

INTEGRATED MANAGEMENT – STAGE-4**SECTION – 'A'****Q. 2 (a) Communicating Strategy:**

Before a strategy can be implemented it must be understood. A clear understanding of strategy gives purpose to the activities of each organization member. It allows the individual to link whatever task is at hand to the overall organizational direction. This is mutually enhancing and gives meaning to the task. It also provides the individual with general guidance for making decisions and enables him or her to direct efforts towards activities that count. Several issues which should be considered in deciding how or whether to announce strategic decisions are:

Issues in Strategy Communication:

- Proprietary nature of the strategy
- Political impact of the strategy
- Expectations aroused by the strategy
- Motivational impact of the strategy
- Decisional impact of the strategy

- **Proprietary nature of the strategy:**

The wider the dissemination of information concerning strategic decisions, competitive moves, or shifting emphasis, the greater the likelihood that it will reach a competitor who could subvert the move, decision, or shift. A strategy which will provide or exploit an unpublicized advantage may be best kept undisclosed. The advantages of organization commitment would be offset by the loss of surprise. If the strategy will divulge proprietary information, it should be shared only on a need-to-know basis.

- **Political impact of strategy:**

It is not always possible to achieve consensus concerning the appropriate strategic directions for an organization. If a number of top managers participate in the formulation process, it is not unlikely that there will be differences of opinion about the final choice. The differences of opinion may have been settled in a way that created animosity in the 'losers'. In an organization where relationships are strained, factions may form around strong individuals, and the strategy may be judged and supported according to who is backing it rather than upon its own merits. In such a situation it may be more efficient to communicate the strategy piecemeal rather than as a whole. Strategy communication that sparks infighting will hinder implementation more than it will help.

- **Expectations aroused by strategy:**

The announcement of a strategy gives all organizational stakeholders a means of evaluating operations and performance. It also raises and defines expectations about the future of the organization which may prove embarrassing to management if unforeseen circumstances arise and diminish performance. For this reason, many public announcements of strategy are retrospective, indicating what has been attempted and how well the objectives have been met.

An organization which announces strategy is subject to criticism from security analysts to fluctuations in stock prices, to government scrutiny, and to buyer and supplier moves, as well as to union responses. Communication of strategy should be preceded by consideration of the expectations and resulting responses by stakeholders that may be generated.

INTEGRATED MANAGEMENT – STAGE-4**▫ Motivational impact of strategy:**

A clear statement of strategy may either inspire or demoralize. The effect of a given communication must be considered in light of the personal implications for the individuals required to implement it. Growth strategies have enjoyed popularity because, among other things, the rewards – both financial and career – are perceived as greater for all concerned. Retrenchment strategies are full of financial and personal unpleasantness even though they may be necessary to maintain long-term viability.

At the corporate level, considerable differences may exist among the strategies of various business units. These differences may make some units much more attractive than others. The use of the term 'dog' with the attendant divestiture strategy is likely to have negative effects on SBU morale.

If communicating strategy is more likely to reduce morale or drive away good managers than to inspire action, a comprehensive strategy announcement is usually undesirable.

▫ Decisional impact of strategy:

Strategy is often an evolving understanding of where the organization is going and how it plans to get there. An announced strategy brings closure to the formulation question and focuses on implementation. This closure is not always desirable, because lower levels of management can make significant contributions to the strategy as they work through the implementation process. Therefore, before top management announces a strategy, they should be certain that closure of the formulation phase is desired.

Whether or not organizationwide communication is chosen as the first step in implementation, it is necessary to relate each level of strategy to the level below it. Corporate strategies are implemented through business strategies, and business strategies are implemented through functional-level strategies and tactics. Strategies on all levels are constrained by organizational policies and resource allocations, and they are supported by leadership, structure, and organizational systems.

Q. 2 (b) Environmental Analysis:

Environmental analysis is a critical component of strategic management because it produces much of the information which is required to assess the outlook for the future. The environment is a significant source of change. Some organizations become victims of change, while others use change to their advantage. Organizations are more likely to be able to turn change to their advantage if they are forewarned.

Characteristics of the Environment:

The strategist should understand some characteristics of the environment. Organizational environments are unique and dynamic and can be influenced in some cases.

Uniqueness:

No two organizations face exactly the same external environment. Even competitors like Gerber and Heinz, who provide baby food to similar customers, do not face the same external conditions. Example compares the environment faced by Gerber with the faced by Heinz. Both companies are leading producers of baby foods. Competitors in the same industry face unique environments, and

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analysis must be tailored specifically for the organization for which strategy is formulated.

Dynamic nature:

The relationships, events, and conditions which make up the unique environment of any organization are not static. Very few organizations face the same set of factors at the same magnitudes of importance for many years. Customers needs and tastes change; legal obligations and restraints change; or the organization simply grows and establishes a different position relative to competitors. The financial services industry and the firms which comprise it have been faced with a succession of environmental changes. Some of these environmental changes are so fundamental that they may affect the long-term survival of organizations, while others are only temporary and may be ignored. The dynamic nature of the environment means that environmental assessment must be continuous.

