

Reinventing Management

Odense, December 7th 2009

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London Business School

And the MLab

1. 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”

Firm as a vehicle for
perpetuating the raw
vices of capitalism

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

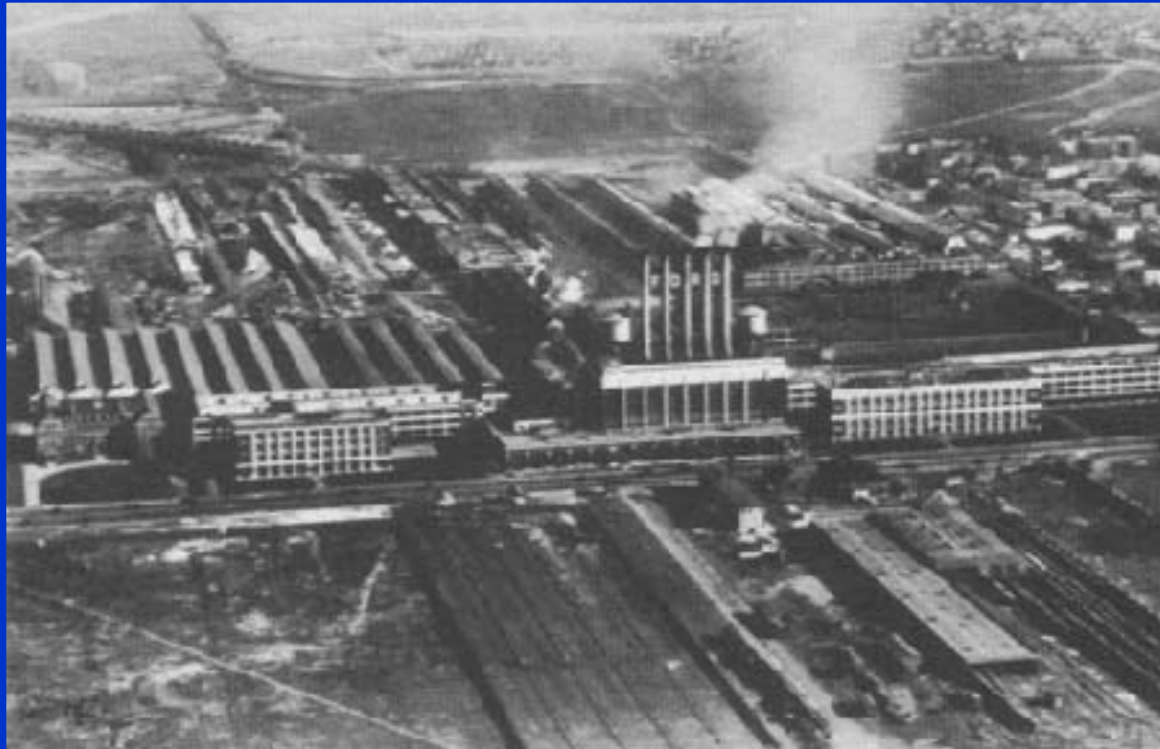
What is Management?

“Getting work done through others”

“Bringing people together to accomplish desired goals”

