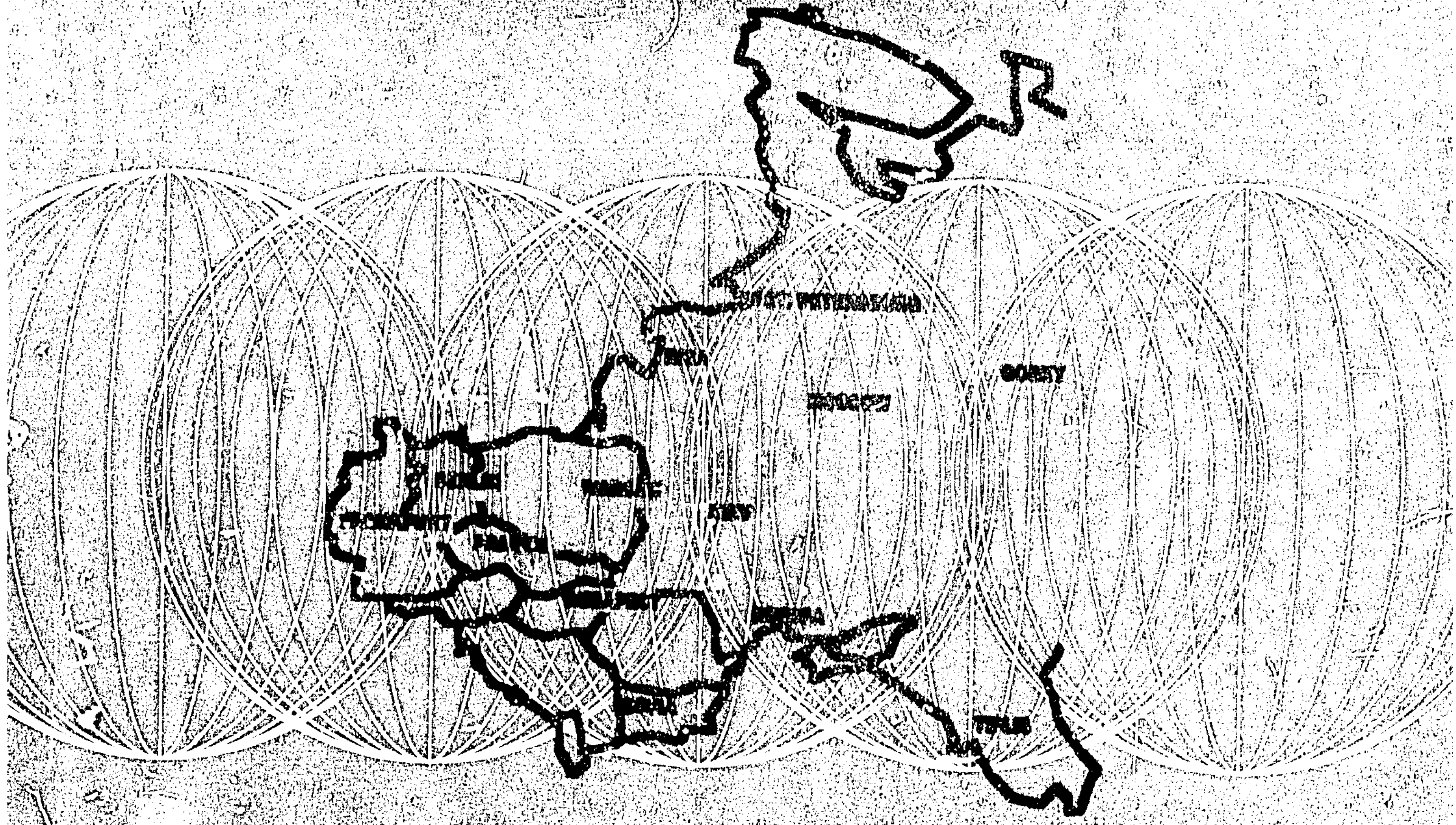
AN INTERNATIONAL ACTIVITIES PROJECT

# FROM PLANNING TO MARKETS

## HOUSING IN EASTERN EUROPE



THE URBAN INSTITUTE

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# FACILITATOR'S GUIDE TO MANAGEMENT TRAINING COURSES

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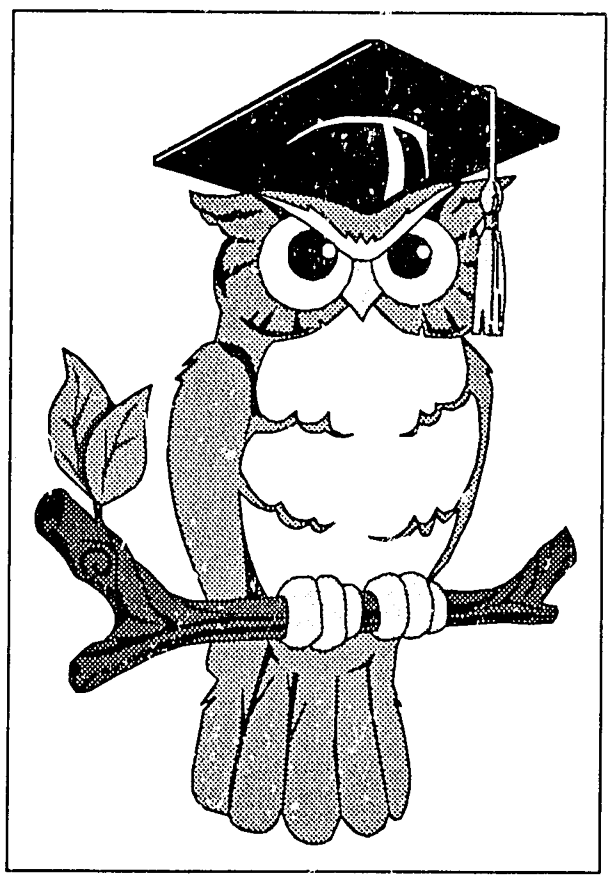

# INTRODUCTION

The purpose of the course is twofold:

1. To improve the management skills of the owners;
2. To bring owners together in order to focus their efforts on improving the overall management and maintenance of municipal housing.

The role of the trainer is to serve more as a facilitator than a teacher. Your role is very important! You do *not* have to be an expert in management education to facilitate this course, but you *must* have a commitment to management improvement, an ability to speak in public, and a good sense of humor. If you have a sense of enthusiasm and interest in the course material, you will find that the participants share this enthusiasm with you. As facilitator, you have the power to unleash the management potential within the participants—the power to make a significant impact on municipal housing and the overall quality of life of Muscovites. Besides taking care of the logistics of training (the classroom, the training materials, etc.), you are there to generate discussion, facilitate the analysis of cases, and deal with simulations and role-plays used in the course.

## COURSE FORMAT

The basic management course consists of ten sessions. Each session should take approximately 2 hours when presented by the IHE without translation.

The sessions are structured to provide a maximum amount of positive reinforcement while teaching basic management concepts. What is read prior to each session is reinforced by session discussions, practical exercises, and tests.

The tone of the sessions should be informal and questions from the participants should always be welcome. As the facilitator, you should encourage participants to ask questions at any time during the sessions. It is through these questions that you will receive valuable feedback that lets you know whether the material is being understood. By encouraging participation, you will find that many trainees are willing to share personal experiences with you and the class—experiences more relevant than any that could be presented in the workbooks.

You should be sensitive to the participants' feelings during the sessions. Some participants will be more outgoing and willing to share experiences; others will be more private with their experiences. You do not want to embarrass anyone by insisting that they share experiences. In some instances, workers may be attending the sessions side-by-side with their supervisors, making it difficult for the worker to be critical of their organization's management. As the facilitator, you must recognize these awkward moments.

If a participant disagrees with a concept or challenges your presentation, you should not be offended or feel the need to be defensive about the course material. Management is not a science like physics, and there are many differences of opinion regarding management techniques, even among management experts. The course is designed to present concepts that have been developed and proven over the years by management professionals. For example, Management By Objectives (MBO) is not a panacea for all organizational ills; it is, however, a very effective tool for enhancing productivity *when used under certain circumstances.*

Above all else, an attempt has been made to make the sessions fun for the participants. When session material is interesting and when classroom experiences are fun, you will find that the training routine is easy. In fact, you will have fun as the facilitator.

The session format is standardized:

- Pre-session reading
- Facilitator's summary of the reading
- Discussion questions
- Practical exercises
- Self-test

The pre-session readings are always distributed at the previous session so that the participants can read the material prior to class. All pre-session material and Session material is to be put in binders (workbooks) that are provided to the participants. The workbooks should have dividers for each session so that the material is logically organized and indexed, and is convenient to bring to class. The workbook also encourages the participants to keep the material on the shelf as a handy reference resource for future management issues.

Session material is given to participants at the beginning of each session. This material consists of discussions, exercises, and tests. Overhead slides have been made to accompany much of the session material. Overheads provide visual reinforcement of the material.

You should start out every session with a summary of the pre-session reading material. This will reinforce the material for those who have read the material, and introduce it for those who have not had a chance to read it. This segment should always be done with the overheads.

Next, you should cover the discussion questions. These questions draw upon the concepts learned in the pre-session material, and encourage the participants to think about the concepts, and to apply the ideas to real life situations. In the session notes that follow, you are given some tips in how to stimulate discussion and engage participants in the discussion process.

Each session has a segment consisting of practical exercises. These exercises may take many forms, e.g. role playing, group decision making, tests, etc., which you will have to introduce or set-up. Sometimes you will have to give instructions and monitor the exercise process. You will have to time the exercises to ensure that the approximate classroom schedule is met. You should always introduce the exercises with a time frame, such as, "Let's take 20 minutes to complete this exercise". In addition to the overheads, the blackboard should be used to make key points.

There should be a break approximately half-way through the session.

This break is important for several reasons:

- It avoids sitting in one place for 2 hours, which would become an endurance problem causing learning to fall off.
- It lets the participants talk informally about the session material and about their work. The most valuable discussions often occur during these breaks.

Each session should conclude with a test. The test is always self-scored, and participants are never asked to reveal their scores. Do not give the written test answers to the participants, until after you have orally given the answer to each question.

Before the class adjourns, please remember to give out the pre-session reading material for the following session. It is helpful to say a few words about the next session to pique the participants' interest.

## OTHER SUGGESTIONS

*Class size:* The ideal size is 15 participants. Larger classes lose their spontaneity and tend to be more formal. Smaller classes are too small to facilitate the group exercises.

*Confidentiality:* Many participants will say things about their jobs and their organizations that could get them in trouble if their bosses discover what had been said. Anything said in class shall be treated on a confidential basis, and the participants should be told this at the first session. This arrangement will encourage the participants to be candid in their comments and will allow them to use real organizational problems as examples in the classroom.

## FEEDBACK

Don't be stingy with your praise. When someone has answered a question well or shared a particularly valuable insight with the class, tell them so. Likewise, praise the entire class when a session has gone particularly well. Beware, however, of false praise; it will usually be perceived as such by the class and will detract from your credibility as the facilitator.

Try to make the participants feel special. After all they are special by virtue of being selected for this training. If possible, try to call participants by their names in class; this is a nice personal touch, and the sweetest sound to someone is his or her own name.

*Starting on time:* This is one of the hardest things to accomplish. Because of transportation, weather, or work problems, some participants will be late for class. After waiting a reasonable amount of time (5-10 minutes), I would advise that you start the session even though some participants are tardy. It is not fair to the people who were on time to delay for more than a few minutes. However, when late stragglers do arrive, I usually don't make a big deal out of it.

*Missed sessions:* Some participants have very demanding jobs that will cause them to miss sessions. Since certificates will be awarded to the course graduates acknowledging their level of management expertise, it is important that not more than one or two sessions be missed. With multiple classes being trained and with the future availability of videos, absences may be excused, if the missed session is "made-up" by the participant. However, if too many sessions are missed by a participant, you may wish to deny graduation and certification. Because the course is serving as a certification function, you do have the responsibility to ensure that graduates meet certain training level criteria. Denying certification is a subjective evaluation that you will have to make as the facilitator.

## ACKNOWLEDGEMENTS

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**UNIT I**
**THE EVOLUTION OF MANAGEMENT**

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Introduction of the Basic Management Course | 15 |
| 2. | Exercise: Supervisory Attitudes, Part I | 10 |
| 3. | Discussion and Summary of the Reading | 10 |
| 4. | Exercise: Supervisory Attitudes, Part II | 10 |
| 5. | Discussion Questions 1 & 2 | 20 |
| 6. | Management Philosophy Workshop (Discussion Question 3) | 30 |
| 7. | Case | 15 |
| 8. | Summary of Session | 5 |
| 9. | Test | 5 |

***Lesson Plan:***

1. *Introduction of the Basic Management Course:* Please refer to the introductory and course format sections that preceded the lesson plans.

2. *Exercise: Supervisory Attitudes* [1], *Part I:* It is suggested that the supervisory attitudes questionnaire be given *before* the discussion of the pre-session reading material. After you have introduced the course, introduce the questionnaire with some comment, such as "Before we look at the readings in this session, let's take a look at some of the attitudes that we have brought with us into the classroom as a result of years of work and life experiences." The participants then turn to the questionnaire on supervisory attitudes, Part I. After the summary of the reading, Part II will be given.

Participants should be told that there are no right or wrong answers to the questions. Since their names are not going to be put on the questionnaires,

[1] Pfeiffer and Jones, *The 1972 Annual Handbook for Group Facilitators*, University Associates, 1972.

and nor are you going to collect them or in any way critique individual responses, participants should be encouraged to be as open as possible. Only one response to each question is permitted and responses should be as open and honest as possible. A response may fall under the second column which is headed with "tend to do this" rather than between the column and the adjacent column. If this format is not followed, the scoring will become more complicated.

