



COMPANY MANAGEMENT

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What is management?

- management** is a set of principles, methods, techniques, and procedures that managers use in their work to ensure fulfilment of the business objectives
- it is:
 - a) an activity
 - b) a science
 - c) a group of people
- an entrepreneur **can, but does not have to be** a manager:
 - entrepreneur bears the risk and responsibility, is independent
 - manager acts as an entrepreneur/on behalf of the entrepreneur
 - entrepreneur identifies business opportunities, provides resources
 - manager pursues these opportunities

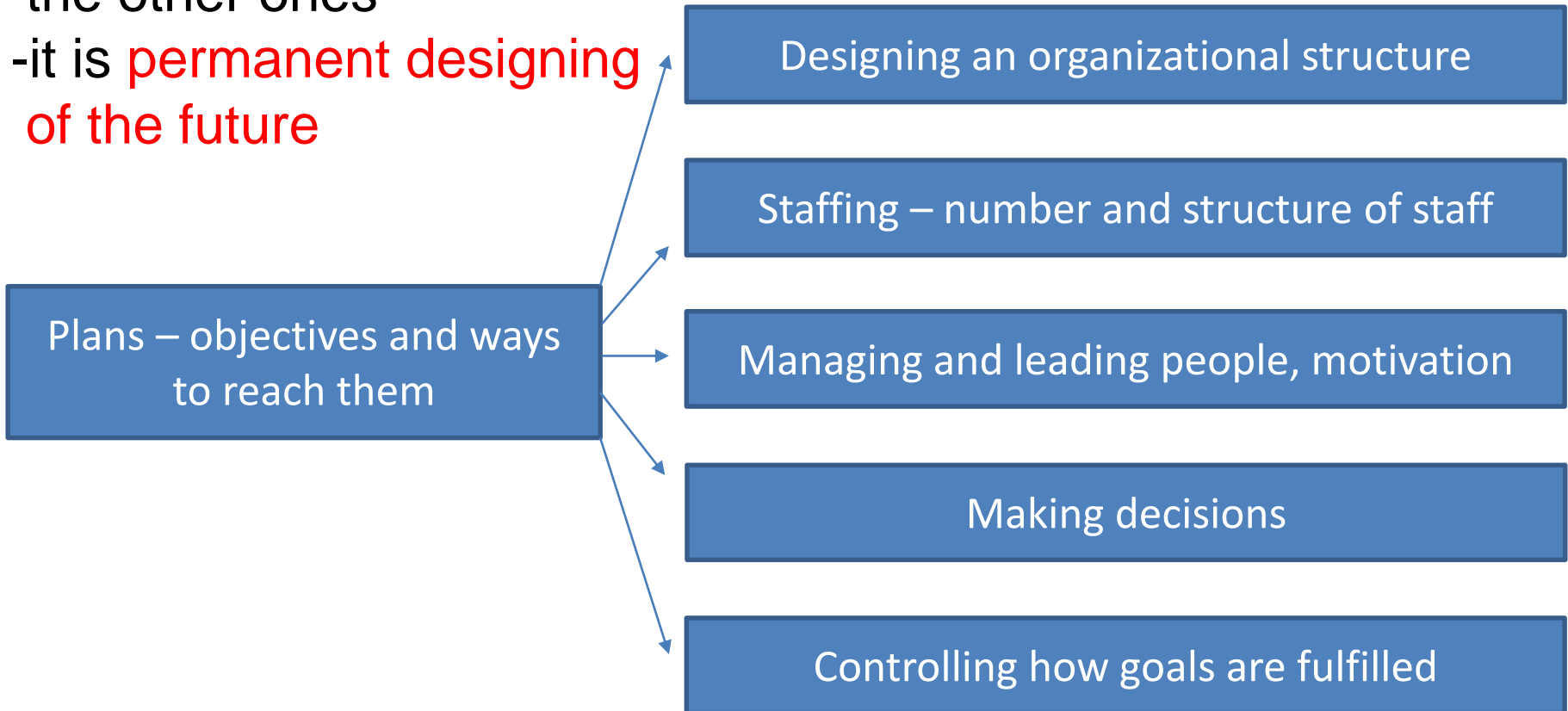
What is management?

-main parts (functions) of management:

1. Planning
2. Organizing
3. Leading people
4. Decision making
5. Controlling

Planning

- the most important managerial function which influences all the other ones
- it is **permanent designing of the future**

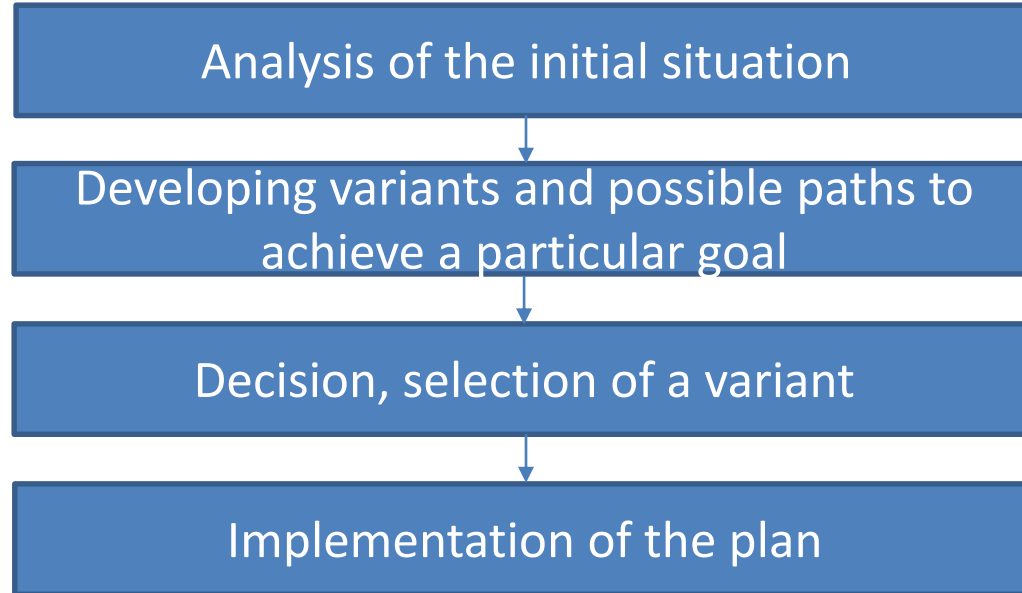


Planning

- exists at every management level
- the lower the level of management, the more specific the planning, but also the lower the amount of planning work
- strategic planning**: highest management levels
 - long-term plans
- operative planning**: mostly on lower levels
 - short-term plans
 - planning operational (ongoing) activities
- the main task of planning is to set goals and methods / procedures to achieve them!
- a different option... „trial and error method“
- is closely related to decision-making and information management

Planning

- the result is a **set of plans** (plans of different focus, level of detail and for different time periods)
- steps of planning



- each plan contains **objectives** and **resources** for its implementation

Types of plans

-plans **depending on time horizon:**

a) Long-term	5 years	Strategic
b) Mid-term	2-3 years	Tactical
c) Short-term	up to 1 year	Operational

-**strategic**: long horizon, many unknown variables and potential risks, less structured, „vague“, top-level managers

-**tactical**: medium horizon, fewer variables, focus on a few specific areas, specifies partial objectives and ways of achieving them → financial goals, market objectives, HR goals etc.