Q. 3 (a) Importance of Strategic Controls:

Importance of strategic control is concerned with tracking the strategy once it has been implemented, detecting any problem areas or potential problem areas, and making necessary adjustments. Because strategic management is heavily oriented toward the future and because the future is continually changing, adjustments are expected and do not necessarily reflect a poor strategy. The purpose of strategic control is to alert the manager to potential problems before it is too late to do something about them.

Setting up Strategic Controls:

Careful preparation within the organization is needed to make strategic controls work. The organization must be prepared to systematically and critically question the main strategic course being followed. This requires its managers to be courageous enough to voice doubts even in the face of group pressures. Managers should feel free to question long-standing operating procedures and even traditional values and norms. This type of behaviour requires a management team that is not afraid of questioning the ideas of the chief executive officer (CEO). This also requires a CEO that is not afraid to be questioned. Thus, for strategic control to work at its best, a climate which encourages openness is essential.

The first step in setting up strategic controls is to identify the parts of strategy that have a reasonable likelihood of variance. This is not always easy. Past experience and a thorough analysis of both the internal and external environments normally will provide clues as to potential problem areas. Any alternate scenarios that were developed as part of the contingency planning process will also identify variables that should be monitored. For example, a construction company might identify several scenarios that are dependents on the weather and interest rates. Thus, the weather and interest rates represent variables that should be closely monitored as part of the strategic control process.

Once the variables to be watched have been identified, early warning signals should be developed for each variable. These signals should be designed to detect any meaningful changes in the variable. One useful approach to developing early warning signals is to identify a list of milestones, or major intermediate progress points, relating to the objectives being pursued. Once these milestones have been identified, they should be carefully monitored.

Financial Controls:

Financial data are some of the most commonly used warning signals. Commonly used financial

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measures include consideration of profit, sales, return on investment (ROI), return on equity, cost figures, and trends in these and other related measures. Financial figures are periodically monitored and compared with projected or expected figures. Substantial discrepancies in any of the figures usually indicate that something unanticipated is happening.

The most frequently used tool for monitoring financial performance is the budgetary process. A budget is a statement of expected results or requirements expressed in financial or numerical terms. In essence, a budget is a plan for allocating resources. When used for control purposes, budgets have many advantages and drawbacks.

Nonfinancial Controls:

In addition to financial data, there are many other early warning signals that can be used to alert the strategist to potential problems. Some of the most frequently used nonfinancial signals are measures of productivity, measures of quality, personnel-related measures, and feedback from customers. Most organizations use a combination of financial and nonfinancial early warning signals.

Nonfinancial controls are frequently structured around objectives. If an organization has an objective that is central to its strategy, it may regularly review performance against specifically identified milestones. For example, the research and development department may have an objective to develop a particular new product by the end of the year. Performance milestones might include having a prototype for testing by March and a limited production run for customer development trails by September. If these milestones are not met, the company would need to determine why.

Frequently, organizations either monitor whatever is easiest to monitor or what they are most accustomed to monitoring. To properly implement a strategy, the organization must focus its efforts on those aspects of performance that are important to the strategy.

Q. 3 (b) Pitfalls of the Strategic Management Process:

When strategic management is being practiced, two major categories of errors can occur. The first category includes errors resulting from the manner in which strategic management is used. Many of the errors falling into this category are avoidable and stem from a lack of understanding of the process. The second category includes errors which result from uncertainties that are inevitably associated with the process.

Errors Relating to the Use of Strategic Management:

Many of the most commonly encountered errors relating to the manner in which strategic management is used are:

- ∴ **Inability to think strategically:**

The ability to think strategic terms is the first requirement of successful strategic management. Unfortunately, a person who is good operations manager is not necessarily a good strategic thinker.

- ∴ **Inappropriate use of management levels:**

The most commonly encountered problems related to the use of management time include inadequate involvement of line managers and ineffective use of top management. There are at least two major reasons for involving line managers in the strategic management process: to evoke their commitment and to have access to the valuable information they can contribute. Ineffective use of time by top management means a large portion of its time is spent focusing on

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details instead of on major strategic issues.

▫ **Undue emphasis on form and procedure:**

A common tendency is to become so engrossed in the planning procedures that the means of the process become confused with the purpose of the process. This type of situation occurs when people engage in the strategic process 'because they have to'. It is always important to keep sight of the purpose of the process. A related problem occurs when excessive reporting requirements are demanded. It is not at all unusual for the reporting requirements to mushroom over the years.

▫ **Isolation from the environment:**

Keeping up with environmental changes is obviously critical to any strategic management program. The key point here is to foster an open attitude and to monitor the environment continually for any changes that might affect the organization. The following quote emphasizes the importance of environmental scanning:

Each planning cycle requires a fresh and global look at the business, economic, regulatory, social-political, and technological environment. Without this look, management is likely to be surprised and embarrassed.

There is often a tendency to view the future as merely an extrapolation from the past: 'If it worked in the past, it will work in the future'. Unfortunately, numerous examples exist of companies and even industries that have gone by the wayside by subscribing to this philosophy.

▫ **Too much emphasis on the near term:**

Strategic management is the set of managerial decisions and actions that determine the long-run direction and performance of the organization. Thus, by definition, strategic management is concerned with the long-term. Emphasis on the short-term often results from certain pressure applied by various groups of stakeholders.

