PERTEMUAN PERTAMA

INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS

Apakah Manajer itu?

- Manager
  - someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals
  - changing nature of organizations and work has blurred the clear lines of distinction between managers and non-managerial employees
Apakah Manajer itu?

Managerial Titles

- **First-line managers (pertama)** - manage the work of non-managerial individuals who are directly involved with the production or creation of the organization's products.

- **Middle managers (menengah)** - all managers between the first-line level and the top level of the organization.

- **Top managers (atas)** - responsible for making organization-wide decisions and establishing the plans and goals that affect the entire organization.
Apakah Manajemen?

- Management
  - Proses koordinasi kegiatan kerja sehingga bisa diselesaikan dengan efisien dan efektif melalui orang lain
  - elements of definition
    - Process - represents ongoing functions or primary activities engaged in by managers
    - Coordinating - distinguishes a managerial position from a non-managerial one

Apakah Manajemen?

- Management (cont.)
  - elements of definition
    - Efficiency - getting the most output from the least amount of inputs
      - “doing things right”
      - concerned with means
    - Effectiveness - completing activities so that organizational goals are attained
      - “doing the right things”
      - concerned with ends
Apa yang dilakukan Manajer?

- **Fungsi dan Proses Manajemen**
  - *Management process*
    - set of ongoing decisions and work activities in which managers engage as they plan, organize, lead, and control
    - managerial activities are usually done in a continuous manner
  - Planning - defining goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate activities
  - Organizing - determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are made
  - Leading - directing and motivating all involved parties and dealing with employee behavior issues
  - Controlling - monitoring activities to ensure that they are going as planned
Apa yang dilakukan Manajer?

- **Peran Manajemen**
  - specific categories of managerial behavior
    - **Interpersonal** - involve people and duties that are ceremonial and symbolic in nature
    - **Informational** - receiving, collecting, and disseminating information
    - **Decisional** - revolve around making choices
  - emphasis that managers give to the various roles seems to change with their organizational level
Apa yang dilakukan Manajer?

Ketrampilan Manajemen

- **Technical** - knowledge of and proficiency in a certain specialized field
- **Human** - ability to work well with other people both individually and in a group
- **Conceptual** - ability to think and to conceptualize about abstract and complex situations
  - see the organization as a whole
  - understand the relationships among subunits
  - visualize how the organization fits into its broader environment

![EXHIBIT 1.5: SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS](image-url)
Apakah Organisasi?

**Organisation**
- a deliberate arrangement of people to accomplish some specific purpose
  - elements of definition
    - each organization has a distinct purpose
    - each organization is composed of people
    - all organizations develop a deliberate structure
- today's organizations have adopted:
  - flexible work arrangements
  - open communications
  - greater responsiveness to changes
## EXHIBIT 1.10: THE CHANGING ORGANIZATION

<table>
<thead>
<tr>
<th>Traditional Organization</th>
<th>New Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stable</td>
<td>• Dynamic</td>
</tr>
<tr>
<td>• Inflexible</td>
<td>• Flexile</td>
</tr>
<tr>
<td>• Job-focused</td>
<td>• Skills-focused</td>
</tr>
<tr>
<td>• Work is defined by job positions</td>
<td>• Work is defined in terms of tasks to be done</td>
</tr>
<tr>
<td>• Individual-oriented</td>
<td>• Team-oriented</td>
</tr>
<tr>
<td>• Permanent jobs</td>
<td>• Temporary jobs</td>
</tr>
<tr>
<td>• Command-oriented</td>
<td>• Involvement-oriented</td>
</tr>
<tr>
<td>• Managers always make decisions</td>
<td>• Employees participate in decision making</td>
</tr>
<tr>
<td>• Rule-oriented</td>
<td>• Customer-oriented</td>
</tr>
<tr>
<td>• Relatively homogeneous workforce</td>
<td>• Diverse workforce</td>
</tr>
<tr>
<td>• Workdays defined as 9 to 5</td>
<td>• Workdays have no time boundaries</td>
</tr>
<tr>
<td>• Hierarchical relationships</td>
<td>• Lateral and networked relationships</td>
</tr>
<tr>
<td>• Work at organizational facility during specific hours</td>
<td>• Work anywhere, anytime</td>
</tr>
</tbody>
</table>

1-18
Mengapa Mempelajari Manajemen?

- Universality of Management
  - management is needed
    - in all types and sizes of organizations
    - at all organizational levels
    - in all work areas
  - management functions must be performed in all organizations
    - consequently, have vested interest in improving management
TEST PEMAHAMAN

1. Jelaskan apa yang dimaksud dengan MANAJEMEN?
2. Sebutkan Fungsi-Fungsi manajemen!
3. Jelaskan pengertian dan maksud masing-masing fungsi!
4. Apa pengertian MANAJER itu?
5. Apa tujuan manajemen?
6. Untuk menjadi manajer yang baik, ketrampilan apa yang harus dimiliki oleh seorang Apa
calon manajer?
7. Apa saja peran seorang manajer? sebutkan dan jelaskan!
8. Apa yang saudara ketahui tentang PROSES MANAJEMEN? Jelaskan!
9. Menurut levelnya, ada berapa tingkatan manajer? sebutkan dan jelaskan perbedaannya!
10. Apa yang saudara ketahui tentang arti organisasi?
11. Apa perbedaannya antara manajemen dan organisasi? jelaskan bagaimana bentuk hubungan
antara keduanya!
12. Apa perbedaan antara organisasi tradisional dengan organisasi modern?
13. Mengapa manajemen diperlukan dalam suatu organisasi?
14. Jelaskan organisasi sebagai suatu system terbuka!
15. Ada berapa macam bentuk organisasi menurut legalitasnya?
16. Berikan contoh bentuk organisasi formal!
17. Organisasi informal banyak terdapat di lingkungan kita, coba berikan contohnya! Minimal 3
macam!
18. Ada beberapa pengertian tentang manajemen, sebutkan minimal 2 pengertian manajemen,
menurut tokoh-tokoh manajemen?
19. Apa perbedaan antara efektif dan efisien, jelaskan disertai dengan contohnya!
20. Untuk mengembangkan suatu organisasi dibutuhkan adanya manajemen yang baik, menurut
saudara manajemen yang baik itu yang bagaimana?
PERTEMUAN KEDUA

EVLUSI TEORI
MANAJEMEN

Perkembangan Teori-teori
Manajemen

- Historical Background
- Early Examples of Management
- Adam Smith
- Industrial Revolution

- Scientific Management
- General Administrative Theorists
- Quantitative Approach
- Organizational Behavior

- Early Advocates
- Hawthorne Studies
Latar Belakang Sejarah Manajemen

- Organizations Have Existed for Thousands of Years
  - testifies to the existence of early management practice
  - ability to create the Pyramids, Great Wall of China

- Significant Pre-Twentieth-Century Events
  - Wealth of Nations - Adam Smith
    - division of labor - breakdown of jobs into narrow and repetitive tasks increased productivity
  - Industrial Revolution
    - substitution of machine power for human power
    - large organizations required formal management

Scientific Management

- F.W. Taylor - Principles of Scientific Management
  - use of scientific methods to define the "one best way" for a job to be done
  - perspective of improving the productivity and efficiency of manual workers
  - applied the scientific method to shop floor jobs

- Frank and Lillian Gilbreth
  - use of motion pictures to study hand-and-body movements
  - microchronometer
  - therbligs - classification system for 17 basic hand motions
General Administrative Theorists

- Henri Fayol
  - concerned with making the overall organization more effective
  - developed theories of what constituted good management practice
    - proposed a universal set of management functions
    - published *principles of management*
      - fundamental, teachable rules of management

General Administrative Theorists (cont.)

- Max Weber
  - developed a theory of authority structures and relations
  - *Bureaucracy* - ideal type of organization
    - division of labor
    - clearly defined hierarchy
    - detailed rules and regulations
    - impersonal relationships
Quantitative Approach To Management

- Operations Research (Management Science)
  - use of quantitative techniques to improve decision making
    - applications of statistics
    - optimization models
    - computer simulations of management activities
  - *Linear programming* - improves resource allocation decisions
  - *Critical-path scheduling analysis* - improves work scheduling

Toward Understanding Organizational Behavior

- Organizational Behavior
  - study of the actions of people at work
  - early advocates
    - late 1800s and early 1900s
    - believed that people were the most important asset of the organization
    - ideas provided the basis for a variety of human resource management programs
      - employee selection
      - employee motivation
Organizational Behavior (cont.)

- Hawthorne Studies
  - started in 1924 at Western Electric Company
    - began with illumination studies
    - intensity of illumination not related to productivity
  - Elton Mayo - studies of job design
    - revealed the importance of social norms as determinants of individual work behavior
  - changed the dominant view that employees were no different from any other machines

Current Trends And Issues

- Globalization
  - all organizations are faced with the opportunities and challenges of operating in a global market
    - no longer constrained by national borders

- Workforce Diversity
  - heterogeneous workforce in terms of gender, race, ethnicity, and age
    - workforce is getting older
    - Asians and Hispanics are an increasingly large percentage of workforce
  - “melting pot” approach versus celebration of differences
Current Trends And Issues (cont.)

Entrepreneurship

- three important themes
  - **pursuit of opportunities** - capitalizing on environmental change to create value
  - **innovation** - introducing new approaches to satisfy unfulfilled market needs
  - **growth** - not content to remain small

- will continue to be important in all societies
- will influence profit and not-for-profit organizations

Current Trends And Issues (cont.)

Managing in an E-Business World

- **E-commerce** - any form of business exchange or transaction in which parties interact electronically
- **E-business** - comprehensive term describing the way an organization does its work by using electronic (Internet-based) linkages with key constituencies
  - may include e-commerce
  - three categories reflect different degrees of involvement in e-business
- **intranet** - an internal organizational communication system that uses Internet technology and is accessible only by organizational employees
Types of E-Commerce Transactions

- **Business-to-Business (B2B)**
  - All transactions between a company and its suppliers

- **Government-to-Business (G2B)**
  - All transactions between companies and government agencies

- **Business-to-Consumer (B2C)**
  - Electronic retailing

- **Consumer-to-Consumer (G2C)**
  - Electronic markets formed by Web-based auctions

Categories of E-Business Involvement

- **E-business-enhanced Organization**
  - E-business units within traditional organization

- **E-business-enabled Organization**
  - E-business tools and applications used within traditional organization

- **Organization’s entire work processes revolve around e-business model**
Current Trends And Issues (cont.)

- Need for Innovation and Flexibility
  - without a constant flow of new ideas, an organization is doomed to obsolescence or even worse
  - must be flexible to accommodate changing customers' needs, appearance of new competitors, and shifting employees from project to project

- Quality Management
  - Total Quality Management (TQM) - philosophy of management based on continual improvement and responding to customer needs and expectations
  - customer - refers to internal and external entities that interact with the organization’s product or service

Current Trends And Issues (cont.)