-**operational**: up to 1 year, very specific plans, tasks and deadlines, low-level managers

Types of plans

-plans **depending on objects of management:**

a) from a functional perspective:

- general plans (for the firm as a whole)
- partial plans, plans of individual activities, e.g. R&D, production, sales, finance...

b) from an institutional perspective:

- institutional plan (for the firm as a whole)
- business unit plans (plants, divisions, subsidiaries...)

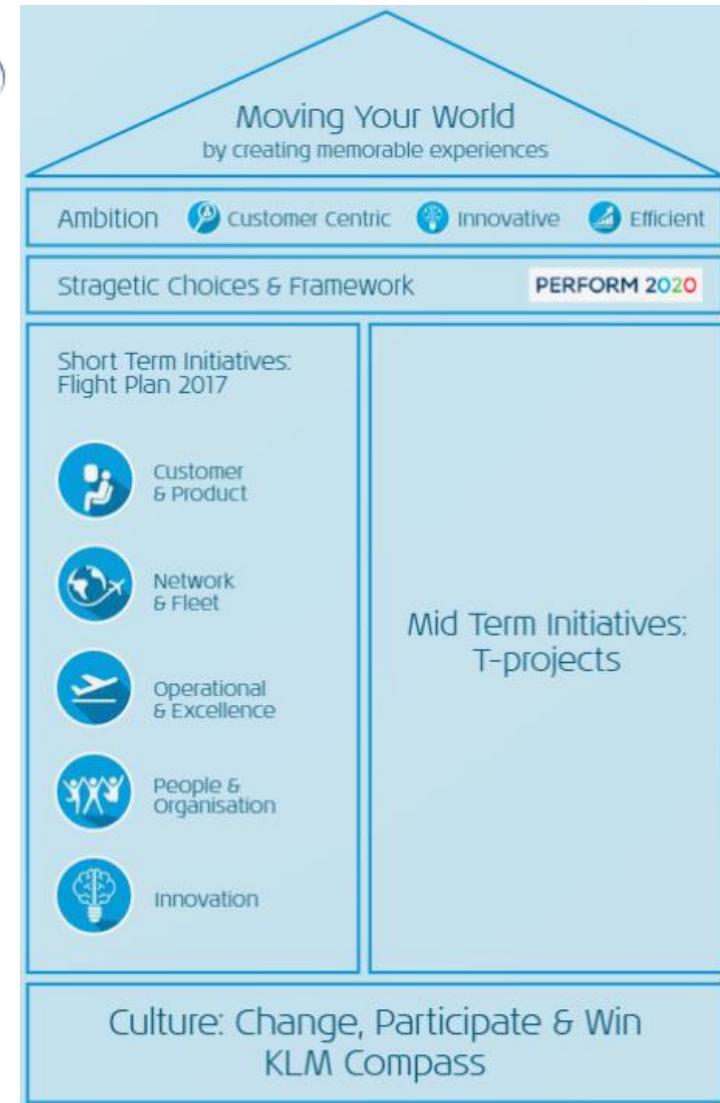
Planning

2025 Goals:

- Market Leadership
- Top-quartile Performance and Returns
- Growth Fueled by Productivity
- Design, Manufacturing, Services Excellence
- Accelerated Innovation
- Global Scale and Depth
- Best Team, Talent and Leaders
- Top Corporate Citizen

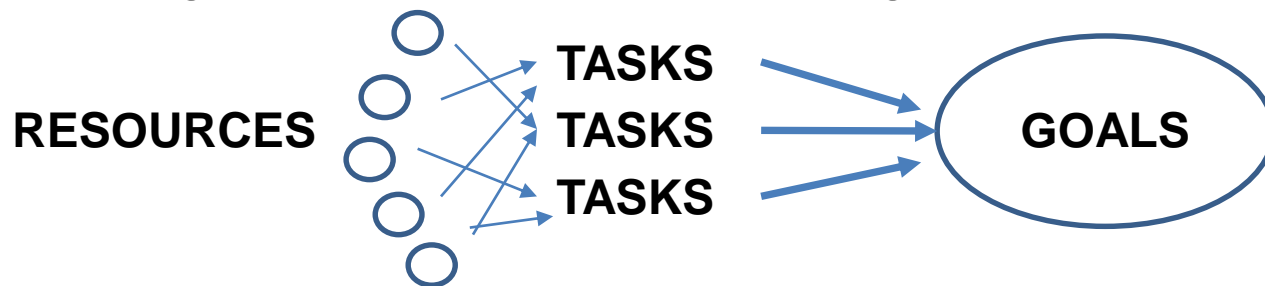


- **People:** Be a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- **Partners:** Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- **Planet:** Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- **Profit:** Maximize long-term return to shareowners while being mindful of our overall responsibilities.
- **Productivity:** Be a highly effective, lean and fast-moving organization.



Organizing

- organization** has a lot of definitions:
 - object (= institution)
 - attribute (= chaos vs. harmony)
 - structure (= system)
 - activity (= organizing)
- organizing as a **managerial activity** is a process of arranging tasks, resources and relationships between them; it is the process of specifying and coordinating activities and relationships in the system for the purpose of efficiently transforming resources into defined goals

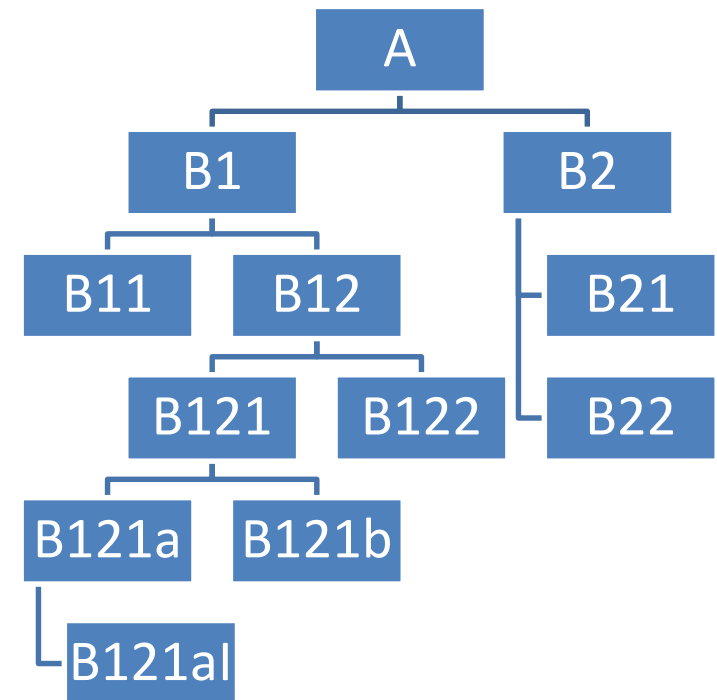
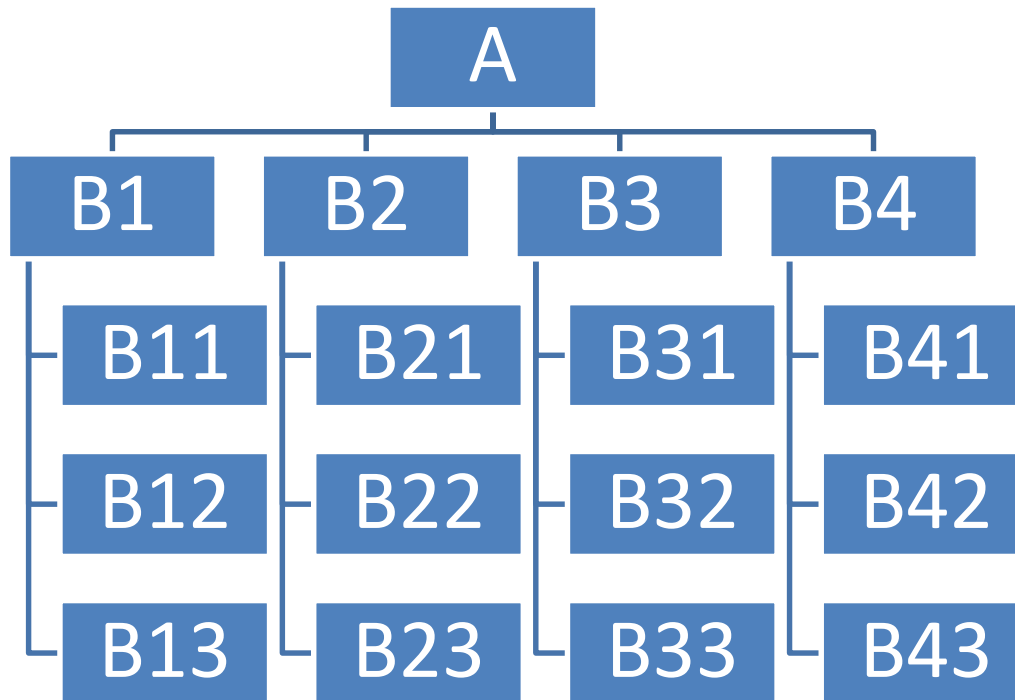


