Management reset flashcard

Management Reset A Personal Summary and Thoughts The basic premise of Management Reset, as stated in the introduction, is " not about convincing you that organizations need to be sustainably effective; it is a book about how organizations can be sustainably effective. " The book opens with a brief management history that imparts the business, social, and economical backgrounds and well as a basic vocabulary and explanation list used in the rest of the book.

We are introduced to Command and Control Organizations (CCOs), High Involvement Organizations (HIOs), and the approach that the book will focus on Sustainable Management Organizations (SMOs). We are given a general summary of the shortcomings of the former two systems or management, as well as a summary of why the reset is needed and the major components required to sustain the change.

The new SMO approach employs the concepts that; They do not fear change, they embrace it, they value people, both employed and served, they actively support social well being, they consider the communities in which they operate equal to the profits and bottom lines they seek to achieve. The SMO concepts of " Organizational effectiveness" and the four core issues to " The Way Organizations Are Managed" are introduced in this section, and are the key concepts discussed throughout the rest of the book.

Organizational effectiveness states sustainable effectiveness should be achieved in three areas: people, planet, and profit, also known as the " triple-bottom line. " The performance should be evaluated using two questions. " Does the organization generate sustainable outcomes and act

responsibly toward all stakeholders? ” and “ Can the organization sustain effectiveness? ” The four core issues of the way organizations are managed must fit business model and be sustainably effective.

The core issues are used to section the remainder of the book and are as follows: “ the way value is created,” “ the way work is organized,” “ the way people are treated,” and “ the way behavior is guided. ” The Way Value is Created While discussing the first issue, the main concepts are the different strategies and the methods of developing them. The idea of the “ robust strategy” is brought through to this book an expanded upon. The need for a clear identity (long-term aspect of the strategy) and the intent (the short-term aspect of the strategy. This section states that an identity both flows from and helps create in culture and mission. The main idea being, to comprehend a company’s approach to value, you must understand its identity. It is important for the organization to have a strong and well-defined identity, to ensure future strategic intents are aligned with the overall mission. With this frame of thinking in mind, this section outlines new views on creating value. The book concedes that financial value is very important but brings to light how the profit is made and what it is subsequently spent on.

The strategy’s view on ecological value shows that organizations must not only be aware of their carbon footprint, but taking proactive measures to reduce it. In line with this strategy, organizations social value is measured by their treatment of their employees as well as communities, cultures, and countries in which they operate. The important fact to remember about SMOs is that they exist by a series of flexible momentary strategic

advantages, strategic intent. Their mindset is one that " the ability to change drives performance because no advantage is expected to last. As opposed to the former methods of management, SMO are able to adapt to take advantage of opportunities as well as withdraw if the venture was a mistake. They are able to achieve this ability by adjusting their breadth, aggressiveness, and differentiation. In developing a strategy, SMO use a process called " futuring. " The foundations of this process being: current performance is an much a function of preparation as it is execution, to look at the future as much as possible, and spending time reflecting and learning on practice. This process is distinguished by time and goals.

Every goal needs to be financial, social, and environmental in nature. The time frames in which to plan for these goals must include short-, medium-, and long-term elements. The long-term planning uses scenarios to reduce future surprises and increase the number of available options. Medium-term planning generates forecasts and a list of the organizations capabilities. Short-term planning is controlled by strategic intent, and generates the current profits. The downfall of many CCO and HIO is spending too much time on the current trends when it should be spend on long-term issues.

The Way Work is Organized The main concepts in this section include; board governance, structure for sustainable effectiveness, and sustainable work systems. In the issue of corporate boards, the overall result is poor performance. To counter this SMO employ a board governance model. The book goes into great detail on the requirements of a SMO board including aspects such as: member independence, knowledgeable professionals, limiting memberships, diversity etc. An SMO board should contain unique

committees including: sustainability, social responsibility, human resources, and organizational effectiveness.

This system defines that for an SMO, the talent development throughout the company should ensure that when searching for a new CEO, the company has many options and can hire from within. The system always states that evaluations should be done from the top down through the entire organization, including the boards themselves. SMO boards operate very differently from the form management systems and very influential to the company. They should be role models for the leadership, performance, and oversight in the company and therefore must be effective.

While describing the structures for sustainable effectiveness, the book outlines three main concepts: Cisco's adaptation of the traditional functional structure, the ambidextrous structure, and network organization structure. Each of these three concepts enacts three adaptations: surface area (reducing the gaps between employees and customers), resource allocation (using sustainable practices in all coordinating as well as moving people and money to their most valued position in the firm), and decision-making (the transparency of information is extremely important to the ability to be transparent in the decision-making process).

The ambidextrous structure (balancing innovation and efficiency) is designed to address the disconnect between the current performance and need for efficiency and the need for innovation and transformation. They achieve this by using maximum surface area and collaborative capabilities, as well as " independent units. " The key feature of the network organization structure

(balancing flexibility and execution) is the ability to reconfigure quickly due to the flexibility while maintaining reliability in effective production.

