

LESSON 3

Management Theory: Historic Ways of Looking at Work

Many students of management are surprised to learn how recently the study of management began--less than 100 years ago. The modern "science" of management developed around three important concepts: the task, organizational design, and worker behavior.

Frederick Taylor, founder of the Scientific Management movement in the late 1800s, was the first to see work in terms of specific *tasks*: What is the job at hand and what is the best way to perform it? Before Taylor, business owners simply added more people when there was more work, instead of analyzing the specific tasks that needed to be done.

Taylor developed his ideas about tasks as a way to increase productivity. He believed that managers should identify each task, decide on the best method to perform it, and then hire workers specifically to perform that task. Newer management approaches accept Taylor's thinking but suggest that workers should be involved in the design of work procedures and systems.

Henri Fayol, working in the early 20th century, pointed out the importance of organizational design--the way that work is divided among different departments of an organization. He also introduced the concept of *staff* in organizations, people whose jobs were not production but purely management. Formerly, an owner supervised all workers directly or through line supervisors; the owner performed management functions like hiring and accounting. Fayol suggested that staff could serve as "advisers" to owners.

Elton Mayo and other researchers studied organizational behavior--the way workers react to their work and to each other. The effects of social pressures on worker satisfaction and productivity and human relations issues are examples of organizational behavior issues.

Although Taylor, Fayol, and Mayo performed their studies in and for industrial organizations, hospitality industry leaders like E.M. Statler and the Stouffer brothers quickly saw their value for the hospitality industry. Statler and the Stouffers wanted to offer high-quality hospitality services to the American middle class.

Statler's ideas developed in the early 1900s, as his Buffalo-based hotel chain grew. By introducing efficiency techniques, he was able to offer near-luxury rooms at a modest price. The Statler chain was the first organization in the hospitality industry to build a centralized corporate staff to set standards for all of its hotels.

The Stouffer brothers introduced the first chain-wide menu, based on a set of recipes and food preparation processes that were not to be varied. The result of this tight control was greater efficiency, lower prices, and more consistent quality than the competition could offer. The Stouffers also introduced a formal corporate structure, based on departments with specific responsibilities to each other. At the restaurant level, they specified rules for employees' social behavior that seem rigid today; however, they were also among the first to offer such benefits as paid insurance and paid vacation days.

In its short history, management has become a set of problem-solving techniques for operating a business. Today, it is concerned not only with workers but with customers; Drucker and others would say that its main concern is with customers--with innovation and marketing. From this viewpoint, management is centered on identifying and communicating with customers, determining what customers want, responding to changes in customer preferences, and seeking out new sales and service opportunities.

PLANNING

Organization is what holds a group of workers, their managers, and their tasks together. The control of the organization is called authority, and planning is making decisions about what the organization will do.

Planning is the subject of countless committee meetings and executive lunches, and it is much easier to talk about than to perform. Managers at all levels are involved in planning, and the lack of planning is one of the major causes of business failures.

Two facts about planning are certain. First, if a manager does not plan, his or her employees will plan for themselves, but not necessarily in the way that the manager would like. Second, managers must plan for themselves, as well as for their employees; they must plan their work for the day, week, month, or year, AND they must plan their management careers.

Planning Tools

When senior managers make their companies' strategic plans, usually once a year, they include goals, plans, policies, and budgets. They may also include rules, methods, procedures, standards, strategies, and tactics, but these aspects of planning are often delegated to middle or lower-level managers. In most organizations, the functions overlap somewhat.

Goals are primary in any plan, because the purpose of a plan is always to achieve one or more goals. The process of setting goals and rough outlines for how to achieve them is called "management by objectives." Goals should be stated carefully and should include what is to be done to reach them (an objective behavior) and some way to measure progress toward the goal (a measure). Goals also need to take real people and real working conditions into account. If management decides on the goal of increasing employee efficiency, it has to provide the means to do so--it must ensure that employees are working under conditions that allow them to be more efficient.

Policies are general guidelines for dealing with work, and they are developed from goals. Many policies apply to everyone in an organization, although each person carries out the policy according to his or her position in the organization.

Organizational planning means coming up with a plan of action to support the policies that management has chosen. Organizational planning includes product and service strategy, personnel strategy, and community relations. To illustrate the importance of planning, it's worthwhile to consider that for most guests a restaurant or an institutional food service IS its product and service strategy. A restaurant that creates a high-status ambiance may be known for its wine list and the fresh-cut flowers on every table. A restaurant with a family-oriented strategy may be sought out because it provides children's portions and high chairs.

