Chapter 11 explores types of management structures, including horizontal and vertical organization, and self-managed work teams. The chapter also looks at the basic management functions of planning, organizing, and controlling with a discussion of effective management techniques.

BUILD BACKGROUND
Ask students to recall times they have worked in groups at work, school, sports, music, or other situations. Have them discuss ways decisions are made by the team, and ask them to consider how that model would work in a business setting.

EXPLORE THE PHOTO
Market Talk  Lead a discussion about vertical and horizontal organization. Draw a vertical line and horizontal line on the chalkboard and have students guess what each management style entails. You might explain that vertical organization entails multiple levels of responsibility with clearly defined responsibilities. In horizontal organization, management makes decisions along with teams of workers.
Quick Think  Three possible benefits might include greater efficiency, increased employee satisfaction, and less supervision by management.

Follow Up  Have students describe the vertical management style of your classroom. Ask: How would procedures change if it were managed horizontally?

REVIEW THE OBJECTIVES
Explain how horizontally organized companies differ from vertically organized companies. Vertical organization refers to a chain-of-command, hierarchical structure where the tasks and responsibilities of each level of the organization are clearly defined. In horizontal organization, top management shares decision making with self-managing teams of workers who set their own goals and make their own decisions.
Name the three levels of management. Top management, middle management, supervisory-level management
Explain how a self-managing team functions. Self-managing teams gather information, analyze it, and take collective action.
Name the three functions of management. All managers perform certain basic functions of planning, organizing, and controlling.

Explain the management techniques used by effective managers. Give clear directions, be consistent, treat employees fairly, be firm when necessary, set a good example, delegate responsibility, foster teamwork, be ethical.
Explain how to manage employees properly. Managers should provide frequent feedback to employees and formally evaluate them each year.
DECA Events  These acronyms represent DECA competitive events that involve concepts in this chapter:

AAM    BSM    HLM*    RMS*
ACT*   EMDM*   HMDM*   SEM*
ADC*   FMAL    MMS*    SMDM*
BLMDM*  FMDM*   QSRM*   TMDM*
BMDM*   FMML*   RFSM*   TSE*

Performance Indicators  The performance indicators represent key skills and knowledge. Relating them to the concepts explained in this chapter is your key to success in DECA competitive events. Keep this in mind as you read, and write notes when you find material that helps you master a key skill. In these DECA competitive events, you should follow these performance indicators:
- Explain the concept of management
- Describe the nature of business records
- Orient new employees
- Develop project plan
- Explain the nature of overhead/operating costs
- Identify routine activities for maintaining business facilities and equipment
- Describe crucial elements of a quality culture

The events with an asterisk also include:
- Explain the nature of managerial ethics
- Describe the role of management in the achievement of quality

Some events include these performance indicators:

BMDM  Manage projects
EMDM  Develop e-commerce project plan
FMML  Orient new employees (management’s role)
QSRM  Identify resources needed for project
TMDM  Select travel suppliers

DECA PREP

ROLE PLAY  Check your understanding of DECA performance indicators with the DECA activity in this chapter’s review. For more information and DECA Prep practice, go to the Marketing Essentials OLC through glencoe.com.

Discuss the performance indicators for the DECA events listed, so that students understand how to demonstrate their understanding.

The event acronyms stand for:

AAM: Apparel and Accessories Marketing Series
ADC: Advertising Campaign Event
ASM: Automotive Services Marketing Series
BSM: Business Services Marketing Series
EMDM: E-Commerce Management Team Decision Making Event
FMAL: Food Marketing Series, AL
FMDM: Financial Analysis Management Team Decision Making Event
FMML: Financial Analysis Management Team Decision Making Event
FSRM: Food Marketing Series, ML
HMDM: Hospitality Services Management Team Decision Making Event
HRR: Hospitality and Recreation Marketing Research Event
MMS: Marketing Management Series
QSRM: Quick Serve Restaurant Management Series
RFSM: Restaurant and Food Service Management Series
RMS: Retail Merchandising Series
SEM: Sports and Entertainment Marketing Series
SMDM: Sports and Entertainment Marketing Management Team Decision Making Event
TMDM: Travel and Tourism Marketing Management Team Decision Making Event
TSE: Technical Sales Event

Find timed DECA Prep activities correlated to the Competitive Events Workbook for students and DECA tips for teachers at the Marketing Essentials OLC through glencoe.com.
SECTION 11.1

Management Structures

BEFORE YOU READ

Predict  What are the benefits of having fewer managers in a business?

OBJECTIVES
- Explain how horizontally organized companies differ from vertically organized companies
- Name the three levels of management
- Explain how a self-managing team functions

THE MAIN IDEA
There are two ways of organizing a business: the traditional or vertical organization, with an emphasis on hierarchy, and the horizontal organization with a focus on teams.

GRAPHIC ORGANIZER
Draw this chart to take notes on the types of business organization.

Leadership in the 21st Century
Business leaders in the United States and around the world expect many changes in the coming years as a result of globalization. New leaders come from diverse backgrounds. Global competition is creating companies and managers who are united by common goals and ideals.

ACADEMIC STANDARDS
English Language Arts
NCTE 1  Read text to acquire new information.

Social Studies
NCSS 5  Individuals, Groups, and Institutions: social theory as it relates to the ways people and groups organize themselves around common needs, beliefs, and interests

Compare  Note differences between vertical and horizontal organization.

AS YOU READ
Show students how they can take notes to differentiate between vertical and horizontal organization.

Preteaching

VOCABULARY
KEY TERMS  Read the key terms aloud, or ask a volunteer to read them. Ask students to predict the meanings of the terms and phrases.

ELL  Have students write the key terms in their own language first, then in English.

ACADEMIC VOCABULARY  Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER
Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB  NCLB connects academic correlations to book content.

