

# Management, The Process

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## Introduction

In recent years a lot of attention has been given to business process management (BPM). I've been toiling in the area for over three decades, and I've written over 1000 pages on the subject. The core process of BPM is management, which is discussed in detail in this paper. Hopefully the precision in definitions and illustrations contained herein will help bring more understanding of management and its place in the study and application of BPM.

A goal of management is to provide desired results effectively and efficiently. This is done through the use of *resources* in specific *applications* or *contexts*. In each situation, there are five management activities in play:

- Planning – identifying and deciding what to do and how to do it. Planning activities provide goals and expectations.
- Implementing – consisting of the following three sub-activities.
- Arranging – deciding on the proper organization and relationship of resources and processes to achieve the desired results or outcomes most efficiently and effectively, i.e., the plan objectives.
- Sourcing – locating and getting all the resources and processes needed to achieve the goals.
- Orchestrating – directing, coordinating, synchronizing, and symphonizing resources in changing and dynamic environments.
- Control – measuring and monitoring actual performance, comparing it to expectations, evaluating differences, and providing direction for adjusting arranging, sourcing, and orchestrating activities or changes to the plan.

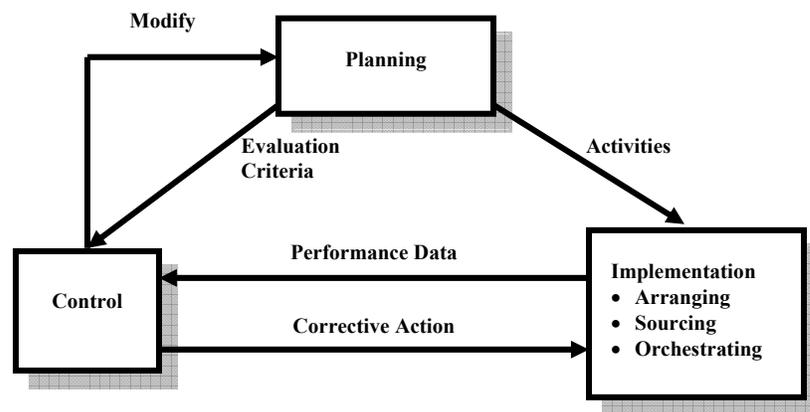


Figure 1. The 5 Primary Management Activities and Their Relationships

In every case the five primary management activities are applied to *resources* in an *application* or *context*.

My understanding of management was significantly advanced by reading a paper I stumbled upon while attending a business conference in Athens in 2003. The paper, *Management and Leadership for 21<sup>st</sup> Century Leaders*, is by Michael Klimesh. He is currently at Gustavus Adolphus College in St. Peter MN. I focus on what he said about management rather than leadership. Peter Drucker didn't admire *leadership* per se, remarking once, "The three greatest leaders of the 20th Century were Hitler, Stalin and Mao. If that's leadership, I want no part of it." What you find in this paper is an articulation of what management is that is strongly influenced by Klimesh.

The differences in the sets of *resources* applied and the *applications* or *contexts* in which they are

applied make kinds or forms of management different from one another. And so, marketing management is different from production management because it uses a different set of resources than production management and applies them in a different context. There are many different kinds of management, including people management, time management, financial management, information management, asset management, sales management, outsourcing management, energy management, leisure management, risk management, administrative management, systems management, and more

Having a plan is crucial to management. The other four activities are not possible without a plan. Klimesh says, "Having a plan says there are expectations, targets, standards, or desires. Monitoring and measuring performance yields information about what is actually happening." It tells us the degree to which expectations, targets, standards, or desires are being met or unmet. This is the basis for the *control* activity. The differences are analyzed and evaluated to determine the root causes of un-met expectations, and decisions are made about what to do about the situation.

As indicated by the graphic, there are two potential courses of action:

1. Make changes to the
  - *Arranging*,
  - *Sourcing*, and/or
  - *Orchestrating* and/or
2. Modify the *plan*.

Changes to the arranging might involve making changes to processes, which may not be as appropriate as thought earlier. In other words, the processes as well as the activities need to be managed.