▫ **Improper use of planning resources:**

Once the decision has been made to commit resources to planning, it is critical that these resources be effectively used. All too many managers have the misconception that the allocation of resources is all that is required for success. Potential misuses of resources include an inappropriate sized planning staff, unclear focus on the planning effort, and an uncoordinated planning effort.

Less Predictable Changes:

Certain pitfalls are inherent in the strategic management process and are often difficult to avoid. Most problems which fall into this category stem from hard-to-predict changes in the external environment. The solution is to develop early warning signals and then to respond quickly. Some of the most frequently encountered problem sources are discussed in the following paragraphs. Naturally, some of these are more applicable to certain industries than to others.

▫ **Innovations – new products or services:**

It is extremely difficult, if not impossible, to predict when a competitor or someone else might introduce a new product or service. At the same time, the introduction of a new product or service can completely revolutionize an industry.

▫ **Government regulations:**

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Although changes in local, or federal laws are not always predictable, they rarely come as a total surprise. The decision of the federal government in 1969 to ban cyclamates had an adverse impact on many companies which had not anticipated the change.

▫ **Weather:**

Lengthy periods of rain, extreme temperatures, and severe storms can affect a variety of industries. Among those directly affected by weather are industries in all areas of agriculture, construction, and transportation.

▫ **Shortages in raw materials:**

While many raw-material shortages are predictable, to some extent some are not. For example, at least twice in the past 10 years, the construction industry has been faced with a shortage of gypsum board (sheetrock). The inability to get a needed raw material obviously can disrupt production and may result in the loss of customers.

▫ **Consumer preferences:**

Consumers are often fickle and their resulting preferences unpredictable. From year to year certain styles seem to come and go in ways that are sometimes impossible to forecast.

▫ **New competitors or changes in a competitor's abilities:**

It is not uncommon for a major company to enter new fields and create viable competition almost overnight. In addition to introducing new products and services (discussed above), existing competitors may merge or acquire other companies and gain new capabilities.

SECTION – "B"**Q. 4 (a) Project Management Processes:**

Project management processes can be organized into five groups of one or more processes each:

- *Initiating processes* – recognizing that a project or phase should begin and committing to do so.
- *Planning processes* – devising and maintaining a workable scheme to accomplish the business need that the project was undertaken to address.
- *Executing processes* – coordinating people and other resources to carry out the plan.
- *Controlling processes* – ensuring that project objectives are met by monitoring and measuring progress and taking corrective action when necessary.
- *Closing processes* – formalizing acceptance of the project or phase and bringing it to an orderly end.

The process groups are linked by the results they produce – the result or outcome of one becomes an input to another. Among the central process groups, the links are iterated – planning provides executing with a documented project plan early on, and then provides documented updates to the plan as the project progresses. These connections are illustrated in figure-1. In addition, the project management process groups are not discrete, one-time events; they are overlapping activities which occur at varying levels of intensity throughout each phase of the project. Figure-2 illustrates how the process groups overlap and vary within a phase.

Finally, the process group interactions also cross phases such that closing one phase provides an input to initiating the next. For example, closing a design phase requires customer acceptance of the

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design document. Simultaneously, the design document defines the product description for the ensuing implementation phase. This interaction is illustrated in figure-3.

Repeating the initiation processes at the start of each phase helps to keep the project focused on the business need it was undertaken to address. It should also help ensure that the project is halted if the business need no longer exists or if the project is unlikely to satisfy that need.

Links among Process Groups in a Phase

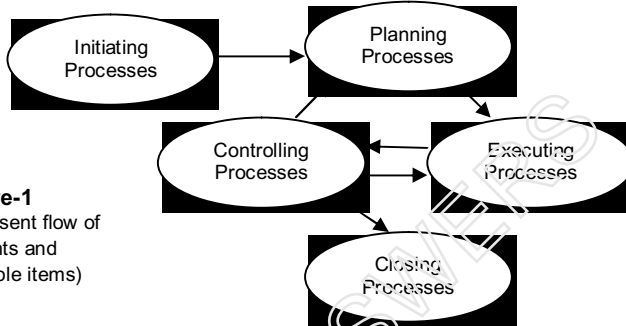


Figure-1
(Arrows represent flow of documents and documentable items)

