

Value driven management analysis flashcard



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Value Driven Management is derived from a review and analysis of a number of successful companies and entails that the consistent accomplishments of these companies is a result of their following a set of multiple values and adherence to value drivers while making decisions, setting strategy, developing products as well as in implementing changes and technology. (Pohlman. Gardiner. : 2000). It is stated that organizations which can balance value drivers and use these in their information processing will consistently outperform companies which ignore the same.

(Pohlman. Gardiner.

: 2000). The aim of Value Driven Management is to motivate employees to take actions and decisions which are significant to the organization over time. For such a purpose a holistic appraisal of the value drivers to include the environment, the organizational culture, values of employees, suppliers, customers, competitors, third parties as union and regulators and finally the owners has to be considered. ((Pohlman.

Gardiner. : 2000, 3). There are seven value drivers which drive management in making appropriate decisions, these are as follows:- (a) External Cultural Values.

These determine what the society and the environment in general expects a company to do in a particular situation including a crisis. The general aim is to do what is morally and socially accepted. (b) Organizational Cultural Values.

Developing organizational cultural values which emphasize on hard work, punctuality, flexibility and so on will add to productivity and is an internal process of the establishment. (c) Individual employee values. The congruence of individual employees and organizational values is of immense significance and should be attained by all managements.

(d) Customer values.

Companies which succeed such as Dell Computer, Lexus, Motorola, Rubbermaid, and Wal-Mart do so because they always tend to maximize value for their customers. (e) Supplier values. It is very essential to foster good supplier values in the modern environment of out sourcing (f) Third-party values. These relate to important players as unions which can disrupt the cycle of a company's growth. (g) Owner values.

These need to be in congruence with other values and not just relate to profitability. (h) Competitor Values.

This is the final factor which is dependent on the values of the competitor or the overall value system which a particular industry has built up over the years. Implementing value driven management in an organization is a long process which entails a number of steps such as management commitment, employee empowerment, compensation to develop value creating behavior, restructuring, selection of employees and an emphasis on value creation through a dynamic process. It is also a life long process and not a short term one.

Value Driven Management and Personal Happiness Work is the most important emotional, psychological, mental and physical theme in the lives of individuals. Work creates happiness. Thus where work and value creating processes can generate happiness, these facets need to be explored and enlarged. Value Driven Management states that those individuals and organizations which are wise enough to grow continuously and expand their competencies in coping with change and are willing to do so consistently with hard work will tend to grow.