### A 3-Dimensional View of Management

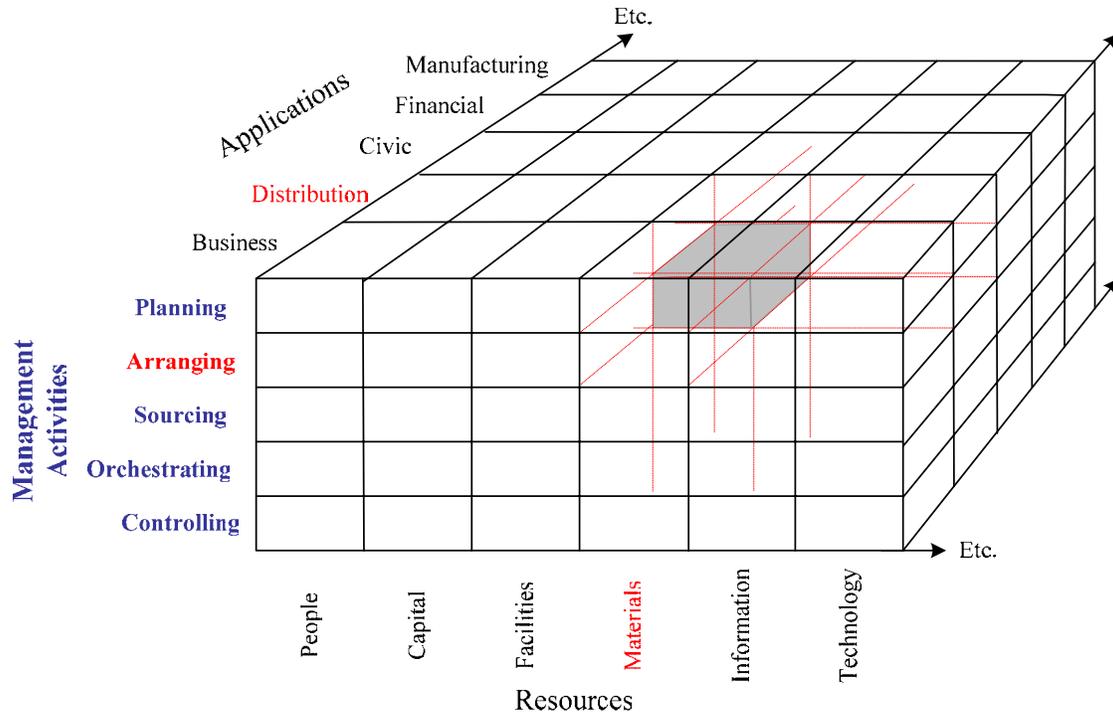
The 3-dimensional graphic (from the Klimesh paper), shown below, illustrates that management *activities* are applied to *resources* in a *context*. The small cube below represents one of the cubes that could be in the interior of the graphic – *arranging facilities* for a new *distribution* center.

### Resources

The answer to the question, "What is managed?" is "Resources are managed." Resources have qualitative and quantitative values. Resources include people, money or capital, machines, facilities, materials, energy, information, time, proximity, intellectual property, technology, and a whole lot more.

### Applications or Contexts

The number of application contexts is almost limitless. Here are a few: business, personal, domestic, civic, leisure, technical, manufacturing, marketing, sales, distribution, medical, and promotion. You can get very specific about the contexts; for example, *Michael's* restaurant, instead of business, or the *New York Police Department*, instead of civic.



**Figure 2. Arranging Materials for a New Distribution Center**

The use of “etc.” suggests that the lists of application and resources can be expanded as appropriate to each situation. The number of applications contexts and resources are limited only by the circumstances and the needs of the situation.

### Management is Exercised in a Context

Here are some dimensions of the context in which management is exercised:

- Situational
- Commitment
- Communication
- Teamwork
- Responsibility/accountability
- Authority

Situational has to do with circumstances of time, place, culture, (beliefs, ethics, practices, traditions), politics, society, and economics.

What is the situational and circumstantial context in which a campus restaurant is managed? Included in the answer are its location, hours of operation that depend on when students are on campus, a tie-in with the cafeteria program, whether or not alcohol is allowed, faculty discounts, the department that has responsibility for the restaurant, how it relates to other departments, and much more.