Organizing

- the result of organizing is an **organizational structure**, which ensures the division of rules, roles and responsibilities in the enterprise
- determines how information flows from level to level within the company
- includes elements such as departments and workplaces
- formal** vs. **informal** organizational structure
- tall** structure vs. **flat** structure
- functional** structure vs. **divisional** structure
- line** structure vs. **line and staff** structure
- modern types of structures: **project**, **matrix**, **network**

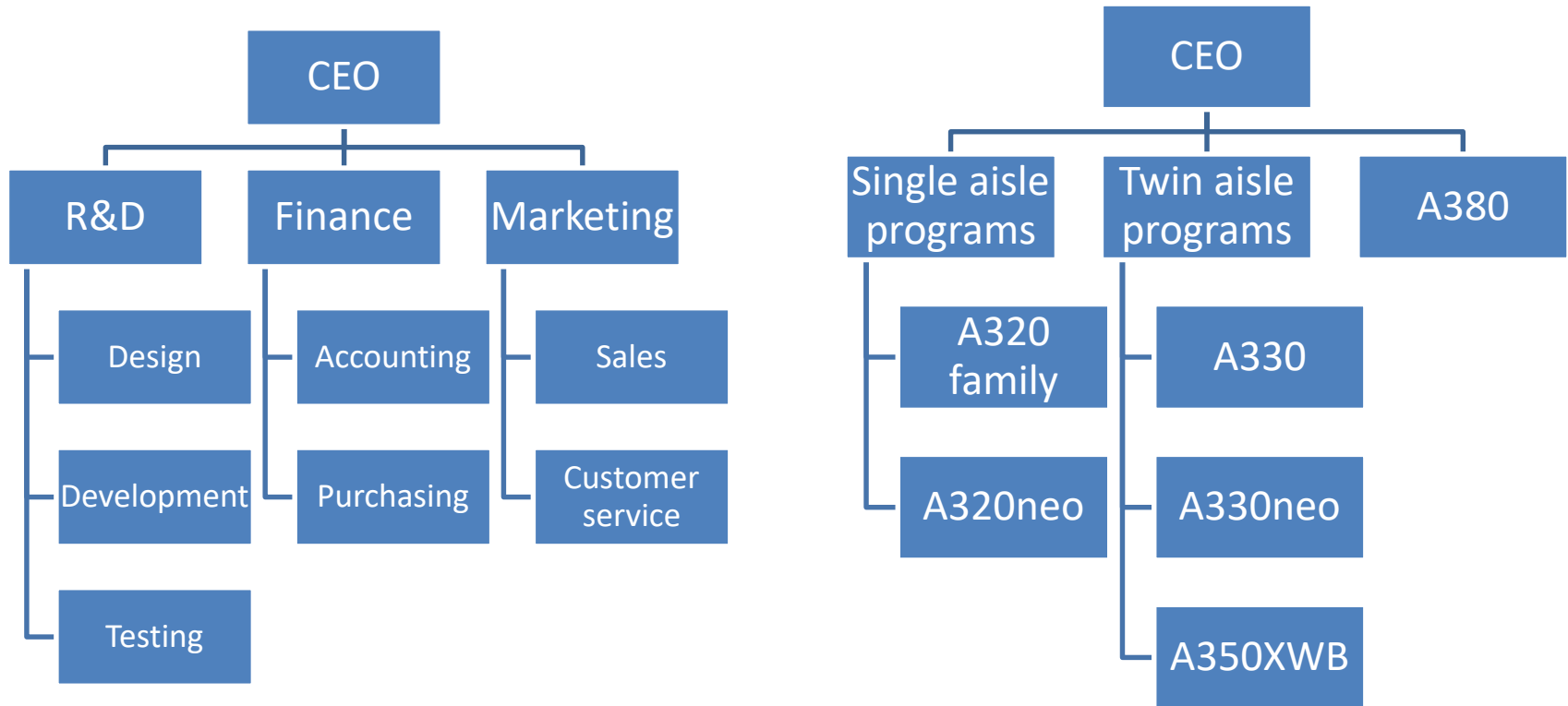
Organizing

flat structure vs. tall structure



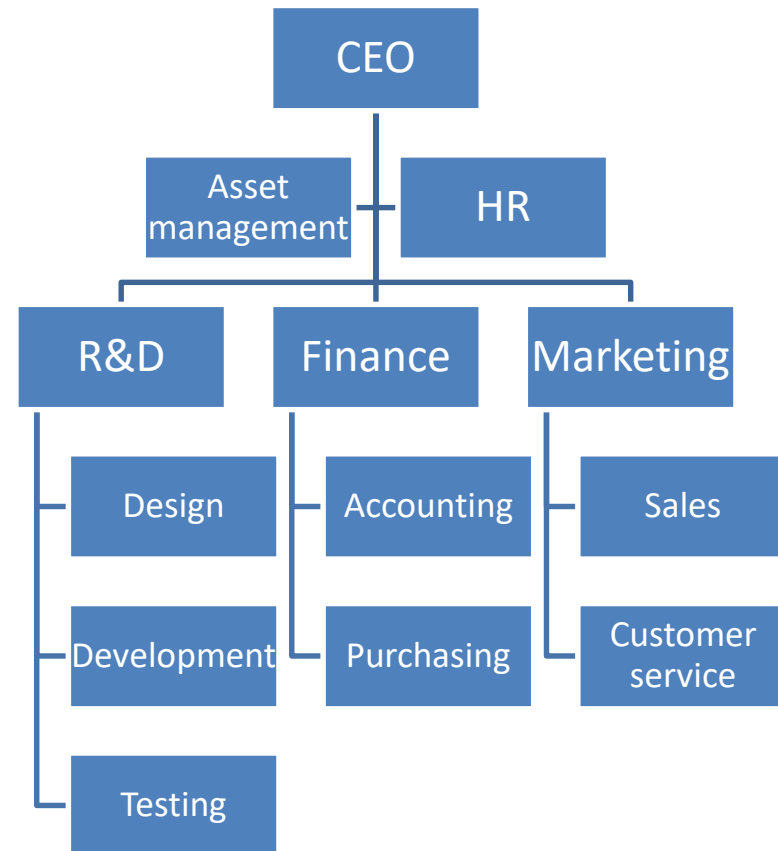
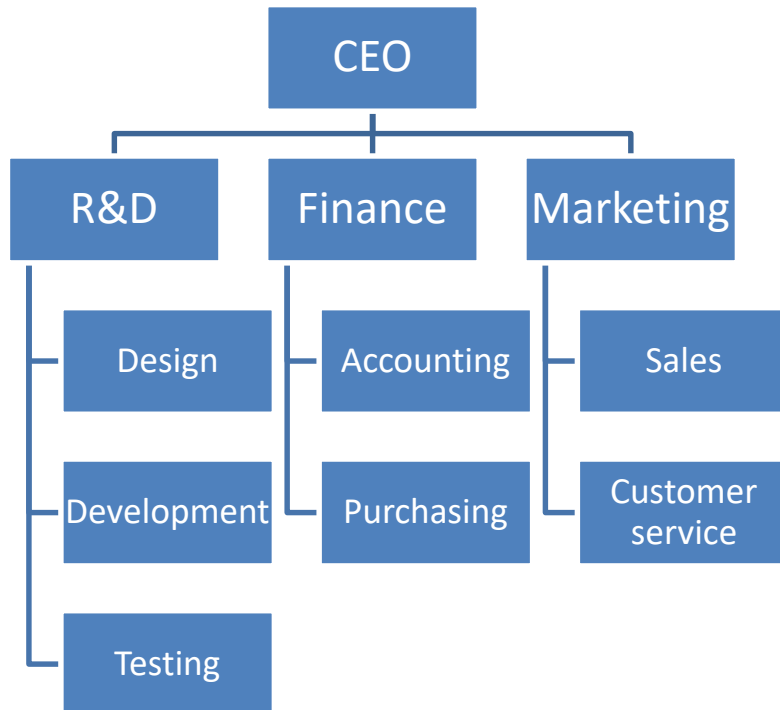
Organizing

functional structure vs. divisional structure



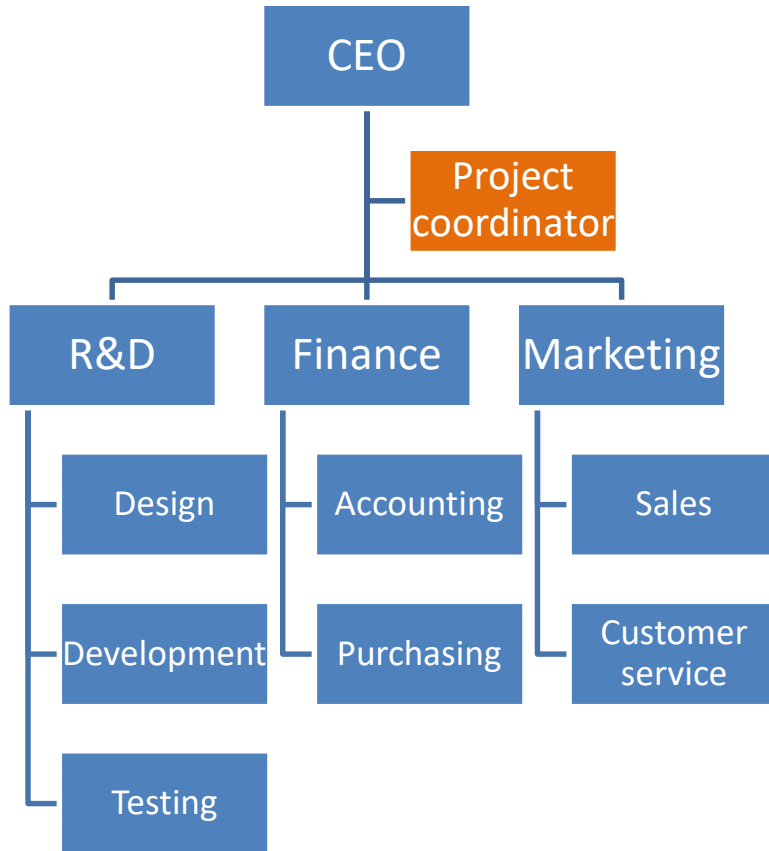
Organizing

line structure vs. line and staff structure

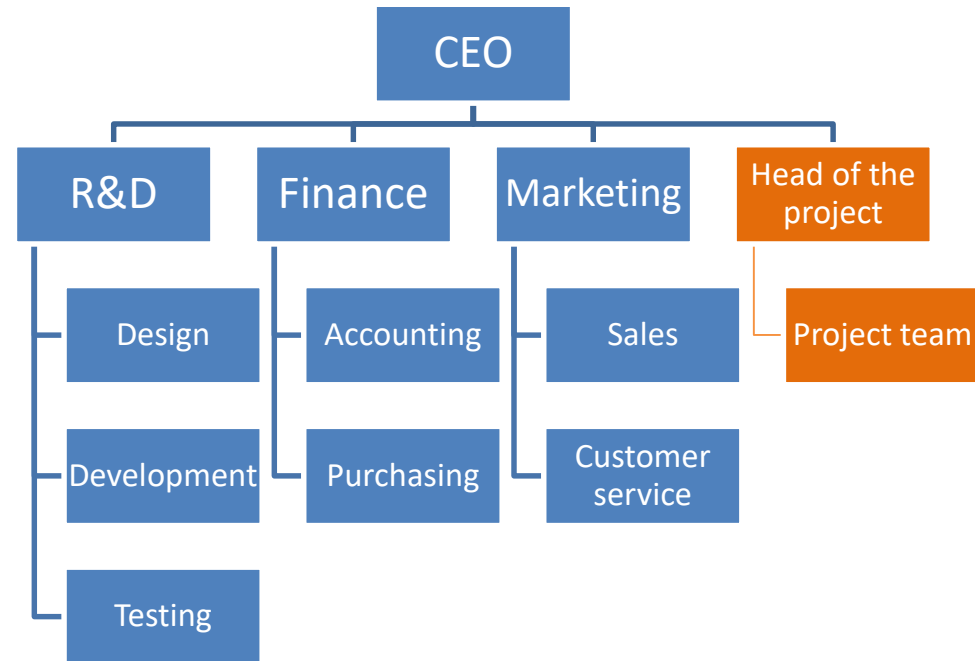


Organizing

project structure



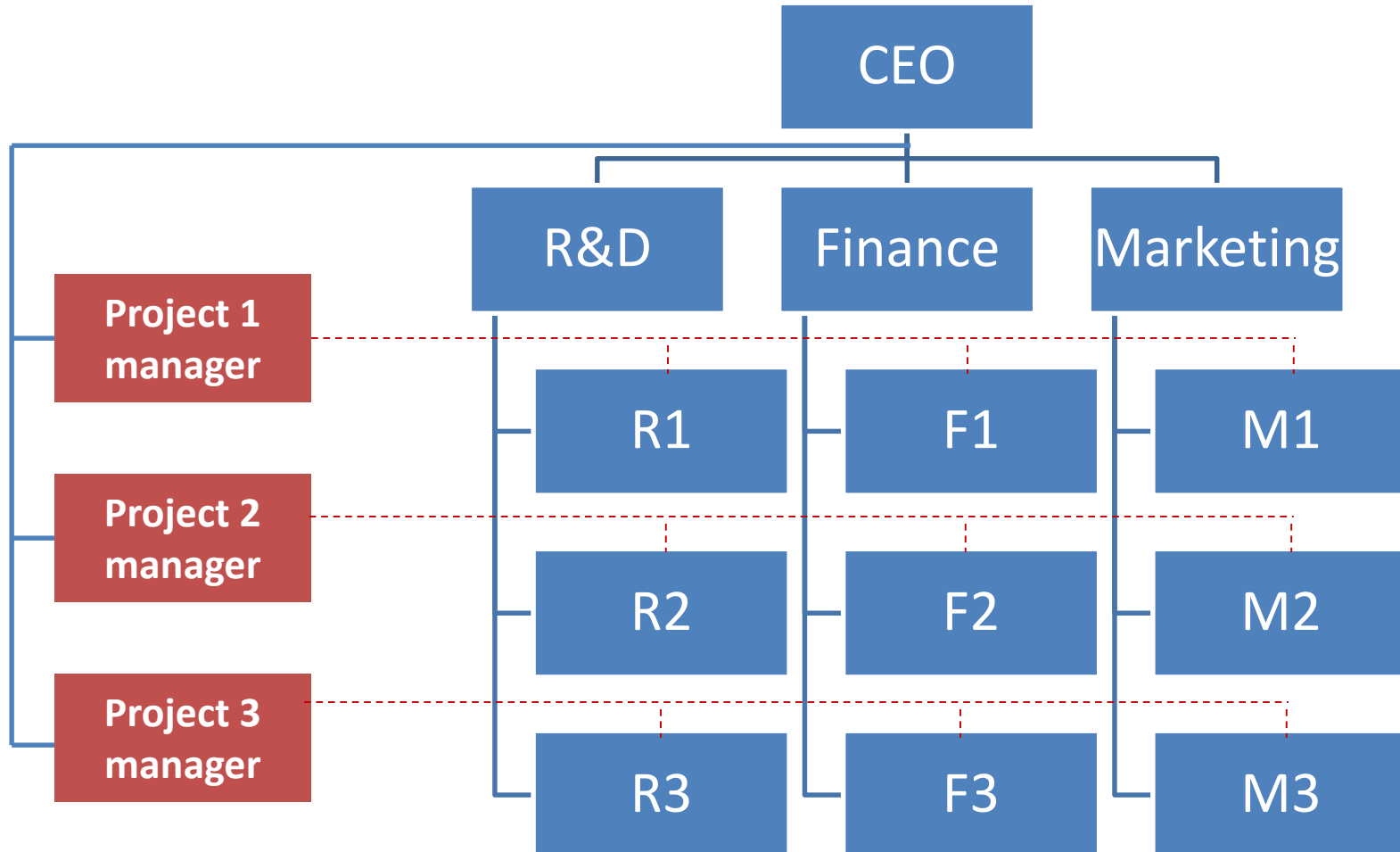
with coordination



with a separate department

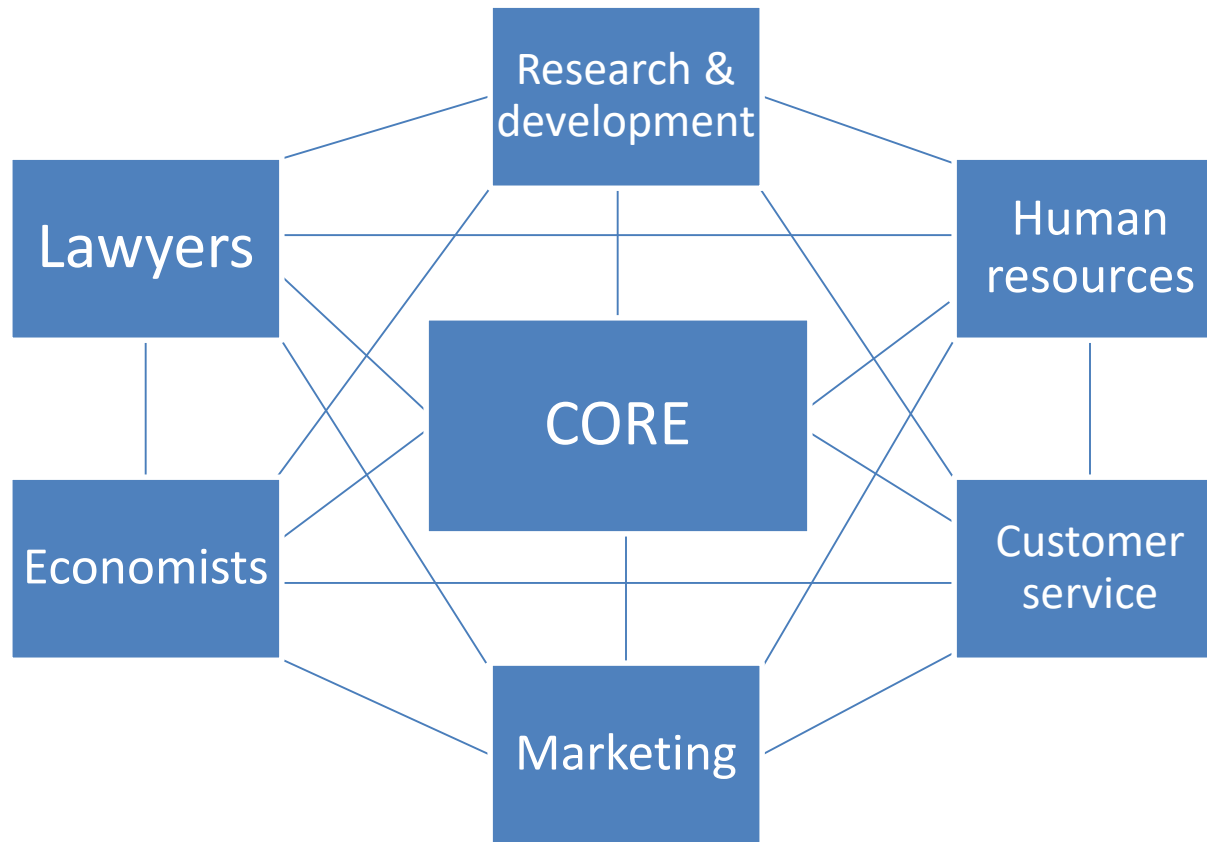
Organizing

matrix structure

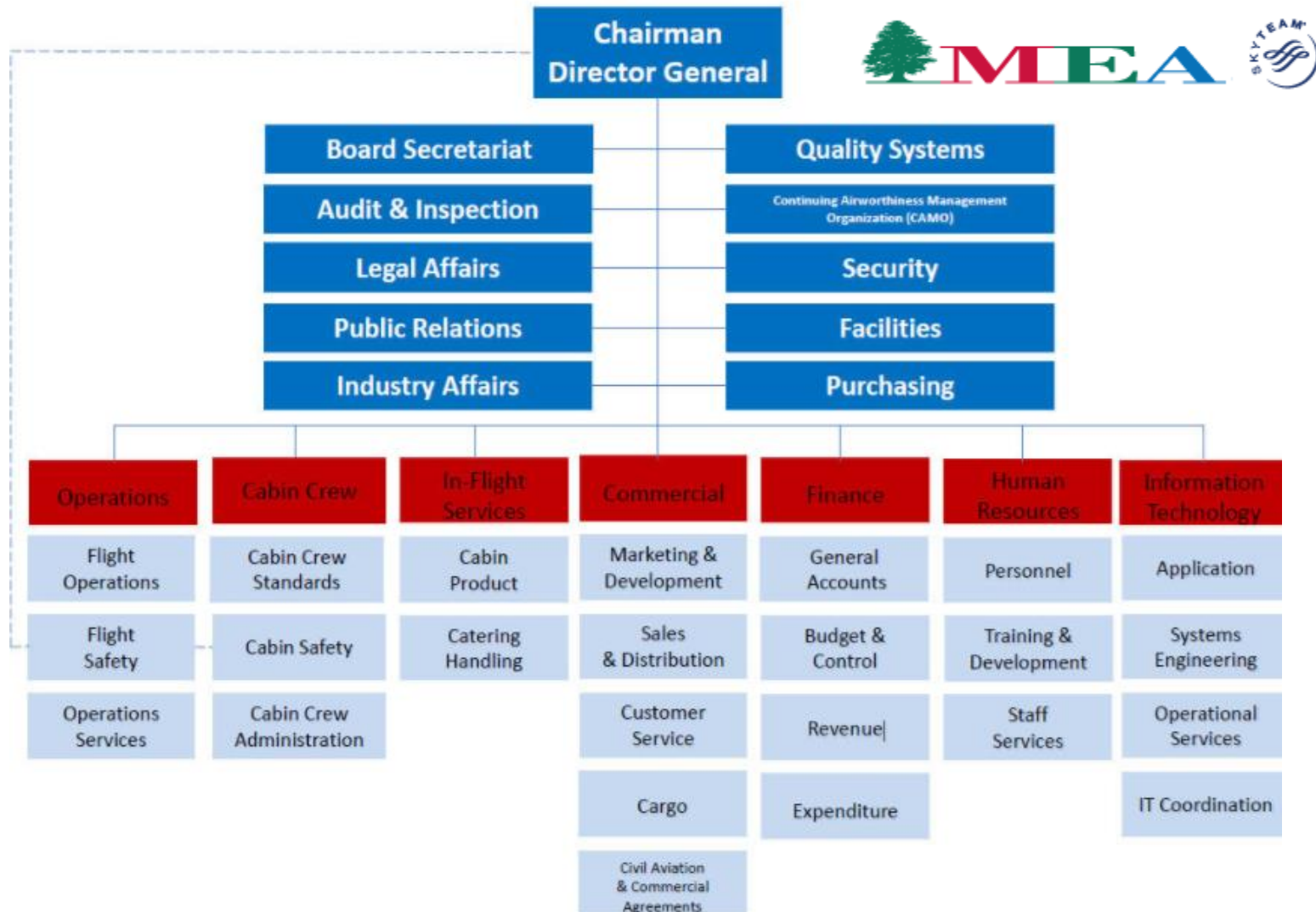


Organizing

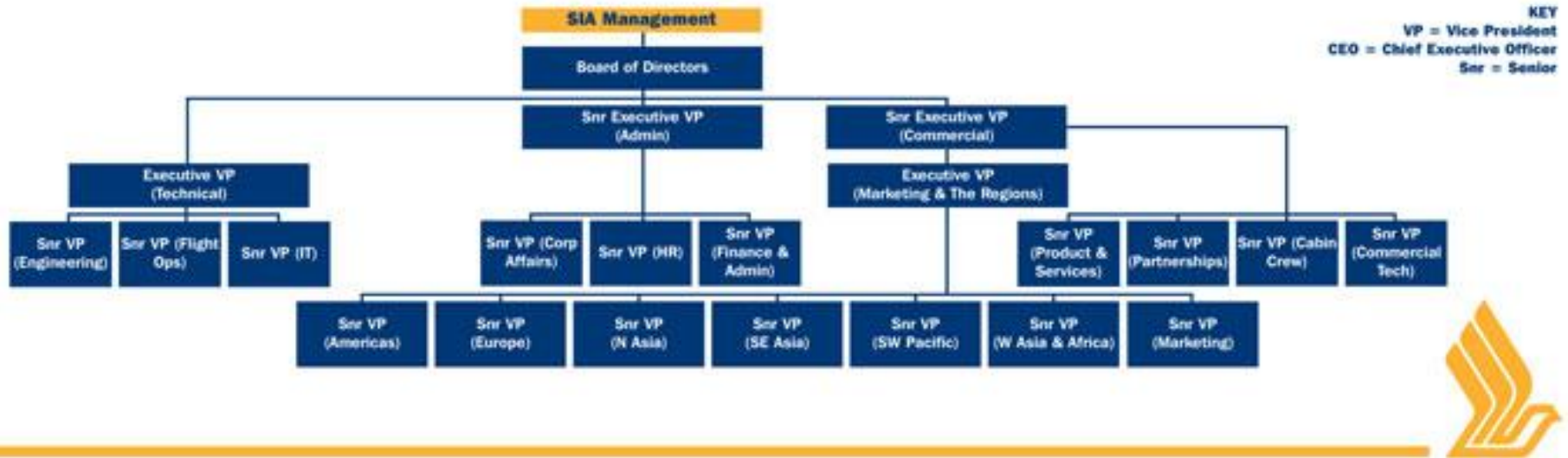
network structure



Organizing



Organizing



Leadership

- focusing on **goals**!
- it is the ability or process of influencing people
- leaders set direction and help themselves and others to do the right thing to move forward (=reach company goals). To do this they create an inspiring vision, and then motivate and inspire others to reach that vision.
- formal** leader
vs. **informal** leader
- cultural differences!

Monetary factors

- ✓ Salary or Wages
- ✓ Bonus
- ✓ Incentives



Non- Monetary factors

- ✓ Status or Job Title
- ✓ Appreciation & Recognition
- ✓ Delegation of Authority
- ✓ Working Conditions
- ✓ Job Security
- ✓ Enrichment
- ✓ Workers Participation



Decision making

- each economic activity is a choice among several options taking into account the final **objective**
- decision making = a process of making choices; involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem
- decision = **conscious** act of choice between variants

