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Analyze your Business

Course Objectives

- Eight Management essentials
- Transforming the business
- Vision and planning
- Commitment to quality standards
- Leadership
- Decision-making
- Finance
- Marketing
- Communication
- Information Technology



Introduction

Samuel, CEO of XYZ, a software giant in India. comes out of Board meeting and addresses a conference.



Introduction



Reporter: Samuel, what is your
Samuel, CEO of XYZ, a software
next plan?
Samuel: We are entering
giant in U.K. comes out of Board
healthcare sector. We have
and addresses a press
conference.
"ma".



Introduction



Samuel: We are going to
Reporter: Can you brief us about
create a drug which is for
cancer-cure. We have set up
healthcare sector. We have
an R&D center and the team
started the work.



Introduction



Reporter: When can we expect
Samuel: Very soon. We are
the first product?
Samuel: We are going to create a
already in Phase 1 and plan to
drug which for cancer-cure. We
launch the drug within a month. We
have an R&D center and th
happens after a
started the work.



Introduction

In the next few weeks, TS Pharma obtains the necessary gov't. approvals and launches the product. Then, the unexpected happened: a heavy penalty and ordered closure of the plant. The patients who were on the drug suffered frequent illness.



Introduction

Let us now go briefly into the module and learn what is Analyzing your Business. **CLICK HERE!**

Samuel should have analyzed Very soon, there was a lull in the software business and XYZ lost 2,000 jobs at XYZ and many clients. Whether the client was free or not, Samuel cut 2,000 jobs at XYZ and many clients. Both his software business and healthcare venture suffered. To make matters worse, the company had lost \$1 million. Would the new

financial was stable?



Contents

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What are the eight essentials?



What are the eight essentials?



Vision and planning :

Vision inspires, empowers and generates support. Vision summarizes what the organization wants to be. Vision helps in building strategy. Strategy creates efficiency among individuals and acts as a tool for implementing the plan.

What are the eight essentials?



Commitment to quality :
Achievement of quality should be a part of company's vision. Quality can be achieved through published quality statement which conveys the standard quality level to be achieved.

What are the eight essentials?



Leadership :

The tone for human relationships in an organization is set by “leaders”. Employees become inhibited if a leader sets a poor example. The motivation and morale of employees will get affected.

What are the eight essentials?



Decision making :

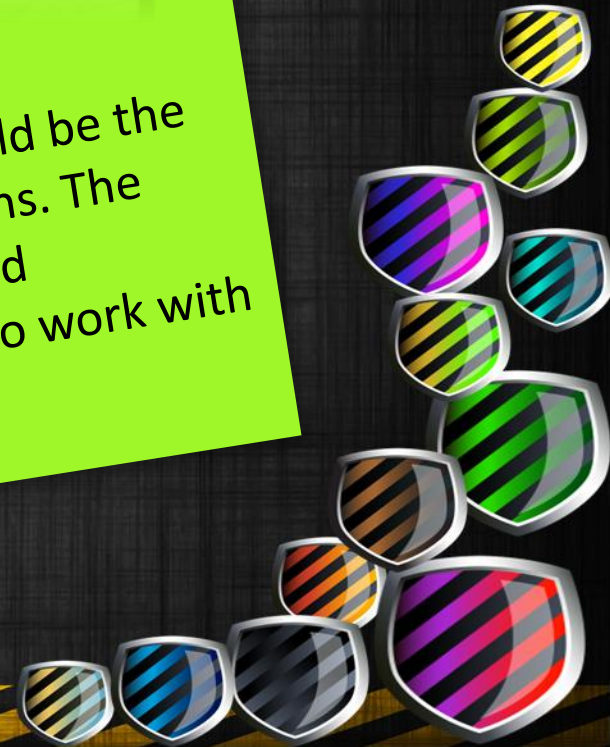
Good decision makes way for an organization's viability. Decisions should be taken considering the overall picture. The decision making style influences the entire organization.

What are the eight essentials?



Finance :

Strong financial fundamentals should be the base for company's visions and plans. The finance managers should have good communication and people skills to work with non-finance managers.

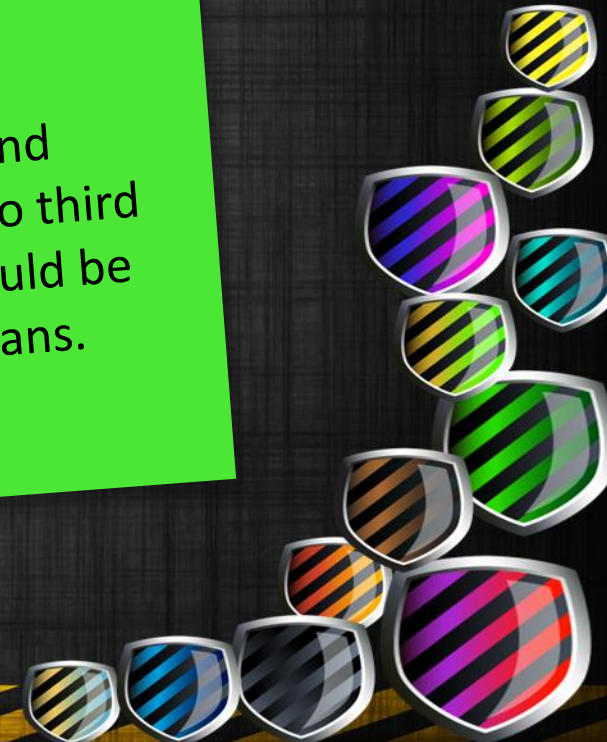


What are the eight essentials?



Marketing :

Marketing represents a coherent and positive image of an organization to third parties. Current data available should be taken as the base for Marketing plans.



What are the eight essentials?

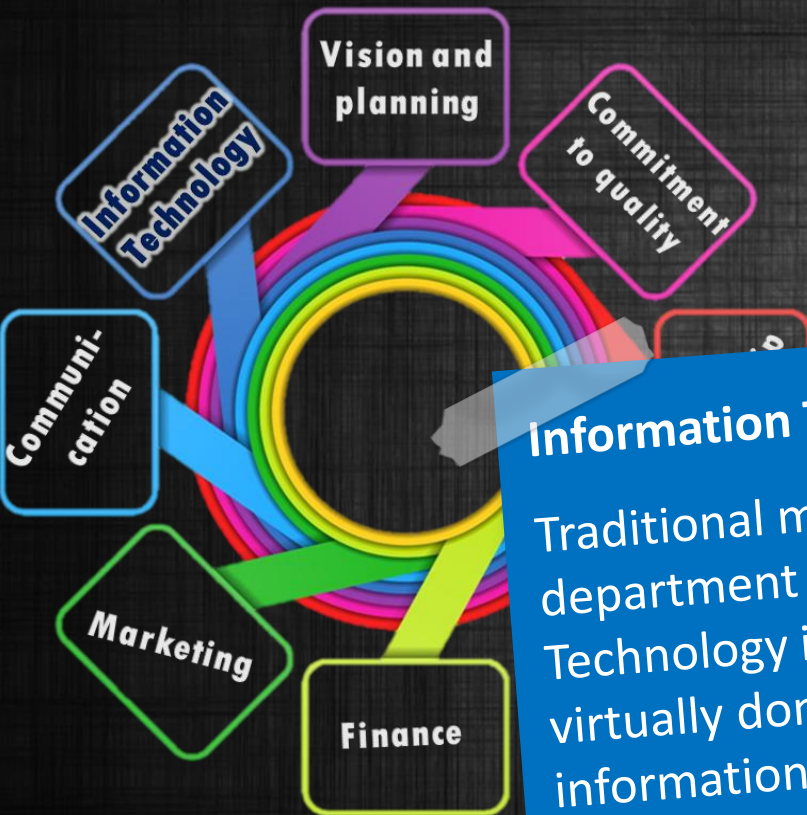


Communication :

Business communication refers to both personal and organizational level. Good communication is essential to keep the relationships intact and benefit the business.



What are the eight essentials?



Information Technology :

Traditional managers should welcome IT in each department without neglecting it. Information Technology is a boon to every organization as it virtually dominates the exchange and storage of information.



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Successful businesses



Successful businesses have 5 features in common. These companies:-

- Are led by visionary and enthusiastic leaders
- Know their customers
- Unlock the potential of their people
- Deliver products that exceed their customer's expectations
- Continuously introduce differentiated products and services

Rule of two



Not every change requires extensive commitment of time and resources. The challenge is to identify those problems which affect the company as a whole as opposed to those which impact just one part, and further more determine which events are minor irritations and which present symptom of serious trouble.

The “Rule of Two” is one way to make this distinction.

Rule of two analysis



When a symptom appears in only one department , then the problem is unlikely to have an impact on the whole organization. However, departments and people are so interconnected within a business that even a minor change could also have an effect on other areas.

The role of the internal consultant



When a manager discovers symptoms of trouble, the first step is to see how they fit into the wider context of the company. The “rule of two” aids this process because it emphasises the need to examine whether the symptom arises from more than one department or is the result of a lack of more than one kind of management skill. Potentially serious problems need to be given extensive time and attention.

Root cause check list

The following are the steps which contribute to the discovery of a problem's root cause and to its eventual solutions.

As a starting point, choose the management area with the maximum symptoms of trouble.

Ask yourself what information you need, to understand the problem's underlying cause.

Through discussion, identify the key issues and discover hidden problems.

Work together to implement necessary changes.

Challenge for managers

Challenge for managers looking for sources of difficulty in the firm is a lack of objectivity. It is a principle of logic that a person cannot be a part of a system and also stand outside it at the same Time. There are other constraints as well. They are:-



Pressure of time

Division of responsibilities

Specialists' areas

Habit

Background biases

Let us discuss each one of these.

Challenge for managers



Pressure of time

Divided responsibilities

Specialists' areas

Habit

Background biases

A clock face is shown at the top right, with a red circle around the 10 o'clock position. Below it is a whiteboard with a text box containing the text "Pressure of time : The urgency of priority assignments often leads to an oversight to important but less obviously pressing tasks." The whiteboard is surrounded by several grey stick figures carrying briefcases, appearing to be in a hurry. A silver marker is positioned at the bottom of the whiteboard.

Pressure of time :

The urgency of priority assignments often leads to an oversight to important but less obviously pressing tasks.

Challenge for managers

Pressure of time

Divided responsibilities

Specialists' areas

Habit

Background biases

Divided responsibilities :

When more than one person is responsible for a single department, tasks can be overlooked and an assumption made that someone else is taking care.

Challenge for managers

Pressure of time

Divided responsibilities

Specialists' areas

Habit

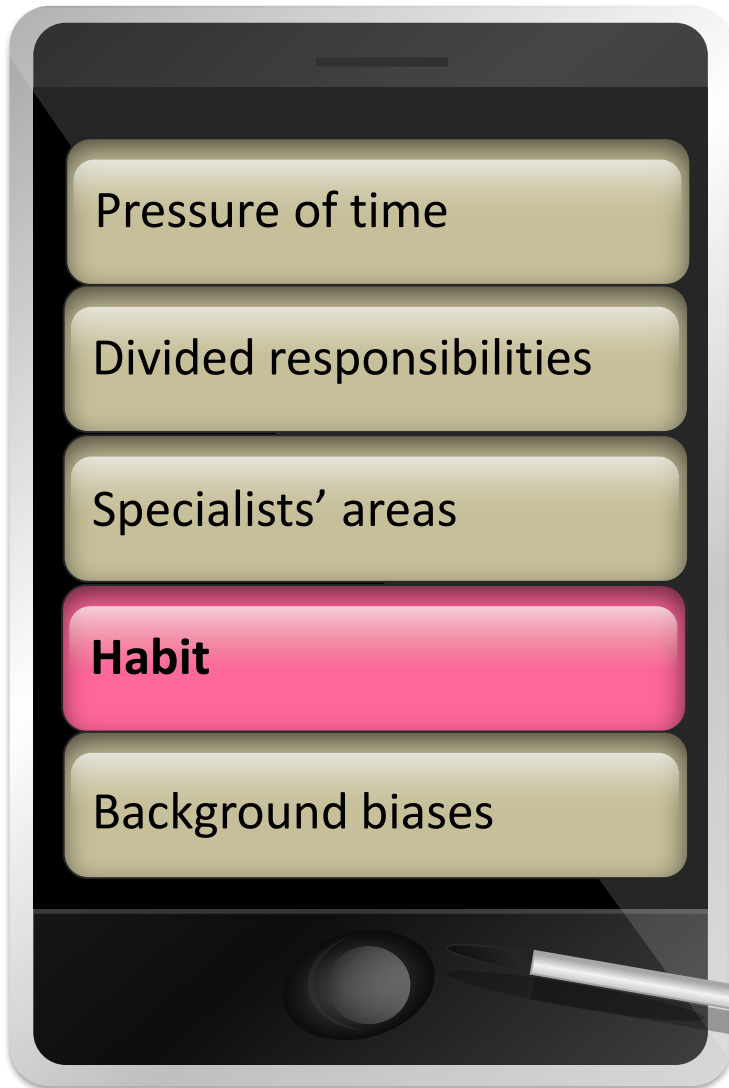
Background biases



Specialists' areas :

Expertise and specialized interest can limit awareness of other business issues.

Challenge for managers



Habit :

Being tied down to a fixed routine can result a bias against change.

Challenge for managers

Pressure of time

Divide responsibilities

Specialists' areas

Habit

Background biases

Background biases :

When the majority of managers share common background experiences, they can also share mistaken beliefs about management needs.

Helicopter viewing



Through Helicopter Viewing, managers can raise their attention above their everyday activities and take a wider view of the company as a whole. Once they imagine themselves aloft, they can look down at the business below and task:-

- **What issues should be addressed?**
- **To what standard should they be addressed?**
- **How to address them fully?**

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Developing vision



Vision begins when someone says “why not?”, to a highly ambitious idea; then follows this up with the courage and conviction to turn that vision into reality. An essential part of this process is a willingness to explore ambitions, ideas and dreams for the future. Both hearts and minds have to be drawn into a discussion about vision.

The five questions

The following 5 questions can stimulate a debate about vision:-

What are the essential strengths of the company's products and services?

What qualities can be associated with these strengths?

What qualities should be associated with the company's work?

What does the business contribute to society?

What would be an ideal contribution in 10 years time?

Mission statements



Mission Statement is a short written statement describing what the company wants to achieve in the future. It indicates the company's intents and purposes. It is different from vision because it addresses a five year period and is an attempt to focus big ideas for the future into more specific areas of activity. Mission statement is a summary of the company's long term goals.

Writing a mission statements

What is your
MISSION

In the next slide,
let us look at
some examples
of "Mission
Statements".
CLICK HERE!



The mission statement offers direction to business activity rather than detailed goals. It takes the form of a 30 to 50 word statement summarising long term aims. The best missions briefly describe the who, what, when, where and how of the firm in positive and even inspiring terms.

Example mission statements

“Our mission is to operate in the following Markets: building, construction, containers and delivery”

“Our products are the best and we put our clients first. We aim to provide all our employees with job security, work satisfaction, training and above average remuneration”

Mission

Defining the mission statement

Once the composition of a group to formulate the Mission Statement is decided, the members should begin to define the firm's mission in terms of:-

MISSION

- The geographical area or country in which the firm runs or offers its business

- The quality of the firm's product and services

- The firm's financial goals and ambitions

HOW?



Strategy development



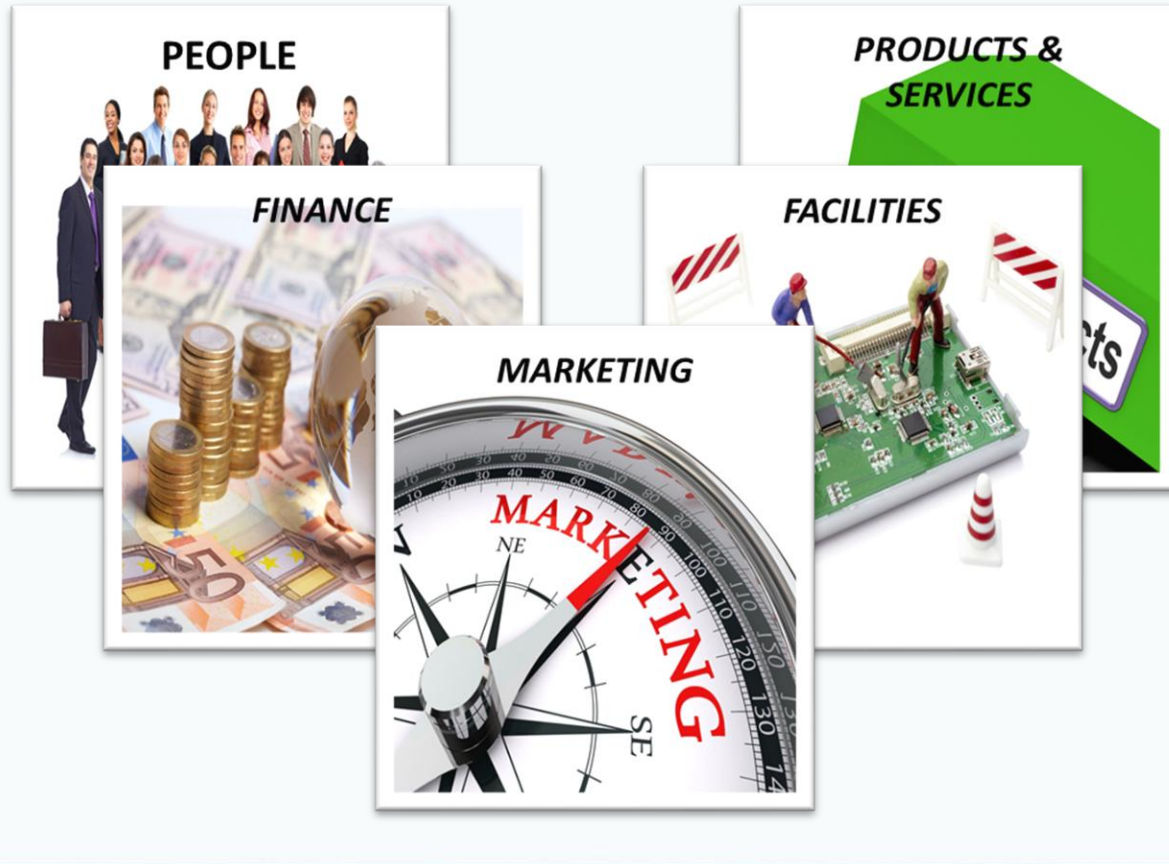
Setting goals



The next step is to develop goals which will bring the mission statement into reality. These goals should be fairly general and answer the question: What can we achieve in the next 5 years in each of the 5 business areas. The goals identified should be checked for contradiction.

Five business areas

The five areas are:-



Five business areas



People

Back to Five
Business areas



This area refers to both executive and non-executive staff members within the business as well as to the administrative and management systems that are used to run people.

Five business areas



Products and services

Back to Five
Business areas



This area refers to what the business makes or does in order to generate income.

Five business areas



Finance

Back to Five
Business areas



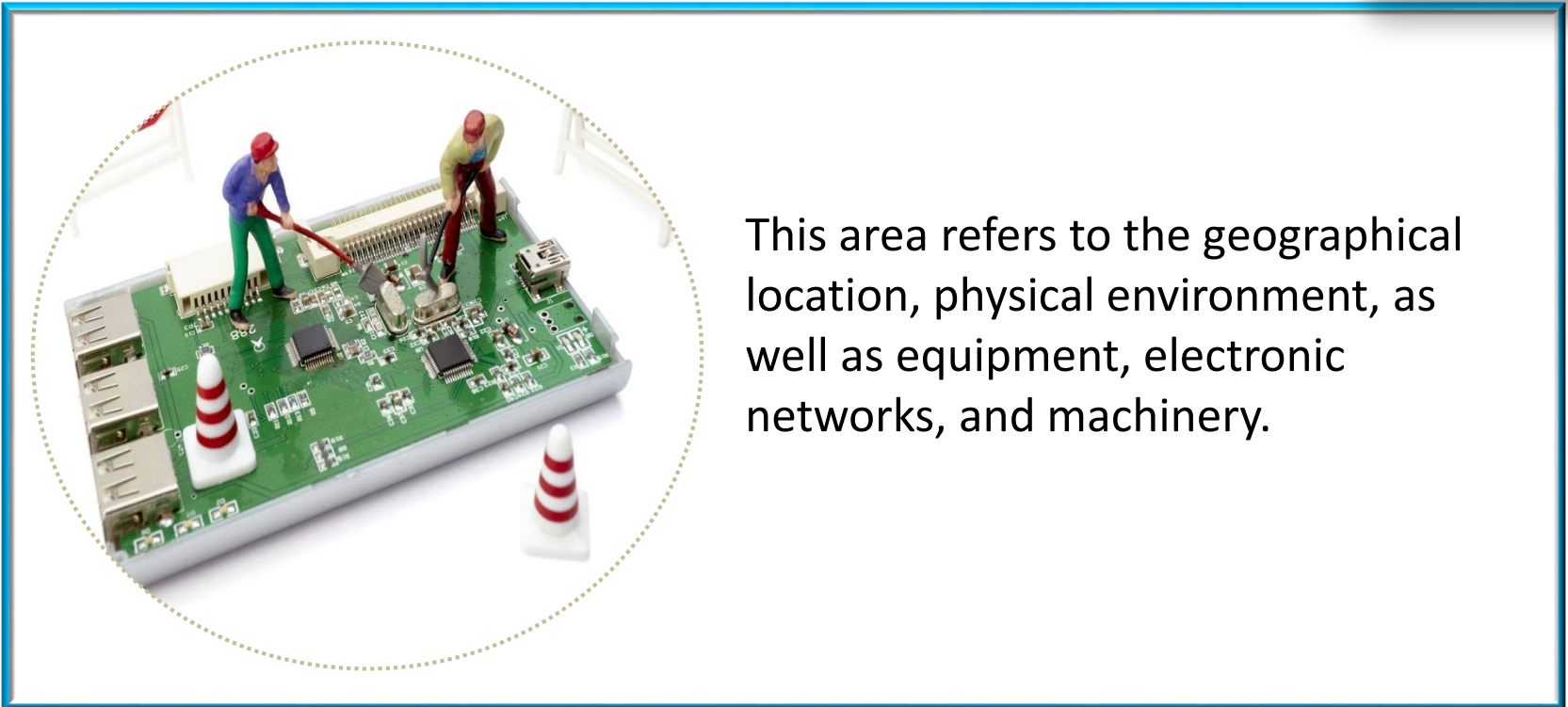
This area refers to the company's assets and liabilities, as well as the system of controls in place to manage its resources and maintain its viability.