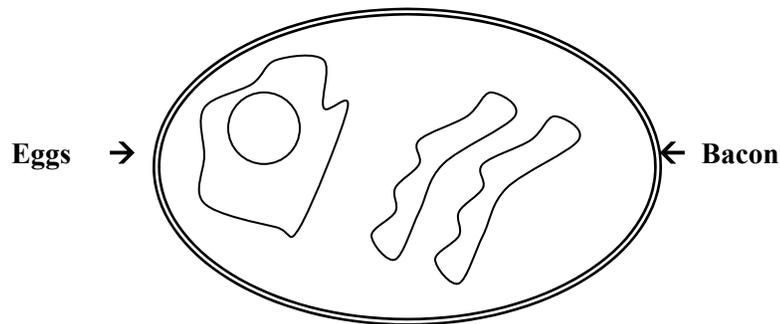
Management is exercised at many levels. A department is managed within a division, and the division becomes part of the context of the department’s management. Departments interact with other departments at the same level, and those other departments become part of the context.

Commitment is the personal motivation and attitude of devotion to the needs and goals to be achieved. It is fostered and nurtured by the environment. Commitment has personal, organizational, and environmental dimensions:

- Compensation and other rewards are essential to motivation.
- A positive environment contributes to motivation.
- Motivated people contribute to a positive motivational environment.
- Committed people are proud of what they are and what they do.

We can all give examples of people with commitment – Mother Theresa, a US Marine, most top athletes who must be committed to fitness, practice, strategy, and concentration, etc.

Commitment is much more than involvement, as illustrated by the typical American breakfast.



**Figure 3. The chicken was involved, the pig was committed.**

Communication is the process of conveying and making meaning understood through information, instructions, illustrations, body language, and so on. It is a two-way street. Listening, receiving, and understanding the meaning are crucial. It is also multi-directional – going up and down and sideways. One-way, unilateral communication is not a part of effective management. The goal is to get the right information and understanding to the right people by the most appropriate channels at the right time, and in the right formats. Without such communication, much time is wasted and productivity damaged when people don't know what they can expect, when they can expect it, and from whom they should expect it. Communication cannot be effective without trust.

Sales management effectiveness is dependent upon communication between salespeople and their managers and among members of a sales team. Coaching is a form of communication found in the better sales organizations.

Teamwork is co-operation among members of a group. A group is not a team; it is an assembly of people that come together. We are all aware of the importance of teamwork in sports and the consequences of ineffective teamwork. If we think about it, we can also easily be convinced of the importance of teamwork in a management situation. Team members cannot work together without communication. Communication is through instruction and responses. Teamwork is the action. Without good communication, teamwork fails.

Responsibility is being accountable, trustworthy, and rational. People are vested with responsibility. Without people accepting responsibility at all levels, the management effort lacks direction, and there is no court of last resort. Responsibility means being accountable and answerable for an outcome. It is assumed or assigned in organizations and can exist by virtue of position (Joe is responsible for editing). Unless the person is given the authority to exercise decision-making, the notion of responsibility is meaningless.

Authority is the right and/or obligation to determine, direct, judge, decide, and/or enforce. Authority must be granted and exercised for responsibilities to be performed. Responsibility belongs to the person to whom it is vested. Authority, the power to act, can be delegated or passed to another, but responsibility/accountability cannot.

## A Definition of Management

The foregoing is a buildup to the following definition of management presented by Klimesh.

*Management is*

- *A situational system and processes*
- *Relying on and fostering commitment*
- *With sound communication and teamwork*
- *Based on assigned and accepted responsibility and exercised authority*
- *To achieve goals*
- *Using resources effectively and efficiently*
- *Through planning, arranging, sourcing, orchestrating, and control*
- *To achieve results*
- *Through proper decision-making*

[Klimesh states that if at least these 19 underlined elements are not present in significant and deliberate measure whatever is happening is not management.]

If strategic leadership is developing the over-all big picture and direction, management is implementing and maintaining the strategic direction.

