

# A NEW ROLE FOR MANAGEMENT IN TODAY'S POST-INDUSTRIAL ORGANIZATION

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## **Introduction**

*In many organizations, employees know more about their work than their managers. This reality should force organizations that still cling to the old, top-down style of managing to recognize that many employees today are very capable of managing themselves.*

## **Management**

When we try to define management, our first thought is usually of a manager who occupies a role and who has authority over people. But in the case of knowledge workers, who manage themselves, management is seen as a process, one which can engage everyone. Thus, when we define management as a role, we restrict it to something that refers to managers only. Such a definition is not only a limiting one, it is one that does not account for the way in which work and responsibility has changed.

Industrial-age organizations were formal hierarchies that assigned specific roles to employees. The focus on roles put all power in the hands of managers, who governed employees by planning, organizing and controlling their work. This is essentially what made management a top-down, restricting function.

## **Managers**

Today we talk of “managing one’s boss,” and of having “relationships with strategic partners, suppliers and customers.” But, if partners can manage their relationships with each other, then management cannot be a one-sided, controlling activity. And, if you can manage your boss, management isn’t restricted to the use of authority to control the people who report to you.

Management is much more than what managers simply do to get work done through employees. Today, we can manage ourselves, our time and many other activities that don’t require one to have a formal managerial role or even to manage people. This is why today, the *function* of management, as distinct from the role of the manager, has become everyone’s business.

## **Role of the Management**

The truth is that the role of the “manager” is only a *particular application* of management, not the whole story of managing. A broader perspective avoids the negative connotations so commonly attributed to management, such as controlling and restricting people. Moreover, employee engagement, especially with respect to innovative knowledge workers, cannot become a reality until we move beyond our industrial-age definition of a manager.

In modern, post-industrial organizations, all employees need to manage. Self-managing teams use complex systems to help them manage their own work, and precise performance measures are openly accessible. Knowledge workers don’t need to be told what to do, and often, they know better than their managers. This article will outline how we should see and

define management for the 21st century by starting, not with the role of manager, but by seeing management as a process that can be led by all employees, not just managers.

### **Modern management defined**

Management can be defined as a way of achieving goals that add the most value<sup>1</sup>. It's about being sufficiently organized to identify the right goals and the best means for achieving them. To take a simple example, whenever you set priorities for yourself you are managing your time.

Prioritizing means deciding which activities are most likely to achieve a specific goal and which tasks are the most urgent or important. Management is thus like investing, a process of allocating resources to obtain the best return, even if those resources are just your own time, knowledge and experience. Clearly, it is possible for all employees to manage their own time and other personal resources without occupying a formal managerial role and without managing people.

Management is closely linked to goal achievement. Suppose your goal is to develop a cure for a rare disease. You could achieve this goal in one of three ways:

1. By luck – you could stumble on a cure while looking for something else.
2. In a disorganized, wasteful manner, exceeding your budget and alienating stakeholders.
3. In a cost-effective, inclusive way that makes the best use of all resources.

If you prefer the third approach, you are opting for management over luck and chaos. Everyone has goals: personal, career, business, financial, social, learning and leisure among others. The fact is that a managed approach – and not necessarily regimentation — will allow you to achieve more.

Front-line employees who have no one reporting to them routinely need to achieve multiple targets in tight timeframes. This is possible only if they manage key aspects of their work and time. Clearly, they can manage a lot of things without having authority over people or a management title.

One immediate benefit of adopting this perspective is that it allows us to silence the call to banish management. Even without the complexity of the modern world, no one today can live without management. In fact complexity simply makes management all the more vital. Today we have self-managing knowledge workers and teams. As a result, the role of manager needs to change. The function itself, however, is essential.

The hue and cry to get rid of management is really a call to dismiss managers. Setting tradition aside, we need to separate management from managers. Industrial-age thinking treats them as one and the same, which is why management has been tarred with the same brush as managers. We need to see that managers are just as critical as management itself.

Management as we know it is not totally without its supporters, but even some of its champions are helping to sustain its industrial-era image. In his latest book, *Managing*, management thinker and author Henry Mintzberg equates management with the role of a manager, thus distorting the role and overlooking how non-managers manage themselves and their own resources.

