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AGRIBUSINESS MANAGEMENT

MANAGEMENT ACTIONS: FACT OR FOLKLORE

What does the agribusiness manager do? With this seemingly simple and direct question I usually initiate my teaching role each semester. My students are asked on the first day of class to prepare a written response to this question. The resultant answers vary from the profound, to the witty, to the humorous, or to the absurd.

For those students with prior course work in the fields of accounting or business administration, the answers are more highly predictable. From those students with a background of introductory accounting courses, their answers will describe a series of managerial actions steeped in methodological rigor and embellished with complex quantitative assessments. The young business administration students, on the other hand, will respond by describing managerial actions within the context of an orchestra conductor-controlling and coordinating various parts of the organization to create a melodious outcome consistent with a prearranged score.

If you ask a manager what he does, he will probably describe a set of actions characterized by planning, organizing, directing, coordinating, and controlling. Indeed, these five basic functional terms form the introductory basis for most instruction in the field of management. Students are encouraged to memorize "PODCC" as the acronym for this description of managerial actions. In fact, the terms have little contemporary relevance to what managers actually do as they were first introduced by French industrialist Henry Fayol back in 1916. At best, these terms express some vague set

of managerial objectives or some ideal standards of managerial expectations. What managers actually do may be only remotely related to PODCC.

How then can we proceed to teach agribusiness management when our profession has not yet adequately addressed the basic question, "What do managers do?" Our ignominious position as teachers of managers is further confounded by our exposure to those successful agribusiness managers who freely boast that they never completed a single program of post high school instruction nor a single day in a management training program. This incongruity persists as our scientists and technicians add to the ever-expanding pool of computer-based accounting and management information systems only to discover that these programs and computer consoles gather dust in the back room as the business plods successfully forward, year after year. Quite obviously, we have failed miserably in our attempt to separate fact from folklore as it relates to managerial actions. As professional educators, we have failed to separate from management practice that which is "real" from that which is "perceived" in our actions as outside observers. Such a separation must be made if our instructional programs are to acquire a contemporary relevance and if in-service management training is to retain some attraction.

The objective of this discussion, therefore, is to develop a more practical and useful description and understanding of what agribusiness managers do. I shall draw heavily on the work of Henry Mintzberg (*The Nature of Managerial Work*, Harper and Row, 1974) and others who have observed intensively the actions of managers. While

some observers actually "shadowed" managers throughout the course of daily activities, a number of other researchers asked managers to keep detailed diaries of their activities and these were later evaluated. Since none of these studies involved agribusiness managers specifically, I shall add my own observations to cast an agribusiness flavor on the narrative. Procedurally, I shall select four basic presumptive descriptions of managerial action and demonstrate the separation between fact and folklore. Finally, I shall attempt to reconstruct the agribusiness manager's role based on a new understanding of what managers do.

The Management Planning Myth

Folklore. The existing professional literature would have us believe that the primary managerial action is that of a reflective and systematic planner. The basis for this belief is both presumptive ;and logically incomplete. It is argued that all businesses must have a plan and, if for but no other reason than by default, it is the manager's responsibility to see that one is developed.

Fact. In reality, many agribusinesses do have a long-range plan. But, as a practical matter, many successful businesses do not have a plan (at least not a formal one) or appear to be oblivious to the one they have. Even more unrealistic is the presumption that management action, as it relates to the planning function, is reflective and systematic. My own observation would suggest that the more successful agribusiness managers are those who work at an unrelenting pace. Their actions, while rigorous in appearance, are characterized by brevity, variety, and discontinuity. Indeed, that manager who has unto himself an uninterrupted sixty-minute period every day for reflective thinking and planning can only be found embellished in the pages of textbooks and other management literature.

Studies have shown that fully one-half of the activities engaged in by business managers

extended over a duration of nine minutes or less. One U.S. study by Robert H. Guest (*Of Time and the Foreman*, "Personnel," May 1956) observed the actions of supervisory management personnel and chronicled an average of 583 separate activities per eight-hour shift. To suggest that these managers pursued reflective thought and systematic planning in forty-eight second intervals is clearly absurd. An analysis of managers in the dairy processing industry suggested that 30 minutes of uninterrupted management action was achieved only once every two hours.

