

Five Functions of Management: Management Decision-making and Strategy (Nonprofit level)

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SUBJECT(S): Management

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

≡ OVERVIEW:

In this lesson, the teacher will address the Management Decision-making and Strategy function of the “Five Functions of Management” as it occurs in the business context at the nonprofit level. Students will read “‘Warm’ or ‘Competent’? What Happens When Consumers Stereotype Nonprofit and For-profit Firms.” Students will then create a nonprofit and discuss organizational elements that go into making a nonprofit.

≡ NBEA STANDARD(S):

- Management, I. Management Functions

≡ RELATED ARTICLES:

- [“Nonprofits Are Changing the World — With a Little Help from the Next Generations”](#)
- [“Checkmate: Chess and the Game 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 elements of management decision-making and strategy for a business, as a function of business management, at the nonprofit level. Students will be able to make connections at scale, understanding the organizational dynamics of a business operation.

Knowledge@Wharton Article:

[“‘Warm’ or ‘Competent’? What Happens When Consumers Stereotype Nonprofit and For-profit Firms”](#)

Other Resources/Materials:

For Teachers:

1. Internet Access — if the teacher has Internet and can project the screen to the class, this is fine.

Activity:

Introduction (5 mins): Class discussion opener

Definition of Not for Profit (from [businessdictionary.com](https://www.businessdictionary.com/definition/not-for-profit-organization.html)):

Associations, charities, cooperatives and other voluntary organizations formed to further cultural, educational, religious, professional or public service objectives. Their startup funding is provided by their members, trustees or others who do not expect repayment, and who do not share in the organization's profits or losses that are retained or absorbed. Approved, incorporated or registered NPOs are usually granted tax exemptions, and contributions to them are often tax deductible. Most non-governmental organizations (NGOs) are NPOs. Also called not-for-profit organization.

Have students get into groups to brainstorm a list of organization categories that fit this description. Then have student groups share and discuss. For example, students may cite *public schools* as a category rather than naming a specific school. Other responses may include *hospitals, temples of worship, etc.*

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

Guided Reading (10 mins):

Now, have students read the K@W article: [“‘Warm’ or ‘Competent’? What Happens When Consumers Stereotype Nonprofit and For-profit Firms”](#)

Class Discussion (5 mins):

1. How do perceptions help/hurt nonprofits?
2. How do perceptions help/hurt for-profit companies?
3. What are some strategies that nonprofits can adopt in order to appear more “competent” in the market place?
4. What are some strategies that for-profits can adapt in order to appear more warm and caring?

Exploration Activity (5 mins): Nonprofit Business Domain

In groups of three to four, create a nonprofit.

1. Decide on the purpose of your nonprofit. It must have a social purpose. (i.e., building a nonprofit that promotes literacy among high school students or creating a homeless shelter for single fathers).
2. Create a mission statement. The mission statement is usually one to three sentences that contain the name of your organization, the “nonprofit” distinction and describe the function of your nonprofit. (i.e., Literacy Land is a nonprofit that seeks to promote literacy in high school students through literacy programs and advocacy).
3. Create a vision statement for your nonprofit. The vision statement explains how you will carry out your mission generally speaking. (i.e., Literacy Land actively supports high school students as they gain literacy, encourages them to come forward and supports their efforts.)
4. In light of your mission and vision, discuss and outline how you will organize your nonprofit, with the understanding that you want to be more “competent” as the article speaks of. What positions will you create (CEO, President, Director of Operations, Vice President, etc)? Who will you hire for these positions; what qualifications will they need? What will these employees be responsible for? What will be the chain of command?

Group Reports/Discussion (10 mins):

Have students share their plans with the class. Facilitate a discussion on how nonprofits can maintain the “warm and caring” perception while also appearing more “competent.”

Closing (5 mins):

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

Tying It All Together: Management Decision-making and Strategy is the second function of the “Five Functions of Management.” The other four functions are: Planning, Staffing, Directing and Controlling. In terms of an overall strategic view, now that students understand the organizational function, the teacher may wish to contextualize this function vis-à-vis the other four remaining functions.

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 be encouraged to investigate the structure of an existing nonprofit by searching its website. (i.e., The Red Cross) and look at how it structures its business. What positions does it have? What is the chain of command? How does it assign duties?

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