

Reinventing Management

Employee Engagement: Communication Matters, 27th May 2010

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The Failure of Management

The image shows the Lehman Brothers logo, which consists of the words "LEHMAN BROTHERS" in a green, serif font. The logo is centered on a white rectangular background. In the bottom right corner of this white background, there is a small, faint watermark that reads "PYCOMALL.COM".

LEHMAN BROTHERS

Shockingly poor risk-management decisions

Perverse incentive systems, “eat what you kill”

No higher-order purpose

The Failure of Management



The definitive professionally-managed company c.1950

Gradually lost touch with the marketplace through 1970s/80s

“At GM the stress is not on getting results—on winning—but on bureaucracy, on conforming to the GM System”

Two contrasting management models

Lehman Brothers

- Fluid, flexible, entrepreneurial, client-focused, results-oriented
- But led to greed, arrogance, internal competition, lack of concern for risks taken, failure to see big picture

General Motors

- Professionally managed, clear structure, formal systems, technical focus
- But led to lack of customer responsiveness, complacency, lack of urgency

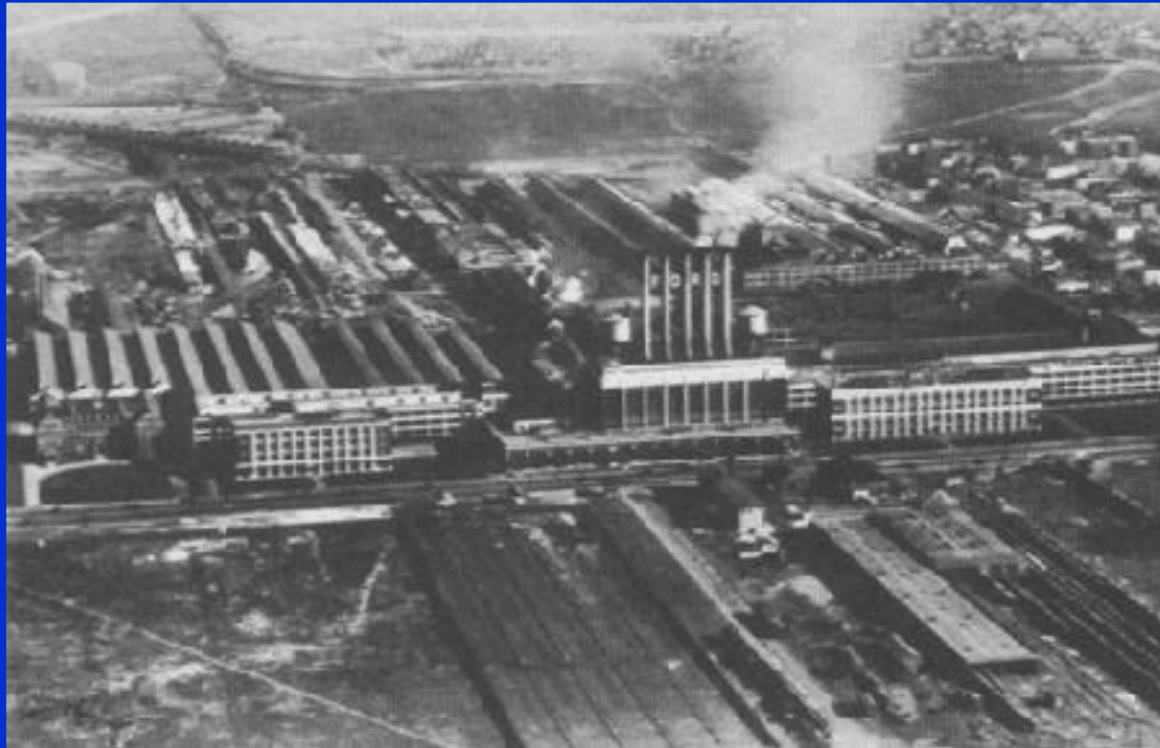
What is Management?