Five business areas



Facilities

Back to Five Business areas



This area refers to the geographical location, physical environment, as well as equipment, electronic networks, and machinery.

Five business areas



Marketing and sales

Back to Five Business areas



This area refers to the efforts used to develop the company's brand recognition, increase its Market share and enhance its relationship with the customers.

Click here to continue!

Five external forces

The five external forces are:-



Government



Social values



Technology



Consumer need



Competitors



Five external forces



Government



Back to Five external forces



This area refers to political activity of sorts viz., taxation, legislation, health and safety requirements and even terrorists' activity.

Five external forces



Social values



Back to Five
external
forces



This area refers to health, education, morals, ethics, and social class issues. When making major decisions about the business, awareness of social thinking is essential.

Five external forces



Technology



Back to Five external forces



The impact of technology is increasing on all aspects of business. It refers not only to the innovative equipments, but also to the new applications of database management, intranet etc.

Five external forces



Consumer need

← BACK

Back to Five external forces



This area refers to customers; who they are; what they want; and where they are located. This includes an awareness of the existing and potential needs, demographic shifts, changes in social values, trends etc.

Five external forces

Click here to
continue!



Competition

Back to Five
external
forces

← **BACK**



This area refers not only to those within the company's industry, but to all sources of competition like substitutes.

Setting objectives



From vision to mission to goals, planners consider the company's future in broad and general terms. To ensure that specific actions are taken to achieve these ideas, short-term objectives spell out the individual activities needed to develop each long-term goals.

Setting objectives



Objectives should be:-

- Consistent
- Specific
- Measurable
- Related to time
- Attainable

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Quality standards



Commitment to quality standards requires long term thinking and a belief that the considerable investment needed will eventually bring a worthwhile return. There are some of the benefits a quality programme offers:-

- **Customer satisfaction**
- **Improved brand image**
- **Increased and sustained sales**
- **Recognition as an industry leader**

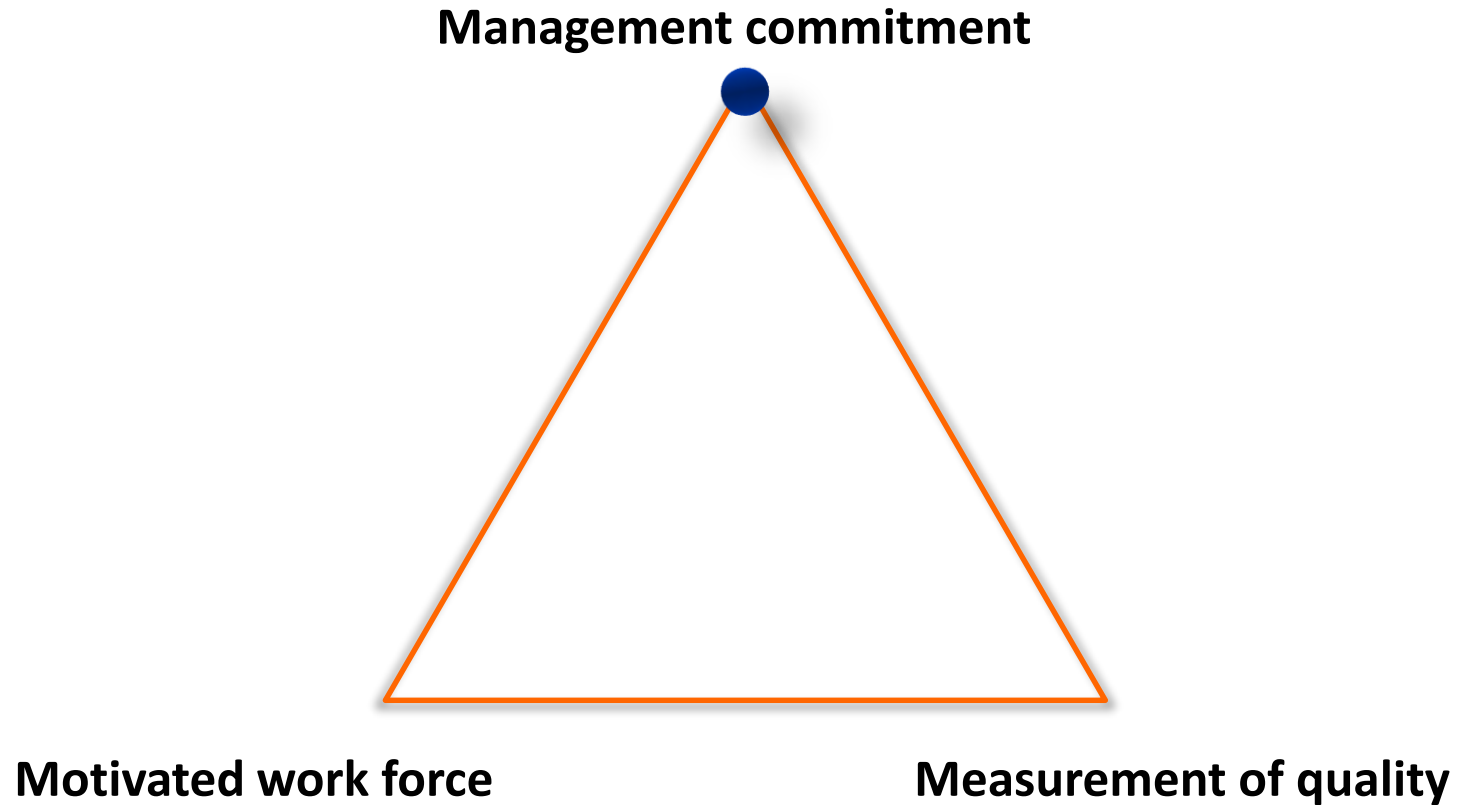
Total Quality Management (TQM)

TOTAL QUALITY MANAGEMENT



Total Quality Management is a far-reaching quality programme which requires everyone within the firm to examine issues of quality performance. The firm committed to TQM, is customer-centred and quality focused with every employee taking responsibility for this.

TQM model



All three issues are addressed when creating an environment for actively promoting quality.

Quality focused culture

To create a quality-focused culture, the firm should:-



Express a commitment to quality as part of the company's vision



Develop a common language for quality



Provide on-going education and training for skill development

Benchmarking



A Benchmark is a point of reference which is used to evaluate or measure the achievement of a standard. In business, the term is widely used to refer to objective criteria which define “best practice” for an area of activity. Individual firms develop Benchmarks, in cooperation with other companies.

Real Life Example

A close-up photograph of a person's hand holding a white sticky note. The hand is wearing a dark suit jacket. The sticky note has blue handwritten text.

Let us now look at an example to see how setting benchmarks brought in success to Xerox Corporation.

The Benchmarking Story – Xerox

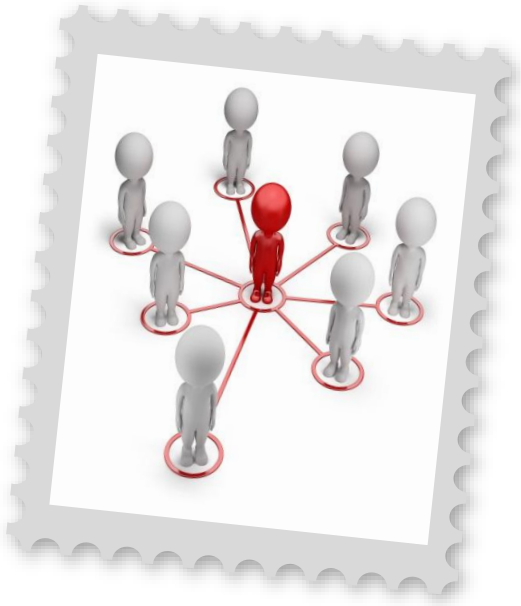


The case examines the benchmarking initiatives taken by Xerox, the leading copier company. In the 1980's, Xerox undertook Benchmarking as a part of its 'Leadership through Quality' program. The case discusses the benchmarking concept and its implementation in detail.

The case discusses the benchmarking concept and its implementation in detail. Xerox uses Benchmarking it to retain its competitive edge, to discover where something is being done with less time, lower cost, fewer resources and better technology.



Benchmarking at Xerox



The 'Leadership through Quality' program introduced by Mohan, the company's CEO, revitalized the company. The program encouraged Xerox to find ways to reduce their manufacturing costs.

Benchmarking against Japanese competitors, Xerox found out that it took twice as long as its Japanese competitors to bring a product to market, five times the number of engineers, four times the number of design changes, and three times the design costs.



Benchmarking at Xerox



Xerox found that the Japanese could produce, ship, and sell units for about the same amount that it cost Xerox just to manufacture them. In addition, Xerox's products had over 30,000 defective parts per million - about 30 times more than its competitors. Benchmarking also revealed that Xerox would need an 18% annual productivity growth rate for five consecutive years to catch up with the Japanese. After an initial period of denial, Xerox managers accepted the reality.

Benchmarking at Xerox



Following this, Xerox defined benchmarking as 'the process of measuring its products, services, and practices against its toughest competitors, identifying the gaps and establishing goals.' Gradually, Xerox developed its own benchmarking model. This model involved ten steps categorized under five stages - planning, analysis, integration, action and maturity.

Five-Stage process



Benchmarking at Xerox



Xerox collected data on key processes of best practice companies in the copier industry. These critical processes were then analyzed to identify and define improvement opportunities. For instance, Xerox identified ten key factors that were related to marketing. These were customer marketing, customer engagement, order fulfillment, product maintenance, billing and collection, financial management, asset management, business management, human resource management and information technology.

Benchmarking at Xerox



These ten key factors were further divided into 67 sub-processes. Each of these sub-processes then became targets for improvement. For the purpose of acquiring data, Xerox subscribed to management and technical databases, referred to magazines and trade journals, and also consulted professional associations and consulting firms.

Functional benchmarking



Xerox found that some processes or operations were not being practiced by copier companies. So, benchmarking within the industry, was not possible. So, Xerox went beyond and adopted functional benchmarking.

This involved a study of the best practices followed by a variety of companies regardless of the industry they belonged to. Xerox initiated functional benchmarking with the warehousing and inventory management system of L.L. Bean (Bean), a mail-order supplier of sporting goods and outdoor clothing.

Functional benchmarking



Xerox zeroed in on various other best practice companies to benchmark its other processes. These included American Express (for billing and collection), Cummins Engines and Ford (for factory floor layout), Florida Power and Light (for quality improvement), Honda (for supplier development), Toyota (for quality management), Hewlett-Packard (for research and product development), Saturn (a division of General Motors) and Fuji Xerox (for manufacturing operations) and DuPont (for manufacturing safety).

Repeating the benefits



The first major payoff of Xerox's focus on benchmarking and customer satisfaction was the increase in the number of satisfied customers. Highly satisfied customers for its copier/duplicator and printing systems increased by 38% and 39% respectively. Customer complaints to the president's office declined by more than 60%. Customer satisfaction with Xerox's sales processes improved by 40%, service processes by 18% and administrative processes by 21%. The financial performance of the company also improved considerably through the mid and late 1980s. Overall customer satisfaction was rated at more than 90% in 1991.

Other benefits

Some of the other benefits Xerox derived were:-

- Number of defects reduced by 78 per 100 machines.
- Service response time reduced by 27%.
- Inspection of incoming components reduced to below 5%.
- Defects in incoming parts reduced to 150ppm.
- Inventory costs reduced by two-thirds.
- Marketing productivity increased by one-third.
- Distribution productivity increased by 8-10 %.
- Increased product reliability on account of 40% reduction in unscheduled maintenance.
- Notable decrease in labour costs.
- Errors in billing reduced from 8.3 % to 3.5% percent.
- Became the leader in the high-volume copier-duplicator Market segment.
- Country units improved sales from 152% to 328%.



Gathering data

In general, these groups gather data from companies in accordance with the following principles:-

1

▶ Confidentiality

2

▶ Intentionality

3

▶ Contact

4

▶ Legality

Uses of benchmark

A benchmark can be used in two ways:-

- ✿ Within an individual industry so that competitors can compare their performance against their competitors.
- ✿ Across a variety of industries so that a company compares specific areas of their industry's business practice against the way that leading firms in other industries perform in those areas.

Establishing benchmark

Establishing benchmark for management function and activities can be achieved by:-

Step - 5

Monitor the change until the benchmark is achieved

Step - 4

Establishing a programme of change to achieve new performance standards

Step - 3

Identifying the recognized industry leaders for each area to be benchmarked

Step - 2

Identifying the core skills and essential behaviours needed to serve that area

Step - 1

Identifying which management area can benefit

Growth issues



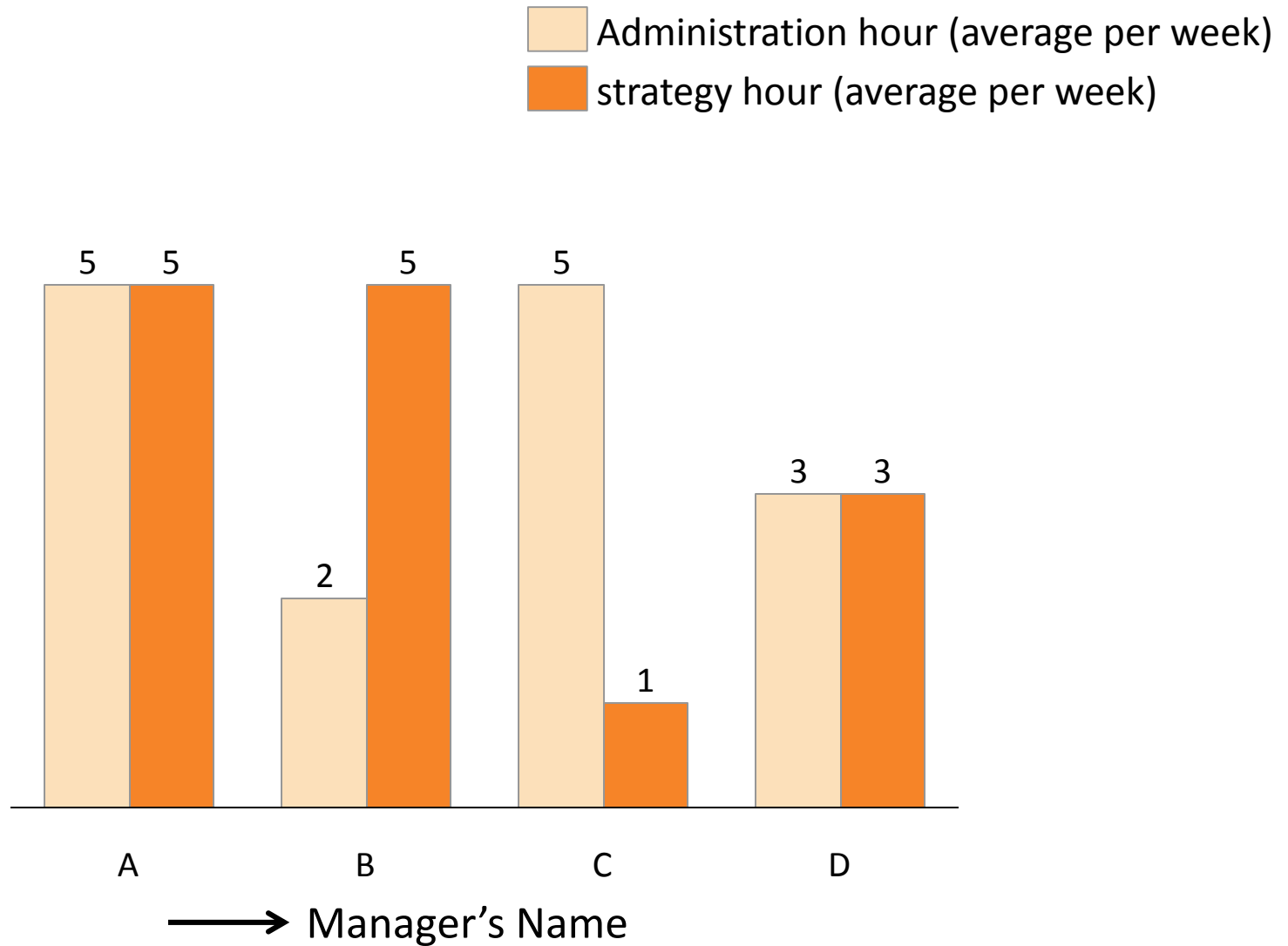
- **Businesses which lack a system for evaluating growth opportunities risk inventing time money and energy in mistaken ventures. This kind of firm grows by following a line of least resistance, by random chance or by changing circumstances. Even if routine business is managed with extreme efficiency, underperformance results, as growth issues are not managed.**

The balancing act

- **Successful business leaders have the ability to shift the attention from short-term administration needs to long-term strategy. When managers lack this essential skill, they can become bogged down with burdensome detail or, alternatively, caught up in pursuit of unrealistic ideas.**



Balancing short and long-term needs



Analysis from the table

Manager A gives an equal amount of time to both administration and strategy. In contrast, Manager C gives only one hour to strategy and 5 hours to administration. Because situations vary from business to business and from one management specialists area to another it is not really appropriate to suggest an idea balance for these two important management functions. The allocation depends upon the specific needs of the organization and the job.

Real Life Example



Let us look at a Real Life
Example of Total Quality
Management by Toyota

About Toyota Motor



- Toyota Motor Corporation, popularly known as Toyota, is a famous global automaker headquartered in Japan.
- Toyota has the reputation for building quality vehicles at lower cost.

- In 2003, Toyota's Naveenet-share increased 24% over 2002: the annual profit of was larger than the combined earnings of GM, Chrysler, and Ford.

- Analysts estimated that, soon, Toyota would surpass GM in Naveenet-share and become the largest automaker in the world.

Toyota's success



- The major contributing factor to this phenomenal growth is the Toyota Production System (TPS).
- This has 14 principles divided into four categories - Philosophy, Process, People/Partners, and Problem Solving.
- These four categories take into account both the long-term and short-term aspects.
- The 14 principles are based on quality improvement techniques and psychology.
- The quality improvement methods are from lean production - just-in-time, kaizen, one-piece flow, jidoka, and heijunka.
- The human motivation principles come under Philosophy and contains leadership, teams, culture, and supplier relationships.

Toyota's Recall



At the end of 2009 and start of 2010, Toyota faced a crisis. The company had to recall 6.5 million in the U.S. because of the problems of gas pedals. How did this happen in a company known for quality leadership?

Quality had become a victim to the aspirations of becoming world No. 1. Toyota usually bought parts from a small group of Japanese suppliers who have been longtime partners with Toyota. However, with globalization and skyrocketing sales, Toyota widened its suppliers net all over the world.



Toyota's Problems



Employee Involvement :
Employee involvement is a critical factor in total quality management.

This involves the starting of Quality Circles, employee-participation in quality decisions, responsibility of employees for quality, employee recognition for superior quality performance, effectiveness of supervision in handling quality issues and on-going quality awareness of all employees.



Toyota's Problems



However, Toyota did not do well in this aspect. In the TQM approach used by Toyota, the assembly line teams are responsible for the steps related to their own work.

They are also cross-trained. They can stop the production-line, when they recognize problems, but had to obtain the approval from their superiors. This is a weak spot in the System.



Toyota's Problems



Whenever emergencies occurred, the Toyota team wasted time transmitting the information through the hierarchical levels.

This time-lag delayed decision-making and affected effectiveness.



Supplier relationship

- Supplier relationship is another critical factor of Toyota's total quality system. The vehicle-recalls exposed the gaps in the company-supplier interface. In traditional Japanese companies, the relationship based on the Japanese credit system, called the keiretsu system.
- A keiretsu system is a set of companies with interlocking business relationships and shareholdings. It is a type of informal business group. The keiretsu maintained dominance over the Japanese economy for the last half of the 20th century.