Perhaps even more surprising is the fact that few studies have found any pattern to the way managers schedule their time. Rather, they jump from issue to issue responding almost instinctively to the specific needs of the moment. Where then, within this pattern of managerial action does the process of planning occur? My own observations suggest that many agribusiness managers intentionally open themselves to interruptions. Some will attend a meeting in the full knowledge that they will have to leave before its completion. Others will keep the door to their office open so as to invite their subordinates to enter and interrupt.

It would seem, therefore, that when the manager is forced to plan, he elects to do so implicitly via brief and often imperceptible adjustments in his normal daily actions, rather than through an intense and/or extended process undertaken while locked into the confinement of his office or hidden for two weeks in a mountain retreat. As such, many plans exist only in the minds of managers and are never committed to written form. While such plans remain stored securely in the mind of the manager, they are nonetheless conditioned and perhaps even changed over time as that manager is subjected to those normal pressures of his position. The job of managing, therefore, does not breed reflective thinkers and systematic planners. Reflective thinking is supplanted by the need for a rapid-fire response to a broad array of concerns. Planning, in a formalized sense, is

supplanted by a more subjective process confined almost solely to the mind of the manager and conditioned only by the normal course of his business actions.

Management as a Free-Lance Endeavor

Folklore. Our profession would have us believe that the truly effective manager has no regular duties to perform. We perpetuate this myth by telling our students that managers should spend more time delegating and less time occupied with the nit-picking problems of day-to-day operations. Spending endless hours riding a tractor seat or milking the cows is not, after all, the best use of a farm manager's time. Like our earlier mentioned orchestra conductor, the manager carefully arranges in advance for all the necessary tasks to be performed and then sits back to enjoy and evaluate the results, responding personally only to those unforeseen problem., or deviations.

Fact. Here again the real world of the agribusiness manager does not seem to support the professional abstractions. We must look more closely at those activities which practicing managers elect to become engaged in before we expound on a proposition which simply dismisses them away.

Most agribusiness managers with whom I'm familiar have taken it upon themselves to perform a more-or-less routine set of chores. Each would no doubt admit that others could perform these tasks equally well, but I suspect most of these managers use the process as a means for checking the general pulse rate of their businesses. It is also possible that some of these managerial chores would have otherwise required a staff specialist to perform. Under conditions of financial stress, the manager becomes the closest thing to a specialist employed by many agribusiness firms.

One manager of a farm supply store makes it a habit of waiting on customers for several hours each day. This function could be

conducted equally well by any one of the numerous clerks and service personnel employed. I once asked this individual if his time wouldn't be better spent working in the back office where he would have the privacy to address some of the larger problems of his business. He explained that his daily routine on the sales floor was the very best means he had for pursuing such tasks as judging employee performance, assessing the tempo of sales, identifying rapidly a pending inventory shortage, and solving accounts payable problems before they reached "back office" proportions. Furthermore, this manager added that the customers had grown accustomed to his personal greeting and somehow felt cheated if they were denied an opportunity to return that courtesy. I could hardly find fault in his response.

We must also accept the fact that agribusiness managers have some "ceremonial responsibilities." Another one of my agribusiness manager friends once described his position as, ". . . that person who visits with and entertains visitors so that everyone else in the business can get their work done." But for the fact that I had become one of his regular unannounced drop-in visitors, I would have wondered about the seriousness of his response. No doubt every agribusiness manager does have certain ceremonial duties and such actions do compete with his need to fulfill other more traditional functions. Still a manager's actions such as meeting visiting dignitaries, presiding at meetings, and serving as a member of a local service club are not to be viewed as "net loss endeavors." Numerous studies have shown that these actions facilitate the accumulation of "soft" external information (much of which is made available to the manager only because of his position status) which can later be passed on to subordinates and used effectively in the business. What we are referring to here is not to be characterized as industrial espionage. Rather, such ceremonial duties provide the manager with a set of environmental-informational benchmarks which would otherwise have been more difficult to construct.

Management Information Systems

Folklore. We view senior management as that individual who is perched on the apex of a complex, hierarchical organization. Acting much like a radio antenna perched on a hilltop, the person received data transmissions from long distances and multiple directions. The challenge was to aggregate this mass of data, decipher it, condense it, and render it useful. Within this setting, the so-called Management Information Systems became increasingly popular. The job of such a system was to amass, decipher, condense, and transmit to management valuable information. In theory, at least, senior management would regularly receive a written data summary: concise, timely, and relevant.