How “management” got corrupted

1. By the rise of the Industrial Corporation

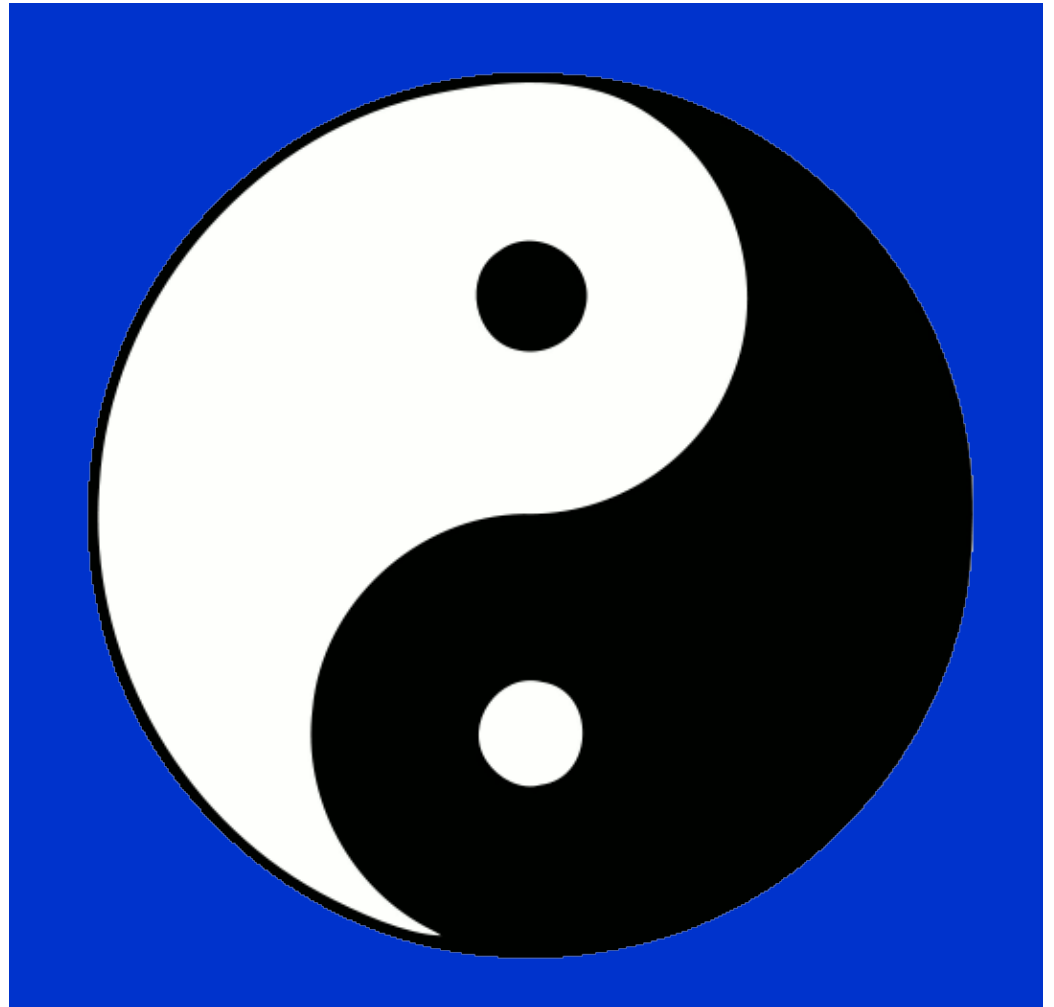


How “management” got corrupted

2. By the rhetoric of “Leadership”

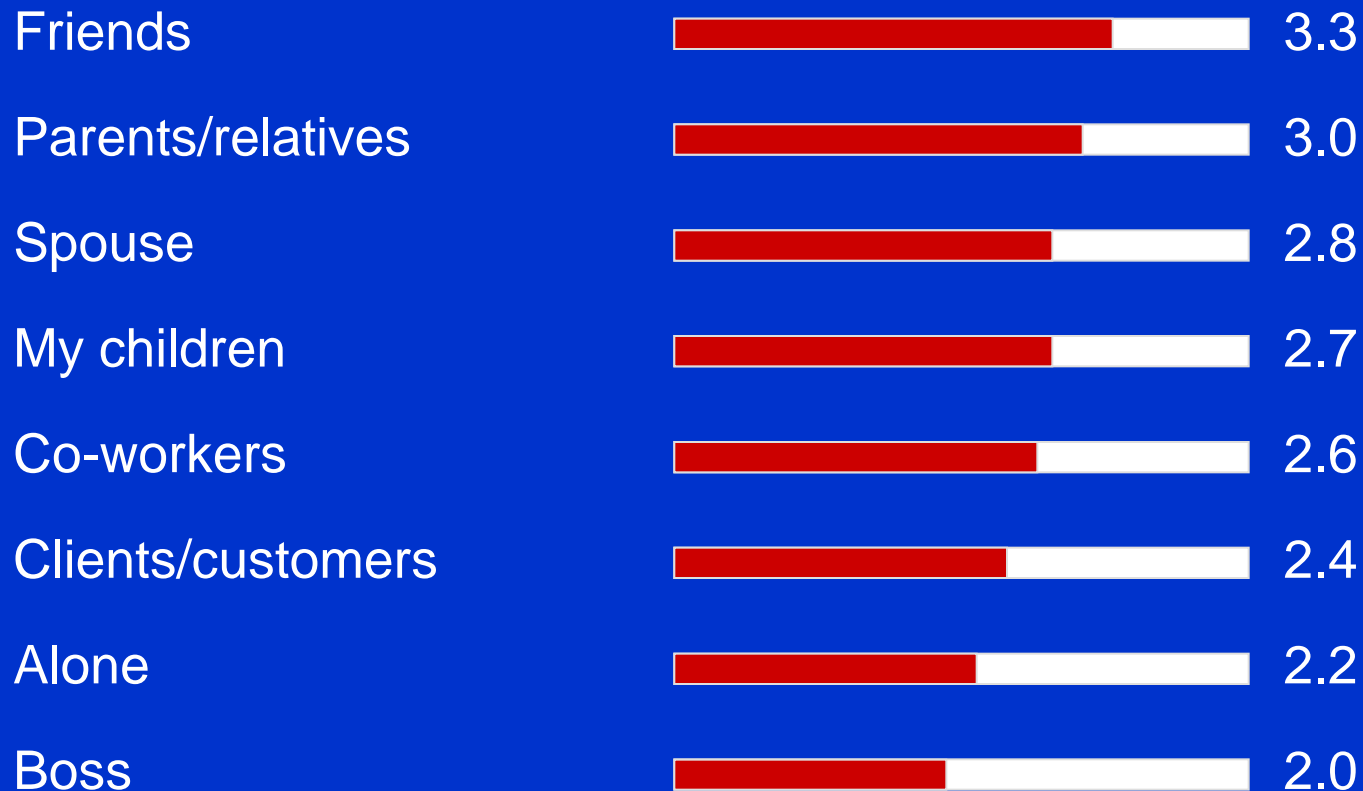
	A manager...	A leader...
John Kotter	<ul style="list-style-type: none"> · copes with complexity · plans and budgets · organizes and staffs · controls and problem-solves 	<ul style="list-style-type: none"> · copes with change · sets a direction · aligns people · motivates people
Warren Bennis	<ul style="list-style-type: 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





Who are you happiest with?



(Rating is on a 1-5 scale)

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 or alternative principles that we can apply to the challenge of “getting work done through others?”