Supplier
Relationship
Management



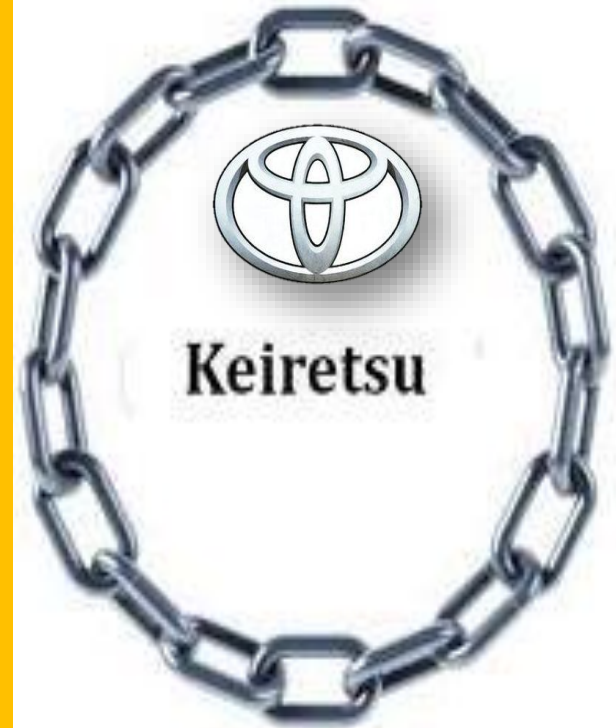
Supplier relationship

- In Japan, the relationship with vendors goes much beyond the buy-sell transactions. They share the industry prospects and their own Marketing targets. However, Toyota's new cost-saving strategy CCC21 (Construction of Cost Competitiveness in the 21st Century), targeted large-scale cost reductions on 170 components, accounting for 90% of the total component purchases. This put the cooperative partners under great pressure.



Supplier relationship

- In other words, if the suppliers wanted to continue their supply chain with Toyota, they had to accept the new prices specified by Toyota. Some of them could not match the new low prices. So, Toyota extensively sought cheap, overseas suppliers. This action damaged the traditional keiretsu system. To be more specific, it led to two problems.



Supplier relationship

- Firstly, the pursuit of lower costs made quality a lesser priority. Secondly, the global spread of suppliers complicated the quality compliance process.



Recommendations

Employee Involvement

- To create an active working group, Toyota should transfer power to individuals at the lower rungs of the organization. Toyota should strengthen the relationship between each level and try to achieve equilibrium in the authorities of the team members. This culture should be made permeate throughout the organization. Toyota should create a congruence between its TQM goals and the aspirations of the employees.



Recommendations

- Recent researches have proved that the development of encouragement and tracking systems can push employee involvement. Toyota can make use of cross-functional quality improvement teams and quality circles plus a framework of evaluation and reward systems. One possible solution is to offer profit-sharing and dividends. Such rewards can increase their satisfaction-levels and enhance their motivation.



Supplier Relationship

- The recommendations are two-fold. On the one hand, Toyota can expand its manufacturing depth and range to some degree. According to Smith and Greenwood, Toyota adopted a very close co-operative partnerships relationship with its suppliers, because the company could manufacture only a few of the parts and not the entire gamut.



Supplier Relationship

- Toyota is responsible not only for the products of in-house manufacture, but also for all of the parts coming from the suppliers. As part of cost-cutting, Toyota promoted commonality of components among various vehicles. This had a cascading effect. Mistake in one component was a virus affecting millions of vehicles.



Supplier Relationship

- Audi and Volkswagen have a deeper manufacturing range : most of their components are manufactured in-house. This gives a better grip over quality. Toyota has to follow this path.



Supplier Relationship

- Though this method cannot bring cost-benefits, Toyota has to give a higher priority to quality.
- The specific methods of managing suppliers has three aspects: Verify, Standardize and Evaluate. Firstly, verifying the suppliers lists to ensure the quality of the suppliers. Secondly, standardizing their manufacturing processes to reduce the mistakes in production. Thirdly, evaluating the products they offer. Toyota has to put all these three aspects in place.



Conclusion

- Through TQM, Toyota has achieved great heights in “low-cost, high-profit” manufacture. They have to improve supplier relations and employee involvement.



Total
Quality
Management



Multiple Choice Question

Customer satisfaction, Improved brand image, increased sustain sales, and recognition as an industry leader are examples of:

A. Total Quality Management

B. Quality Control of a product

C. Commitment to quality standards

D. Motivated workforce

Please Click on the Correct Answer from the above given options

Multiple Choice Question



Good! That's Right!

Correct Answer:

Commitment to quality standards



Multiple Choice Question



That's Not Quite Right!



Click on the icon to go back to the question!

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Leadership



- *“Leadership is the ability to present a vision so that others want to achieve it. This requires skills to build relationships as well as to organize resources”.*

Power and politics

Surprisingly, power is both fluid and fixed. Those who wield power, can enhance or decrease their power without necessarily affecting the power of their colleagues. Effective leaders recognize and understand the sources and limitations of their power. This enables them to evaluate their ability to execute ideas and projects.



Four kinds of power

Four kinds of power are:-



Designed power



Expert power



Charismatic power



Information power

Click on each
image to learn
more . . .

Four kinds of power

Back to
Four kinds
of power

← BACK

Designed power

Expert power

Charismatic power

Information power



This kind of power is linked to the specific roles or positions held in the organization. The firm's organizational chart shows all the positions with designated power. The designations give the authority to reward or punish, to coerce or encourage.

Four kinds of power

Back to
Four kinds
of power

←BACK

Designed power

Expert power

Charismatic power

Information power



This kind of power exists separately from designated power and is linked to the level of skill, accomplishment and achievement of the individual. One can enhance this power through his personal efforts of learning new skills and developing expertise.

Four kinds of power

Back to
Four kinds
of power

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Designed power

Expert power

Charismatic power

Information power



This source of power is linked to personality and is essentially the ability of one person to influence another through force of will, humour or charm. Charisma emanates from within. In traditional theories of leadership, Charisma is an essential trait.

Four kinds of power

Back to
Four kinds
of power

←BACK

Designed power

Expert power

Charismatic power

Information power



This kind of power is vitally important to the functioning of the business. It is found in databases, files, documents and the memories of long-serving staff at all levels of the business.

Click here to
continue!

What is empowerment?



Empowerment is both an ability and an attitude. It leads to shared responsibility for achievement and authority for decision-making. It works by encouraging colleagues to believe in their own effectiveness and increase their sense of involvement in their work. Empowered staff feel enriched and are highly motivated.

What are the risks?



- Untrained staff can develop a false sense of confidence and make errors of judgement.
- The shift to an empowering leadership style causes many managers to feel stressed, as they have to come to grips with the new style of delegation.
- Till the time the staff learn new responsibilities, crucial deadlines may be missed.

What are the benefits?

- The work environment is positive and the staff function as a team. The result is improved efficiency.
- A highly motivated work force helps the organization to reach its goals.



Empowerment style survey

Please answer “Yes” or “No” to the following questions.

YES

NO

1 *When colleagues and staff seek your advice, before responding, you ask their solutions.*

2 *Among your staff, you encourage discussions on policy and procedures.*

3 *When leading a meeting, you do not intervene or guide the discussion.*

4 *Your staff frequently express satisfaction with their work.*

5 *You keep people guessing about what you are going to do next.*

6 *Your staff and colleagues form cliques and factions so that they ostracise those whose “face doesn’t fit.”*



Empowerment style survey

Please answer “Yes” or “No” to the following questions.

YES

NO

7 *Your staff and colleagues make their preferences known openly and spontaneously.*

8 *You believe that creative and empowered professionals do not wish to have leaders.*

9 *Everyone knows that your favourite colleagues and staff receive special treatment.*

10 *You call a meeting to decide on an urgent issue and no one attends.*

11 *When you are away from the office, the overall productivity decreases.*

12 *Factions among your colleagues and staff make it impossible to make vital decisions.*



Analysis of results

A “**Yes**” answer to items:-

1 **2** **4** **7**

Indicates an Empowering approach

3 **8** **10** **12**

Indicates a Vacillating approach

5 **6** **9** **11**

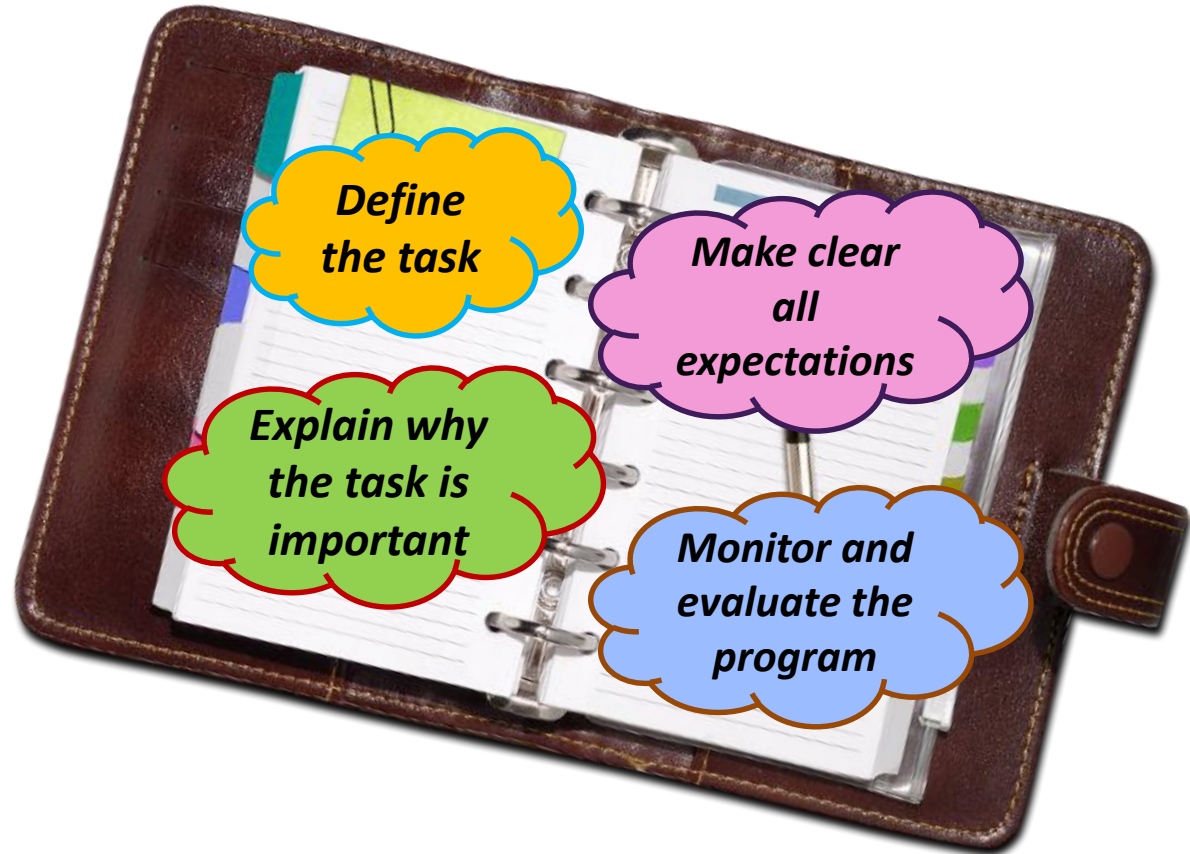
Indicates a Disempowering approach

Delegation – Art and Science



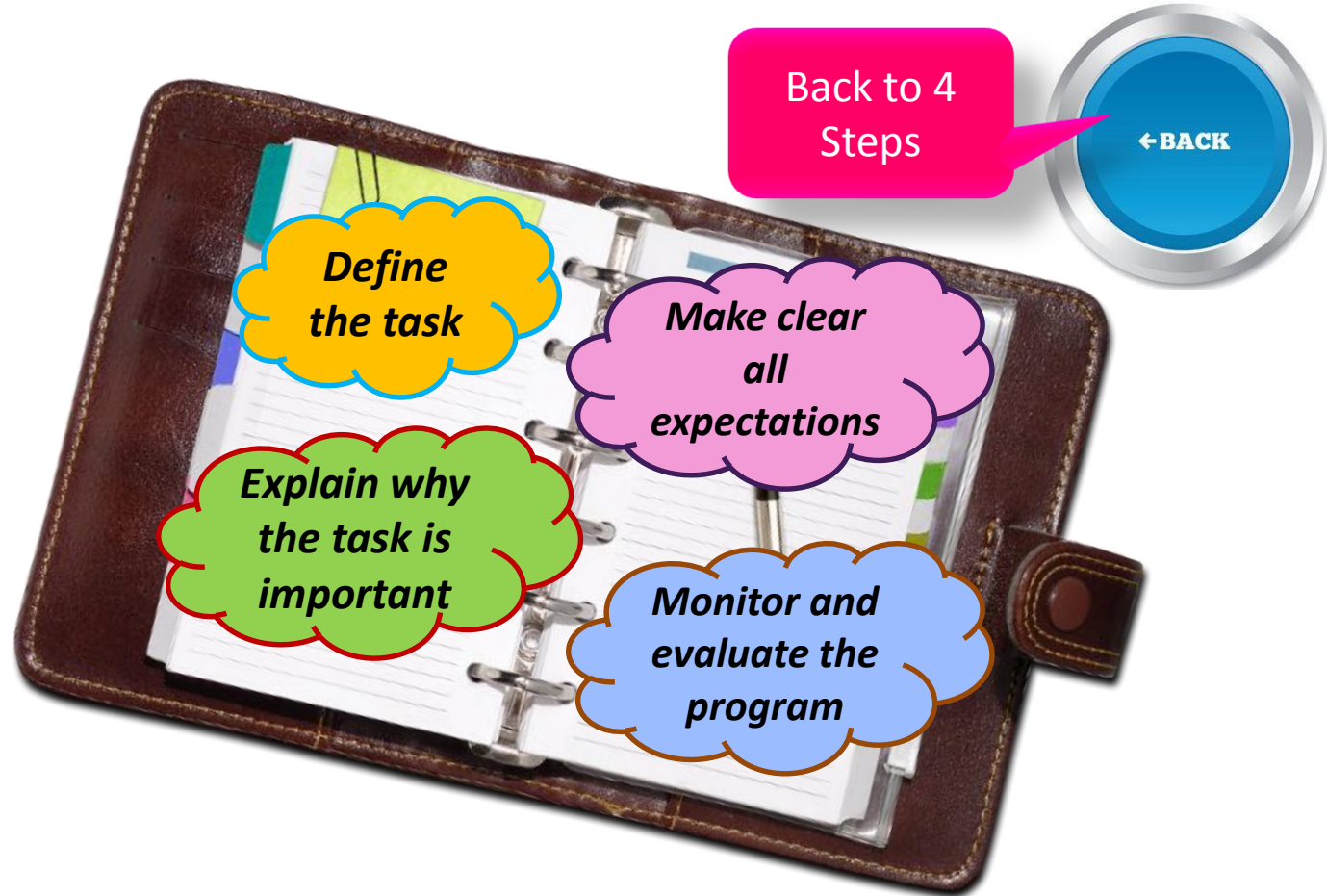
Delegation is an useful tool to build teams, empower staff, improve output and to train the juniors to assume higher responsibilities. Delegation is not passing on the buck. It calls for a lot of skills. There are 4 important steps to effective delegation.

The 4 Steps



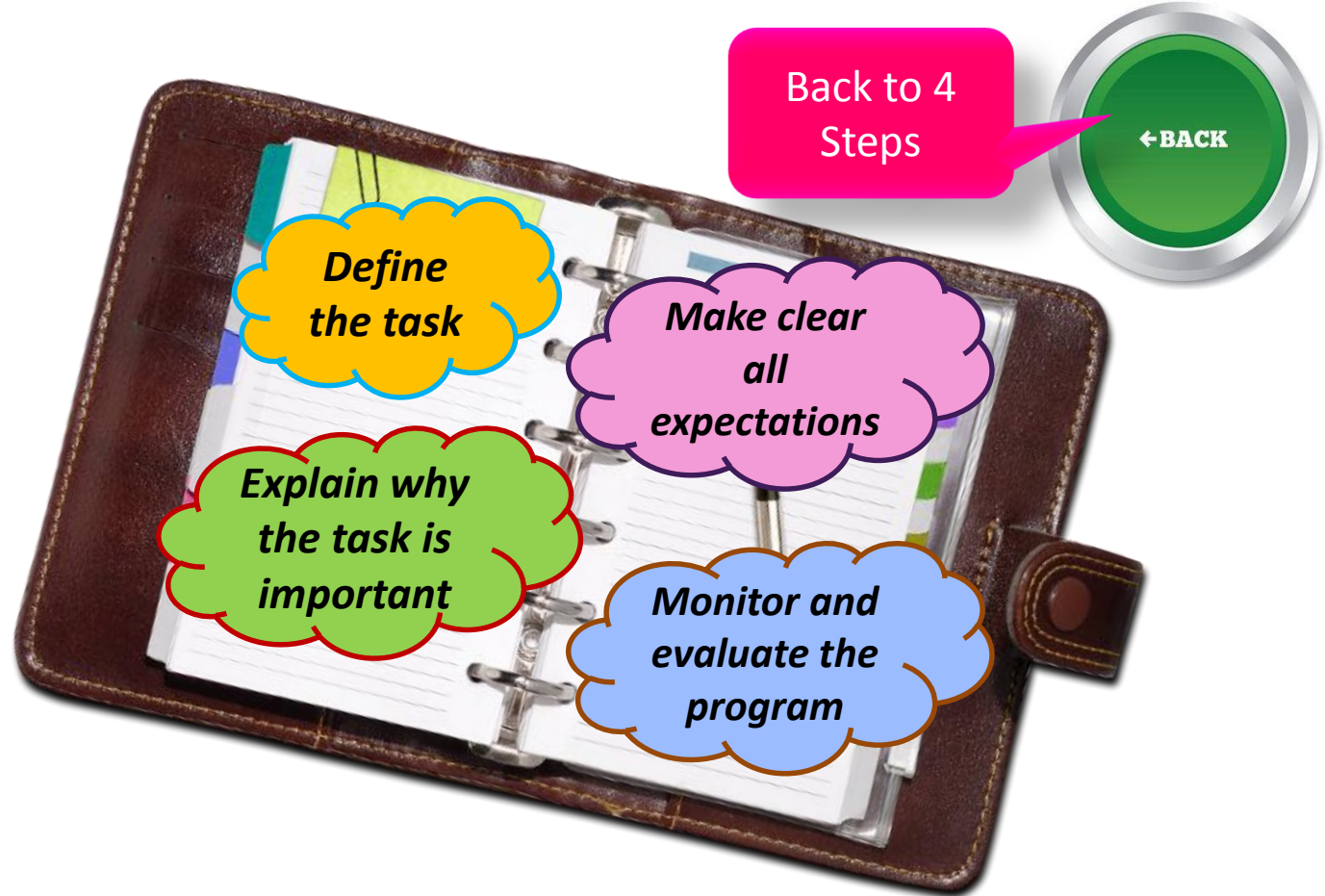
▶ Click on each link to learn more.

The 4 Steps



- ▶ This step is an obvious one because it clearly and specifically explains the scope of the assignment and defines the limits. An effective way to define / introduce the task is to enquire what the employee already knows about it and seek his suggestions for successful implementation.

The 4 Steps



- ▶ Explaining the “big picture” of an assignment is crucial. This is particularly necessary for new-comers, as they do not have to frequently seek advice from the superiors. If this step is ignored, the pArunability of errors would increase.

The 4 Steps



- ▶ This steps includes describing the kind and amount of responsibility given to complete the task. They should be explained the limits of their authority, the circumstances under which they should seek advice and how they will be evaluated on their performance.

The 4 Steps

Click here to continue!



Back to 4 Steps

←BACK

Define the task

Make clear all expectations

Explain why the task is important

Monitor and evaluate the program

- ▶ This step refers to the delegator's ultimate responsibility for the completed task. If progress is monitored effectively there is a double yield – the work is done and also the person delegated to, has a sense of achievement. Both these benefit the firm.

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The benefit of hindsight



With hindsight, disastrous decisions always seem avoidable, the outcomes so obvious. It would seem as though the originators of the action consciously chose a catastrophe.

Scenarios

The scenarios in the next slides will explain this clearly.

Scenario 1



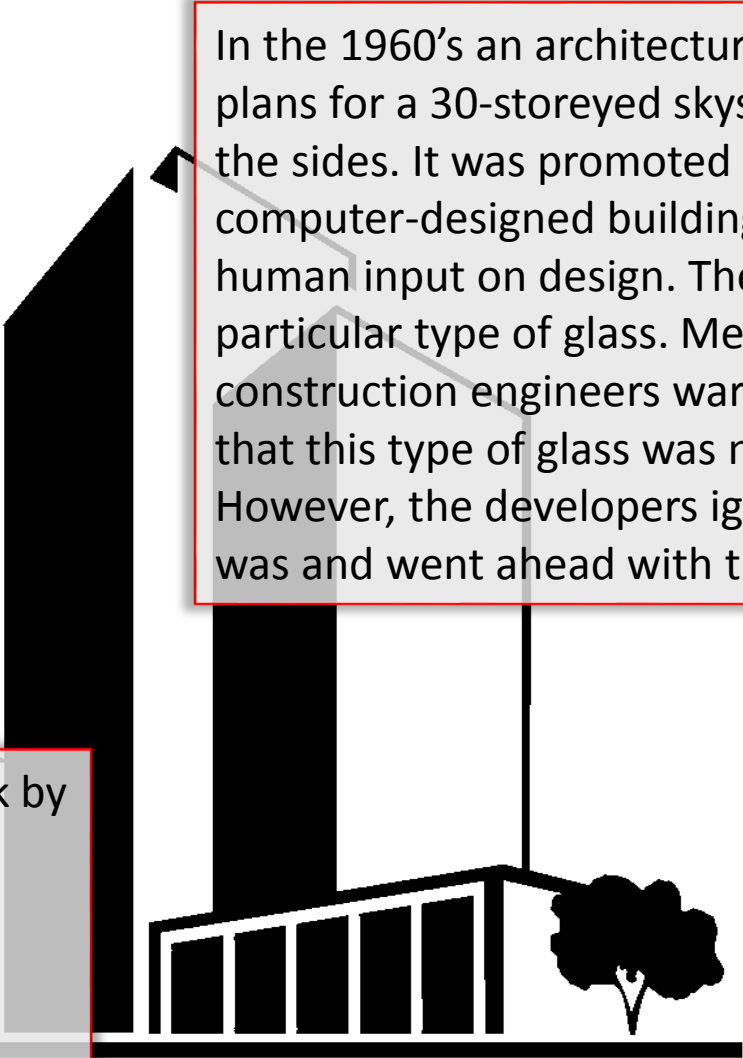
Reliable Builders is a firm of construction engineers. They are part of a consortium executing a major project.