Do not score the questionnaires after they are completed. When participants are done filling in their responses, quickly move to the summary of the reading, informing the class that you will return to the questionnaires after the summary.

After the summary, return to the questionnaires and score them.

3. *Discussion and Summary of the Reading:* Refer to the overhead slides for this outline.

4. *Exercise: Supervisory Attitudes, Part II:* Ask the participants to read Part II of the questionnaire, and then indicate where they think thay are in reference to the Theory X and Theory Y philosophies. Scoring instructions for Part I—

- Place values next to each check, as follows: for questions 1-3 and 5-9 checks in the "Do" column get a "1"; checks in the "Tend to do" column get a "2"; checks in the "Tend to avoid" column get a "3"; and checks in the "Avoid" column get a "4".

- For items 4 and 10, the values are reversed, such that the "Do" column gets a "4"; the "Tend to do" column gets a "3"; the "Tend to avoid" column gets a "2"; and the "Avoid" column gets a "1".

- Sum up all the values and write the grand total at the bottom of the questionnaire.

Since this questionnaire is designed to create an awareness in the participants of their current management philosophies, it should not be used as a mechanism to show that certain participants are "better" or "worse" than others. Collecting scores for discussion purposes is not advised—most participants will be very sensitive about the results.

In discussing the participants' scores it is important not to make those who scored toward the Theory X end of the scale feel that something is wrong with them. Since our attitudes are a function of previous experiences, it is quite probable that if we had a Theory X style supervisor, then we would manage the same way.

In discussing Theory X and Theory Y, it is important to distinguish between Theory X assumptions and certain leadership styles usually associated with those assumptions. Autocratic leadership styles have often associated with Theory X assumptions. This can be an erroneous inference when one considers the usefulness and appropriateness of those leadership styles. In an operating room, the surgeon certainly does not want to slow down the decision-making process. Instead, he or she becomes the "commander-in-chief" in the sense that orders are thrown out and expected to be carried out. This behavior is not based on the assumption that people are lazy or irresponsible. Rather, this leadership style, in this situation, is the most effective.

5. *Discussion questions 1 & 2:*

   (1) Draw an organizational chart of your organization. This exercise is useful in understanding the "rhyme and reason" for many organizational structures that exist. Very often workers are unaware that the structures of their organizations serve a useful purpose. For instance, without division of labor, how effectively could the organization be run given the specializations involved? Does the span of control tend to increase as you move up the hierarchy? We usually find that span of control decreases. This is contrary to many participants' intuitions. One might assume that the higher you move up in an organization, the more people that you can manage. This reasoning overlooks, however, the fact that as you move higher up in an organization, responsibilities become complex. This makes it difficult for the supervisors at these high levels to manage more than a handful of workers. However, at the bottom of the organizational hierarchy, we find people doing the same kind of work and this makes it easier for the supervisor to understand and help organize those workers.

   (2) Can you list 3 examples of a manager's actions which may have brought about the very behavior that he or she was trying to prevent (the self-fulfilling prophecy)? Examples which are usually brought up include the manager who is constantly checking to see if workers are working. Subordinates sensing the manager's distrust of them tend to play a common game. When the manager comes around, they will be quite involved in their work, but as soon as the manager leaves, they loaf. If you treat someone as if they are lazy and unmotivated, they will react accordingly.

6. *Management Philosophy workshop (Discussion Question 3):* Form this work shop around question #3 of the discussion questions. Participants should reflect on the different jobs they have had, or their present job, and ask the following questions:

- What is the nature of the task? Is it stimulating, repetitive, dull or interesting?
- How do the rules and regulations in the organization pertain to your job?
- How does your supervisor manage you and your colleagues?
- What personalities are involved—you, your supervisor, and your work group?

Stress that:

- The assumptions that we hold about our work groups are very much determined by our previous work experiences.
- The nature of the job has a profound effect on the individual, which in turn can cause a particular behavior in the supervisor.
- Behavior is a function of the environment, of which the supervisor is a part.
- Reanalyzing your assumptions about people might lead to a new management style and an increase in motivation and productivity.

7. *Case:* This short case brings out a number of ideas associated with Theory X and Theory Y. [2] The case should promote some relevant discussions regarding the impact of a manager's personal philosophy on an organization. Mr. Ivanov's philosophy is not wrong, but the impact of his view, translated through his management style, may be very profound. Ask the participants to forecast how Mr. Ivanov manages. Based on his short statement, most will agree that he is a Theory X manager. Ask the participants if they have ever worked for someone like Mr. Ivanov. Ask whether that manager was liked or disliked. Are the basics that Mr. Ivanov refers to the traditional "shut up and do what I tell you to do" approach to management? What about the self-fulfilling prophecy and a manager like Mr. Ivanov?

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[2] Hodge, Johnson and Read, *Organizational Behavior: Cases and Situations*, Intext Educational Publishers, 1974.

# UNIT II
# UNDERSTANDING MOTIVATION

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Question | 10 |
| 3. | Exercise: The Need Hierarchy Questionnaire- | |
| | Step 1: The Questionnaire | 10 |
| | Step 2: Compute Need Scores | 10 |
| | Step 3: Compute Adjusted Dissatisfaction Score | 5 |
| | Rank Order Needs | 5 |
| | Step 4: Discuss Rank Order of Dissatisfaction Scores | 10 |
| 4. | Case Study: Motivating Vladimir Smirnoff- | |
| | Step 1: Read the Case | 10 |
| | Step 2: Discussion Questions | 30 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

### *Lesson Plan:*

1. *Discussion and Summary of the Reading:* Refer to the overhead slides for this outline. You should point out that humans are always wanting; when one need is satisfied, another will appear in its place. Introduce Maslow's hierarchy of needs theory by saying that human needs may be prioritized in importance. You may also wish to state that managers must reconcile themselves to dealing with perpetual discontent. Remind the participants that satisfied needs do not motivate, and it is the this source of discontent that provides managers with the greatest opportunity for worker motivation.

2. *Discussion Question:* "In some developing countries, managers have had great difficulty in attracting and holding workers in factory work. They work for a few weeks, collect their money, and go back to their villages. Why?" To stimulate the discussion, ask some questions:

   - Are the workers without ambition?
   - Are they lazy?

Calling the workers unambitious or lazy is much too simple of an explanation for what is happening! It isn't true that they have no ambition! The problem is that this work offers only money, and the workers do not view money as a means for long-term need satisfaction.

The higher level needs for security, prestige, status or power can be satisfied only in their villages - through things like inherited position or ownership of land. Goods purchased in a market play a lesser role in village life, so the motivation to work to earn money to buy goods is neither strong or enduring.

3. *Exercise: The Need Hierarchy Questionnaire* [3]: This self-contained exercise needs no preparation on the part of the participants or the facilitator. Have the class fill out the questionnaire and compute their scores. Wait until everyone has completed the questionnaire before computing the scores, since the scoring instructions are at first quite confusing. Make sure that you thoroughly understand the scoring so you can assist the class.

After scoring, follow Step 4 in which the class is asked to relate their scores to the features of their jobs.

A key point to bring out is that their jobs can have a big impact on the strength of their needs and the degree of satisfaction in the context of Maslow's theory. What has impact on a manager will also have impact on their employees.

**Step 1:**
Have the class fill out the questionnaire. Read the instructions to the class, and use the overheads while reviewing the instructions. Make sure that everyone understands the instructions. Highlight the purpose of this exercise.

**Step 2:**
Compute Need Scores. Review the scoring instructions with the class, and make sure everyone understands how to compute their score. Point out that the "Adjusted Score" tells you how strong your needs are in relation to each other.

[3] Hall, Bowen, and Lowitch, *Experiences in Management and Organizational Behavior*, St. Clair Press, 1975.

**Step 3:**

- Compute adjusted dissatisfaction score. Point out that the higher the score, the more dissatisfied; the lower the score, the more satisfied.

- Rank order needs. Have the class go back to Step 2- their needs. They should list their 5 highest scores. This is a list of their needs in order of importance.

**Step 4:**
Discuss rank order of dissatisfaction scores. Ask the class to share what features of their jobs are responsible for high and low satisfaction? Ask how their jobs could be changed to remove dissatisfaction? The participants usually find insights into what is satisfying and dissatisfying with their jobs. Although these job factors should be well known to the participants, you will find that many people have never analyzed these factors in the way that the questionnaire does. Some people will find that they are not as satisfied as they thought they were!

4. *Case Study: Motivating Vladimir Smirnoff*[4]: After everyone has read the case, turn to the discussion questions. Analyze this case in light of Maslow's and Herzberg's theories.

**Question 1:**
"How can we justify Oleg's concern about Vladimir—did he really have a problem?" A manager is primarily concerned with the productivity of his workers. Since Vladimir's group was the most productive in the company, it does not seem that there is a problem. However, Oleg is upset with the work habits of Vladimir's group, and the class will probably feel strongly about the justification of his attitude. Rather than allowing a discussion to focus on the effect of Vladimir's group on the rest of the organization, it would be more productive to discuss what the effect on Vladimir's group would be if they were prevented from behaving the way they have been. Maslow's Theory would suggest that Vladimir's group was motivated by social needs and would not security level gratification in increasing their take home pay. To force them to alter their behavior would probably create much unhappiness, frustration, and a drop in productivity. The problem then seems to rest more with Oleg's understanding and dealing with the situation than with Vladimir's group's behavior.

Your discussion should center on ways Oleg can incorporate Vladimir's work group's style into the work system of the organization. It is possible

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4 Adapted from Boyd, *Management Minded Supervision*, McGraw Hill, 1976.

that other work groups are jealous or angry at Vladimir's group's behavior. If so, the other groups should discuss ways in which they could increase their job satisfaction and productivity.

**Question 2:**
"What might be some of the reasons Oleg failed to motivate Vladimir?" Oleg failed to motivate Vladimir because he was trying to appeal to a need which Vladimir had already satisfied. Money was obviously not a need for Vladimir or his group. This does not imply that money is not important to them but since their minimum need for money was satisfied, they had moved to a higher level, the social level. Oleg's problem was made worse because Vladimir and his group were aware of their productivity relative to other groups, and one could not appeal to their ego needs on the basis of further increasing their productivity.

**Question 3:**
"If the rest of the crew really wanted money, why didn't they keep things going when Vladimir stopped to tell his stories?" There is no indication in the case that the crew wanted more money. Oleg did discuss with the crew that making more money was certainly "nice", and they agreed. However, it is more likely that their agreement was a simple acquiescence to their boss"s statement and not an indication that they shared Oleg's need. It didn't take more than a week before they resumed their old habits which again left them quite satisfied and motivated. Vladimir was the informal leader of the group. As such, he was an integral part of the group and helped the group satisfy their need for social interaction, a need that was more important than making money.

**Question 4:**
"Oleg felt that if a manager could not motivate his workers with money, there was not much left. What does a manager have to motivate workers with?" A manager can motivate workers only when he or she understands what their needs are and how those needs can be incorporated into the organization's needs. Money is often seen as a security level satisfier. In low paying jobs, workers might often be motivated if their productivity is associated with increases in pay. It should be pointed out that money is often associated with esteem and a higher salary might satisfy someone who is at the ego need level. If workers enjoy socializing during work hours, the manager should work with those needs.

Further, the manager can structure an environment which will arouse needs which have not yet emerged in the group. For example, by structuring the task so as to arouse the achievement or recognition need, you might find the worker moving to that level. In the case of Vladimir, Oleg might appeal to his esteem needs in the following way: he might discuss with Vladimir the possibility of Vladimir's assuming a new role whereby his ability to motivate people would be utilized. He might appeal to Vladimir on the basis of Vladimir's expertise in working with groups and creating positive and productive attitudes in group members. However, it is possible that Vladimir would not respond to this appeal and in fact be more satisfied continuing as is. Since his productivity is very high, it does not appear that Oleg has a problem with Vladimir, but instead with his own understanding of motivation.

# UNIT III
# PERCEPTION AND ATTITUDES: SEEING AND BELIEVING

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Questions | 15 |
| 3. | Exercise: The Kidney Machine | 50 |
| 4. | Case: A Case of Prejudice? | 30 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

## *Lesson Plan*

1. *Discussion and Summary of the Reading:* Stress that perceptions are what we see and sense; these perceptions are influenced by our needs. Selective perception allows us to focus on whatever satisfies our needs. An opinion is what a person believes to be factually true. An attitude is an opinion that contains an evaluative and an emotional component. Point out that man is constantly "rationalizing" to make his world more in synch with his opinions and attitudes. Mention that attitudes are *hard* to change, and that stereotypes are usually distorted perceptions about people based on ethnic or occupational judgements.

   Discuss the concept of psychological advantage: all of us are constantly seeking to serve our own self-interest.

   The way organizations are designed and the way work is structured can cause problems with workers' perceptions. The management relationship must provide feedback, openness, structure, and support. By developing this relationship, management can reduce the tendency to rationalize mistakes. Managers must not blame their own failures on their workers and vice versa.

2. *Discussion Questions:* "How can a manager's cognitive dissonance reduction inhibit his or her effectiveness?" Man may not always be rational, but he definitely is "rationalizing". Our effectiveness in the productivity of an organization can be affected by a manager's failure to

analyze his or her own actions. Blaming the work group instead of analyzing one's own management systems is the first step in creating a self-fulfilling prophecy.

The tendency to displace the blame when things go wrong can be disastrous if that tendency stops a manager from changing his or her own behavior in order to improve the productivity of the work group. It is important that we ask ourselves, "What is it about my management style that is causing the kind of behavior in the workers that I always complain about?". If a manager can do this and accept the answer to that question, then he or she will start to conquer the problems of cognitive dissonance reduction.

- Identify perceptual distortions or stereotypes that exist between departments and levels in your organization. What job factors help create such stereotypes?" This question is good for stimulating discussion, particularly if the participants are willing to volunteer their own ideas about what other workers think about them.