Figure-2 Overlap of Process Group in a Phase

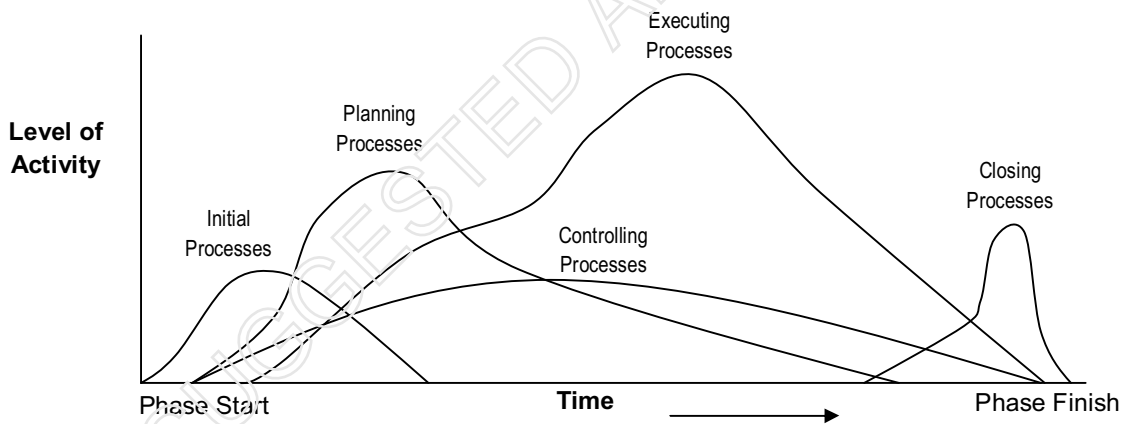
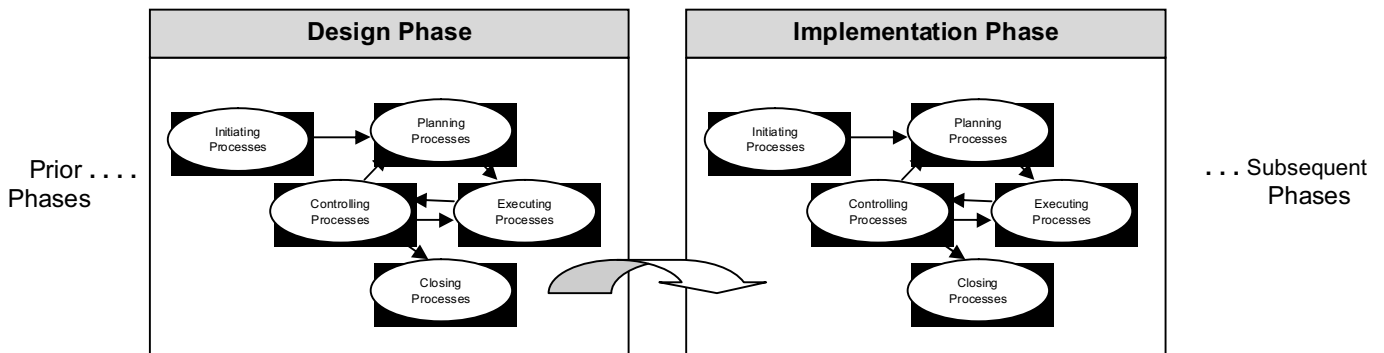


Figure-3

Interaction between Phases



Although figure-3 is drawn with discrete phases and discrete processes, in an actual project there will be many overlaps. The planning process, for example, must not only provide details of the work to be done to bring the current phase of the project to successful completion but must also provide some preliminary description of work to be done in later phases. This progressive detailing of the project plan is often called *rolling wave planning*.

INTEGRATED MANAGEMENT – STAGE-4**Q. 4 (b) Organizational Influences:**

Projects are typically part of an organization larger than the project – corporations, government agencies, health care institutions, international bodies, professional associations, and others. Even when the project is the organization (joint ventures, partnering), the project will still be influenced by the organization or organizations that set it up. The following sections describe key aspects of these larger organizational structures that are likely to influence the project.

Key Aspects of a Larger Organizational Structure that is Likely to Influence the Project:**Organizational Systems:**

Project-based organizations are those whose operations consist primarily of projects. These organizations fall into two categories:

- Organizations that derive their revenue primarily from performing projects for others – architectural firms, engineering firms, consultants, construction contractors, government contractors, etc.
- Organizations that have adopted *management by projects*.

These organizations tend to have management systems in place to facilitate project management. For example, their financial systems are often specifically designed for accounting, tracking, and reporting on multiple simultaneous projects.

Non-project-based organizations – manufacturing companies, financial service firms, etc., - seldom have management systems designed to support project needs efficiently and effectively. The absence of project-oriented systems usually makes project management more difficult. In some cases, non-project-based organizations will have departments or other sub-units that operate as project-based organizations with systems to match.

The project management team should be acutely aware of how the organization's systems affect the project. For example, if the organization rewards its functional managers for charging staff time to projects, the project management team may need to implement controls to ensure that assigned staff are being used effectively on the project.

Organizational Cultures and Style:

Most organizations have developed unique and describable cultures. These cultures are reflected in their shared values, norms, beliefs, and expectations; in their policies and procedures, authority relationships; and in numerous other factors. Organizational cultures often have a direct influence on the project. For example:

- A team proposing an unusual or high-risk approach is more likely to secure approval in an aggressive or entrepreneurial organization.
- A project manager with a highly participative style is apt to encounter problems in a rigidly hierarchical organization, while a project manager with an authoritarian style will be equally challenged in a participative organization.

Organizational Structure:

The structure of the performing organization often constrains the availability of or terms under which resources become available to the project. organizational structures can be characterized as spanning a spectrum from *functional* to *projectized*, with a variety of matrix structures in between.

