

Five Functions of Management: Business Management Functions at the Nonprofit Level

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SUBJECT(S): Management

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

This is a capstone project lesson plan that emphasizes all aspects of the management functions of business (planning, staffing, organizing, directing and controlling) at the nonprofit level. If students need more direction on a given aspect of management functions, please see the following lesson plans for a more detailed understanding. (Business Planning at the Nonprofit Level, Management Decision-making and Strategy at the Nonprofit Level, Business Staffing at the Nonprofit Level and Business Directing and Controlling at the Nonprofit Level.

≡ NBEA STANDARD(S):

- Management, I. Management Functions

≡ WHARTON GLOBAL YOUTH PROGRAM ARTICLE:

- [“Nonprofits Are Changing the World — With a Little Help from the Next Generations”](#)

In this lesson, students will create a business plan to address all of the five management functions of business:

The Five Functions of Management

- **Planning** — Managers are responsible for setting the course of actions that will best fulfill the company’s goals. Planning involves knowing what to do, when to do it and how to do it. Managers are responsible for consulting with different departments of the company in order to set the appropriate path for allocating capital in the right directions.
- **Management Decision-making & Strategy** — Managers must identify the activities to be completed, assign duties, create and authorize responsibility and coordinate the different levels of operations.
- **Staffing** — Keeping individuals in the proper departments and matching talent to employee are also among the functions of management. Staffing includes recruitment, performance appraisal, promotions and transferring employees to the proper departments.
- **Directing** — Managers must supervise, motivate, lead and maintain communications with their employees.
- **Controlling** — Managers must control their departmental employees and operations to ensure that organizational goals are achieved.

NBEA Standard(s): Analyze the management functions and their implementation and integration within the business environment.

Objectives/Purposes: The purpose of this lesson is for students to comprehend the five functions of management. Students will be able to make connections at scale, understanding the organizational dynamics of a nonprofit business operation.

Knowledge@Wharton Articles (*for referral*):

- “‘Mustaches for Kids’: Charities Adopt Private Sector Models to Tap New Funds”(Planning)

<http://knowledge.wharton.upenn.edu/article.cfm?articleid=2271>

- “Many NonProfits Now Combine Social Mission with For-Profit Mentality” (Staffing)
- <http://knowledge.wharton.upenn.edu/article.cfm?articleid=772>
- “‘Warm’ or ‘Competent’? What Happens When Consumers Stereotype Nonprofit and For-profit Firms” (Management Decision-making & Strategy)

- “‘Locals,’ ‘Cosmopolitans’ and Other Keys to Creating Successful Global Teams” (Directing and Controlling) <http://knowledge.wharton.upenn.edu/article.cfm?articleid=2328>
- “Case Study: Pianporn Deetes: Social Entrepreneurship to Protect the Environment and Empower Citizens” (Directing and Controlling)

Other Resources/Materials:

For Teachers:

1. Internet Access — if the teacher has Internet and can project the screen to the class, this is fine.
2. Poster board/butcher paper and markers

Activity:

Introduction (5 mins): Class discussion opener

In the introductory facilitation, the teacher should explain to students that establishing a nonprofit and maintaining/sustaining that business comes with a particular set of advantages and challenges. The main difference between a for-profit business and a nonprofit business is that in a for-profit business, the profits can be taken out of the business and given to shareholders. In a nonprofit business, any profits made must stay inside the business and be reinvested in the business in one way or another. Nonprofits typically have to rely heavily on donations, grants and other charity. Therefore, nonprofits have to spend a large amount of time seeking funding for their projects and services. Nonprofits can operate on the local level, national level or multinational level. These organizations often have the same challenges as businesses on their respective level with the added challenge of procuring funding. On the flip side, nonprofits do not have the same pressure to generate profits. Therefore, they are able to focus more on creating and sustaining programs that are often pro bono (free to the public), rather than having to generate increasing profits for shareholders who need financial returns on their investment. Stakeholders in the nonprofit world are more concerned with seeing a positive *social* return on their investment (and in many respects, their funding is dependent on this).

Because students will be analyzing nonprofit business dynamics in the context of the **Planning** function of business management, discuss with them that planning involves knowing what to do, when to do it and how to do it. Explain to students that managers are responsible for setting the

course of action that will best fulfill the company's goals as well as consulting with different departments of the company in order to set the appropriate path for allocating capital in the right directions.

Because students will be analyzing nonprofit business dynamics in the context of the **Staffing** function of business management, discuss with them the four basic elements of Staffing: *recruitment, promotion, performance appraisal and employee transfer*.