- Learning Organizations and Knowledge Management
  - learning organization - one that has developed the capacity to continuously learn, adapt, and change
  - create learning capabilities throughout the organization
    - understanding that knowledge is an important resource
  - knowledge management - involves cultivating a learning culture where organizational members systematically gather knowledge and share it with others in the organization so as to achieve better performance
  - managers must transform themselves from bosses to team leaders
    - learn to listen, motivate, coach, and nurture
EXHIBIT 2.9: LEARNING ORGANIZATION VERSUS TRADITIONAL ORGANIZATION

<table>
<thead>
<tr>
<th></th>
<th>Traditional Organization</th>
<th>Learning Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude toward change</td>
<td>If it's working, don't change it.</td>
<td>If you aren't changing, it won't be working for long.</td>
</tr>
<tr>
<td>Attitude toward new ideas</td>
<td>If it wasn't invented here, reject it.</td>
<td>If it was invented or reinvented here, reject it.</td>
</tr>
<tr>
<td>Who's responsible for innovation?</td>
<td>Traditional areas such as R&amp;D.</td>
<td>Everyone in organization</td>
</tr>
<tr>
<td>Main Fear</td>
<td>Making mistakes</td>
<td>Not learning, not adapting</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>Products and service</td>
<td>Ability to learn, knowledge and expertise</td>
</tr>
<tr>
<td>Manager's job</td>
<td>Control others</td>
<td>Enable others</td>
</tr>
</tbody>
</table>

Current Trends And Issues (cont.)

- **Workplace Spirituality**
  - "a recognition of an inner life that nourishes and is nourished by meaningful work that takes place in the context of community"
  - growing interest in spirituality at work by workers at all levels and in all areas of organizations
  - employees looking for meaning, purpose, and a sense of connectedness or community from their work and their workplace
  - uncertainty in business environment contributes to interest in workplace spirituality
PERTEMUAN KETIGA

BUDAYA ORGANISASI
DAN LINGKUNGAN
ORGANISASI

Parameters of Managerial Discretion

Organizational Culture  Managerial Discretion  Organization’s Environment
Budaya Organisasi

Apakah Budaya Organisasi?

- A system of shared meaning and beliefs held by organizational members that determines, in large degree, how they act

- Composite picture of organizational culture may be derived from seven dimensions

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Budaya Organisasi

Strong Versus Weak Cultures

- In strong cultures, the key values are deeply held and widely shared
- Strong cultures have greater influence on employees than do weak cultures
- Employees more committed to organizations with strong cultures
- Strong cultures are associated with high organizational performance
- Most organizations have moderate to strong cultures
Budaya Organisasi

Sumber Budaya
- usually reflects the vision or mission of the founder
  - founders project image of what the organization should be

Bagaimana Pegawai Mempelajari Budaya
- **Stories** - a narrative of significant events or people
- **Rituals** - repetitive sequences of activities
- **Material symbols** - essential in creating an organization’s personality.
- **Language** - identifies members of a culture

Budaya Organisasi

How Culture Affects Managers
- establishes appropriate managerial behavior
- constrains decision making in all management functions
  - **Planning** - degree of risk that plans should contain
    - how much environmental scanning is necessary
  - **Organizing** - degree of autonomy given to employees
    - degree of interdepartmental interaction
  - **Leading** - degree of concern for job satisfaction
    - what leadership styles are appropriate
  - **Controlling** - reliance on external or internal controls
    - what performance criteria to use
Lingkungan Eksternal

- Mendefinisikan Lingkungan Eksternal
  - External environment - forces and institutions outside the organization that may affect organizational performance
    - Specific environment - includes those constituencies that have a direct and immediate impact on managers' decisions and actions
      - directly relevant to goal achievement
      - is unique to each organization, including:
        - customers - absorb organization’s output
        - suppliers - provide material and equipment
        - competitors - influence of Internet
        - pressure groups - special-interest groups
Lingkungan

- External environment (cont.)
  - General environment - includes the broad conditions that may affect organizations
    - Economic conditions - interest rates, changes in disposable income, and stage of the business cycle
    - Legal conditions - federal, state, and local regulation
      - substantial expense entailed to meet regulations
      - limit choices available to organizations
    - Political conditions - general stability of country
      - attitudes of governmental officials toward business

- Sociocultural conditions - expectations of society
  - values, customs, and tastes
- Demographic conditions - trends in the physical characteristics of a population
  - e.g., “baby boomers” influential because of their numbers
  - e.g., “digital” or “net” generation - immersion and acceptance of computers
Lingkungan

- External environment (cont.)
  - General environment (cont.)
    - Technological conditions - most rapidly changing aspect of the general environment
      - changing the ways that organizations are structured
      - information is the basis of important competitive advantages
    - Global conditions - increasing number of global competitors and consumer markets
      - major factor affecting organizations

How the Environment Affects Managers

- Assessing environmental uncertainty - determined by:
  - degree of unpredictable change
  - dynamic - frequent change
  - stable - minimal change
  - environmental complexity
    - the number of components in the environment
    - amount of information available or required about those components
  - managers attempt to minimize uncertainty
EXHIBIT 3.7: ENVIRONMENTAL UNCERTAINTY MATRIX

<table>
<thead>
<tr>
<th>Degree of Complexity</th>
<th>Degree of Change</th>
<th>Stable</th>
<th>Dynamic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple</td>
<td>Stable</td>
<td>Cell 1</td>
<td>Cell 2</td>
</tr>
<tr>
<td></td>
<td>Stable and predictable environment</td>
<td>Few components in environment</td>
<td>Dynamic and unpredictable environment</td>
</tr>
<tr>
<td></td>
<td>Few components in environment</td>
<td>Components are somewhat similar and remain basically the same</td>
<td>Few components in environment</td>
</tr>
<tr>
<td></td>
<td>Stable and predictable environment</td>
<td>Minimal need for sophisticated knowledge of components</td>
<td>Dynamic and unpredictable environment</td>
</tr>
<tr>
<td></td>
<td>Many components in environment</td>
<td>Components are not similar to one another and remain basically the same</td>
<td>Many components in environment</td>
</tr>
<tr>
<td></td>
<td>Components are not similar to one another and remain basically the same</td>
<td>High need for sophisticated knowledge of components</td>
<td>Components are not similar to one another and are in continual process of change</td>
</tr>
</tbody>
</table>

Lingkungan

- Stakeholder Relationship Management
  - Who are stakeholders?
    - any constituencies that are affected by the organization’s decisions and actions
      - include internal and external groups
      - can influence the organization
Lingkungan

- Stakeholder Relationship Management (cont.)
  - Why is stakeholder relationship management important?
    - the more secure the relationship, the more influence managers will have over organizational outcomes
    - it’s the “right” thing to do

EXHIBIT 3.8: ORGANIZATIONAL STAKEHOLDERS
Stakeholder Relationship Management (cont.)

- How can these relationships be managed?
  - four steps
    - identify the stakeholders
    - determine real and potential concerns of each stakeholder group
    - determine whether stakeholder is critical
    - determine specific approach to manage the relationship
  - approach to a stakeholder group based on the importance of the group and the degree of environmental uncertainty

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Mengapa Organisasi menuju ke:

- Global Environment?
  - national borders have become increasingly irrelevant
  - has potential for dramatic expansion of organizations
  - presents numerous challenges for managers
Memahami Lingkungan Global

- Aliansi Perdagangan Regional
  - Persaingan global dipengaruhi oleh persetujuan perdagangan dan kerja sama regional
  - The European Union - created by Maastrict Treaty in 1992
    - a unified economic and trade entity
    - a single market without barriers to travel, employment, investment, and trade
    - Economic and Monetary Union (EMU)
      - Euro - common currency
      - assertion of economic power against U.S. and Japan
      - created one of the world’s richest markets
Memahami Lingkungan Global

- Aliansi Perdagangan Regional
  - Association of Southeast Asian Nations (ASEAN)
    - alliance of 10 Southeast Asian nations
    - created in one of the fastest growing economic regions in the world
    - could rival NAFTA and EU
How Organizations Go Global

- Three Stages
  - each stage requires more investment globally and entails more risk

- Stage I
  - nominal steps toward being a global business
    - exporting - making products and selling them overseas
    - importing - selling products at home that are made overseas
  - most organizations start doing business globally this way
  - involves minimal investment and minimal risk

How Organizations Go Global (cont.)

- Stage II
  - no physical presence of company employees outside the company’s home country
  - to handle sales, company may:
    - send domestic employees on regular overseas business trips
    - hire foreign agents or brokers
  - to handle manufacturing may contract with a foreign firm to produce the organization’s products
How Organizations Go Global (cont.)

- **Stage III**
  - most serious commitment to pursue global markets
  - licensing and franchising
    - both involve an organization giving another organization the right to use its brand name, technology, or product specifications
    - licensing primarily used in manufacturing
    - franchising primarily used in service operations

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How Organizations Go Global (cont.)

- **Stage III (cont.)**
  - **strategic alliances**
    - partnerships between an organization and a foreign company
    - both organizations share resources and knowledge
    - both organizations share risks and rewards
    - **joint venture** - partners agree to form a separate, independent organization for some business purpose
How Organizations Go Global (cont.)

Stage III (cont.)
- **foreign subsidiary**
  - involves direct investment in a foreign country
  - establish a separate and independent production facility or office
  - entails the greatest commitment of resources
  - poses the greatest amount of risk
In the new economy, companies are eagerly creating and promoting strategic alliances. What is the underlying cause of this insurrection in cooperation and coexistence? In the traditional economy, a company dominated an industry or market by selecting a core competency and drilling down and developing it. In the new economy, the pace is too fast and the competition to stellar to rely on one sole core competency. To succeed in the new economy, companies must be able to develop new core competencies on the fly as well as be able to maintain multiple competencies at any given time. Regardless of who the company is, how great its track record, or how talented its management team, it cannot meet these capability needs in isolation. There is neither time nor resources available to develop such capabilities in house. Rather companies are increasingly turning to complementors, competition, and any one else possible to fulfill their needs through strategic alliances.

This paper addresses the strategic focus of alliances. It will cover:

- Reasons for forming alliances
- Existing alliance business models
- Success factors
- Failure factors

**Reasons for Forming Alliances**

Alliances are generally created in lieu of acquisitions for the following reasons:

- Fosters growth faster than internal development and M&A
- Companies can focus on core competencies
- Creates cooperation and collaboration in economy
- Speed
- Mitigate risks

The traditional mechanism for growth was either internal development or acquisition. There are both advantages and disadvantages to both of these corporate development strategies. Both allow a company to enter new markets and offer new products, which will accelerate growth. However, internal development takes time and money to develop. Internal development poses a risk to the company due to the intense capital investment required to get to the point of rollout and production. Given the volatile and ever changing nature of the economy, the time and risk involved in creating competencies in house may be wasted by the time it reaches the market. Speed to market is perhaps the single most important factor in success in the new economy. There is zero value in being the second in line. To succeed in this accelerated economy, companies have to be both good and fast.

The second option is acquisition. Even though over half of all transactions fail to create shareholder value, corporate mergers and acquisitions are continually on the rise. Acquisitions generally fail because the deal involves acquiring the target's strengths as well as weaknesses. The terms of deals continue to grow in size and scope, often times requiring strict actions from the Federal Trade Commission. Mergers and acquisitions are especially risky in emerging and fast paced sectors such as technology and biotech. By the time the due diligence and governance work is completed on a potential deal, the reasons for
the merger may have passed or changed radically. In short, there may no longer be a strategic reason to finalize the transaction. This essentially wastes time and money because the company has overpaid for assets that it no longer needs.