BELLRINGER ACTIVITY

To prepare students for reading this section, divide the class into three groups: one half of the class, and two quarters of the class. Tell them that they have five minutes to design a school flag. Afterwards, discuss their work. Ask: Were specific people assigned to certain tasks? Was there one overseer who talked to leaders of other groups? Explain that in business there are different types of management.

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Types of Management Structure

Management can be defined simply as getting work done through the effort of others. More often, management is considered the process of reaching goals through the use of human resources, technology, and material resources. To facilitate effective management, businesses are generally organized either vertically or horizontally.

Vertical Organization

For a long time, the role of management was to keep an eye on workers. In large, traditional companies, managers reported to higher levels of management. Most managers were responsible for the proper operation of a particular department. The up-and-down structure of this kind of organization is called vertical organization. Vertical organization refers to a chain-of-command, hierarchical structure where the tasks and responsibilities of each level of the organization are clearly defined.

Management Levels

In the traditional, vertically organized company, there are three basic levels of management: top management, middle management, and supervisory-level management. Those who make decisions that affect the whole company are top management. CEO (chief executive officer), president, COO (chief operating officer), CFO (chief financial officer), and vice president are some top management titles. The functions of top (or senior) management include setting a direction for the company as a whole, identifying resources and methods for meeting goals, and controlling the systems and structures of the company.

Cultural Adjustments

In 1995, Ranjini Manian founded Global Adjustments, a company that capitalizes on international business both abroad and in India. Global Adjustments offers cross-cultural training for professionals who move to India and for Indian professionals preparing to travel or relocate abroad. The company is based in Chennai (formerly called Madras) in southern India and counts companies such as Ford India, Citibank, Verizon, Morgan Stanley, Siemens, and BMW among its clients.

Management and Etiquette Tutorials

The services for foreign professionals arriving in India range from help with finding a place to live or an office to rent, to advice on respecting the Indian custom of blessing new living or working quarters with a religious ceremony. Also available are courses on history and culture, tours of temples and of an Indian home, and even a tutorial Indian lunch to teach foreigners how to eat with their fingers according to Indian custom. Global Adjustments publishes a monthly newsletter with articles about life and culture in India. Indian professionals can also prepare to travel abroad through Global Adjustments’ course on Western management style, dining etiquette, and interview and phone skills.

Discuss the importance of management structures and the role of top management.

Discussion Starter

Have students consider the following scenario: A shoe factory loses all communication with its managers. No e-mail, cell phones, or facsimiles can get through. Ask students how long the factory could remain functional under these circumstances. Students should agree that a business, like any team, cannot function without communication from its leadership because it would not know its purpose or role in the company’s plans.

Guided Practice

Types of Management Structure

1. Have students research theories of motivation, such as Maslow’s Hierarchy of Needs, McClelland’s Achievement Motivations, and Herzberg’s factors. Ask students to write brief reports on how these theories demonstrate vertical organization.

2. Ask students to identify the advantages and disadvantages of working on a self-managed work team in horizontal organization. Advantages include shared responsibility and greater adaptability. Disadvantages are difficulty getting along and keeping everyone on goal.

For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
SECTION 11.1

ASSESS

CONCEPTS
Ask students to explain why vertical organization became popular in the 1980s. Answers may suggest the need for a more efficient and responsive business model.

KEY TERMS
Have students review key terms and use them to create a business memo to employees.

RETEACH

INDEPENDENT REVIEW
L1 Assign and review Chapter 11 activities in the Student Activity Workbook.
L2 Assign and review Chapter 11 activities in the Marketing Math Workbook.
L3 Assign and review Chapter 11 activities in the BusinessWeek Reader with Case Studies.

ASSESS

AFTER YOU READ
Have students complete the Section 11.1 After You Read section review.

ONLINE STUDY TOOLS
Have students go to the Marketing Essentials OLC through glencoe.com for the Section 11.1 practice test.

BRAINSTORMING

Discussion
Lead a discussion about the role of brainstorming in business. Ask students to share ways to record and present new ideas.

Caption Answer
Self-managing teams may also gather information, analyze it, take action, make decisions, complete tasks, and coordinate their activities with other groups in the company.

Follow Up
Ask students to describe an atmosphere that is conducive to brainstorming. Answers may suggest that the environment have a relaxed and positive atmosphere where people feel free to share ideas.

Middle management implements the decisions of top management. Middle management plans how the departments under them can work to reach top management’s goals.

In supervisory-level management, managers supervise the activities of employees who carry out the tasks determined by the plans of middle and top management. Supervisors assign duties, monitor day-to-day activities in their department, and evaluate the work of production or service employees.

Horizontal Organization
Beginning in the 1980s, many companies downsized in order to increase their efficiency and productivity. These companies needed more than staff cuts to become more efficient. The answer was a new type of management structure—horizontal organization.

In horizontal organization, top management shares decision making with self-managing teams of workers who set their own goals and make their own decisions.

Self-Managing Teams
At the heart of horizontal organization is a restructuring of the traditional management hierarchy. Levels of management are eliminated, and the number of supervisors is reduced. This is known as flattening the organization. Instead of reporting up a chain of command, employees are organized into teams that manage themselves.

Self-managing teams in a horizontal organization gather information, analyze it, and take collective action. They are responsible for making decisions, completing tasks, and coordinating their activity with other groups in the company.

Encouraging team members to contribute to and take responsibility for the management process is known as empowerment. Empowerment reinforces team spirit and contributes to company loyalty. It can also increase productivity and profits.

Organization by Process
A second characteristic of horizontal companies is organization by process. Self-managing teams are organized around particular processes, such as developing new products or providing customer support. Teams made up of people with different specializations replace functional divisions, like the finance department or engineering department.
SECTION 11.1

CULMINATING ACTIVITY

Ask students to complete the following sentences:

• _______ is the process of reaching goals through the use of human resources, technology, and material resources.
  