Definitions of some of the terms used above are

- *System = interconnection of elements and processes forming a complex whole*
- *Goals = the end results and expectations that are desired*
- *Effectiveness = did the actual performance satisfy objective of expending resources?*
- *Efficient(ly) = with the best practical relationship of inputs to outputs*
- *Result = those outcomes that are achieved*
- *Decision making = the process of selecting from alternatives*

The point is that management is a system and processes working in an environment.

## Decision Making

Management is a decision-making activity. Here is a process model for making decisions that I have used in my classes for years:



These are steps to making **non-routine** decisions, where a more formal approach is appropriate. Routine decisions are usually made based on experience and judgment.

This type of *decision-making* is simply defined as *the process* of selecting from alternatives. It exists whenever

- management is confronted with two or more courses of action to reach an objective, and
- uncertainty exists re the best course of action

Step **D1** – *Recognize a decision situation* – is almost self-explanatory. You recognize that you are confronted with a decision that will require some analysis and evaluation of alternatives.

For example, suppose your performance measures reveal that you have a product that isn't "cutting the mustard" – i.e., it is not meeting its revenue or profit goals.

Or you might have to decide whether or not to buy a time-share, or you may want to decide whether or not to go to graduate school.

In **D2**, *defining the decision problem or opportunity*, there are two components:

1. Understanding the objectives surrounding the decision situation
2. Statement of problems or opportunities present.

E.g., in the product not meeting expectations case, objectives might be

- To minimize losses
- Maintain customer satisfaction
- Protect the firm's reputation in the industry.

Decision makers are responsible for ensuring that the *decision* objectives are specified and problems and opportunities are clearly identified.

Problems could be from

- performance falling "out of tolerance"
- ineffective marketing program
- changes in situational factors (assumptions not being met)

Once a problem or opportunity is recognized, the main issues and causal factors need to be identified.

There are two components to defining the decision problems or opportunities:

1. Analyses of existing information, such as
  - win/loss reports
  - analysis of potential causes of the problem:
    - being sold into the wrong markets
    - wrong features vs. the competition
    - poor positioning.

A problem might be that market share is being lost, or there could be an opportunity to retain maintenance revenue

2. Employ *exploratory research* to help search for the causes of problems.

**Exploratory research** is the process of discussing a business problem with informed sources such as industry analysts, consultants, customers, and channel partners, and examining secondary sources of data.

This could involve purchase of buyer intention data from a research company. It could also involve conducting focus groups.

The decision can be no better than the best alternative under consideration. So in **D3** we identify alternative courses of action.

Some alternatives for the problem of a product not meeting expectations are

- Keep the product and
  - add or change features
  - change the target market
  - change positioning
  - etc.
- Drop the product by
  - selling it to another company
  - dropping it "cold turkey"

- phase it out over time

Exploratory research may help to identify innovative courses of action.

**D4, Analyze Alternatives**, is the point in the decision-making process where conclusive research is often employed to reduce uncertainty.

Conclusive research includes surveys, focus groups, observations, etc.

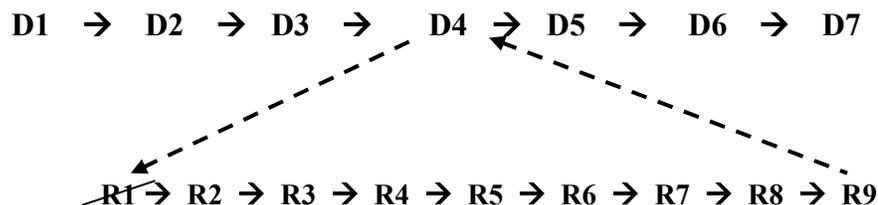
Here is a list of the steps in the conclusive research process that I have found very useful over the years:

- R1. Establish need for information
- R2. Specify research objectives & info needs
- R3. Specify the research design & sources of data
- R4. Develop data collection procedures
- R5. Design the sample
- R6. Collect the data
- R7. Process the data
- R8. Analyze the data.
- R9. Present research results

I recommend this over the process presented in many textbooks. It is more intuitive and contains more steps.

We won't go through the steps here, in order to keep focus on management as a process. The effectiveness of the conclusive research process depends upon

- anticipation of all of the steps and
- recognition of their interdependencies



This graphic shows how the conclusive research process is the vehicle for evaluating alternative courses of action.

**R1** is crossed out because the first three steps in the decision-making process will have established the need for the information.

Once the research results are submitted to the decision makers, a course of action is selected. This is done in step **D5**.

**D6, Implement Solution**, is where the solution is activated, acceptance is gained, and identification of what could go wrong is identified.

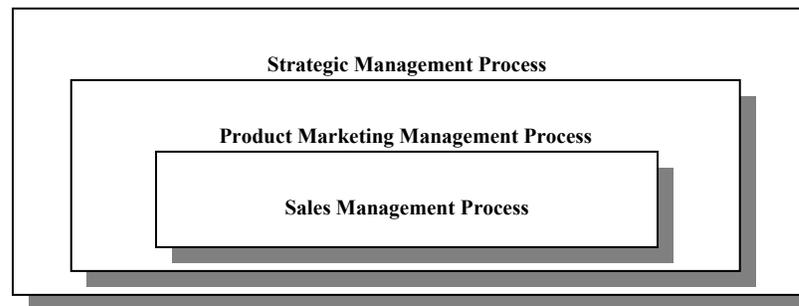
**D7, Control**, is where managers stay in touch with the implementation and adjust performance or expectations as necessary. Often *performance monitoring research* is used to monitor the effectiveness of the course of action. It is a useful element to control implementation in accordance with plans.

## Processes

A *process* is a series of actions, changes, or functions bringing about a result. It consists of the steps between inputs and outputs. Processes require systemization. The elements of processes and systems are measurable and therefore controllable and changeable and improvable. This is an important point about processes.

A process consists of logically related activities or tasks and is aimed at achieving a certain result. If processes were not in evidence people would not be able to achieve desired results consistently.

Processes and systems are essential to the definition of management. Following processes is part of what management is all about. Without processes, management activities would be random and would not work together as a whole. But for true effectiveness, management processes must themselves be managed. Hence, we have the term, process management. Processes need constant tweaking. One of the benefits of having a documented, structured process is that it makes it easier to improve and to tailor them to different situations.



**Figure 4. Management Processes are Nested**

Figure 4 shows three business management processes. Notice the *nesting* of management processes; i.e., the sales management process is part of the (larger) product marketing management process, which in turn is a part of the (larger) strategic management processes. The figure could go on to deeper levels. For example, processes within the sales management process include the lead management process, opportunity management process, territory management process, account management process, and others, as illustrated in Figure A below.

The *nesting* shown in the above figure implies a strong integration among strategic, marketing, and sales management processes. It is important that the integration among strategic, marketing, and sales processes be seamless.

What is clear to me is that all management processes within a company are interrelated and inseparable. They all affect one another and function like a wheel. Assuming that the wheel is traveling in the right direction (strategy), if one discipline in the company is stronger or weaker than the others there is an imbalance in the execution of strategy (tactics) and the company never achieves its full potential.

**All management processes within a company are interrelated and inseparable.**

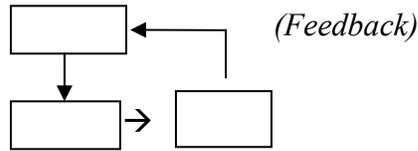
For example, if marketing has correctly defined the market and the products, but sales fails to execute, engineering fails to design the products on time and within budget, or manufacturing fails to deliver a quality product at reasonable costs, then the company cannot succeed.

Figure 5 shows the set of sales management processes that are the components of an overall





- Flow is shown from left to right and top to bottom unless a *feedback loop* is intended



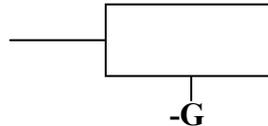
- Primary input lines enter the function block from the left side.
- Primary output or "GO" line exits are from the right.
- "NO GO" lines are from the bottom of the box.

#### GO-NO GO Paths

- The symbols **G** and **-G** are used to indicate GO or NO GO paths
- The symbols indicate alternative paths based on the success or failure of the function.
- GO flow indicates direction of flow if positive action is taken as a result of a functional decision or if the function is accomplished within system tolerance.



