded Connie to visit the wall of heroes and see her photo plastered all over it. Connie felt reminded that she once had been a shining star in the office and thanked Jim for the walk down memory lane. They placed the awards Connie had received in her cubicle to speak to her every time she saw clouds in the sky and kept her alert and she could stand tall ready to face her day.

*A leader leads by  
example, whether he  
intends to or not.*

ANONYMOUS

# CLOSING THOUGHTS

- **Steven Covey:** Management works in the system; leadership works on the system.
- **H.S.M Burns:** A good manager is a man who isn't worried about his own career but rather the careers of those who work for him.
- **Robert Heller:** Effective management always means asking the right question.



**Rick Chisholm** made history when he single-handedly changed the professional Audio Visual industry by breaking all the rules and capitalised over 50% market share in Australia with very little capital, no partners, mergers or lenders and set up the first franchise operation of its kind in the world in the late 1990's and early 2000's.

As a 7x founder of companies and 30x businesses such as Innovest, AI Machine, Lightsounds, LSW, Light Emotion with revenue in excess of \$300 million and having employed more than 1,000 staff over the last 35 years. Rick is known as the Start-Up and SME Guru and is Author of a number of books including Business Success for Life. Unlike many mentors, he actually walks the talk and has a number of businesses under management in such areas as Automation, Events management, Importing, Distribution, Retailing and E-commerce.

His BIG passion is Business Education empowering Businesses Owners through knowledge and skills. Whilst Rick has experienced great success, he has also endured many failures. Rick has faced and overcome the exact same challenges you are facing now.



**Tala Chisholm** is an SME specialist who has owned and managed several small to medium sized businesses in the last 20 years, several of which were eventually sold. She has extensive experience in the fields of retail, franchising, licensing, dealerships, education, importing, distribution and consulting.

Her expertise lies in building and implementing customised cross-platform database and software solutions for businesses, automation, IT, web marketing, advertising, graphic design, business administration, process refinement and implementation. Her business experience ranges from bricks-and-mortar Giftware retailing to highly technical fields such as Security, CCTV, Entertainment Lighting and Audio sales, hire and installations as well as e-commerce.

Throughout her career she also trained and mentored Franchise business owners as well as internal division managers. Some areas of training included retail operations, management practices, business strategy, accounting, cash-flow, marketing, customer service and IT. She has also headed up the drafting of Operating Compliance Manuals for Franchise operations and implementation of all the elements involved.

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