  Management

• Self-managing teams in a _______ organization gather information, analyze it, and take collective action.
  
  Horizontal

PHOTO GUIDE

TEAMWORK

Discussion

Have students list teams that would contribute to the introduction of a new building. Teams may include architecture, interior design, engineering, safety, and marketing.

Caption Answer

Neither person is manager. A horizontal organization is managed by a team.

Follow Up

Inform students that many buildings are designed every year, but very few are actually constructed. Have students discuss possible reasons why this might be.

11.1 AFTER YOU READ

Key Terms and Concepts

1. What is the difference between a vertical and a horizontal company?

2. What are the three levels of management in a vertical organization?

3. Explain two advantages of horizontal organization.

Academic Skills

Math

4. Your company produces and markets electronic equipment. Sales last year totaled $2,446,320. The company goal is to increase sales by 12 percent this year. Your division goal is to achieve 25 percent of total sales. What is the dollar value of your division goal?

Social Studies

5. An automobile company is considering locating a new assembly plant in your state. The plant would add about 10,000 jobs and require workers of all different education and training levels. What section of the state would you suggest and why?

Find answers at the Marketing Essentials OLC at glencoe.com.

Customer Orientation

The third characteristic of horizontal organization concerns the team’s focus. In vertical organizations, workers tend to look to management for direction. In horizontal companies, workers focus on the customer.

For example, you can buy Starbucks coffee beans in Starbucks coffee shops, or you can buy them in grocery stores and supermarkets. Different marketing teams within Starbucks focus on each different type of customer. One team is concerned with the wants and needs of the individual who buys beans in the Starbucks store. Another is concerned with the needs of the supermarket chain. By focusing on these different customers instead of on a product or process, managers have direct access to customer feedback. The ideal result is to have satisfied customers, high productivity, large profits, and contented investors.

Key Terms and Concepts

1. Vertical companies are organized in departments; orders come from management above. Horizontal companies are organized into self-managing teams that set their own goals and make their own decisions.

2. The three levels of management are top management, middle management, and supervisory-level management.

3. Advantages of horizontal organization include increased efficiency and productivity, less management, employee empowerment, and customer orientation.

Academic Skills

4. $684,969.60; $2,446,320 \times 1.12 = $2,739,878.40; $2,739,878.40 \times .25 = $684,969.60

5. Responses might include some analysis of cost, workforce, and transportation.
**SECTION 11.2**

**Management Functions**

**READING GUIDE**

**BEFORE YOU READ**

*Predict* What interpersonal skills should a manager have?

**OBJECTIVES**

- Name the three functions of management
- Describe the management techniques used by effective managers
- Explain how to manage employees properly

**KEY TERMS**

- planning
- organizing
- controlling
- mission statement
- remedial action
- exit interview

**THE MAIN IDEA**

Understanding basic management functions is essential to success in the field of marketing.

**GRAPHIC ORGANIZER**

Draw this chart to write in management functions and techniques.

<table>
<thead>
<tr>
<th>Basic Functions</th>
<th>Management Techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>3.</td>
</tr>
</tbody>
</table>

**WHAT MANAGERS DO**

Managers make decisions in addition to supervising and directing the actions of others. Management decisions affect all employees. This means that communicating and motivating people are among the most important of management skills.

**Basic Management Functions**

All managers perform certain basic functions of planning, organizing, and controlling as outlined in Figure 11.1.

**AS YOU READ**

Consider how you would use each effective management technique that you read about.

**ACADEMIC STANDARDS**

English Language Arts
NCTE 9 Develop an understanding of diversity in language use across cultures.

Social Studies
NCSS 5 Individuals, Groups, and Institutions: social theory as it relates to the ways people and groups organize themselves around common needs, beliefs, and interests

**NCLB**

NCLB connects academic correlations to book content.

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To prepare for reading this section, place students into teams of three to four and tell them they have been asked to organize a school campus clean-up campaign. Within teams, have them decide how to best change the school's cleanliness. After five minutes, have each group list the steps they took to make their decisions.

**Preteaching**

**VOCABULARY**

**KEY TERMS**

Read the key terms aloud, or ask a volunteer to read them.

**ACADEMIC VOCABULARY**

Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

**GRAPHIC ORGANIZER**

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

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**SECTION 11.2**

**Discussion**

**Starter**

**BASIC MANAGEMENT FUNCTIONS**

Ask students if they have ever had to make a difficult decision. Perhaps they made a promise to do one thing and then something better came along. How did they resolve the problem? Have the class come up with a step-by-step process for handling such situations. Then have them compare it to the process outlined on page 242.

**Role Play**

Have students come up with a situation which involves making a decision, then use the decision-making process shown on page 242 to make a decision.

**Clarify**

Inform the class that managers often discuss their situations with other managers. Ask students who they confer with when they have difficult choices to make.

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**Figure 11.1 Management Functions**

**Discussion**

After students read Figure 11.1, have them discuss the three functions of management. Ask them to come up with examples of the functions for other situations, such as a bakery introducing a new line of cookies or a video game company creating a new line of games.

**Caption Answer**

Skills may include communication, organization, ability to handle multiple tasks, and attention to detail.

**Online Action!**

Go to the *Marketing Essentials OLC through glencoe.com* to find a project on management functions.

**Follow Up**

Divide students into groups of three or four and assign them various group-oriented tasks for completion. Have group members take turns acting as the group’s manager. Ask students to share what they learned from the exercise.
SECTION 11.2

TEACH CONTINUED

Develop Concepts

Guided Practice

Organizing Ask students: If a large company employs hundreds of middle-level managers, thousands of supervisors, and tens of thousands of employees, how do they stay on the same page—that is, keep informed of goals and news? Answers may include regular meetings between managers, a detailed employee guide, a corporate intranet, or a corporate newsletter.