The simplest solution to address these concerns is strategic alliances. An alliance can be defined as any formal arrangement between two or more entities for purposes of on going cooperation and mutual gain. Alliances are not a new business model created from the dawn of new technology and the Internet. In fact, alliances have been around for a long time. They have gained in popularity since the Reagan administration relaxed the enforcement of antitrust laws. By 2004, alliances will account for 16-25% of total market value. They will play an important role in the business architecture and product development initiatives of all corporate enterprises. The increased popularity of alliances is mainly attributed to their speed, flexibility and adjustability.

When to Use Strategic Alliances

<table>
<thead>
<tr>
<th>Market Development</th>
<th>Strategic Alliance</th>
<th>Merger/Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Uncertainty is High</strong></td>
<td>HR costs become semi-fixed</td>
<td>Ease of exit</td>
</tr>
<tr>
<td><strong>Cultural Differences are High</strong></td>
<td>Costly Slower NIH</td>
<td>Retain autonomy</td>
</tr>
</tbody>
</table>

Alliances grant partners extremely fast access to new customers, markets, resources, products, skills, and knowledge. Typically, development in house can take years and years to fine tune and develop to commercial grade. Alliances allow companies to completely sidestep these processes and go directly to the end result. They allow the players to focus on their core competencies...what they do best and have done best in the past. By aligning with others, they do not need to allocate limited resources to develop capabilities that are not at the core of the business strategy. They will simply partner with the company that also has the best in class capability that they are looking for. Together, the two partners will have access to two best in class capabilities without having to allocate their own internal resources.

Because the companies are free to concentrate on their core competency rather than attempting to duplicate others’, they are sometimes put in the situation of aligning with what would have been direct competition. In this sense alliances are fostering cooperation and collaboration leading to a network economy. A network economy is one in which companies focus on their core competencies and outsource peripheral activities to external service providers that are more skilled, efficient and effective at executing them. Simply put, the lines between competition, complementors, substitutes, suppliers and customers becomes increasingly blurred.
New Economy Business Architecture

Creating value through extraprise innovation

But the most important reason why alliances are formed is speed. Electronic commerce has compressed the cycle time of products, processes and lifecycles significantly. Therefore speed is the critical success factor.

Existing Alliance Business Models
Currently there is a wide range of business models based upon partnerships. The design of each business model should reflect the underlying strategy of the deal. Some examples of existing models are:

- Joint ventures
- Licensing agreements
- Minority equity investments
- Co marketing/branding/development agreements
- Consortia

**Joint ventures** combine the parents’ assets into a wholly new entity that has its own operations and functions. Benefits of JVs are efficient use of assets, infrastructure and strong corporate backing. However, JVs face similar challenges as mergers. Parent companies must finalize the deal quickly in order to not disrupt operational activities and destroy value. Integration is also a major concern as the parents are forming a completely new entity that will have to inherit the cultural and fiscal characteristics of two different entities.

**Licensing agreements** are arrangements in which one company agrees to provide its know-how and expertise to another company for payment. The consideration exchanged usually takes the form of royalties over a predetermined time period. For the partner licensing, it allows the brand to be disseminated more quickly. For the partner that is licensed to, it allows a sought after knowledge to be used to enhance current product or service offerings. SAP is a great example of a company that has used the licensing model to its benefit.

**Equity investments** require the purchase of a part of one company’s equity by another. The investing company then retains a significant level of ownership in the target, thereby having influence and control over its operations, policies and strategy.
Joint marketing partnerships allow one company to join with another in order to market, promote, brand, and distribute the products of one or both of the companies. There has been an increase in co marketing alliances in the Internet economy as traditional companies scramble to associate themselves with popular startups. At the same time, start-ups are able to receive the brand recognition that traditional companies have built over their many years of operation. The first such co marketing deal was the partnership between eToys and AOL for $3 million.

Consortia are arrangements in which multi company alliances are formed. Multi-partner arrangements are especially effective for setting standards in emerging markets. By banding together, companies are able to get support and buy in from all members.

Success Factors

Filling Capability Gaps
The underlying reason why some alliances work and the majority fail is the strategy that dictates their creation. Alliances that support core business strategy are more likely to succeed than those that do not. Similar to M&A decisions, alliance decisions must first begin with identification of the company’s strategic objectives. This can be achieved by first outlining what the current capabilities are, and then mapping them against future goals and operational objectives. The future objectives should be prioritized in order of importance to the long-term strategy of the company. Targets should be identified that can fulfill the competency gaps outlined by the mapping process.

There are several basic competencies that partners can assist with: Financial, Market, Learning, and Process:

Financial – These competencies relate to financial performing objectives such as access to capital, reduction of treasury costs or improving financial stability. This is often exemplified in alliances between large conglomerates with small early stage start-ups. The start-up receives the benefit of the corporate assets to cushion potential financial risks.

Market – Companies need to enter into new markets whether it is through new product development, new customer acquisitions or new geographies. Partners allow companies to move quickly into new markets by extending their existing reach.

Learning – The most valuable asset in most corporations is the intellectual capital that resides in its human resources. When Cisco makes acquisitions, its objective is to acquire the R&D that exists in the people, not simply the capital assets of the targets. Partnerships give companies access to the knowledge and expertise that differentiate the company from its competitors.

Process – Some companies are known for their best in class processes. These processes drive organization efficiencies that can translate into cost savings, scale, and standardization.

Alliance Management

Alliances must also be managed well in order to succeed. This includes assigning the right personnel to key management positions as well as ensuring that personnel continuity is maintained throughout the life of the alliance. Companies must strike the right balance between ad hoc alliance management and reliance upon select experts as needed. In our experience, we generally see clients employ the ad hoc approach to face challenges and develop solutions. This as-needed attitude offers little knowledge management and develops few if any best practices. On the other end of the spectrum is the sole expert approach, in which companies have designated experts who are called in as the leaders of the alliance negotiations and
executions. Although this affords a higher degree of institutionalized learning, it is not effective in transitioning and managing the alliance going forward. This approach involves experts only in the initial phases of the transaction and leaves operating personnel without adequate guidance and resources in the actual implementation phases. Additionally, in the event that the experts leave the organization, they take with them the know-how and expertise that the alliance has grown to rely upon.

**Flexible Agreements**

One of the primary advantages of strategic alliances is their flexibility. Partners have the option to continually redefine their relationship in order to maximize value. Therefore, a function of a well-managed alliance is continual adjustment of its objectives, abilities and limitations. Senior management should be continuously made aware of ongoing operations in order to gauge its success and develop future strategy.

Alliance performance should always be measured in relation to the operational success of member companies. If the alliance is successful while the parent companies are not, the terms of the alliance may need to be revised or the alliance should cease operation. Similarly, if the alliance is a failure, the reasons for its failure should be examined in order to determine if the alliance no longer supports the core strategy of the parents. By viewing the success of the alliance and the parents as a whole, alliance partners can devise optimal exit and restructuring options to increase the likelihood of alliance success.

The key to success is constant re-evaluation and a mutually agreed upon exit procedure. To avoid disastrous ends, companies should predefine exit strategies at the onset of the deal. Issues to address include valuation of the agreement, ownership and residual rights. Popular dissolution strategies include sale to third party, partner buy out, spin off, restructuring, and transition to a service provider relationship.

**Failure Factors**

Alliances generally fail because they are mismanaged, their objectives are poorly aligned and they are not understood.

Recently, alliance announcements seem to occur at high levels of frequency. Perhaps this is due to the changing nature of the economy, in which cooperation and collaboration are prominent. But perhaps it is also due to a lack of strategic planning and lowered selection criteria. Companies realize that announcements generate publicity and buzz. In fact, approximately 52% of large alliance announcements have caused the share price of the parent stock to move by more than one standard deviation of its normal movement.

Alliances serve a wide range of strategic objectives in today’s economy. Accordingly their governance, financial and operating structure should be tailored to fit these different needs. Alliances often fail because the infrastructure does not
support the underlying goals.

Because performance is more difficult to measure in alliances as compared to traditional mergers and acquisitions, managers often times let post integration evaluation slide. Alliance performance is indeed harder to benchmark as success is based on intangible criteria rather than sound financial performance measures. Alliance goals fluctuate often and are hard to define. Despite these challenges, successful alliance partners will overcome the hurdles. The key to measuring success in a partnership is to concentrate on a few core metrics that closely align with the basic strategy of the alliance. For example, companies can concentrate on speed, increased revenue, or staffing levels.

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PERTEMUAN KEEMPAT

PENGAMBILAN KEPUTUSAN:
ESSENSI DARI TUGAS MANAJER

Pengambilan Keputusan

- Keputusan
  - choices from two or more alternatives
  - all organizational members make decisions
- Proses Pengambilan Keputusan
  - a comprehensive, 8-step process
    - Step 1 – Identifikasi Masalah (problem)
      - problem: discrepancy between an existing and a desired state of affairs
      - must be such that it exerts pressure to act
      - manager is unlikely to characterize a situation as a problem unless s/he has resources necessary to act
The Decision-Making Process

<table>
<thead>
<tr>
<th>Problem Identification</th>
<th>Identification of Decision Criteria</th>
<th>Allocation of Weights to Criteria</th>
<th>Development of Alternatives</th>
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</thead>
<tbody>
<tr>
<td>“My salespeople need new computers”</td>
<td>Price</td>
<td>Reliability 10</td>
<td>Acer</td>
</tr>
<tr>
<td></td>
<td>Weight</td>
<td>Screen size 8</td>
<td>Compaq</td>
</tr>
<tr>
<td></td>
<td>Warranty</td>
<td>Weight 5</td>
<td>Gateway</td>
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<tr>
<td></td>
<td>Screen type</td>
<td>Price 4</td>
<td>HP</td>
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<td></td>
<td>Reliability</td>
<td>Screen type 3</td>
<td>Micromedia</td>
</tr>
<tr>
<td></td>
<td>Screen size</td>
<td></td>
<td>NEC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis of Alternatives</th>
<th>Selection of an Alternative</th>
<th>Implementation of an Alternative</th>
<th>Evaluation of Decision Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acer</td>
<td>Acer</td>
<td>Gateway</td>
<td></td>
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<tr>
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<td>Compaq</td>
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<td>Gateway</td>
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<tr>
<td>Micromedia</td>
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<tr>
<td>Toshiba</td>
<td>Toshiba</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepared by Ahmad Subagyo
Decision Making (cont.)

- Proses Pengambilan Keputusan
  - **Step 6 – Memilih Alternatif**
    - choosing the best alternative from among those considered
  - **Step 7 – Implementasi Alternatif**
    - *implementation* - conveying the decision to those affected by it and getting their commitment to it
    - participation in decision-making process inclines people to support the decision
    - decision may fail if it is not implemented properly
  - **Step 8 – Evaluasi Efektifitas Keputusan**
    - determine whether the problem is resolved

Decisions in the Management Functions

**Planning**
- What are the organization’s long-term objectives?
- What strategies will best achieve those objectives?
- What should the organization’s short-term objectives be?
- How difficult should individual goals be?

**Organizing**
- How many employees should I have report directly to me?
- How much centralization should there be in the organization?
- How should jobs be designed?
- When should the organization implement a different structure?

**Leading**
- How do I handle employees who appear to be low in motivation?
- What is the most effective leadership style in a given situation?
- How will a specific change affect worker productivity?
- When is the right time to stimulate conflict?