2. Management Innovation



Observations from research on the process of management innovation

- Innovation can occur on two levels
 - New management practices
 - New rhetoric
- Most management innovation is incremental
- Radical management innovations are rarely sustained and rarely diffused

3. What does the future of management *really* look like?

Flat

Decentralised

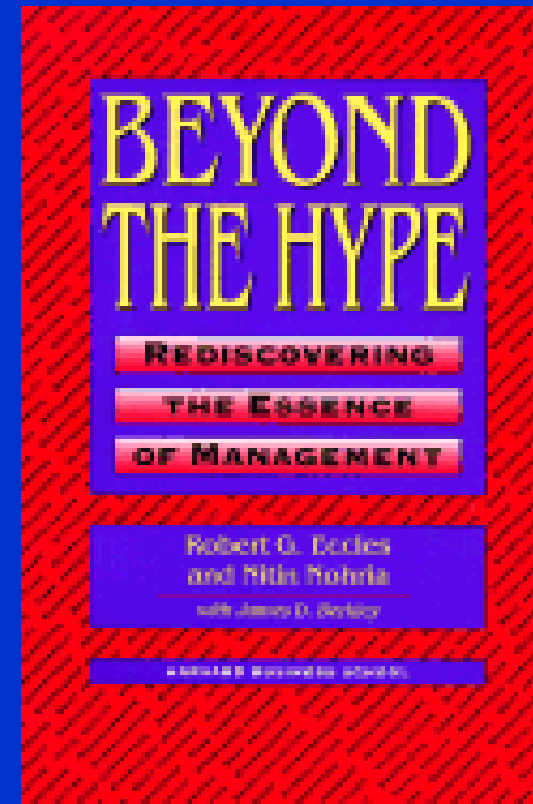
Empowered

Self-organised

Values-driven

Virtual

Engaged





Why has there been so *little* management innovation over the last half-century?

- Many aspects of our current model of management are effective and necessary
- We are “stuck” with an inferior model:
 - It suits those in positions of power
 - Most of us cannot envision an alternative
 - Innovation in management is perceived as risky
- We have lacked (up to now) the impetus or the enabling technologies to make significant changes

A possible way forward: Management as a conscious set of choices among known alternatives

Business Model

Choices firms make about:

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

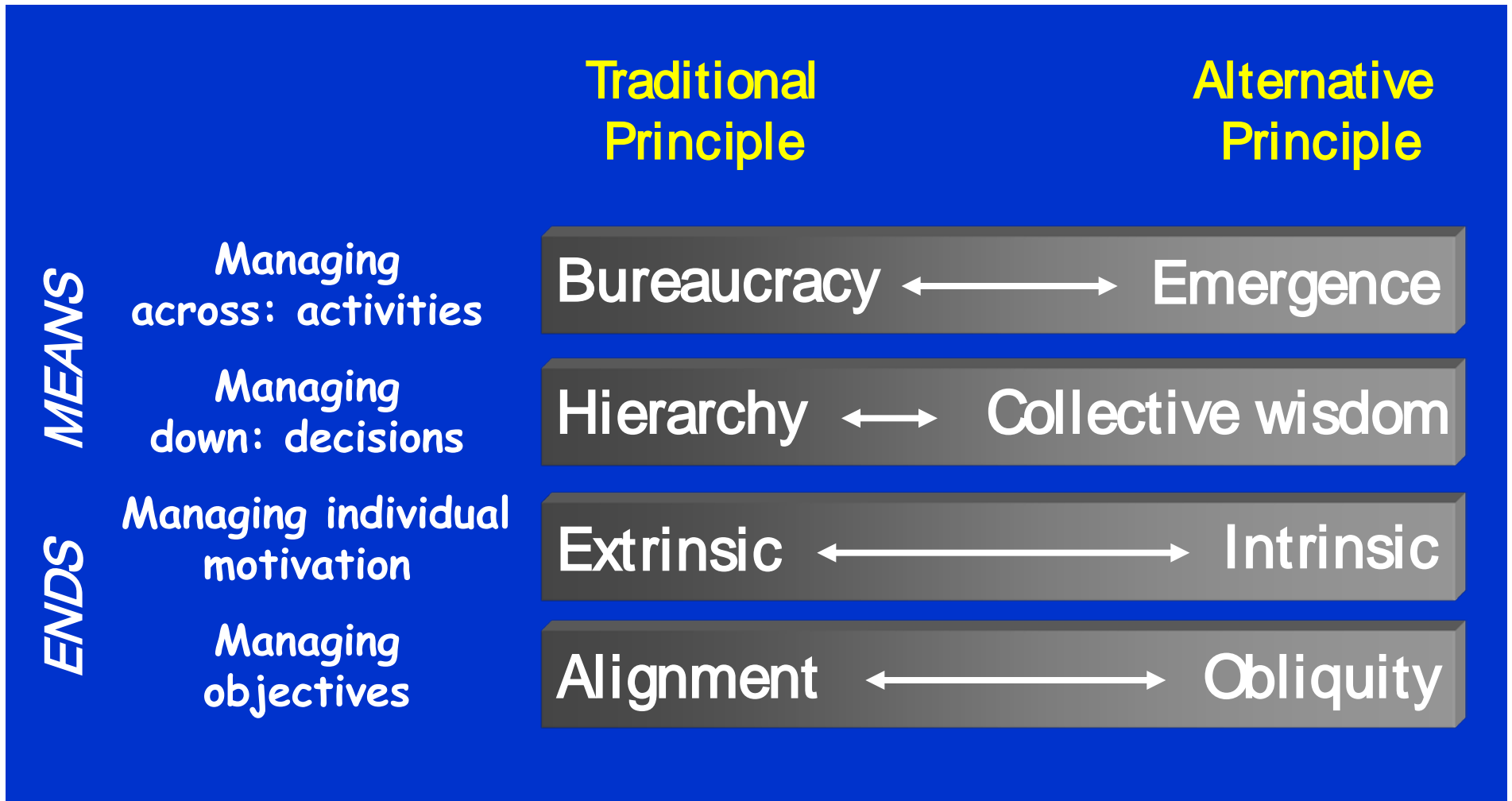


Management Model

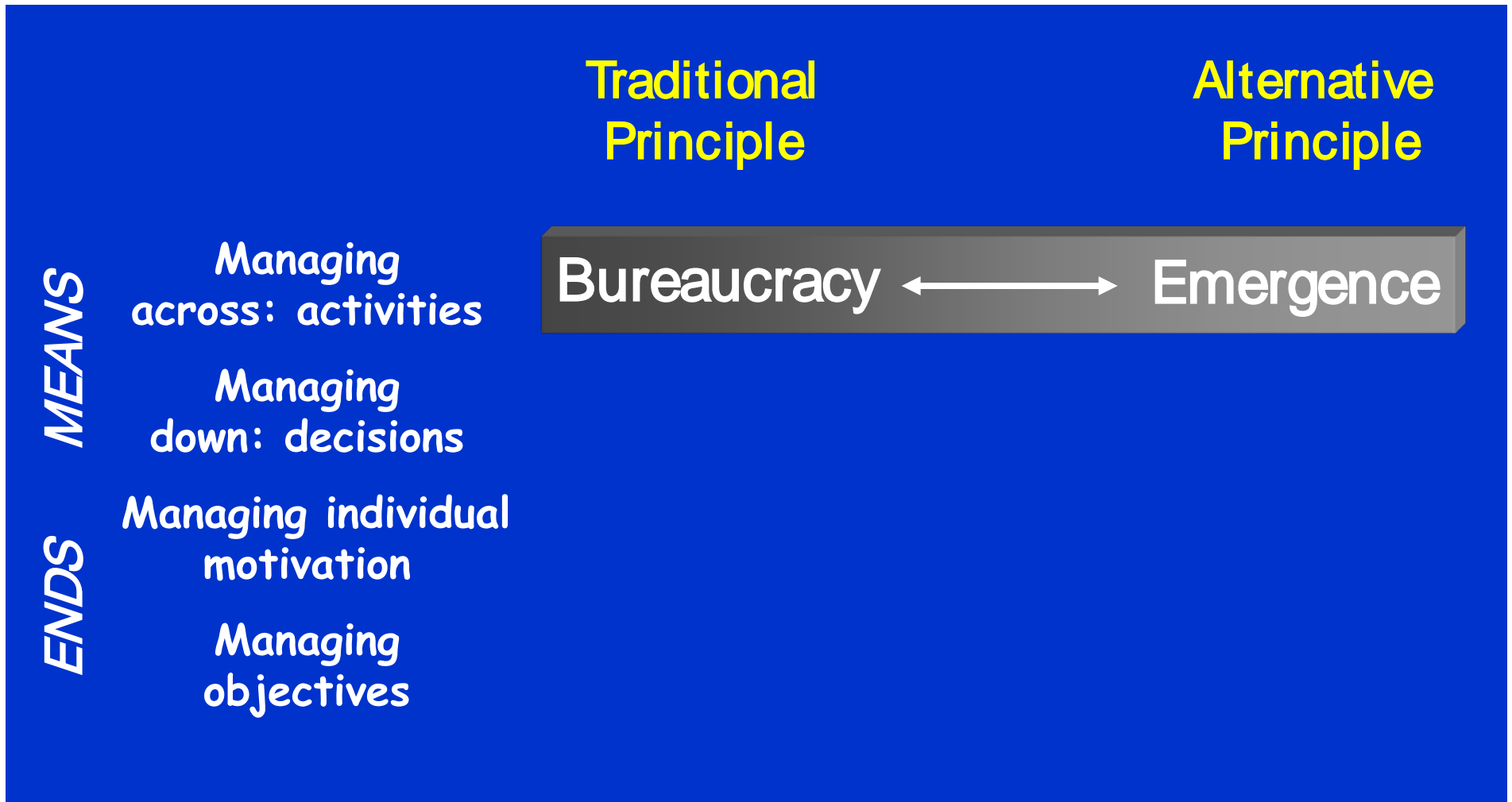
Choices firms make about:

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

A framework for rethinking management



A framework for rethinking management

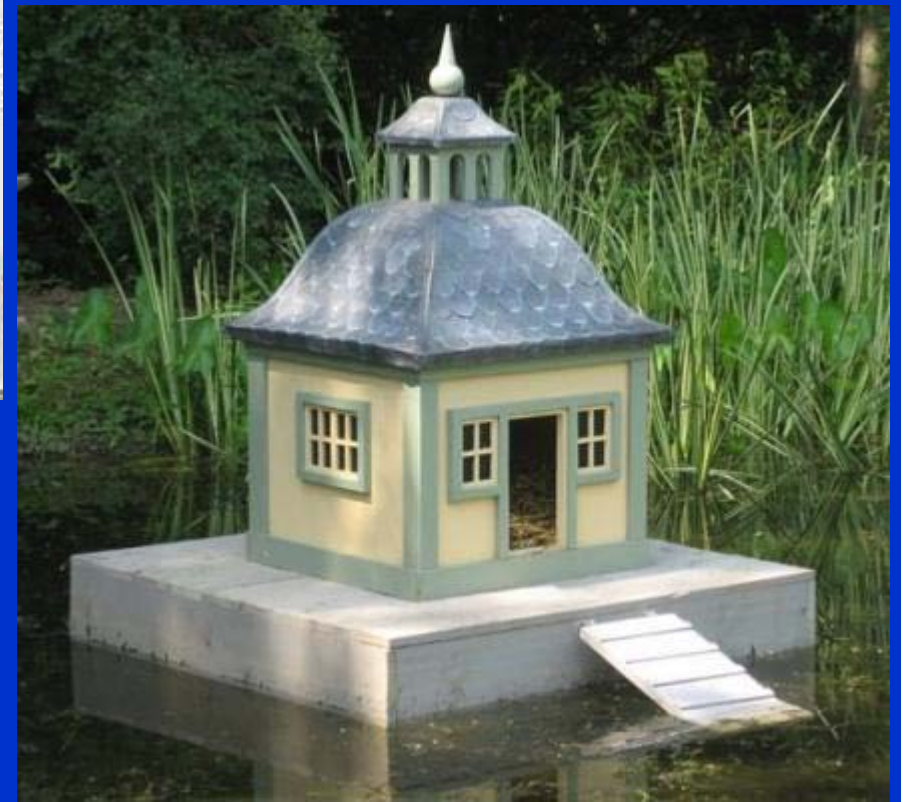


Bureaucracy ← → Emergence



Drachten, The Netherlands

Use “peer pressure” rather than formal rules



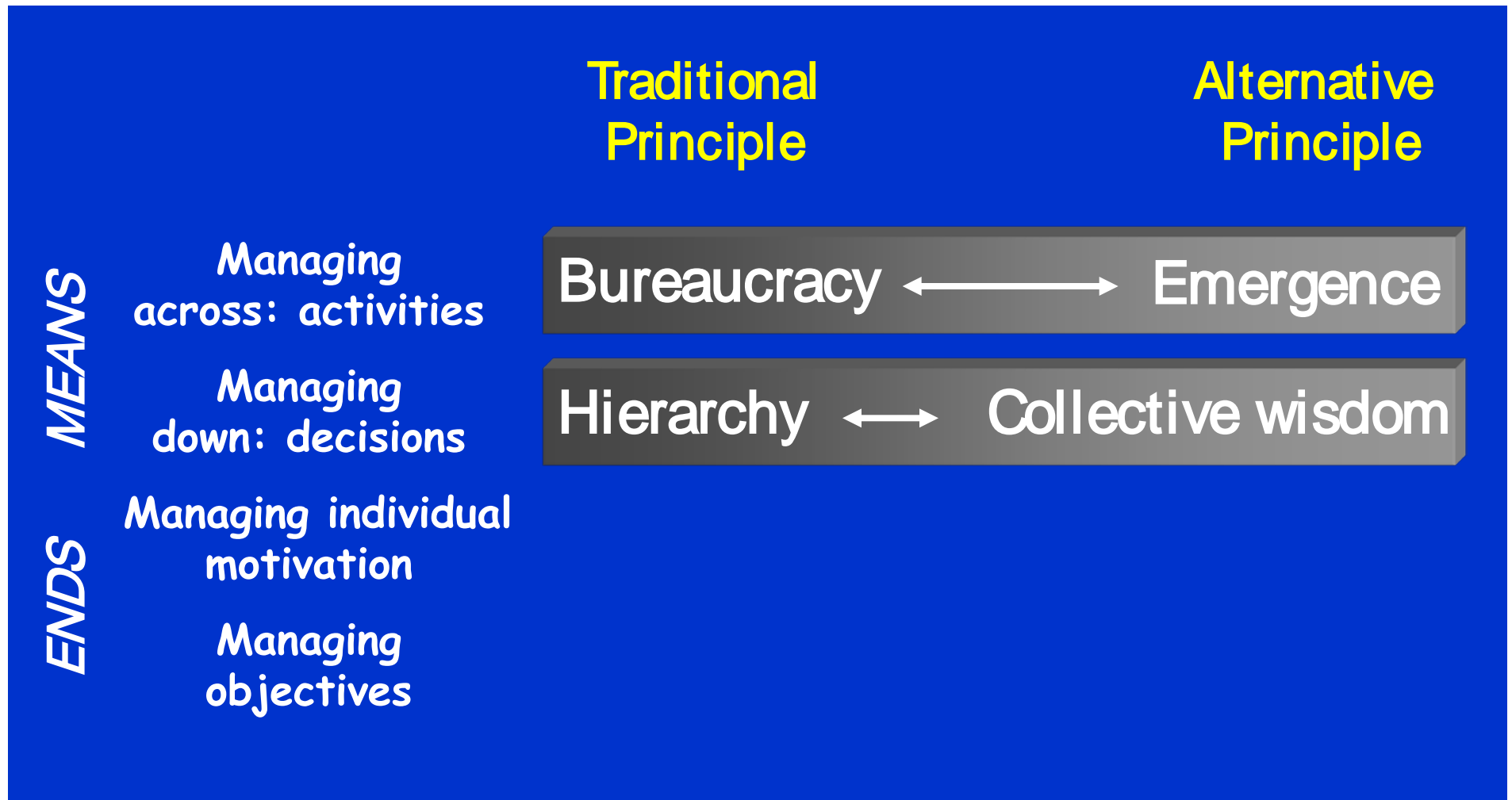
Eliminate unnecessary activities

- 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

A framework for rethinking management



Hierarchy ↔ Collective Wisdom