Demonstrate Bring to a class a job orientation or a training manual. Go over its table of contents and ask students to share their experiences of being hired for a job.

Answer planning, organizing, and controlling

Critical Thinking

Controlling Give students a list of different businesses. They can range from a bookstore to an accounting firm to a landscaping service. Have students create a group of employee standards for each, paying attention to productivity, professional conduct, and dress. Ask: How do they differ? What do they have in common?

Writing Support

Drawing Conclusions

Effective Management Techniques Have students discuss what is appropriate behavior in the workplace. Ask the class to compile a list of rules and make a guidebook. Examples of topics might include punctuality, respectfulness, and open-mindedness.

Online Activity

Business and the Law Inform students that part of management’s job is to make sure that business records conform to state and federal laws. Have students conduct research on the Internet to find out the guidelines that must be followed by businesses in their state.

Controlling

Planning involves setting goals for a project and determining how to reach them. Organizing includes establishing a time frame in which to achieve the goal, assigning employees to the project, and determining a method for approaching the work. Controlling refers to setting standards and evaluating performance.

All three of these management functions involve making decisions. Following a formal decision-making process can be helpful when making complicated decisions. This process usually includes the following steps:

1. Define the problem.
2. Identify the options available.
3. Gather information and determine the consequences of each option.
4. Choose the best option.
5. Take action.
6. Evaluate the results.

Identify What are the three basic functions of management?

Planning

Good management planning is realistic, comprehensive, and flexible. It includes plans for the short- and long-range uses of people, technology, and material resources.

To be effective, a management plan should be a written statement that identifies resources that can be used to meet a given goal. The plan should be clear and direct. When completed, the plan should be distributed to and discussed with everyone who is involved.

Organizing

Organizing is a coordinated effort to reach a company’s planning goals. It involves assigning responsibility, establishing working relationships, hiring staff to carry out the work, and directing the work of employees.

Controlling

Controlling is the process of comparing a plan with actual performance. It involves three activities: setting standards, evaluating performance according to those standards, and solving problems in the evaluation.

Before setting standards, many companies compose a mission statement, which is a brief description of the ultimate goals of a company. A mission statement summarizes why a company exists. It identifies goods or services offered and the target market.

After a company establishes goals in a mission statement, it adopts standards that are consistent with the goals. Here are some examples of standards:

- Financial standards—profit, cash flow, sales
- Employee standards—productivity, professional conduct, dress
- Customer satisfaction standards—sales returns, customer complaints, repeat business, referrals
- Quality control standards—production line checks for defects in materials or workmanship, repair requests, recalls

Managers use standards to evaluate both company and individual performance. When performance does not meet established standards, managers must identify and solve the problem.

Effective Management Techniques

Whether you become a supervisor in a traditionally organized vertical company or a member of a self-managing team, you will need to develop management skills. The most effective management techniques are usually a matter of common sense.

Give Clear Directions

Directing others requires good communication skills. Good communication is necessary at every level of management. Even the best employees will not be productive if they do not know what they are expected to do.

A supervisor should give all the direction required for each job and encourage employees to ask questions about instructions.

Be Consistent

If you have decided that a job must be completed in a certain way, make sure that all
Treat Employees Fairly
Whenever possible, do what is best for your employees. Set reasonable standards of performance and apply those standards to everyone. You do not need to say yes to every employee request. However, you should always consider the employees’ point of view when making decisions. Listen to suggestions from your employees, and consider acting on them. Take time to explain your reasoning if you believe an employee is wrong. Employees will be more productive when treated fairly.

Be Firm When Necessary
Each situation requiring disciplinary action is different. A friendly suggestion may be all

Case Study
Always Making It Better

Discussion Have students read the Case Study and discuss the controlling model of Dell Computer. Ask: What are its benefits and drawbacks? List student suggestions on the board. Benefits might include constant improvement. Drawbacks might include hurting the feelings of certain employees.

THINK STRATEGICALLY Answer: Students may suggest that a management model that hires only from within will not be successful in the long run. It prevents new ideas and energies from entering the business.

Online Action! For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.
**S Skill Practice**

**Delegate Responsibility**  Reinforce to the class that it is often hard for supervisors to give up control by delegating. Have students come up with strategies for helping a manager be less controlling. Methods may include surrounding oneself with capable workers, starting training programs, and realizing that accepting help is not a sign of weakness.

**R Reading Strategy**

**Explain**  Preview the following words by reading them in context. Ask students to explain what each word means.

- delegate  
  to entrust authority or power  
  to a person acting as one’s agent or representative

- foster  
  to help to grow or develop

- specialization  
  a concentrated or limited line of endeavor

**D Develop Concepts**

**Drawing Conclusions**

**Human Resources**  Inform students that employees in human resources have access to information that other workers do not have. For example, human resources will keep on file an employee’s personal information, performance evaluations, and disciplinary actions. Ask students what type of person should be working in human resources. Answers may include someone who is tactful, keeps a secret, and knows boundaries.

that is necessary to get most employees on the right track. Others may not respond to the friendly approach, and you may have to be direct and firm. Give whatever directions are appropriate, and be certain the employee understands what you expect.

Sometimes employee problems are caused by the inappropriate behavior of one employee toward another. In this case, have a discussion with the employees to solve the problem. Listen to what both parties have to say and be reasonable but firm.

**Set a Good Example**

Set a good example in everything you do on the job. Doing this one simple thing will make your supervisory job much easier.

**Delegate Responsibility**

Some supervisors and middle managers do too much work themselves. If a manager is taking work home almost every night, it usually means resources are not being managed well. The manager is probably not delegating enough tasks to others, even though there are capable employees with lighter workloads who would be willing to do more.