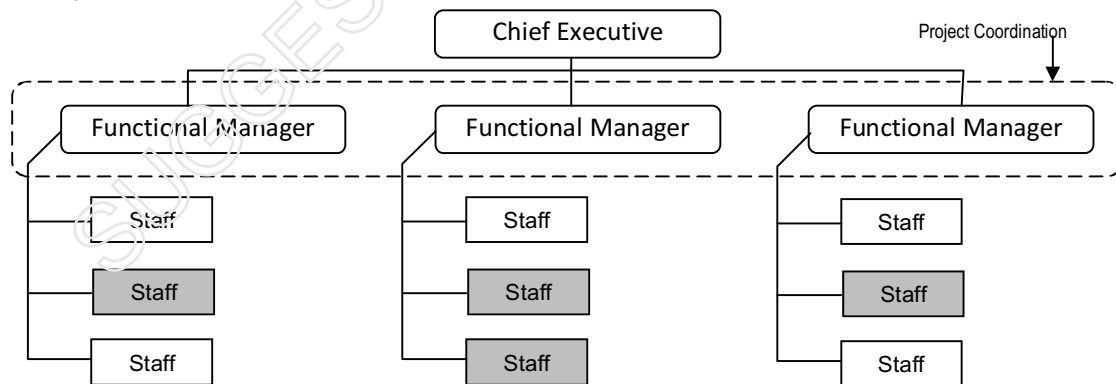
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In classic *functional organization* each employee has one clear superior. Staff are grouped by specialty, such as production, marketing engineering, and accounting at the top level, with engineering further subdivided into mechanical and electrical. Functional organizations still have projects, but the perceived scope of the project is limited to the boundaries of the functions: the engineering department in a functional organization will do its work independent of the manufacturing or marketing departments.

At the opposite end of the spectrum is the *projectized organization*. In a projectized organization, team members are often collocated. Most of the organization's resources are involved in project work, and project managers have a great deal of independence and authority. Projectized organizations often have organizational units called departments, but these groups either report directly to the project manager or provide support services to the various projects.

Matrix organizations are a blend of functional and projectized characteristics. Weak matrices maintain many of the characteristics of a functional organization and the project manager role is more that of a coordinator or expeditor than that of a manager. In similar fashion, strong matrices have many of the characteristics of the projectized organization – full-time project managers with considerable authority and full-time project administrative staff.

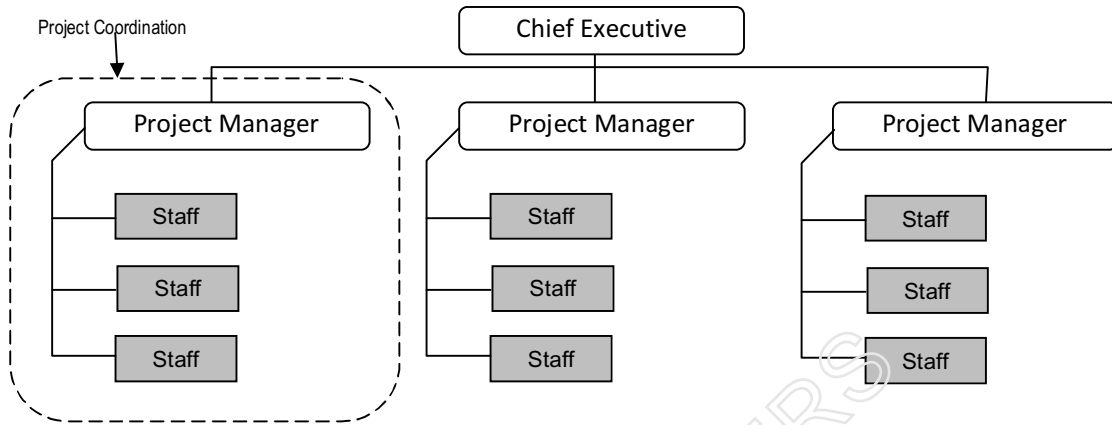
Most modern organizations involve all these structures at various levels. For example, even a fundamentally functional organization may create a special project team to handle a critical project. Such a team may have many of the characteristics of a project in a projectized organization: it may include full-time staff from different functional departments, it may develop its own set of operating procedures, and it may operate outside the standard, formalized reporting structure.

Functional Organization

(Gray boxes represent staff engaged in project activities.)