The London Business School's Julian Birkinshaw, attempting to reinvent management<sup>2</sup>, uses the Wikipedia definition: "the act of getting people together to accomplish desired goals and objectives." The reference clearly applies to managers, thus ruling out self-management, not to mention the management of money or other non-human resources.

We need to rid ourselves of the concept and practice of *industrial-age management*, but not managers. As organizations evolve to meet new demands, management must be re-invented and re-defined accordingly. Importantly as well, industrial-age managers need to be replaced by modern managers, not by leaders.

### **The role of the manager**

The operating style of industrial-age managers is represented by a metaphor of the organization-as-person, where the “head” thinks and the “hands” do. It is no coincidence that employees were once called “hired hands.” The implication of this metaphor is that managers do all the thinking and managing. The vision of employees as unthinking “hands,” to be moved around at will by a remote mind, is unsustainable in an age of empowerment and employee engagement.

We only started to disparage managers in the 1980’s, when Japan’s success in North America ignited the call to replace these same managers with leaders. Previously, management was regarded as a positive force in organizational life. But the 1980’s bandwagon was a classic case of throwing out the baby with the bathwater.<sup>3</sup>

Managers used to have a choice of styles: “theory y” (people are responsible and can be trusted) or “theory x” (people aren’t responsible and need to be controlled.) But the 1980’s call to replace managers with leaders arbitrarily restricted managers to the “theory x” style while gifting leadership the “theory y” style. This move was made because we wanted leaders to take over the domain of managers, getting work done through people. This left us with no way to differentiate managers from leaders except through totally arbitrary style assignments. A broader definition of management rids us of this negative image and supports two claims:

1. All employees manage. Being more self-managing, they need to take more responsibility for ensuring that they obtain the best return on all of their efforts.
2. If management simply means getting work done in a way that makes the best use of all resources, then there is no implication of being rigidly controlling or mechanistic.

### **The role of manager re-invented**

The modern manager needs to get work done through engaged, self-managing knowledge workers, who are a far cry from the “hired hands” of the industrial age. The role of today’s manager can be illustrated by four analogies. Today’s managers need to behave something like:

1. investors
2. customers
3. sports coaches
4. partners

Analogies are approximations; otherwise they would be identical to their comparison objects and not analogies at all. Thus, managers share *some* attributes with investors, customers, sports coaches and partners without being identical to any of them.

#### **1. Manager as investors**

Managers allocate resources to obtain the best return, like investors. Their effectiveness is based on how well they use their resources. But managers differ from investors in two respects. First, knowledge workers want a say in what work they do, so any allocation needs to be negotiated, not decided unilaterally, as an investor would do with his or her money. Second, managers actively develop people, so they are not as arms-length from the people they manage as are investors.

#### **2. Manager as customers**

As employees become more engaged their status changes, from simply being hired hands to being more like self-employed business people supplying services to internal

customers. In this relationship, employees can be more proactive and able to identify the needs of managers. Indeed, astute employees might see needs that managers overlook. This interaction involves two-way communication and negotiation, not one-way, top-down directing.

### 3. Managers As Sports Coaches

Professional golfers have coaches and managers. The latter help them with their business matters, sponsorships and travel arrangements. However, this manager cannot fire the golfer; it is the other way around. A sports manager is a facilitator, coordinator and advisor, with no power to direct or control the golfer. Modern business managers are moving in this direction, although they will always be able to fire the employees they manage. Still, when managing rare, expensive talent, they cannot fire them without carefully weighing the consequences. In any case, modern managers do more coaching and less directing, so they need to behave more like coaches than industrial-age managers.

### 4. Managers as partners

As the power of knowledge workers grows, they become more like partners than “hired hands.” Toyota and other smart companies forge partnerships with external suppliers. Employees are, similarly, internal suppliers and partners. Still, suppliers and employees can be fired, unlike real partners, who must agree on an appropriate severance.

#### **Facilitating versus directing**

In the industrial age, managers *directed and controlled* the work of “hired hands.” In our post-industrial era, managers operate more like facilitators. Instead of allocating resources like passive, hands-off investors – that is, without much thinking — they bring the right people together, engage them in planning the work and coordinate the execution. Like customers, they monitor the progress of projects, but they may listen more often than provide one-way direction. In this context, the act of controlling morphs into coaching, facilitating, nurturing and developing.