Naveen is head of the project. He faced unforeseen difficulties and estimated that the overrun costs would be around ₹ 350 million per week. He immediately informed his employer about the expected delay and the potential loss.

Reliable informed the consortium. The top managers of the consortium feared that the news might result in the banks to recall their loans. They chose not to make a decision at that time. In the meanwhile, the over-run escalated.



Scenario 2



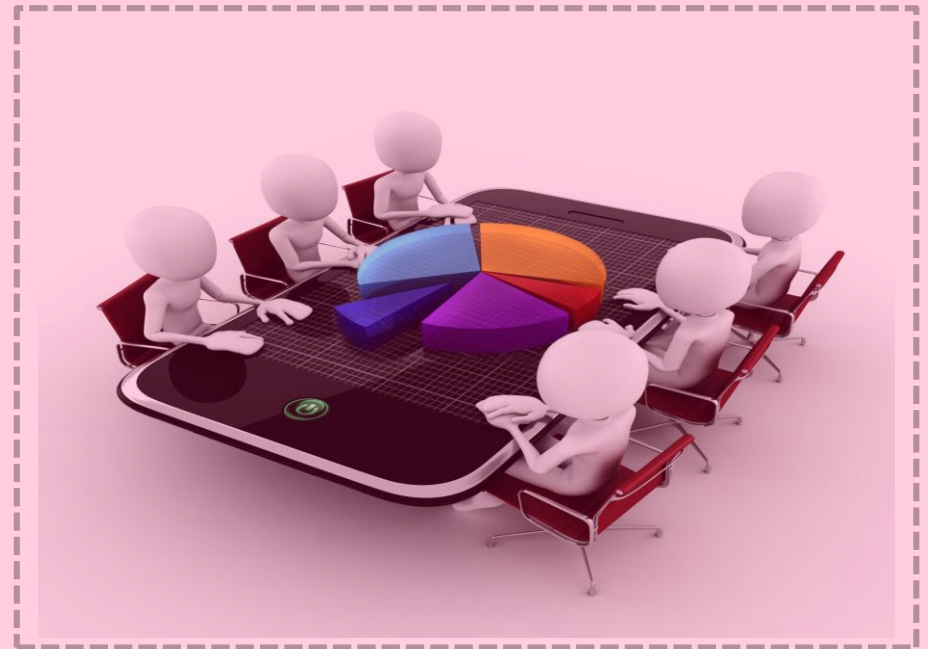
In the 1960's an architectural firm developed plans for a 30-storeyed skyscraper with glass on the sides. It was promoted as the first ever computer-designed building with minimum human input on design. They decided to use a particular type of glass. Meteorologists and construction engineers warned the developers, that this type of glass was not suitable. However, the developers ignored the advice was and went ahead with the construction.

A month later, the place was struck by a gale. The sheet of glass paneling shook loose from the sidings, shattered and fell to the streets below. After urgent meetings, an emergency solution was decided to substitute the glass panels by wood. A huge loss of money and reputation!

Scenario 3

A group of medical doctors gained government funding for a famine-relief project. They entrusted the distribution to local stewards. There were warnings from international health organizations that the stewards had criminal links. Ignoring these alerts resulted in massive misappropriation of funds, medicine and supplies.

The doctors realised that only 20% of the donations reached the needy. Yet, they feared that adverse publicity would dry up funding entirely and carried on.



Analysis of the scenario

In all the 3 scenarios, the decision-makers received clear warnings of potential damages their decisions would cause.

Scenario 1



Reliable Builders should have stopped their construction.

Scenario 2



The architects should have listened to advice from ecologists.

Scenario 3



The doctors should have stopped distribution of supplies and thoroughly reorganized their system.

An antidote

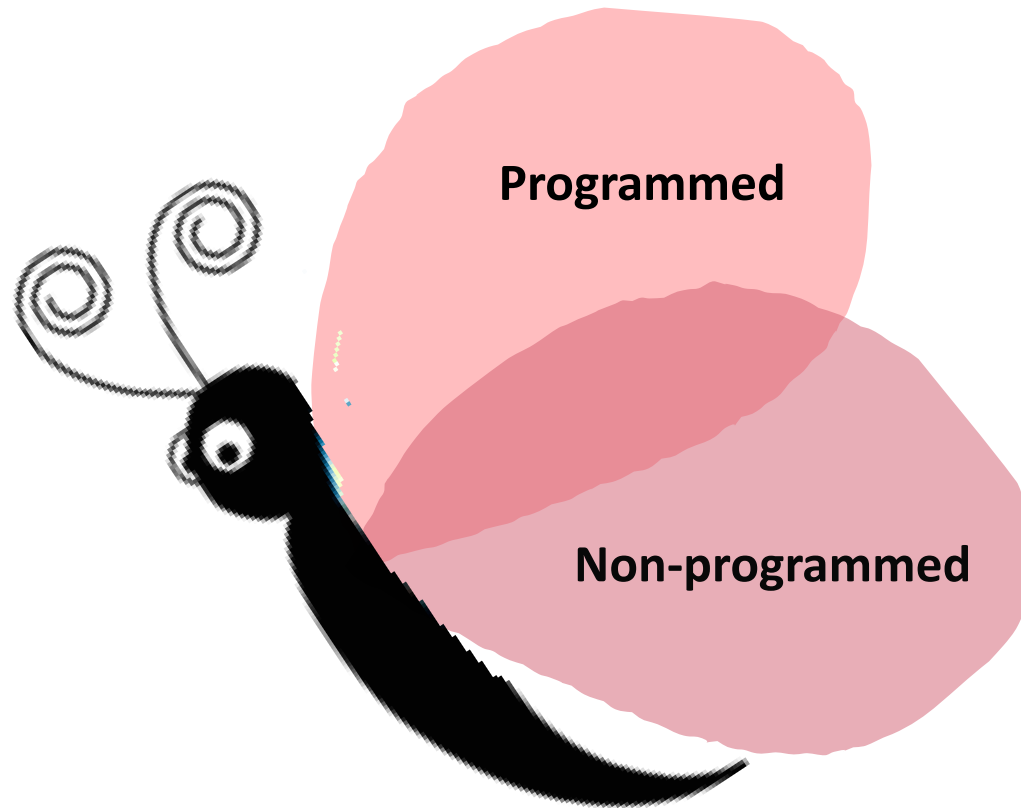


Individuals and groups have limitations in arriving at the “right” decisions. The following steps would help to overcome the limitations:

- Gather all available information
- Define the problem
- Recognize any resource-limitation in advance
- Confer with colleagues
- Act on the decisions

Two kinds of decisions

There are two kinds of decisions:-



Programmed decisions refers to routine matters while non-programmed decisions are one-off and require more time and focus.

Challenging the status quo

Recent research says that one way to create business success is to develop individuals who have the potential to innovate and challenge the way things have always been done. Managers who develop expertise in each of the following areas offer real benefit to the business:-



**Self-
awareness**

**Managerial
knowledge**

**Influencing
skills**

**Clear
thinking**

**Personal
drive**

Hierarchy



Hierarchies are essential for businesses with organized tasks and segmented sub-tasks.

Several individuals work together to complete task-segments. Managers coordinate their work and monitor the overall completion of the task. Hierarchy of authority makes this smoother.

Using a matrix



Let us look at
the matrix in
the next
slides.

CLICK HERE!

The effectiveness of a hierarchical structure is very much enhanced, when it is complemented with a matrix approach. Applying a matrix to organize resources and information is certainly as old as hierarchy. In fact, a matrix is the underlying structure of all committees.

Matrix 1

Project 1	Engineering	Physics	Administration	Production
Segment A				
Segment B				
Segment C				

The horizontal axis shows the function to be included in the project and the vertical axis would feature the projects broken down into segments. ***This is a matrix of project to functions.***

Matrix 2

Project 1	Engineering	Physics	Administration	Production
Project Leader	X	X		
Member A		X		
Member B				X

This shows the names of the personnel to be committed along the vertical axis with specialist functions along the horizontal axis.

This matrix is a matrix of project members to functions.

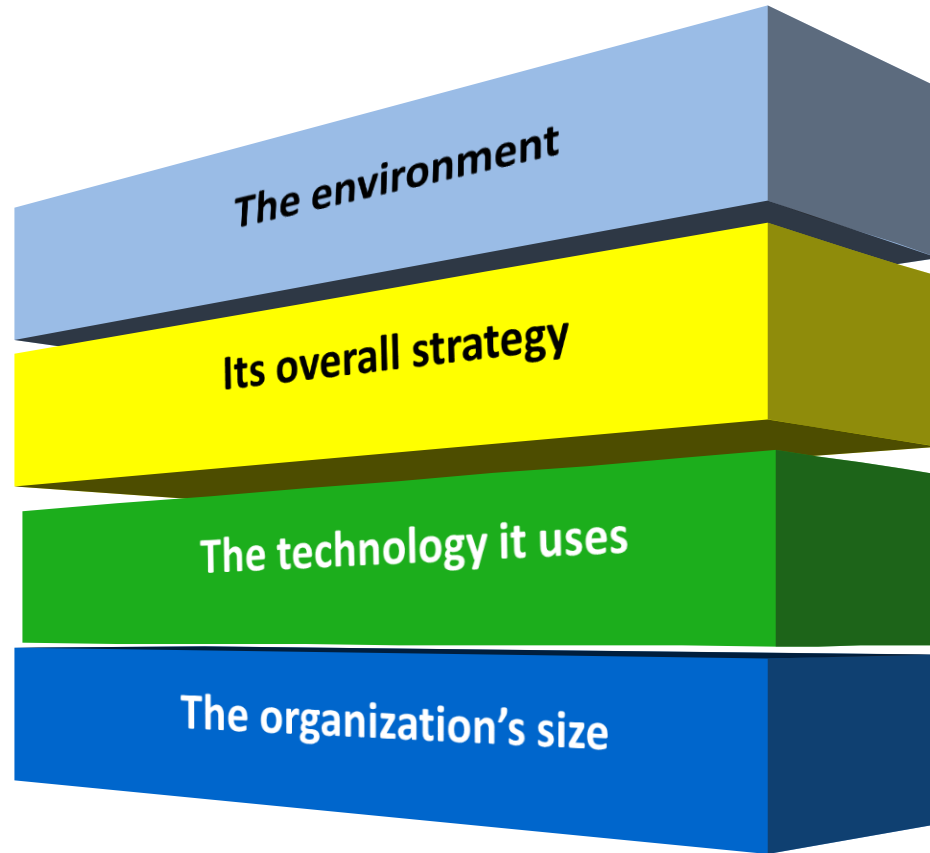
Networking



A better approach is to blend the best features of hierarchy and matrix. This works because each project includes a member who has a direct link to the hierarchy and is answerable to the company's management for monitoring the projects, reporting progress, addressing personnel issues, coordinating with other projects and sharing resources as needed.

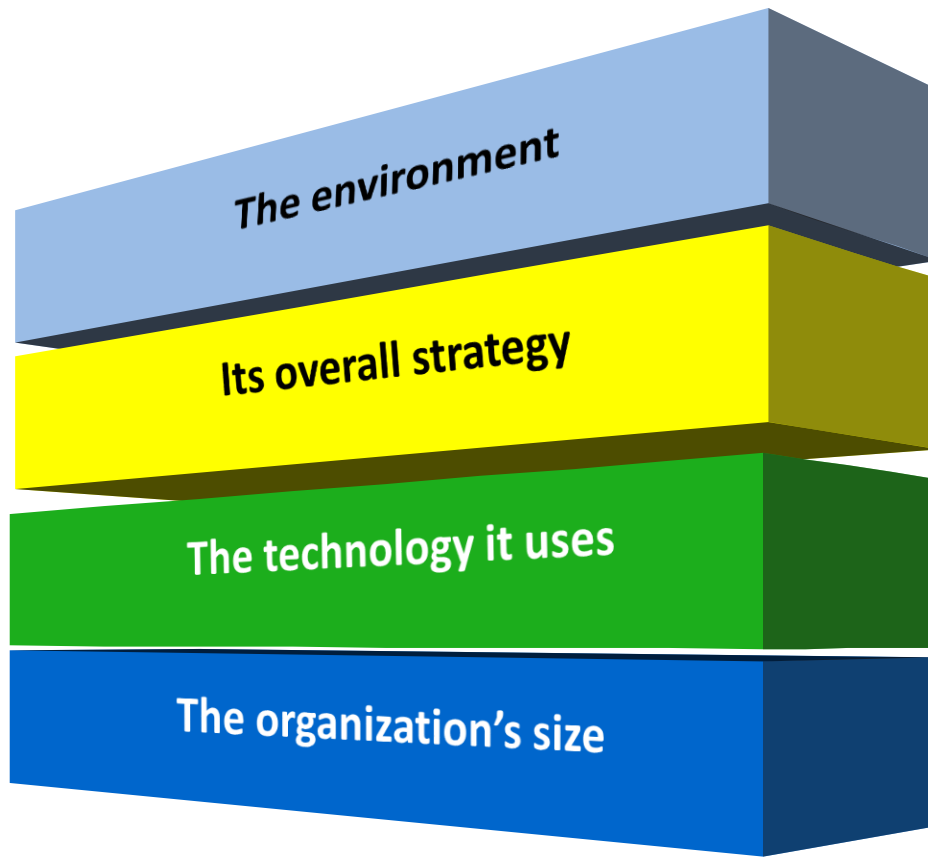
Influences on structure

There are 4 factors which influence the way organizations are structured and therefore have an impact on the effectiveness of decision- making. They are:-



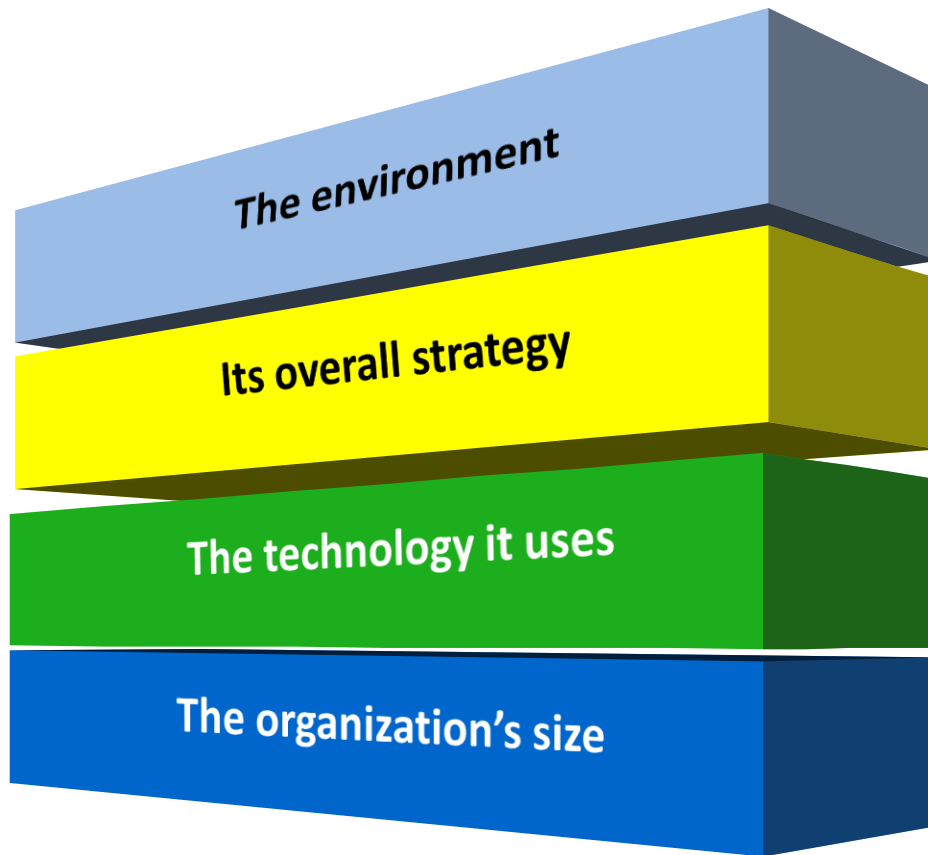
Let us briefly
discuss each
of these.
CLICK HERE!

Influences on structure



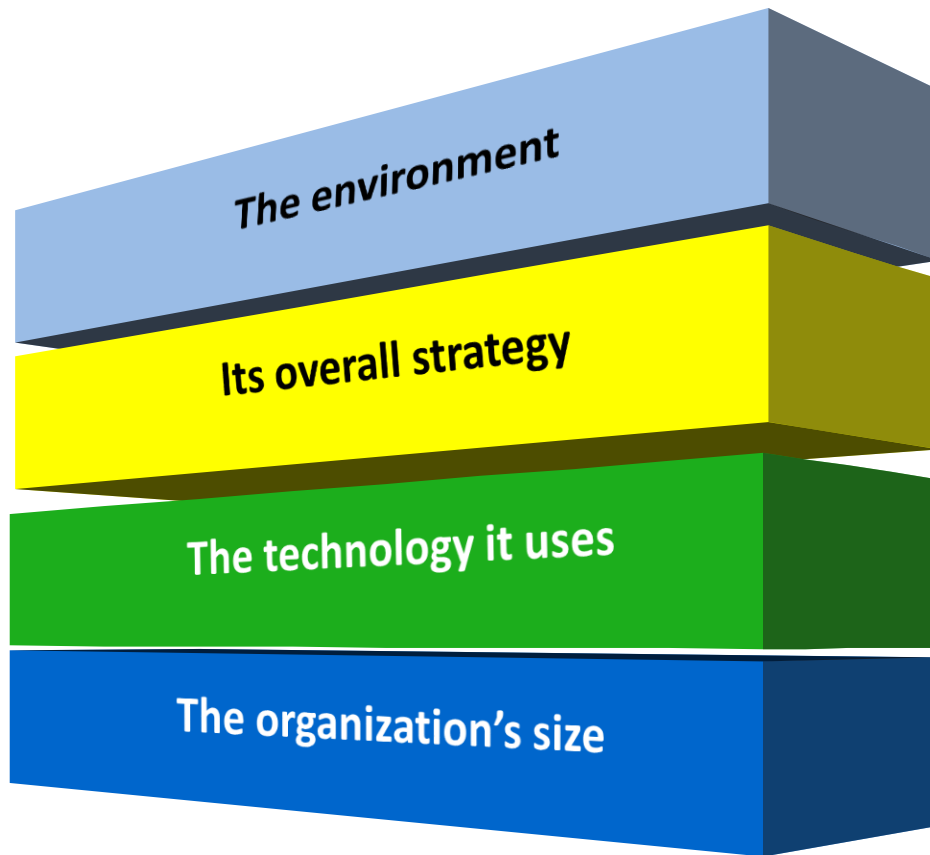
Size can enhance or detract from the organization's ability to achieve its goals. Size not only refers to the number of employees: it can also refer to assets, capacity, or the amount of activity and transactions.

Influences on structure



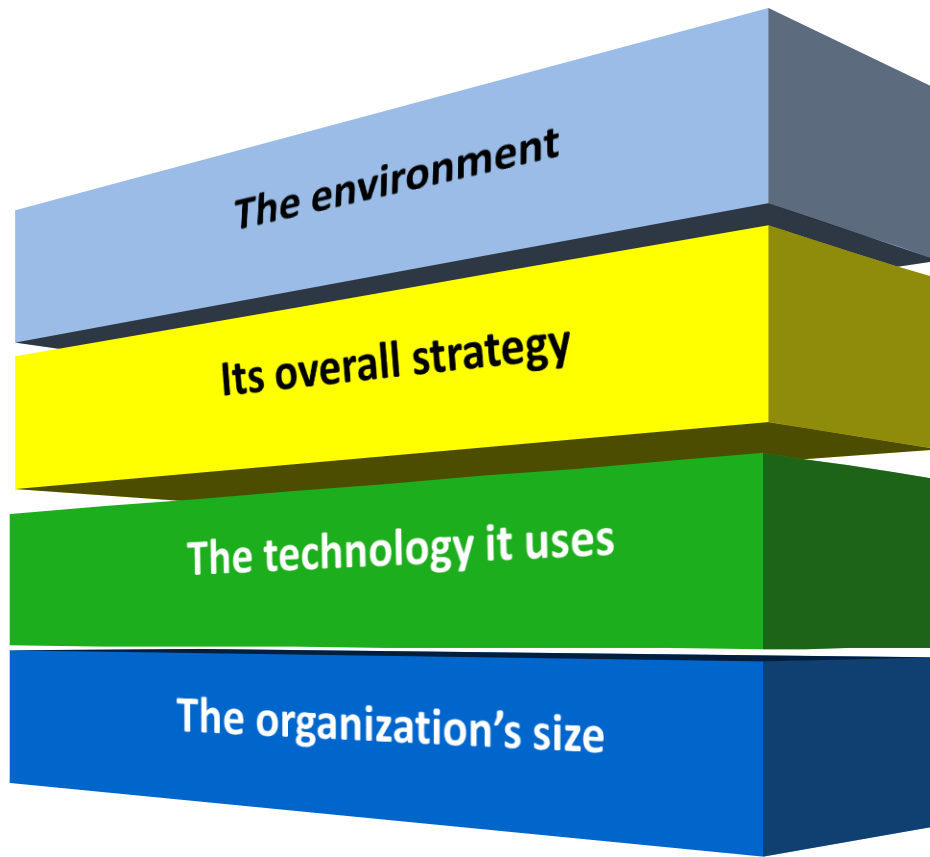
This refers to hi-tech computer solutions as well as to old fashioned manual process. When plans for change affect structure, the kind of technology that is used to complete the work needs to be identified and assessed for its specific benefits.