65%

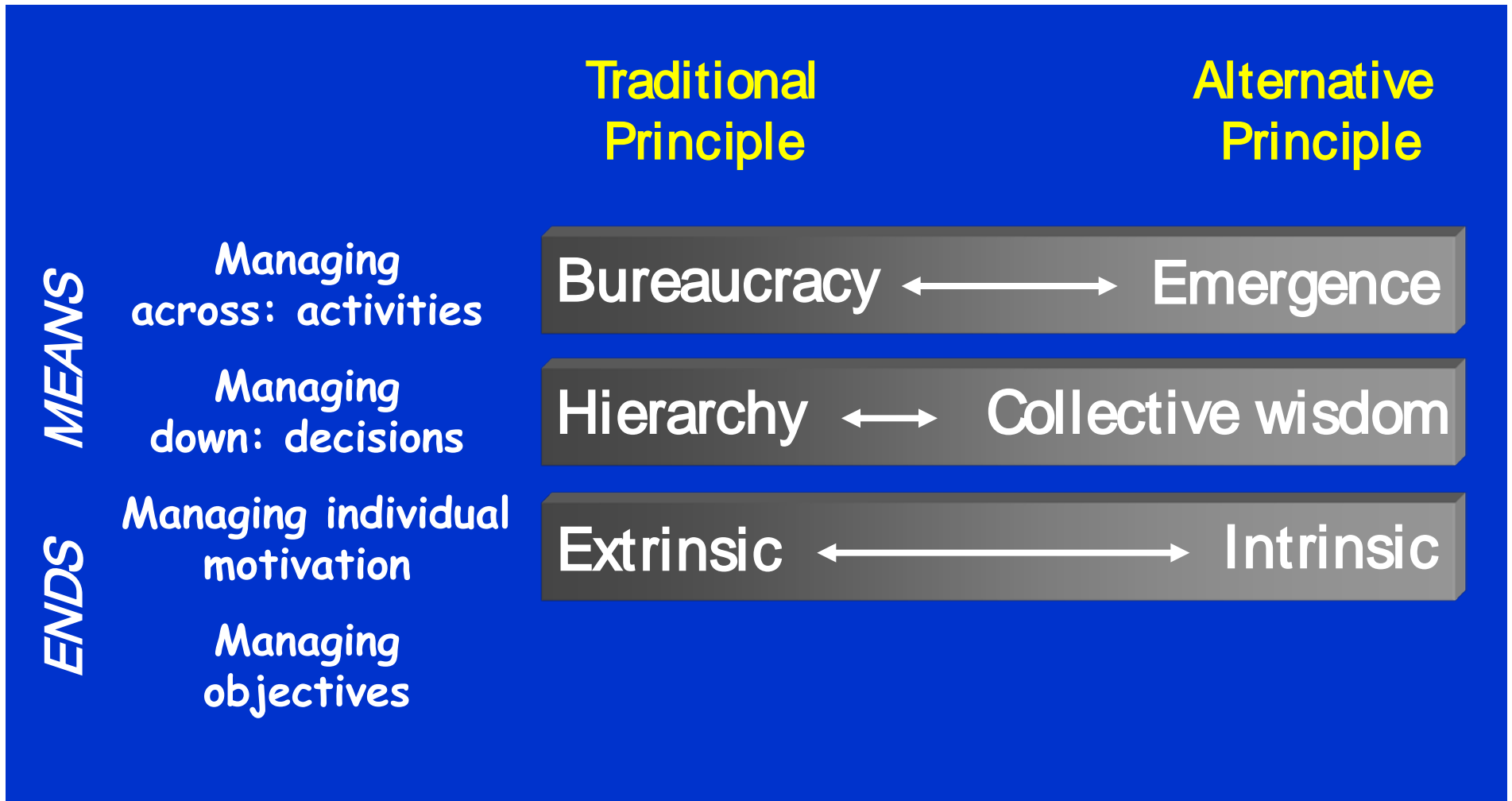


91%

Exploiting collective wisdom at Best Buy



A framework for rethinking management



Extrinsic ← → Intrinsic

←

Doing work for
direct, material
rewards

Doing work to gain
status or
recognition, to fit in

→

Doing work for its
own sake: for
innate pleasure

*How should these be harnessed to motivate
the people who work for you?*

Topcoder's unique approach to motivation

Hungry
community
of software
developers

[TOPCODER][®]