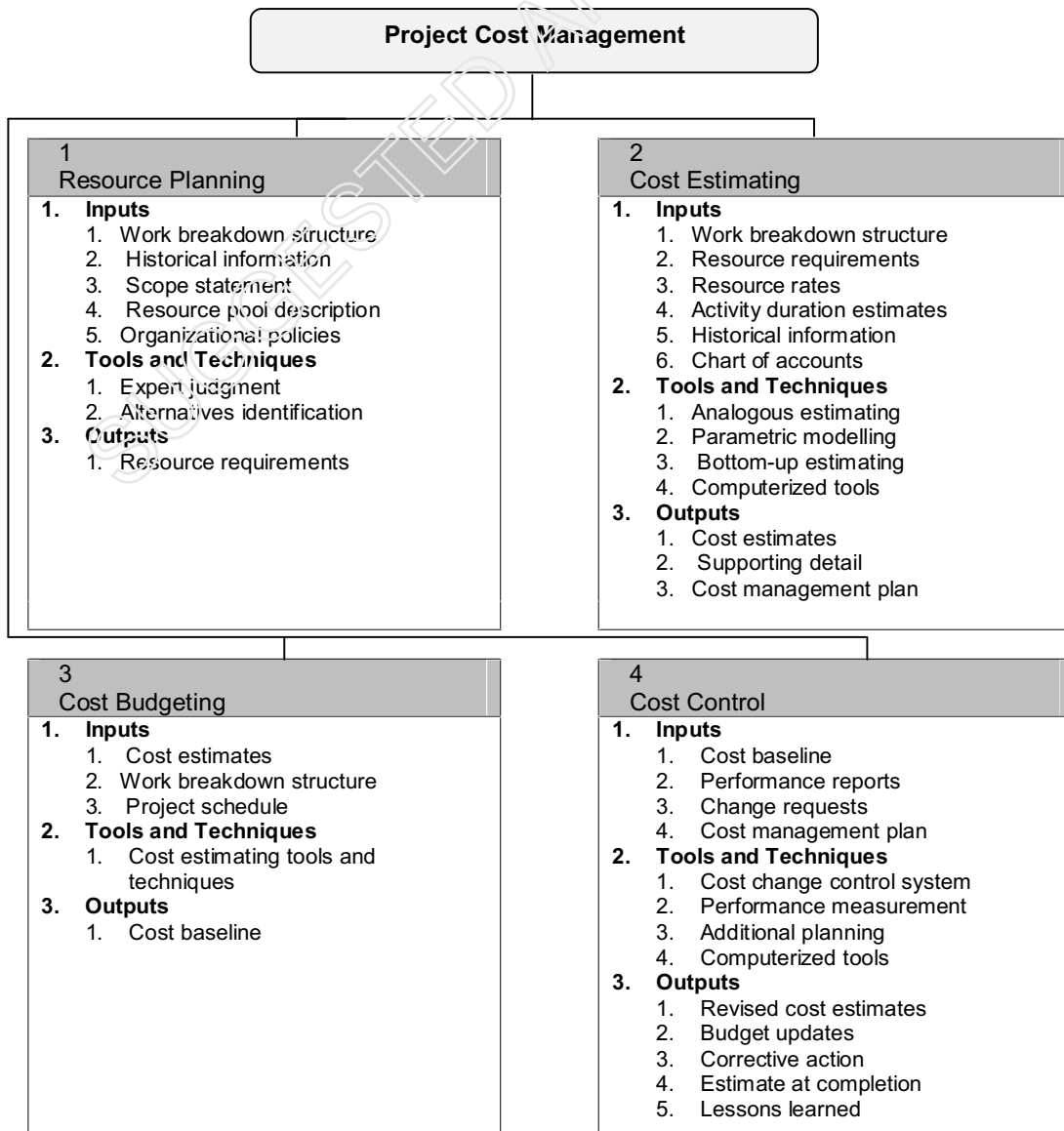
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Projectized Organization



(Gray boxes represent staff engaged in project activities.)

Q. 5 (a) Project Cost Management:



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Project cost management includes the processes required to ensure that the project is completed within the approved budget. *Figure* provides an overview of the following major processes:

- 1- *Resource Planning*: Determining what resources (people, equipment, materials) and what quantities of each should be used to perform project activities.
- 2- *Cost Estimating*: Developing an approximation (estimate) of the costs of the resources needed to complete project activities.
- 3- *Cost Budgeting*: Allocating the overall cost estimate to individual work items.
- 4- *Cost Control*: Controlling changes to the project budget.

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups of individuals based on the needs of the project. Each process generally occurs at least once in every project phase.

Although the processes are presented here as discrete elements with well-defined interfaces, in practice they may overlap and interact in ways not detailed here.

Project cost management is primarily concerned with the cost of the resources needed to complete project activities. However, project cost management should also consider the effect of project decisions on the cost of using the project product. For example, limiting the number of design reviews may reduce the cost of project at the expense of an increase in the customer's operating costs. This broader view of project cost management is often called *life-cycle costing*.

In many application areas predicting and analyzing the prospective financial performance of the project product is done outside the project. In others (e.g., capital facilities projects), project cost management also includes this work. When such predictions and analysis are included, project cost management will include additional processes and numerous general management techniques such as return on investment, discounted cash flow, payback analysis, and others.

Project cost management should consider the information needs of the project stakeholders – different stakeholders may measure project costs in different ways and at different times. For example, the cost of a procurement item may be measured when committed, ordered, delivered, incurred, or recorded for accounting purposes.

When project costs are used as a component of a reward and recognition system, controllable and uncontrollable costs should be estimated and budgeted separately to ensure that rewards reflect actual performance.

Q. 5 (b) Quality Planning:

Quality planning involves identifying which quality standards are relevant to the project and determining how to satisfy them. It is one of the key facilitating processes during project planning and should be performed regularly and in parallel with the other project planning processes. For example, the desired management quality may require cost or schedule adjustments, or the desired product quality may require a detailed risk analysis of an identified problem. Prior to development of the ISO 9000 Series, the activities described here as *quality planning* were widely discussed as part of *quality assurance*.

The quality planning techniques discussed here are those used most frequently on projects. There are many others that may be useful on certain projects or in some application areas.

