

Gary Hamel: The Future of Management

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The message is simple: innovate or die. Companies who fail to innovate and carve new paths for themselves are doomed to wallow in mediocrity; they cannot be counted up as leaders of industry. They cannot produce iconic products and if they do, the comparable products of rival industrial units who innovate still will have a cutting edge. Gary Hamel, today's leading management consultant from London School of Business cites examples of leading fortune 500 companies that have excelled due better management practices.

Toyota, which evolved and grew into a dynamic leader in automobile industry, has remained an enigma for its success. Planners and analysts after wrecking their brains concluded that in Toyota the frontline worker is given importance. He is not just a cog in the wheel. He is heard and suggestions coming from him are given importance. The supervisors have a paternalistic relation with him. Relentless pursuit of capturing the wisdom of every employee is what Toyota has capitalized on. Much of its success rests on the pursuit of efficiency and quality. For more than 40 years, Toyota's capacity for

continuous improvement has been powered in the belief that ordinary employee, if empowered will solve complex problems. Toyota's production system is referred to as the thinking people's system. In 2007, Toyota received 540,000 improvement ideas from its Japanese employees. The author envisages an end of orthodox management. In decades ahead, expecting the present-day managements to be nimble, restless and fast within the existing hidebound organization and their rigid organizational cultures is akin to expecting a dog to do a tango.

Hamel defines innovation as, "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." General Electric is a case in point. It has a matchless record of producing leaders. G.E. has remained a market leader not just because of its superior products but also because of the superiority of its leaders. In spite of the overwhelming superiority of innovative management, few companies possess a well-honed system process for

continuous management innovation. Today, most managers do not see themselves as inventors. Companies have wrung out a lot of slack in their operations to become efficient and increased their profit; but in this wringing out the slack, they have paid a price. Innovation does not necessarily come in nine to five jobs. It is not possible to create interesting and innovative things in a hurry. Where is the incentive for people to dream the future? A survey showed that less than 28 per cent of the employees were fully engaged in innovating company products. Imagine nearly 70% of the time they were paid for being idle. In addition, the gaps did not pay the companies the added advantage of engaging their workers to innovative activity because of the simple fact that there was no system for channelizing innovative activities' leading to innovations.

Passion can make people do stupid things, but it is the secret sauce that turns intent into accomplishments. In many companies, employees are referred as associates and team members to disguise their powerlessness; but mere change of name or terminology does not inculcate creativity. People who work with passion and have a sense of belonging to a community produce more while they stay happy and motivated. Fellow feeling is a key to success.

The author further deliberates that our corporations focus too much on exhortation and too little on purpose. The effect of pep talks by CEOs that would make the workers give standing ovation is short lived. Nevertheless, if one focuses attention on pur-

pose----- to what purpose and to what end are we working; the message will be more effective especially if a measure of freedom is also granted to the employees.

An inventive company takes a road less travelled. Hamel points that Whole Food's commitment to organic products and sustainable agriculture is unmatched. Its stores are laid out in such a way that it makes shopping less of a routine and more of an adventure. Today, Whole Food operates 294 stores and generates nearly 600 billion dollars in sales. Whole Food's revenue per square foot was 600 dollars in 2006; double that of other traditional rivals. Whole Food's approach to management revolves round democracy with discipline, trust with accountability, and community with fierce internal competition. Whole Food builds trust among its employees in a variety of ways. Every associate (or worker) has access to the compensation data for every other store employee. This transparency makes it difficult for managers to play favorites or be idiosyncratic in their compensation decision. Whole Food describes itself as a "Community working together to create value for others." The distinctive principles of Whole Food today are love of community, autonomy and egalitarianism.

Bill Gore's example is interesting. He dreamt of building a company where imagination and initiative would flourish, where chronically curious engineers would be free to invent, invest and succeed. He had conducted a successful experiment in bold and innovative management principles. He em-

employs more than 8,000 people in 45 plants around the world.

Almost all of Google's 10,000 employees work in teams with an average of three or four engineers per team. G mail that is a large project might employ 30 people broken into small teams. Every team works on specific service enhancement dimension, for instance, all teams have a loose leadership structure. Whatever leadership evolves moves in rotation so that no one acquires a rigid bureaucratic attitude. The breadth of Google's ambition and its inventions is an insurance policy that promises that Google will not miss the future. Reinless thinking, fresh principles and wisdom ---- these are the foundations of a systematic approach to reinvent management.

Gary Hamel is a leading business thinker whose contributions in the area of strategic management, change management and present day challenges are not only noteworthy but considered a paradigm shift in modern management. The author says that the aim of writing the book is not to predict the future of management but to help you invent it. This is your opportunity to build a 21st century management model that truly elicits honors, and cherishes human creativity and passion. As for technical values, the book has a beautiful typeface, plenty of white spaces to make reading easy on the eye. Not all headlines are in black; most are in grey. The size, dimension and weight of the book are such that when you hold it in your hands, it appears that you are really holding a book. This is not so with every book.