The concept of this structure is shifting the attention from the role of the individual to the relationships and exchanges and the resulting outcomes. This structure involves what was coined by W. L. Gore as " lattice," in which each individual realizes their own abilities and talents brought to the organization, but understands that without exchange, growth and development cannot occur. A technique also used by Gore is the " real-win-worth" process, whereby a team must 1. Prove an opportunity is real then 2.

Show how it is in a position to win the market place and 3. Show that the effort will benefit the company. In dealing with sustainable work systems, SMO must enact a structure in which innovation is encouraged and is a constant process. As a guideline the book sets that work systems should be: " based on activities not jobs (" There is no need for job descriptions; if they did exist they would probably read " go find a way to contribute"), guided by shared goals (there must be an all encompassing purpose for groups.

People must also see their work in context, not singular), performed by multiple stakeholders (this brings diversity in perspective and decision making. It also allows for virtual meetings, reducing costs), temporary and iterative (followed until deemed necessary for change, but employing small constant and frequent changes), supported by the physical space and technology (must compliment the way the work is done), and managed strategically (making sure that the right individuals are involved in the right processes, and that things are carried out the right way. The Way People are

Treated The three key concepts in this part of the book are managing performance, reward systems, and managing talent. When discussing management, the first point the section makes is that evaluations are extremely important to SMOs, and must be done well. It follows with the example of Siebel and the development of the " employee relationship management" (ERM) system, which reorganized many evaluative and communicative processes into one accessible portal.

The system was so successful it is now available for purchase. Because SMO is so radically different, there are several reason outlined why it is vital to have effective management: the lack of job descriptions and budgets mean losing a crutch to poorly functioning companies, the presence of virtual management, more complex and discretionary tasks etc.

To ensure the effectiveness there are eight " universal performance management principles" as well as the specific " SMO performance management principles. " The first eight are principles that could apply to ANY management style and include: " Start at the top," " HR should support, not own the system," " Set measureable goals," " Rate outcomes, rate performance, but don't rank people," " Appraise the appraisers," etc.

It is the last six that are the SMO specific, with concepts including: " Establish a balanced scorecard," (the goals set for each employee should include social and environmental objectives as well as financial) " Set talent development objectives," (since compensation is based on the value of the employee, the talents must be assessed as well as planning to improve the possible talents) " Don't assume an annual appraisal is often enough," (with

the frequency of change in SMO, appraisals should be performed after each project) " Use web-enabled technology," (this removes weight from the HR department while enhancing management-employee communication, as well as improving transparency) " Appraise team performance," (the nature of SMO teams is to be interdependent, so evaluating the team as a whole is beneficial) and " Have review discussions online. " (this technique removes the anxiety of face-to-face and allows for individual preparation prior to the meeting.) In discussing rewards we first learn the three types: tangible extrinsic with economic value, sometimes-tangible recognition and personal relationships, and intrinsic. The key issue for this section is not deciding which type of reward is the best for an SMO, but how rewards are managed. When it comes to designing a rewards system, there are the universal principles which include: " Create rewarding work assignments," " Forget merit increases, give bonuses," " Pay for team performance," etc.

Those should be followed by all organizations, so to focus on the SMO specific principles: " Pay the person, not the job," (an employee should be paid for the talent, competency, and performance in the workplace, not a prescribed job) " Define fairness strategically and ethically," (because talent is the base of an SMO, it should pay above average for critical skills) " Individualize rewards," (when possible, give an individual the choice of how they would like to be rewarded) " Don't base rewards on hierarchy," (while a skills based pay set will create a ' hierarchy' of sorts, do not reward based on an universal hierarchy) " Don't base rewards on seniority," (while commonplace in the former for systems, long-term employees are not absolutely desired due to the constant rate of change) " Be transparent,"

(being publically scrutinized reduced the likelihood of negative actions, as well as highlights organizations that pay very well) and " Use identity and purpose as rewards," (organizations instilling in their employees that they make a difference. When describing the SMO talent management, it is stated that the " travel-light" approach is the most effective, including: virtual, temporary, and contingent employment as well as outsourcing. This ensures rapid change as well as the best available talent, with no reluctance to terminate or long-term development. The exception to this strategy is often the core leaders and highly complex advanced jobs. An SMO should abide by nine basic management principles: " Use competencies to drive talent management," (with the lack or a formal job description, individuals should be hired based on the skills and competencies required by the company) " Use targeted talent management," (if variations in the individual's performance significantly affect the organization, special attention is required.