As a supervisor, never try to do everything yourself. Organize your work responsibilities, and then decide which ones you can delegate to others. Decide which employee can best handle each task. Take time to teach employees how to do new tasks. Follow up by monitoring and evaluating the tasks that have been delegated. This will allow you more time to concentrate on the most important tasks.

**Foster Teamwork**

As mentioned earlier, teamwork is especially important in horizontally organized companies. As a manager or group owner, you can foster teamwork in a number of ways. Encourage team members to step outside their areas of specialization and learn about other aspects of the process for which they are responsible. Try to promote honest discussion before decisions are made. Listen respectfully to the comments and opinions of other team members, and encourage others in the group to do likewise. Respond to the comments and concerns of team members to develop a feeling of trust. Treat all team members equally. A team will not succeed if some members are treated unfairly.

**Be Ethical**

Ethical behavior involves understanding how your actions affect others and striving to make honest and just decisions. Management is responsible for promoting ethical behavior by example.

**Employee Motivation**

Motivating employees is a key skill for any manager. The more people feel that they are appreciated, the harder they work. Managers should provide frequent feedback to employees and formally evaluate them each year. Identifying long-term goals and rewarding employees who help meet them are important ways to motivate those you manage.

**Rewards**

It is important to reward smart work, not busy work. A person who looks busy may not necessarily be getting the work done. To get results, reward results.

Identify those workers who value not only speed but quality. Ask them to suggest ways to improve job performance.

Enthusiastic long-term employees are the key to success in most companies. Reward loyalty by investing in continuing education for employees and promoting from within.

**Encourage Creativity**

A reasonable amount of conformity is necessary in every company in order to maintain standards, but do not let conformity stifle creativity. Encourage employees to be creative, and remind them that they will not be penalized for mistakes. Sometimes, it is necessary to take risks when avoiding conformity.

**Human Resources**

Without effective managers, team members, and employees, the best technology and material resources would be of little value to a business.

**Extended Activity**

Inform students that current employees may refer job applicants and are often rewarded if the applicant gets the job. Ask students why current employees are a good source of referrals.
Recruiting

Recruiting is the process of locating a pool of applicants and selecting employees from this group. Prospective employees can be recruited from a number of different sources, depending on the type of job opening. Sources include current employees, walk-in applicants, media advertising, state employment services, public and private employment agencies, schools, and the Internet.

Current Employees

Most employees welcome the opportunity for a promotion, and many are happy with a lateral move, or transfer. Notices of job openings should be posted where all employees can see them. The notice should include the job title and duties, qualifications, contact name, and sometimes the salary. Current employees are also a good source for referrals.

Walk-Ins

Some applicants simply walk into the human resources office and ask to be considered for one or more types of jobs. If walk-ins are accepted, they usually complete an application form and may be given information on jobs that might soon become available. They might also take the company’s employment tests.

Web-Site Tools and Features

Among the many tools that Iserv provides are tips to create and optimize a site, and to submit keywords to top search engines. It assists in creating automated online sales campaigns, including digital gift certificates, special promotions, surveys, referrals, and discount coupons. Interactive features allow users to give feedback and track hits to the site. Whether targeting online or offline advertising, Iserv helps streamline and track results.

Go to the Marketing Essentials OLC through glencoe.com for an activity on managing a Web site.

Virtual Business

Introduce the concept of business turnaround to students using Knowledge Matters’ Virtual Business Retailing visual simulation, Turnaround. In this simulation, students take over the management of a business with specific problems and work as a team to restore the business to profitability.

Para-Academic Activities

S Skill Practice

Independent Practice

L1 Ask students to explain the costs of hiring employees. Answers may include wages, insurance, and training.

L2 If a manager makes $12 per hour and clerks make $7 per hour, how much would it cost a tea shop to have one manager and three clerks work 8-hour shifts during a day? $264; ($12 × 8) + ($7 × 8 × 3) = $96 + $168 = $264

L3 If the cost of employees for a tea shop is $264 per day and the shop makes $2.50 profit off each drink, how many drinks must be sold to pay for the cost of employees in one day? 106 drinks; $264 ÷ $2.50 = 105.6

ELL Have students translate the verbal problems into their own language first, and then into an equation.
**Develop Concepts**

**Guided Practice**

**Recruiting** Have students act as human resources managers for a large auto dealer that is recruiting new mechanics. Ask: What are some ways they can use the Internet? Answers may include posting a notice on the auto dealer site, sending e-mails to colleagues, or using an online job board or a newspaper’s classifieds section to advertise the positions.

**Extend** Ask students why they think a state employment office would help job-seekers find openings. Answers may suggest that employed individuals contribute to the state economy.

**Critical Thinking**

**Drawing Conclusions**

**Analyze** Inform students that commercial radio stations in America are increasingly becoming owned by a handful of large companies. Ask students to consider what role managers might have on the diversity and quality of music being played on the air.

**Media Advertising**

Most companies use media advertising, in newspapers and on the Internet, to recruit applicants. Blind advertisements that do not disclose the name of the company are usually not very effective. The nature of the job and required qualifications should be clearly indicated in an advertisement.

**State Employment Services**

State employment offices provide pre-screening and testing of prospective applicants. Both state offices and private employment agencies try to match listings of applicants with job openings. State or public agency services are free, but private agencies charge a fee when an applicant is hired.

**Schools**

High schools can be a good source for jobs that do not require specialized skills. Vocational and technical schools are sources for applicants who have learned a variety of specialized skills. Colleges are the recruiting field for applicants with higher-level skills.

**Discrimination and the Law**

Laws that prohibit discrimination govern both employers and recruitment agencies. These laws apply even before an employee is hired, so it is important to avoid discriminatory remarks and actions in all recruiting efforts. Federal law prohibits employers from discriminating on the basis of race, color, religion, gender, national origin, age, sexual orientation, or disability.