  One of my techniques is to ask Prefecture staff to "Tell us what those guys in the RAIU's are saying about you right now." After that response, ask the Prefecture staff to share what they are thinking about the RAIU's. This usually leads to a good discussion on why such perceptions have occurred. The purpose is to generate an awareness that such perceptions (or stereotypes) are usually caused by what people do as apart from who they are. If that kind of awareness can be created, then the foundation has been laid for creating the kind of management awareness that will reduce organizational stereotyping, and thereby improve communication and coordination.

3. *Exercise—The Kidney Machine* [5]: The following are instructions for conducting the Exercise:

   - Participants read the kidney machine work sheets.
   - Form groups of 5-8 persons. Time= 10 minutes.
   - Groups are to select one candidate for treatment on the machine.
   - When all groups are finished, list the choices and why they were picked. Time= 20 minutes.

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[5] Adapted from the *1974 Annual Handbook for Group Facilitators.*

- Discuss how perceptions, attitudes, and opinions influenced the decision-making process. Time= 20 minutes.

This exercise will take approximately 50 minutes. Participants should be given about 10 minutes to read the information, and they should be divided into groups of 5-8 persons maximum. If possible, the groups should sit in a circular pattern. They should be told that they have 20 minutes to come to a group decision on who should be hooked up to the machine. They should be encouraged not to vote, but rather, to try to reach a consensus on the final solution.

After all groups have selected their candidates, ask each one to give their candidate's name along with the rationale behind their decision. I usually use the blackboard for this discussion, and list the names with the reasons. Ask the entire class which solution is best. You will probably find that each group thinks they have the "best" solution.

Discuss with the groups how objective their decision really was. It will at once become apparent to them that any selection criteria that they thought were objective, were really subjective. Different groups, composed of different individuals, with different backgrounds, needs, and perceptions will probably place different weight on different selection criteria.

Ask the groups if they could use more information about the situation. Some of them will probably answer "yes". Challenge them with "What additional information would you need? Would you like additional psychological reports?" If they answer "yes", ask them who would provide the reports. After all, if the family of the person under consideration was contacted to provide references from their own psychologists, we can only assume that they will find sympathetic doctors.

Often the issue of contribution to society arises. Ask the groups on what basis we should measure contribution? Is it subjective? Is Nikkolai's career in research necessarily more important to society than someone else's occupation, perhaps your own? Would you want to be judged by that criterion in a similar situation?

As these questions are discussed, you should find that group members are becoming more involved in issues surrounding their perceptions, their opinions, and their attitudes. You should encourage this discussion—it is the primary point of this exercise. We are trying to point out that whenever managers make decisions, their previous experiences, their opinions, their attitudes and needs are influencing them. What one manager may consider to be an excellent solution may be considered by another as immaterial and unsuitable.

To make this point, ask one of the more vocal participants if he or she would want the group to sit in judgement of them. When asked that question, most people have opted for some random selection process to be used, such as picking names out of a hat.

As managers, we have to be careful not to let our subjective perceptions affect our objectivity. To accomplish this, you must try to involve as many different points of view to prevent your subjective perceptions from influencing important issues.

4. *Case—A Case of Prejudice?* [6]*:* This case (and 2 others in the course) are called "Prediction-Feedback" Cases. These are cases where the data are presented in separate parts whose sequential arrangement is designed to make the participants' analytical skills and understanding more precise. *It is critical that you give specific instructions on how to prepare the cases.* You need to firmly request that the class fully prepare one part *before* reading any further!

   The first part of these cases presents background factors. The participant is to: a) make a precise analysis of what the required system is; b) predict the most likely emergent system patterns; and c) predict the consequences of such behavior.

   The second part presents the actual behavior in the case situation. The participant can compare his or her predictions with the actual behavior, and where they differ, he or she can analyze what accounts for the variance.

   The case will then continue with one or two parts that describe a change in the situation, The participant is to analyze these and predict how they would affect actual behavior.

   Finally, the participant reads about the actual behavior after the change, and again compares his or her predictions with this feedback information.

   You should point out to the participants that perfect prediction is not the expected goal. Our expectation is that as the course progresses, they will become more aware of which factors are relevant and will see more relationship and behavioral possibilities than they would without practice on several cases.

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6 Adapted from Cohen, Fink, Gadon, Willits, *Effective Behavior in Organizations*, 1976.

This particular case is an interesting case dealing with attitudes and perceptions on the part of a manager. Upon first reading the case, most participants will jump to the conclusion that the issue is one of prejudice. A more careful examination of the facts will show, however, that there are many other issues involved. Prejudice may not really be an issue at all.

In analyzing the case, you should first seek to bring out the facts as they are given. Participants should be encouraged to raise the issues they see in the case, but not to evaluate or critique each other's comments. Participants should be reminded that they should be able to refer to specific points in the case to support their position.

Just as characters in the case perceive the situation differently, participants will also see the information differently. Only after you have all the information in the case presented in an objective fashion will the group begin to appreciate the complexity of this situation.

**Instructions to the Class:**

- Read *only* Part I of the case. Time= 3 minutes.
- Discuss the questions at the end of Part I, "What should Koslov do? Why?" Time= 5 minutes.
- Read Part II. Time= 3 minutes.
- Discuss questions at the end of Part II. Time= 5 minutes.
- Develop a comprehensive analysis of the case using the case analysis (below). 15+ minutes.

**Case Analysis:**

The analysis of the case covers two major areas concern for the manager: 1) perceptions, attitudes and opinions; and 2) groups and the nature of group dynamics.

Have the group bring out the facts or issues in the case. At first this looks like a case of prejudice, yet this contradicts the objective data. The real issue is the violation of a practice whereby the group picks its own members. Since it is Lapshin who is seen as responsible for getting acceptance of the practice, we can assume that he has a considerable stake in maintaining it. Thus he reacted immediately and strongly at the first threat to it perceived with the entry of a new boss. One can imagine his fear if a stand is not taken immediately, the practice might be changed. Aliev's ethnicity can thus be seen as a coincidence and not a cause of reaction.

Other data confirms the lack of prejudice as the reason for the confrontation. When Sgt. Makrov was asked whether Lapshin was prejudiced, he speculated that he was in this instance, but "I haven't noticed any discrimination in the way he assigns replacements to other units." There was the vote the next day which repudiates the notion of individual bias (questions 4 & 5). Therefore, Lapshin's denial of Koslov's accusation appears to affirm the theory that Lapshin was protecting the practice of self-selection of group members.

Lapshin's explanation for the resistance to Aliev seems true. "Afghanistan isn't exactly the best place to be and guys should at least be happy with the people they live and work with..."

With a high amount of interaction leading to close feelings, it is not surprising that the members of the group who accompany Lapshin (the obvious informal leader) do not speak up to contradict him even though they personally might not mind Aliev. Powerful peer group norms to avoid conflict with members, particularly the informal leader, are likely to exist.

In addition, like all closed groups, they probably reinforce each other's opinions and fantasies of the newcomer, especially one who is "different". Since they turn out to not have known anything personal about Aliev, they are protesting based on stereotype.

The case also shows the advantage, at times, of gathering information from individuals in order to counteract group peer pressure which may distort reality. When it is appropriate to use this means as opposed to meeting with a group, or how to integrate both means as was done in this case, can be the basis of a good discussion. The discussion can also help participants see that everything can't always be dealt with in one particular fashion- either through a group or individually. This promotes contingency thinking and discourages rigid approaches.

# UNIT IV
# GROUP DYNAMICS: MANAGING MORALE

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Questions | 15 |
| 3. | Exercise: Lost at Sea | 50 |
| 4. | Case: The Changing Cage | 30 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* Stress that the group is one of the most powerful forces that a manager can use to improve productivity, to enhance the quality of work, and to lower costs. Refer back to Maslow's "Hierarchy of Needs" from Unit II and stress that groups fulfill workers' social needs. Managers should realize that workers are members of groups- both formal and informal; managers must take advantage of the power in groups. Mention that in a later Unit, we will explore the concept of "Management By Objectives (MBO)" as a technique for involving groups to achieve organizational goals. Managers should focus on managing groups of workers rather than individuals.

   Morale is a by-product of group dynamics. Group dynamics includes "intra-group" and "inter-group" interactions. Morale depends largely on the group's freedom to interact. The ideal is for both morale and productivity to be high, however, you should point out that there is no direct cause/effect relationship between morale and productivity. MBO is a useful technique to conform individual, group, and organizational objectives.

2. *Discussion Questions:* "Years ago, we tended to criticize work groups for irrationally foregoing opportunities to make more money on incentive jobs by restricting production. How might such output restriction be rational?"

Some of this could be caused by laziness, but something else may be involved:

- The workers may be trying to demonstrate their freedom from management.
- They may be trying to show group solidarity.
- They may have little work to do, and they are trying to "spread" the work around.
- They may distrust management.
- "Under what circumstances would you prefer group decisions to individual decisions?"

Groups tend to make fewer errors, be willing to take higher risks, and improve the performance of average members. However, groups take longer to make decisions, can make incorrect decisions, and can hinder exceptional individuals.

Committees should *not* be used as a crutch for weak management. Committees should only be used when they can perform a specific function better than an individual.

Groups can be more effective:

- When a manager's workers have more experience on a certain problem than the manager.
- When the power for a vital organizational activity should not be placed in a single individual.
- When a group is necessary to share responsibility for difficult and unpopular decisions; the group can diffuse responsibility and bolster weak hearts.
- When the group is of the right size; 5-7 persons is the most desirable.

3. *Exercise—Lost at Sea* [7]: The purpose of this exercise is to demonstrate the effectiveness of consensus behavior in groups by comparing individual decision-making versus group decision-making. The instructions are as follows:

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[7] Jones and Pfeiffer, *The 1975 Annual Handbook for Group Facilitators*, 1975.

- Ask each person to complete the individual work sheet. Everyone should work independently! Allow 5-10 minutes for everyone to complete their work sheets.

- Form groups of not less than 5, but not more than 12 persons. Read the group work sheet instructions to the class, stressing that each member of a group should partially agree with the group choices, but they are not to use short-cuts such as averaging. No one should change the answers on their individual work sheets. After 20-minutes, inform the groups that their time is almost up, and ask that they finish in the next 5-minutes. You must give the groups enough time to finish so that you have results for discussion later.

- When all groups have finished, read the expert's rankings (see attached) and rationales.

  **Scores are computed by:**

  1) Take the difference between the expert's score the and the individual's score, changing any minus sign to a plus, and then summing up all the differences.

  2) Get from each group an average of members' individual scores (add the individual scores and divide by the number of participants in that group).

  3) Get the highest and lowest individual score in each group.

- Results may be written on the blackboard:

| <u>Groups</u> | <u>I</u> | <u>II</u> | <u>III</u> | <u>IV</u> |
|---|---|---|---|---|
| Consensus Score | ___ | ___ | ___ | ___ |
| Average Score of Individuals | ___ | ___ | ___ | ___ |
| Range of Individual Scores | ___ | ___ | ___ | ___ |

(Please Note: The lower the sum of deviations, the better the score)

- It is most likely that each of the groups did better as a group than the individual average total. Stress that under the right conditions (periods of change or when dealing with new information), 5 people working together are smarter than 5 people working alone. Even if the group score was not significantly better than the average individual scores, individual commitment was gained by using the group decision-making process.

Ask how each group went about reaching its decisions? Ask whether they manage their own workers the way they managed themselves during this exercise?

4. *Case—The Changing Cage:* This is the second in the course series of Prediction Cases that were described in Unit III's Lesson Plan. It is important to remind the class that this is another prediction case, and to again review the format and instructions:

   - *Do not read* this case until directed to do so by your instructor. It has been set up as a Prediction Case so that you can test your analysis by answering questions before reading the entire case.

   - *Stop* after each part and do not go ahead until instructed to do so by the facilitator.

   The Case of the Changing Cage is a case regarding small work groups and change. The case is particularly effective for prediction purposes when it is presented in sequential parts.

   The case is from an anthropological study "Topography and Culture: The Case of the Changing Cage" by Clara B. Richards and Henry F. Dobyns, published in *Human Organization*, Vol XVI, No. 1, 1957. The following is an extract of the study:

   While the company has solved its problem, workers in the cage did not regard their relocation as an unqualified success. The exterior boundaries of the new cage were still three building walls and the steel mesh. But the territory of the cage had been reduced in size, a fact immediately perceived by the workers who had felt cramped in the old cage. This territorial reduction was obvious to higher-ups, who directed leaving an entire bank of filing cabinets behind in the old location to be taken over by the unit moved there.

Even worse from the viewpoint of the unit personnel was the fact that the new cage possessed only one door through the steel mesh into the work area of the rest of the Agency Audit Division. The cage no longer had a private doorway directly into the corridor. This change made it impossible for the workers in the new cage to stand at the door talking with messenger boys, or to slip out unnoticed in the customary afternoon snack. This restriction of movement is one source of psychological stress.

When Voucher cage workers attempted to continue behaviors consistent with the old cage culture in the new cage environment, they acquired trouble instead of accustomed satisfactions. The old cage custom of afternoon snacking continued in new cage territory. Lacking a corridor door, the food-bringers had to venture forth and pack back their trade goods through the work area of the rest of their section, bringing this hitherto unique custom to the attention of workers outside the cage. The latter promptly recognized the desirability of afternoon snacks and began agitation for the same privilege. This annoyed the section head, who initially forbade workers in the cage from continuing this old cage custom. Mr. Burke was in effect attempting to direct cultural change among members of old cage society from his superordinate power position.