The conventional managerial functions of planning, organizing, directing and controlling become a shared activity or ones that are completely delegated, depending on the context. Management adapts to meet current needs rather than hangs on to obsolete industrial-age preconceptions.

#### **Changing how decisions are made**

Like customers and investors, managers retain the right to decide whether and how much to invest or whether to use different resources. But they can no longer “dictate” if they hope to engage knowledge workers and reap the benefits of their full potential. Now, they have to ask “What do you think?” more than give orders. Instead of making all the decisions, they need to involve employees by asking questions to draw solutions out of them. This change in decision-making style, however, is not just a tactic to engage employees more deeply. It is recognizing the reality that employees know as much or more than the manager. Being more engaging and given to less directing are essential for making the best decisions.

### **Transformational leadership or managerial motivation**

The transformational leadership bandwagon was launched in the 1980's, not coincidentally at the same time that leaders were usurping the role of managers. We used to say that managers had to motivate employees. But once managers were cast in the bad guy role of controlling disciplinarians, we needed transformational leaders to inspire employees.

Transformational leadership, however, is an industrial-age model because it portrays influence as a force that flows exclusively top-down. Modern managers *help* employees *find* motivation through coaching. They help identify their motivation and strengths. Managers then provide the kind of work that best leverages those strengths.

It is like performing a strategic review of a business, where the manager helps employees discover their core strengths and then helps them channel their focus accordingly. Finding what motivates particular employees is a process of discovery that is very much *led by the employee*. Transformational leaders and industrial-age managers operate with a "boss-knows-best" mindset, which is why they try to *inject* motivation into employees in a one-way, top-down manner.

### **Maintaining the status quo versus innovation**

Managers are often faulted for preserving the status quo and blocking innovation. This accusation may have been justified for industrial-age managers. But, remember that the objective of managers is to achieve goals in a way that makes the best use of resources. All organizations have two objectives: to manage today's business profitably and to create the future through innovation.

To foster innovation, modern managers act as facilitators and culture builders. They bring the right people and other resources along with whatever support mechanisms are required to foster creative thinking.

It is often said that leaders are creative while managers are not. But this again exemplifies industrial-age thinking (and a complete red herring) because it focuses exclusively on the *individual* in charge, which is consistent with a one-way, top-down mode of operating. The person in charge (leader or manager) does not need to be creative at all because the role, properly fulfilled, is one of facilitating creative thinking in others. Managers can thus foster innovation with or without being creative.

### **Management versus leadership**

Management re-invented and re-defined as described above resumes its rightful place as a core driver of organizational performance. But what is there left for leadership to do? Leadership is the process of influencing. Whenever any employee influences others to change direction, leadership has been demonstrated, whether it's top-down or bottom-up. If leadership is an influence process, then it can't make decisions. Thus, all decisions are managerial actions, even strategic ones<sup>3</sup>. A CEO shows leadership by promoting a new vision. A front-line knowledge worker shows leadership by promoting a new product.

### **Why it matters**

To achieve the level of innovation required for competitive advantage today, we need to achieve a better balance of power throughout organizations. Employees need to be more fully engaged in making strategic decisions, and in planning and organizing more of their own work. To break the stranglehold of the "organization-as-person metaphor," employees need to share in strategic thinking. Such ownership is the only way to achieve deep engagement. As a result, managers need to do less telling and, as facilitators, do more asking, as in "What do you think?" There is a trend to view leadership in facilitative terms, but this is really

leadership usurping management's territory. Drawing solutions out of employees is a management technique, not a demonstration of leadership.

### **Conclusion**

Keep in mind how Martin Luther King, Jr. showed leadership. He didn't facilitate a meeting of stakeholders. He spoke over their heads directly to the general public. He challenged the status quo and called for change. He *influenced* people to change, without having or exercising the authority to decide anything for them. Competitive advantage depends on ridding ourselves of industrial age notions of leadership and management. All employees can share in management and show leadership, but only in post-industrial organizations.