Personnel strategy is largely concerned with providing compensation and benefits to retain workers. Community relations strategies vary widely, but most people can name at least one restaurant that backs a kids' baseball team, contributes to a scholarship program, or offers special rates for community association meetings.

Long-Term Planning Tools

Investments in a business must be weighed against expected returns. An experienced manager probably wouldn't buy an antique crystal chandelier for a neighborhood coffee shop; the expense would not bring a sales increase. However, installing air conditioning in the same restaurant might be a very worthwhile investment.

The accounting terms that are used in long-term planning are presented in the last part of Chapter 14 in your textbook. Two key terms are break-even point (the point at which the

return on the investment equals the investment cost) and cost-benefit analysis (a way of weighing costs against benefits before making an investment).

Planning is for Everyone

Individual workers and food service management students also plan. Waitresses and cooks plan their work to avoid collisions and extra steps and to promote guests' comfort. Students choose their career goals and make plans to achieve them and to locate that first management job that will start them on their way.

SELF-TEST 3

The self-test is designed to help you gauge your progress toward mastering the assigned material. Complete the following statements according to the instructions. Then check your answers with the answer key for Self-Test 3 at the back of this manual.

Write the letter of the correct definition in each blank.

- | | |
|----------------------------|-----------------------------------------------------------|
| 1. ___ organizational | a) An economic system based on consumer behavior |
| 2. ___ market system | b) A system of organizing work under different managers |
| 3. ___ controlled shop | c) The idea that managers should control production |
| 4. ___ budget | d) The study of worker behavior on the job |
| 5. ___ departmentalization | e) A statement of the dollar results expected from a plan |

Complete the statements by filling in the blanks with the correct word or words. Note that some blanks may require more than one word.

1. The "unterneymmer" is part of Drucker's view of traditional business organization. It means _____ in English.
2. When Drucker asks "What will our business be?", he suggests that businesses should look carefully at _____ needs.
3. _____ means visualizing the future and deciding on ways to achieve goals.
4. Statements such as "Rest rooms should be free of litter" are _____.
5. The setting of goals in organizations is called management by _____.
6. The match between organizational goals and individual employee goals is called goal _____.
7. Offering two entrees for the price of one is a _____ that helps support a strategy of special promotions.
8. The point at which an investment and its return are of equal value is called a _____ point.
9. The benefits of an investment should be weighed against the cost of the investment. This process is called _____ analysis.

10. When a manager gives authority to a subordinate, the process is called _____.

[ANSWERS TO SELF-TEST QUESTIONS OMITTED FROM THIS SAMPLE]

ASSIGNMENT (composite)

Mark the best answer to each of the following questions in the margin or on a separate sheet of paper. After checking your answers, record your responses on the answer sheet for Assignment 3 at the back of this manual. Send only the answer sheet to the Educational Foundation.

1. What is the best attitude for hospitality management students about the "eternal truths" of management?
 - a. Question them, because management is a new and changing field.
 - b. Pay attention to the details instead of the theories.
 - c. Learn all the rules of management by heart.
 - d. Rely on tradition instead of innovation.

2. The Fresh Snow Pea Company is an in-flight foodservice company that supplies international airlines. If Frederick Taylor were studying the company, he would probably focus on:
 - a. the specific tasks of ordering, preparing, and transporting the food.
 - b. its marketing techniques.
 - c. the cleanliness of the kitchen.
 - d. the way management handles arguments among workers.

3. Which decision will probably be made by a kitchen supervisor, rather than a manager?
 - a. Tom Ng, a waiter, will be changed from weekdays to weekend nights.
 - b. The restaurant will begin a self-service policy.
 - c. The restaurant will open a new branch in a shopping mall.
 - d. A new health plan option will be offered to employees.

4. Most modern management concepts started from:
 - a. business management principles.
 - b. the Massachusetts state constitution.
 - c. health care management principles.
 - d. international trade agreements.

5. Modern management studies began:
 - a. about 100 years ago.

- b. in the 1930s.
 - c. in 18th-century France.
 - d. During World War II.
6. An economy that allows individuals to choose what they buy and to accumulate personal wealth is:
- a. a market economy.
 - b. an economy ruled by tradition.
 - c. an economy in which consumer goods are scarce.
 - d. an economy that relies on strong government control.
7. Henri Fayol was most concerned with:
- a. the division of work in large organizations.
 - b. employee benefits.
 - c. training workers for specific tasks.
 - d. worker participation in management decisions.
8. The idea that management, rather than individual workers, should plan and direct work belongs to:
- a. Frederick Taylor.
 - b. Henri Fayol.
 - c. Elton Mayo.
 - d. Vernon Stouffer.
9. Henri Fayol described management as a common set of activities for operating a business. Today, these activities are called:
- a. management functions.
 - b. therbligs.
 - c. productivity
 - d. objective behaviors.
10. Which of the following is NOT a customer of the school lunch program?
- a. College food services
 - b. Parents of poor families
 - c. Parents of middle class children
 - d. Children in rural areas

11. Why would a small community want to build a small, first-class hotel?
 - a. To enhance its image and boost real estate values.
 - b. To compete for national political convention business.
 - c. To avoid industrial development.
 - d. To convince major international corporations to move to the community.