Clients
needing
software
developed

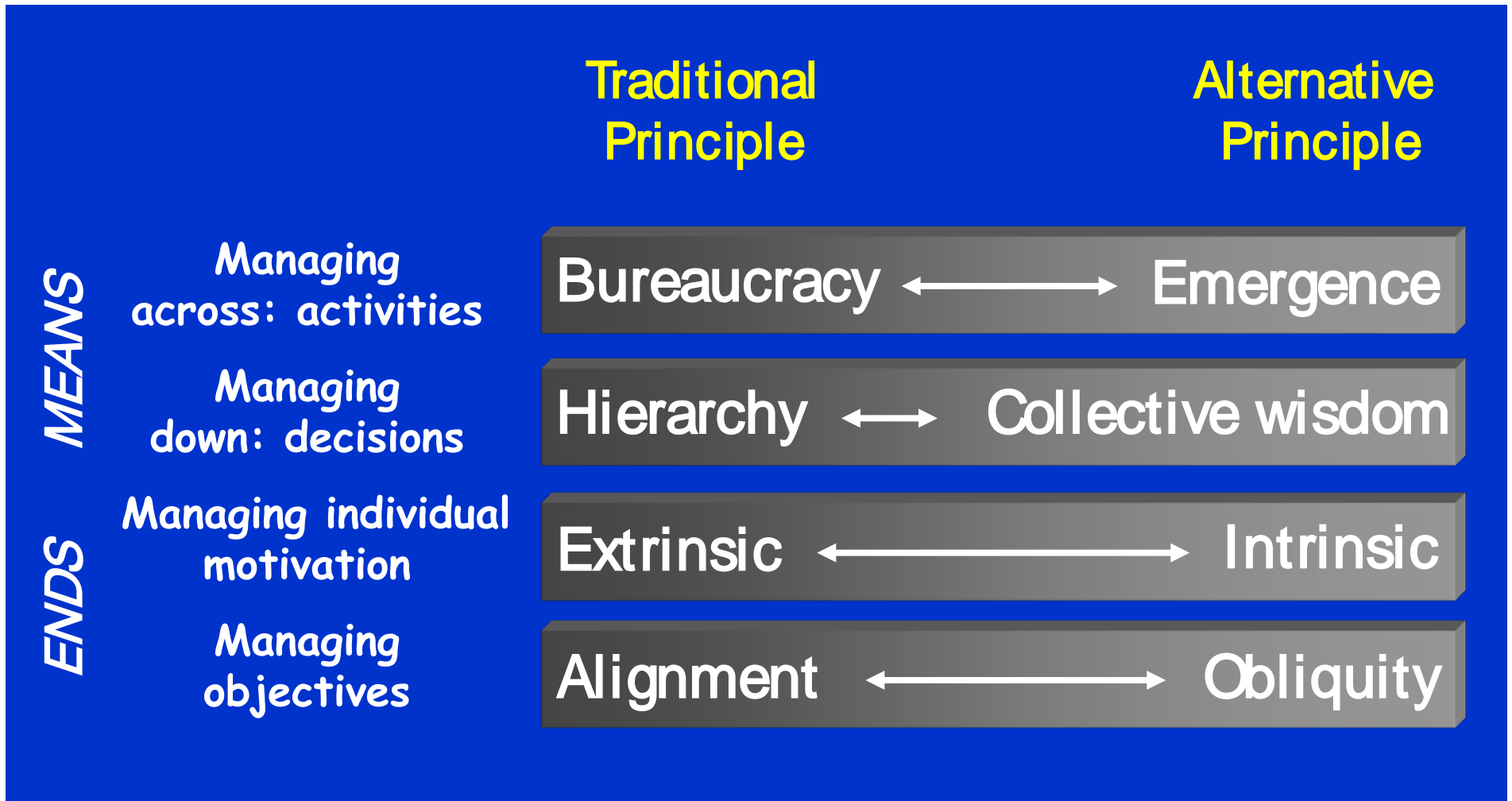
Rank	Name	Member Count	Rating
1	Warsaw University	46	2408.78
2	TsingHua University	44	2257.90
3	SPbSU ITMO	22	2244.11
4	Moscow State University	33	2235.14
5	University of Waterloo	32	2055.00
6			

Tomek Czajka



- Twice winner of the TopCoder Open
- What motivates him?
 - Love of programming
 - Status/recognition among his peers
 - Possibility of winning the prize

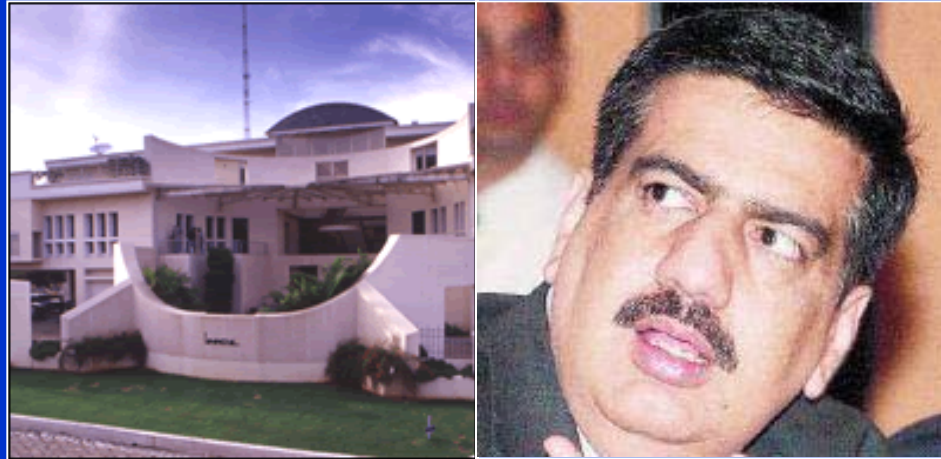
A framework for rethinking management



Alignment: Is this really how organisations work?



