



## In Between the Covers

### Look at the Key Thoughts from

### The Future of Management

by Gary Hamel  
(Harvard Business School Press, 2007)

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“Every business is successful until it’s not. What’s disconcerting, though, is how often top management is surprised when ‘not’ happens.” These are the words that captured my attention and imagination in the latest book by Gary Hamel. Because they are true. Many businesses seem to go from successful to forgotten almost overnight. (Anybody remember Montgomery Wards, or Wang?)

For the past decade, I have read and prepared presentations on at least one business book every month. With such consistent exposure to the recurring themes of these books, it is possible to clearly see what concerns the business leaders of our era. Here is one major concern: **how do I stay truly current?**

It is this question that drives Gary Hamel to paint a picture of the future of management in his latest book, *The Future of Management*. We know Gary Hamel from his earlier best seller, *Leading the Revolution*. In that book, Hamel added his voice to the chorus calling for perpetual innovation. From the editorial review: “While in the past incremental improvements in products and services were accepted as good enough, Hamel shows that true innovation is the demolition and re-creation of an entire business concept.”

But where shall the innovation take place? What kind of innovation is needed? In his newest book, Gary Hamel states clearly that the innovation must come in the very ways that we practice management.



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Management itself must undergo systemic changes for the companies of the future to keep progressing. Maybe slightly longer on diagnosis than solution, Hamel still provides us with great insight into the problems confronting managers of today's companies. And he points us to an agenda for building the future of management.

Mr. Hamel calls us to implement and practice *management innovation*: “management innovation is anything that *substantially alters the way in which the work of management is carried out, or significantly modifies customary organizational forms, and by so doing, advances organizational goals*. Put simply, management innovation changes the way managers do what they do, and does so in a way that enhances organizational performance.”

Following, you will find a few of the key quotes from the book, and then a few of Hamel's suggested agenda items as we tackle this challenge. At the end, I will conclude with some of my own observations.

### **Quotes from the Book:**

On Christmas Eve, 1968, the Apollo 8 command module became the first human-made object to orbit the moon. During its journey back to earth, a ground controller's son asked his dad, “Who's flying the spacecraft?” When the question was relayed up to the homebound crew, astronaut Bill Anders replied, “I think Sir Isaac Newton is doing most of the driving now.”

Like that curious lad, I'd like to pose a question: Who's managing your company? You might be tempted to answer, “the CEO,” or “the executive team,” or “all of us in middle management.” And you'd be right, but that wouldn't be the whole truth. To a large extent, your company is being managed right now by a small coterie of long-departed theorists and practitioners who invented the rules and conventions of “modern” management back in the early years of the 20<sup>th</sup> century...

So pervasive is the influence of these patriarchs that the technology of management varies only slightly from firm to firm... That's why it's so easy for a CEO to jump from one company to another – the levers and dials of management are more or less the same in every corporate cockpit.

Whiplash change, fleeting advantages, technological disruptions, rebellious shareholders – these 21<sup>st</sup>- century challenges are testing the design limitations of organizations around the world and are exposing the limitations of a management model that has failed to keep pace with the times.

Even the world's “most admired” companies aren't as adaptable as they need to be, as innovative as they need to be, or as much fun to work in as they should be.

Hierarchies may have gotten flatter, but they haven't disappeared.  
Why does management seem stuck in a time warp?

Modern management isn't just a suite of useful tools and techniques; it is a paradigm...  
We are all prisoners of our paradigms.

Given the power of management innovation to deliver peer-beating performance, it is odd that so few companies possess a well-honed process for continuous management innovation... Taken together, articles on “management innovation,” number less than 300 (compared to 55,000 on “technology innovation,” “technical innovation,” and “product innovation”), and nearly all of these focus on the *diffusion*, rather than the *invention*, of new management practices – a bias that’s understandable only if you believe it’s better to follow than to lead.