Influences on structure



The basis of strategy is the identification of organizational goals and the translations of vision into reality. Those businesses which are structured to achieve their goals and vision, have greater likelihood of success.

Influences on structure



This issue addresses all the social, political, technological, economic, and international factors, which have to be taken into account when designing a structure for running the business.

Multiple Choice Question

Below is the one which is **not** a part of delegation. Which one?

A. Explain why the task is important

B. Explain why decision-making should be done

C. Define the task

D. Make clear all expectations

Please Click on the Correct Answer from the above given options

Multiple Choice Question



Click here to
continue!

Good! That's Right!

Correct Answer:

**Explain why decision-
making should be done in not a part of
Delegation**



Multiple Choice Question



That's Not Quite Right!



Click on the icon to go back to the question!

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Targets



When a company's directors have different goals for the business, they are also likely to have different financial targets and even preferences on how to measure financial success.

Regardless of these differences, it is essential to reach an agreement on the financial targets and the methods for their measurement. These targets should be monetary expressions of the company's goals.

Forecasts



A forecast is an estimate of a company's financial outcomes in the future. It is calculated based on certain internal and external data available with the company. This forecast is useful to analyze what will happen to a company over a given period of time.

Gap analysis



The financial goals should go hand-in-hand with the strategic plans. The gap between the target and forecast can make the directors to change their target. They can either alter it to a higher financial goal or a less challenging one.

What is ratio analysis?



Ratio analysis is used to analyze a company's financial statements. It is used to evaluate various aspects of a company's financial performance. Ratio analysis is done by comparing the current year's figures with the previous years, other companies or other industries etc.

How ratios help?



Ratios are used to track the financial stability of an organization. It is also used to discover the strengths and weaknesses of a company. It is a handy tool for the managers to find out what is happening in the organization.

The Z-Scores

Z-Score is a formula which is arrived by combining various ratios. Z-Score assigns weightage to the ratios it includes. This number can be used as an indicator and measure of the risk that a firm will fail financially.



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Company image

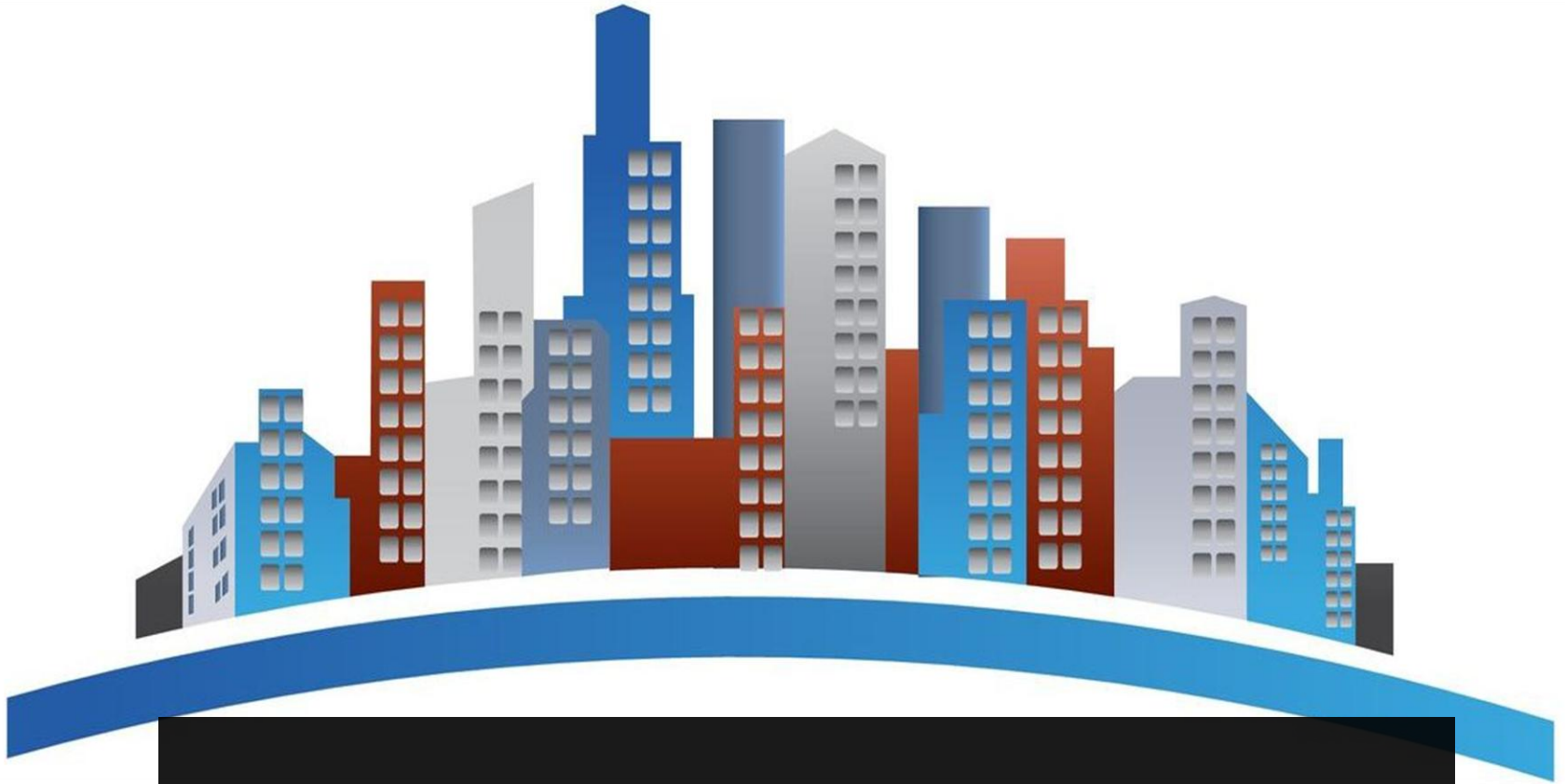


Image is an important intangible asset. Every business projects an image. Whether the employees are conscious of this or not, this image is received by a wide variety of audiences. Through proper image-building, the company can attract a wider audience.

Four different images

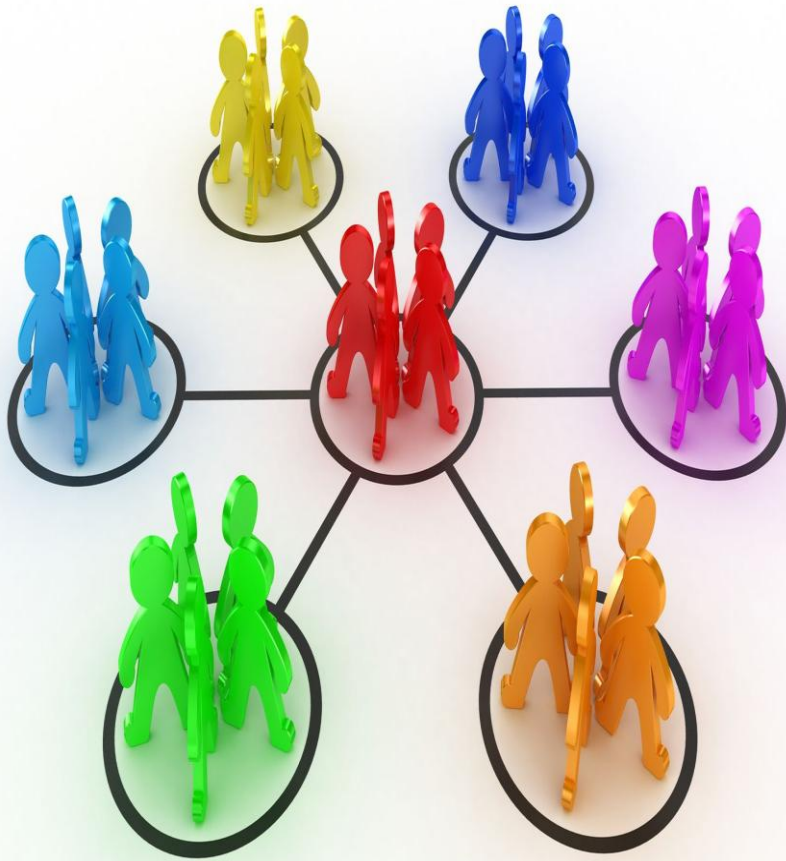
According to Aubrey Wilson, the international Marketing authority, there are four different images. They are:-

- **The current image**
- **The mirror image**
- **The wish image**
- **The optimum image**

Click on each link to learn more.

Four different images

- The current image



Back to Four
different
images



- The company's best source of information about its current image is from its own customers, staff, suppliers and previous customers.

Four different images

- The mirror image



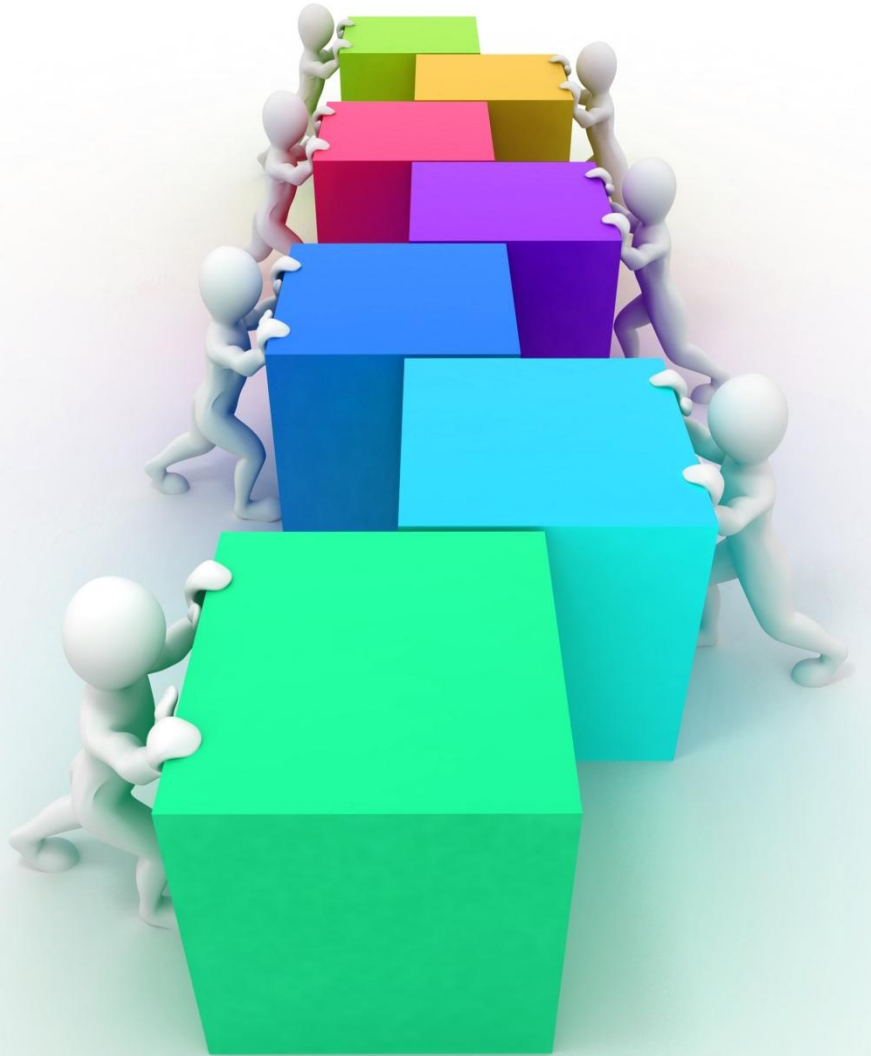
Back to Four
different
images



- This refers to the way in which members of the company imagine how the firm is perceived. Generally this is a more flattering image than one revealed in current image.

Four different images

- The wish image



Back to Four
different
images



- The wish image refers to the way in which the company would like to be perceived. This is often linked to the highest aspirations for the company and is an ideal which encourages the pursuit of the firm's goals.

Four different images

- The optimum image



Back to Four
different
images



- This refers to alignment of all the other images so that the firm gives a coherent and consistent message to the public. It is based on conscious choices the company has made about how it wants to serve its customers.

Click here to
continue!

Customer service



- The challenge in optimally serving customers, is to discover the gaps between the customer-expectations about its products and services and the satisfaction delivered. By bridging these gaps, the company can derive improved customer satisfaction and increased sales.

The ecology of cooperation

- Technological advances have contributed to radical change in the nature of competition. There are clusters of businesses which work together to provide mutual support in a systematic way. Networking is a subtle form of promotion to gain fresh business results through contact with a wide variety of industries and related businesses.



Unique Selling Proposition (USP)



The USP is referred to as distinctive competence, market edge or market advantage. It identifies an essential strength of the company, which satisfies a customer demand as well as provide an advantage over the competition.

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Personal skills

Bypassing

Let us understand “bypassing” by reading the following incident.

Naveen: Did you get the fax?

Naveen: Well, what do you think?



Arun: Yes. Thank you for the information.

Arun: I agree with it.

Naveen and Arun are Directors of a company. They are travelling together to meet an important new sales contact. Let us observe their discussions:

Let us see what happens next.
CLICK HERE!

Personal skills

They meet the client together. Now, the client asks them a question:-

Naveen and **Arun** answer simultaneously.



After the meeting Naveen angrily asks Arun why he responded like that, when he had outright rejected the idea in his fax .

Naveen and Arun then discover that they have been referring to different faxes.

Moral of the incident



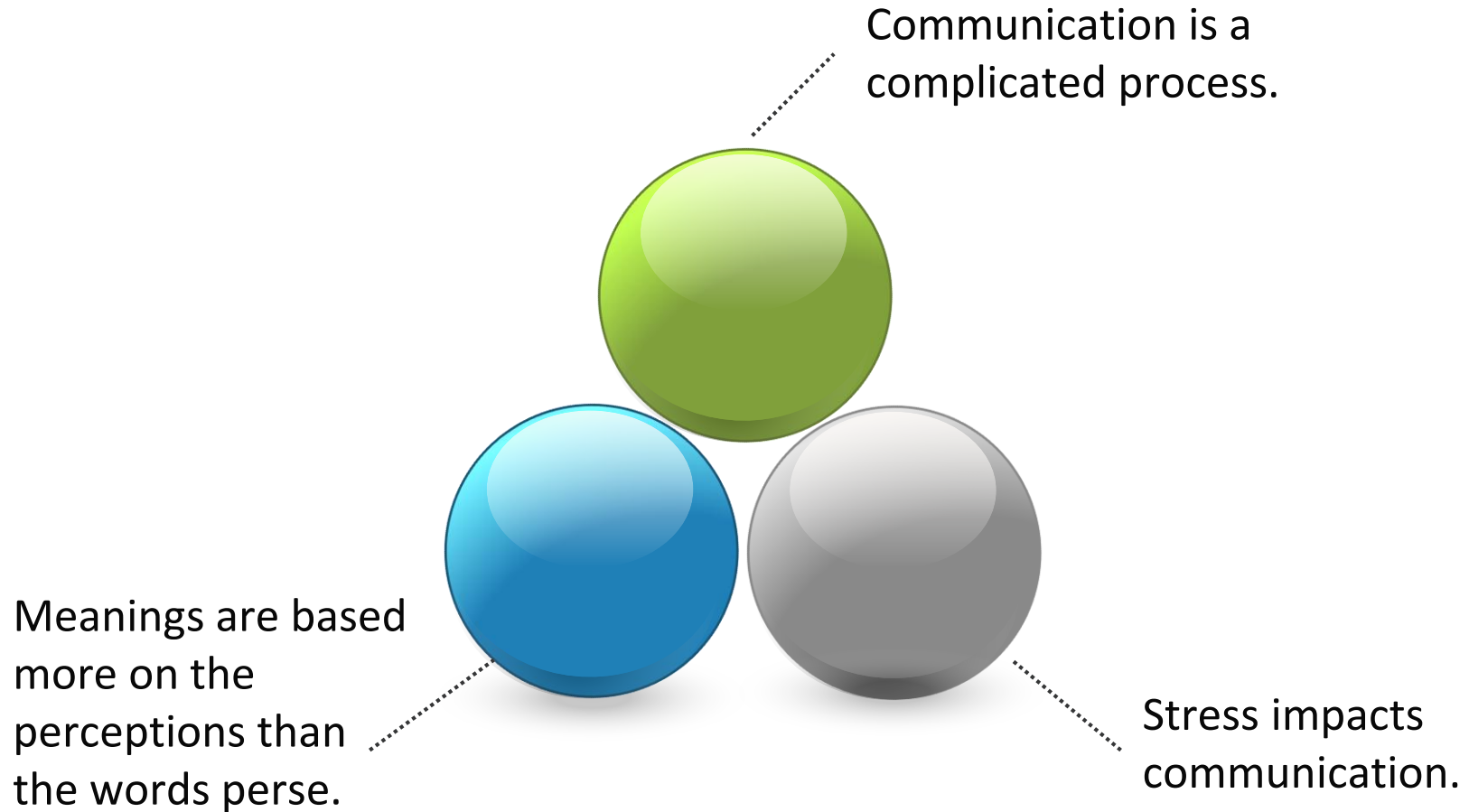
Moral of the incident :

What we assume about the understanding of others, are guesses in disguise.

This kind of communication is called “bypassing”.

Bypassing

Bypassing occurs because:-



Social skills

- **Managers, especially at senior levels need skills to inspire confidence, encourage their staff and peers and also ensure that their own personalities are not getting in the way of their being understood.**
- **Owen Hargie, a communication expert, suggests that there are recognizable features which contribute to socially skilled behavior and therefore to the effectiveness of communication.**



Five Social skills

The five social skills are:-



Let us briefly discuss each of these skills.

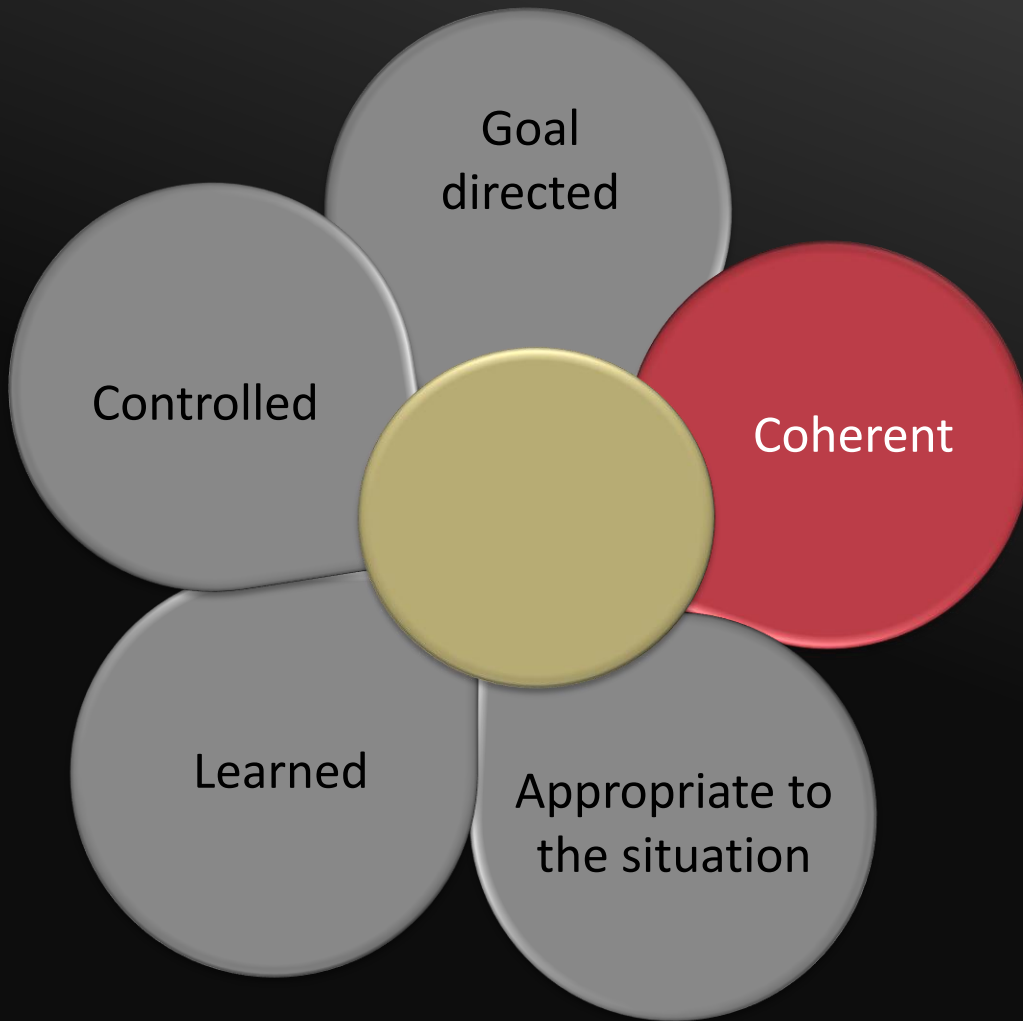
Five Social skills



Goal directed :

- When managers initiate contact with others, this skill enables them to identify and concentrate on achieving a specific outcome.