The project team should also be aware of one of the fundamental tenets of modern quality

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management – quality is planned in, not inspected in.

Factors Responsible for Inputs to Quality Planning:**1- Quality Policy:**

Quality policy is "the overall intentions and direction of an organization with regard to quality, as formally expressed by top management". The quality policy of the performing organization can often be adopted "as is" for use by the project. However, if the performing organization lacks a formal quality policy, or if the project involves multiple performing organizations (as with a joint venture), the project management team will need to develop a quality policy for the project.

Regardless of the origin of the quality policy, the project management team is responsible for ensuring that the project stakeholders are fully aware of it (e.g., through appropriate information distribution).

2- Scope statement:

The scope statement is a key input to quality planning since it documents major project deliverables as well as the project objectives which serve to define important stakeholder requirements.

3- Product Description:

Although elements of the product description may be embodied in the scope statement, the product description will often contain details of technical issues and other concerns that may affect quality planning.

4- Standards and Regulations:

The project management team must consider any application-area-specific standards or regulations that may affect the project.

5- Other Process Outputs:

In addition to the scope statement and product description, processes in other knowledge areas may produce outputs that should be considered as part of quality planning. For example, procurement planning may identify contractor quality requirements that should be reflected in the overall quality management plan.

SECTION – 'C'**Q. 6 (a) Difference between Work Groups and Teams:****The Nature of a Team:**

Although the term *team* is frequently used for any groups, especially to get individuals to work together and to motivate them, some team experts make a distinction between teams and traditional work groups. For example, the authors of a book on the use of teams for creating high-performance organizations note that the difference between a work group and a team relates to performance results. They note:

A working group's performance is a function of what its members do as individuals. A team performance includes both individual results and what we call 'collective work-products'. A collective work-product is what two or more members must work on together [it] reflects the joint, real contribution of team members.

They go on to note these specific differences between work groups and teams:

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- 1- The work group has a strong, clearly focused leader; the team has shared leadership roles.
- 2- The work group has individual accountability; the team has individual and mutual accountability.
- 3- The work group's purpose is the same as the organization's; the team has a specific purpose.
- 4- The work group has individual work-products; the team has collective work-products.
- 5- The work group runs efficient meetings; the team encourages open-ended, active problem-solving meetings.
- 6- The work group measures effectiveness indirectly (for example, financial performance of the overall business); the team measures performance directly by assessing collective work-products.
- 7- The work group discusses, decides, and delegates; the team discussed, decides, and does real work.

Cross-Functional Teams:

As part of the movement toward horizontal design and the recognition of dysfunctional bureaucratic functional autonomy, the focus has shifted to the use of cross-functional teams. These teams are made up of individuals from various departments or functional specialities. For example, the U.S Navy discovered that it was able to improve productivity by establishing cross-functional teams to manage and improve the core processes that affect external customers and mission performance.

The key to ensuring successful performance of cross-functional teams is found in two sets of criteria: one inside the team and one in the organization at large. To improve coordination with cross-functional teams, organizations can carry out five steps. These include: (1) choosing the membership carefully, (2) clearly establishing the purpose of the team, (3) ensuring that everyone understands how the group will function, (4) conducting intensive team building up front so that everyone learns how to interact effectively, and (5) achieving noticeable results so that morale remains high and the members can see the impact of their efforts.

Virtual Teams:

With the advent of advanced information technology, increasing globalization, and the need for speed, the requirement that groups be made up of members in face-to-face interaction is no longer necessary. Members can now communicate at a distance through electronic means, such as email, chat rooms, blogs, phone and video conferencing, faxes, satellite transmissions, and websites. Members performing knowledge-based tasks in remote locations can become members of so-called virtual teams. Also, those performing in telecommuting jobs often bear responsibilities to serve on virtual teams. Virtual teams are increasingly evident in global, partnered operations and even everyday activities.

Self-Managed Teams:

Teams are being set up or are evolving into being self-managed as part of the empowerment movement and the more egalitarian cultural values in an increasing number of organizations. A self-managed work team can be defined as 'a group of employees who are responsible for managing and performing technical tasks that result in a product or service being delivered to an internal or external customer'.

Although there has been considerable such testimonial evidence of the value of self-managed teams, supporting research and documented experience have also emerged. To date, both the

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research and the practice literature has been quite favourable to self-managed teams.

Q. 6 (b) Basic Managerial Roles:

Managers often play a number of different roles. In general, as summarized below, there are ten basic managerial roles that cluster into three general categories.

Category	Role	Example
Interpersonal	Figurehead	Attend employee retirement ceremony
	Leader	Encourage workers to increase productivity
	Liaison	Coordinate activities of two committees
Informational	Monitor	Scan <i>business week</i> for information about competition
	Disseminator	Send out memos outlining new policies
	Spokesperson	Hold press conference to announce new plant
Decision-Making	Entrepreneurship	Develop idea for new product and convince others of its merits
	Disturbance handler	Resolve dispute
	Resource allocator	Allocate budget requests
	Negotiator	Settle new labour contract

□ Interpersonal Roles:

The *interpersonal roles* are primarily social in nature; that is, they are roles in which the manager's main task is to relate to other people in certain ways. The manager sometimes may serve as a *figurehead* for the organization. Taking visitors to dinner and attending ribbon-cutting ceremonies are part of the figurehead role. In the role of *leader*, the manager works to hire, train, and motivate employees. Finally, the *liaison* role consists of relating to others outside the group or organization.