But old cage culture proved stronger than this would-be inhibitor. Under continual pressure from Miss Dunn, he permitted one worker to leave the new cage at a set time every afternoon to bring up food for the rest. This rigidity irked cage personnel, accustomed to a snack when the mood struck or none at all. Having made his concession to the cage force, Mr. Burke was unable to prevent workers in the "society" outside the cage from borrowing the snacking trait. Thus, the cage lost one of its highly valued overt symbols of separateness and superiority because the topographically structured rerouting of the snack-bringers' route through the main section work-area made this privileged behavior visible to workers outside the cage. Workers in the new cage thus fell in status relative to others in their section, adding to the stress in the new situation.

The cage had lost its most highly valued overt symbol and physical guaranty of separateness during the move due to Burke's insistence on rearranging the filing cabinets. In the new cage, he had no difficulty seeing into it from his desk just outside. This change resulted in increased supervision by Burke and corresponding decreased authority for Miss Dunn. The section head did not approve of an untidy work area, and any boxes or papers which were in sight were a source of annoyance to him. In the new cage, desks had to be completely cleared at the end of the day, in contrast to the work-in-progress piles kept out in the old cage. Boxes could not accumulate on top of filing cases. Newly arrived checks were put out of sight as soon as possible, filed or not. Workers hid unfiled checks, generally stuffing them into desk drawers or unused file drawers. So the day's work was sometimes undone when several clerks hastily shoved vouchers and checks indiscriminately into the same file drawer at the end of the day.

Burke's close supervision placed Miss Dunn under considerable stress since much of her authority, if not her responsibility, was lost with her formerly nearly complete autonomy. She spent more time endeavoring to protect her workers from Burke's wrath at the same time that she became herself more vulnerable to his disapproval.

One behavioral index of the stress workers labored under in the new cage was rubber band sniping. All knew Mr. Burke would disapprove of this game. It became highly clandestine and fraught with dangers. Yet shooting rubber bands increased, indicating that the tolerance-for-stress threshold of the cage had been exceeded. Members of the cage social system reacted with hostility toward Burke in this destructive and time-wasting interaction among themselves, further slowing work output in the cage.

Before a worker in the cage filed incoming checks, she measured with her ruler the thickness in inches of each bundle she filed. At the end of each day, she totaled her input and reported it to Miss Dunn. All incoming checks were measured upon arrival. Miss Dunn had a rough estimate of unit intake compared with file input. Theoretically, she was able to tell at any time how much unfiled material she had on hand and how well the unit was keeping up with its task. Despite the running check, when the annual inventory was taken at the beginning of the calendar year, a seriously large backlog of unfiled checks was found. To the surprise and dismay of Miss Dunn, the inventory showed the unit to be far behind schedule, filing much more slowly than before the relocation of the cage.

The discovery of a drop in efficiency of workers in the cage after relocation presented a new problem to the company. It had solved the problem of time loss in the process of communication between units spatially distant within its building. But in doing so it had created an unforeseen new problem--a lowering of filing speed in the new cage which delayed filing just as effectively as several weeks of work stoppage would have. This drop in filing speed resulted directly from slight changes in the micro-environment of the cage, changes apparently not considered significant by the company hierarchy. Presumably, the planned rearrangement of desks and files within the cage dictated by Burke was aimed at increasing efficiency of unit operation. Yet his changes resulted in great inhibition of old cage cultural behavior, which upset the cage force. The direct imposition of his cultural standards, plus loss of overt symbols of distinctiveness and privileged status, plus the clear reduction in territory and enjoyed activities occasioned by the slightly altered topography of the cage were responsible for the drop in filing speed. For the distinct local customs and traditions and attitudes of the old cage culture were vital components of the morale of the cage workers. When they were inhibited, morale in the cage dissipated and filing achievement dropped. As a result, the company's ability to satisfy customers was impaired.

You should try to get the participants to make comparisons between what they have read in this case and what is happening in their own work situations.

## ATTACHMENT TO UNIT IV
## LESSON PLAN

## "LOST AT SEA" EXERCISE [8]ANSWER AND RATIONALE SHEET

According to the experts, the basic supplies needed when a person is shipwrecked are articles to attract attention and articles to aid survival until rescuers arrive. Items for navigation are of little importance- even if a small life raft were capable of reaching shore, it would be impossible to store enough food and water to survive during that period of time. Therefore, of critical importance are the shaving mirror and the 2-gallon can of oil/gas mixture. These items could be used for signaling air-sea rescue. Of secondary importance are items such as food and water, such as the case of Army canned rations.

A brief rationale is provided for the ranking of each item. These brief explanations represent the primary importance of each item.

1. *Shaving mirror:* Critical for signaling air-sea rescue.
2. *2-gallon can of oil/gas mixture:* Critical for signaling. The oil/gas mixture will float on water and could be ignited with a dollar bill and a match.
3. *5-gallon can of water:* Necessary to replenish water lost from perspiration.
4. *1 case Army canned rations:* Provides basic food intake.
5. *20 square feet of opaque plastic:* Used to collect rain water and to provide shelter from the elements.
6. *2 boxes of chocolate bars:* A reserve food supply.
7. *Fishing kit:* Ranked lower than the candy bars because their is no guaranty that you will catch any fish.
8. *15 feet of nylon rope:* May be used to lash equipment together to prevent it from falling overboard.
9. *Floating seat cushion:* Could be used as a life preserver.

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[8] Jones and Pfeiffer, The 1975 Annual Handbook for Group Facilitators, 1975.

10. *Shark repellant:* Needs no explanation.

11. *1 quart of 160-proof Puerto Rican rum:* Contains 80% alcohol and could be used as an antiseptic for any injuries. It should not be drunk because alcohol will cause dehydration.

12. *Small transistor radio:* Of little worth because it only receives signals and does not transmit. You are not within range of any radio stations, so you could not use it for entertainment.

13. *Maps of the Pacific Ocean:* Worthless without additional navigation equipment. It doesn't matter where you are but where the rescuers are!

14. *Mosquito netting:* There are no mosquitos in the middle of the Pacific!

15. *Sextant:* Useless without navigational tables and a chronometer.

The rationale for ranking signaling devices above life-sustaining items (food and water) is that without signaling devices there is almost no chance of being spotted and rescued. Furthermore, most rescues occur within the first 36 hours, and a person can survive without food and water during this period.

# UNIT V
# EFFECTIVE MANAGEMENT: LEADERS OR BOSSES

## LESSON PLAN OUTLINE

(Please note that Unit V is shorter than the typical session)

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Questions | 15 |
| 3. | Case: The 76th Radio Company | 30 |
| 4. | Summary of the Session | 5 |
| 5. | Test | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* In this Unit, concepts learne: the previous sessions start to "jell" in the participants' minds. You will usually find that they have applied some session material to their home and/or job situations. The management techniques taught in the course will usually prompt the participants to look at their jobs and their workers from a new perspective. You should ask the class if they have found the material useful in approaching their jobs, and encourage them to share some on-the-job experiences with the class.

   In this Unit, you will continue to explore the group by learning about leaders and bosses. You should stress the difference between leaders and bosses. In the course, we focus on "boss power".You should define leadership, and differentiate between formal and informal leaders. You should define "boss power", and discuss the powers (reward, coercive, referent, expert, and legitimate) that are vested in bosses.

   You should point out that management styles are a continuum from Autocratic to Laissez-Faire. No one style is always best, and good managers foster a "contingency" style that tailors management style to the situation at hand.

   *The main idea that participants must get from the reading is that a "participatory" style of management is the most effective one!* It is not always the best, *but* it is the most effective. Some situations are better handled with an autocratic style, and we will see some examples of this in our next Unit.

2. *Discussion Questions:* "What is the difference between the process of leadership and a manager?" Leadership is usually informal; management is formal. A manager's task is directly related to getting the job done at the lowest cost and with the highest quality. The goals of the work group and its informal leader may not coincide at all with the goals of the organization and its formal leader. A manager's goals must coincide with those of the organization.

   - Compare the different jobs and the technologies among the managers of your group. Discuss how leadership style might vary between individuals as a result of the differences in the task, structure and technology." You will find that it is interesting for the participants to explore different styles used in different situations. Identify those participants that represent different types of organizational responsibility- such as Prefecture staff, DEZ staff, UKaKha staff; ask them what styles are most effective with RAiU's, Accountants, Tenants. Ask why their approaches vary?

3. *Case—The 76th Radio Company* [9]*:* This case demonstrates how the management style of a supervisor can have a direct impact on the morale and productivity of a group. Remember to point out that this is another "Prediction Case", like the ones in Units III, IV. You must strictly adhere to instructions on when to stop and proceed during the case.

   **Instructions for conducting the case:**

   - Instruct the class to read the case. Ask them to make their predictions regarding the topics of morale, operating efficiency, leadership style, off-duty activities, and the relationship between the 76th and other units.

   - While the class is reading the case, write the topics on the blackboard.

[9] Harvard College, The President and Fellows, 1963.

- When the class is finished making their predictions, ask for a show of hands, and tally the results on the blackboard. For example, ask how many feel that morale would be high? average? or low? Repeat this for each topic. The typical class will have differing opinions about morale and operational efficiency. However, most will agree that the Major's style was functional, off-duty activities were below average, and relationships would probably be hostile.

- Try to generate a discussion on how morale is related to productivity. Ask for reasons for high versus low morale, and list them on the blackboard. You should do this without making many comments.

- You usually find that the lists are basically the same. Those things that are perceived as causing low morale are the same things that are viewed as causing high morale. Ask, "What is the key variable in determining whether morale is high or low"? Most participants will see that the responsibility for morale ultimately rests with the manager.

- Ask if the Major's leadership style fosters productivity and maximizes group dynamics at the same time? Is the Major a good candidate for Colonel?

- At this point, you should turn to Part II (see attached) and read it to the class. Remember that the class does not have Part II.

In discussing why productivity and morale were so high, urge the participants to take a look at the environment, the technology, and other factors. The Major's success resulted from a "good fit" between his style and the realities of the situation. He focused on improving the environment in which his men were forced to live. That's what he did in the 76th Radio Company. The responsibility for getting the radio messages out rested with the men. The major was able to link group morale to productivity by identifying the critical elements related to productivity and waiving all other demands on the men.

## ATTACHMENT TO UNIT V
## LESSON PLAN

### CASE: THE 76th RADIO COMPANY
### PART II [10]

Morale was extremely high in the 76th. When other commanders visited Major Wilson, they always told him that many men in their units wanted to transfer to the 76th. None of the transfers were ever approved, however, as each C.O. was reluctant to let anyone, regardless of skill or personal choice, to leave his unit. However, only one member of the 76th had requested transfer during Major Wilson's command and that request had been granted.

The efficiency of the 76th was a model for the remaining units in the command. In loss of circuits, operational speed, and other criteria by which unit efficiency was judged, the 76th had the best record in the theater.

The men were inventive in keeping communication "in" and working at top speed. Exchanging parts with friends in other units was a common practice. Frequent "scrounging" raids were organized. The shift supervisor, usually a noncommissioned officer, would organize and plan those raids. Scrounging parts and supplies from sister units was not considered theft, and was accepted practice among all Army units. Usually, however, it was confined to supply personnel. In the 76th, practically everyone was an accomplished scrounger, and the unit achieved a wide and far-ranging reputation for its success. The men usually got the cooperation of their friends in other units. They had trained with many of these friends and had been separated upon final assignment. These "accomplices" comprised most of those in other units who had asked for transfer to the 76th but had been turned down. When scrounging raids proved unsuccessful and a critical shortage developed, the men would resort to outright theft to keep the circuits in. There was an intense pride in their record, and everyone in the company strived to maintain and better their ratings.

Tent mates were of the men's own choosing. In general, the men working together in a hut lived together in a tent, though this rule was often violated. There was an advantage to living with one's work mates since, with one shift occupying the tent while the other shift worked, the oil stoves could be kept burning in winter.

The men converted some of the 76th's land into an athletic field. They had built facilities foe basketball, volleyball, softball, horseshoes, etc. One energetic golf

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10 Harvard College, The President and Fellows, 1963.

enthusiast had designed and built a small nine-hole golf course in his spare time. After that, the entire area became jokingly known as "the country club". A great deal if enthusiasm attended many of the intramural contests, and these contests were marked by spirited and vigorous, if unskilled play.

The men took advantage of the unit's loose discipline in a variety of ways. Many took two-and three-day "unofficial passes", swapping work shifts with their buddies. No one wore a regulation uniform on any occasion. Everyone called Major Wilson "Bill".

# UNIT VI
# PARTICIPATION AND PRODUCTIVITY: WHY, WHEN AND HOW

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Question | 5 |
| 3. | Exercise: The Case of the New Truck | 60 |
| 4. | Case: Two Supervisors: A Study in Style | 30 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* Stress that participative management is not a democracy. Rather, it is permitting the worker to influence the design of systems that are directly related to their own work. Define delegation- it is the process of providing a worker with the authority to do a job. Using the overhead, outline the prerequisites for participation. Reiterate the guidelines for using participative management. Point out the things that managers can do to foster cohesive work groups.

   Stress that managers can delegate authority, but they cannot delegate responsibility.

2. *Discussion Question:* "Suppose you were hired as the manager of the Moscow McDonalds Restaurant. Your predecessor was a classic autocrat. Your tendency is toward participative leadership. What advantages and disadvantages might there be in your proceeding to apply participative leadership?"

   You should try to elicit a list of the risks involved. If the response is slow, ask if the class thinks that the established expectations of the workers would change. For example:

- Expecting to be directed, the workers may be confused by what they see as a lack of direction.

- The workers may resent the new leader as being weak.

- The leader may consider the workers as failures because they are not used to showing initiative.

Another approach that the new manager could use would be to pick one small but important area of operation to introduce the concept of participation to the workers. This could be how to increase the number of Big Mac hamburgers that can be prepared and sold in 1-day. Big Macs are in tremendous demand, and sales are limited only by the capacity to prepare/serve them. The manager's goal is to increase sales and revenue during the next quarter.

