

## Improving company management :review of recent ideas

*This paper is largely based on over a hundred articles and comments (including the author's), submitted to the french Les Echos online business daily during the past few months. It reviews possible management improvements to help companies and consequently also their national economies.*

With the continuing problems of most countries trying to re-launch their economies after the crisis, commentators are putting the onus on companies to create growth and hence more employment by using better management. Two kinds of approaches are being used:

The first is to introduce ideas from other sources which has included sports teams (for cohesion), the military (leading by example), the theatre (for roles and communication) and even the Papacy (achieve change without conflict).

Also from other disciplines like neurosciences (emotion, stress)

Various useful key words have been suggested in this context such as confidence, flexibility, slow business, ambition, audacity, agility to which I should like to add two less common ones namely realism and judgement- much missing on the political scene.

The second and most common approach is based on action on the management processes\*:

Inside the company for improving performance by having an ORGANISATION which is flat rather than hierarchic to empower staff to make quicker and more effective decisions.

In addition, calling for a more humanistic LEADERSHIP based on communication, motivation and sharing rather than just on brute authority.

This requires appointing as managers those who have the necessary human qualities as well as operational skills to successfully pilot change or even a comprehensive transformation if necessary. The Glassdoor organisation has regular surveys identifying the company leaders most appreciated by their employees.

Combining the two factors of organisation and leadership, the idea is to move towards the analogy of the orchestra and its director rather than the general and his soldiers. The hope being to achieve a more congenial work environment with less stress and danger of 'burn out' which is becoming more common although not so much in anglo-saxon or scandinavian companies as those in southern & eastern europe (confirmed by a recent Edenred survey).

In contrast, the annual surveys of 'best companies to work for' (prepared for several countries), are a useful aid for candidates seeking new employment.

Thus it should be pointed out to the critical commentators that the kind of organisational structure they advocate ('organic' as opposed to 'mechanistic'), has existed for many years in the type of companies for which it is most suitable i.e. service firms and high tech firms like those newly created in the digital IT industry.

To apply exactly the same features to larger firms, particularly in manufacturing industry, is not automatically the best solution, especially nowadays when managers under pressure for results may need to be rather autocratic than democratic in order to more easily carry out unpopular decisions. These requirements do not of course excuse dictatorial behaviour of which the most repugnant is the boss who surrounds himself with acolytes to do the 'dirty work' of sanctioning and firing staff.

In contrast to the above, firms which are less subject to pressure from shareholders or company head office have more easily adopted the norms which critics are advocating. Among these are a large proportion of family owned companies and more recently, firms which have organised themselves as cooperatives where workers manage themselves in teams or circles and do not have one fixed 'boss'.

Even more recently have appeared variants of the latter based on the principles of Zohr's management, Ouishare collaboration or Holacracy techniques. As well as creating a better internal climate for their workers, these firms are more long term oriented and more respectful of all the actors in their microenvironment rather than just the pursuit of incessant growth (poached moonfish syndrome) for the benefit of shareholders. However such consideration of all stakeholders has been advocated since many years and a suitable evaluation chart prepared by EFQM was used to define 'excellent companies' in the Management Excellence book\*\*.

Having attained most of what is possible internally, additional progress must be sought externally. Unfortunately since the financial crisis the external environment has become so unstable that even medium term PLANNING is difficult and more emphasis has to be put on seizing available opportunities wherever they present themselves. However during such activity the fourth

process of CONTROL cannot be ignored; new projects still have to satisfy the requirements of realism and return in terms of cost, quality and timing.

Growth possibilities mostly arise from additional demand either in-country or overseas. However demand almost everywhere is now very modest (people have little money to spend on non-essentials), and exporting is hampered by the tendency of the foreign countries to want to manufacture the products themselves. Investment for expansion is thus at low levels and that for innovation is more oriented towards process and productivity improvements than new products (except those in the digital sectors which however often have a very short lifespan).

A common related suggestion is to encourage more entrepreneurship but unfortunately most of these ventures have a relatively minor revenue impact and create few jobs. Even worse, the new digital revolution where they are most active, while creating some new jobs is destroying many more in the service sectors.

Under these conditions government pressures on more investment (for more employment) are unrealistic-companies find other less risky ways (finance, publicity..) to improve their results and thus satisfy demanding shareholders.

"It is only free enterprise and companies that create wealth"  
liberal oriented people have always been saying, but this is less the case today as the priorities of companies and the state are now no longer the same.

And yet the demands on essential state services (lodgings, education, health) are growing with the increasing number of elderly, or young, or both. In addition, governments are now faced with immense challenges: the environment (pollution, resources..) which have been too much neglected in the past, and the new issues in geopolitics (world conflicts, immigration...) which will take up more of the already scant state resources available.

At the same time private sector finance is reduced since those who have amassed great riches (legally or by tax evasion or corruption), are either speculating on the financial markets or putting their money in paintings, villas on tropical islands etc

The net outcome of all of this for the future is therefore bleak; even with more investment and growth it will probably not be possible to have all segments of our western society improve or even maintain their past prosperity levels. This has just been demonstrated in the Polish election where those groups

seeing meagre future prospects (despite the country's recent successes), voted out the incumbent President.

It is therefore rather world affairs which will have to be managed quite differently-a subject previously brought up in the Management Excellence book of 2010\*\* and due to be developed further in future RAFME research. Adjustments in management procedures inside companies-the initial topic of this article- are therefore of relatively minor significance within such a broad context,

\*<http://rafme.homestead.com>

- \*\*[www.businessexpertpress.com/books/achieving-excellence-management-identifying-and-learning-bad-practices](http://www.businessexpertpress.com/books/achieving-excellence-management-identifying-and-learning-bad-practices)

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