Decision on
objectives

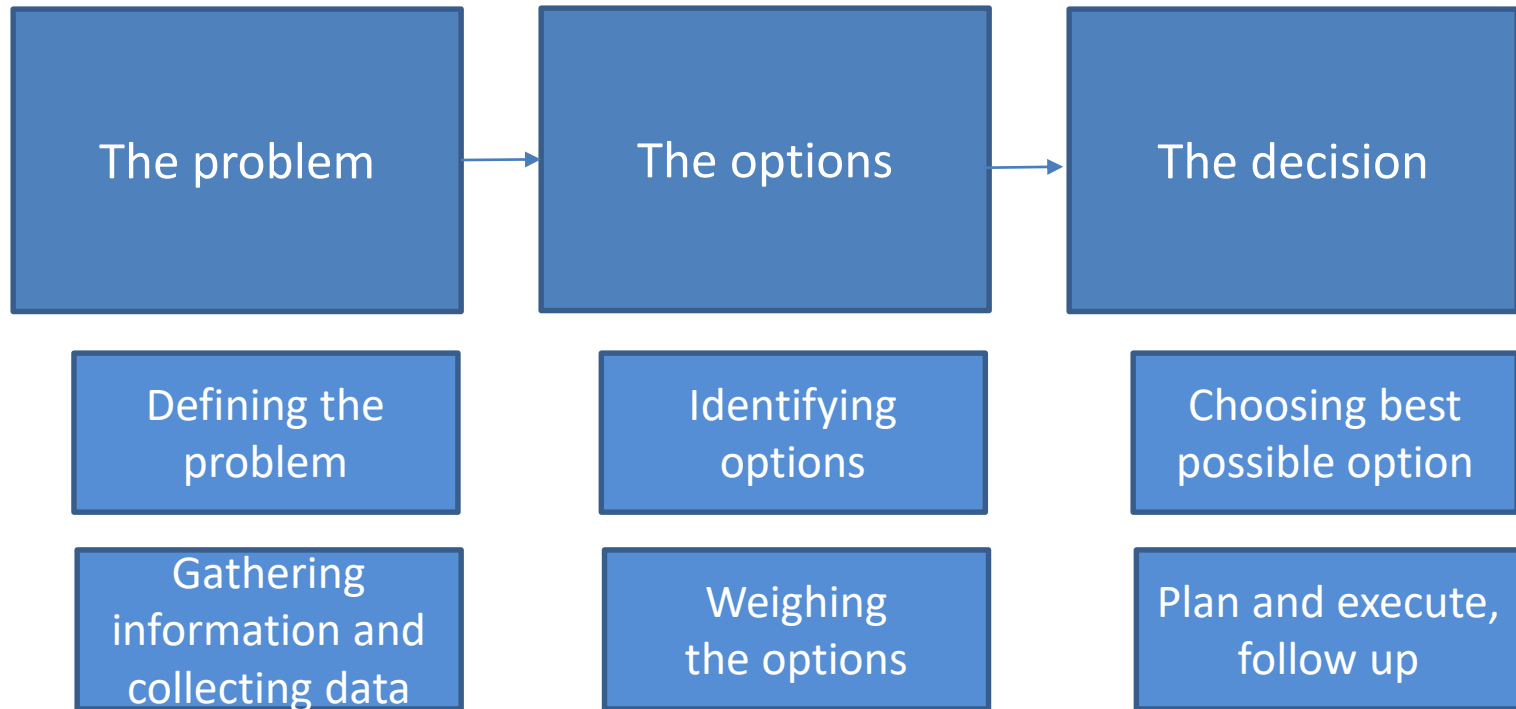
Decision on
methods of
reaching
objectives

Decision on
means of reaching
objectives

- the economic principle, the principle of dominance, the principle of initiative

Decision making

-**process** of decision making:



-information and risk!

Risks in decision making

- risk** is the uncertainty that can (mostly) be measured by statistical methods
- it is the danger of business failure in the future
- entrepreneurial risk**: the risk of undesirable deviations from planned results vs. hope for desirable deviations from planned results → accepting the risk can bring losses, but also can lead to exceptional profits
- external** risks (political, macroeconomic, supply-side...) vs.-**internal** risks (personnel, technical...)
- avoidable** and **unavoidable** risks
- systematic** and **non-systematic (unique)** risks

Entrepreneurial risks

-the most typical risks:

- a) Technological risk
- b) Production risk
- c) Commercial risk
- d) Financial risk
- e) Economic risk
- f) IT risk
- g) Political risk

-they must be evaluated, managed and minimized

How to handle risks?

1. **Identify** risk factors
2. Determine **importance** of risk factors
3. Determine **probability** of the risk
4. **Evaluate** the risk
5. Prepare and implement measures aimed at **mitigating the causes** of the risk
6. Prepare and implement measures to **mitigate negative impacts** of the risk
7. Prepare a plan of **corrective actions** and monitor the development of risk factors
8. Prepare complex **documentation** related company's risks

IMPACT	PROBABILITY				
	Highest	High	Medium	Low	Lowest
	Highest				
	High				
	Medium				
	Low				
	Lowest				

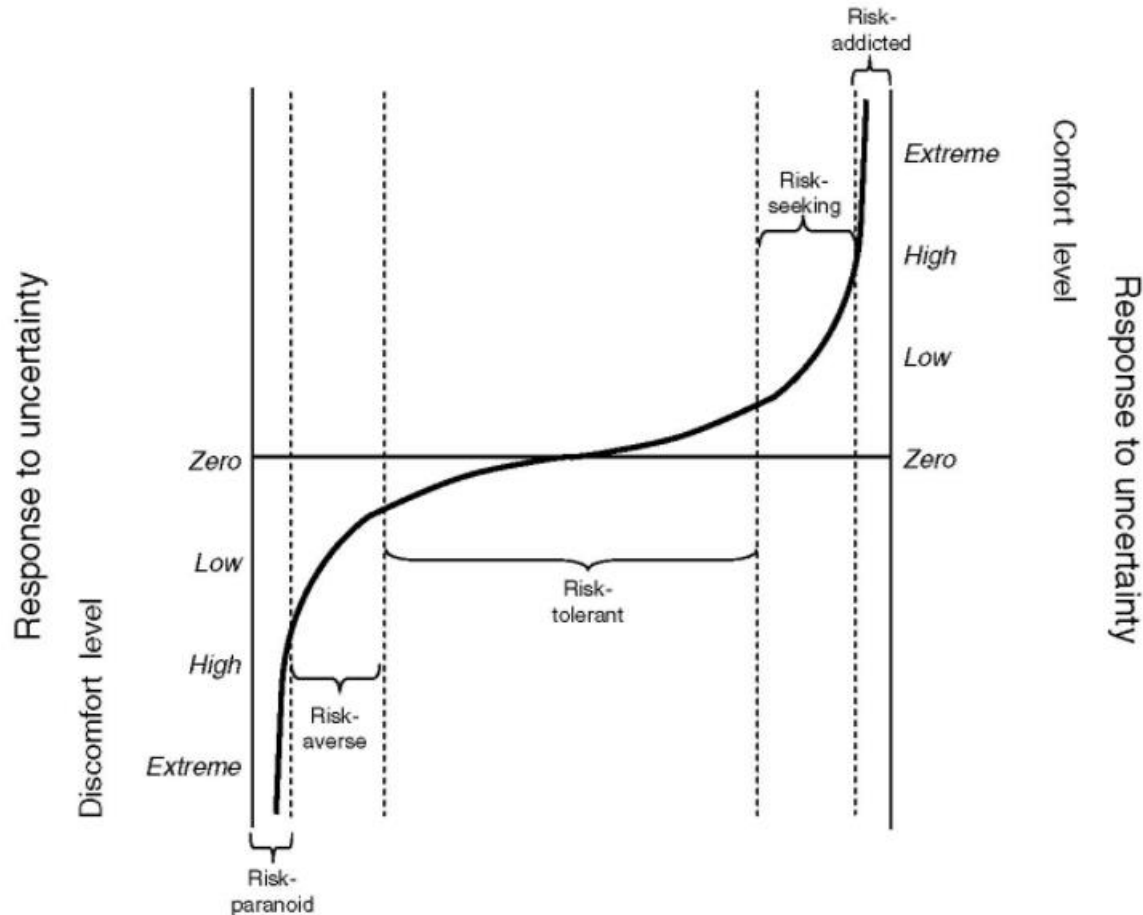
How to handle risks?