Another discussion approach is for you to assume the role of "devil's advocate", and to ask the class if the participative style is valid for the assembly line nature of a fast food operation. Of course it is, but there will be some in the class who will feel that only an autocratic style would succeed in increasing Big Mac production. There is no "right" or "wrong" answer, so please be careful not to embarrass anyone. The purpose of this question is to get the class to start thinking about the use of participative management in the work place.

3. *Exercise—The Case of the New Truck* [11]: This is a role playing exercise, and it is always "fun" for the players. You will find that the discussions are animated, and that the participants will really "get into" their respective roles. This case requires some advance preparation on your part. The instructions are as follows:

**Preparation for the Case**

- Read the instructions to the class.

- Place information concerning name, length of service, make and age of the truck on the blackboard.

- Divide the class into groups of 6. If some participants are left out, ask them to join other groups as observers.

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[11] Maier, *Psychology in Industry*, 1973.

- Assign roles to each group member by handing out slips of paper with the names Walt Marshall, Bill, John, Charlie, and Hank. If you wish, you may change the names to Russian names, but the English names seem to work equally well for the purpose of the exercise. You should have a supply of these slips pre-printed and ready to hand out. Please note that you are not restricted to assigning Walt's role to only the men in the class; you should also assign the supervisor's role to women- merely change the role name to Ms. Marshall. Ask each group member to read their role *only*.

- Ask the "Walt Marshall's" to stand up when they have completed reading their instructions.

- When all "Walt Marshall's" are standing, ask each group member to display their slip of paper with their role name so that "Walt" can tell who is who.

**The Role Playing Process**

- You will start the role playing with the statement: "Walt Marshall has asked the crew to wait in his office. He is out now. Apparently he wants to discuss something with them. When Walt sits down that means he has returned. What you say to each other is completely up to you. Are you ready? All Walt Marshalls please sit down."

- Allow role playing to progress for approximately 30 minutes. Groups should reach agreement during that time.

**Collection of Results**

- Ask each "Walt Marshall" to report his or her solution. You should summarize each solution, using arrows to indicate how the trucks change hands.

- A tabulation should be made of the number of crew members getting a different truck, the crew members considering the solution unfair, and the supervisor's evaluation of the solution.

**Discussion of the Results**

- Comparison of the solutions will reveal differences in the number of crew members getting a different truck, who gets a new one, and the number dissatisfied. Discuss why the same facts produced different outcomes.

- The quality of the outcome can be measured by the number of trucks retained. The best solution will require that the poorest truck (Hank's) be junked. Evaluate the quality of the groups' decisions.

- Acceptance is demonstrated by a low number of dissatisfied crew members. Evaluate decisions on this basis.

- You should list other situations that are similar to the new truck dilemma. An example could be to determine who gets to occupy a newly renovated office in an old office building.

- If you had any observers, ask him or her to provide you with feedback on how the group made its decision. What group dynamics occurred? Were there any autocratic Walt's? Laissez-Faire?

The case focuses on fairness. Fairness is a personal matter, and the critical issue explored is worker acceptance of the solution. A group decision is the best method to gain maximum acceptance. However, the supervisor should be concerned with the solution process. "Walt" should conduct the meeting in a way that every crew member has a chance to express their opinion.

George, the senior worker, gets the new truck about half of the time. George gets the truck more often when he is considerate of others, than when he demands the right to the new truck. Respect for seniority is usually high, but if George is too demanding, he may not get the truck.

Each crew member occasionally gets the new truck. It depends on how the roles are played. Crew member conduct—group dynamics—during the meeting is the primary determining factor.

A bad solution is one where a good truck is junked. Usually Hank's truck is junked. Usually there is agreement to fix Charlie's truck.

4. *Case—Two supervisors-A Study in Style* [12]*:* The purpose of this case is to bring out the various attitudes and opinions that the class has regarding management styles. Instructions:

| <u>Time</u> | <u>Activity</u> |
|---|---|
| 10 minutes | Have the class read the case. |
| 20 minutes+ | You should lead a discussion following the order of the questions at the end of the case. Comments on the questions are provided below. |

Class members who have been managed in an autocratic fashion will tend to feel that Floor 1 is superior. Those that have been managed with personal contact, communication, and involvement (Theory Y) tend to see Floor 2 as superior.

Which floor is more efficient?

- Floor 1? It has no delegation; there is confusion when Pavlov is absent; and Pavlov teaches a bare minimum to the workers.
- Floor 2? It has active training and a warm/friendly atmosphere.

If you were buying a pacemaker, would you prefer one from Floor 1 or 2? Why?

In answering this question, participants will usually associate their preferred management style with the highest quality pacemaker. Hence, they prefer to purchase a pacemaker made on that floor. Is there a correlation between autocratic management and quality? Does a more participative style lead to better quality? There is no easy answer to these questions. Each management style has its pros and cons. You can never say which style is superior in terms of improving or maintaining high quality work.

Question 3 tries to get the class to summarize the positive attributes of these 2 supervisory styles. Encourage participants to list the different characteristics that they consider most important.

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12 Adapted from Wegner and Sayles, *Cases in Organizational and Administrative Behavior*, 1972.

Please remember that:

- Class members will feel quite strongly about their opinions. It is therefore suggested that you do not critique ideas initially. Get out all of the impressions participants have about the 2 floors and list them as objectively as possible.

- You should not take sides when conflict arises. Instead, you should serve as a chronicler of the different points.

- Since there are no right or wrong answers to this case in terms of which floor is better, the case should be presented as one which highlights the advantages and disadvantages of different management styles.

# UNIT VII
# MANAGING CHANGE

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Questions | 10 |
| 3. | Exercise: Force Field Analysis | 60 |
| 4. | Case: The Dashman Company | 25 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* You should define change any alteration of the work environment. Point out the reasons that people resist change. Describe the "unfreezing-changing-refreezing" process of change. Itemize how participative management techniques help reduce resistance to change. As an "ice breaker" the humorous hedgehog analogy is helpful:

   Question- How do hedgehogs make love?
   Answer- Very carefully!
   Change should be handled just as carefully!

   Sensitive management techniques can reduce resistance to change.

   Use this as an opportunity to introduce the "Management By Objectives (MBO)" process that will be covered in the next Unit:

   - MBO is a tool to link an organization together.
   - MBO is a process of management.

2. *Discussion questions:* "Are there functional differences between worker unions and management which tend to cause conflict about change?

How can these differences be managed?" Workers, and hence unions, have different goals than management. These goals are rational in the context of the union, but may very well be at odds with management. The purpose of a worker union is to safeguard the interests of its members; the purpose of management may be to get more work out of workers. You should point out these functional differences to the class.

Remember that union officials' needs are to justify the unions existence. Any management change that is improperly introduced will give an opportunity to union officials to demonstrate that without their presence, the workers would be left to the mercy of an uncaring management.

You should stress that managers should try to design changes to be implemented with the support of the workers- even if the workers take much of the credit for the positive results of the change.

As privatization progresses in Russia, the worker associations will most surely move toward collective bargaining with management. This was recently seen in the air traffic controllers' strike. Whenever possible, managers should attempt to rally worker support for organizational change.

- "Cite examples of poor management. What did management do? What was the result and how could it have been managed better?" Usually there are volunteers that come forward to share their on-the-job experiences. With a shy group, you may have to start things off by sharing one of your own personal experiences. A certain amount of this may be anecdotal- that's alright. Also, every experience cited doesn't have to be a real life one.

3. *Exercise—Force Field Analysis* [13]: This is a technique to help the class analyze and diagram the positive (driving) forces and the negative (restraining) forces to change. It helps managers look at change from a different perspective, and helps them to better plan for the consequences change.

[13] Kolb, Rubin, and McIntyre, *Organizational Psychology*, 1971.

**Instructions:**

| Minutes | Activity |
|---|---|
| 15 | Have the class read the exercise on force field analysis. While they are reading, put the following diagram on the blackboard:<br><br>Restraining Forces<br>Equilibrium<br>Driving Forces |
| 5 | Present an overview of the force field technique:<br>• Force Field analysis is a tool for analyzing a situation that a manager wishes to change. It helps managers to alter job conditions with a minimum of effort and disruption. The technique assumes that any situation is in a state of equilibrium at any given moment. In other words, the forces acting to change a condition are equally counterbalanced by the forces acting to keep it the same.<br><br>• Ask the class if they understand the technique before you proceed. If they don't understand, you should go over the concept again. |
| 30 | Conduct a workshop using those concepts to solve actual work-related problems. Use work Sheet "A" for the restraining forces. Use Work Sheet "B" for the driving forces. You should have a supply of these work sheets copied and ready to pass out. Allow 15 minutes for the class to list the forces. Allow 15 minutes for you to put the forces on the blackboard and to discuss the results; remember it is important to get all of the various driving and restraining forces up on the blackboard before the class begins to criticize or analyze the listed information. It is suggested that |

you use the RAiU example for the force field workshop. In this example, the equilibrium line represents the level of current maintenance. "Better Maintenance" is above the line, and "Worse Maintenance" is below the line. The driving forces work to better maintenance, and the restraining forces work to worsen maintenance.

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Summary outline of the force field technique:
When To Use:
- When introducing a change.
- When you can't decide what to do next.

What Are The Benefits:
- It reduces the issue to a manageable size.
- It reveals new options.
- It may be used by individuals <u>and</u> groups.
- It helps a group build consensus.

What Are The Limitations:
- The results depend on the thoroughness and quality of the analysis.
- It may appear to be too analytical.

Useful tips:
- Define the equilibrium clearly and determine the desired result. At first, the technique may seem somewhat foolish, but you should not give up. Identify the forces initially without focusing on what can or can't be done.
- Include ideas from as many people as possible. Always write down the ideas so that you and/or the group can visualize the forces.

- Check to verify that the information includes the motivation of key people; is in accord with organizational policies/procedures; resources and finances; external forces; and individual/group needs.

Components Of An Implementation Plan:
- What events must occur?
- What is the schedule?
- Who are the key people?
- Who coordinates?
- Is there a provision for feedback evalustion.

4. *Case—The Dashman Company* [14]*:* This Case allows the class to analyze interactions that comprise what is called a "social system". It allows them to look at control, authority, and power.

   Mr. Post is trying to centralize the purchasing process by requiring the purchasing executives to clear any purchase of over $10,000 with him one week in advance.

   Several serious mistakes were made by Mr. Post in the way he tried to institute this change. The change will never be successfully implemented using Mr. Post's flawed methodology. Where did Mr. Post go wrong?

   First of all, the letter should have been signed by the President, Mr. Manson. Secondly, the letter should have been sent to the General Managers of each of the 20 plants- the purchasing executives report to the General Managers and not to Mr. Post. Lastly, the letter should have been sent at a time when the purchasing executives were not so busy. In short, the letter was sent by the wrong person, to the wrong people, at the wrong time!

   By overlooking the formal organizational relations, Mr. Post has raised the issue of just who was the boss of the purchasing executives. Although Mr. Post had consulted with Mr. Manson and Mr. Larson before sending the letter, it would have been better to also seek the input of the General Managers and purchasing executives about the proposed change. This could have been accomplished by visiting each plant or by calling a meeting at the central office; by doing this, the

[14] Harvard College, The President and Fellows, 1974.

problems with the proposed change could have been identified, discussed, and resolved before the letter was sent.

In fact, had not Mr. Larson suggested visiting the plants before sending the letter? To which Mr. Post replied that he was too busy? This was an incredible response! What was he too busy doing?? This raises the question of whether Mr. Post should be involved at this level of detail in the purchasing process? Was Mr. Post supposed to do the purchasing himself or merely coordinate the purchasing activities of others? Is Mr. Manson partly responsible for the problems caused by the letter?

If Mr. Post had stopped to analyze his situation, he would have realized the difficult position he was in:

- He was a new man in the organization.
- His status was unbalanced. He was low in length of service but high in experience/authority.
- Since he was new, his responsibilities had not been clearly defined.
- He was dealing with plant managers who were used to operating their plants independently. They would resist this change, unless it was handled properly.

The major mistake was that Mr. Post had not tried to find out what the purchasing executives' problems were.

# UNIT VIII
# MANAGEMENT BY OBJECTIVES: A PROCESS OF MANAGEMENT

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Questions | 10 |
| 3. | Exercise: MBO Workshop | 60 |
| 4. | Case: MBO: A Failure | 25 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* Stress that MBO is a process where managers and workers define common goals and major areas of responsibility; plan actions; and have feedback/review meetings.

   Point out that MBO offers numerous advantages:

   - It encourages all work group members to work toward the same goal.
   - It provides ways to measure performance.
   - It motivates by giving workers an opportunity to relate their accomplishments to a standard.

   Remember to list the 5 criteria for a good objective:

   - *Quantifiable.* It must be measurable to determine if it has been achieved.
   - *Time-Bounded.* It must allow for evaluation checks.

- *Specific.* It must be specific to minimize confusion about meanings.

- *Results-Centered.* It must be results oriented and not process oriented.

- *Realistic and Attainable.* It must be within the worker's grasp.

Mention that feedback is crucial to the MBO process. Feedback must be:

- Directive.

- Have the potential to reward.

- Facilitate learning.

MBO is based on the "Theory Y" style of management.

MBO can be used to increase worker productivity.

Refer to the "MBO Checklist" (Overhead #3) as a handy reference guide to the MBO process.

2. *Discussion Questions:* What motivational and performance problems could result if the time span of administratively imposed goals and controls differs (is shorter or longer) from the time typically required to perform the task? Why?"- The administrative goals and controls may become permanent. Workers may change their focus from the task requirements to making the measurements associated with the goals and controls "look good". An example is the use of quotas with police detective work: When detectives were required to solve 10 cases each month, they avoided the difficult cases in favor of the easy ones in order to meet their quota; the homicide cases were avoided in favor of the shop-lifting cases, when the priority should have been on the homicide ones. Unless structured properly, goals have the power to misdirect as well as direct.