Fact. A review of several studies, coupled with some recent personal experiences, would suggest that the giant and complex MIS systems are not working. They are not working simply because managers are not using them. Many such systems are functionally adept, but their failure lies in management's decision to ignore or bypass the end product.

A closer look at how agribusiness managers actually process information will uncover one of the basic reasons for this MIS systems failure. It should be noted that managers have at least five communicative media at their command; i.e., written documentation, telephone conversations, scheduled meetings, unscheduled or impulse meetings, and personal observations. Given these five alternatives, the fact is that managers have a strong preference towards the verbal media (telephone calls and meetings) and do not seem to enjoy reading (or writing).

Several studies in the U.S. and Great Britain show that managers elect to spend 70-80 percent of their time in verbal communications. The process of reading mail and preparing correspondence is viewed by most managers as a burden to be dispensed

with. Periodicals and other forms of news media are treated ritualistically and skimmed over in a matter of seconds or minutes. Even routine internal reports are received by management but rarely solicit a reaction or response. One study of CEOs found that fewer than one in ten routine reports received any special attention from those management personnel who regularly received them.

All this would suggest that managers almost have an aversion to written communication and rarely look to this media as their source of information. Little doubt, therefore, as to why MIS systems are not being used effectively.

The manager's preferences towards the verbal media raise two other concerns.

First, verbal information is stored in the brains of people. Only when people write this information down can it be stored for later use by others. It also seems apparent that managers do not like to write down much of what they hear, think, or otherwise experience. Those who support the concept of an MIS system, argue that the information data base upon which a firm depends should be stored conveniently (and securely) in the files of the organization; either in gray filing cabinets or magnetic tape. In reality, we now discover that the organization's most strategic data base is stored rather indiscriminately in the minds of its management personnel where it is substantially less secure and subject to permanent loss at almost any time.

Second, the manager's heavy reliance upon verbal media provides a partial explanation for his reluctance to delegate tasks. When most of the information is stored in his head, the manager cannot simply hand over a dossier to someone else. Rather, the manager must take the time to "dump memory," i.e., verbally transmit to someone else all he knows about a subject. The manager soon discovers that this process is so time consuming that he elects to perform the task himself rather than delegate it to others.

Management as a Science

Folklore. As our profession matures and attains an ever-higher level of complexity, we become more inclined to think of the process of management as if it were a science. By definition, a science involves the interaction of systematic, analytically determined procedures or practices.

Given that we have not yet answered the question about what managers do, how can we categorize such actions as a science? Indeed, if we are not yet sure what future managers must learn, it's doubtful that we can even refer to this field of study as a profession.

Fact. Managerial actions (e.g., the scheduling of time, the processing of information, and the making of decisions) rely most heavily on two things commonly referred to as "judgment" and "intuition." All too often these terms are used merely as more profound-sounding labels for our own level of ignorance. Many researchers have expressed surprise at their finding that modern business managers (judged competent by any standard) are fundamentally indistinguishable from their counter. parts of a hundred years ago. Comparing Presidents Abraham Lincoln and Jimmy Carter, for example, we find that while the information they needed differs, they sought it in much the same manner; while access to technology differs, the procedures used to address basic concerns are quite similar.

Review

To review the current status of this fact vs. folklore assessment of management actions, I'll draw on the words of C. Jackson Grayson ("Management Science and Business Practice," *Howard Business Review*, July-August 1973). Mr. Grayson states:

Considering the facts about managerial work, we can see that the manager's job is enormously complicated and difficult. The

manager is over-burdened with obligations; yet he cannot easily delegate his tasks. As a result, he is driven to overwork and is forced to do many tasks superficially. Brevity fragmentation, and verbal communication characterize his work. Yet these are the very characteristics of managerial work that have impeded scientific attempts to improve it.

Reassembling the Puzzle

So far we have established only that "professional wisdom," as it applies to management actions, is more folklore than fact. Now we shall attempt to reassemble the puzzle. I shall define the manager as the person in charge of an organization and vested with the final authority over its operations. In this process of better describing what a manager does, we shall use a set of "roles"; i.e., those which describe the manager's interpersonal actions, his informational actions, and his decision actions.

