

Managing
Small Business

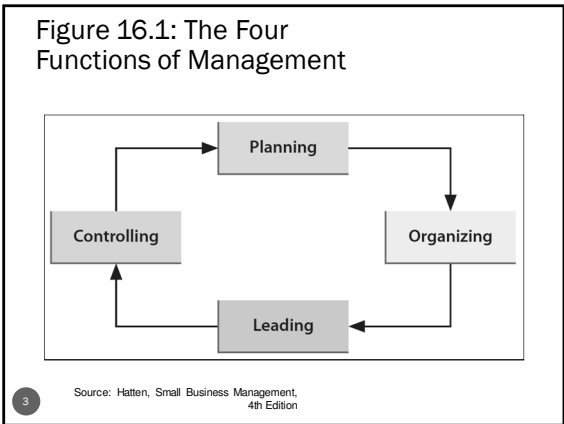
Chapter 16

Professional Small Business
Management

The Four Functions of Management

- Management
 - The process of planning, organizing, leading, and controlling resources in order to achieve the goals of an organization.
 - These four functions are *continuous and interrelated*.
- Planning—determining what to do
- Organizing—assembling resources
- Leading—maximizing output from resources
- Controlling—comparing performance to plan

2 Source: Hatten, Small Business Management, 4th Edition



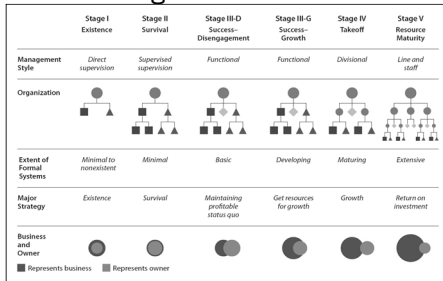
How Managers Spend Their Time

- Managers
 - Work continuously on a wide variety of brief and discontinuous tasks.
 - Have regular duties but irregular schedules.
 - Depend on judgment and intuition rather than technology.

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Source: Hatten, *Small Business Management*, 4th Edition

Figure 16.2: Stages of Business Growth



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Source: Hatten, *Small Business Management*, 4th Edition
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Small Business Growth

- Complicating Factors in the Transition to Professional Management:
 - Highly centralized decision-making system
 - Overdependence on one or two key individuals, with little delegation
 - Entrepreneur's inadequate repertoire of managerial skills and lack of training in all areas of the business
 - Paternalistic atmosphere within the company

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Source: Hatten, *Small Business Management*, 4th Edition

Leadership in Action (cont'd)

- The Art of Negotiation
 - Stay rationally focused on the issue being negotiated.
 - Exhaustive preparation is more important than aggressive argument.
 - Think through your alternatives.
 - Spend less time talking and more time listening and asking good questions.
 - Let the other side make the first offer.
 - Engage in a bit of play-acting.

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Source: Hatten, Small Business Management, 4th Edition

Leadership in Action (cont'd)

- Delegation
 - Granting authority and responsibility for a task to another member of an organization; empowerment to accomplish a task effectively.
- Benefits of Delegation
 - Allows a manager time to concentrate on more important matters.
 - Empowers employees by increasing involvement in their work.
 - Enables manager to maximize the efforts and talents of everyone in the company.

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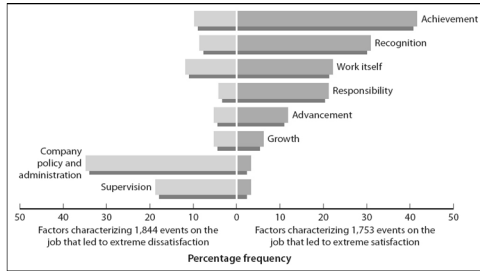
Motivating Employees

- Motivation
 - The forces that act on or within a person that cause the person to behave in a specific manner.
 - The reason an individual takes an action in satisfying some need.
 - Key to motivating employees is to know what is important to them

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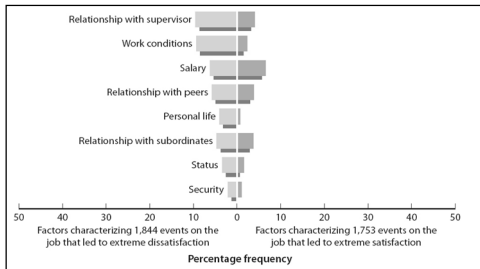
Figure 16.3: Job Satisfiers and Dissatisfiers



Source: Hatten, *Small Business Management*, 4th Edition

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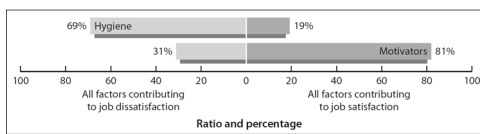
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Motivation Myths

- All employees need external motivation.
- Some employees don't need any motivation.
- Attempts to motivate always increase performance and productivity.
- Money always motivates people.
- Intrinsic rewards provide more motivation than money.
- Fear is the best motivator.
- Satisfied workers are always productive.
- This generation of workers is less motivated than the last.

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Source: Hatten, Small Business Management, 4th Edition

Can You Motivate?

- What motivates the people who report to you?
- To what extent are they motivated by money? By recognition? By opportunity for growth?
- Have you done anything in the last week to motivate someone else?
- Have you done anything lately that would undermine an employee's motivation?
- Have you praised anyone today?

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Source: Hatten, Small Business Management, 4th Edition

Employee Theft

- Protecting the Business
 - Get an insurance policy covering outside theft, employee theft, and/or computer fraud.
 - Use an integrity test to screen applicants.
 - Create a culture of honesty with a written code of ethics and conduct.
 - Minimize cash on hand; put excess cash in a safe.
 - Change times and routes to the bank for deposits.
 - Never schedule an employee to work alone.
 - Monitor deposits, checks, and bank statements.
 - Divide up financial tasks.

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Source: Hatten, Small Business Management, 4th Edition

Special Management Concerns

- Time Management
 - Investing in what is important in life
 - Making time management a goal-oriented activity
- Indicators of Time Management Problems
 - Frequently late for or forget meetings and appointments
 - Consistently behind in responsibilities
 - Don't have time for basics – eating, sleeping, family
 - Constantly working and still miss deadlines
 - Often fatigued, both mentally and physically

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Source: Hatten, Small Business Management, 4th Edition

Special Management Concerns (cont'd)

- Stress
 - Emotional states that occur in response to demands, which may come from internal or external sources
- Distress
 - The negative consequences and components of stress
- Situational Conditions that Create Distress
 - The outcome is uncertain.
 - The outcome is a matter of importance to the person.

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Source: Hatten, Small Business Management, 4th Edition

Stress Management

- Relaxation Techniques
 - Sit in a comfortable position in a quiet location. Loosen any tight clothing
 - Close your eyes and assume a passive, peaceful attitude.
 - Relax your muscles as much as possible.
 - Slowly breathe through your nose and develop a quiet rhythm of breathing
 - Continue relaxing muscles and concentrate on breathing for 10 to 20 minutes. Open your eyes occasionally to check the time.

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Source: Hatten, Small Business Management, 4th Edition
