

รหัสวิชา MTM3202 การสร้างเครือข่ายทางธุรกิจ
Business Network Buildings

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Financial Measures of Performance

★ Profit ratios

↳ Measures of how efficiently managers convert resources into profits

↳ return on investment (ROI).

$$\text{Return on investment} = \frac{\text{net profit before taxes}}{\text{total assets}}$$

$$\text{Gross profit margin} = \frac{\text{sales revenues} - \text{cost of goods sold}}{\text{sales revenues}}$$

★ Liquidity ratios

↳ Measures of how well managers protect resources to meet short term debt—current and quick ratios.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

$$\text{Quick ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

Financial Measures of Performance

★ Leverage ratios

↳ Measures of how much debt or equity is used to finance operations—debt-to-asset and times-covered ratios.

$$\text{Debt-to-assets ratio} = \frac{\text{total debt}}{\text{total assets}}$$

$$\text{Times-covered ratio} = \frac{\text{profit before interest and taxes}}{\text{total interest charges}}$$

★ Activity ratios

↳ Measures of how efficiently managers are creating value from assets—inventory turnover, days sales

$$\text{Inventory turnover} = \frac{\text{cost of goods sold}}{\text{inventory}}$$

$$\text{Days sales outstanding} = \frac{\text{current accounts receivable}}{\text{sales for period}} \div \text{days in period}$$

Organizational Goals

- ★ Goals should be **specific** and **difficult**

- ★ **Stretch goals**

- ↳ goals that challenge and stretch managers' ability but are not out of reach and do not require an impossibly high expenditure of managerial time and energy.

Organization-Wide Goal Setting

Figure 8.4



Operating Budgets

★ Operating Budget

↳ A blueprint that states how managers intend to allocate and use the resources they control to attain organizational goals effectively and efficiently

★ Lower-level managers are evaluated for their ability to stay within the budget and to make the best use of **available resources**

Operating Budgets

Three components are the essence of **effective** output control

- ★ Objective **financial** measures
- ★ Challenging **goals** and **performance standards**
- ★ Appropriate **operating budgets**

Problems with Output Control

- ★ Managers must create output standards that **motivate** at all levels.
- ★ Standards should not cause managers to behave in **inappropriate** ways to achieve organizational goals



Direct Supervision

Managers who:

- ★ Actively **monitor** and **observe** the behavior of their subordinates
- ★ **Teach** subordinates the behaviors that are appropriate and inappropriate
- ★ Intervene to take **corrective action** as needed

Management by Objectives

★ **Management by Objectives (MBO)**

↳ A goal-setting process in which managers and subordinates negotiate specific goals and objectives for the subordinate to achieve and then periodically evaluate their attainment of those goals

Management by Objectives

1. Specific goals and objectives are established at each level of the organization
2. Managers and their subordinates together determine the subordinates' goals
3. Managers and their subordinates periodically review the subordinates' progress toward meeting goals

Bureaucratic Control

★ Bureaucratic Control

↳ Control of behavior by means of a comprehensive system of rules and standard operating procedures.



Bureaucratic Control

Problems with **Bureaucratic Control**

- ★ Rules easier to make than discarding them, leading to **bureaucratic** “red tape” and slowing organizational reaction times to problems
- ★ Firms become too **standardized** and lose **flexibility** to learn, to create new ideas, and solve to new problems

Organizational Culture

★ Organizational Culture

↳ The shared set of beliefs, expectations, values, norms, and work routines that influences how members of an organization interact with one another and work together to achieve organizational goals

Organizational Culture

★ Clan Control

↳ Control exerted on individuals and groups in an organization by shared values, norms, standards of behavior, and expectations



Adaptive vs. Inert Culture

★ Adaptive Culture

- ↳ Culture whose values and norms help an organization to build momentum and to grow and change as needed to achieve its goals and be effective

★ Inert Culture

- ↳ Culture that leads to values and norms that fail to motivate or inspire employees
- ↳ Leads to stagnation and often failure over time

Organizational Control and Change

Figure 8.5



Managers must balance the need for an organization to improve the way it currently operates and the need for it to change in response to new, unanticipated events.

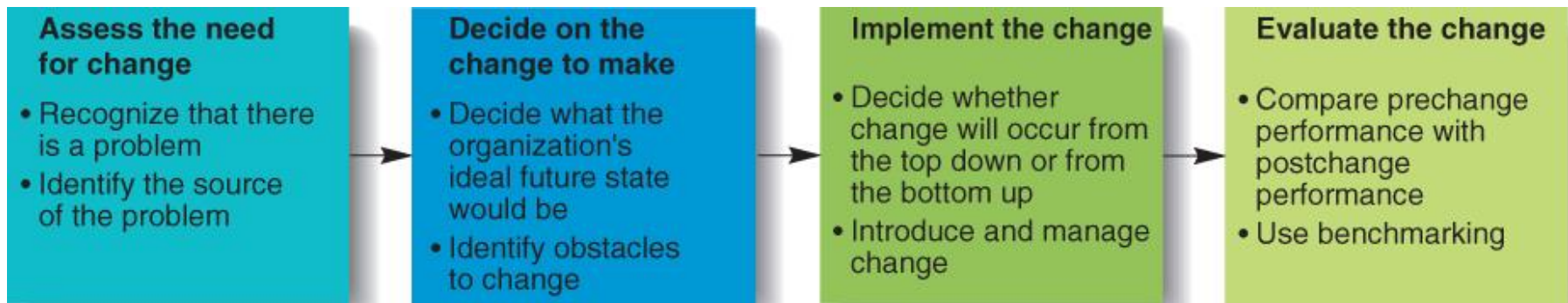
Organization Change

★ Organization Change

↳ Movement of an organization away from its present state and toward some desired future state to increase its efficiency and effectiveness

Four Steps in the Organizational Change Process

Figure 8.6



Organization Change

★ Organizational Learning

- ↳ Process through which managers try to increase organizational members' abilities to understand and appropriately respond to changing conditions
- ↳ Impetus for change
- ↳ Can help members make decisions about changes

Organization Change

★ **Top-down change**

↳ A fast, revolutionary approach to change in which top managers identify what needs to be changed, decide what to do, and then move quickly to implement changes throughout the organization

Organization Change

★ **Bottom-up change**

↳ A gradual or evolutionary approach to change in which managers at all levels work together to develop a detailed plan for change

Question?

What is the process of comparing one company's performance on specific dimensions with the performance of other high performance organizations?

- A. Financial comparison
- B. Objective benching
- C. Benchmarking
- D. Competitor analysis

Organization Change

★ Benchmarking

↳ Process of comparing one company's performance on specific dimensions with the performance of other high performance organizations



Entrepreneurship, Control, and Change

★ **Entrepreneurs**

↳ People who notice opportunities and take responsibility for mobilizing the resources necessary to produce new and improved goods and services

Entrepreneurship, Control, and Change

★ **Intrapreneurs**

↳ employees of existing organizations who notice opportunities for product or service improvements and are responsible for managing the development process

Entrepreneurship, Control, and Change

★ Entrepreneurship

↳ Mobilization of resources to take advantage of an opportunity to provide customers with new or improved goods and services



Video: Manufacturing

- ★ Can America thrive without manufacturing jobs?
- ★ What should be combined with labor costs? Why?