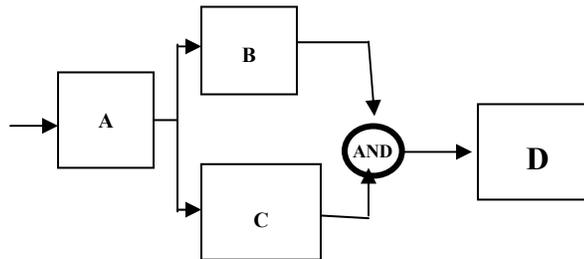
- NO GO flow indicates direction of flow if negative action is taken as a result of a functional decision or if the function is outside system tolerance.



- Whenever a GO flow notation is used, it implies a NO GO condition is possible or visa-versa. There must always be a set of **G** and **-G** flows

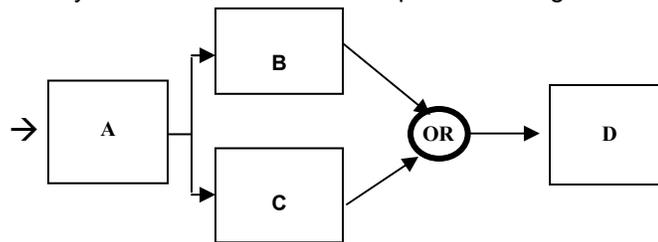
#### Summing Gates

- A circle  is used to depict a summing gate.
- A summing gate indicates the convergence or divergence of parallel or alternative functional paths and is annotated with the terms AND or OR
- AND indicates that parallel functions leading into the gate must be accomplished before proceeding to the next function



Parallel functions **B** and **C** are performed after the completion of function **A**. Function **D** cannot be performed until functions **B** and **C** have been completed.

- OR indicates that any one of several alternative paths converge to the OR gate.



Two alternative functions **B** and **C** are shown. Function **D** may be performed if either **B** or **C** has been completed.

#### Advantages of the FFBD Approach

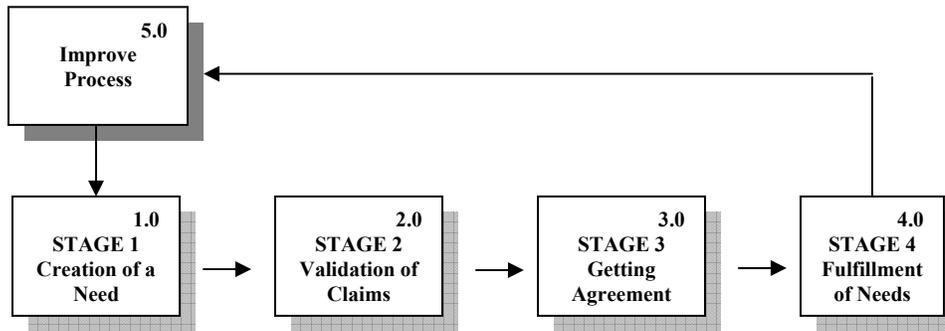
- It encourages and facilitates communication among operational managers, project managers, project workers, and users. It is easier to structure dialog and keep it from straying off course when you relate the discussions to a graphic of this type.
- Users appreciate the systemization of their functions and are encouraged that they can increase the analysts' or project workers' understanding so easily.
- It adds to the comprehensiveness of the analysis. Once functions are related, as indicated, at each level, the analyst or project worker and users can examine the diagram and usually identify functions that should be there because of the relationships that should exist.
- Functional analysis of any function or functional level is facilitated because they can be related in a larger context.
- Functions are easily related to goals.
- Alternative methods of performing a function or task at any level are easily identified.
- A functional flow block diagram acts as a common denominator for comparison with existing (or other) systems.

#### Creating Functional Flow Block Diagrams

A functional analysis utilizing the functional flow block diagramming technique usually proceeds as in the following paragraphs. In hopes that the material will be more understandable to the reader, I am relating my application of the technique to the development of a sales cycle management process for the sales of a complex product.

