

Management Vocabulary (and common pitfalls)

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“The first step in solving any problem is to call things by the correct name.”

---Confucius (c. 500 B.C.)

Preface

The purpose of this document is to assist student professionals in understanding the subtle distinctions between common terms used in business and economic (“management”) settings. Leveraging the richness of any language requires focused effort. Part of that effort is discerning between *apparent* synonyms and *real* synonyms. This is one of the indelible marks of a successful business professional.

In your presentation effort, you will get to see the reactions of individuals to your words so that you have a first-order approximation of the audience’s understanding of your content. In your writing effort, you will not have that luxury. You need to embrace a laser-focus on clarity.

Lay professionals, including newscasters, may make the mistakes described on this page on a recurring basis. Students who elect to major in Business must never make these mistakes. Note also that even a contemporary word processor is of little help in this regard. The following are but a few examples of common management vocabulary mistakes made by COBAE student professionals. The academic perspective centered in each of the four 300-level COBAE upper-division core courses will have more to say on each of these terms.

Differentiate between “Efficiency,” “Effectiveness,” and “Productivity.” Efficiency is “doing the thing right,” while effectiveness is “doing the right thing.” Efficiency is usually related to “how well inputs are managed” while effectiveness is usually related to “how well outputs are managed.” Productivity is always a ratio—outputs over inputs, usually in an aggregate measure. For example, “Gross Domestic Product” is “all goods and services (output)” divided by “number of workers (input)” for a specific country.

“Income” and “Wealth.” “Income” is a measure of positive cash flow over a specific, explicit unit of time. “Income” is typically cast on an income statement or a “profit and loss (P and L)” statement. “Wealth” is a measure of accrued asset base, measured (typically) at a single point in time. “Wealth” is typically cast on a “balance sheet.” In the short-run, you may be concerned with “income.. Over the long-run, you are concerned with “wealth.” Note also that “wealth” does not imply “wealthy.”

“Expense” and “Investment.” An “expense” refers to a cost where it is difficult to identify and measure (or we don’t expect) a direct return. An “investment” refers to a cost where it is easier to identify and measure (and we expect) a direct return. We say

“we expect a return on our investment.” There are qualitative (social) differences as well as quantitative (economic) differences between the two terms as well. Upon graduation, student professionals typically are concerned with costs that an organization views as “expenses.” Over time, business professionals typically will want to be concerned with costs that an organization views as “investments.”

“Average” and “Mean.” If you intend to use the term “average” in a qualitative (“difficult-to-measure”) sense, it may be clearer to use the term “typical” or “customary.” If you intend to use the term “average” in a quantitative (“easier-to-measure”) sense, it may be clearer to use the term “mean” or even “arithmetic mean.” If you intend to use the word “average” more than once, you could even use the word “average” followed by your definition in parentheses, so that your current and future use is clear. Further, average is an adjective; mean is a noun. A “Statistics” perspective would have more to say on this issue.

“Project” and “Activity.” In general, a project has a defined start point and a defined end point. By contrast, an activity is a set of interrelated tasks that recur. Typically, a project is composed of individuals from more than one department (often temporarily) and an activity is something that is assigned to you as a permanent job responsibility for your position.

“Responsibility” and “Accountability.” Often, these two words are used interchangeably. In both cases, you have been given a task or an assignment. Responsibility means that the personal consequences to you for weak performance are not quite enough to get you fired. Accountability means that the personal consequences to you for weak performance are enough to get you fired.

“Accounting,” “Authentication,” “Authorization,” and “Audit.” The word accounting means to keep track of and record transactions, typically financial transactions. The word authentication means “who you are.” The word authorization means “what you are entitled to do.” The word audit means to assure that accounting, authentication, and authorization have all been done in a reliable and valid manner.

Ensure that you clarify what you mean by the word “quality.” Quality can mean “meets customer’s expectations” (marketing perspective). Quality can mean “delivered the best product or service possible” (engineering perspective). Quality can mean “the process variation in the product or service is within acceptable control limits” (statistical perspective). Quality can even mean “our quality is ‘cost-free’, because better quality leads to lower average, long run costs due to continuous improvement” (systems perspective). Any of these definitions may be appropriate; don’t shy away from using the word quality. Just make sure that the next sentence explains to the reader precisely what you mean.

“Doing well” is different than “doing good.” Doing “well” is related to success. Doing “good” is related to, for example, volunteering for a charity. Occasionally, a single activity might be both. You need to make your usage of each term absolutely clear.

Use the word “inexpensive” instead of “cheap.” Only use the word “cheap” if you really, truly mean it. Often, we mean “inexpensive.” “Cheap” is really too broad to be understood well. Be specific as to which component of the good or service is “cheap.” Further, nobody, even the employees at the \$.99 store or Wal-Mart, want to hear the word “cheap” all day. Remember, someone, somewhere, either supplies or demands the good or service. Also, don’t use terms that imply a pejorative (negative) context.

“Capability” is different than “Ability.” Capability is about capacity. Capacity requires competence, often obtained through education and occasionally obtained through experience. Ability is demonstrated capability, often obtained through experience and occasionally obtained through education. Ability requires competence at a minimum, but ability also requires many other things as well, including documented evidence of performance.