**AD GUIDE • ABILITY, NOT DISABILITY**

**Discussion** Lead a discussion about why employers might not hire people with disabilities. Reasons may include that the workplace is not properly equipped for those workers or that some workers feel uncomfortable around people with disabilities.

**Caption Answer** No. The U.S. Equal Employment Opportunity Commission enforces and regulates laws that prohibit discriminating on the basis of race, religion, gender, national origin, age, sexual orientation, or disability.

**Follow Up** Ask students what the National Organization on Disability might do for job seekers with disabilities.
Section 11.2

**THE INTERVIEW**

For the company, the purpose of a job interview is to determine whether an applicant can perform well on the job.

As a manager, how would you prepare to interview several applicants for the same job?

It is the interviewer’s responsibility to explain such things as wages and benefits.

When the time comes for managers to interview job applicants, they should check to make sure that they will be following all the laws that govern the hiring process. They should remember which kinds of questions are illegal or unacceptable.

Before hiring an applicant, most employers do some pre-employment testing. This may include some type of aptitude test to predict how well an applicant would be able to perform certain tasks. Some companies give personality tests, and many companies will ask prospective employees to be tested for illegal drug use.

**Orientation and Training Programs**

Orienting new employees includes more than simply training them for their positions. It is important to make new employees feel valued and welcome and to familiarize them with the working environment.

Orientation may take as little as a couple of hours or as long as a few days. It commonly includes the following:

- Tour of the company and introduction to coworkers
- Discussion of the company’s history, mission, and values
- Description of what the company does
- Training on use and routine maintenance of equipment, such as cash registers and computers
- Information on locations of facilities
- Information about payroll, benefits, and company policies

All new employees need on-the-job training. As a supervisor, you may train new employees yourself or delegate this task to an experienced employee. Make sure that all job duties are explained and that new employees understand how to complete them.

**Scheduling Employees**

Employee scheduling is the process of determining which employees should work at

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**PHOTO GUIDE**

**Discussion** Lead a discussion about the purpose of a job interview. Ask: Can the interviewer truly know whether an applicant can perform well on the job?

**Caption Answer** Answers might include that in order to ensure fairness, a manager should prepare to interview every applicant in the same way.

**Follow Up** Ask students who have jobs about their experiences with job interviews. Ask: Did they make any mistakes during their interview?
what times. Very small companies can handle the scheduling of employees quite simply without any special computer program. Today, though, most companies use some type of computer scheduling.

Handling Complaints and Grievances

Employee complaints or grievances should be taken just as seriously as customer complaints. Most employee complaints fall into one of three categories: complaints about other employees, complaints about the quality of the company's product or service, or complaints about their own work situation. Complaints about other employees should be handled with care and discretion. Conflicts in the workplace can damage morale and productivity.

Some employees do, indeed, care enough about the quality of the company’s products or services to bring problems to the attention of management. The complaining employee should be kept informed at every step. If the complaint proves justified, the employee should be rewarded.

Complaints involving the employee’s work situation are usually fairly easy to resolve when the issue is salary. Every company should have a pay range for each job and a way to deviate from this range for truly outstanding work. For other work situation complaints, gather the facts, report the findings to the complaining employee, make your decision, and clearly explain to the employee the reasons and nature of your decision.

Assessing Employee Performance

Assessment enables a manager to develop better workers and a more efficient and profitable company.

In many companies, newly hired employees are placed on probation for a period of three to six months. Near the end of the probationary period, the employee is evaluated. If performance is satisfactory, the employee’s status is changed to permanent. Usually, all employees are evaluated yearly. In many companies, the employee completes a self-evaluation form, and the supervisor completes the same form on the employee. Then a meeting is scheduled so that the supervisor and the employee can compare and discuss any differences in their completed forms.

Remedial Action

Whenever a supervisor notices that an employee’s performance or behavior is substandard, it is the supervisor’s responsibility to discuss the matter with the employee. Sometimes, remedial action is necessary. Remedial action is a means of encouraging appropriate workplace behavior in order to improve employee performance. Two approaches to remedial action are preventive discipline and corrective discipline.

Preventive Discipline

Preventive discipline focuses on managing employees in a way that prevents behavior that might require directly disciplining an employee. Its intent is to encourage employees to follow the rules. Preventive techniques might include involving employees in setting standards, encouraging employees to meet standards, and communicating standards clearly. Providing training programs for self-discipline and having a method for controlling absences are also helpful.

Corrective Discipline

In some cases, corrective discipline is necessary. Corrective counseling is sometimes effective. This involves a discussion between the employee and a human resources counselor about the problem and what must be done to correct it. When this fails, more severe forms of remedial action are required. This usually begins with an oral warning and an explanation of what will be required. Next is a written warning to the employee with a copy for the employee’s personnel file. If the problem is not resolved, the third action is suspension from work without pay. The suspension usually lasts from one to five days.
and comes with a warning that if the problem is not corrected, the employee may be fired.

**Dismissing Employees**
Most companies have to face the task of firing an employee for poor performance or bad behavior. Before this decision is made, certain procedures must be followed. A supervisor or manager must give the employee verbal and written warnings that her performance or behavior is not acceptable. These warnings should be included on the employee’s performance assessment form in the personnel file. The employee may be placed on probation and given time to change.

When a decision is made to dismiss a worker, a letter of dismissal should be written, along with separate checks for final salary and severance pay.

**The Exit Interview**
When an employee leaves the company, the human resources department will typically arrange an exit interview. An exit interview provides the opportunity for both the employee and manager to obtain valuable feedback. Exit interviews are often conducted with human resources personnel rather than the employee’s supervisor. An employee always has the right not to participate in an exit interview. An employee who is leaving voluntarily may have feedback on overall work conditions that could help the company retain workers in the future.

