MANAGEMENT THEORY

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THIS CHAPTER WILL INCLUDE A REVIEW OF:

- The functions of management
- Ownership, management & supervision
- Management skill sets

INTRODUCTION

There is an identifiable set of skills used in the management of any business. A manager, such as an optometrist in his or her own practice, must develop and ultimately be proficient at all of the required skills. Chapter 5 will identify and explain the four main functions of management and distinguish between the tasks and responsibilities of management and supervision. Some optometrists, particularly in larger optometric chains or larger practices may assume the role of supervisor rather than manager. The differences are subtle but important to understand.

THE FUNCTIONS OF MANAGEMENT

Most texts and courses in management identify four main management functions or skill sets. Each area has distinct duties and responsibilities and each affects the working and the success of the business in different ways.

The four basic functions of management are:

- Planning
- Organising
- Delegating
- Controlling

THE FUNCTIONS OF MANAGEMENT(CONT.)

PLANNING

Planning was discussed in Chapter 3. It is essential that any business, including an optometry practice, has direction. It must have goals and objectives that focus staff activities and give an achievable target against which they can measure their progress. Planning does not necessarily guarantee success, but it is generally believed that a lack of planning will almost certainly guarantee failure. Managers, often the owner in a small business and the optometrist in an optometric practice, are normally responsible for planning. Supervisors may be involved in an advisory role but will not normally assume this important duty. The business plan, discussed inChapter 3, is the structure that underlies all of the other tasks of management. It is particularly important to the control function. The plan is the 'blueprint' against which the development of the business is compared.

ORGANISING

The organisation function establishes the operations of the business and how it functions on a day-to-day basis. It is setting up operating procedures that will achieve the objectives of the business plan. It will be guided by and must complement the business plan.

Large organisations often have an operations manager whose duty is to look after this function of management. This particular task fits well with the supervision level. Larger businesses often produce a procedure manual which describes the steps to take to complete various tasks, for example, ordering lenses and frames, completing the weekly report, completing the bank reconciliation or handling complaints. In smaller practices there will normally be an understanding, often only verbal, of which tasks each person is responsible for on a daily basis.

Organising also involves determining lines of responsibility. That is, who reports to whom. Larger organisations, such as optical chains and NGOs in the area of public health, often produce an organisation chart.

Organisation charts

Organisation charts are usually hierarchical, setting out the reporting lines and making clear who has the right to give directions. Their main aim is to make clear the lines of responsibility to avoid confusion about which supervisor or manager employees are meant to take instruction from. Some examples of organisation charts are:

Line organisation:

Line organisation is the simplest and, as the name suggests, involves a straight-line reporting structure such as the one below:

Optometrist/Owner
↓
Staff Optometrists
↓
Staff Opticians
↓
Other support staff

Each person is responsible to the person above them and for the person/s directly below them.

THE FUNCTIONS OF MANAGEMENT(CONT.)

Functional organisation:

This structure is designed for organisations divided into various functional streams, each converging at the top and each independent of each other. This would suit a large company or chain where there are clearly defined functional areas with relatively little overlap.

	Owner/optometrist	
	↓	
	Practice Manager	
	↓	
Senior optometrist	Lab Manager	Financial Manager
↓	↓	↓
Opticians	Laboratory staff	Accounts clerk

The purpose of organisation charts is to ensure that everyone knows where they fit into the organisation and whom they report to. A formal job description also tends to prevent confusion and aid in the smooth running of the business.

DELEGATING

Any business with more than one staff member will involve some delegation: The greater the number of staff the more complex the task of delegation. Organisation charts provide a picture of who has the right to delegate and to whom. In small practices the line of responsibility is usually fairly obvious.

By delegating, managers and supervisors free up some of their own time to carry our more important duties, or duties only they can do. It is important that managers not delegate critical tasks that should be their responsibility. This, for example, may result in fraudulent behaviour being ignored. Other tasks that should not be delegated are discipline and financial planning.

Optometrists should also be wary of delegating elements of testing such as fields and tonometry. They need to ensure that the staff members asked to carry out these tasks have adequate training. There may also be legal restrictions on the tasks an optometrist is allowed to delegate. One framework in which delegation works most effectively is the unity of command principle.

Unity of command

Unity of command ensures that there is little confusion and inconsistency. It is the principle that each worker should report to only one person. If a worker has more than one supervisor or manager (as is often the case when there are several optometrists in partnership) then the worker is placed in a difficult situation when they receive conflicting commands.

It is for this reason that military forces, and civil maritime and aviation operate under a tight unity of command system. Certainly a sailor might have a number of officers above them but they are of different ranks. An order from a first officer would supersede the order of a second officer. Similarly in aviation, the captain's orders have more authority than the first officer and the first officer more than the second officer.

CONTROLLING

The progress of any business must be monitored constantly. This is the function of control. It involves measuring the activities and results of the business against the predictions in the business plan.