-tools for (partial) elimination of risks:

- a) **diversification** of business activities
- b) **risk-sharing** with other entities (e.g. joint ventures)
- c) risk **transfer** (long-term fixed contacts)
- d) various financial instruments (forwards, futures, swaps..)
- e) **insurance**

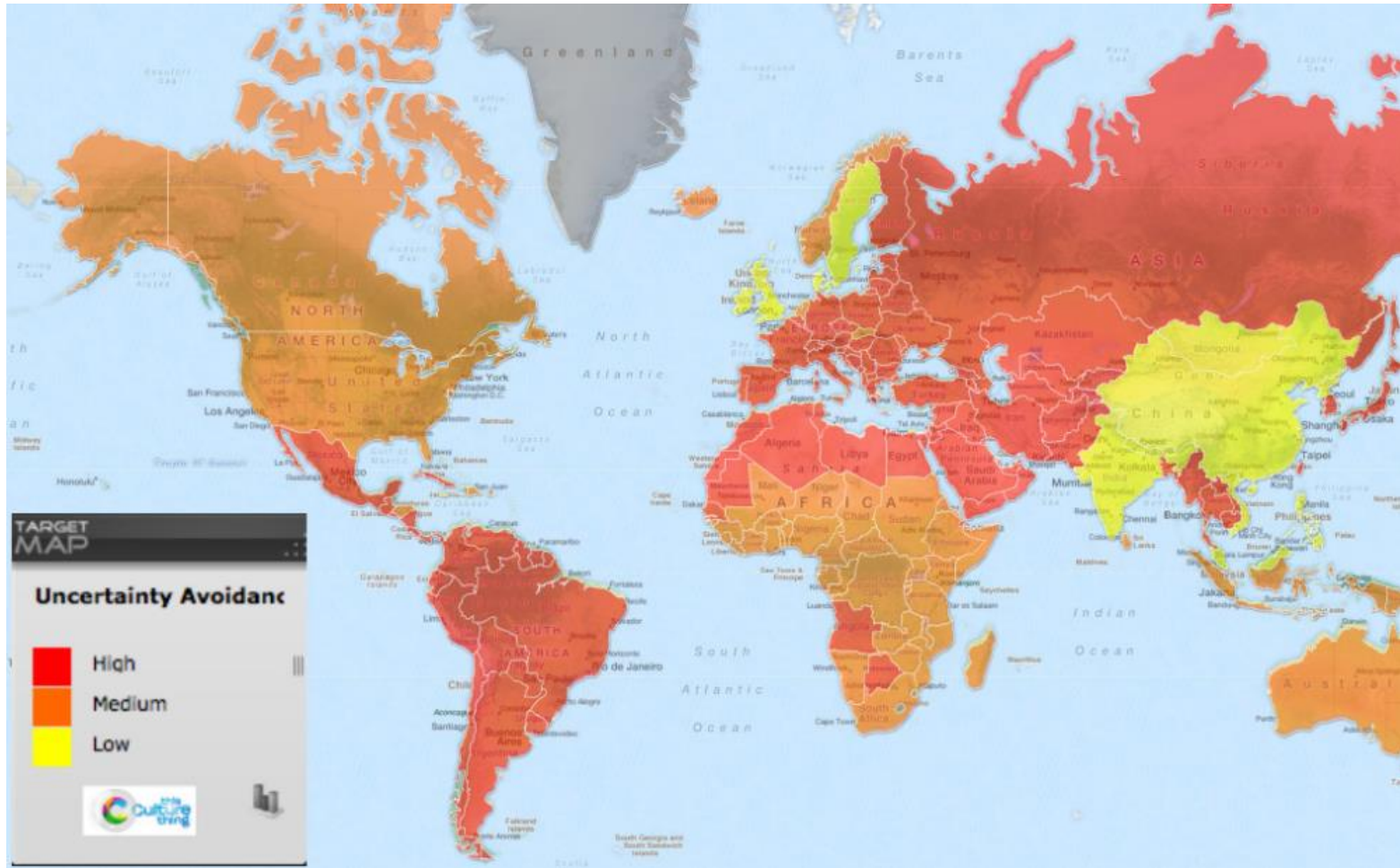
Approach to risk

-risk aversion, risk neutrality, risk seeking

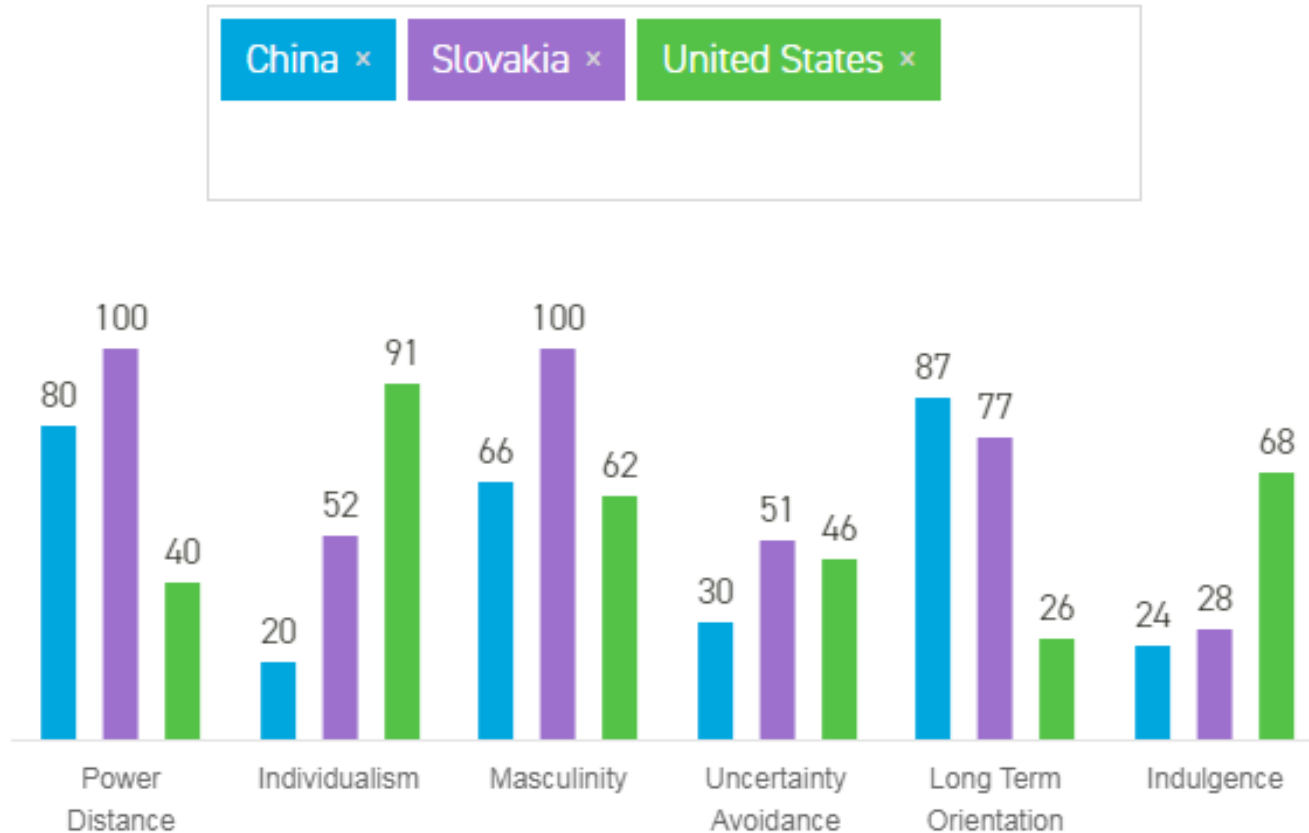


Risk and culture

-Geert Hofstede



Other indicators



Controlling

- how do objectives and plans compare to reality?
- detecting **deviations** from plan
- steps of the controlling process:

