

Chapter 9

Management Processes

ABSTRACT

On a daily basis small businesses carry out the basic operations of the venture. These management processes must support the general direction set by the small business in its long-term mission statement and goals and objective plans. But the small business must also address the short term functional requirements. As the small business grows and matures the management processes must expand and change to support the larger business. More formal and structured processes will be facilitated through the adoption and use of information systems. These processes are presented in this chapter.

INTRODUCTION

Management processes relate to a number of high level activities involved in small business operations. At the highest level management will set the direction for the small business in the form of a mission statement. Then, within the context of the mission statement goals may be used to give further direction to the small business. Goals, however, must be evaluated. This necessitates the development of objectives which possess measureable outcomes. These three initiatives relate to long range planning activities of the small business.

Management involves five functions. Irrespective of the level of management all five functions are necessary. The higher management levels involve more planning while the lower levels involve more controlling.

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As a small business matures more sophisticated management processes are required. The continuum of sophistication relates to the stages of a small business – Genesis, Grounding, Growth, and Generations.

Management capabilities till promote growth of the small business. These capabilities are related to human resource activities, competency of managers, and the planning and control of management processes in an attempt to improve performance. Resources should be used to improve productivity. The core functional areas, marketing, finances, and human resources, should operate as efficiently as possible. The limited resources of a small business should be employed as productively as possible to gain maximum short-term and long-term advantage.

The personality characteristics and experience of a few senior managers in a small business are key aspects to the performance of the small business. These managers will provide direction and guidance to employees through establishing management processes and ensuring they continue to reflect the necessary operational functions of the small business.

This chapter is organized as follows. To begin the context for management processes is described relative to the sequence of planning related to mission, goals, and objectives. This sequence provides a path from general statements of direction to specific measureable activities. It is important to note that the specific activities should relate to the goals and respond to the mission. Next the five generic functions of management are reviewed. They relate to all levels of management with their emphasis changing depending upon the level within the hierarchy. Another perspective is presented with five themes of management which relate to the main operational area of a small business. Growth of a small business depends upon the characteristics and experience of the senior management. As small businesses grow management processes become more formalized. Information systems support this formalization.

GENERIC MANAGEMENT PROCESSES

There is a hierarchy of long range planning for a business. To begin the mission of the business is documented. The mission is states the purpose of the business. Then within the context of the mission statement various goals can be developed. A goal is a general statement of activity. Further objectives will be established for the goals. Objectives are measureable outcomes against which performance may be evaluated.

Robbins et al (2012) outline the general steps in setting goals as follows:

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