Control is the responsibility of both managers and supervisors. Supervisors may be responsible for the control of a part of the operations of the business. Managers will be responsible for control at the higher level. That is, the data that can be found in a company's balance sheet and profit and loss statement.

Some data will be recorded and analysed weekly while others may only be gathered and analysed monthly or bi-annually.. Much of the data will be easily obtained from the practice's computer management system.

THE FUNCTIONS OF MANAGEMENT(CONT.)

The following are indicators that may be relevant for a normal optometry practice with a dispensary.

- Number of new appointments
- Number of follow-up consultations
- Number of contact lens consultations
- Number of spectacles sales
- Number of contact lens sales
- Number of patients buying two or more pairs of spectacles
- The number of external prescriptions
- The average selling price of spectacles
- Total of sundry sales
- Staff days absent
- Total expenses for the week

Figures generated in reports can be compared with previous weeks or the same week in previous years. Even more importantly, they are also compared against the budget from the business plan.

Purpose of the control function

The main purpose of the control function is to identify problems or potential problems so that something can be done to correct them. Once problems have been found the cause needs to be determined and then a course of action chosen to rectify the problem. It may be that the data on which the business plan was based was incorrect. If so, the business plan would need to be amended to reflect this new information.

OWNERSHIP, MANAGEMENT AND SUPERVISION

The level of responsibility and authority is the main difference between the roles of owner and manager. The owner, who may also adopt the role of manager, has the ultimate say in all decision making. If a manager is appointed, the manager will normally accept full responsibility but will still be answerable to the owner. An optometrist, establishing a new practice, is likely to take on the role of both owner and manager. In some larger firms the owner may look after very few direct management functions and leave almost all decisions to the manager, the practice manager in a large optometry practice. The difference between owning and managing is not always clear.

Managers and supervisors perform the management functions of planning, organising, delegating and controlling but in varying ways and at different levels largely depending on their level of responsibility. The relative weight each would give to the four functions would be different. For example, managers are more interested in broader and more long-term concerns than the supervisor and so would spend more time planning than supervisors. The supervisor will spend more time on organising and control.

MANAGEMENT SKILL SETS

Optometrists setting up their own practice will need to acquire and develop a number of new skills in addition to their professional optometry skills. These include communication skills and administrative skills.

COMMUNICATION SKILLS

Optometrists need to develop good communication skills in the practice of optometry particularly in the area of history taking. They will apply these same skills in other ways in the management of a practice. Communication, for the optometrist manager involves dealing with people other than patients; it includes financiers, landlords, staff and other professionals. Some of the specific techniques are discussed in Chapter 4 of this subject.

MANAGEMENT SKILL SETS(CONT.)

In many businesses communication with staff involves regular staff meetings to disseminate important information among staff and to give staff an opportunity to provide feedback to management. In larger businesses it is important that they have a purpose and so should have a formal agenda listing what needs to be discussed. Ideally the agenda should be provided to participants well ahead of the meeting to give them time to prepare.

It is also important that decisions be minuted and action items allocated to whoever was assigned the task at the meeting. In small practices the structure can be much less formal, often a casual meeting before or after work.

Formal meetings are chaired by the most senior manager who will make sure that the meeting stays focussed on the agenda items. The formality of the meeting depends on the size of the organization and the type of meeting. Annual general meetings of public companies are very formal, by legal requirement and by the nature of the organization, with rules on who can speak and when. There are also rules on casting votes. Such meetings follow a very strict agenda and protocol. Such formality is not required or expected of small practices.

ADMINISTRATIVE SKILLS

Administration skills involve keeping accurate records, meeting deadlines, managing the day-to-day finances and managing other staff. Administration requires the ability to prioritise tasks, delegate tasks (one of the other functions of management) and solve problems.

SUPERVISION SKILLS

Optometrists must develop skills in managing their staff. This includes developing systems for staff performance review and counseling. It should also include systems for rewarding and developing staff skills.

An overview of the main tasks involved in administration of a practice is covered in Chapter 6.

SUMMARY

As practice owners, optometrists take on a significant legal responsibility for which they should seek some professional assistance. Many optometrists fall into the role of manager merely by opening a new practice. They may not have the required skills or be aware of their legal and administrative responsibilities. Nevertheless, optometrists must still make an effort to know their responsibilities and the skills they will need to develop before opening the practice to the first patient. Chapter5 has outlined the underlying principles of management and supervision. The specific areas in which these skills must be applied are covered in the other parts of this subject.

Chapter 6 will examine the administration of an optometry practice and will apply some of the theory covered so far.

SELF ASSESSMENT 5

1. What are the four functions of management?

a. _____

b. _____

c. _____

d. _____

2. What is meant by unity of command?

3. What is the purpose of the control function?

ANSWERS – SELF ASSESSMENT 5

1. What are the four functions of management?

a. Planning
b. Organising
c. Delegating
d. Control

2. What is meant by unity of command?

Each person reports to only one manager

3. What is the purpose of the control function?

To ensure that the business is on track to meet its objectives