As opposed to simple or repetitive jobs) " Use contract labor," (the basis of this ' buy' rather than ' build,' being able to hire easily on a contract understanding and terminate when no longer necessary) " Outsource nonpivotal work," (this makes adapting much easier for an SMO) " Create career diversity," (due to the workforce diversity, there should also be diverse employment options, workspaces, and benefits) " Build a sustainable management brand," (to attract desired talent, organizations need an employer brand that is in sync with their purpose and identity. In addition, they must possess effective deals since their contracts are not job security based. " Make career management the individual's responsibility," (by

providing business transparency and trend information, an individual can make their own career decisions) " Make executives the primary talent managers," (the responsibility cannot be pawned of on HR, management should be able to make strategic talent decisions) and " The HR function plays a strategic role" (because of the significance of human capital in SMO, accurate data on its state and ability are vital.) The Way Behavior is Guided The key concepts in this section are the idea of " leading, managing, and following" and " transforming to sustainable management. " SMOs have a more specific approach than the former two management approaches and have four things necessary for sustained performance, that is not required elsewhere: 1. Compensate for the lack of structure (with flexibility and adaptability, nd SMO must sacrifice structural stability, to assist in smooth operations they must possess: talented and effective leadership, not management, they need to lead not with job titles, but with the knowledge and understanding of where the company needs to go, and they need an adequate level of power sharing.) 2. Focus on the importance of sustainable effectiveness (an SMO must be extremely aware and knowledgeable of the organizations positions with all three focuses to ensure a proper balance and level of quality is maintained) 3. Both lead and accommodate the changes and innovations that SMOs need to make continuously (to guarantee the company embraces change and innovation, the leadership must be fully committed to the identity as a positive role model, as well as instill and encourage the principles in its employees) and 4.

Lead and encourage a culture in which hierarchy is minimized and leadership is shared (the most effective form of leadership has often proven to be the

distribution of leadership from the CEO throughout. Also necessary is the ability of everyone to take initiative and lead as well as take a back seat and follow. There is a very important requirement of education and development of leadership skills.) In order to achieve these goals SMOs practice principles that include 1. Establishing a sustainable leadership brand 2. Senior management must support building the leadership capability 3. Develop managerial and leadership skills and 4. Commit to transparency. When discussing transforming to sustainable management the key issues are the dilemmas associated with being an SMO and managing the transformation.

To set the stage for this section we are given the Interface example of a long-term goal of change, and shown that the process is not easy and does not always produce stellar results in all three dimensions of effectiveness. The main dilemmas that an organization face include issues of strategy, knowledge and awareness, and organizational capabilities. This means that once the company has decided their goals towards bettering the three p's, they must all decide on the value creation of all three issues instead of just one, outline a realistic timeline and target for growth, profit, and performance, and the reconcile the strategic intent with the values and goal set.

These issues are just half of the battle, it is not enough to support and plan for effectiveness, an organization must also know and understand what it will take to achieve these goals. They must examine their current capabilities and management styles, and create an agenda of changes to integrate the new structure. To manage the transformation, the organization must accept that it is a complete identity change and as the book states " it is why we

refer to it as a transformation rather than as a transition. " The book outlines the sequence of change as leading with a change in the work system and then creating a reinforcing system for them thru the use of DAs.

To accelerate the transformation, the book outlines that employees have a common understanding of the mission of the change, a clear and systematic view of information of the organizations structure and operations, to employ a formal process of learning, and finally realizing that while initially driven from the top, the senior executives cannot regulate all of the changes. I found the ideas in this paper to be extremely intriguing. When thinking about their real world application and if they are in line with my experiences… I haven't had many jobs where I have been in a position described in this book nor did I learn about these techniques in other classes, but I found myself wishing I had.

I have had jobs where to leadership is more spread out, some of the restaurants I have worked for have not had head hostesses but teach every individual the traits that would be required of a head hostess. So on busy nights everyone had the ability to step up and take charge. The pay rates were no totally transparent as advised, but the rate was fairly standard. I have also worked for companies that while seeking a high bottom line have shown initiative in their treatment of people and the environment. They have had group evaluations of the management and overall job satisfaction, the CEO taking results into account for the next quarter goals. Also proving to reduce waste by hiring an outside company for the sole purpose of separating the garbage into recyclable and non-recyclable.

So with the limited experience I have had with this I think this is a very smart management model. The three most important aspects of this book in my opinion in the way work is guided The' leading, managing, following' approach is crucial. Due to extreme difference in structure I do not think a company can function with out this skill set and knowledge fund. Time and time again the research has shown that when a company seeks to become an SMO the main problem is the management and their inability to understand their new roles in the organization. Their lack of understanding limits their acceptance of the new identity and does not allow for the maximum growth. I think another top issue in this book is the idea of futuring.

While I have not been significant enough in a company to know this in detail, I do see from news many companies failing in the market place due to changes in technology. If they had a solid base in futuring this would not happen. This is the idea I found most interesting in this book. The amount of time required looking at the future seems very high but when explained, a company based on constant change could not possibly have it any other way. The idea on a string of constant competitive advantages is so revolutionary. To always be one step ahead, not always looking for " the next big thing" but the next " semi important and momentarily superior" thing. The ability to look forward is absolutely necessary for an SMO to be successful. The third most important concept is structure.

The three structure listed give an approach for every type of business. This makes the SMO style of business and success more accessible to everyone. These concepts instill in every employee that their skills set is valuable to

the company but without teamwork and exchange, there is no success. This frame of thinking is crucial in the management structure. Once the organization has a solid foundation of employees it can distribute them where fit. The structure's other core ideas being transparency and practices that further sustainable efficiency. On a solid structure a company can be very prosperous, on a weak foundation the inevitable outcome is failure. This concept ensures strength at the core.