“Getting work done through others”

“Bringing people together to accomplish desired goals”

How “management” got corrupted

1. By the rise of the Industrial Corporation

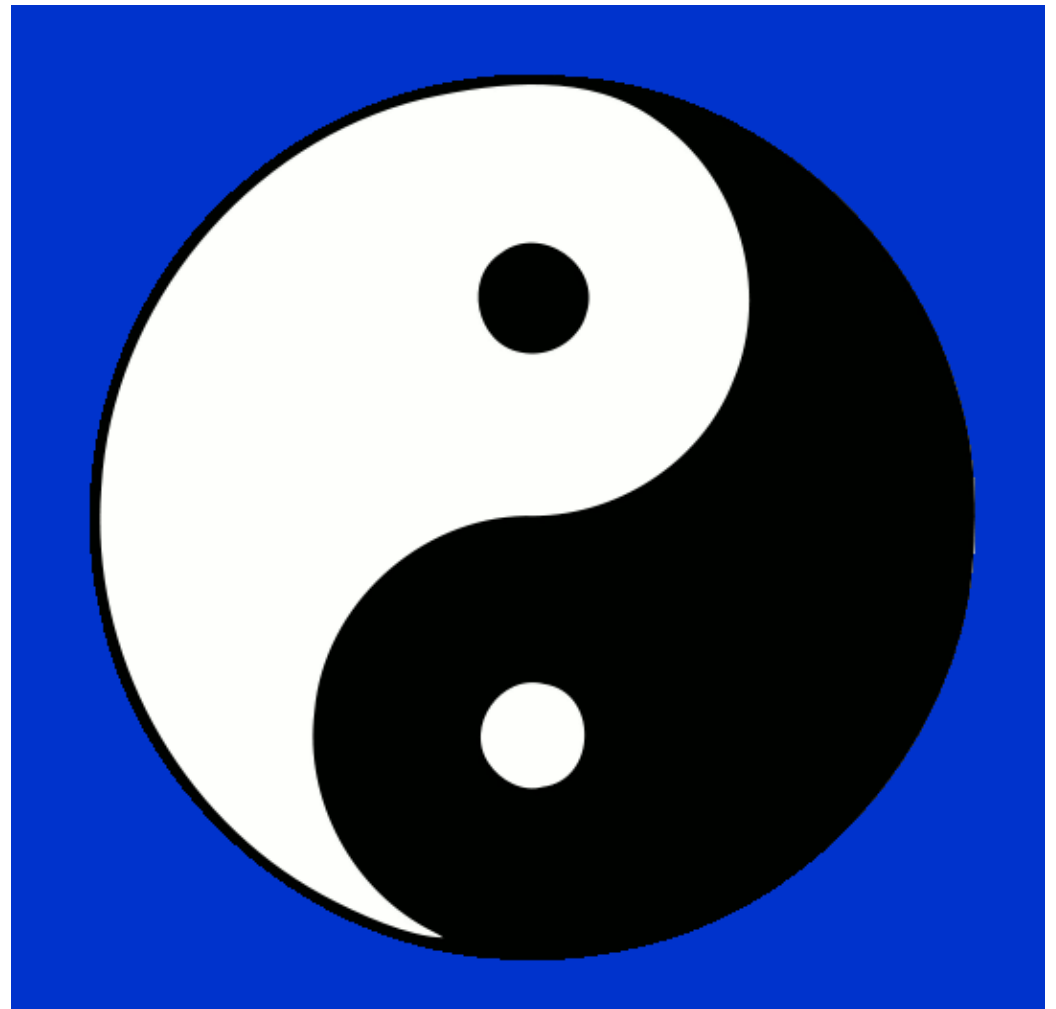


How “management” got corrupted

2. By the rhetoric of “Leadership”

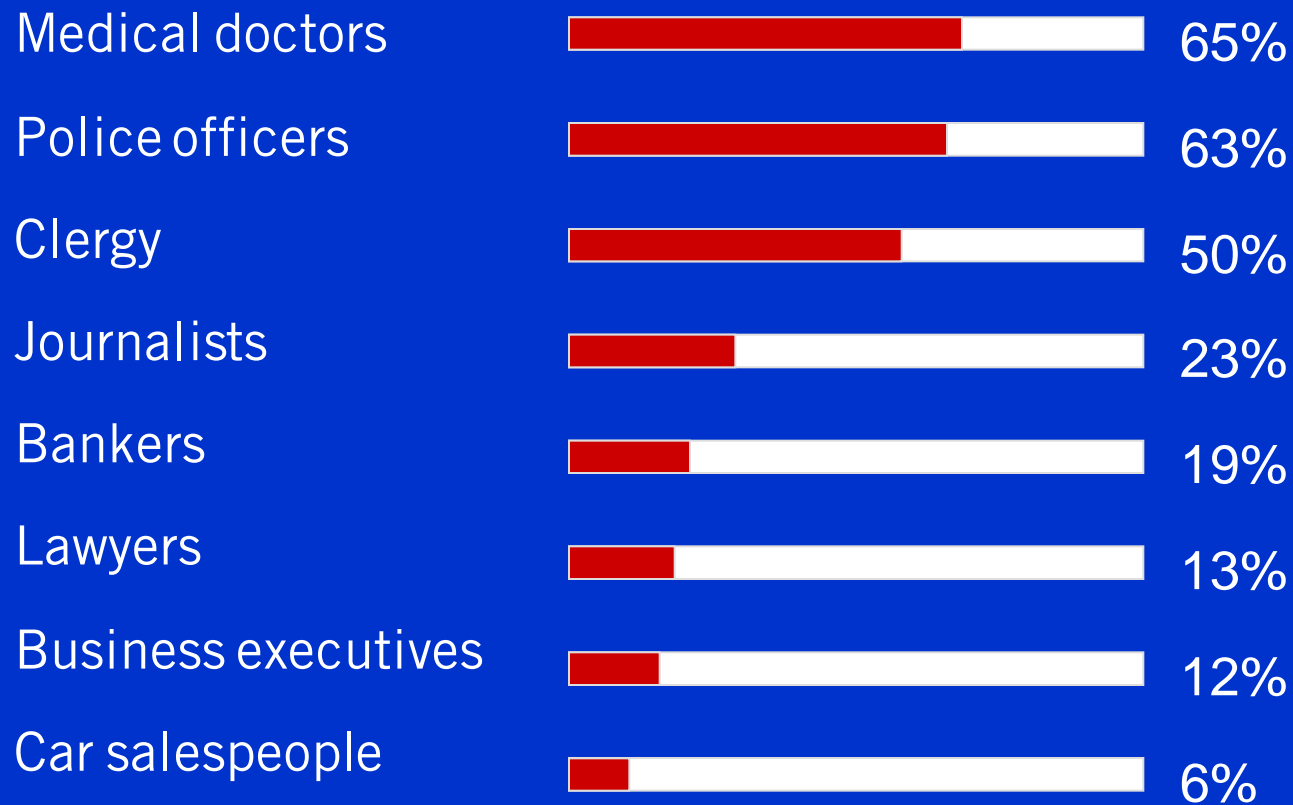
	A manager...	A leader...
John Kotter	<ul style="list-style-type: none"> · copes with complexity · plans and budgets · organizes and staffs · controls and problem-solves 	<ul style="list-style-type: none"> · copes with change · sets a direction · aligns people · motivates people
Warren Bennis	<ul style="list-style-type: none"> · promotes efficiency · is a good soldier · imitates · accepts the status quo · does things right 	<ul style="list-style-type: none"> · promotes effectiveness · is his or her own person · originates · challenges · does the right things

