

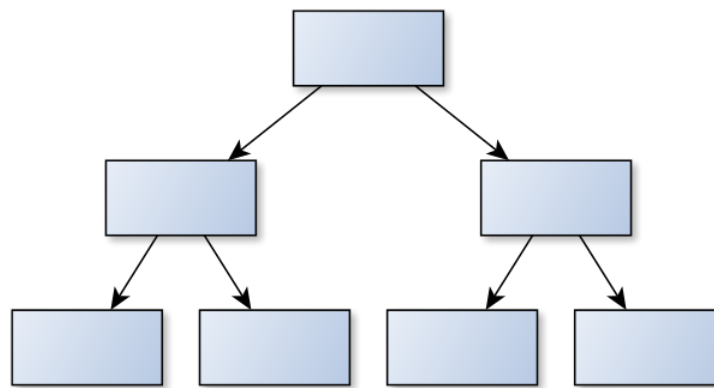
1.14: Types of Managers

Learning Outcome

- Differentiate between the functions of top managers, middle managers, first-line managers, and team leaders.

Vertical Management

Vertical management, also called top-down management, refers to the various levels of management within an organization. Managers at different levels are free to focus on different aspects of the business, from strategic thinking to communicating information to operational efficiency. During the nineteenth century and much of the twentieth century, vertical management was highly structured with many layers of management (as depicted by a pyramid). In industries where processes and conditions are stable and where ongoing innovation is less critical, the vertical structure of management can still be very efficient. Workers in labor-intensive industries such as manufacturing, transportation, and construction need to follow established procedures and meet specific goals. Everyone knows who is in charge and assumes the job they do today will be the same next year or in five years.



Vertical management in a traditional organizational structure

A main disadvantage of vertical management is that it limits information flow from the lower levels of the organization to the upper levels (like water, information flows downhill easily). Without easy two-way communication, top management can become isolated and out of touch with how its plans affect core processes in the organization. It also fosters vertical thinking. Vertical thinking refers to using traditional and recognized methods to solve particular problems. It is the opposite of “thinking outside of the box.” The digital age exposed the shortcomings of management that addressed problems in formal or bureaucratic approaches at the expense of creativity and innovation. Today, many organizations use “flatter” structures, with fewer levels between the company’s chief executives and the employee base. Most organizations, however, still have four basic levels of management: top, middle, first line, and team leaders.

Top-Level Managers

As you would expect, top-level managers (or top managers) are the “bosses” of the organization. They have titles such as chief executive officer (CEO), chief operations officer (COO), chief marketing officer (CMO), chief technology officer (CTO), and chief financial officer (CFO). A new executive position known as the chief compliance officer (CCO) is showing up on many organizational charts in response to the demands of the government to comply with complex rules and regulations. Depending on the size and type of organization, executive vice presidents and division heads would also be part of the top management team. The relative importance of these positions varies according to the type of organization they head. For example, in a pharmaceutical firm, the CCO may report directly to the CEO or to the board of directors.

Top managers are ultimately responsible for the long-term success of the organization. They set long-term goals and define strategies to achieve them. They pay careful attention to the external environment of the organization: the economy, proposals for laws that would affect profits, stakeholder demands, and consumer and public relations. They will make the decisions that affect the whole company such as financial investments, mergers and acquisitions, partnerships and strategic alliances, and changes to the brand or product line of the organization.

Middle Managers



Middle managers must be good communicators because they link line managers and top-level management.

Middle managers have titles like department head, director, and chief supervisor. They are links between the top managers and the first-line managers and have one or two levels below them. Middle managers receive broad strategic plans from top managers and turn them into operational blueprints with specific objectives and programs for first-line managers. They also encourage, support, and foster talented employees within the organization. An important function of middle managers is providing leadership, both in implementing top manager directives and in enabling first-line managers to support teams and effectively report both positive performances and obstacles to meeting objectives.

First-Line Managers

First-line managers are the entry level of management, the individuals “on the line” and in the closest contact with the workers. They are directly responsible for making sure that organizational objectives and plans are implemented effectively. They may be called assistant managers, shift managers, foremen, section chiefs, or office managers. First-line managers are focused almost exclusively on the internal issues of the organization and are the first to see problems with the operation of the business, such as untrained labor, poor quality materials, machinery breakdowns, or new procedures that slow down production. It is essential that they communicate regularly with middle management.

Team Leaders

A team leader is a special kind of manager who may be appointed to manage a particular task or activity. The team leader reports to a first-line or middle manager. Responsibilities of the team leader include developing timelines, making specific work assignments, providing needed training to team members, communicating clear instructions, and generally ensuring that the team is operating at peak efficiency. Once the task is complete, the team leader position may be eliminated and a new team may be formed to complete a different task.

? Practice Question

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