

Management Challenges of the 21st Century

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General Ideas

- What we assume about reality dictates how we behave
- Past Assumptions can become invalid
- Many assumptions in management have become invalid
- The purpose of Information is not knowledge. It is taking the right action.
- Knowledge worker productivity is the biggest challenge in the 21st century
- Manners are the "lubricating oil" of the organization. Saying "please" and "thank you" go a long way

New Paradigms in Management	New Certainties	Leading Change
<p>= Assumptions the book challenges in management</p> <p>Management is Business Management:</p> <ul style="list-style-type: none">◦ Business Management is a subpart of Management in general◦ Any organization has management as a specific organ <p>There is only one right organization structure:</p> <ul style="list-style-type: none">◦ Organization is a tool to make people cooperate more productively◦ Any organization needs someone who has the say in decision making◦ People need to know and understand the structure of an organization◦ Organizations need to have as few layers as possible◦ Organization needs to fit the task and be flexible in structure <p>There is only one way to manage people:</p> <ul style="list-style-type: none">◦ People, especially knowledge-workers need to be associates not subordinates◦ Knowledge-workers need to know more about their job than their bosses do◦ Knowledge-workers own their means of production and need to be treated as volunteers◦ For motivation knowledge workers need:<ul style="list-style-type: none">▪ Challenge▪ To know the mission▪ Believe in the mission▪ Continuous training▪ To see results▪ To be persuaded instead of ordered <p>Technologies, markets and end users are given:</p> <ul style="list-style-type: none">◦ Technology with the highest impact on an organization most likely comes from outside their own field◦ Starting point for management needs to be what end users see as value <p>Management's scope is legally defined:</p> <ul style="list-style-type: none">◦ Management is not legal but operational◦ The entire economic chain and their results are important <p>Management should focus internally:</p> <ul style="list-style-type: none">◦ Management needs to be entrepreneurial and focussed on the outside as well◦ First task is to define the expected results◦ Management organizes the resources to get the results <p>Economy is defined by national boundaries:</p> <ul style="list-style-type: none">◦ Management is not restrained by boundaries	<p>= Facts that influence Management in the 21st century</p> <ol style="list-style-type: none">1. The Collapsing Birthrate in the Developed World:<ul style="list-style-type: none">◦ Politics will become more unstable◦ Retirement will change towards people working at older age but differently◦ Worker productivity will have to increase rapidly2. Shifts in the Distribution of Disposable Income:<ul style="list-style-type: none">◦ Being able to switch between different types of products becomes more important◦ Growth industries need to take risk and innovate◦ Mature industries need to have leadership in few areas◦ Declining industries need to manage cost3. Defining Performance:<ul style="list-style-type: none">◦ Companies need to define performance to balance short-term, long-term results and shareholder value4. Global Competitiveness:<ul style="list-style-type: none">◦ Due to globalization every company needs to compete on a global market◦ Performance needs to be at the benchmark of the top global players5. The Growing Incongruence Between Economic Globalization and Political Splintering:<ul style="list-style-type: none">◦ Companies need to be based on alliances, partnerships and joint ventures◦ Companies need to become secure from currency fluctuations	<p>• One can only be ahead of change and not manage it</p> <p>Change needs:</p> <ul style="list-style-type: none">• Policies to make the future and to balance continuity• Methods to anticipate change• Ways to introduce change <p>Change Policies:</p> <ul style="list-style-type: none">• Abandon Yesterday• Organize Abandonment:<ul style="list-style-type: none">◦ If you would not do something with the knowledge you have today, stop doing it.◦ Abandonment Meeting:<ul style="list-style-type: none">Once a month, analyze all parts of the business for which behavior can/should be abandoned.• Kaizen and Continuous Improvement (3% per year is realistic)• Exploiting Success: double down on things that work better than expected <p>Creating Change:</p> <ul style="list-style-type: none">• Look for "Windows of Opportunity" every 6 to 12 months. Changes, that might be opportunities.• Don'ts for change:<ul style="list-style-type: none">◦ Not aligning it with the strategy◦ Doing it because it is new◦ Confusing action with motion <p>Piloting</p> <ul style="list-style-type: none">• Use all kinds of sources for information on the market• Testing in reality is the ultimate one• Two Budgets for Change:<ul style="list-style-type: none">◦ 80-90% for daily operations◦ 10-20% for innovation (no matter good or bad times) <p>Change and Continuity:</p> <ul style="list-style-type: none">• People need to know what does not change and what to rely on.• The information of any change needs to be distributed. <p>Any time something changes, ask: Who needs to be informed of this? In what form and in what timeframe?</p>

Information Challenges	Knowledge Worker Productivity	Managing Oneself																						
<p>There is a new Information revolution</p> <ul style="list-style-type: none">• The new revolution is led by accountants and publishers• From the "I" in "IT" (The collection and handling of data) to the "I" in "IT" (The meaning of the information)• The question is:<ul style="list-style-type: none">What information concepts do we need for our tasks?• Businesses need to organize their information as a key resource <p>Activity-based costing</p> <ul style="list-style-type: none">• Asks: Does it have to be done? If so, where is it best done?• Also includes the cost of not doing• For knowledge-work we need to manage measure costs and relate them to results• Companies need to know the costs along the entire economic chain <p>• To manage wealth creation, a company needs to manage 4types of information</p> <p>Types of Information</p> <table><tr><td>Foundation Information:</td><td><ul style="list-style-type: none">• Cash-flow and liquidity projections• Used to spot anomalies and problems to the overall business</td></tr><tr><td>Productivity Information:</td><td><ul style="list-style-type: none">• Productivity of the key resources• Key resource no longer is the productivity of workers• Focus must be on total-factor productivity• Benchmarking: Comparing oneself with the best of the industry</td></tr><tr><td>Competence Information:</td><td><ul style="list-style-type: none">• Competence = being able to do something, others cannot• The core competence for everyone is innovation</td></tr><tr><td>Resource Allocation Information:</td><td><ul style="list-style-type: none">• Managing current capital and performing people• Allocating the resources to maximize value creation• Performing people is always the scarcest resource</td></tr></table> <p>• Producers of data cannot know what the users need. Only knowledge workers can convert data to information. Knowledge workers decide for themselves how to organize their</p>	Foundation Information:	<ul style="list-style-type: none">• Cash-flow and liquidity projections• Used to spot anomalies and problems to the overall business	Productivity Information:	<ul style="list-style-type: none">• Productivity of the key resources• Key resource no longer is the productivity of workers• Focus must be on total-factor productivity• Benchmarking: Comparing oneself with the best of the industry	Competence Information:	<ul style="list-style-type: none">• Competence = being able to do something, others cannot• The core competence for everyone is innovation	Resource Allocation Information:	<ul style="list-style-type: none">• Managing current capital and performing people• Allocating the resources to maximize value creation• Performing people is always the scarcest resource	<p>Taylor's Principle to manage a task for Manual Work</p> <ul style="list-style-type: none">• Look at the task• Analyze the motions• Record each motion• Eliminate what is possible <p>Knowledge Worker Productivity</p> <p>6 Factors on Knowledge Worker Productivity</p> <ol style="list-style-type: none">1. Defining the task2. Managing oneself and having autonomy3. Continuing innovation4. Continuous learning and teaching5. Focus on quality as much as quantity6. Being handled as an asset rather than a cost <ul style="list-style-type: none">• Defining a task the most crucial part• Tasks are not clear defined in knowledge work• Knowledge workers have to ask:<ul style="list-style-type: none">◦ What is the task?◦ What should it be?◦ What do I contribute?◦ What hinders the task and can be eliminated? <p>• Technologists: Knowledge Workers, who perform knowledge work and manual work (e.g. health care workers)</p> <p>• To attract and to hold the best knowledge workers is the best precondition to productivity</p>	<table><tr><td>What Are My Strengths?</td><td><ul style="list-style-type: none">• Defining ones strengths• Improving on the strengths• Do as little improvement on low competence areas as possible</td></tr><tr><td>How Do I Perform?</td><td><ul style="list-style-type: none">• Knowledge workers need to find out, how they learn best</td></tr><tr><td>Where Do I Belong?</td><td><ul style="list-style-type: none">• Defining one's values<ul style="list-style-type: none">• What kind of person do I want to be?• The question of belonging should not be answered at the beginning of a career</td></tr><tr><td>What Is My Contribution?</td><td><ul style="list-style-type: none">• Ask: What should I contribute? 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information.

- It needs to be clarified:
 - Who needs the information?
 - In what form and when?
 - What information one needs to perform?

Methods to organize Information

- A general method is to inform management about what is unusual.

Key Event:	<ul style="list-style-type: none">• Information is organized around key events. Events that need certain information to enable performance.• Providing the information when needed.
Probability Theory:	<ul style="list-style-type: none">• Information is organized around what is statistically normal. If something falls out of what is considered normal, actions are taken.
Threshold Phenomenon:	<ul style="list-style-type: none">• A threshold is an intensity of a stimuli to which we start to feel a sensation.• Here limits of urgency are defined from which action is taken. Under this threshold, no action is taken.

- Managers need to spend time in the positions of their employees