

[STRATEGY]

Rethinking Management

In a new book, Julian Birkinshaw urges businesspeople to give more thought to management models.

Most executives spend a reasonable amount of time thinking about the business model for their organization. But how much time do they spend considering the company's management model?

Probably not enough, according to Julian Birkinshaw, a professor of strategic and international management at London Business School. In Birkinshaw's most recent book, *Reinventing Management: Making Smart Choices for Tapping Your Company's Potential* (San Francisco: Jossey-Bass, 2010), he argues that businesspeople should think more explicitly about the management choices they make when running a company. That's a topic Birkinshaw also explored in a Winter 2009 article in *MIT Sloan Management Review* that he coauthored with Jules Goddard, a fellow of the Centre for Management Development at London Business School.

MIT Sloan Management Review senior editor Martha E. Mangelsdorf spoke with Birkinshaw about his new book. Here are a few excerpts from that interview, edited for clarity.

In *Reinventing Management*, you broach the idea that management has been corrupted over the last 100 years. Can you say a little bit more about that?

"Corrupted" is a strong word, and it's deliberately a bit provocative. I don't actually mean managers have become corrupt and been sent to jail — although as we know a few of them have! I mean "corrupted" as in the word has become tainted in use.

When you use the word "management," a lot of people immediately think of terms like narrow-minded, controlling, budgeting and planning. Somehow we've managed to denigrate management to the extent that it's no longer actually deemed to be a subject that we should think about or aspire to. No kid today ever grows up thinking, "I want to be a manager." So we've got a problem in that the word has lost its sense of vitality.

I think that the corruption of management as a word is partly the result of a 100-year period of trying to make sense of the big, industrial, hierarchical, bureaucratic company. All of the words we use around management now are essentially words about how you manage dehumanized, standardized machines that pump out millions and millions of identical products. My point is that is *a* model of management, not *the* model of management. There are lots of different styles in management and different styles of organizations — some of which work far better now, perhaps, than the old industrial one.

In other words, you're saying that we now associate the word "management" with the industrial corporation — because that model of management became so dominant for a while.

At the very least, we have to say to ourselves, "Is that traditional model of management one that is appropriate in this knowledge era?" And the answer is — up to a point, it is, but frankly, the traditional industrial management model doesn't work when you start

stretching and pushing it. So I think we definitely have to say, "Look, there's a sea change going on in terms of the objectives of companies. Let's revisit the question of management."

The other reason I'm very interested in rethinking and reinventing management is that we're in a bit of a crisis of confidence right now. The book's got a few of the statistics about the fact that business executives are less trusted than

lawyers and even bankers — and only marginally more trusted than secondhand car salesmen.



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One of the things I like about your book — and it also brings to mind the article you coauthored for *MIT Sloan Management Review* in 2009 on a similar topic — is that you take the view that there is no "one size fits all" approach to management, and that what's important is thinking about the different levers that you can operate.

My view is that we shouldn't just throw out our traditional models of management, but nor should we assume that everything is going to stay the same as it's ever been. What we should be doing

is taking a much harder look at the often subconscious choices we've made about how we manage. We should tailor our management model to the particular needs and circumstances we face.

One of my objectives is to get people to take the concept of a management model a bit more seriously. We spend a lot of time

articulating what we mean by business model, and I think we can spend at least as much time and have potentially at least as much benefit in taking seriously the concept of a management model — and getting people to articulate the choices that they've made.

For example, one of the dimensions of management I look at in my book is the question about making decisions top-down versus bottom-up. Should we be relying on the wealth of experience at the top, or should we be tapping into the wisdom of the crowds? Whole books, as you know, have been written on the wisdom of crowds and "crowdsourcing."

And it's not very helpful to say that we should rely on one or the other. What is much more helpful is to say, "Let us think through what a 'wisdom of the crowds' approach to making decisions looks like. Let's look at what would make a top-down approach to decision making work. Then let's look at the pros and cons of each, and let's encourage people to figure out the right approach to decision making based on their analysis of the situation." Every company faces, to some degree, different circumstances, and every company is potentially looking to differentiate themselves on slightly different dimensions.

RELATED RESEARCH

- J. Birkinshaw and J. Goddard, "What Is Your Management Model?" MIT Sloan Management Review 50, no. 2 (winter 2009): 81-90.

You mentioned at some point in the book that companies should spend as much time thinking about improving their management practices as they do developing new products and services. Do you think any companies actually do that at this point?

No. I'll be completely frank: I think the chances of that happening anytime soon are remote. We know that many companies spend literally billions on product development. For the most part, that money is not wasted, but much of it is spent on matching competitors, and very often it ends up being spent on what we might call derivative products.

Innovations in the way that we do management have the potential for creating long-lasting advantage. Yes, you've got to continue to do product innovation, but the advantages you get out of that are almost always fleeting. If you actually took management innovation in the way that, say, W.L. Gore & Associates did, or perhaps Google has done at some point, then you can actually see management as an engine of long-term sustainable advantage.

Innovation in management to some extent begets innovation in other areas; it's not an either/or story. I think it's just a matter of rebalancing the prioritization of the different types of innovation.

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