Definitions (from businessdictionary.com):

- *Recruitment* –The **process** of identifying and **hiring** the best-qualified **candidate** (from within or **outside** of an **organization**) for a **job** vacancy, in a most timely and **cost effective** manner.
- *Promotion* — The advancement of an employee within a **company position** or **job tasks**. A job **promotion** may be the **result** of an **employee's proactive** pursuit of a higher **ranking** or as a **reward** by **employers** for good **performance**. Typically is also **associated** with a higher **rate of pay** or **financial bonus**.
- *Performance Appraisal* — The **process** by which a **manager** or **consultant**
 - (1) Examines and **evaluates** an **employee's work behavior** by comparing it with preset standards,
 - (2) **Documents** the **results** of the **comparison** and
 - (3) **Uses** the results to **provide feedback** to the employee to show where **improvements** are needed and why.

Note: Performance **appraisals** are **employed** to **determine** who **needs** what **training**, and who will be promoted, demoted, retained or fired.

- *Employee Transfer* — The transfer of an employee (within an organization) from one job to another. This movement may take place within the same building location or between locations (i.e., a Verizon employee may transfer from one store outlet in Philadelphia to another store in the same city, or an employee may transfer from a Philadelphia store across country to a Verizon store in Los Angeles, California).

Because students will be analyzing nonprofit business dynamics in the context of the **Management Decision-making and Strategy** function of business management, discuss with them that managers must identify the activities to be completed, assign duties, create and authorize responsibility and coordinate the different levels of operations.

Because students will be analyzing nonprofit business dynamics in the context of the **Directing and Controlling** functions of business management, discuss with students that managers direct by supervising, motivating, leading and maintaining communication with their employees. Managers control their departmental employees and operations to ensure that organizational goals are achieved.

Note: The teacher may call on various students to articulate various examples of planning across business contexts, and may write student responses on the board to keep a running list that may be referred to from time to time as student understanding of the topic evolves.

Guided Reading (10 mins):

Students only need to read the articles if they need direction and a resource for understanding the management functions.

Project Activity (30 mins): Nonprofit Business Domain

- As a class choose a nonprofit business to serve as a model for the project. It needs to be a business that students are familiar with and patron frequently. (i.e., Red Cross, local hospital, your school, a public college or university, Goodwill)
- Break students into four groups (four groups=one set) (if you have as many as 30 students, have two sets of groups — each set should choose a different business)
 - Each group will be charged with completing one of the five functions of management for the business of choice.
 - If students have previously worked on a business plan project, be sure they are assigned to a group working on a task they have not yet studied closely.
- **Task of Planning Group.** Have students do a SWOT analysis of the company. Once they have done a SWOT analysis, have them choose one of the SWOT variables to plan

for. Plans should be detailed and specific. Have students plan what to do, how to do it and when to do it. *(For a more detailed description of this, see Planning at the Nonprofit Level lesson plan)*

During a SWOT analysis, students analyze a business enterprise for its Strengths, Weaknesses, Opportunities and Threats. From the vantage point of planning in the nonprofit sector, have students record their analyses on poster board or butcher paper.

- **Task of Staffing group.** In order to implement the plan from the planning group, your team will need to bring on more staff. Create a recruitment plan. Where will you recruit? Who will you recruit (what skills do they need)? What will the selection process entail? Using that criteria, how will you assess who is right for the job?*(For a more detailed description of this, see Staffing at the Nonprofit Level lesson plan)*
- **Task of Management Decision-making and Strategy group.** Create an organization plan to hire new staff. What activities must they complete? How will duties be assigned? Who will be responsible? How will they coordinate with the different members of the team? *(For a more detailed description of this, see Organizing at the Nonprofit Level lesson plan)*
- **Task of Directing and Controlling Group.** Create a goals plan that ensures that the plan from the planning group is successful. What goals will measure your progress? What benchmarks will you have to show goal progress? How will you use goals to motivate your team of employees? How will you monitor their progress toward goals? *(For a more detailed description of this, see Directing and Controlling at the Nonprofit Level lesson plan)*

Group Reports/Discussion (10 mins):

Have all groups report to the class on the plans that they have created. Make sure that plans are detailed and well thought out. Help students fill in any gaps that they might have left in their plans.

Closing (5 mins):

Use this time to answer questions and clarify points of confusion.

Tying It All Together: This lesson plan can stand alone or the teacher may wish to visit other Wharton Global Youth Program lesson plans that highlight the other “Functions of Management.” Bear in mind that each function represents a unique element of business management and when the five are taken together, they collectively articulate the role of the business manager as leader/steward of the organization.

The “Five Functions of Management” are subsumed within the greater umbrella of Business Management, including but not limited to:

- Theories of Management
- Business Organization
- Personal Management Skills
- Business Ethics and Social Responsibility
- Human Resource Management
- Technology and Information Management
- Financial Decision Making
- Operations Management

Practice Outside of the Classroom: Students may look at articles in the business section of a news website. Students may focus on a nonprofit business that is implementing a new plan. As they read the article, notice how management functions play a part in the business plan.

What Worked and What I Would Do Differently: