

MANAGEMENT, WHAT IS IT GOOD FOR? (Plenty, we think! But what do YOU think?)

Management in a global, connected world of individuals

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Vienna, 15th August 2011

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0 Preface

This essay covers my current thoughts about how management in a global, connected world of individuals may look like. Before I go right into the topic, I would like to start from the other side and describe how I began to think about good management and what might be the right management method, for the activities I wish to succeed in.

Peter F. Drucker stated: *“Dennoch ist der letztendliche Prüfstein des Managements die Leistung”* [1].

Every three to five years, I’m at a point where I reach the end of road with at least two ways I could select. Hence, although you always have to make small changes in your life, there are certain decisions, that have a sustainable impact. Within the next year, I will be at that point. Upon reaching this point, let me rethink the way good management could look like.

I’m employed as a consultant in a European tax consulting company with about 900 employees. Although it is not always officially communicated, everything is set up within projects. The projects start from small ones for preparing a tax filing to big projects like due-diligences or transfer pricing projects. Within every project, there is one partner or director who brings the project and has the general responsibility. At the next stage, there is a manager who is responsible for the execution of the project and who coordinates the different “knowledge” workers (consultants). From the organisational point of view, there is a hieratical structure, where every consultant belongs to a manager, who again belongs to a director and partner, but in the project, the manager

is responsible for hiring the right people for the project, and the hierarchical structure is at a second place. Thus, different consultants receive projects from different managers, being responsible for delivering the proposed results. Besides the general client projects, I'm also involved in internal projects. These projects have a very interesting dynamic, as within a tax consulting organisation, there are several equal partners, and all of them can start and execute internal projects. Thus, in case of the employees, a lot of communication is required to coordinate the internal activities. Apart from the work as a consultant, I'm involved in different university activities, helping students in preparing their master or bachelor thesis. Whereas in the consulting business everything is based on a strict four-eye principal, work at the university is more open and it depends more on the personal motivation (from my personal perspective). Apart from these employments, I'm involved in different non-profit organisations, which are again somehow organized in the form of projects, where I get tasks to do.

Is my involvement in several organisations an individual case? No, after speaking with several colleagues, I found that they are all involved in a lot of different projects from different sources and different organisations.

Based on this general context, a rethinking is necessary, in the case of management, from a central and "forced" perspective to a distributed, self-organized perspective.

1 Changes within society and market

Following the theory of Kondratjew, society and business is changing in long cycles. Every cycle starts with a general shift in the viewpoint and allows for new innovations. Hand-in-hand with these changes, society is following these changes [2]. Based on the technological possibilities of the information society, a new area has started, namely, the so-called network society [3], where connections become a strategic advantage. From a social point of view, innovation has become the major strategic advantage not only at an organisational level but also at an individual level. Everybody wants and needs to be innovative. Starting from Silicon Valley, the answer is a culture of start-ups. As I can see in Europe, a lot of different organisations are working with the topic start-ups, which is some form of "individual" innovation, where a group of self-organised people get together, set themselves in the context of their product and the context of start-ups and start working. At the end, the result is valued. If it is viable, you can sell the company and if not, you start the next one ("if you fail, fail fast and go on").

From a technical point of view, changes are becoming increasingly fast and the lifetime of products, services or innovations are becoming increasingly shorter. From my perspective and studies, the current technological changes can be best described with figure 1. The so-called semantic web, where the computer starts to understand the information that is on the web and the so-called social web, where the human gets interconnected worldwide, get together in a world where some kinds of intelligent programs and a crowd of intelligent people work together.

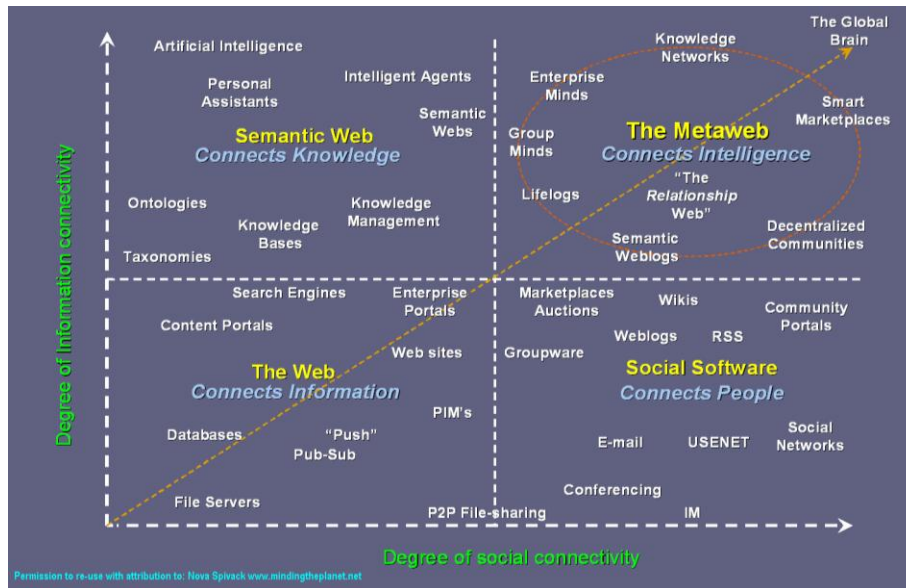


Figure 1 Nova Spivack www.mindingtheplanet.net

For my point of view, a radical change in the view on management is required to face the chances on the market to a high, complex inter-connected world. The new view has to build on the two main values: trust and commitment, which covers the main ideas of Peter F Drucker about management:

“Die Verantwortung für den Beitrag ist es, die den Manager ausmacht, weniger sein Rang oder Titel oder die Befehlsgewalt über Menschen. Dabei lautet die Grundforderung an den Manager Integrität, nicht unbedingt Genie.” [1]

But the way these values are realized in an organisation have changed. Management is not something where only one person is responsible and there being nothing more to it. An agile business management method that can iteratively be distributed at every level within the overall business ecosystem is required. Fredmund Malik stated in his second chapter of the new book strategy “organize a system in a way, that it can organize itself” [4]. In an environment, where you have to manage instability and the organisational complexity is high, self-organisation is a possible way to cope with the complex dynamics [5]. Charlene Li pointed out five rules that need to be considered for open leadership in her book: respect the fact that your customers and employees have power, share constantly to build trust, nurture curiosity and humility, hold openness accountable and forgive failure [6]. Andreas Zeuch stated the following main values: beginner’s mind, self-organization, error-friendliness, potential spaces and trust [7]. Other authors have proposed the power of the crowd to create something bigger and faster than a set of experts could do [8][9][10]. Therefore, organisations have to open their doors [11] and connect with their environment. Innovation as an essential source of strategic advantage requires organisations to rethink the way they work with employees [12]. New forms of manager participation have emerged, where the manager has to take higher risks, but also owns a part of the organisation [13].

2 Management in a global connected world of individuals

Starting from my current inter-connected context, I was looking for a management method that allows me to organize my daily work on the one side, but also helps me in coordinating the projects I'm responsible for on the other. My general idea in development¹ about an agile business management method has currently been posted for public discussion as a hack at MIX [14] .

Centrally, it consists of three elements: self-organized organisational structure, an agile fulfilment process and the concentration on core capabilities.

2.1 Self-organized organisational structure

Firstly, an organisational structure is required, where five circles need to be realized (see also [14][15][16]). These circles shall guaranty that the organisation can evolve in a self-organised manner and these five circles need to be distributed iteratively to every subsystem within the organisation. Furthermore, cooperation is an essential part and in such a situation the circles overlap and something new can evolve.

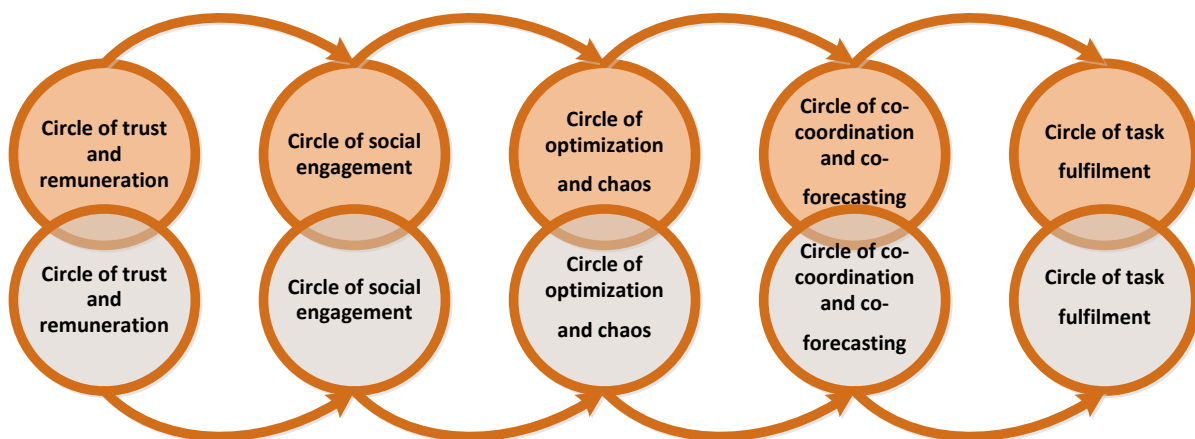


Figure 2 cooperation – overlapping of two self-organized organisations

Circle of trust and remuneration set the general common consensus about how knowledge can be exchanged and how the work can be possibly done. Circle of social engagement defines the future perspective by inter-connecting the organisation with its environment over different communication channels. Circle of optimization and chaos is responsible for enhancing one's one capabilities and circle of co-ordination and co-forecasting ensure that the proposed projects have the required resources. The last circle, Circle of task fulfilment, is responsible for setting up the organisation.

The new organisational structure, with its values, will last for one project and then be broken up again. If two organisations work together, these circles overlap and a mixed version of the circles will be the basis for the upcoming project.

¹ Idea in development is a term for posting my current thought at an early stage on my blog or on different sources to get feedback and inter-connect with other people for sharing ideas: <http://www.ven.info>

2.2 Agile fulfilment process

The second element is an agile operational process, which allows the task fulfilment in a self-organized way and these values are distributed iteratively to every element below. This operational process consists of a sandbox in the centre, which collects “stories” describing future possibilities. Out of these stories a project can evolve, which finally ends in a task list which can be tracked to the individual calendar. Following this general

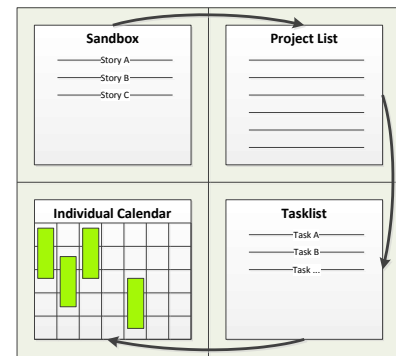


Figure 3 main artefacts

process, the figure below points out the situation of a multi-dimensional project, which is centre-based on an agile process like scrum [17]. Within this project, company A has a new project, which needs to be set up, for instance, a transfer pricing project for a group of companies in about 20 countries. The partner of company A gets in touch with the client and nominates a possible manager. This manager takes the responsibility for the result of the overall project. The project manager gets in touch with the client and the requirements are defined in different user-stories. These user-stories are then prioritized and saved in the project sandbox. After that, the project backlog are filled with the accepted and prioritized stories and the manager starts to look for possible teams that can be put in charge for setting up the different stories.

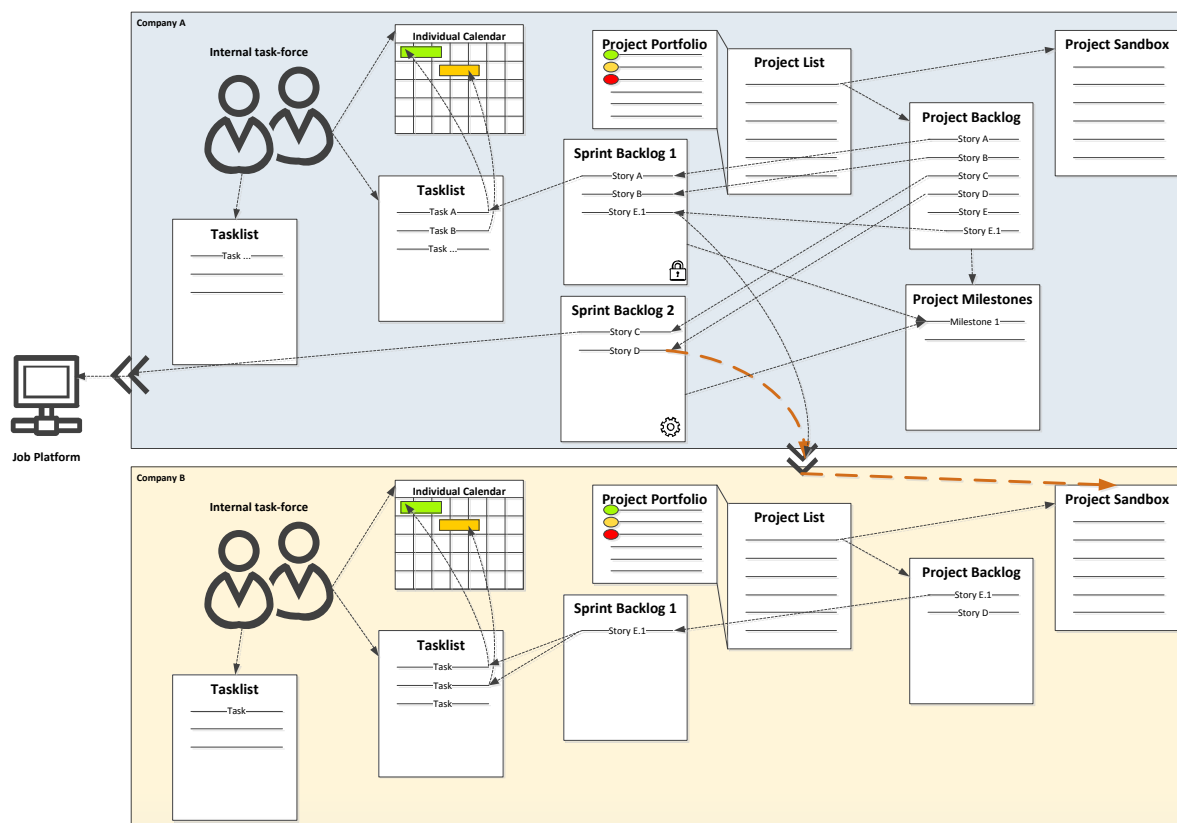


Figure 4 agile fulfilment process for a multi-dimensional project

The definition of the teams can be done in different ways within the organisation with internal experts or with external teams. The process can itself be self-organised and the teams can decide where they want to participate. In the end, the manager identifies company B which is a tax consulting company in the country B, for being responsible for some parts of the project. Furthermore, a lot of translation tasks are required. Therefore, the project manager also wants to hire an individual (or organisation) from overseas for translation tasks. The overseas team is selected with a job portal, by posting the job on this portal and different companies can pitch in.

After selecting different teams, the team members start to look at the stories and give them points according to their complexity (story-points based on the planning poker [18]). By knowing the complexity and the priority of the stories, the manager starts to add the stories to different sprints when the task needs to be setup. This information is distributed to the teams, which again add the different tasks and arrange the tasks on their individual calendar. This information will be sent back to the project manager, who has to rearrange the sprints. After several rounds, planning is finished and an offer can be submitted to the client. After signing the offer, the project can start. With the project and the first sprint, new stories can be added to the project sandbox. Agile the project can be adapted.

2.3 Concentration on core capabilities

The third element is the core-capabilities. Every organisation consists of resources, which are combined to capabilities [19]. These capabilities need to be aligned according to the market requirements. Every organisation has to concentrate on its own core capabilities and all capabilities, which are not better than those available in the market need be outsourced in order to sustain themselves in the long run [20].

At the beginning of this chapter, I stated that two main values are required, namely, trust and commitment. Trust and commitment are the interfaces between the different entities. Trust is something that needs to be built up in the long run. It's an essential part, which allows the sustainable building up of business relationships, as every partner within the value chain has to distribute decisions and trust the companies involved. The second part is commitment, which states that nobody is responsible by definition, but by committing to a job. This allows the self-organised distribution of different tasks to other entities (individuals or organisations).

3 Good management

From my point of view, good management can't be separated from the social and the common good. Recently, I joined a workshop about sustainable management and they described a way of moving from ill economics over healthy economics to reasonable economics, whereby, in the centre of their methodology, it states that humans and work shall become a game, by creating and playing in a cooperative, life-affirming and sustainable environment [21]. Thus, management or a proposed management method has more and more considered the individual circumstances of the individuals ("knowledge worker") behind it. On the basis of my personal working hours and my

personal work life balance and also looking at some of my colleagues, I ask myself how it is possible that colleagues of about 25 years of age have their first nervous breakdown and after one to two years of silence they are again present at all possible conferences, workshops and events.

Therefore, good management in an inter-connected, global and highly competitive world has to consider the individual elements of the humans behind them at every level. As private and professional life more and more overlaps each other, the personal work-life balance becomes a major issue. This is important not only for the individual, but also for the organisation, as the employees need the personal power to be creative and prospective.

The problem is that individuals are often not employed by a single company. Hence, good management is not only a task for the organisation, but it has also to be iteratively forwarded and every individual has to do his personal management. Management is meant in the sense of Peter F. Drucker, by planning, organizing, integrating, valuating, and developing [1].

Trust and commitment can be seen as the interfaces between two entities. But trust isn't something that exists as such. It is something that needs to build up by the entity (organisation and individual). On the other hand, commitment goes hand-in-hand with trust, as will be proven if you can fulfil what you committed yourself for.

Good management, therefore, still allows the individual to exist, in the sense that he is not burned out, but at an organisational level, it allows the delivering of the proposed value within the proposed time, budget and quality.

The proposed idea for management method tries to cover this gap at an individual level, by mapping all tasks to an individual calendar, which allows every individual to visualize the planned activities. On an organisational level, the management method helps to manage distributed and highly complex projects.

4 Summary

To give a clear statement, management is something that is highly relevant today, but it is time to rethink the way it is set up. As the complexity of the world increases due to the increase of connections between individuals and organisations, the management method has to consider these elements. On the other hand, it is also the responsibility of the management to consider the individuals behind the organisations.

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