



REINVENTING THE MANAGERIAL MINDSET

Keys to surviving and thriving in volatile times

By William Fischer - June, 2009

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Big change in an organization's environment requires big, thoughtful, responses. The bigger the change, the more we need a willingness to reconsider every attribute of an organization's business model. We live in a world of great volatility and surprise, as evidenced by the current financial crisis that is impacting markets around the world. At such times, I believe we need to reconsider the very core elements of the managerial mindset: the starting assumptions that we hold regarding customers, employees and objectives; the way we make strategic choices; and our basis for taking the firm into the future. I recently heard the CEO of a leading European high-technology services company suggest that the "DNA" of his organization needed "re-engineering" in order to deal with the new changes in the world around us. Impressive as that challenge might appear, I think that he has not gone far enough. He should probably consider re-engineering the mindset of their managerial team as well!

What are the elements of the new managerial mindset, as we can see it now? Based on my work with the many managers and CEOs that come to IMD, I think that there are several that bear consideration.

Global

At first, this might appear to be obvious, even passé. However, this involves building a truly global organization. It goes beyond merely sourcing our raw materials from and selling our products in different countries. Being global also consists of where we recruit our talent (both high-potentials as well as top management people), where that talent is deployed and what partners are being embraced as we move into the future. Clearly, this is not for the faint-hearted! Serge Tchuruk, the former CEO of Alcatel, used to say that "business should be an adventure." Many of his compatriots realized that when Alcatel-Shanghai Bell was established. It had the power to possibly change the very complexion of the organization. The days when an organization's DNA had unambiguous national origins are gone forever.

Risk makers

There is an old Biblical message that "the meek shall inherit the earth." That may have been the right advice for several thousand years, but my impression is the meek risk getting left behind in today's fast world. Teams and companies that I find to be impressive tend to raise the stakes, rather than lower them. Instead of avoiding risks, great organizations push the boundaries of their businesses to the extent that they are actually creating risks, rather than

merely taking them. Such “risk-making” raises organizational esprit, stretches members and destabilizes less-prepared competitors.

Experimental

Getting the one right answer, in an increasingly complex world, is an illusion. There are no “really” right answers anymore, or at least few that we can identify beforehand. Instead, what we need is a new style of decision-making that begins with leaders experimenting by acting on hypotheses. They then must learn by mistakes and respond quickly and decisively as soon as the need for correction is identified. In the words of the Silicon Valley design firm, IDEO, “failing often to succeed sooner” will become the mantra of 21st century decision-making.

Think about how “revolutionary” this really is. What it means is that prototyping will have to become a philosophy of life; that learning through failure will be seen as an instinctual way to gain insights; and that failing a lot, in small ways, while still pushing the boundaries, will be seen as a better way of taking bolder chances than the more traditional placing of “one big bet” on a pre-determined, preferred outcome.

Thoughtful

Much of what the foregoing suggests is that the 21st century organization will be one full of ideas in which opinions and opinionated people are the real competitive assets. This means it is desirable, if not imperative, that we have an awareness of how ideas enter the organization and how they move from concept to commercialization. It also means that processes for improving such flows, and recognition for the key roles that allow all this to happen, are recognized, appreciated and reinforced. This is more than just saying “knowledge is important!” Instead, what we need are organizations that place knowledge at the very center of the offerings that they bring to market. Frito-Lay still sells salty snack-foods, but it’s the business knowledge that they share with the store owner that makes them so successful. The Ritz-Carlton still sells hotel rooms, but it’s the knowledge of the individual customer that gains them an edge in a competitive marketplace. Holcim will always sell cement, but it’s what they know about the cement process around the world that differentiates their ability to make margins in a commodity business. Li & Fung will forever be the middleman, but it is being in the very middle of the knowledge chain of the industries they serve that ensures their value. In these firms, there is no doubt about the power of knowing things. As a result, ideas and

opinions count more than in traditional firms, simply because they really matter to the success of the organization, and everybody realizes it.

Energizers

As always, competitive success depends on energizing the talent that needs to make this happen and creating a sense of enthusiasm and a feeling of truly making a difference. The role of the leader in such organizations is to energize the people around them with inclusion, respect and empowerment.

These are the new roles for a new managerial mindset in our times. The organizations whose management teams best adopt these roles will be the ones that can best survive and thrive in volatile times. New markets, new technologies and new business norms mean that change will be a constant factor in our lives. Perhaps the best place to begin is by changing the managerial mindset!

Bill Fischer is Professor of Technology Management at IMD. He teaches on Leading the Global Enterprise, a new IMD program for senior executives. Professor Fischer is also the Program Director for Driving Strategic Innovation and he teaches on the Orchestrating Winning Performance program.

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