   "What undesirable effects might occur from a management by objectives program?"- The dangers inherent in MBO include:
   - Meeting the goals set in the past, i.e., resting on your past achievements.

   - Focusing on the worker rather than the worker's group.

Ask the class to reflect on how these problems may be resolved. The idea is not to reject the concept of MBO, but to see its problems and to explore dealing with them.

3. *Exercise—MBO Workshop:* This exercise will allow the class to practice writing objectives according to accepted MBO criteria. You should cite examples of the work sheets that the participants can use on their jobs to help write objectives (Overhead #6- "MBO Work Sheet" and Overhead #7- "Annual Goal Setting Program").

   One of the most interesting experiences for the class is the writing of objectives according to acceptable MBO standards. This practice will give the participants a chance to develop effective skills in the goal/objective setting process. The procedure for the workshop is as follows:

   1. Start by explaining how to write an objective. An objective is written starting with the word "To" followed by a verb, followed by an objective, followed by a measure, followed by a time constraint. For example, the word "To" will be followed by the word "reduce", followed by the object which may be absenteeism, followed by the measure, "by 25%", followed by the time, "December 31st". What you have constructed is a straightforward sentence that lets the worker know exactly what is expected of him or her. This constitutes what may be called a "mini-contract" between the organization and the worker. Under the right circumstances, objectives may be used as measures of performance.

   2. Let the class examine and correct written objectives. You may use the ones provided below:

      A. *Poor:* "To improve teamwork in my department so as to increase the quality of work"
      *Better:* "To reduce the number of rejects to a maximum of 2% per month by the end of the current year without increasing budget."

      B. *Poor:* "To change the organization of my department."
      *Better:* "By March 1, to reorganize my department so as to accomplish 1,2, and 3 (itemize and specify)."

      C. Have the class give examples of how to measure actions-percentage is only one way. Words such as "improve" which are not followed by specific ways of measuring them are inadequate because they are ambiguous. What does "improve" mean? This is a poor measure by itself- improve can mean one thing to you, and a totally different thing to someone else. Such objectives are so ambiguous that they leave workers at the mercy of their managers. Quantifiable objectives help avoid misunderstandings by making clear what you are trying to achieve. Some typical key areas of performance are:

1.) *Profitability:* Can be expressed in terms of profits, return on investments, earnings per share, etc.

2.) *Markets:* May be described as market share, ruble or unit volume of sales, etc.

3.) *Productivity:* May be expressed in terms of "ratio of input to output", or incost per unit of production.

4.) *Product:* May be stated in terms of introducing a new product or service.

5.) *Financial Resource:* May be expressed in cash flow, working capital, dividends, collections, etc.

6.) *Physical Facilities:* May be described in terms of square meters, units of production, fixed cost, etc.

7.) *Research and Development:* May be expressed in terms of rubles.

8.) *Organization:* May be expressed in terms of changes in structure or activities.

9.) *Human Resource:* May be expressed in terms of absenteeism, lateness, grievances, training, etc.

10.) *Social Responsibility:* May be expressed in terms of types of activities, number of days of volunteer service, or financial donations.

3. After the class gains some practice writing objectives, have them apply these concepts to their work situations. You must have a supply of pencils and paper for this part of the workshop.

Instruct the class to individually:

A. Write down as exactly as possible what they perceive as their organization's goals. *The goals and objectives should be written in the acceptable MBO format.* Some participants may have trouble linking their function to the larger context of the organization. If this is a problem, it should be discussed by the class.

B. Each participant should be instructed to write down what their supervisor's objectives are. What do they think that their supervisors are trying to do?

C. Each participant should be instructed to write down their own objectives.

D. Each participant should be instructed to write down what they perceive as their subordinates' objectives. Given their supervisor's objectives and their own objectives, what objectives would be most appropriate for their subordinates so as to help the manager and supervisor reach their common objectives?

4. After the participants have finished writing these objectives, divide the class into groups of three. One person at a time should read their objectives, starting with their organizational objectives and working down to their subordinates objectives. As one person reads, the others should assume the role of subordinates, or they should make believe that they are applying for jobs with that organization. After hearing their potential supervisor's objectives for the job, would they like to work for him or her? What can they suggest the supervisor do to clarify his or her objectives? Most managers who work through this exercise are astonished to find out how vague their objectives are. Many will have difficulty identifying what their supervisor's objectives might be.

5. Participants should be encouraged to rewrite their objectives with the help of their group.

4. *Case—MBO-A Failure?* [15]: Analysis—MBO can be a useful tool to translate plans into operational objectives. However, it is a management

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[15] Glueck, Coltrin, and Jauch, *Management*, 1977.

system that requires serious attention, support, and effort by top management. It is not a scheme or gimmick which can be applied overnight. Both Frank and Nat failed to realize this and do not fully appreciate the consequences of MBO, even if it could be useful to the firm.

Several mistakes were made. MBO works because the worker participates in the process and accepts the goals. None of this is apparent here. Frank ordered Nat to implement MBO. Nat ordered all departments to use it. They engaged in the most common problems that make MBO fail:

- Inadequate top management support.
- Inadequate explanation of MBO.
- Insincere commitment by managers.
- Poorly defined objectives.
- Inadequate reinforcement of MBO.
- Overemphasis on paperwork.

MBO can not be implemented in just 3 months, and certainly not by edict. To overcome their poor start, they should:

- Specify the purpose of the MBO program.
- Define the departments that will participate.
- Assign responsibilities for MBO activities at each organizational level.
- Establish deadlines for implementation and followup.
- Set measurable, realistic, and important objectives.
- Reward the achievement of objectives.

Management should realize that this is a change in management style, and they should determine whether this is truly right for their organization. Quite frankly, MBO is not right for every organization.

# UNIT IX
# GOAL SETTING AND FEEDBACK

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Exercise: One-Way vs. Two-Way Communication | 30 |
| 3. | Discussion Question | 10 |
| 4. | Case: The Director's Dilemma | 30 |
| 5. | Summary of the Session | 5 |
| 6. | Test | 5 |

( Please Note: This is a short session. The usual order is changed in that the discussion question is taken up after the exercise.)

### *Lesson Plan:*

1. *Discussion and Summary of the Reading:* Define communication as the process of passing information and understanding from one person to another.Define feedback as a cue that you are being understood or misunderstood). Remember that the best feedback is face-to-face.

   Note that a study has shown that managers spend approximately 80% of their time in talking. The tools that managers have to motivate workers are the written or spoken word - more often it is the spoken word. Refer to the Overhead which gives an outline of the reading. Review the purposes of communication and the barriers to communication. Stress perceptual distortion as a barrier.

   Point out that overcoming the barriers to good communication directly depends on the feedback process. Cover the "10 Requirements of Good Listening". Diagram the flows of one-way versus two-way communication on the blackboard. Give the advantages and disadvantages of each type:

**One-Way Communication:**
- Better and faster for simple tasks.
- Less accurate and more workers get the wrong message.
- Makes only the boss feel satisfied.

**Two-Way Communication:**
- Better for morale.
- Better during periods of change.
- Better when the boss does not know the answer.
- Better to achieve goal-setting.
- Makes the workers feel more satisfied and involved in the task.

2. *Exercise—One-Way Versus Two-Way Communication:* The purpose of this exercise is to help the class conceptualize the superiority of two-way communication.

   Certain materials will be required in addition to the blackboard: 2 sheets of paper and a pencil for each participant; copies of Chart I ("One-Way communication") and Chart II ("Two-Way Communication").

   Introduce the exercise by saying that the class will experiment with the "directions" aspects of communication by participating in an exercise.

   **Instructions:**

   1. Select a "Demonstrator" by asking "Who is reasonably good at giving directions or instructions?". Try to get a volunteer. Time= 1 minute.

   2. The class is told that the Demonstrator will give directions to draw a series of rectangles (use Chart I- the "One-Way Diagram"). The Demonstrator must turn his or her back to the class or stand behind a screen. No visual cues or facial cues from the Demonstrator are allowed. The class should not laugh or in any way communicate their feelings in questions. Time= 5 minutes.

   3. After the Demonstrator finishes, ask him or her how they felt and then show the class the actual diagram. Time= 2 minutes.

   4. Have the class list their feelings or reactions to the experience and what they perceive to be the advantages and disadvantages of this method of communication. Use the blackboard for the list. Time= 6 minutes.

5. Now ask for a volunteer to perform the same exercise (but with the "Two-Way Diagram"). However, the rules are different, since this is the two-way mode. The Demonstrator can face the class. The class can ask questions and even offer advice. Any thing is allowed, except showing the actual diagram to the class. Time= 10 minutes.

6. When the Demonstrator has finished (or after 10 minutes), stop the exercise and show the diagram to the class. Time= 1 minute.

7. Have the class compare their feelings and reactions to this mode of communication to the one-way mode. Time= 5 minutes.

3. *Discussion Question:* "Describe and analyze a faulty communication exchange in which you were involved. What went wrong? How might the exchange have been handled differently?"

   The purpose in structuring the question in this way is to force the class to focus on their own personal organizational experience and to apply the concepts and ideas of this session to that experience. Almost everyone who has tried to get things done with other workers has experienced improper communication. There should be no difficulty in getting the class to express a number of examples in which both interpersonal and organizational communication was inadequate. The key part of the discussion should focus on why the communication went wrong. How could these communications have been improved? Try to refer back to previous units whenever possible.

4. *Case—The Director's Dilemma* [16]: Questions—

   1. "What is the Director's dilemma?" The Director understands the need to create a group effort on the new project. Since it is just starting, staff members need guidance and organization. The weekly group meetings should be helpful as a problem-solving technique, and as an opportunity to produce a team approach. His dilemma is that it is difficult in a group meeting to satisfy staff member's individual needs, while keeping the meeting general enough to satisfy the group's needs.

   2. "Is this kind of meeting feasible given the needs of the group members?" The staff involved with the reconstruction plan have

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[16] Labowitz, *Managing for Productivity*, 1978.

2 concerns. First, the objectives of the Housing Reconstruction Plan should be clearly stated and realistic. A group meeting will keep the various departments aware of concerns and obstacles, and provide a procedure for solving them. Secondly, individual workers need help in their everyday activities and in their long-term objectives. While a group meeting might provide worthwhile answers on some issues, other feedback mechanisms will be necessary. For example, special meetings with certain individuals will be required for specific problems that are not relevant to other members.

3. "How should this issue be handled?" The Director needs to structure an agenda prior to each weekly meeting with topics chosen for their importance to the group. Other issues should be handled through separate meetings. The task of creating an agenda should be the responsibility of the Director, who is coordinating the Housing Reconstruction Plan. He should be responsible for communicating with the group members about their mutual needs, and then structuring an agenda.

4. "What are the advantages and disadvantages of having group meetings?" Unit IV covers many of the pros and cons of groups. In general, when an integrated effort is required, when acceptance is important, when different approaches to a problem can be helpful, when comprehension of the "big picture" is important, the group approach is desirable. If the meetings are poorly structured, if individuals tend to dominate free exchange of information for personal or "political" advantage, then group meetings will falter.

5. "What are the characteristics of the best meeting that you ever attended? And the worst meeting?" You should make a chart listing the characteristics of the best and worst meetings on the blackboard for comparison purposes. The class should be encouraged to develop a plan for structuring a future meeting using this information.

# UNIT X
# ACHIEVING ORGANIZATIONAL EFFECTIVENESS

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Discussion Question | 10 |
| 3. | Exercise: Organizational Profile | 45 |
| 4. | Case: Your Organization | 30 |
| 5. | Conclusion of the Course and Discussion of "Where Do We Go From Here?" | 20 |

Note: This is the most important session of the course because it "brings together" all of the concepts learned in Units I-IX and focuses the participants on the traits of their organization. This session also sets the stage for the class to return to their organizations and to utilize the management tools learned in the course to improve organizational and departmental productivity--this is your goal as the course facilitator.

### *Lesson Plan:*

1. *Discussion and Summary of the Reading:* You should list the 4 variables that most organizations consist of—goals, people, organizational systems, and structure. Mention that organizations will be more-and-more difficult to manage because of an increasing number of factors that foster continual change. It is often helpful to the class to reiterate the differences between "classic" and "modern" organizations—this was covered in the reading material. Describe the "creative" organization:

   - It uses participative management techniques.
   - It does *not* make manuals and rules all important.
   - It takes advantage of the power of groups.
   - It uses the "linking pin" function; you may find it useful to diagram the linking pin function on the blackboard.

2. *Discussion Question:* Identify the organizational dependencies- those departments with whom you must interact to get your job done, or those who depend on you. How are you linked together, formally or informally, and how can that relationship be improved?"

   This question gets to the heart of our course! Each manager must realize that the output of his or her organization is dependent upon the activities of workers outside of their department. Ask the participants to take a "macromolecular" look at the linkages in their organizations. What is being done to manage those dependencies in terms of formal meetings, project teams, and other types of integrating mechanisms? Are those mechanisms effective? Do they reduce conflict? And improve communication? And coordination? If not, how can they be improved?

   This discussion serves as an introduction to the next exercise.

3. *Exercise—Organizational Profile* [17]: Instructions—

   1. Have the class read the introduction and instructions carefully. Make sure that the class understands what they are supposed to do.

   2. Each participant should then fill out the questionnaire with respect to their own work group—the group that they work with as they look up the organizational hierarchy- their colleagues and their supervisor.

   3. After the participants have placed their "A's" and "I's" along the appropriate continuum, have them connect first the "A's" together with straight lines and then have them connect all the "I's". This will give each participant a vertical profile of their "actual" versus their "ideal" organization. Participants are usually fascinated to discover the disparity between their ideal and their actual organization. The greater the disparity of the profiles, the more serious the organizational problems in their eyes. Ask the class members on which question do they observe the greatest divergence between ideal and actual? The profiles will now be used to introduce the next case.

