Section 7.1 Management Functions

Read to Learn
- Describe the overall purpose of management.
- Discuss the four functions of management.

The Main Idea
The purpose of management is to set goals for the company and to help meet those goals as efficiently and effectively as possible. There are four functions of management: planning, organizing, leading, and controlling.

Key Concepts
- Introduction to Management
- The Four Functions of Management

Key Term
- management: the process or functions of planning, organizing, leading, and controlling
- planning: the act or process of creating goals and objectives as well as the strategies to meet them
If a firm has employees, then some type of management is necessary.
The Four Functions of Management

The four functions of management are:
1. Planning
2. Organizing
3. Leading
4. Controlling

Some managers may primarily focus on one or two of these functions.

Planning

Planning involves figuring out the resources that are needed and the standards that must be met. Planning is the act or process of creating goals and objectives as well as strategies to meet them.

Organizing and Staffing

A manager is responsible for organizing people, work processes, and equipment.

Organizing is getting the resources arranged in an orderly and functional way to accomplish goals and objectives.

Organizing and Staffing

A manager may be involved in creating an organizational chart.

Organizational chart is a chart that shows how the firm is structured and who is in charge of whom.
Organizing and Staffing

A small firm may have only one top-level manager.

Key Term

top-level manager
a manager who is responsible for setting goals and planning for the future as well as leading and controlling the work of others.

Middle managers are often responsible for various departments in a business.

Key Term

middle manager
a manager who carries out the decisions of top managers.

Organizing and Staffing

Supervisors, office managers, and crew leaders are types of operational managers.

Key Term

operational manager
a manager who is responsible for the daily operations of a business.

Leading involves:

- Setting standards
- Delegating work
- Enforcing policies
- Resolving conflicts

Key Term

leading
providing direction and vision

Graphic Organizer

How Good Managers Lead by Example

- Showing Respect
- Showing Honesty
- Showing Loyalty
- Showing Courtesy
- Showing a Strong Work Ethic
- Showing Motivation
- Showing Initiative
- Showing Cooperation
- Showing Punctuality

Controlling involves several tasks, including monitoring customer satisfaction.

Key Term

controlling
keeping the company on track and making sure goals are met
You and your friend, Jeremiah, were helping your little brother figure out how to make molded cars from melted crayons using a kit you gave him. You decide to sell the cars at a local toy shop. Jeremiah wants to be a partner in your business.

**Decision Making** Since Jeremiah was involved in the initial experiment, do you have an obligation to make him a partner? What about your little brother?

**Answer** Students might suggest that both Jeremiah’s and the little brother’s input into the process of making the cars should be rewarded in some way, especially if their ideas result in sales and profits. Having partners can help an entrepreneur launch and grow a business. However, disagreement among partners can sometimes present significant roadblocks to success.

1. **What is management?**

   The aspect of business that involves planning, organizing, leading, and controlling.

2. **What are three levels of management?**

   Top, middle, and operational
3. Which of the three levels is most involved in the day-to-day supervision of employees?

   operational management