If the employee is being dismissed, the reason should be discussed in the exit interview. Usually, an employee will be entitled to advance notice of termination. As a manager, you must decide whether to have the employee continue working or leave immediately.

### Key Terms and Concepts
1. **What are the basic functions of management?**
2. **What does it mean to delegate responsibility?**
3. **What is the purpose of assessing employee performance?**

### Academic Skills

**Math**

4. Retail store clerks are negotiating with their company management for a 7.5 percent increase in their hourly wage. The average hourly wage of a clerk is $13.75. The company has 45 clerks who each work a 40-hour week, 50 weeks per year. The clerks receive a two-week paid vacation each year. What would the pay raise cost per year?

**English Language Arts**

5. Choose a clothing store whose products you purchase or like. Do research and write about ethical policies the company follows in terms of working conditions for employees.

### Concept Numbers and Operations: Computation

Fluent computation requires a logical sequence of steps.

1. To solve this problem, multiply the hourly wage by the decimal equivalent of 7.5 percent to find the increase in wages the employees want.
2. Multiply the number of employees by the number of hours worked a week. 40, to determine the total number of hours worked by all the employees.
3. Multiply the total number hours worked by the increase in pay to determine the weekly cost to the company.
4. Multiply the increased weekly cost to the company by the total number of weeks in a year to determine the yearly cost to the company.

For help, go to the Math Appendix located at the back of this book.

### CULMINATING ACTIVITIES

1. Have students role play managers of a newly formed sporting goods or sports clothing manufacturer. Have them write a mission statement for the company, making sure it mentions the products and services offered and identifying a target market.
2. Ask students to recall and provide answers to the following questions:
   - What is the difference between preventive discipline and corrective discipline?
   - Preventive discipline focuses on managing employees in a way that prevents behavior that might require disciplining an employee. Corrective discipline is action taken after an employee has broken rules.
   - What are some sources of prospective employees?
   - Sources include current employees, walk-ins, media advertising, state employment services, public and private employment agencies, schools, and the Internet.

### NCLB Activity correlated to Mathematics and English Language Arts Standards
A marketing career is based on relationships, and marketers should have good social skills in order to establish and maintain relationships.

INTERPERSONAL SKILLS
The ability to communicate well is an essential skill for managers, who must ensure that their employees work together to achieve goals. Many companies offer communication skills workshops for workers; individuals can find resources on how to improve their skills online, in books, and from their human resources department.

Primary Source
Ask students to go to the Marketing Essentials OLC through glencoe.com and find Chapter 11 Resources. Ask them to click on the link for the American Marketing Association’s marketing dictionary and read the definitions of the terms they find that are related to management skills.

Thinking Critically
A marketing career is based on relationships, and marketers should have good social skills in order to establish and maintain relationships.

Online Action!
For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.

Test-Taking Strategies
Suggest that students create their own chapter tests as a way to review the chapter. They will revisit the content in the process, and they can take each other’s tests for further review.
SECTION 11.1
• The global marketplace will influence the kind of leadership companies will need in the future.
• Businesses are organized in one of two ways: vertically or horizontally.
• Traditional, vertically organized companies have three levels of management: top management, middle management, and supervisory-level management.
• Horizontal companies have top and middle management. Horizontally organized companies have self-managed teams that set their own goals and make their own decisions.

SECTION 11.2
• Basic management functions are planning, organizing, and controlling.
• Effective management techniques involve properly training employees, letting them know what is expected of them, and treating them fairly.
• In case of poor performance or unacceptable behavior, the employee should receive warnings, which should be included in the employee’s personnel file. A letter of dismissal should be given to the employee at dismissal time, along with the final salary amount due.

CHAPTER 11 REVIEW
FOCUS on KEY POINTS
Ask volunteers to read each of these summaries aloud and rephrase the concepts in their own words.

REVIEW VOCABULARY
On a sheet of paper, use each of these key terms and academic vocabulary words in a written sentence.

Key Terms
- management (p. 237)
- vertical organization (p. 237)
- top management (p. 237)
- middle management (p. 238)
- supervisory-level management (p. 238)
- horizontal organization (p. 238)
- empowerment (p. 238)
- planning (p. 240)
- organizing (p. 242)
- controlling (p. 242)
- mission statement (p. 242)
- remedial action (p. 248)
- exit interview (p. 249)

Academic Vocabulary
- resource (p. 237)
- individual (p. 239)
- identify (p. 242)
- require (p. 242)

REVIEW FACTS and IDEAS
2. In horizontal organizations, the traditional hierarchy of management is flattened and replaced by teams that manage themselves.
3. top management, middle management, and supervisory-level management
4. Self-managing teams set their own goals and make their own decisions. They are organized by process and are customer oriented.
5. planning, organizing, and controlling
6. giving clear directions; training new employees; being firm when necessary; setting a good example; delegating responsibility; fostering teamwork; and motivating employees
7. Methods include provide frequent feedback to employees and formally evaluate them each year.
8. A human resource department handles recruitment, hiring and firing, training, records an employee’s hiring, participation in training programs, performance evaluations, disciplinary action, and commendations.
9. current employees; walk-in applicants; media advertising; state employment services; public and private employment agencies; schools; and the Internet
10. Orientation and training programs help new employees feel valued and welcome, familiarize employees with the working environment, and help new employees understand how to complete their duties.
11. If a supervisor notices that an employee’s performance or behavior is substandard, the employer can take the preventive or corrective discipline approach in order to improve employee performance.

See the Glossary at the back of this book for definitions of Key Terms. Academic Vocabulary definitions are on the book’s OLC.

A sample answer might read:

Key Terms  Management can be defined simply as getting work done through the effort of others.

Academic Vocabulary  Resource a source of supply or support.
12. **Workplace Skills**  
Possible options for Angela may include speaking with Lou, speaking with other team members, or speaking with the personnel department.