4. *Case—Your Organization:* Based on their organizational profiles, ask the participants to begin to develop action plans for improving their

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17 Likert, *The Human Organization*, 1967.

organizations. After giving the class some time to develop the plans, say...

"You can go back to your organization and with the support of top management, these points can be categorized and developed by one or more groups."

Such plans should be in the MBO format with goals/objectives that are measurable, time-bounded, and realistic.

5. *Conclusion of the Course and Discussion of "Where Do We Go From Here?":* You may wish to incorporate the following ideas into your concluding remarks:

- Management is not a "right".
- Effective management depends on understanding the principles of human behavior.
- This course was designed to raise the class's sensitivity to "how to" manage.
- In addition to giving the class the knowledge to change the behavior of workers, the course was designed to help the class modify their own behavior as managers.
- Take the opportunity to ask the class members to identify those areas within their professional lives that need some analysis and further study.

In "Where Do We Go from Here?", it is suggested to stress that although the course is ending, this is "only the beginning" of the participants' management training. Their work starts when they get back to the office.

You may want to say something to the effect, "I hope that this course increases your enjoyment of being a member of the management profession—the world's most frustrating but most exciting profession!"

**REAL ESTATE MANAGEMENT (UNITS XI-XVI)**

## INTRODUCTION

These Units follow the same *format* that was used in Units I-X:

- Advance Reading
- Session Activities, including overview of the reading material; discussion questions; exercises; cases; and tests.

The real estate units build upon the basic management foundation that the class gained in Units I-X. This portion of the training will give the owner-trainees the basic skills that are necessary to participate in the expansion of the Moscow Pilot. The focus of these units is on real estate in a market economy, and the analogies are not just limited to the United States; in fact, these concepts are in use in many former "Eastern Block" countries that have recently made the transition to market economies.

At the beginning of Unit XI, you should introduce the real estate units similarly to the way that you introduced the basic management units. The same format and classroom procedures will be followed, and this will make the class feel more comfortable with learning experience. You may want to again remind the participants that they are some of the very first in Russia to be exposed to this training. To acknowledge their successful completion of the course, they will receive certificates and the designation of "Housing Management Specialist".

You may want to also mention that an advanced version of this course is being prepared for introduction in the winter of 1993; graduates of the basic course that have had at least 6-months of practical experience may qualify for enrollment in the advanced course.

Since we have stressed goal-setting in the prior sessions, it would be helpful if you stated the purpose of the real estate training, and highlighted how it interfaces with the Pilot and its goals ( a summary of the Pilot Program is attached to this Lesson Plan).

The *six real estate sessions* are as follows:

- Unit XI—Maintenance Planning and Budgeting
- Unit XII—Maintenance Work Order Systems

- Unit XIII—Procurement and Inventory Management
- Unit XIV—Accounting for Maintenance and Facilities Management
- Unit XV—Roles of the Owner (DEZ) and the Property Management Companies; Property Management Company Reporting; Monitoring by the DEZ
- Unit XVI—Financial Management

The material presented goes beyond what is expected of the owner and the Manager (Contractor) in the Pilot Program; the sessions present what is the customary role for the owner and manager in a market economy. Although all of this information may not be immediately relevant to the participants, it will be critically important in the future, as Moscow moves toward the market in the housing sector.

The real estate sessions are somewhat less demanding to present than the previous sessions, because there are no complex questionnaires, prediction cases, or role playing exercises. The sessions were written to be straightforward and for ease of presentation. The sessions are "user friendly", and serve as practical future reference materials for the participants. As a result, you will find that the Lesson Plans are minimal.

**ACKNOWLEDGEMENTS**

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# UNIT XI
# INTRODUCTION TO REAL ESTATE MANAGEMENT AND MAINTENANCE PLANNING AND BUDGETING

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Introduction to Real Estate Management and Overview of the Real Estate Training Component | 15 |
| 2. | Discussion and Summary of the Reading | 15 |
| 3. | Discussion Questions | 15 |
| 4. | Exercise: The Private Enterprise Financial Model- Balance Sheet and Operating Statement | 30 |
| 5. | Exercise: Competing for a Maintenance Contract | 50 |
| 6. | Summary of the Session | 5 |

***Lesson Plan:***

1. *Introduction to Real Estate Management and Overview of the Real Estate Training Component:* Please refer to the introductory hints, and the "market economy" summary given in Unit XI's Advance Reading. There will probably be some questions regarding the "market economy" piece, and you should ensure that those concepts are clear *before* proceeding with the rest of this session. If necessary, devote more time to this segment than the suggested 15 minutes.

2. *Discussion and Summary of the Reading:* You should focus on the "private enterprise" financial model. You will probably have many questions on these accounting concepts, and again, you should not hesitate to devote more than 15 minutes to this segment. These concepts are critical to effective financial management, and the owners will need to use these skills when the contracts are signed with the private managers. Using the feedback technique, make sure that the class is familiar with the accounting definitions and the accounting formulae.

3. *Discussion Questions:* These questions are designed to encourage the class to think about their work within the context of a market economy. In addition, the questions are tailored to the new role of the owner under a Pilot scenario. The focus is on the supply (or market) for maintenance materiel and services, using plumbing work as an example. There are no "right" or "wrong" answers to these questions. The object of the discussion is to prompt the class to start thinking about non-traditional maintenance alternatives.

4. *Exercise—The Private Enterprise Financial Model-Balance Sheet and Operating Statement:* Instructions—

    1. Have the class read the example—last month's balance sheet and the following month's changes. Time= 10 minutes.

    2. Based on the information they have just read, have the class prepare an operating statement for the current month. A form is provided for this in the session material. Ask the participants to fill-in the blanks. Time= 10 minutes.

    3. Review the answers with the class. Ask for volunteers to give their answers, being careful not to embarrass anyone who may give incorrect answers. Through this feedback mechanism, you will discover how well the class understands the financial/ accounting concepts. Answer all questions, and be sure to use the blackboard to visually reinforce your calculations. Time= 10 minutes.

5. *Exercise—Competing for a Maintenance Contract:* This is designed to engage the participants in a role-playing exercise that allows them to experience the responsibilities associated with their new role under the Pilot. It focuses on an important and new facet of their jobs-soliciting, rating, selecting, and contracting for private maintenance services. The exercise involves role playing from both the owner's and the contractor's perspective. Instructions—

    1. Have the class read the role playing scenario as outlined in the session material.

        A. Select 2 participants to play the role of the owner. You may wish the pick the Chiefs of the DEZ's, since they will actually serve as the "owners" for Pilot purposes.

B. Divide the class into four groups, and have each group sit in a different part of the classroom.Time= 5 minutes. Each group should select a spokesperson.

2. Have each group read and formulate answers to the 4 questions asked in the session material; the spokesperson should take notes and prepare to represent the group in an interview with the owners. While the groups are discussing their answers, the owners should also be reading the questions and deciding what would be the most desirable response from a potential contractor. Time= 15 minutes.

3. Have each group's spokesperson participate in a mock interview with the owners. This should be conducted with the "contractor" sitting across a table from the "owner", with the owner asking the questions. The owners must select a "winner" and be prepared to justify their decision to the class. Time= 30 minutes: 20 minutes for interviews (5 minutes for each group); and 10 minutes for discussion of the group presentations and the owner's decision.

6. *Summary of the Session:* In your summary, you may find it helpful to reiterate the session material on the "Cross-Comparison of General Business Owner Responsibilities to the Specific Responsibilities of an Owner of a Real Estate Management Business".

## ATTACHMENT TO UNIT XI

### MOSCOW PILOT PROGRAM FOR THE PRIVATIZATION OF MANAGEMENT AND MAINTENANCE IN MUNICIPALLY-OWNEDHOUSING

The Urban Institute of Washington D.C. is under contract to USAID to provide technical assistance to Moscow's Municipal Housing Sector. Part of the Work Plan is to test the feasibility of providing high quality private management/ maintenance to the City's Municipally-Owned housing stock. This demonstration is called "The Privatization of Management/Maintenance Pilot Program".

On March 1, 1993, the Western Prefecture signed three Pilot Program contracts with private Managers. The Pilot was implemented *on schedule*, after 8 months of planning and training. The contracts are written for a one-year, renewable term. The contracts represent a Moscow City Government funding commitment of 42.2 million rubles over the contract period (to be indexed for actual inflation).

**Notably New (For Russia) Concepts Introduced By the Pilot:**

- The first time that private management will be used in Municipally-Owned Housing.
- The first time that a "Request For Proposals" (RFP) process was used to solicit services in the municipal housing sector. New concepts introduced include: advertising for proposals, freedom of information, open meetings, equal opportunity employment, deadline for proposal submission, objective rating criteria, "Notice To Proceed", and termination for non-performance.
- The first time that Contracts for real estate management used performance factors such as "clean and attractive", "removal of hazardous conditions", and "preventive maintenance". These concepts had to be operationally defined.

***Background:***

Rents in Russia have been frozen at the 1928 level of 16.5 kopecks per square meter per month. City rents currently pay for only one-half of one-percent of the operating costs of the stock, thus requiring the City to provide enormous annual housing subsidies. The current inflationary trend in the economy puts additional strain on the City's limited resources. The City has taken under consideration a policy to raise rents so that the future operational costs of the stock will self-sustaining, as called for in the "Law on Changes to the Housing Policy in The Russian Federation" recently enacted by The Supreme Soviet. Improving the management of the Municipally-Owned housing stock will be an important "quid pro quo" in any introduction of higher rents.

The Western Prefecture is one of ten administrative districts in Moscow. This Prefecture was chosen for the diversity of its housing stock, and for its commitment to implementing the Pilot. Approximately one million people live in the Western Prefecture.

In August 1992, an Agreement to implement and fund the Pilot was jointly signed by the Prefecture, The Department of Engineering Provision, and The Office of Privatization.

The Pilot will explore private and competitive alternatives to traditional public management and maintenance. The premise of the Pilot is that private management will be less expensive, and will lead to a better quality of life for the tenants.

***Structure of the Pilot:***

Two thousand units were selected for inclusion in the Pilot: 600 in the Kutusovsky Sub-Prefecture, and 1,400 in the Fili-Davidkova Sub-Prefecture. The Kutusovsky units are in Central Moscow, and the Fili units are in suburban Moscow. The units also vary in terms of age, construction type, and building type (high-rise versus mid-rise). This diversity provides for a sample that is representative of all building types in Moscow, and insures that the Pilot is easily replicable on a City-Wide basis.

The "Board of the Unified Customer"(or DEZ) acts as the Owner for the purpose of the Pilot. The Chiefs of the DEZ's signed the contracts for the Municipal Owner. Personnel from the DEZ's and the Prefectures were trained in real estate management and maintenance techniques. The training consisted of 16 classroom sessions conducted from October-December 1992. A workbook was developed as a training resource; the workbooks were given to each participant to be used as reference guide for the Pilot.

The Pilot is specific to management and maintenance tasks; it excludes non-management tasks with which the RAiUs have been encumbered, such as passport control, communal services charges calculations, and draft registration. This specificity will allow the private Managers to concentrate on the management areas of greatest need, such as security; routine and emergency maintenance response times; rubbish and snow removal; cleanliness of the common areas; removal of hazardous conditions; preventive maintenance; and landscaping.

The procurement of the Contractors was patterned after a United States style "Request For Proposals" (RFP). To solicit bids, advertisements were placed in Moscow newspapers of wide circulation. To further publicize the Pilot, a Press Conference was held at Mossoviet. Work products included:

- Ivitation To Bid
- The RFP
- A Model Contract
- A Budget Format
- Interview/Selection Guidelines
- Rating Work Sheets
- Announcement To The Tenants

In conjunction with the procurement process, various activities were coordinated:

- Pre-Bid Conference
- Property Inspection Tours
- Tenant Briefings
- Bid Opening Meeting
- Interviews Of Bidders

***Monitoring:***

Evaluation is a key component of the Pilot Program. The Pilot is "results" rather than "process" oriented; i.e., the Owner is not concerned with *how* the common areas were cleaned, but *whether* the common areas are clean.

Performance is measured against the Contractor's approved Work Plan and Budget. Monthly budget reports (cumulative, year-to-date) must be submitted to the Owner. In addition to holding regular meetings with the Contractor, the Owner will make regular inspections to assess and verify site conditions.

Tenant satisfaction will be a critical measure of the Pilot's success. Surveys of 300 units included in the Pilot Program will be conducted to measure baseline, short-term, and long-term results. Baseline surveys were taken in February 1993 to assess satisfaction with RAiU management. Follow-up surveys will be taken in May and December to assess satisfaction with the Contractors.

***Incentives:***

For each 10% of the contract budget saved and returned to the Owner, the Contractor receives 1% as an incentive.

For superior performance, the Contractor receives an additional fee.

***Expansion Of The Pilot:***

Through an Agreement with The Institute of Housing Economy (IHE), 4 trainers were trained along with the Prefecture personnel. These trainers will be used to train 25 additional municipal owners during the next year. In order to make the training self-sustaining, a nominal fee will be charged to future training participants.

An advanced real estate training course curriculum will be developed and offered in the fall/winter 1993. A prerequisite for the advanced training will be completion of the basic course and 6-months of experience.

Pilot results will be presented at two upcoming conferences- one in May to announce short-term results, and one in September to highlight long-term results.

The goal is to have 500,000 flats in Moscow under private management by the end of 1994.

# UNIT XII
# MAINTENANCE MANAGEMENT: PLANNING AND BUDGETING

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 30 |
| 2. | Discussion Questions | 10 |
| 3. | Exercise: Management By Objectives (MBO) for a Maintenance Program | 35 |
| 4. | Exercise: The XYZ Property-A Maintenance Analysis | 45 |
| 5. | Summary of the Session | 5 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* The purpose of this unit is to introduce and explore the idea of planning a maintenance program. You will first define what maintenance is in a market economy. Next, you will outline the basic elements that comprise a maintenance program and how they interrelate. You will then discuss budgeting as a maintenance tool. Finally, you will tie all of the above together into the concept of creating a maintenance plan. You should use the outline that is provided in the overheads to cover these points with the class. Please entertain all questions, using feedback to assess the class's comprehension of the key concepts. The time budgeted for this segment is longer than usual because of the complexity of the material.