**Controlling**
- What activities in the organization need to be controlled?
- How should those activities be controlled?
- When is a performance deviation significant?
- What type of management information system should the organization have?
The Manager As Decision Maker

- Rational Decision Making
  - decisions are consistent, value-maximizing choices within specified constraints
  - managers assumed to make rational decisions
  - *Assumptions of Rationality* - decision maker would:
    - be objective and logical
    - carefully define a problem
    - have a clear and specific goal
    - select the alternative that maximizes the likelihood of achieving the goal
    - make decision in the firm’s best *economic* interests
  - managerial decision making seldom meets all the tests

Assumptions Of Rationality

- Single, well-defined goal is to be achieved
- Problem is clear and unambiguous
- Final choice will maximize payoff
- No time or cost constraints exist
- Preferences are constant and stable
- Preferences are clear
- All alternatives and consequences are known
The Manager As Decision Maker (cont.)

Bounded Rationality

- behave rationally within the parameters of a simplified decision-making process that is limited by an individual's ability to process information
- *satisfice* - accept solutions that are "good enough"
- *escalation of commitment* - increased commitment to a previous decision despite evidence that it may have been wrong
  - refusal to admit that the initial decision may have been flawed
What Is Intuition?

- Decisions based on experience
- Decisions based on feelings and emotions
- Decisions based on ethical values or culture
- Decisions based on subconscious mental processing
- Decisions based on skills, knowledge, or training

The Manager As Decision Maker (cont.)

- Bounded Rationality
  - behave rationally within the parameters of a simplified decision-making process that is limited by an individual’s ability to process information
  - satisfice - accept solutions that are “good enough”
  - escalation of commitment - increased commitment to a previous decision despite evidence that it may have been wrong
    - refusal to admit that the initial decision may have been flawed
The Manager As A Decision Maker

Types of Problems and Decisions

- **Well-Structured Problems** - straightforward, familiar, and easily defined
- **Programmed Decisions** - used to address structured problems
  - minimize the need for managers to use discretion
  - facilitate organizational efficiency
  - *procedure* - series of interrelated sequential steps used to respond to a structured problem
  - *rule* - explicit statement of what to do or not to do
  - *policy* - guidelines or parameters for decision making

Types of Problems and Decisions (cont.)

- **Poorly-Structured Problems** - new, unusual problems for which information is ambiguous or incomplete
- **Nonprogrammed Decisions** - used to address poorly-structured problems
  - produce a custom-made response
  - more frequent among higher-level managers
  - few decisions in the real world are either fully programmed or nonprogrammed
The Manager As A Decision Maker

- Decision-Making Conditions
  - **Certainty** - outcome of every alternative is known
    - idealistic rather than realistic
  - **Risk** - able to estimate the probability of outcomes stemming from each alternative
    - **expected value** - the conditional return from each possible outcome
      - multiply expected revenue from each outcome by the probability of each outcome
Expected Value for Revenues from the Addition of One Ski Lift

<table>
<thead>
<tr>
<th>Event</th>
<th>Expected Revenues</th>
<th>Probability</th>
<th>Value of Each Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy snowfall</td>
<td>$850,000</td>
<td>0.3</td>
<td>$255,000</td>
</tr>
<tr>
<td>Normal snowfall</td>
<td>725,000</td>
<td>0.5</td>
<td>362,500</td>
</tr>
<tr>
<td>Light snowfall</td>
<td>350,000</td>
<td>0.2</td>
<td>70,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$687,500</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Manager As A Decision Maker

- Decision-Making Conditions (cont.)
  - Uncertainty - not certain about outcomes and unable to estimate probabilities
    - Psychological orientation of decision maker
      - Maximax choice - optimistic
      - Maximizing the maximum possible payoff
      - Maximin choice - pessimistic
      - Maximizing the minimum possible payoff
      - Minimax - minimize the maximum "regret"
The Manager As A Decision Maker

Decision-Making Styles

two dimensions define the approach to decision making

- **way of thinking** - differs from rational to intuitive
- **tolerance for ambiguity** - differs from a need for consistency and order to the ability to process many thoughts simultaneously

define four decision-making styles

- **Directive** - fast, efficient, and logical
- **Analytic** - careful and able to adapt or cope with new situations
- **Conceptual** - able to find creative solutions
- **Behavioral** - seek acceptance of decisions

Decision-Making Styles

![Diagram showing the relationship between way of thinking, tolerance for ambiguity, and decision-making styles.](image_url)
Overview Of Managerial Decision Making

Decision-Making Process

Types of Problems and Decisions
- Well-structured
  - programmed
- Poorly structured
  - nonprogrammed

Decision-Making Conditions
- Certainty
- Risk
- Uncertainty

Decision-Making Approach
- Rationality
- Bounded Rationality
- Intuition

Decision
- Choose best alternative
  - maximizing
  - satisficing

Decision Maker Style
- Directive
- Analytic
- Conceptual
- Behavioral

Decision
- Implementing
- Evaluating
Apakah Perencanaan?

Perencanaan (Planning)

- involves defining the organization’s goals, establishing an overall strategy, and developing a comprehensive set of plans to integrate and coordinate organizational work

- informal planning - nothing is written down
  - little or no sharing of goals
  - general and lacking in continuity

- formal planning - written
  - defines specific goals
  - specific action programs exist to achieve goals
Mengapa Manajer Malakukan Perencanaan?

- Tujuan Perencanaan
  - planning is the primary management function that establishes the basis for all other management functions
  - planning establishes coordinated effort
  - planning reduces uncertainty
  - planning reduces overlapping and wasteful activities
  - planning establishes goals and standards used in controlling

Mengapa Manajer Malakukan Perencanaan?

- Planning and Performance
  - generally speaking, formal planning is associated with:
    - higher profits
    - higher return on assets
  - quality of the planning process and the appropriate implementation of the plans probably contribute more to high performance than does the extent of planning
  - external environment may undermine the effects of formal planning
  - planning/performance relationship is influenced by the planning time frame
Cara Manajer Melakukan Perencanaan?

- Peran Tujuan dan Rencana dalam Perencanaan

  - **goals** - desired outcomes
    - provide direction for all management decisions
    - represent the criteria against which actual work accomplishments can be measured
  
  - **plans** - outline how goals are going to be met
  
  - **Types of Goals**
    - all organizations have multiple objectives
    - no single measure can evaluate whether an organization is successful
    - **financial goals** - relate to financial performance
    - **strategic goals** - relate to other areas of performance

---

Cara Manajer Melakukan Perencanaan?

- Peran Tujuan dan Rencana dalam Perencanaan

  - **Types of Goals** (cont.)
    - **stated goals** - official statements of the organization’s goals
    - **real goals** - those goals that an organization actually pursues
## Types of Plans

<table>
<thead>
<tr>
<th>Breadth</th>
<th>Time Frame</th>
<th>Specificity</th>
<th>Frequency of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Long term</td>
<td>Directional</td>
<td>Single use</td>
</tr>
<tr>
<td>Operational</td>
<td>Short term</td>
<td>Specific</td>
<td>Standing</td>
</tr>
</tbody>
</table>

### Cara Manajer Melakukan Perencanaan?

Peran Tujuan dan Rencana dalam Perencanaan

#### Types of Plans

- **strategic plans** - apply to the entire organization
  - establish organization’s overall goals
  - seek to position the organization in terms of its environment
- **operational plans** - specify the details of how the overall goals are to be achieved
  - tend to cover short time periods
Cara Manajer Melakukan Perencanaan?

Peran Tujuan dan Rencana dalam Perencanaan

- Types of Plans (cont.)
  - long-term plans - time frame beyond three years
    - definition of long term has changed with increasingly uncertain organizational environments
  - short-term plans - cover one year or less
  - specific plans - clearly defined with little room for interpretation
    - required clarity and predictability often do not exist
  - directional plans - flexible plans that set out general guidelines
    - provide focus without limiting courses of action
Cara Manajer Melakukan Perencanaan?

- Penetapan Tujuan
- Approaches to Establishing Goals
  - traditional goal setting - overall goals established at the top of the organization
  - overall goals broken down into subgoals for each level of the organization
  - higher-level goals must be made more specific at lower levels
  - network of goals creates a means-ends chain
  - subgoals constrain subordinates' behavior
  - assumes that top managers know what is best for the organization
Cara Manajer Melakukan Perencanaan?

- Penetapan Tujuan
  - Approaches to Establishing Goals
    - management by objectives (MBO) - specific performance goals are jointly determined by employees and their managers
      - progress toward accomplishing these goals is periodically reviewed
      - rewards are allocated on the basis of this progress
    - MBO consists of four elements
      - goal specificity
      - participative decision making
      - explicit time period
      - performance feedback
Cara Manajer Melakukan Perencanaan?

- Penetapan Tujuan
  - Approaches to Establishing Goals (cont.)
    - management by objectives (cont.)
      - increases employee performance and organizational productivity
      - depends on support of top managers for MBO
      - problems with MBO
        - can be useless in times of dynamic change
        - overemphasis on personal rather than organizational goals
        - may be viewed simply as an annual exercise in paperwork

Cara Manajer Melakukan Perencanaan?

- Penetapan Tujuan
  - Characteristics of Well-Designed Goals
    - should be written in terms of outcomes
    - should be measurable and quantifiable
    - should be clear as to a time frame
    - should be challenging but attainable
    - should be written down
    - should be communicated to all organization members who need to know the goals
Cara Manajer Melakukan Perencanaan?

- Penetapan Tujuan
  - *Steps in Goal Setting*
    - 1 - Review the organization's mission
    - 2 - Evaluate available resources
    - 3 - Determine the goals individually or with input from others
      - should be congruent with the organizational mission and goals in other organizational areas
    - 4 - Write down the goals and communicate them to all who need to know them
    - 5 - Review results and whether goals are being met

Cara Manajer Melakukan Perencanaan?

- Pengembangan Rencana
  - *Contingency Factors in Planning*
    - level in the organization
      - operational planning dominates managers’ planning efforts at lower levels
      - strategic planning more characteristic of planning at higher levels
Planning In The Hierarchy Of Organizations

- Strategic Planning
- Operational Planning

- Top Executives
- Middle-Level Managers
- First-Level Managers
Business Plan Basics

What is a Business Plan? A business plan is a blueprint of your company, presented in standard business format that is logical and well documented. A good business plan is also:

- A strategic vision of your company
- Your most important communication tool
- A document to obtain working capital and/or investments
- A tool for planning, measuring and improving performance
- A basis for sound decision-making
- A way to motivate employees

Why is a Business Plan important? The success of your business depends largely upon the decisions you make. A business plan allocates resources and measures the results of your actions, helping you set realistic goals and make decisions.

You may have asked yourself, Why should I spend my time and energy drawing up a business plan? Remember, first and foremost that lack of planning leaves you poorly equipped to anticipate future decisions and actions you must make or take to run your business successfully. On the other hand, a sound plan can act as:

- A reality check. The process of putting a business plan together, including the thought you put in before you begin to write it, forces you to take an objective, critical, unemotional look at your business project in its entirety.

- A performance tool. Your written business plan is an operating tool which, when properly used, will help you manage your business and work effectively towards its success. Your business plan will allow you to set realistic goals and objectives for your company's performance, and, if maintained, will also provide a basis for evaluating and controlling the company's performance in the future.