13. **Technology Applications**  
Summaries and Web addresses will vary but should demonstrate an understanding of what makes the job a management opportunity.

14. **Math Practice**  
Plan Office Space  
Calculate the square feet of space required to organize an office area to accommodate six employees. Each cubicle will be 16 square feet. Plan for three cubicles on each side (for a total of six cubicles) and a 3-foot wide hallway down the middle.

**CONCEPT** Geometry: Calculating Area  
The formula for area is length times width. Area is always measured in square units, such as square feet, for example.

15. **Science**  
History of Science  
Managers work in all fields of endeavor, including science and scientific research. In today’s world, most science work takes place in colleges and universities. Research the history of science during the Renaissance in Europe from about the end of the 14th century to about 1600. List one or two famous scientists from this period, identify their accomplishments, and describe how they got funds to do research.

16. **Rewarding Job Performance**  
A material reward for a job well done might include a raise, bonus, or promotion. Do you think nonmaterial rewards such as praise and public recognition motivate and encourage employees as much as financial compensation? Explain your answer. What other types of reward might an employer use to motivate and encourage employees? List a few examples and explain why you think they would be applicable to work situations.

17. **Develop a Mission Statement**  
Assume that you are the manager of a new independent retail music store with seven employees.

**Activity** Use a word processing program to create a mission statement explaining the goals of your business.

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**Formative Assessment**  
Formative assessment is an essential component of classroom work. This type of assessment provides information that is then used as feedback to modify teaching and meet student needs.

- **L1** Have students write down the functions of management.
- **L2** Have students compare horizontal management to vertical management.
- **L3** Have students explain why horizontal management is more effective than vertical management in the modern field of marketing.

If the results of this formative assessment seem low, consider the following activity:  
Read each of the key terms aloud. Have students define the key terms and use them in a sentence.
The students should be evaluated on the performance indicators noted in the role play. For another DECA role play, go to the Competitive Events Workbook or the Student Activity Workbook, or go to the Marketing Essentials OLC through glencoe.com.

@Online Action! For instructions, ideas, and answer guide, go to the Teacher Center at the Marketing Essentials OLC through glencoe.com.

DECA Advisors Corner

Your DECA chapter can serve your community by conducting an Operation Holiday Help project in the fall. This project provides training and employment for all students in your school who want to work during the holiday season. Contact members of your local retail business community and/or your local Chamber of Commerce to get them involved in the project.

CHAPTER 11 REVIEW

NET SAVVY

18. Does the Company Benefit?

You and several coworkers would prefer to work at home and avoid the commute to the office. Browse the Web to research the advantages and disadvantages for the company of having employees work from their homes.

Use a word processing program to write a one-page report that could serve as a basis for a discussion with company management.

STANDARDIZED TEST PRACTICE

1. Directions Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

How much would a $6.75 hourly wage be if it is increased by 8.5 percent? (Round answers to the nearest cent.)

A $7.80
B $6.84
C $7.32
D $6.95

2. Directions Choose either True or False as the answer. Write the letter for the answer on a separate piece of paper.

Management is simply getting work done through the effort of others.

T F

Test-Taking Tip

When studying from a textbook, read the chapter summaries. They do a good job of summarizing important points.

For more information and DECA Prep practice, go to the Marketing Essentials OLC through glencoe.com.

CHAPTER 11 REVIEW

STANDARDIZED TEST PRACTICE

ANSWERS

1. C  2. T

TEST-TAKING TIPS

When your students have a standardized test coming up, these last-minute tips and strategies will help students relax and do their best.

Test Format Help your students become familiar with the format of the specific test they are going to take by practicing with test items that imitate the actual test items.

Test Timing Have your students take one or more timed practice tests so that they become comfortable with the test format.

MINI-QUIZ

Read these sentences to the students and have them volunteer the missing word(s).

1. ______ managers supervise the activity of employees who carry out the tasks determined by the plans of middle and top management. (Supervisory-level)

2. In ______ management, top management shares decision making with self-managing teams of workers. (horizontal)

3. ______ is the process of comparing what you planned with actual performance. (Controlling)

For an expanded chapter quiz, go to Chapter 11 in the TeacherWorks™ Plus DVD and to Chapter 11 in the ExamView® Assessment Suite.
Virtual Travel

Ask students to research the viability of technological alternatives to travel, such as teleconferences and online chat rooms. Have them list the benefits and drawbacks related to each technological or travel alternative and present them in a one- or two-page report. Remind students to consult recent copies of business and technology online periodicals, newspapers, or trade journals that discuss the virtual business world’s advances. Ask students to include in their reports situations they believe require face-to-face meetings, and therefore travel, and situations when travel alternatives are an option. Have them explain their reasoning.
Explain to students that portfolios provide evidence of their knowledge and skills in working with data, people, and concepts. Developing a portfolio can be a valuable career tool. Point out the importance of using high-quality paper and printouts for making a good impression. Encourage students to check the portfolio information available at the Marketing Essentials OLC through glencoe.com.

Peer Review
Fellow students who share common interests can serve as reviewers of the final portfolios. This review can be completed through the use of a checklist. Go to the Marketing Essentials OLC through glencoe.com to find a suggested checklist.

Unit Review
Now that students have completed the chapters in Unit 4, ask them to review their answers to the Analyze the Ad questions on page 148. Would they answer them differently? Why or why not?

Have students consider the skills covered by this unit and ask them to list which ones are their strengths or weaknesses. Ask them to consider how they can strengthen or develop the skills. Then have students write a three-paragraph essay about the skills that they can bring into a marketing-related profession.

STEP AHEAD
Have students consider the skills needed to succeed in marketing. Ask them: How do the same skills relate to selling?

Internship Wrap-Up
Ask students to write a two-page memo explaining why regular and continuous training is important for both employees and employers. Have them explain the benefits to the employer and the employee.