

How to Innovate in Management



Michelle M. Smith, CPIM, CRP
Vice President, Marketing – O. C. Tanner

Right now, your company likely has 21st-century Internet-enabled business processes, mid-20th century management processes, all built atop 19th-century management principles.

While no company would put up with a 1940's-era phone system, or forgo the efficiency-enhancing benefits of modern technology, that's exactly what you're doing when you fail to exploit the potential to transform the way the work of management is accomplished.

I suspect your leadership team has a point of view about your company's strategic direction, but do they have a point of view about your company's management direction? Is there a consensus in your company around the ways in which the technology of management will need to be reinvented in the years to come?

- What, in broad strokes, will be the new and distinguishing characteristics of our management system five years from now?
- How will the way in which we manage give us a competitive advantage?

A Broad Vision is Needed

A broad vision is important for several reasons – it helps to legitimize grassroots innovation, gives the innovation a focal point, and serves notice to those who reflexively defend the status quo.

While the familiar tools and methods of management were invented to solve the problems of control and efficiency in large-scale organizations, more contemporary thinkers envision management serving a more general objective – multiplying employee accomplishment.

The goal of management is to first amplify and then aggregate employee effort – to get more out of individuals than one might expect by providing them with the appropriate tools, incentives, and working conditions, and to often compound those efforts in ways that allow them to achieve together what they cannot achieve individually.

This heralds a future in which the work of managing will be performed by 'managers' less and less. Activities will still need to be coordinated, individual efforts aligned, objectives decided upon,

knowledge disseminated, and resources allocated, but increasingly, this work will be distributed out to the periphery.

From Inspiration to Execution

The only way to build a company that's truly fit for the future is to build one that's fit for employees as well.

The most bruising contests in the future won't be fought along the lines that separate one competitor or business ecosystem from another, but will be fought along the lines that separate those who wish to preserve the privileges and power of the bureaucratic class from those who hope to build less structured and less tightly managed organizations.

Here are the essential building blocks to becoming a management innovator, adapted from *The Future of Management* by Gary Hamel.

1. The Courage to Lead

You can't build a management advantage unless you have the guts to tackle problems others are too timid or too shortsighted to take on. To build a capacity for relentless management innovation, you must be willing to ask, "What new management challenge, if mastered, could give us a unique performance advantage?"

2. An Inescapable Conversation

Management innovation must become an inescapable topic – a part of every serious discussion about your company's future. Get people thinking about how they can turn management itself into a competitive advantage – commit to a bold goal; deconstruct your orthodoxies; embrace powerful new principles; and learn from positive deviants. Identify the institutions or systems that embody the capacities you're hoping to build in the company.

If we wanted to create a company that's good at experimentation, what would we do differently?

If we wanted to build a company that is as restlessly innovative as Silicon Valley, how would our management processes need to change?

If you can help employees understand that history is not destiny, and can create occasions for them to question their hand-me-down beliefs, then you'll soon have an army of allies ready to help you build a company that's fit for the 21st century.

3. A Focus on Causes, Not Symptoms

To cure a crippling disease, drug researchers have to uncover the genetic flaws or disease mechanisms that cause the malady. The same is true for organizational 'diseases' – the incapacities that stem from our inherited management beliefs. Here, too, a painstaking analysis of first causes is essential to inventing a cure. Check for these enemies of adaptability:

- Lack of ‘genetic diversity’ among executives if most have spent their entire career in one industry
- A restrictive tangle of standard operating processes that make it impossible for employees to proactively respond to changing circumstances

4. Accountability

How many of your staff leaders feel personally responsible for helping the company build a bona fide management advantage, rather than just focusing on compliance and efficiency issues? To create a capacity for fast-paced management innovation, you must hold internal process owners responsible for breakthrough innovation too. Like line executives who’re held accountable for the health of their product pipelines, corporate staffers need to be held accountable for their management innovation pipelines.

To this end, the most important question a leader can ask a department head is this: What share of your budget and headcount is focused on initiatives that could help our company build a decisive management advantage?

- Are we generating a robust flow of new management ideas and experiments?
- Are we experimenting broadly enough? Are there any innovation blind spots?
- Are our experiments bold enough? Do they represent a significant departure from the management practices of our competitors?
- Which experiments should we scale up now, which should we abandon, and which need to go through another round or two of development?
- In aggregate, will this portfolio of experiments enhance our company’s financial performance? Will it move the needle?

5. Permission to Hack

Perhaps the most important thing you can do to help your company reinvent its management processes is to give employees and managers the opportunity to ‘hack’ those processes. Create a forum in which everyone in the company is free to suggest alternatives to the management status quo. Ask “What management practice or behavior does most to drive really great people out of our company?” Or, “Which of our management practices does the most to destroy employee initiative?”

There is a deeper, nobler reason to take on the challenge of management innovation – and an historic opportunity.

This is your opportunity to build a 21st century management model that truly elicits, honors and cherishes employee initiative, creativity and passion. Do that and you’ll have built an organization that’s fully human and fully prepared for the extraordinary opportunities that lie ahead.

Named one of the most influential women in the incentive industry, Michelle M. Smith, CPIM, CRP, is an accomplished international author, speaker and strategist. She’s past-president of the FORUM at Northwestern University, president emeritus of the Incentive Marketing Association, vice-president of research for the Business Marketing Association, and vice-president of marketing for O.C. Tanner.

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appreciate..

A portrait of Michelle M. Smith, a woman with short, dark, curly hair, smiling. The image is overlaid with a semi-transparent blue filter.

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Vice President, Marketing – O.C. Tanner

Named as one of the Ten Best and Brightest Women in the incentive industry, a Change Maker, Top Idea Maven, and President's Award winner, Michelle has worked in every facet of recognition and incentives, both domestically and internationally.

A highly accomplished international speaker, strategist, and author on performance improvement; Michelle is a respected authority on leadership, workplace culture, employee engagement and talent. She's published and presented more than 1,000 articles and speeches and is a trusted advisor to many of the world's most successful organizations and the governments of the United Kingdom and the United States.

Michelle is President Emeritus of the Incentive Marketing Association and Past President of the FORUM for People Performance at Northwestern University. She's Vice President, Research for the Business Marketing Association and serves on the Boards of the Incentive Federation and the Incentive & Engagement Solution Providers Council. She was the Founder and Chair of the Editorial Board of *Return on Performance* Magazine and is on the Executive Panel of *McKinsey Quarterly*.

Michelle is also active in the C-Suite Network, the National Speakers Association, WorldAtWork, the CMO Council, the Marketing Leadership Roundtable, the HR Leadership Council, Recognition Professionals International, and the Society for Incentive Travel Excellence.

For more information visit Michelle's:

Profile on LinkedIn: <http://www.linkedin.com/pub/michelle-m-smith-cpim-crp/5/b00/368>

or her three Blogs: <http://www.octanner.com/blog/author/michelle-smith/>

and <http://www.eremedia.com/author/michelle-m-smith/>

and https://www.linkedin.com/today/author/17667584?trk=pulse-det-atr_posts

Twitter: <https://twitter.com/michelleMsmith9>

or her YouTube page: <http://www.youtube.com/user/theMichelleMSmith>