- A message sender. The completed business plan communicates your company's ideas and message to employees, outside directors, lenders, and potential investors outside your company. A business plan helps you do that in an organized, credible manner. Also, the process of planning helps you determine if your vision is realistic, and tells you what you need to do in order to achieve it.

- A motivation tool. The development of your business plan is one of the best ways for you to communicate how well you understand your business and describe your vision of your business. Without proper planning, it becomes impossible for you to get all of your employees reading off the same page of the book and generating energy through high levels of teamwork. It is impossible to motivate people when they do not know where they are going or what they are trying to achieve.

- A management development tool. Putting together your business plan will help you develop as a manager because it can give you practice in thinking and figuring out problems about competitive conditions, promotional opportunities, and situations that are or may be beneficial or harmful to your business.

- A road map. Your business plan, once it is completed, will give you and your employees goals and direction: a roadmap to follow in guiding your business through good and bad times.
Three things a Business Plan must provide. More than anything else, a business plan must clearly communicate your ideas and plans. To accomplish this, a plan should include:

- **Evidence of focus.** What one thing (or several things) do you do exceptionally well?
- **Understanding of who your target customers are.** Define or list your target customers.
- **An appreciation of investor or lender needs.** What are some of the needs of the lender? Of an investor?

What Does An Effective Business Plan Look Like?

The following business plan sample was developed by a small business consultant who specializes in small business start-ups. The layout of this plan may be different than other business plans you have seen. However, it does include all of the critical elements that you will need when writing any business plan, regardless of the business's stage of growth. The only difference is the complexity of the information. As your company grows, there will be more information to include in your business plan.

The sample plan is divided into sections. Each section includes a list of important questions your reader will want to know along with an example. When writing your own business plan, be sure to include the answers to these questions along with any other information you think is important. (Review Business Plan Basics, General Business Planning, Preparing Your Business Plan, and Essential Elements of a Business Plan for more ideas and information.)

---

Sample - Table of Contents

Section One: **Executive Summary**

Section Two: **The Business**

A. Description of Business  
B. Product/Service  
C. Marketing Information  
D. Location of Business  
E. Competition  
F. Management  
G. Personnel  
H. Application and Expected Effect of Loan

Section Three: **Financial Data**

Section Four: **Supporting Documents**
Section One: Executive Summary

Executive Summary

The purpose of this section is to summarize the ideas you have developed in the preceding sections. This summary will help you make sure that the different parts of the analysis make sense, that they support each other logically and coherently, and that they will leave the reader with a concise convincing statement that the project and plan are feasible. Discuss the financing structure including the type of financing, collateral, term, rate and the repayment source.

Sample - Executive Summary

Section Finestkind Seafoods, Inc. is a fish market serving retail and wholesale markets in and around Anytown, ME. Mike Gosling and Mike Swan, the owners, are seeking $120,000 to purchase the 123 Main Street property, perform necessary renovations and improvements to the property, maintain a cash reserve and provide adequate working capital for anticipated expansion of the business. This amount will be sufficient to finance transition through a planned expansion phase so the business can operate as an ongoing, profitable venture.

Careful analysis of the potential market shows an unfilled demand for exceptionally fresh seafood. Mr. Gosling's local reputation will help secure a sizable portion of the wholesale market, while Mr. Swan's managerial experience assures that the entire operation will be carefully controlled. Mr. Gosling's current studies at University of Maine will provide even more control over the projected growth of Finestkind and complement the advice of a thoughtfully selected advisory board.

The funds sought will result in a greater increase in fixed assets than may be shown, as Mr. Gosling will be performing much additional renovation and improvements himself. The additional reserve and working capital will enable Finestkind to substantially increase their sales while maintaining profitability.

Section Two: The Business

A. Description of Business

1. Business for: proprietorship, partnership, or corporation?

2. Type of business: merchandising, manufacturing, or service?

3. What is the product and/or service?


5. Why will your business be profitable?

6. When is your business open?

7. Is it a seasonal business?
8. What have you learned about your kind of business from outside sources (trade suppliers, bankers, other business owners, publications)?

**Sample - Description of Business Section**

Finestkind Seafoods, Inc. is a fish market specializing in selling extremely fresh (no more than one day from the boat) seafood to local retail and wholesale customers. At present, about 60 percent of sales are retail. Finestkind plans to concentrate more heavily on the wholesale trade (restaurants and grocery chains) in the future. Although in the wholesale trade, profits are higher due to lower personnel costs and faster inventory turnover.

Finestkind began business in September 1985. The store is open seven days a week from 10:00 a.m. to 8:30 p.m. (6:00 p.m. in the winter) for retail business and from 6:30 a.m. to 8:30 p.m. year-round for wholesale. Retail demand is seasonal and fluctuates according to weather (the store is located on a tourist route).

The wholesale demand is constant and increasing. We feel that the latter can be improved by a more direct selling efforts. Our customers agree (see letters from Nightlife Clambake and Grandiose Supersets in the Appendix).

The quality of our seafood is exceptional, and since Mr. Swan is a former fisherman with many personal friends in the fishing industry, we do not anticipate trouble maintaining food relations with our suppliers. We have made a policy of paying premium prices in cash at dockside for the best, freshest seafood.

**B. Product / Service**

1. What are you selling?

2. What benefits are you selling?

3. Which products are rising stars? Which are steady cash cows? Which are in decline or investments in ego?

4. What is different about your goods and services?

**Sample - Product Service Section**

Finestkind provides premium quality seafoods to both wholesale and retail customers. Our goal is to provide the freshest seafood at competitive prices to customers within 25 miles of Anytown. We make promised deliveries on time and at the agreed upon price.

**C. The Market**

1. Who buys from you? Define your target markets.

2. Is your market share growing, steady, or declining?

3. Have you segmented your markets? How?

4. Are your markets large enough for expansion?
5. How will you attract, hold and increase your market share?

6. Are you planning to enter or leave any markets?

7. How do you price your products?

Sample - Market Section

Finestkind will continue to provide premium quality seafoods to both wholesale and retail customers. We plan to switch the balance from 60 percent retail/40 percent wholesale to 40 percent retail/60 percent wholesale as we grow. Retail business should grow over the next few years, but the most rapid growth will be in wholesale accounts. Our goal is to provide the freshest seafood at competitive prices to customers within 25 miles of Anytown. This market has a total population of over 100,000 people and potential of over 300 commercial wholesale accounts (see excerpt from Census Report in the appendix.).

Customers will be attracted by:

- Direct approach to restaurants, groceries and other wholesale prospects;
- A local radio and newspaper advertising campaign;
- Word-of-mouth advertising from our current customer base; and
- Our location on a heavily-traveled tourist route

D. Competition

1. Who are your nearest direct competitors?

2. Who are your indirect competitors?

Sample - Competition Section

There are three seafood operations competing directly with Finestkind.

- **Fred's Fish** - a scattered operation with one truck making the rounds and a small counter leased from a supermarket in Anytown. We have cut into their sales by making promised deliveries on time and at the agreed price. As a result, their operation has become marginal.

- **Kingfisher** - a clean, three-man operation in Rye specializing in cheaper fish. Kingfisher has trouble with their suppliers because they aren't willing to pay top dockside prices in cash -- the owner likes to haggle over price. The operation is well-financed and managed, has modern equipment, and sells directly to homes from a fleet of three trucks (very convenient). They have some wholesale business which they want to expand. Their sales are apparently growing because they have been serving the same route for five years and have an excellent reputation. Rumor has it that Kingfisher is interested in buying Fred's Fish or adding another delivery truck or two.

- **Job's Seafoods** -- currently rebuilding because of a disastrous fire but will be our most serious competitor when their new store opens. Job's has been in business for twenty-five years in Anytown and has a good location on a scenic bridge two miles out of Finestkind. Job's has good relations with suppliers and serves most of the supermarkets. Currently, they have no retail business but plan to open a retail store in their new building. However, the owner needs an eye operation and may be willing to part with some of his wholesale business since he is getting on in years. Indirect competition is from major processors in Portland (45 miles east) and Boston (60 miles south). Since we fall between their primary market areas
we can purchase from both on a consignment basis.

E. Location of Business

1. Where are you (or should you be) located?

2. Why is it a desirable area? A desirable building?

3. What kind of space do you need?

4. Are any demographic or other market shifts going on?

Sample - Location Section

Finestkind is currently leasing a one-story, wooden frame building with cement floor (2,000 square feet) at 123 Main Street, Anytown, ME for $550/month with an option (in writing) to buy for $105,000. The area is zoned for commercial use. Main Street is part of US Route 1, a heavily traveled tourist route with most nearby businesses catering to the tourist trade. Finestkind has performed major leasehold improvements, such as installing rough-sawned pine board walls and a walk-in freezer. The building is divided into (1) a sales/counter area (1,200 square feet); (2) a cutting area (100 square feet); (3) a multi-purpose area, including toilet with separate entry, storage space, and room for some expansion of the freezer and processing areas (700 square feet in all). See the diagram in the Appendix.

F. Management

1. How does your background/business experience help you in this business? For your own use, what weaknesses do you have and how will you compensate for them? What related work experience do you have?

2. Who is on the management team?

3. What are their strengths and weaknesses?

4. What are their duties?

5. Are these duties clearly defined? How?

6. What additional resources are available to your business?

Sample - Management Section

Mr. Gosling was born in Anytown, Maine and has lived there all his life. After graduating from local schools and serving in the US Navy for three years, he became a self-employed carpenter, taking night courses in small business management and sales at the University of Maine, with the aim of owning and managing a retail store. He currently serves on the local zoning board. He and his wife (a medical secretary) live in Anytown with their two children.

Mr. Swan was born in Wisconsin, attended schools in Utah, Alaska and Florida, and served four years in the
Marines (rank upon separation: E-3). He test-drove motorcycles for a year, then served as parts manager for Wheely Cycles, Inc. before joining the Fatback Fish Division of Tasty Foods as a packer in March 1983 in their East Machias, Maine, plant. In June 1985 he resigned as line foreman of the Frozen Food Filleting Department to join Mr. Gosling in Finestkind. He is unmarried and lives in Anytown.

Both men are healthy and energetic. They believe their energies complement each other and will help them make Finestkind a Success. In particular, Mr. Swan knows all of the fishermen while Mr. Gosling is a well-known member of the community. Since Mr. Swan has had experience in cost control and line management, he will be responsible for the store and inventory control. Mr. Gosling will be primarily responsible for developing the wholesale business. They will set policies together. Personnel decisions will be made jointly.

Salaries will be $950/month for the first year to enable the business to pay off startup costs. Mr. Gosling's wife earns enough to support their family. Mr. Swan's personal expenditures are low since he shares a house with five other men. In the second year they will earn $1200/month, in the third year $1500/month with any profits returned to the business.

In order to augment their skills, they have enlisted the help of Smith & Farly (CPA's), Mason Petrocelli (lawyer), and Halsey Johnson, a retired banker who will be on their advisory board. Other advisory board members are Andrew OlBangfo, business consultant and University of Maine's Venture Incubator Division. Each will provide ongoing management reviews.

