

## Fundamental of Management Exam Revision

### PLOC (1)

- Job of management is to help an organisation make the best use of its resources to achieve its goals effectively and efficiently
- Managers do this by performing four essential functions;

#### 1. PLANNING

- The process of identifying and selecting appropriate goals and courses of action
- Steps in the planning process:
  - Decide which goals the organisation should pursue
  - Decide what courses of action to adopt to attain those goals
  - Decide how to allocate organisational resources to attain those goals
- How well managers plan determines how effective and efficient their organisation is – its performance level
- Outcome of planning is a strategy → a cluster of decisions about what goals to pursue, what actions to take and how to use resources to achieve goals
- A differentiation strategy is a way of obtaining customers by making decisions to have the organisation produce goods or services that offer customers a perceived value that is not easily matched, and for which they are willing to pay for competitors' products

#### 2. LEADING

- Articulating a clear vision and emerging and enabling organisational members so that they understand the part they play in attaining organisational goals
  - Leadership depends on the use of power, influence, vision, persuasion and communication skills to coordinate the behaviours of individuals and groups so that their activities and efforts are in harmony
  - Leaders encourage employees to perform at a high level
  - The outcome of effective leadership is highly motivated and committed organisational members

#### 3. ORGANISING

- Structuring working relationships in a way that allows organisational members to work together to achieve organisational goals

#### 4. CONTROLLING

- Evaluating how well an organisation is achieving its goals and taking action to maintain or improve performance

### General and Task Environment (3)

- The organisational environment → the set of forces and conditions that operate beyond an organisation's boundaries but affect a manager's ability to acquire and utilise resources
- **Task Environment** → the set of forces and conditions that originate with suppliers, distributors, customers and competitors. Affect an organisation's ability to obtain inputs and dispose of its outputs. Most likely daily immediate and direct effect on managers.
  - **Suppliers**
    - Suppliers are individuals and organisations that provide an organisation with the input resources that it needs to produce goods and services
  - **Distributors**
    - Distributors are organisations that help other organisations sell their goods or services to customers
    - Distributors can become very large and power and demand that suppliers reduce the costs of their goods and services
    - Power of distributors is reduced if there are alternate distribution options or competitors
  - **Customers**
    - Customers are individuals and groups that buy the goods and services an organisation produces
    - Customers can be segmented
    - Customer numbers and preferences change
    - Constant adaptation to customers is essential to survive
  - **Competitors**
    - Competitors are organisations that produce goods and services that are similar to a particular organisation's goods and services
    - Rivalry between competitors is potentially the most threatening force that managers must deal with
    - Potential competitors may also exist. These are not currently in the organisation's task environment but could choose to enter it
    - Competitors reduces prices
  - **Regulators**
    - Regulators are bodies that have the power to legislate or influence organisations' policies or practices
    - Regulators have the authority to influence an organisation's policies and practices to protect the public
    - Government agencies are the main players
  - **Strategic Partners**
    - Strategic partners are the organisations with which an entity is in an agreement or understanding for mutual benefit
    - Strategic partnerships help companies get the expertise they lack
    - Partnerships help share risk and open new market opportunities
  - **Barriers to entry** → factors that make it difficult and costly for an organisation to enter a particular task environment or industry. The more difficult and costly it is to enter the task environment the higher the barriers to entry
    - Economies of scale** → cost advantages associated with large operations. Result from factors of being able to produce in large quantities, but imports in bulk