Interpersonal Roles:

1. Figurehead-Mr. Mintzberg found that in his studies, managers spent almost 12 percent of their time acting in a ceremonial function. Such actions included business lunches, entertaining, or touring with visitors. Such duties were often considered routine and rarely involved serious communication or decision making.
2. Leader-A manager is responsible for the work of the people in his unit or organization. In this role, the manager may hire or fire employees and otherwise perform such personnel related actions as motivating employees or directly supervising their functions.
3. Liaison-In this role, the manager acts so as to establish contacts outside his immediate vertical chain of command. Here the agribusiness manager is no exception. My own observations suggest

that a great deal of management time is spent in direct contact with suppliers, managers of other similar businesses, trade organizations, government representatives, and local civic leaders. Such contacts are cultivated largely because they represent a source of information beyond that generated internally within the business. In truth, agribusiness managers are excellent judges of the tempo of the local economy and little of this knowledge is generated from within their selected business.

Informational Roles:

1. Monitor-The processing of information is obviously an important part of a manager's job. As a monitor, the manager perpetually scans his environment for this information, queries his employees and liaison contacts, receives unsolicited information, and generally collects "soft" information for later reference.
 2. Disseminator-Much of the information scanned and collected via the monitoring actions must ultimately be distributed to other employees. He may pass some of this information directly to a subordinate or use a communicative media which is indirect; e.g., memorandum, policy change, or staff directive.
 3. Spokesman-If you observe an agribusiness manager closely you'll soon realize that he directs a lot of his information to persons outside his organization. As such he is acting as a spokesman to such organizations as the Chamber of Commerce, Better Business Bureau, consumer groups, or social clubs.
2. Disturbance Adjustor-Actions taken in this regard might be more appropriately labeled "reactions." Here the manager is involuntarily responding to pressures, many of which arose outside his direct control; e.g., rising interest rates, environmental and employee safety codes, injuries, in-shipment delays, etc.
 3. Resource Allocator-To the manager falls the responsibility of deciding "who gets what and when." The first resource the manager must allocate is his own time. In addition, he designs the firm's operating structure which apportions what work is to be done, how it is to be completed, and by whom. Allocating resources amongst competing alternatives projects must be accompanied by a judgment as to economic efficiency, impact on firm goals, and an assurance that such limited resources are not overextended. My analysis of this action as taken by many agribusiness managers suggests that decisions to allocate time and energy are tied more closely to the personnel involved than the merits of the competing projects themselves. In essence, the manager selects those projects submitted by those persons whose judgments he trusts most. This too often becomes a simple dodge or an easy avoidance of having to make the correct, but unpopular, selection.

Decision-Making Roles:

1. Entrepreneur-One of the most important actions of a manager is also the most difficult to describe; i.e., those actions which result in a general change of direction for the business. Strategy and an assessment of current information are coupled into a management action

employed so as to adapt the business to changing conditions in the environment. Such actions rarely result from either a single or even a cluster of decisions. Rather, they emerge as a series of small, seemingly inconsequential decisions sequenced over time. I'm always amazed that a good manager may have underway, at one point in time, numerous entrepreneurial sequences, some of which are active while others are temporarily dormant. The skilled manager maintains a mental inventory of these sequences and then applies the appropriate impetus to each as is judged necessary.

4. Negotiator-Any discussion of what managers do must reference their role as a negotiator. Such actions may involve the negotiation of prices, salary level, or trade parameters. They may be simple routine matters or complex emotionally based exercises. Regardless, they are common to management action and comprise the last of those roles undertaken by management.

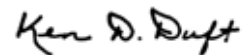
Summary

The list of management functions commonly listed under the acronym of PODCC is outdated and does not describe well what a manager does. Theoretical concerns and professional study have added little to the separation between that which is fact and folklore in describing managerial actions. This discussion proposes that management action be viewed within the context of three basic roles. First, a manager's interpersonal role

comprises those duties whereby he acts as a figurehead, leader, and liaison. In pursuing his informational role, the manager acts as a monitor, disseminator, and spokesman. Finally, the fulfillment of his decisional role finds the manager acting as an entrepreneur, disturbance adjuster, resource allocator, and negotiator.

These three basic management roles, and the duties commensurate with each, describe best what managers do. Once we agree on what it is that managers do, it should be easier for all of us to suggest ways or means for improvement.

Sincerely,



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