G. Personnel

1. What are your current personnel needs?

2. What skills will your employees need in the near future? In five years?

3. What are your plans for hiring and training personnel?

Sample - Personnel Section

Finestkind will hire one part-time sales person within six months to sell seafoods over the counter to the retail customers. He or she will be paid $4.00/hour for weekend work; no fringe benefits or overtime are anticipated. We will also employ, on an as needed basis, one cutter at $6.75/hour to help process seafood for the wholesale trade. We think the counter help will be needed for 10 weeks during the summer and the cutter will be needed for about 20 hours/week for 16 weeks. (This should take care of the second summer as well. For the third year, we plan on two counter helpers plus a full-time summer cutter.) In the second year we'll add one full-time employee at $850/month, with a raise to $950/month in the third year.

No further employees are planned for unless business grows more rapidly than we have forecast.

H. Application and Expected Effect of Loan (Investments)

1. How will the loan (investment) make your business more profitable?

2. Should you buy or lease (equipment, your place of business, and so on)?
3. Do you need this money? Establish a procedure for making borrowing decisions, and plan your borrowing.

Sample - Application and Expected Effect of Loan or Investment

The $120,000 will be used as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Main Street Property</td>
<td>75,000</td>
</tr>
<tr>
<td>Equipment:</td>
<td></td>
</tr>
<tr>
<td>Used Ford pickup with insulated body</td>
<td>3,885</td>
</tr>
<tr>
<td>Dayton compressor (used, serial #45-cah-990)</td>
<td>365</td>
</tr>
<tr>
<td>Sharp slicer (used, Speedy model)</td>
<td>400</td>
</tr>
<tr>
<td>Renovations (see contractor’s letter in appendix)</td>
<td>12,500</td>
</tr>
<tr>
<td>Working capital</td>
<td>12,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,500</td>
</tr>
<tr>
<td>Cash reserve</td>
<td>14,350</td>
</tr>
<tr>
<td>Total:</td>
<td>$120,000</td>
</tr>
</tbody>
</table>

Finestkind can purchase the 123 Main Street property at a substantial savings under the terms of a lease/purchase agreement. An independent appraiser has calculated the value of the property, including leasehold improvements already done by Finestkind, at $135,000 (see appraisal in Appendix). The monthly payment for a 5-year mortgage ($75,000 at 11.5 percent interest) will be $875/month, a net increase of $325/month over the current rent. See the Financial Data section for the effect on the business.

The truck will be used to deliver merchandise to our wholesale customers, retard spoilage, and maintain the quality of the seafood.

The compressor will replace the one now used for the freezer, and will lower electrical costs and provide a measure of insurance against loss of refrigeration. (We'll keep the old compressor as a spare.)

The slicer will save four man-hours of work daily. The time released will be used for soliciting more business and processing a greater volume of whole fish. With the slicer, relatively untrained help can filet flounder with minimal waste.

The renovations are: a deep water well required by the state, a toilet and wash sink separate from the work area, and replacement of the current obsolete heating system, to reduce fuel expenses.

The working capital will enable Finestkind to meet current expenses, offset negative seasonal cash flow as shown in the Cash Flow Projection in the Financial Data section, and insure the continued growth of the business.

The inventory is to take advantage of bulk rates on certain fresh frozen packaged goods such as red snapper or South American spiny lobster.

The bank will hold the reserve as a line of credit. It will be used to take advantage of special opportunities or to meet emergencies.
Section Three: Financial Data

The three major financial documents for any business are the balance sheet, income statement and the statement of cash flow or cash flow projection. Of these, the statement of cash flow is the most important for your business plan since it will be the one which is looked at the closest by a lender.

If you're not already familiar with the term, "cash flow" is the actual movement of cash into and out of your business.

A "cash flow projection" is a forecast of the cash (checks or money orders) a business anticipates receiving and disbursing over the course of a given period of time - frequently a month. It is an essential tool when trying to anticipate the cash requirements of your business at any given time in the future (ie., end of the month).

For a new or growing business, a well-developed cash flow projection can make the difference between Success and failure. For an ongoing business, it can make the difference between growth and stagnation.

A Cash Flow Projection will:

1. Show you how much cash your business will need
2. Show you when it will be needed
3. Show you whether you should look for equity, debt, operating profits, or sale of fixed assets
4. Show you where the cash will come from

For more information on developing a statement of cash flow, balance sheet or income statement for your business plan, you will want to look in the Finance Directory.

Section Four: Supporting Documents

You will want to include any documents which lend support to statements you have made in the body of the business plan. Items included here will vary according to the needs and stages of development of your particular business. The following listing suggests some things which might be included:

1. Resumes: very important
2. Credit information
3. Quotes or estimates
4. Letters of Intent from prospective customers
5. Letters of Support from credible people who know you.
6. Leases or Buy/Sell Agreements
7. Legal Documents relevant to the business.
8. Census/Demographic data.

Finestkind does not expect to make much money for the first few years. This is no surprise for a business so thinly capitalized. Even if there were no debt at all, net profit would have been only $8,000 for the year, or less than 4 percent of sales.
Pentingnya Strategic Management

- Apakah Strategic Management?
  - A set of managerial decisions and actions that determines the long-run performance of an organization

- Tujuan Strategic Management
  - involved in many decisions that managers make
  - companies with formal strategic management systems have higher financial returns than companies with no such system
  - important in profit and not-for-profit organizations
Proses Strategic Management

1. Identifikasi Misi Organisasi, Objektif dan Strategi
   - **mission** - statement of the purpose of an organization
     - important in profit and not-for-profit organizations
     - important to identify the goals currently in place and the strategies currently being pursued
Components of a Mission

<table>
<thead>
<tr>
<th>Customers:</th>
<th>Who are the organization’s customers?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We believe our first responsibility is to the doctors, nurses, and patients, to mothers and all others who use our products and services. (Johnson &amp; Johnson)</td>
</tr>
<tr>
<td>Products or services:</td>
<td>What are the organization’s major products or services?</td>
</tr>
<tr>
<td></td>
<td>AMAX’s main products are molybdenum, coal, iron ore, copper, lead, zinc, petroleum and natural gas, potash, phosphates, nickel, tungsten, silver, gold, and magnesium. (AMAX)</td>
</tr>
<tr>
<td>Markets:</td>
<td>Where does the organization compete geographically?</td>
</tr>
<tr>
<td></td>
<td>Our emphasis is on North American markets, although global opportunities will be explored. (Blockway)</td>
</tr>
<tr>
<td>Technology:</td>
<td>How technologically current is the organization?</td>
</tr>
<tr>
<td></td>
<td>The common technology in these areas is discrete particle coatings. (Nashua)</td>
</tr>
<tr>
<td>Concern for survival, growth, and profitability:</td>
<td>Is the organization committed to growth and financial stability?</td>
</tr>
<tr>
<td></td>
<td>In this respect, the company will conduct its operations prudently, and will provide the profits and growth which will assure Hoover’s ultimate success. (Hoover’s Universal)</td>
</tr>
<tr>
<td>Philosophy:</td>
<td>What are the organization’s basic beliefs, values, aspirations, and ethical priorities?</td>
</tr>
<tr>
<td></td>
<td>It’s all part of the Mary Kay philosophy—a philosophy based on the golden rule. A spirit of sharing and caring where people give cheerfully of their time, knowledge, and experience. (Mary Kay Cosmetics)</td>
</tr>
<tr>
<td>Self-concept:</td>
<td>What is the organization’s major competitive advantage and core competencies?</td>
</tr>
<tr>
<td></td>
<td>Crown Zellerbach is committed to leapfrogging competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of its employees. (Crown Zellerbach)</td>
</tr>
<tr>
<td>Concern for public image:</td>
<td>How responsive is the organization to societal and environmental concerns?</td>
</tr>
<tr>
<td></td>
<td>To share the world’s obligation for the protection of the environment. (Dow Chemical)</td>
</tr>
<tr>
<td>Concern for employees:</td>
<td>Does the organization consider employees a valuable asset?</td>
</tr>
<tr>
<td></td>
<td>Bama seeks people who want to learn and contribute in a team environment. We provide a safe work environment, operate as an equal opportunity employer, focus on employee development and retention, develop mutual respect and trust for each other and support promotion from within. We value the voice of each employee. (The Bama Companies)</td>
</tr>
</tbody>
</table>

Proses Strategic Management

2. Analisis Lingkungan
   - successful strategies are aligned with the environment
   - examine both the specific and general environments to determine what trends and changes are occurring

3. Identifikasi Peluang dan Ancaman
   - opportunities - positive trends in the external environment
   - threats - negative trends in the external environment
Proses Strategic Management

4. Analisa Sumber Daya (resources) dan Kapabilitas Organisasi
- examine the inside of the organization
- available resources and capabilities always constrain the organization in some way
- core competence - a unique and exceptional capability or resource
  - the organization’s major value-creating, competitive weapon

5. Identifikasi Kekuatan dan Kelemahan
- strengths - activities the organization does well or any unique resource
- weaknesses - activities the organization does not do well or resources it needs but does not possess
- organization’s culture has its strengths and weaknesses
  - strong culture - new employees easily identify the organization’s core competencies
    - may serve as a barrier to accepting change
  - influence managers’ preferences for certain strategies
- SWOT analysis - analysis of the organization’s strengths, weaknesses, opportunities, and threats
Identifying the Organization’s Opportunities

- **Organization’s Resources/Abilities**
- **Organization’s Opportunities**
- **Opportunities in the Environment**

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**Proses Strategic Management**

6. **Formulasi Strategi**
   - require strategies at the corporate, business, and functional levels of the organization
   - strategy formulation follows the decision-making process

7. **Implementasi Strategi**
   - a strategy is only as good as its implementation

8. **Evaluasi Hasil**
   - control process to determine the effectiveness of a strategy
Levels of Organizational Strategy

Corporate Level
- Multibusiness Corporation

Business Level
- Strategic Business Unit 1
- Strategic Business Unit 2
- Strategic Business Unit 3

Functional Level
- Research and Development
- Manufacturing
- Marketing
- Human Resources
- Finance

SWOT Analysis And Grand Strategies

Valuable Strengths
- Corporate Growth Strategies
- Corporate Stability Strategies

Firm Status
- Corporate Stability Strategies
- Corporate Retrenchment Strategies

Critical Weaknesses
- Abundant Environmental Opportunities
- Critical Environmental Threats

Environmental Status
Tipe-tipe Strategi Organisasi

- **Corporate-Level Strategy (cont.)**
  - *Corporate Portfolio Analysis* - used when corporate strategy involves a number of business
  - *Boston Consulting Group (BCG) matrix* - provides a framework for understanding diverse businesses
    - helps managers establish priorities for making resource allocation decisions
    - businesses classified in terms of:
      - market share
      - anticipated market growth

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The BCG Matrix

<table>
<thead>
<tr>
<th>Market Share</th>
<th>Anticipated Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

- **Stars**
- **Cash Cows**
- **Question Marks**
- **Dogs**
Tipe-tipe Strategi Organisasi

- Corporate-Level Strategy (cont.)
  - **BCG matrix** (cont.)
    - strategic implications of the matrix
      - *cash cows* - “milk”
        - use cash to invest in stars and question marks
      - *stars* - require heavy investment
        - eventually will become cash cows
      - *question marks* - two strategies
        - invest to transform them into stars
        - divest
      - *dogs* - sold off or liquidated

Forces In The Industry Analysis

- **New Entrants**
- **Suppliers**
- **Buyers**
- **Substitutes**

Industry Competitors

Current Rivalry

Threat of New Entrants

Bargaining Power or Suppliers

Bargaining Power or Buyers

Threat of Substitutes
Forecasting the Future - Strategic Management Thinking

To be effective as a leader, you must develop skills in strategic thinking. Strategic thinking is a process whereby you learn how to make your business vision a reality by developing your abilities in teamwork, problem solving, and critical thinking. It is also a tool to help you confront change, plan for and make transitions, and envision new possibilities and opportunities.