Five Social skills



Coherent :

- With this skill managers behave so that they make a single harmonious impression. They seamlessly blend gestures, words, facial expression and eye-contact.

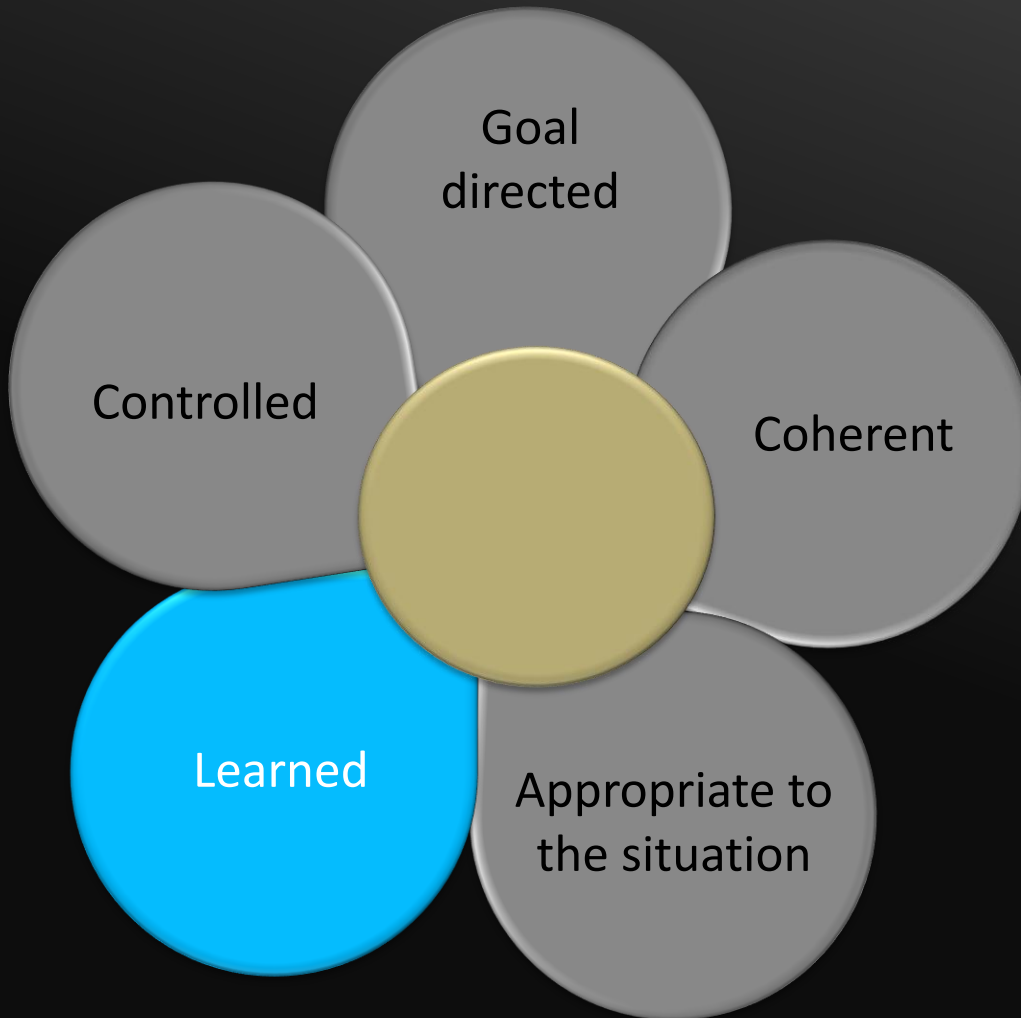
Five Social skills



Appropriate :

- This skill presents itself when managers recognize the need to match their behavior to the needs of each situation. Holding back negative criticism in public and using humor to diffuse the stress of a tired team, fall into this category.

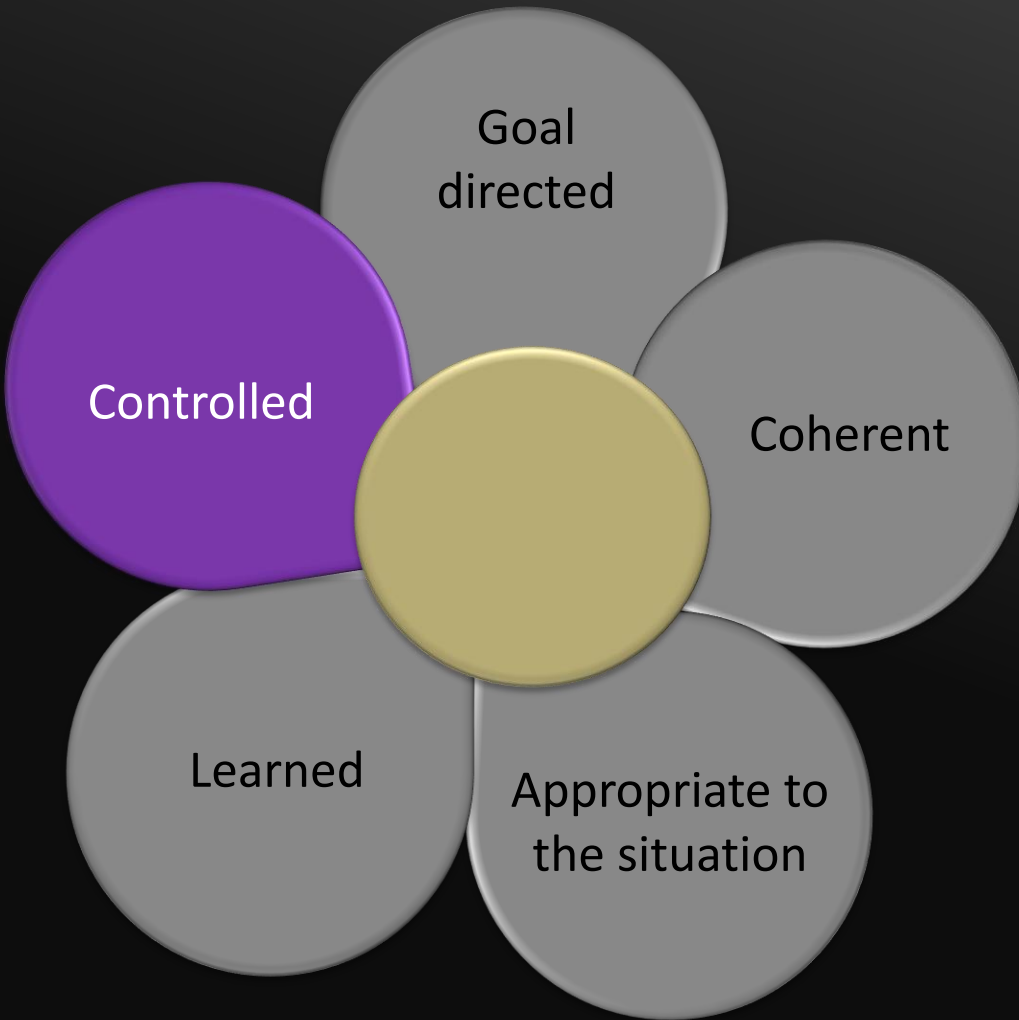
Five Social skills



Learned :

- Here, the managers take on and integrate new communication behavior through observation and study. The manager who copies a role-model boss or attends a seminar to consciously change his communication style and behavior are some of these learning processes.

Five Social skills



Controlled :

- Control is a skill which allows managers to time their behavior and choose how to express themselves. Example: the supervisor who listens to a trainee staff member carefully, interrupting only to ask a question or give necessary advice towards the trainee's gaining confidence etc.

Rich communication



Rich communication refers to the amount of meaning that can be conveyed through a message. Some methods offer limited opportunity to express meaning while others enable a manager to get subtle and intricate messages across successfully.

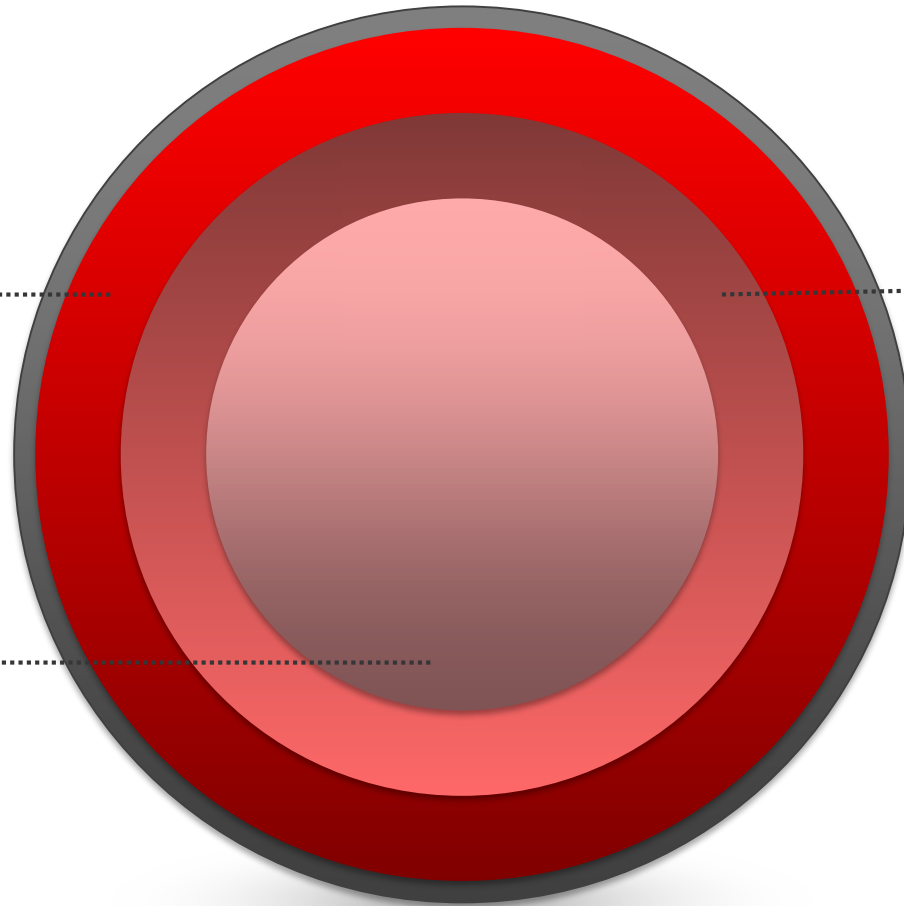
Basic communication methods

There are 3 basic communication methods. Each of these offer different richness opportunities. They are:-

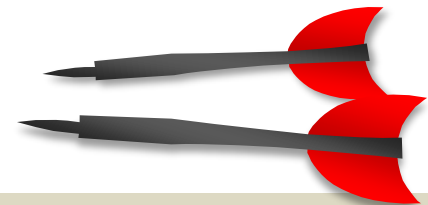
Visual and Vocal –

this includes all of the vocal variations including gestures, eye-contact and body-postures.

Written – In English, there are 29 symbols (26 letters and 3 major punctuation Naveens).

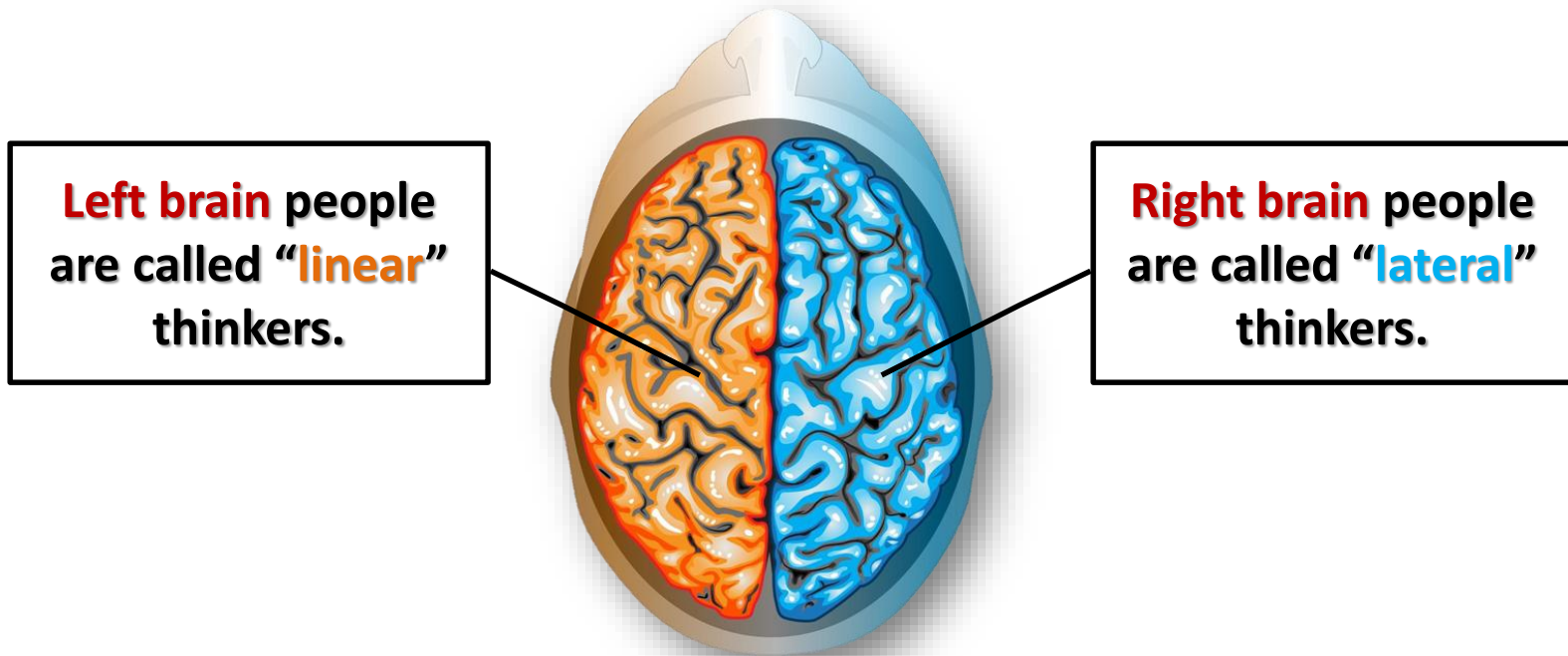


Vocal – there are 32 sounds with variations.



Right and left brain thinking

Behind every communication, there can be either one of the following types of thinking:



Communication effectiveness can increase when managers understand these differences and know how best to work with those who think differently.

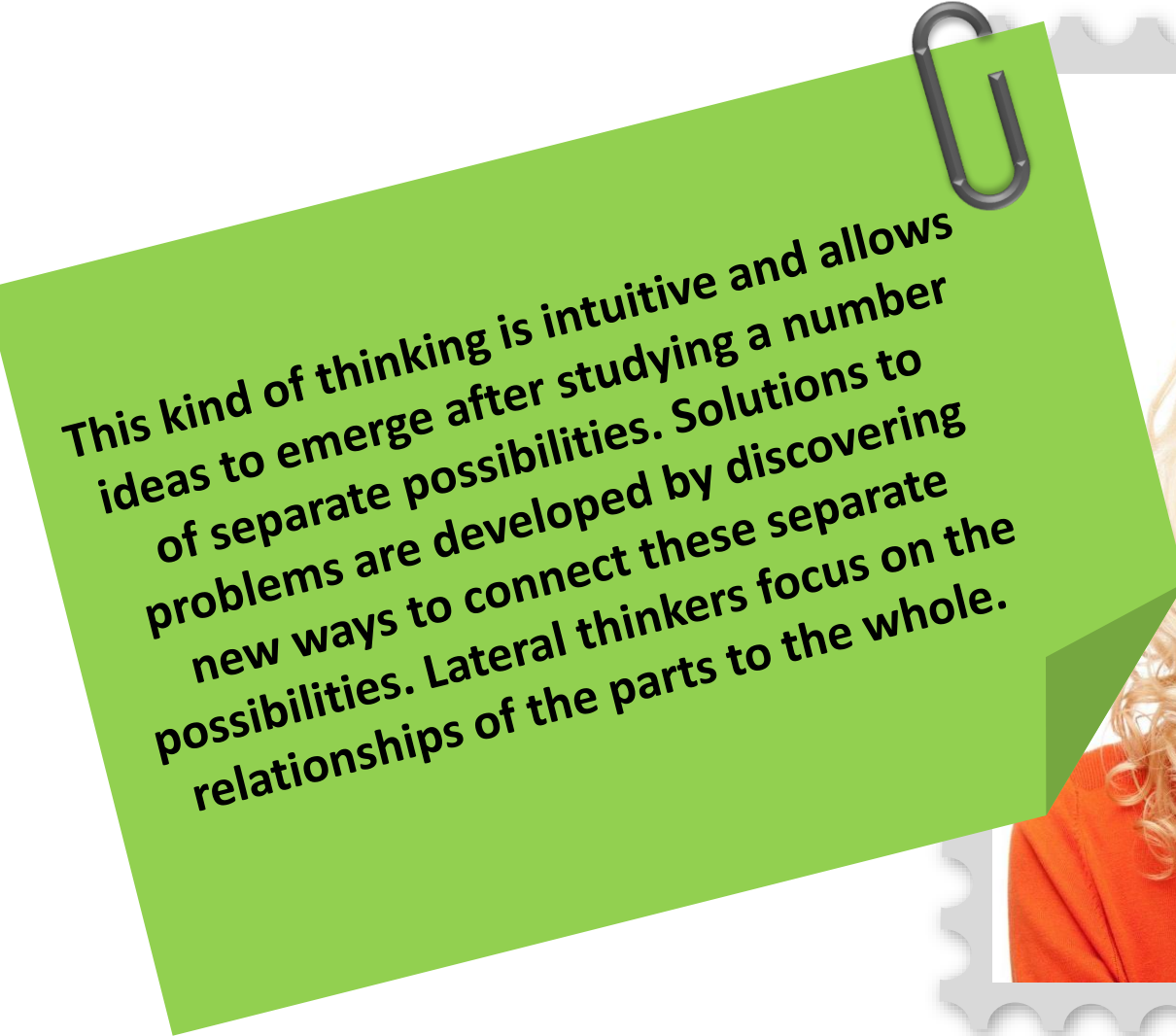
Linear

This kind of thinking is analytical and focuses on how the separate parts of an idea fit together. Solutions to problems are developed by discovering what does not fit or what is missing. These thinkers often get new ideas by taking old ones apart and reorganizing them. They work logically and sequentially. Linear thinkers focus on the relationship of the whole to the parts.



Lateral

Let us see few
thinking puzzles
that challenge
your
preconceptions
[CLICK HERE!](#)



This kind of thinking is intuitive and allows ideas to emerge after studying a number of separate possibilities. Solutions to problems are developed by discovering new ways to connect these separate possibilities. Lateral thinkers focus on the relationships of the parts to the whole.



Puzzle - 1

You are driving down the road in your car on a wild, stormy night, when you pass by a bus stop and you see three people waiting for the bus:

- An old lady who looks as if she is about to die
- An old friend who once saved your life.
- The perfect partner you have been dreaming about.

What would you do?