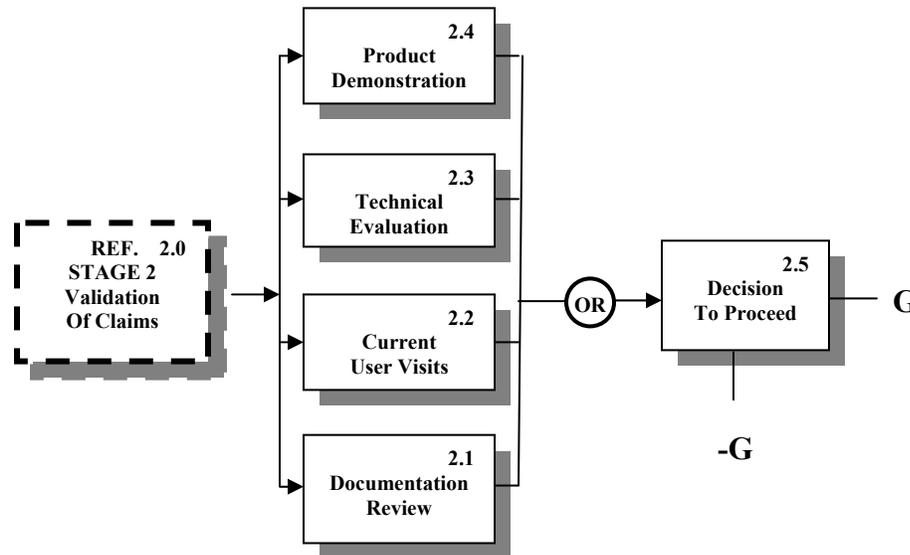
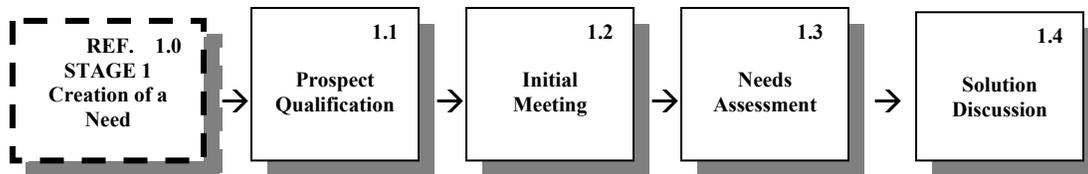
The process for selling a complex product, one where a solution is involved, often proceeds through 4 *stages*. The identities and relationships among the stages are represented by a top-level functional flow.

**TOP LEVEL**



**FIRST LEVEL**

Here are first level flows for two of the stages.



Note that the first level flow for Stage 1, *Creation of a Need*, is in a sequence that ends with a discussion with the prospect of solutions to needs identified during the *Needs Assessment* step.

Stage 2, *Validation of Claims*, exists because often prospects want access to information about the selling organization, its products and services, and its customers so they can verify what it has been told by salespeople about the offering. There is no natural sequence for this stage and so the first level flow shows the steps in parallel.

Since a prospect may not choose to do all of the steps listed, an (OR) gate is used. Also, since it is possible that the prospect may choose not to proceed with consideration of the offering after going through one or more of the steps, GO-NO GO paths are indicated. Second level flows for each of the first level steps exist and are covered in my self-published book. *Integrated Sales*

*Management: Description and Use.*

As a summary, here is a procedure for using Functional Flow Block Diagramming for defining management processes.

1. Divide the overall management process into phases or stages as I have done in the above example. The top level of an FFBD should fulfill this step.
2. Create first level flows.
3. If necessary, create lower level flows for each block in the first level flow. Define “products” or “deliverables” from each lower level block.
4. Identify specific work steps to create the deliverables. Reiterate.
5. Group work steps into tasks, if they already aren’t at a task level.
6. Define logical relationships among deliverables and tasks. That is, indicate which steps have to be done in a given sequence and which tasks can be done in parallel. Reiterate

The creation of lower level flows give evidence of the “nesting” of business management processes and helps to recognize the vertical relationships among the processes. We must also seek to identify and describe horizontal relationships with other processes at the same level.

Finally, recognize that management processes must themselves be managed and changed or updated when necessary. **You should not let your organization be a fixed system of rules and processes based on what worked in the past.**

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