Strategic thinking is like making a movie. Every movie has a context (or story) which it uses to get you to experience a certain outcome (an emotion, in this case) at the end of the movie. Strategic thinking is much the same in that it requires you to envision what you want your ideal outcome to be for your business and then works backwards by focusing on the story of HOW you will be able to reach your vision.

As you develop a strategic vision for your business, there are five different criteria that you should focus on. These five criteria will help you define your ideal outcome. In addition, they will help you set up and develop the steps necessary to make your business vision a reality.

The following is a list of the five criteria of the strategic thinking process:

- **Organization.** The organization of your business involves the people you will have working for you, the organizational structure of your business, and the resources necessary to make it all work. What will your organization look like? What type of structure will support your vision? How will you combine people, resources, and structure together to achieve your ideal outcome?

- **Observation.** When you are looking down at the world from an airplane, you can see much more than when you are on the ground. Strategic thinking is much the same in that it allows you to see things from "higher up." By increasing your powers of observation, you will begin to become more aware of what motivates people, how to solve problems more effectively, and how to distinguish between alternatives.

- **Views.** Views are simply different ways of thinking about something. In strategic thinking, there are four viewpoints to take into consideration when forming your business strategy: the environmental view; the marketplace view; the project view; and the measurement view. Views can be used as tools to help you think about outcomes, identify critical elements and adjust your actions to achieve your ideal position.

- **Driving Forces.** What are the driving forces that will make your ideal outcome a reality? What is your company’s vision and mission? Driving forces usually lay the foundation for what you want people to focus on in your business (i.e., what you will use to motivate others to perform). Examples of driving forces might include: individual and organizational incentives; empowerment and alignment; qualitative factors such as a defined vision, values, and goals; productive factors like a mission or function; quantitative factors such as results or experience; and others such as commitment, coherent action, effectiveness, productivity, and value.

- **Ideal Position.** After working through the first four phases of the strategic thinking process, you should be able to define your ideal position. Your ideal position outline should include: the conditions you have found to be necessary if your business is to be productive; the niche in the marketplace that your business will fill; any opportunities that may exist either currently or in the future for your business; the core competencies or skills required in your business; and the strategies and tactics you will use to pull it all together.

By working through these five areas, you will begin to get a clearer picture of exactly how your business vision can be accomplished. As your vision becomes more focused, your ideas will
appear stronger and more credible. Not only will it be easier to convince others that your idea is a good one, but it will also be easier to maintain your own conviction and motivation when you reach any pitfalls or obstacles in the road.

Overall, you can apply strategic thinking skills to any area of your life. But by making a concerted effort to apply them specifically to your business venture, you will have a much better chance of bringing your vision to life. And isn't that what you want?

For more information on strategic thinking and business planning, check out our Business Plan section.
Definisi Struktur Organisasi

- organizing - the process of creating an organization’s structure
- organizational structure - the formal framework by which job tasks are divided, grouped, and coordinated
- organizational design - process of developing or changing an organization’s structure
  - process involves six key elements
Definisi Struktur Organisasi

- **Work Specialization**
  - the degree to which tasks in an organization are divided into separate jobs
  - individuals specialize in doing part of an activity rather than the entire activity
  - too much specialization has created human diseconomies
  - an important organizing mechanism, though not a source of ever-increasing productivity

- **Departmentalization**
  - the basis by which jobs are grouped together
  - *functional* - groups jobs by functions performed
  - *product* - groups jobs by product line
  - *geographical* - groups jobs on the basis of territory or geography
  - *process* - groups jobs on the basis of product or customer flow
  - *customer* - groups jobs on the basis of common customers
Functional Departmentalization

Manager, Engineering
Manager, Accounting
Manager, Manufacturing
Manager, Human Resources
Manager, Purchasing

Product Departmentalization

Bombardier, Ltd.
Manager, Retail Accounts
Recreational and Utility Vehicles Sector
Rail Products Sector

Mass Transit Division
Bombardier-Rotax (Vienna)

Recreational Products Division
Logistic Equipment Division
Industrial Equipment Division
Bombardier-Rotax (Gunskirchen)
Geographical Departmentalization

Vice President for Sales

- Sales Director, Western Region
- Sales Director, Southern Region
- Sales Director, MIDwestern Region
- Sales Director, Eastern Region

Process Departmentalization

Plant Superintendent

- Sawing Department Manager
- Planing and Milling Department Manager
- Assembling Department Manager
- Lacquering and Sanding Department Manager
- Finishing Department Manager

Inspection and Shipping Department Manager
Definisi Struktur Organisasi

- Chain of Command (cont.)
  - continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom
    - authority - the rights inherent in a managerial position to tell people what to do and to expect them to do it
    - responsibility - the obligation to perform any assigned duties
    - unity of command - a person should report to only one manager
  - these concepts are less relevant today due to information technology and employee empowerment

- Span of Control
  - number of employees that a manager can efficiently and effectively manage
  - determines the number of levels and managers in an organization
  - the wider the span, the more efficient the organization
  - appropriate span influenced by:
    - the skills and abilities of employees
    - the complexity of tasks performed
    - availability of standardized procedures
    - sophistication of organization’s information system
Definisi Struktur Organisasi

- **Formalization**
  - the degree to which jobs within the organization are standardized
  - standardization - removes the need for employees to consider alternatives
  - extent to which employee behavior is guided by rules and procedures
    - employee allowed minimal discretion in highly formalized jobs
      - explicit job descriptions
      - clearly defined procedures
Common Organizational Designs

**Traditional Organizational Designs**
- *Simple Structure* - low departmentalization, wide spans of control, authority centralized in a single person, and little formalization
  - commonly used by small businesses
  - as organizations increase in size, the structure tends to become more specialized and formalized
- *Functional Structure* - groups similar or related occupational specialties together

Common Organizational Designs (cont.)

**Traditional Organizational Designs (cont.)**
- *Divisional Structure* - composed of separate divisions
  - each division has relatively limited autonomy
  - parent corporation acts as an external overseer to coordinate and control the divisions
    - provides support services
Common Organizational Designs

- **Contemporary Organizational Designs**
  - Team-Based Structures - entire organization is made up of work teams
  - employee empowerment is crucial
  - teams responsible for all work activity and performance
  - complements functional or divisional structures in large organizations
    - allows efficiency of a bureaucracy
    - provides flexibility of teams

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Common Organizational Designs (cont.)

- **Contemporary Organizational Designs (cont.)**
  - **Matrix Structure** - assigns specialists from different functional departments to work on projects led by project managers
    - adds vertical dimension to the traditional horizontal functional departments
    - creates a *dual chain of command*
      - violates unity of command
      - project managers have authority in areas relative to the project’s goals
      - functional managers retain authority over human resource decisions (e.g., promotions)
Common Organizational Designs  
(cont.)
- Contemporary Organizational Designs (cont.)
  - Learning Organization - an organizational mind-set rather than a specific organizational design
  - all members take an active role in identifying and resolving work-related issues
  - practice knowledge management by continually acquiring and sharing new knowledge
  - empowered teams are important
  - leadership creates a shared vision for the future
  - organizational culture provides sense of community

Characteristics Of A Learning Organization

Organizational Design
- Boundaryless
- Teams
- Empowerment

Organizational Culture
- Strong Mutual Relationships
- Sense of Community
- Caring
- Trust

The Learning Organization

Information Sharing
- Open
- Timely
- Accurate

Leadership
- Shared Vision
- Collaboration
LEADERSHIP

Leadership

■ Leader
  ■ someone who can influence others and who has managerial authority
    ■ all managers should ideally be leaders
    ■ not all leaders have the ability to be an effective manager

■ Leadership
  ■ process of influencing a group toward the achievement of goals
  ■ a heavily researched topic
Early Leadership Theories

- Trait Theories
  - leader traits - characteristics that might be used to differentiate leaders from nonleaders
  - proved to be impossible to identify a set of traits that would always differentiate leaders from nonleaders

- Behavioral Theories
  - knowing what effective leaders do would provide the basis for training leaders
  - University of Iowa Studies - Kurt Lewin
    - explored three leadership styles
      - autocratic
      - democratic
      - laissez-faire
    - results were mixed with respect to performance
      - satisfaction higher with democratic leader
Early Leadership Theories (cont.)

Behavioral Theories (cont.)
- \textit{Ohio State Studies} - identified two dimensions of leadership
  - \textit{initiating structure} - extent to which a leader was likely to define and structure her/his role and the roles of group members to seek goal attainment
  - \textit{consideration} - extent to which a leader had job relationships characterized by mutual trust and respect for group members' ideas and feelings
  - findings - high-high leaders achieved high group task performance and satisfaction
  - however, high-high was not always effective

- \textit{University of Michigan Studies} - identified two dimensions of leadership
  - \textit{employee oriented} - emphasized interpersonal relationships
    - accepts individual differences among subordinates
    - associated with high group productivity
  - \textit{production oriented} - emphasized the technical or task aspects of the job
    - concerned with accomplishing the group’s tasks
    - associated with low group productivity and low job satisfaction
Early Leadership Theories (cont.)

Behavioral Theories (cont.)

- Managerial Grid - two-dimensional grid that provides a framework for conceptualizing leadership style
  - dimensions are concern for people and concern for production
  - five management styles described
    - impoverished (1,1) - minimum effort to reach goals and sustain organization membership
    - task (9,1) - arrange operations to be efficient with minimum human involvement
    - middle-of-the-road (5,5) - adequate performance by balancing work and human concerns
    - country club (1,9) - attention to human needs and creation of comfortable work environment
    - team (9,9) - committed people motivated by a common purpose, trust, and mutual respect
  - concluded that managers should use (9,9) style
    - little empirical evidence to support this conclusion
    - no rationale for what made a manager an effective leader
Contingency Theories Of Leadership

Basic Assumptions
- leader effectiveness depends on the situation
- must isolate situational conditions or contingencies

Fiedler Model
- effective group performance depends on matching the leader’s style and the degree to which the situation permits the leader to control and influence
- Least-Preferred Coworker (LPC) - measures the leader’s style of interacting with subordinates
  - high LPC - least preferred coworker described in relatively favorable terms
  - leader is relationship oriented
  - low LPC - least preferred coworker described in relatively unfavorable terms
  - leader is task oriented
Contingency Theories (cont.)

- Fiedler Model (cont.)
  - model assumes that leader’s style was always the same and could not change in different situations
  - three contingency factors that identify eight possible leadership situations that vary in favorability
    - leader-member relations
    - task structure
    - position power

- Hersey and Blanchard’s Situational Leadership Theory
  - appropriate leadership style is contingent on the followers’ readiness
    - readiness - extent to which people have the ability and willingness to accomplish a specific task
  - reflects the reality that it is followers who accept or reject the leader
  - based on two leadership dimensions
    - task behaviors
    - relationship behaviors
Contingency Theories (cont.)