2. *Discussion Questions:* "The owner of municipal housing in Russia is both the individual privatized owner and the DEZ. What do you think are the property maintenance goals of each of these two owners? How do their goals coincide and how do they differ?"- Try to facilitate a discussion that anticipates the needs of the emerging class of individual private property owners versus the needs of the traditional municipal organizational owner. What about tenant satisfaction? What about cost reduction? What about hazardous conditions? How are property values related to maintenance quality? To site image?

What about vandalism and crime? What about RAIU productivity? What about tenant associations?

"What are the categories of resources available to the owner to be used at its discretion to achieve maintenance goals? What maintenance resources are beyond the control of the owner and the manager?"- Try to facilitate a discussion that identifies the resources (human, financial, material, etc.) that are available to assist or unavailable (and hence, impede) achieving the above goals. The purpose of this question is to highlight for the class what is possible, given resource constraints; in addition to setting goals, we must ensure that they are realistic (achievable).

3. *Exercise—Management By Objectives (MBO) for a Maintenance Program:* This exercise juxtaposes the municipal owner's maintenance needs with the private owner's needs. In developing these goals, it is helpful for the participants to reflect on their own buildings and their maintenance needs. This unit introduces the concept of preventive maintenance to the class, and it is included as one of the categories for maintenance goal-setting. This is a group exercise, and it builds upon the ideas developed in the previous discussion questions. Instructions—

   1. Have the class divide into 4 groups; each group should elect a spokesperson. Have the groups read the assumptions and the maintenance goal-setting categories. Time= 5 minutes.

   2. Have each group formulate their goals. Time= 15 minutes.

   3. Have each spokesperson list their group's items from each maintenance category (and sub-category). List these items on the blackboard. Time= 10 minutes.

   4. Discuss the results. Point out that the class has just developed a list of maintenance "needs by priority", and that these needs must be addressed in any maintenance plan that endeavors to increase tenant satisfaction. Time= 5 minutes.

   Have everyone stay in their groups for the next exercise.

4. *Exercise—The XYZ Property-A Maintenance Analysis:* This exercise compares operating costs and results for a hypothetical property- the "XYZ Property". The exercise gives participants practical experience

with comparing budgeted versus actual expenditures. They are then asked to analyze the data to spot strong points and weak points in the maintenance operation of the XYZ Property. The participants are asked to suggest how the weaknesses may be overcome.
Instructions—

1. Have the participants individually analyze the budget data and write their personal observations, trends, areas of concern, and recommended action. They are to work individually and are not to consult other group members during this phase of the exercise. The class should be reminded of the observations included in the session material- these observations provide helpful hints to analyzing the budget data. Time= 15 minutes.

2. Have the participants work in their groups to analyze the same budget data. Each group should reach a consensus decision on the positive trends and areas of concern. In areas of concern, the group should consider potential explanations for problems and suggest future corrective action. The group spokesperson should record the results. Time= 15 minutes.

3. Have each group spokesperson list the positive trends, areas of concern, and recommended corrective action. You should summarize the results on the blackboard. Critique the results, soliciting comments and discussion from the class. Time= 15 minutes.

5. *Summary of the Session:* In your summary point out that maintenance cost reduction is a major goal of the Pilot. The Request For Proposals (RFP) asks for the Contractor's "cost proposal". The selection criteria for the contractors places a major emphasis on bid price. The approved contractor's budget becomes an exhibit to the Contract. Performance is weighed against the Contractor's adherence to the approved budget. Monthly financial reports (budgeted versus actual expenses) are required of the contractors. Incentive fees are based on direct cost reductions to the owners. The practical experience gained by the owners in this unit will be invaluable when they are selecting Contractors and monitoring Contract performance.

# UNIT XIII
# MAINTENANCE WORK ASSIGNMENTS

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 20 |
| 2. | Exercise: Daily Work Assignments | 45 |
| 3. | Exercise: Prioritizing Corrective Maintenance Requests | 20 |
| 4. | Exercise: Janitorial Scheduling | 15 |
| 5. | Summary of the Session | 10 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* This session examines the key aspects of maintenance work assignment to ensure that the most critical work is done first, and that the work is completed in a productive fashion. You should first point out the objectives of a work order system and describe the key components of an effective work order system. You should then highlight the ways in which maintenance work is categorized, particularly between preventive and corrective maintenance, and between emergency and non-emergency maintenance. Work is also categorized by the skill level required. A sample daily work order summary report is included in the session material for use by the owners.

   You should mention that the Pilot does not mandate any particular work order system. However, the contractors must specify how they will track work orders and provide monthly summaries to the owners. Response time is of great interest to the owners, particularly emergency response time. As part of the owner's monitoring effort, work orders will be subject to field verification to determine: 1) If the work was promptly and properly done, and 2) If the tenant was satisfied with the results. Stress that the Pilot Contracts require all routine service requests to be addressed within 24-hours; all emergencies must be addressed immediately and abated within 24-hours.

2. *Exercise—Daily Work Assignments:* This is a self-explanatory, individual exercise to give the class practical experience in prioritizing maintenance assignments. The exercise is designed to present the class with a maintenance dilemma- there are not enough personnel to adequately handle all of the maintenance problems. Each participant will have to decide how to use the limited resources to their best advantage.

   Allow the class a generous amount of time to ponder their assessment of the situation and to write their answers to the 5 questions. When everyone is finished, initiate a discussion of the situation using the questions as a starting point. You will find that there are differences of opinion as to how to prioritize the work, and to whom the work is assigned. Usually there are some very innovative solutions to the dilemma. What solutions seem better (more effective) than others? The discussion may become lively, with participants defending their various positions. Ask the participants to share some similar, real life maintenance situations with the class. Has anyone been involved in a situation that was handled badly or created a scandal? Stress the importance of analyzing these situations carefully before assigning the work- many management careers have been ruined by a lack of diligence in such "dilemma" situations.

   You may want to point out that the housing management profession is subject to "Murphy's Law": "Things will go wrong when you *least* expect it, and at the *worst* possible moment". Careful planning for maintenance contingencies can lessen the effect of Murphy's Law.

3. *Exercise—Prioritizing Corrective Maintenance Requests:* Please follow the same format as in the previous exercise.

4. *Exercise—Janitorial Scheduling:* This exercise gives the class practical experience in scheduling janitorial work. This is an area of extreme tenant dissatisfaction, as evidenced by recent tenant satisfaction surveys. If the privatization of maintenance is to succeed, janitorial service must be improved over current levels. How would the participants adjust the schedule to ensure that there is adequate coverage while Janitor A is on vacation? After the participants have written their responses, review the schedules with the entire class.

## UNIT XIV
## PROCUREMENT AND INVENTORY MANAGEMENT

**LESSON PLAN OUTLINE**

| **Activity** | | **Minutes** |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 15 |
| 2. | Exercise: Procurement Role Playing | 75 |
| 3. | Exercise: Inventory Management | 20 |
| 4. | Summary of the Session | 10 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* The purpose of this unit is to identify the steps in the procurement process and the management issues related to the inventory of maintenance equipment and goods. This module begins with planning and assessing procurement needs and a brief review of the basic procurement steps. The unit examines the different types of arrangements used for procurement and monitoring. Finally, there is a discussion of the problems and issues.

   Review the procurement and inventory outlines using the overheads.

2. *Exercise—Procurement Role Playing:* This exercise is self-explanatory and requires very few instructions from you. The class should break into 4 groups. Assign the "low', "middle", and "high" bidder roles to 3 of the groups. Assign the owner role the to the fourth group. Each group should try to reach consensus on the questions. After each group has had an ample amount of time to discuss the questions (30 minutes maximum), initiate the role play by having the respective groups participate in a mock interview. The groups should use the answers formulated in their earlier discussions. This exercise familiarizes the class with different bidding tricks and strategies. The experience will help to the owners to spot dishonest bidding tactics.

   You should permit the class to be very informal during the exercise. Many role plays reach almost comic proportions as "bidders" promise to do anything to get the contract.

You should encourage the class to analyze the strategies used by the "owner" and the "bidders" during the role play. How effective where they?

3. *Exercise—Inventory Management:* This is an individual exercise designed to make the class think about the importance of materiel supply, and the accurate anticipation of the need for parts. The exercise intentionally uses preventive maintenance parts as the example. each participant should work on their answers for approximately 10 minutes. You should then start a class discussion on the questions.

   You may want to add a discussion on the current availability of such parts. You may wish to ask about what safeguards are used to prevent theft of supplies. How are parts currently charged to tenants for damage caused by tenant negligence?

# UNIT XV
# THE ROLES OF THE OWNER AND PROPERTY MANAGEMENT COMPANY

## LESSON PLAN OUTLINE

| Activity | | Minutes |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 20 |
| 2. | Exercise: Establishing Owner Goals For A Property—The Board of Directors Meeting | 60 |
| 3. | Exercise: Tenant Association's Property Manager Performance Review | 30 |
| 4. | Summary of the Session | 10 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* The purpose of this session is to review apartment building ownership and management responsibilities in the privatization of the municipal housing stock. You will discuss the structure of ownership and review important documents. You will also discuss the owner's decision making authority and the property management company's responsibility to carry out the owner's wishes. The roles of the owner and the property management company in the management of maintenance program will be defined. You will cover the methods by which the management company provides information to the owner on the management of the property and by which the owner monitors management company progress.

   Please use the outline provided in the overheads to summarize this unit.

2. *Exercise—Establishing Owner Goals For A Property:* The instructions for this group role playing exercise are self-explanatory, and it follows the usual format. Be sure to have each group pick a spokesperson.

   After the "low-income", "high-income", and "DEZ" groups have had ample time (30 minutes maximum) to formulate their short and long-term goals for the management of "Market Economy Towers", have the 3 spokespersons initiate a "Board of Directors Meeting" in front of the class. Use the remaining time allocated for this exercise to have the "Directors" reach a consensus regarding the short- and long-term goals for property management.

As the housing market privatizes and moves toward the market, the housing ownership goals (private versus public) are likely to diverge. This exercise will demonstrate how the housing goals of the 3 interest groups may clash. How are the goals similar? How are they different? Are the differences reconcilable? What techniques should be used to gain consensus?

3. *Exercise—Tenant Association's Property Manager Performance Review:* This is an individual exercise that has the participants assuming the role of a Tenant Association Board Member. The exercise provides certain hypothetical owner questions and property manager answers for a building capital improvements program. The participants are to review this data and to make recommendations regarding the program.

   After the class has worked on the recommendations for 10-15 minutes, ask for volunteers to share their answers with the class. Are the property manager's answers adequate? How would you rate the property manager's performance? Was the manager performing well? Poorly? What strategies could improve the property manager's performance?

**UNIT XVI**
**FINANCIAL MANAGEMENT**

**LESSON PLAN OUTLINE**

| **Activity** | | **Minutes** |
|---|---|---|
| 1. | Discussion and Summary of the Reading | 20 |
| 2. | Exercise: Budget Preparation | 45 |
| 3. | Exercise: Tenant Rental Income | 45 |
| 4. | Summary of the Session | 10 |

***Lesson Plan:***

1. *Discussion and Summary of the Reading:* The purpose of this unit is to review the most important Accounting and Financial Management aspects of the Real Estate Management business. This unit is divided into 6 major areas:

   1. The Real Estate Management Chart of Accounts
   2. Budgeting
   3. Management of Expenses
   4. Management of Income
   5. Financial Controls
   6. Financial Reporting

   You should use the overheads to outline and summarize the session reading material.

2. *Exercise—Budget Preparation:* This individual exercise is designed to give the participants practical experience in analyzing actual-versus-budgeted expenses and to project future budgetary needs. Heating expense is used as the example. This is a hypothetical exercise that will encourage the participants to think about future changes in the housing sector. You should point out that although heating charges

are now included as a part of the Communal Services Charges, the housing market will gradually move toward the concept of check-metering for this utility. The exercise uses the municipal owner as the entity responsible for the heating payments, but the tenants could also be individually charged for heat, once meters have been installed in the buildings.

The instructions for this exercise are self-explanatory. You should allow 5 minutes for the class to read the assumptions and questions. Ask them if they have any questions before they start to analyze the data. Try to clarify any confusion about the data and the questions. Allow adequate time for the class to work on the answers (20-25 minutes maximum). Use the balance of the time allocated for this exercise to initiate a group discussion of the questions. Ask for volunteers to share their answers with the class.

3. *Exercise—Tenant Rental Income:* This individual exercise is designed to give the participants practical experience in analyzing rental income. As with the previous exercise, several hypothetical policy changes are incorporated in the scenario- rent increases, payment of rent to the owner (as opposed to the bank), and direct owner deposits to checking accounts. The municipal owner does not currently have this degree of control over the "cash flow process", but with the move toward the market, it is anticipated that these changes will occur.

The instructions for this exercise are identical to the previous one. In your discussion of the "Tenant Cash Receipts Journal" work sheet, try to get the class's opinion about the automating of the accounting process. Is this feasible? What changes need to be made to facilitate a switch to computerized accounting? It will be costly to buy the hardware: What cost savings could result? Would those savings offset the initial cost of the conversion to computers?

The Office of Housing and Urban Programs of the Agency for International Development (USAID) addresses the shelter and urbanization needs of developing and formerly planned economies. In addition to administering the USAID Housing Guaranty Program, the Office supports a broad spectrum of urban activities in program planning, management and capital investment to benefit low-income urban families.

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