□ Informational Roles:

The *three informational roles* involve some aspect of information processing. The *monitor* actively seeks information that might be of value to the organization in general or to specific managers. The manager who transmits this information to others is carrying out the role of *disseminator*. The *spokesperson* speaks for the organization to outsiders.

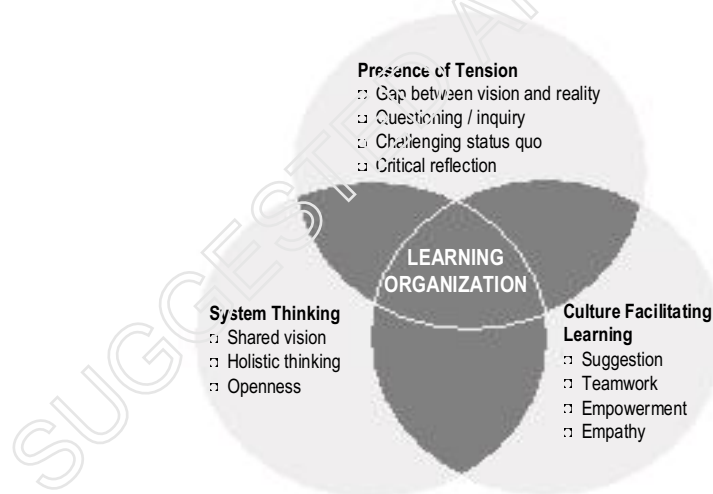
□ Decision-Making Roles:

Finally, there are also four *decision-making roles*. The *entrepreneur* voluntarily initiates change, such as innovations or new strategies, in the organization. The *disturbance handler* helps settle disputes between various parties, such as other managers and their subordinates. The *resource allocator* decides who will get what – how resources in the organization will be distributed among various individuals and groups. The *negotiator* represents the organization in reaching agreements with other organizations, such as contracts between management and labour unions. Again, behavioural processes clearly are crucial in each of these decisional roles.

INTEGRATED MANAGEMENT – STAGE-4**Q. 7 Learning Organization:**

The organization portrayed as a learning system is not new. In fact, at the turn of the last century Frederick W. Taylor's learnings on scientific management were said to be transferable to workers to make the organization more efficient. However, the beginning of today's use of the term *learning organization* is usually attributed to the seminal work of Chris Argyris and his colleagues, who made the distinction between first-order, or 'single-loop', and second-order, or 'double-loop', learning. The differences between these two types of learning applied to organizations can be summarized as follows:

- 1- Single-loop learning involves improving the organization's capacity to achieve known objectives. It is associated with routine and behavioural learning. Under single-loop, the organization is learning without significant change in its basic assumptions.
- 2- Double-loop learning re-evaluates the nature of the organization's objectives and the values and beliefs surrounding them. This type of learning involves changing the organization's culture. Importantly, double-loop consists of the organization's learning how to learn.

**Horizontal Organizations:**

Horizontal designs replace the traditional vertical, hierarchical organization. The advanced information technology and globalization environment, suggests the use of horizontal structure to facilitate cooperation, teamwork, and a customer rather than a functional orientation. Frank Ostroff, a McKinsey & Company consultant, along with colleague Douglas Smith, is given credit for developing some of the following guiding principles that define horizontal organization design:

- Organization revolves around the process, not the task
- The hierarchy is flattened
- Teams are used to manage everything
- Customers drive performance
- Team performance is rewarded

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- Supplier and customer contact is maximized
- All employees need to be fully informed and trained

Network Design:

The network designs go beyond even horizontal structures and totally abandon the classical, hierarchical, functional structure of organization. The bureaucratic model worked fine in the previous era when there was less competition and more stable market conditions, and before the now boundaryless conditions of advanced information technology and globalization.

With the advent of teams, outsourcing (concentrating on core competencies and forming outside partnerships to perform the peripheral activities and functions of the organization), and, especially, alliances (two or more firms building a close collaborative relationship whose activities now make up over a third of corporate revenues), network designs are actually being used successfully by practicing organizations.

The Virtual Organization:

The term *virtual organization* has emerged not so much because it describes something distinct from network organizations but because the term itself represents the new information age and the partnering, alliances, and outsourcing arrangements found in an increasing number of global companies. Interestingly, the word *virtual* as used here comes not from the popular *virtual reality* but from *virtual memory*, which has been used to describe a way of making a computer's memory capacity appear to be greater than it really is. Virtual organization requires a strong information technology platform. The virtual organization is a temporary network of companies that come together quickly to exploit fast-changing opportunities.

Different from traditional mergers and acquisitions, the partners in the virtual organization share costs, skills, and access to international markets. Each partner contributes to the virtual organization what it is best at – its core capabilities. Briefly summarized, here are the key attributes of the virtual organization:

- Technology
- Opportunism
- No borders
- Trust
- Excellence

THE END