**Show
the Hint**

Puzzle - 1



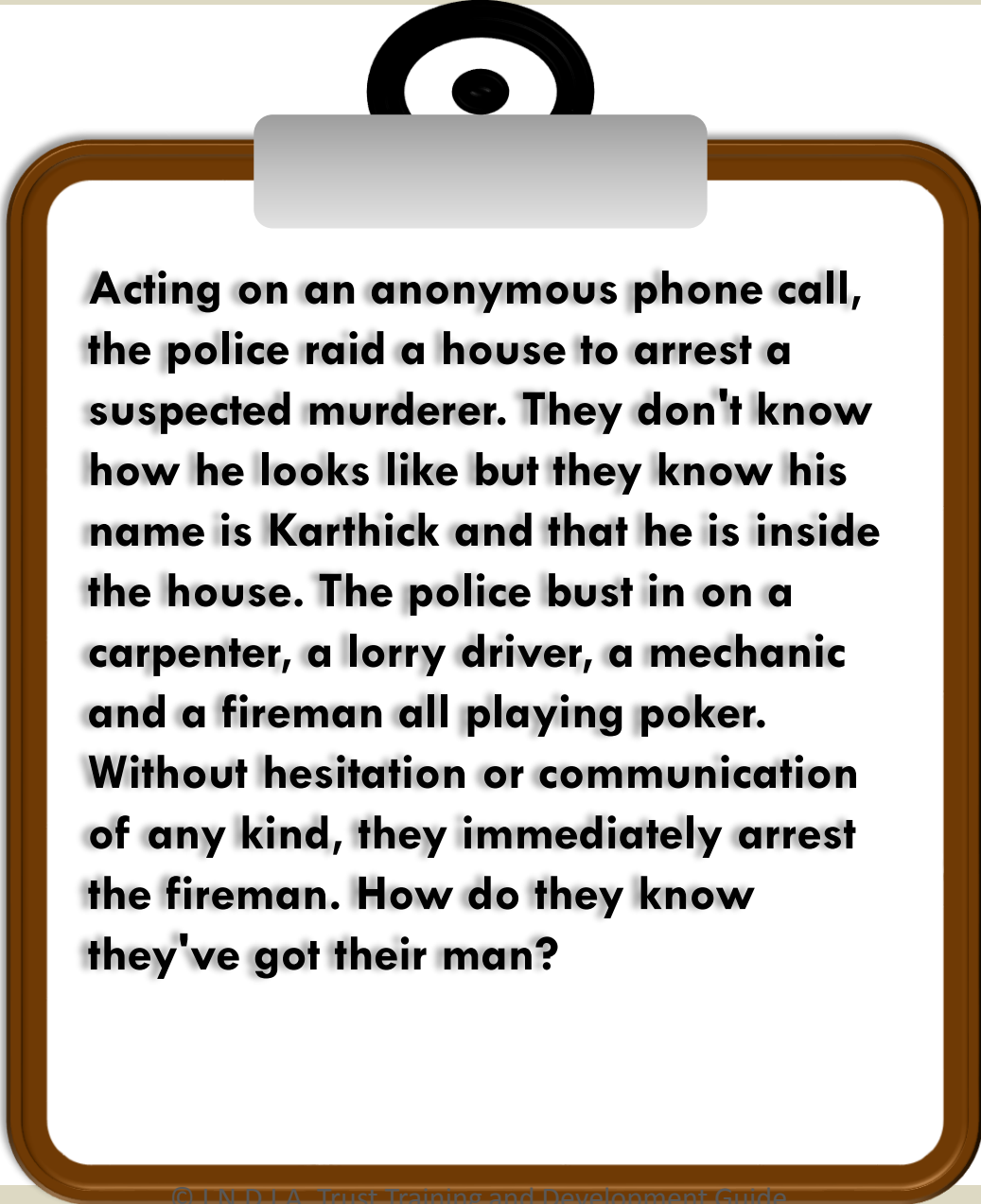
Hint :

You can make everyone happy. Your car can only contain one passenger, so whom should it be?

Solution :

The old lady of course! After helping the old lady into the car, you can give your keys to your friend, and wait with your perfect partner for the bus.

Puzzle - 2



Acting on an anonymous phone call, the police raid a house to arrest a suspected murderer. They don't know how he looks like but they know his name is Karthick and that he is inside the house. The police bust in on a carpenter, a lorry driver, a mechanic and a fireman all playing poker. Without hesitation or communication of any kind, they immediately arrest the fireman. How do they know they've got their man?



**Show
the Hint**

Puzzle - 2



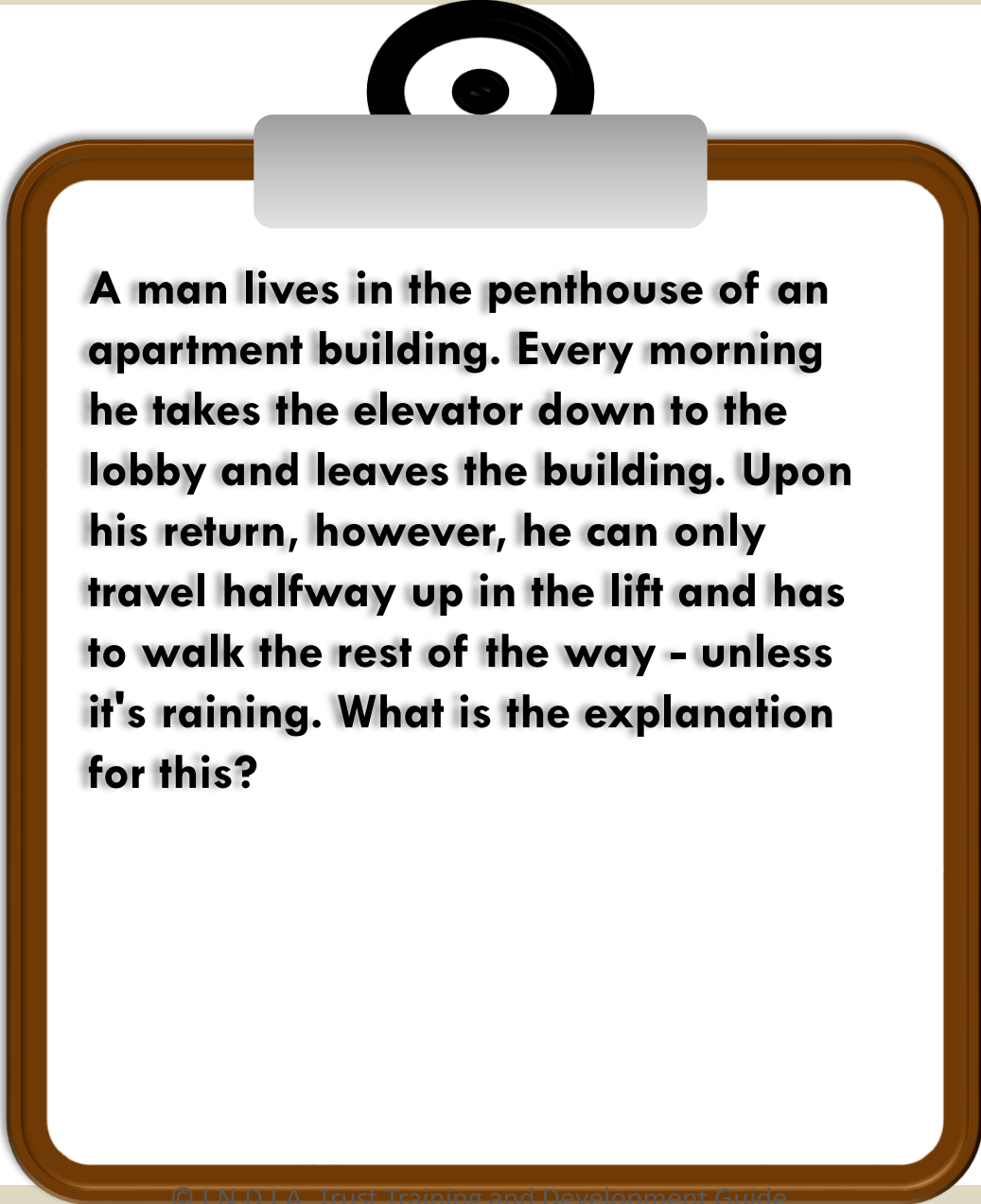
Hint :

The police only know two things, that the criminal's name is Karthick and that he is in a particular house.

Solution :

The fireman is the only man in the room. The rest of the poker players are women.

Puzzle - 3



A man lives in the penthouse of an apartment building. Every morning he takes the elevator down to the lobby and leaves the building. Upon his return, however, he can only travel halfway up in the lift and has to walk the rest of the way - unless it's raining. What is the explanation for this?



**Show
the Hint**

Puzzle - 3



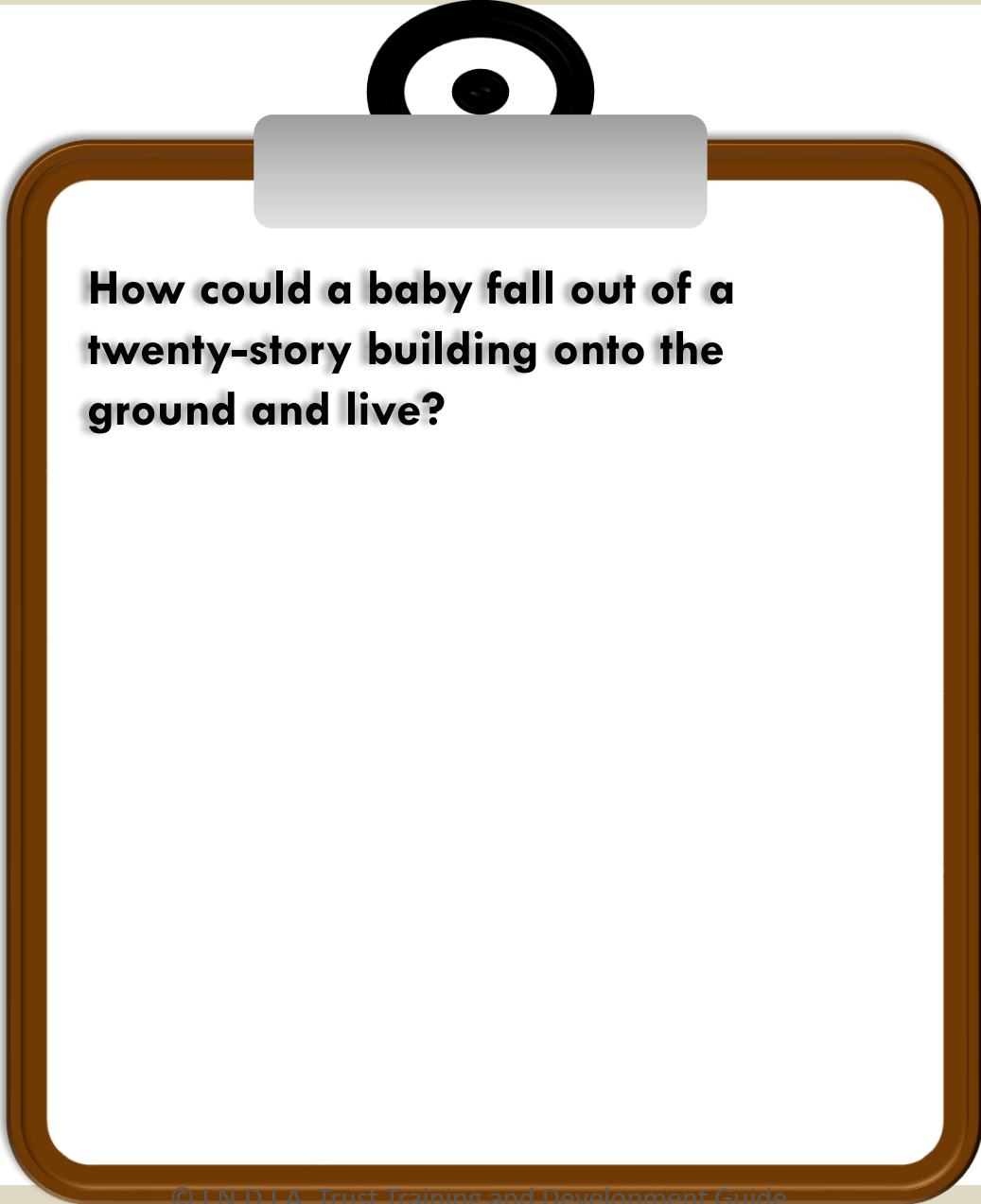
Hint :

He is very proud, so refuses to ever ask for help.

Solution :

The man is a dwarf. He can't reach the upper elevator buttons, but he can ask people to push them for him. He can also push them with his umbrella.

Puzzle - 4



How could a baby fall out of a twenty-story building onto the ground and live?



**Show
the Hint**

Puzzle - 4



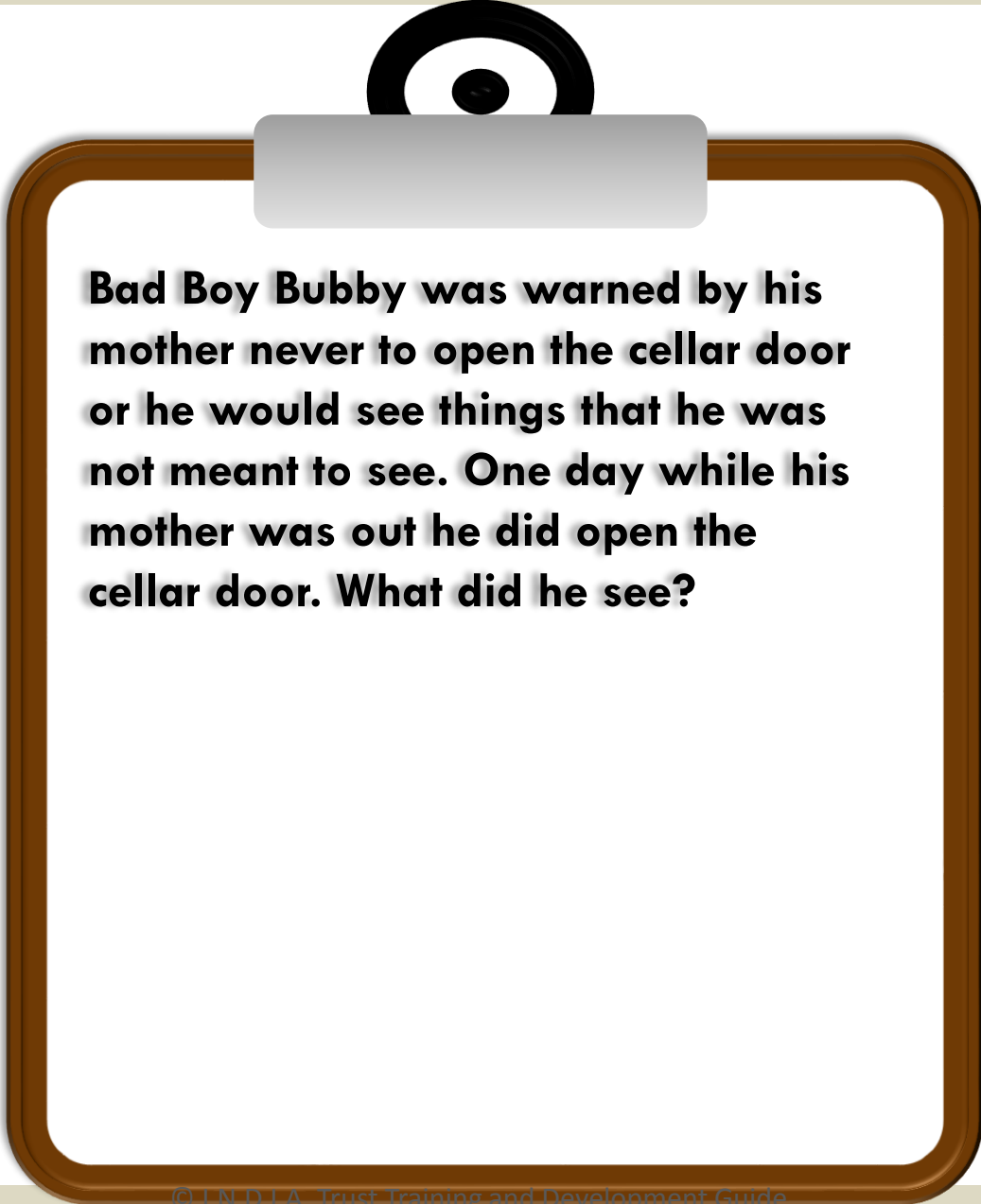
Hint :

It does not matter what the baby lands on, and it has nothing to do with luck.

Solution :

The baby fell out of a ground floor window.

Puzzle - 5



Bad Boy Bubby was warned by his mother never to open the cellar door or he would see things that he was not meant to see. One day while his mother was out he did open the cellar door. What did he see?



**Show
the Hint**

Puzzle - 5



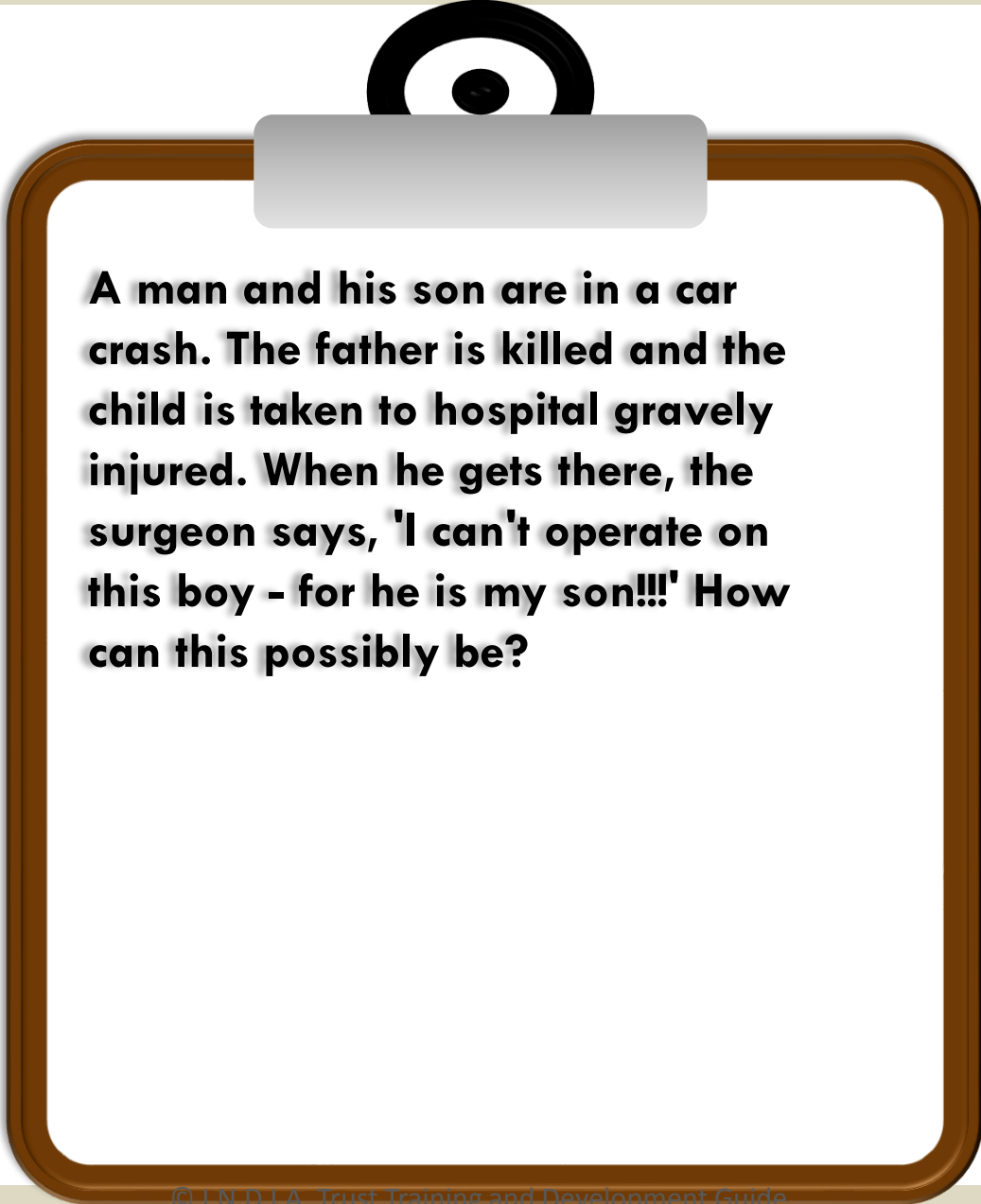
Hint :

His mother was an odd woman.

Solution :

When Bad Boy Bubby opened the cellar door he saw the living room and, through its windows, the garden. He had never seen these before because his mother had kept him all his life in the cellar.

Puzzle - 6



A man and his son are in a car crash. The father is killed and the child is taken to hospital gravely injured. When he gets there, the surgeon says, 'I can't operate on this boy - for he is my son!!!' How can this possibly be?