In the pursuit of efficiency, companies have wrung a lot of slack out of their operations. That’s a good thing... The problem, though, is that if you wring *all* the slack out of a company, you’ll wring out all of the innovation as well. Innovation takes time.

It’s hard to think like an outsider when you’ve spent years swimming in the mainstream... Most of us can’t envision management practices that don’t correspond to the norms of our own experience. Even our language is hostage to our paradigmatic beliefs. Consider how thoroughly the notion of hierarchy has infiltrated the lexicon of management. “Chain of command.” “Pyramid.” “Boss.” “Subordinate.” “Direct reports.” “Organizational level.” “Top down.” “Bottom-up.” “Cascade.” All these terms connote a formal scale of power and authority. Indeed, managers have as many ways of talking about hierarchy as Eskimos have of talking about snow. Now try to conjure up a vocabulary that describes the features of a “lattice” or networked organization. How many terms can you come up with? That’s the problem. It’s tough to imagine something we lack the language to describe.

Look someplace weird, someplace unexpected, far beyond the boundaries of “best practice.” Why? Because uncommon insights usually come from uncommon places.

“Leadership is not defined by the exercise of power, but by the capacity to increase the sense of power among those who are led. The most essential work of the leader is to create more leaders. (Mary Parker Follett, *Creative Experience*, 1924).

For the first time since the dawning of the industrial age, the only way to build a company that’s fit for the future is to build one that’s fit for human beings as well.

## The Key Concepts:

“The goal of this book: to help you, and your colleagues, first imagine, and then invent, the future of management.” (p. 17).

- Management innovation tends to yield a competitive advantage when one or more of three conditions are met:

- 1) the innovation is based on a *novel management principle* that challenges some long-standing orthodoxy
- 2) the innovation is *systemic*, encompassing a range of processes and methods
- 3) the innovation is part of an *ongoing program* of rapid-fire invention where progress compounds over time.

- As you think about the “challenge(s)” facing you:

- *What’s the “tomorrow problem” that you need to start working on right now?*
- *What’s the frustrating “either/or” you’d like to turn into an “and”?*
- *What’s the espoused ideal you’d like to turn into an embedded capability?*
- *What’s the “can’t do” that needs to become a “can do”?*

- “Sooner or later, the Web is going to turn our smoke-stack management model on its head: Why, exactly, is the Internet so adaptable, innovative, and engaging? Because...

- Everyone has a voice
- The tools of creativity are widely distributed
- It’s easy and cheap to experiment
- Capability counts for more than credentials and titles
- Commitment is voluntary
- Power is granted from below
- Authority is fluid and contingent on value-added
- The only hierarchies are “natural” hierarchies
- Communities are self-defining. Individuals are richly empowered with information
- Just about everything is decentralized
- Ideas compete on equal footing
- It’s easy for buyers and sellers to find each other
- Resources are free to follow opportunities
- Decisions are peer-based

## **Reflections and Observations:**

In the book, Mr. Hamel asks: “Why does it take a crisis to provoke deep change?” It is a good question, and after the latest round of crises in the financial sector and other business arenas, it is a question worth pondering: *Why can't we take action before the crisis arrives?*

In *The Future of Management*, Gary Hamel gives us compelling reasons to make needed changes in management practices themselves in advance of such crises, and he points us to the right questions as we ponder the management systems and processes of tomorrow.

It is the job we all share: let's build a new future for management.

### **(From the book, some reminders):**

#### **• The practice of management entails (*has entailed*):**

- Setting and programming *objective*
- Motivating and aligning *effort*
- Coordinating and controlling *activities*
- Developing and aligning *talent*
- Accumulating and applying *knowledge*
- Amassing and allocating *resources*
- Building and nurturing *relationships*
- Balancing and meeting stakeholder *demands*

#### **• Management processes include (*have included*):**

- Strategic planning
- Capital budgeting
- Project management
- Hiring and promotion
- Training and development
- Internal communications
- Knowledge management
- Periodic business reviews
- Employee assessment and compensation

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