A more oblique path to success...



“Employees First, Customers Second”

Vineet Nayar, President HCL Technologies

Two very different views on long-run goals

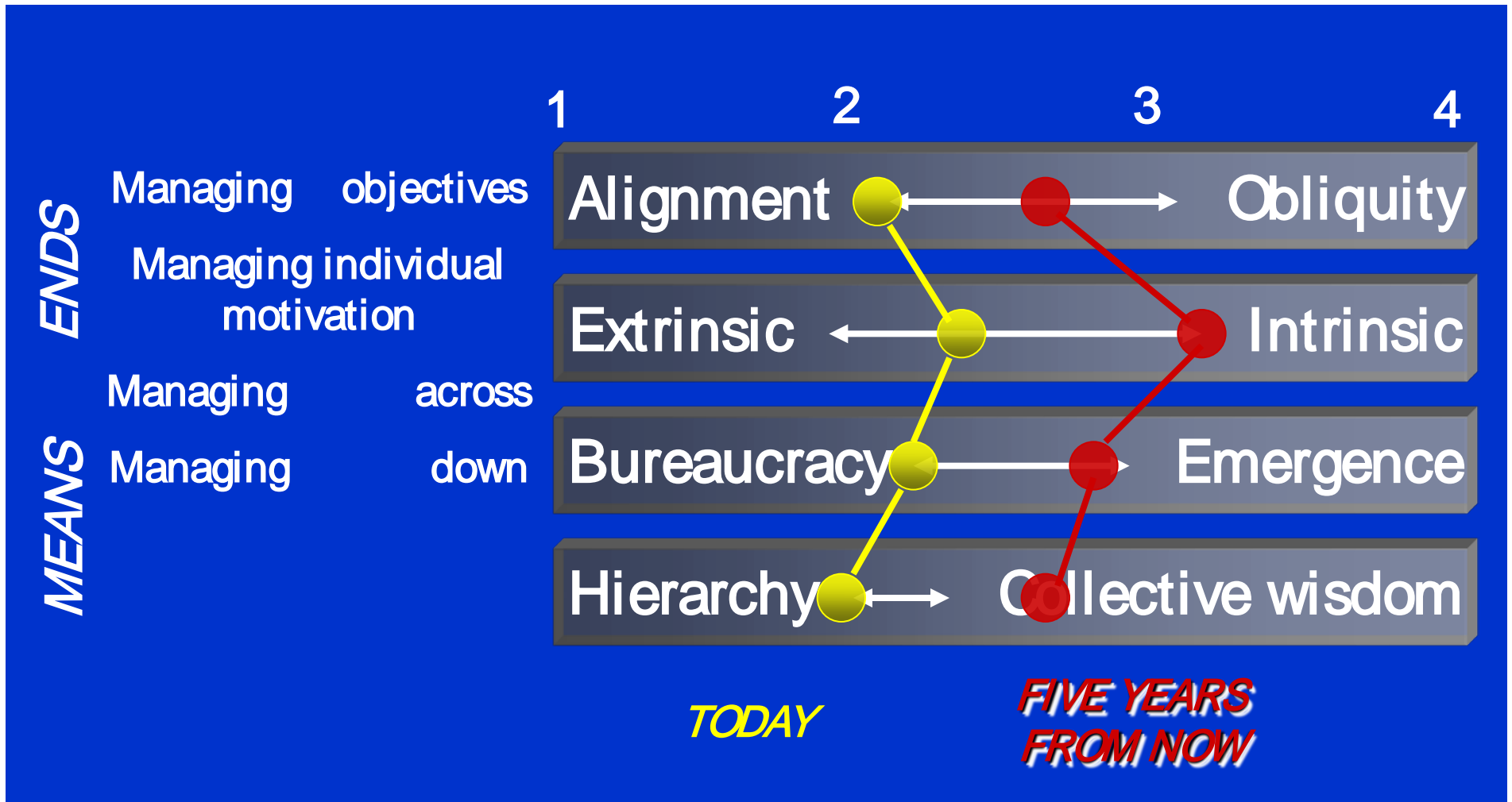
The ExxonMobil logo is displayed in red text on a white rectangular background. The word "Exxon" is in a bold, sans-serif font, and "Mobil" is in a similar font. The two words are joined together, with the "x" in Exxon overlapping the "M" in Mobil.

“We must continuously achieve superior financial and operating results while simultaneously adhering to high ethical standards.”



“To create a better everyday life for the many people.”

How people think management will change



Key points on developing your own Management Model

- There is no *one best way*
- Management models operate at the level of *principles* which then drive specific practices
- Your management model should be a conscious choice:
 - To suit the task at hand, the challenges you face
 - To enhance your distinctiveness

REINVENTING MANAGEMENT

JULIAN BIRKINSHAW



MAKING SMARTER CHOICES FOR GETTING WORK DONE

Thank You!