- Situational Leadership Theory (cont.)
  - four leadership styles defined by the two dimensions
    - Telling - leader defines roles and tells people how to do their jobs
    - Selling - leader is both directive and supportive
    - Participating - leader and follower make decisions
    - Delegating - leader provides little direction or support
  - tests of the theory have yielded disappointing results

Contingency Theories (cont.)

- Leader-Participation Model
  - Victor Vroom and associates - relate leadership behavior and participation to decision making
  - provides a sequential set of rules to follow in determining the form and amount of participation in decision making
    - rule selection determined by the situation
  - provides an excellent guide to help managers choose an appropriate leadership style to fit the situation
Contingency Theories (cont.)

- Leader Participation Model (cont.) - 5 Leadership Styles
  - **Decide** - leader makes decision alone, either announcing or selling to group
  - **Consult Individually** - leader makes decision after obtaining feedback from group members individually
  - **Consult Group** - leader makes decision after obtaining feedback from group members in meeting
  - **Facilitate** - leader, acting as facilitator, defines problem and boundaries for decision-making after presenting it to group
  - **Delegate** - leader permits group to make decision within prescribed limits

Contingency Theories (cont.)

- **Path-Goal Model (cont.)**
  - two classes of contingency variables
    - **environment** - outside the control of the follower
    - **personal** - characteristics of the follower
  - leader behavior will be ineffective when:
    - it is redundant with sources of environmental structure
    - it is incongruent with follower characteristics
  - most evidence supports the logic underlying the model
Cutting-Edge Approaches To Leadership

■ Transformational-Transactional Leadership

○ *transactional* - leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements

○ *transformational* - inspire followers to transcend their own self-interests for the good of the organization
  - capable of having profound effect on followers
  - pay attention to concerns of followers
  - change followers' awareness of issues
  - excite and inspire followers to put forth extra effort
  - built on top of transactional leadership
  - good evidence of superiority of this type of leadership

■ Charismatic-Visionary Leadership

○ *charismatic* - enthusiastic, self-confident leader whose personality and actions influence people
  - can articulate a vision for which s/he is willing to take risks
  - sensitive to environmental constraints and follower needs
  - exhibit behaviors that are out of the ordinary
  - charismatic leadership correlated with high job performance and satisfaction among followers
  - individuals can be trained to exhibit charismatic behaviors
Cutting-Edge Approaches (cont.)

Charismatic-Visionary Leadership (cont.)

- **visionary** - ability to create and articulate a realistic, credible, and attractive vision that improves the present situation
  - presents a clear and compelling imagery that inspires enthusiasm to pursue the organization’s goals
  - people must believe that the vision is attainable
  - visionary leader has the ability to:
    - explain the vision to others
    - express the vision verbally and behaviorally
    - apply the vision to different leadership contexts

Team Leadership

- role of team leader different from the traditional leadership role
- requires skills such as:
  - patience to share information
  - ability to trust others and give up authority
  - understanding when to intervene
- team leader’s job focuses on:
  - managing the team’s external boundary
  - facilitating the team process
Specific Team Leadership Roles

- Coach
- Troubleshooter
- Conflict manager
- Liaison with external constituencies

Contemporary Issues In Leadership

- Leaders and Power
  - five sources of power
    - legitimate
    - coercive
    - reward
    - expert
    - referent
Contemporary Issues In Leadership (cont.)

- Creating a Culture of Trust
  - **credibility** - honesty, competence, and ability to inspire
  - **trust** - belief in the integrity, character, and ability of the leader

Building Trust

- Practice openness
- Demonstrate competence
- Maintain confidences
- Fulfill your promises
- Show consistency
- Tell the truth
- Speak your feelings
- Be fair
Leading vs. Managing -- They're Two Different Animals

Are you a manager or a leader? Although you may hear these two terms thrown out interchangeably, they are in fact two very different animals complete with different personalities and world views. By learning whether you are more of a leader or more of a manager, you will gain the insight and self-confidence that comes with knowing more about yourself. The result is greater impact and effectiveness when dealing with others and running your business.

We are going to take a look at the different personality styles of managers versus leaders, the attitudes each have toward goals, their basic conceptions of what work entails, their relationships with others, and their sense of self (or self-identity) and how it develops. Last of all, we will examine leadership development and discover what criteria is necessary for leaders to reach their full potential.

First of all, let’s take a look at the difference in personality styles between a manager and a leader.

Managers - emphasize rationality and control; are problem-solvers (focusing on goals, resources, organization structures, or people); often ask question, “What problems have to be solved, and what are the best ways to achieve results so that people will continue to contribute to this organization?”; are persistent, tough-minded, hard working, intelligent, analytical, tolerant and have goodwill toward others.

Leaders - are perceived as brilliant, but sometimes lonely; achieve control of themselves before they try to control others; can visualize a purpose and generate value in work; are imaginative, passionate, non-conforming risk-takers.

Managers and leaders have very different attitudes toward goals.

Managers - adopt impersonal, almost passive, attitudes toward goals; decide upon goals based on necessity instead of desire and are therefore deeply tied to their organization’s culture; tend to be reactive since they focus on current information.

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PERTEMUAN SEMBILAN

UNDERSTANDING GROUPS AND TEAMS

Memahami Perilaku Group

- Group
  - two or more interacting and interdependent individuals who come together to achieve particular goals
    - formal groups - established by the organization
      - have designated work assignments and specific tasks
      - different types exist
    - informal groups - occur naturally in the workplace in response to the need for social contact
Memahami Perilaku Group

- Stages of Group Development
  - **forming** - people join the group either because of a work assignment or for some other benefit
    - begin to define the group’s purpose, structure, and leadership
    - stage marked by much uncertainty
  - **storming** - acceptance of the group’s existence
    - conflict over who will control the group
  - **norming** - relationships and a sense of group identity develop
    - group assimilates a common set of expectations of what defines correct member behavior
  - **performing** - group structure is functional and accepted
    - group energy has moved to task performance
  - **adjourning** - group prepares to disband
    - attention devoted to wrapping up activities
- The group does not necessarily become more effective as it moves through the first four stages
- Group effectiveness is a complex issue that is affected by factors other than developmental stage

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Stages Of Group Development

- Prestage
- Stage I: Forming
- Stage II: Storming
- Stage III: Norming
- Stage IV: Performing
- Stage V: Adjourning
Memahami Perilaku Group

Basic Group Concepts

- **Role** - set of expected behavior patterns attributed to someone who occupies a given position in a social unit
  - group members have particular roles
    - roles oriented towards task accomplishment or maintaining group member satisfaction
  - individuals play multiple roles
    - *role conflict* - individual confronted by different role expectations

- **Status** - a prestige grading, position, or rank in a group
  - may be conferred informally based on personal characteristics
  - may be formally conferred

- **Group Size** - effect on behavior of group depends upon the type of outcome
  - large groups - good for getting diverse input
  - small groups - good at making use of information
  - dispersion of responsibility in large groups leads to *free rider tendency*

- **Norms** - acceptable standards or expectations that are shared by the group’s members
  - each group has:
    - its own unique set of norms
    - common norms related to levels of effort and performance
    - exert powerful influence on performance

- **Conformity** - acceptance by group makes some members susceptible to conformity pressures
  - group norms push members toward conformity
  - results in alignment of opinions
Memahami Perilaku Group

Basic Group Concepts (cont.)

- Group Cohesiveness - degree to which members are attracted to a group and share the group's goals
  - relationship between cohesiveness and group effectiveness depends upon the alignment of group and organizational goals

- Conflict Management
  - conflict - perceived incompatible differences resulting in some form of interference or opposition
    - differences may be real or not
  - traditional view - conflict must be avoided
  - human relations view - conflict is a natural and inevitable outcome in any group
    - conflict need not be negative
    - conflict has the potential to be a positive force for performance

- Group Cohesiveness - degree to which members are attracted to a group and share the group's goals

- Conflict Management (cont.)
  - interactionist view - some conflict is absolutely necessary
    - functional conflict - supports the goals of the work group and improves its performance
    - dysfunctional conflict - prevents group from achieving its goals
Group Decision Making

Advantages of Groups in Comparison with Individuals
• Provide more complete information
• Generate more alternatives
• Increase acceptance of a solution
• Increase legitimacy

Disadvantages of Groups in Comparison with Individuals
• Time consuming
• Minority domination
• Pressures to conform
• Ambiguous responsibility

Conflict-Resolution Techniques

- Forcing: Resolving conflicts by satisfying one's own needs at the expense of another’s
- Collaborating: Resolving conflicts by seeking an advantageous solution for all parties
- Compromising: Resolving conflicts by giving up something of value
- Avoiding: Withdrawing from or suppressing them
- Accommodating: Resolving conflicts by placing another's needs and concerns above your own
- Uncooperative: Uncooperative
- Cooperative: Cooperative
Memahami Perilaku Group

Basic Group Concepts (cont.)

- Effectiveness and Efficiency of Group Decisions
  - Effectiveness depends on criteria of success
  - Size of group affects effectiveness
    - Groups of 5-7 are the most effective
    - Odd number of members helps avoid deadlocks
  - Techniques for Improving Group Decision Making
    - Steps must be taken to avoid groupthink
      - Groupthink - conformity marked by withholding different or unpopular views in order to give the appearance of agreement

Group Versus Individual Decision Making

<table>
<thead>
<tr>
<th>Criteria of Effectiveness</th>
<th>Groups</th>
<th>Individuals</th>
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<tbody>
<tr>
<td>Accuracy</td>
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<td>Speed</td>
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<td>Degree of acceptance</td>
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<td>Efficiency</td>
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Turning Groups Into Effective Teams

- What is a Team?
  - Work team - formal group made up of interdependent individuals who are responsible for the attainment of a goal
  - Work teams are popular in organizations
Why Are Work Teams Popular?

Why Use Teams?
- Creates esprit de corps
- Increases performance
- Takes advantage of workforce diversity
- Allows managers to do more strategic Management
- Increases flexibility
- Increases performance

Turning Groups Into Effective Teams (cont.)

- Types of Teams
  - teams differ in terms of membership
    - functional teams - composed of a manager and her/his employees from one functional area
      - issues of authority, decision making, and leadership are relatively simple and clear
      - attempt to solve problems in specific functional area
    - cross-functional teams - members come different from functional areas
      - hybrid grouping of individuals who are experts in various specialties
Characteristics of Effective Teams

- Clear Goals
- Relevant Skills
- Mutual Trust
- Unified Commitment
- Good Communication
- Negotiating Skills
- Appropriate Leadership
- Internal Support
- External Support

15-24
Developing/Managing Effective Teams (cont.)

- Managing Teams
  - **Planning** - goal determination
    - members understand and accept the team’s goals
  - **Organizing** - clarify authority and structural issues
    - support in the organization’s culture for employee involvement and autonomy
    - must resolve issues of leadership, tasks to be performed, and assignment of tasks
Developing/Managing Effective Teams (cont.)

- Managing Teams (cont.)
  - **Leading** - determine the role that leader will play
    - deal with human dynamics of the team
  - **Controlling** - performance criteria must reflect teamwork behaviors
    - reward system must reflect team efforts and performance