Managers vs. leaders: A false dichotomy

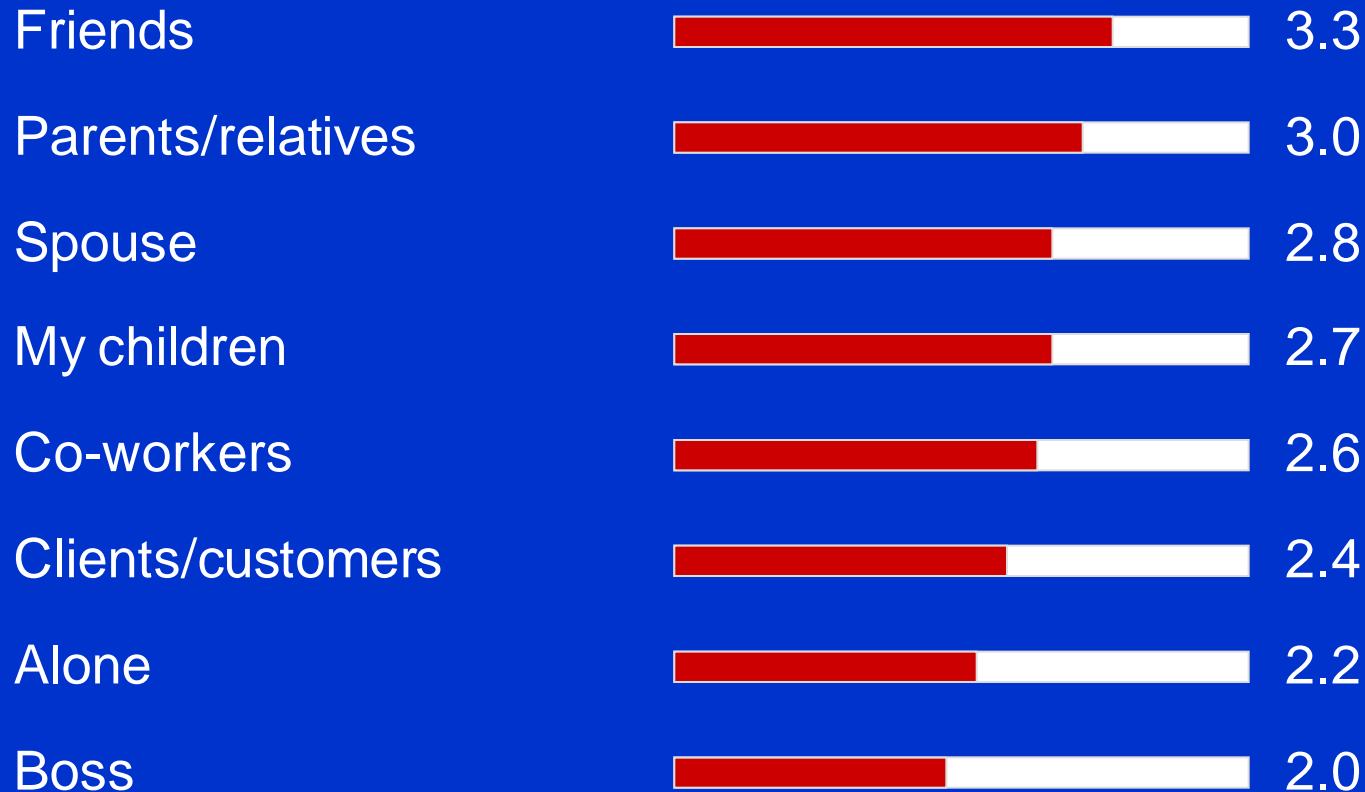


Which professions do people respect most?

How do you rate the honesty and ethics of the following professions? (% answering very high or high)



Who are you happiest spending time with?



(Rating is on a 1-5 scale)

Who are the role-model managers?



The reinvention of management?

- We need to recapture the *spirit* of management:
 - Good executives are leaders *and* managers
 - Management is not just how work gets done in large, industrial-age companies
- We need to become more *innovative* about management:
 - Are there new principles that we can apply to the challenge of “getting work done through others?”
 - Are there new practices we can develop to help us get the best out of our people?

Are there new *principles* we can use for getting work done through others?

Business Model

Choices firms make about:

- Sources of revenue
- Cost structure
- What to make / buy
- How to make a profit



Management Model

Choices firms make about:

- Defining objectives
- Motivating effort
- Coordinating activities
- Allocating resources

Consider one dimension: Coordinating activities

**Traditional
Principle**

**Alternative
Principle**

Bureaucracy ↔ **Emergence**

Bureaucracy ← → Emergence



Drachten, The Netherlands

Use “peer pressure” rather than formal rules



Eliminate unnecessary activities

- Objective: Organic growth
- Biggest orthodoxy: The budgeting process
- Solution: Elimination of traditional budgeting, each desk head now evaluated on ROI versus peer units



Profit before tax for Wealth
Management (ex US) in CHF Billion

Are there new practices
we can develop to get the most out of our people?

*Who wrote the book on
Management?*

*What would an employee-centric
book on management look like?*

Two different ways of thinking about management

What do we want to
get done?



How do we need to
act to get our
employees to do it?

How should we act to
harness their latent
enthusiasm and skill?



What hopes,
aspirations, fears,
concerns do employees
experience at work?

What are the biggest barriers to reinventing management?

- Survey of 900 mid-level employees in 2009. Top three barriers were:



Disincentives to act: Fear of change, executive self-interest (14%)



Old and orthodox thinking (15%)



Limited bandwidth: Not enough time, too few resources (19%)

REINVENTING MANAGEMENT

JULIAN BIRKINSHAW



MAKING SMARTER CHOICES FOR GETTING WORK DONE

Thank You!