**Show
the Hint**

Puzzle - 6



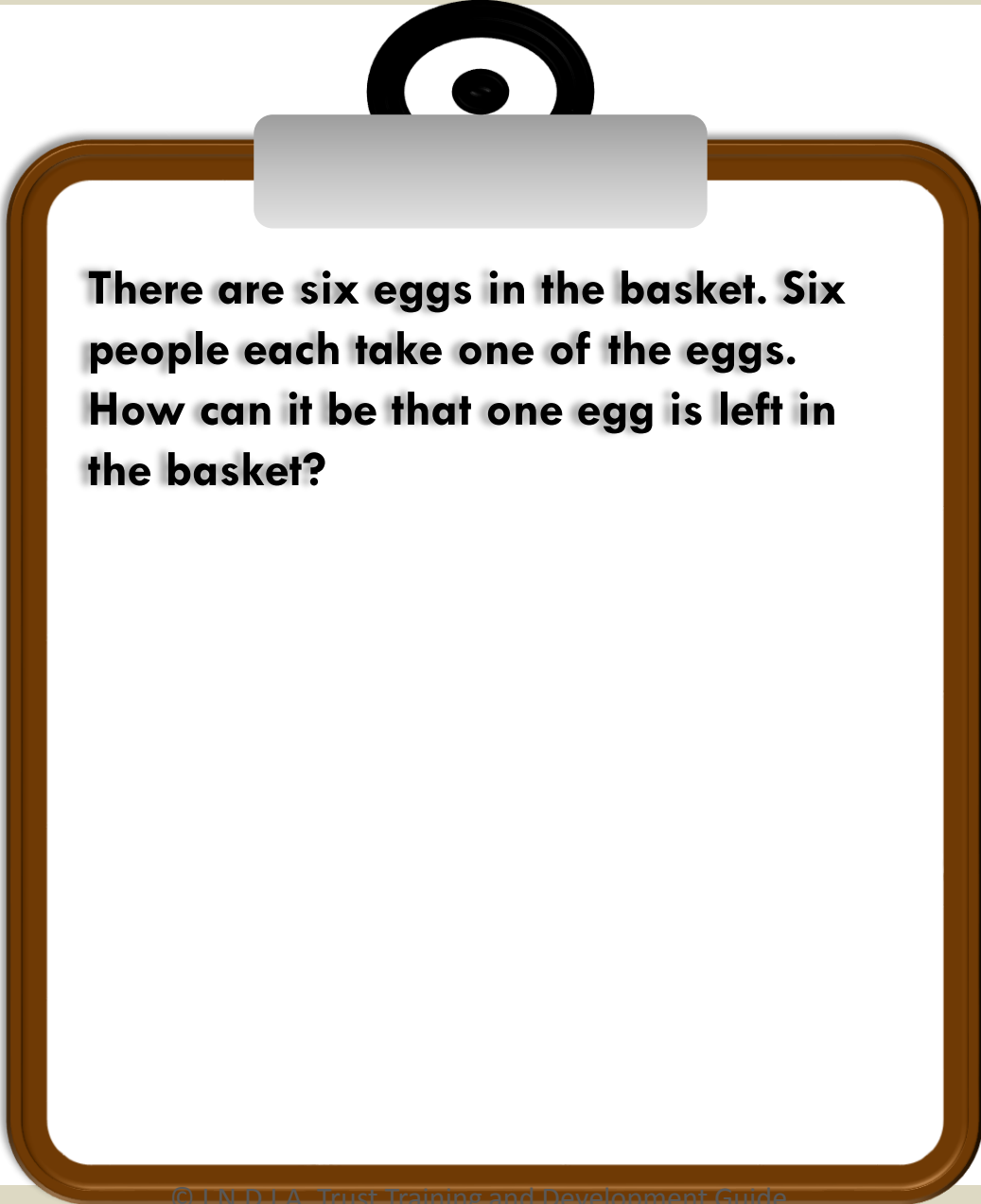
Hint :

*This has nothing to do with
adoption or time travel.*

Solution :

The surgeon can not operate on her own son; she is his mother.

Puzzle - 7



There are six eggs in the basket. Six people each take one of the eggs. How can it be that one egg is left in the basket?



**Show
the Hint**

Puzzle - 7



Hint :

*A alternate version of the problem is...
Tim,, Nick & Ted win a raffle contest. The prize is three hard boiled eggs in a basket. After discussing how to divide the prize, each take one egg. Nick & Ted get hungry and so ate their eggs. One of the original eggs is still left in original basket.*

Solution :

The last person took the basket with the last egg still inside.

Listening



Listening has 3 essentials:-

1. Bias awareness
2. Visual signals
3. Vocal signals

Speaking



Speaking has 3 essentials:-

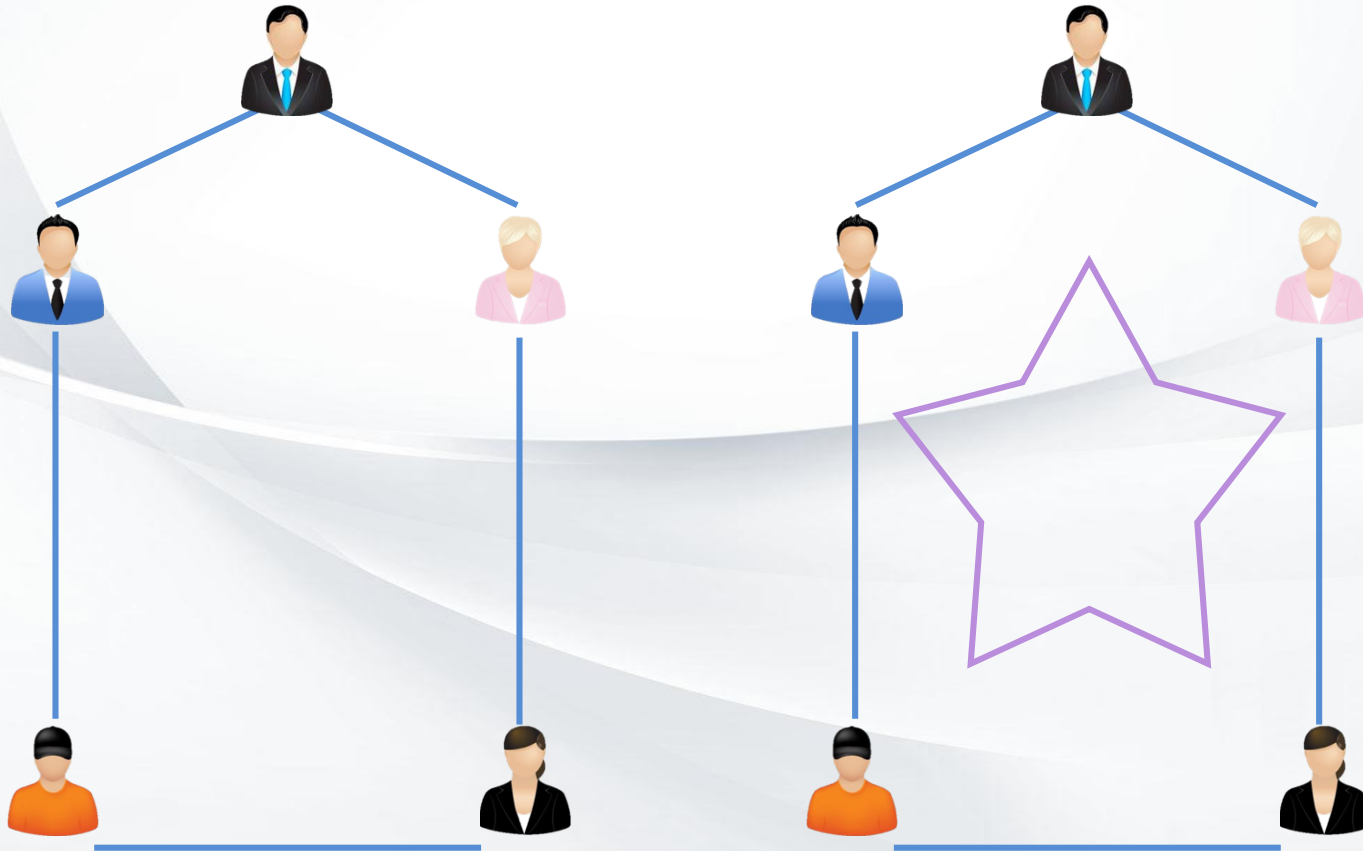
1. Headlining
2. Pacing
3. Summarizing



Organizational issues

Information flow

Look at this diagram:-



The Circle

The All-Channel

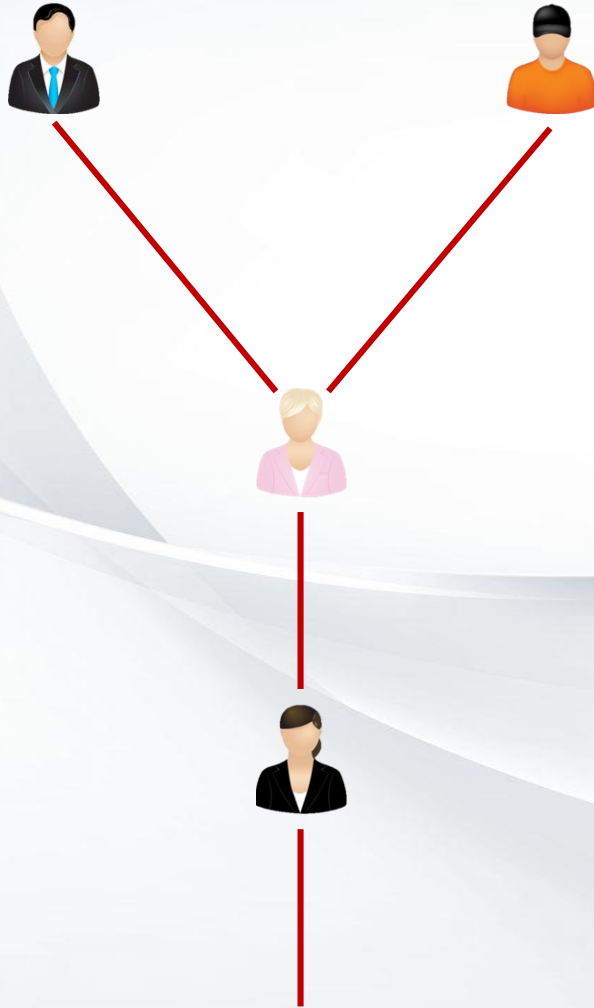
The circle and all-channel

Both these diagrams show systems which give the employees of the company, an opportunity to interact and exchange information. But, the circle and all-channel can be time-consuming and require more resources for the completion of complex tasks.

Let us take a look at “Y” and the “Chain”.



Y and the Chain



The "Y"



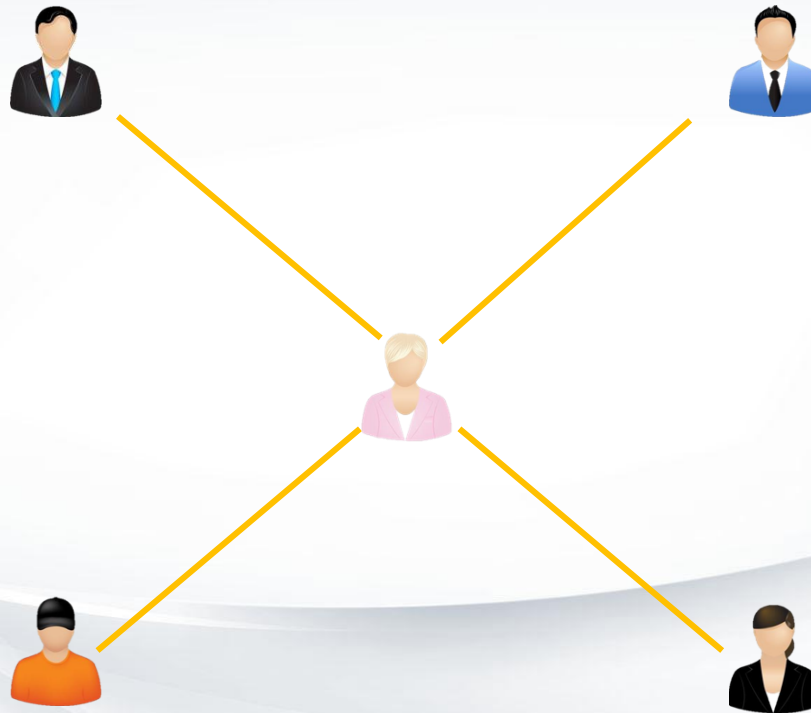
The Chain

Y and the Chain

The “Y” and the “Chain” offer more centralized control over the flow of information. These are associated with traditional business-relationships between managers and subordinates. These models are beneficial for simple tasks where speed of information-transfer is important.



Wheel



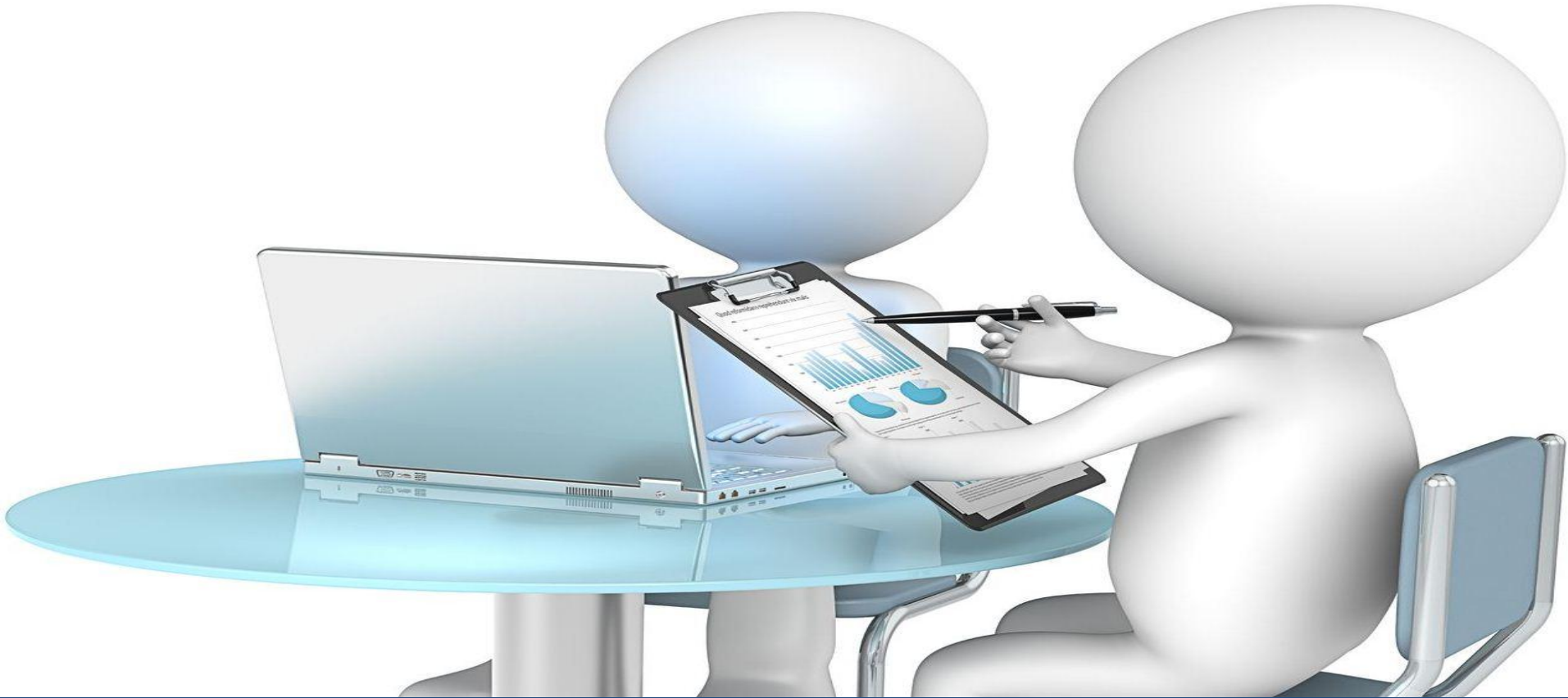
The “wheel” shows the most centralized communication system, with the person at the center making contact with all the members on the spokes of the wheel, and those on the spoke contacting others only through the central person.

Contents

- Eight Management essentials
- Transforming the business
- Vision and planning
- Commitment to quality standards
- Leadership
- Decision-making
- Finance
- Marketing
- Communication
- Information Technology



Information



Information is a source of power. It leads to the discovery of new Markets, products and ways of managing people and resources. It also provides a means to analyze the competition and maintain a presence in the Naveen net place. However, information can heighten rivalry within an organization, because it gives power to those who know how to use it.

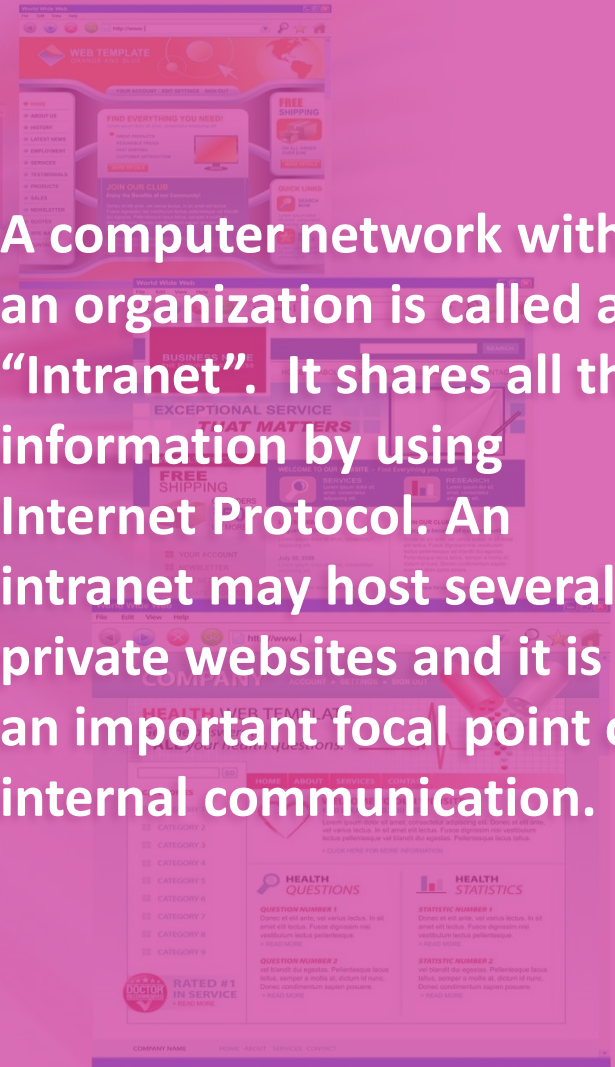
IT issues



In today's Naveen net place, there are 4 IT issues relevant to today's Naveen net place. They are:-

- Intranet development
- Document storage and management
- Internet
- Security

Intranet



A computer network within an organization is called as "Intranet". It shares all the information by using Internet Protocol. An intranet may host several private websites and it is an important focal point of internal communication.



Data storage and management



Any business with more than one computer needs to plan data storage so that information can be accessed easily. As computer and user numbers increase, an effective strategy becomes even more essential. An intranet can be designed so that it addresses data management needs.

Internet



The Internet is a global system of interconnected computer networks that use the standard Internet protocol suite to serve several billion users worldwide. It is a network of networks that consists of millions of private, public, academic, business, and government networks, of local to global scope, that are linked by a broad array of electronic, wireless, and optical networking technologies. The Internet carries an extensive range of information resources and services.

Security



Computer security refers to the maintenance of a stable, consistent, uninterrupted service. Security breaches fall into 2 categories – physical and logical. Physical breaches include power failure, LAN failure, fire and sabotage.

Logical breaches feature user error, staff misuse and software copyright fraud.

Multiple Choice Question

A review between the target and forecast may cause directors to alter their goal so that it is either a higher financial goal or less challenging one. This analysis is known as:

A. Gap Analysis

B. Ratio Analysis

C. The Z-Scores

D. Unique Selling Proposition (USP)

Please Click on the Correct Answer from the above given options

Multiple Choice Question



Good! That's Right!

Correct Answer:

Gap Analysis



Multiple Choice Question



That's Not Quite Right!



Click on the icon to go back to the question!

Practice

*Let us now practice all
that you have learned
about “Analyse your
business”*

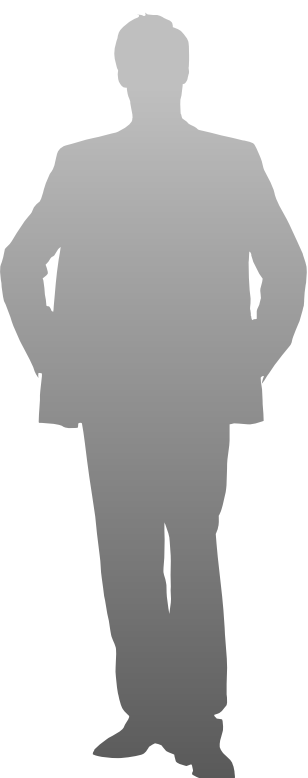
Practice



You are in the process of starting a garments manufacturing unit and you need to do some analysis in the following areas.

- Prepare a vision and mission statement for your new organization
- Do a cost-benefit analysis and provide cheap variety of garments without compromising on the quality
- Design a good Marketing strategy so that your product reaches every nook and corner of the world

Case Study



Karthick is Managing Director of a software company and recently they have got a huge project from a new client. The client requires a team of 10 to 15 people to work for them exclusively and a skilful leader to take care of their project exclusively.

1. What procedure should Karthick follow while delegating the task to the newly formed team?
2. Which type of “Power” leader should be selected to take care of the project?

Summary

Analyze your Business: Key learnings

- The eight management essentials to run a business smoothly are: 1) Vision and Planning, 2) Commitment to quality, 3) Leadership, 4) Decision Making, 5) Finance, 6) Marketing, 7) Communication and 8) Information Technology.
- Mission Statement is a short written statement describing what the company wants to achieve in the future.
- The next step is to develop goals which will bring the mission statement into reality. These goals should be fairly general and answer the question: What can we achieve in the next 5 years in each of the 5 business areas. The goals identified should be checked for contradiction.
- Commitment to quality standards requires long term thinking and a belief that the considerable investment needed will eventually bring a worthwhile return.
- Total Quality Management is far-reaching quality program which requires everyone within the firm to examine issues of quality performance. The firm committed to TQM, is customer-centered and quality focused with every employee taking is a point of reference which is used to evaluate or measure the achievement of a standard. In business, the term is widely used to refer to objective criteria which define “best practice” for an area of activity.
- A forecast is an estimate of the future financial outcomes of a company. This is worked out by using historical internal accounting and sales data and the external Naveen net and economic indicators.
- The financial goals should be well-integrated with the strategic plan. A review of the gap between the target and forecast may cause directors to alter their target so that it is either a higher financial goal or a less challenging one.
- Ratio Analysis is a tool used to conduct a quantitative analysis of the information given in a company's financial statements.