12. A person (or group) that purchases a product idea or system of ideas from a corporation in order to establish an independent business is:
 - a. a franchisee.
 - b. a franchisor.
 - c. a staff member of the corporation.
 - d. an unterneymer.

13. Peter Drucker's question "What should our business be?" refers to:
 - a. the search for new markets.
 - b. the need for business ethics.
 - c. the practice of co-locating.
 - d. political contributions by business owners.

14. Toddle-Tot Day Care Center will begin using a contract food service next month. Parents agreed to pay for the service:
 - a. To ensure more varied, nutritious meals for their children.
 - b. To humiliate the day care staff.
 - c. To avoid making dinner for their children in the evening.
 - d. To get a preview of next years' meals.

15. At 12:15 pm, Carolyn Daley sees the nurse from the busy doctor's office across the street come in and sit at her station. On the way to serving another customer, she picks up a basket of rolls and sets it in front of the nurse. Carolyn is showing:
 - a. good individual employee planning.
 - b. poor individual employee planning.
 - c. supervisory skills.
 - d. organizational planning skills.

16. The manager of Le Vin Blanc, a haute-cuisine restaurant, forgot to tell the delivery service where to stack their food cartons. Two trucks arrive at 6:30 am, when only the two newest employees are in the kitchen. What will probably happen.

- a. The employees will decide where to put the cartons.
 - b. The truck drivers will put away the food.
 - c. The employees will send the loaded trucks away.
 - d. The employees will sue the manager.
17. An example of short-run operational planning is:
- a. making up the food orders for a week.
 - b. investigating interest rates on a rehabilitation loan.
 - c. changing from a budget steak house to a haute-cuisine format.
 - d. deciding to run ads before locally televised basketball games for the next two years.
18. The manager and employees of the Lilyrose Pastry Shop usually plan well, but today they slipped up. Which slip-up will affect guests first?
- a. No one put the whipped cream in the refrigerator last night, and now it is spoiled.
 - b. The pay phone repair order was never called in.
 - c. The inner back door was left unlocked, and the trash was left in the hallway.
 - d. The butter delivery did not arrive, but there is still two days' supply on hand.
19. Choose the best word for this definition: "a reasoned means of moving toward a selected goal."
- a. Plan
 - b. Policy
 - c. Strategy
 - d. Rule
20. Which of the following is a policy?
- a. Food suppliers will be selected by a competitive bidding process.
 - b. We will begin offering 2-for-1 entrees at lunch.
 - c. We expect to be number one in our market within two years.
 - d. We will have to reduce our advertising budget by 10 percent for next year.
21. The owner of Melanie's Town Center Bar and Grill is checking on the cost of a snowplow attachment for her truck. She learns that the cost is four times the amount she now pays a snow removal contractor each year. Over a four-year period, Melanie's rate of return will be:
- a. 25 percent.
 - b. 100 percent.

- c. 16 percent.
 - d. 75 percent.
22. Who is likely to have the most trouble in delegating authority to someone else?
- a. Henry, a new graduate who is sure he knows everything about the business.
 - b. Jonelle, who has one year of successful supervisory experience.
 - c. Reinaldo, who is an experienced manager with a reputation for firmness.
 - d. Chung Lin, who has trained several employees and is a management student.
23. According to Table 15.1, a manager who supervises five employees is involved in how many working relationships?
- a. 100
 - b. 25
 - c. 36
 - d. 44
24. The management principles called "unity of command" means that:
- a. each employee reports to just one boss.
 - b. all managers in a company must agree on everything.
 - c. no employee may question a company policy.
 - d. one person directly supervises all employees.
25. Which of the following shows foodservice departmentalization based on function?
- a. The kitchen is divided into service, food preparation, and sanitation departments.
 - b. The Alabama units of a fast-food chain offer a different menu from those in other states.
 - c. The company's restaurant division and its contract food service division buy potatoes from different suppliers.
 - d. The restaurant is self-service, but the takeout section is not.

Note: Original has 40 questions per chapter, plus alternate questions for different forms of the test.