“Professional,” “Manager,” and “Executive.” A “professional” is typically someone deeply educated in the art and science, theory and practice of a particular discipline. In practice, a “professional” is typically someone who is primarily evaluated by the quality of their own work. In their first job position after graduation, COBAE students are typically “business professionals.”

A “manager” is typically someone who has some responsibility, either assigned deliberately or acquired organically, for the work of others (“delegation”). In practice, a “manager” is typically someone who is evaluated primarily by the quality of the work of immediate subordinates. During their first or second job position after graduation, COBAE students will decide when and how they are to become “business managers.”

An “executive” is typically someone who has some responsibility for an entire organization (or occasionally, a large organizational unit). In practice, an “executive” is typically someone who is evaluated on a number of objective and subjective factors. Many COBAE students aspire to become “business executives.” A “Management” class will have more to say on this issue.

Distinguish between “Consumer” and “Customer.” Consider a typical movie theater. Individuals that buy tickets to a show are likely to be the “consumers” (or “patrons”). If you “follow the money” (or “value chain”), the movie studios that produce movies are likely to be the “customers” (or at least “a more important customer”). If you are unsure, enumerate the list of stakeholders and diagram the various relationships between each stakeholder and the organizational entity.

“Debate,” “Discourse,” “Discussion,” and “Dialogue.” A “debate” is argumentative and forceful. Someone is perceived to have “won” (or “lost”) a debate. A “discourse” is less formal than a debate, but still contentious. Individuals direct their views--sometimes substantiated, sometimes not--towards another in a “discourse.” A “discussion” is more informal and wholly interactive. A discussion is genuinely participative, as in a roundtable setting. A “dialogue” is rich communication and persistent mutual learning.

Among other things, a dialogue has the distinctive characteristics of trust, respect, active listening and multi-lateral interaction.

“Uncertainty,” “Ambiguity,” “Complexity,” and “Equivocality.” “Uncertainty” typically concerns variation, or more generally, randomness. “Uncertainty” addresses the following question--“What do all of the different types of errors look like?” “Ambiguity” concerns clarity. “Ambiguity” addresses the following question--“Is what I see transparent?” “Complexity” often concerns the number of variables in a problem and the degree of their interaction. “Complexity” addresses the following question--“What are the linear and non-linear relationships between the various types of observations that I see?” “Equivocality” means a difficult choice between two (or more) apparently equal outcomes. “Equivocality” addresses the following question--“What is the best decision, given parallel results using equivalent data and similar analysis?”

These nuances in semantics are not simply “differences without a distinction.” The semantics will play an important role not only in the formulation of many business problems, but also in the implementation of suitable solutions to those problems.

“Must,” “Required,” “Shall,” “Should,” “Recommended,” “May,” and “Optional.” Attorneys are not the only professionals keenly interested in word semantics. Managers are concerned as well because clarity and unequivocal interpretation by the reader is of paramount importance. “Must,” “Required,” and “Shall” are interpreted to mean an “absolute requirement.” Similarly, “Must Not” or “Shall Not” are interpreted to mean that there is an “absolute prohibition.” “Should” and “Recommended” are interpreted to mean that there may exist valid reasons in particular circumstances to ignore a particular item, but the full implications must be understood and carefully weighed before choosing a different course. “May” and “Optional” are interpreted to mean that individuals or organizations can have several valid reasons in particular circumstances to include or ignore a particular item. Slow down and take your time with your writing. What you say matters a great deal.

Be certain of the writing context of words such as “Simple,” “Obvious,” and “Of Course.” College graduates in general, and business majors specifically, are likely to work at a professional, managerial, or executive context. The tasks, activities, and projects assigned to these individuals tend to be neither “simple” nor “obvious” (if they were, an organization wouldn’t need your services, at least at some point in time). A synonym for “simple” might be “straight-forward,” a synonym for “obvious” might be “clear,” and a synonym for “of course” might be “naturally.” If these words (or their synonyms) apply, use them; however, you should make absolutely sure, possibly by reinforcement in a sentence before or after the sentence that contains the word, that the reader will not make an incorrect assumption leading to a misleading conclusion.

Do not use the word “prove.” An educated person is not in the manner of “proving” anything. One finds “support for” or “confirms” a thesis or a key idea. One does not “prove” a theory, especially in the case of statistical hypothesis testing. If one rejects a null hypothesis, this is a good thing. However, building upon the logic developed partly

in the field of philosophy, null hypotheses are actually known as “falsifiable hypotheses;” that is, they are not known as “provable hypotheses”. Even if you have tested all possible null hypotheses (and correctly), you still haven’t “proven” anything, because, in science, there may be another plausible explanation. So don’t say it. If the idea is about a “proof,” then use the word “proof,” or “evidence,” or “establish.” In mathematics, one might “prove” a theorem; but this situation hardly arises in Business communication. Even in law, an attorney would use the term “prove” with extreme caution and even then, likely only in opening or closing arguments.

Consider using the word “dislike” rather than “hate.” A business student-professional should have command of enough theories, models, and frameworks to prefer something, not prefer something, or simply be indifferent to the issue. In your business school and professional writing, try to remain dispassionately objective--focus on the economic and social functions of related to consumption and production. The word “hate” is generally overused. Reserve the use of the word “hate” for extreme circumstances, such as “I hate serial murderers” or “I hate white-collar crime, especially when the target is senior citizens.”