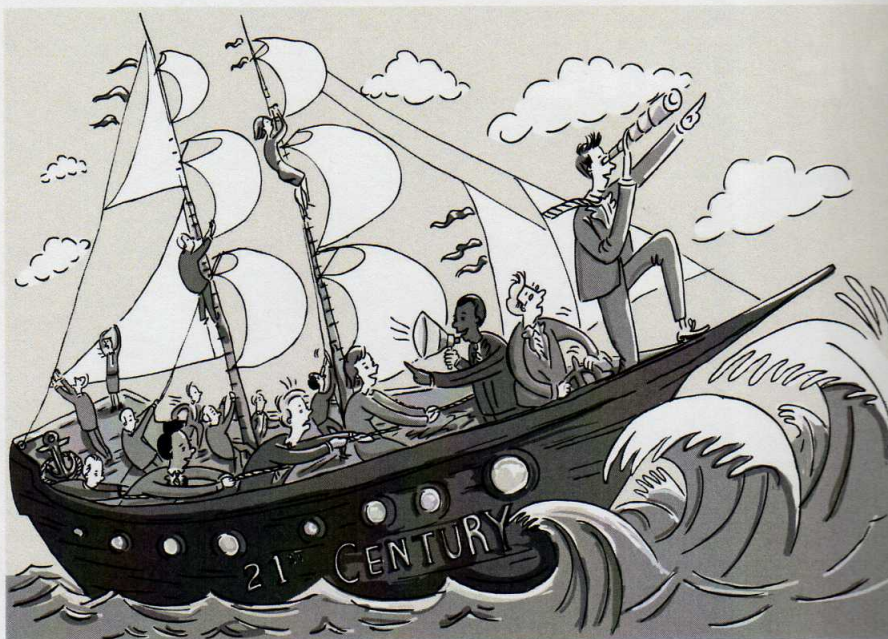


What Good Managers Do: Management Priorities for the 21st Century

By Jaume Llopis & Joan E. Ricart



Over many years Jaume Llopis and Joan E. Ricart have interviewed more than 200 managers that have attended their classroom to explain to MBA students what the priorities for top managers in organisations are. Below, the authors discuss how they have identified four fundamental priorities that explain what good managers really do.

As professors of Strategy and General Management, the question of what good managers do is a very relevant one. We are always worried about what is good management, what is a good manager, or what characterises good management. The question is clearly relevant but the answer is far from easy. Managers differ a lot in their responsibilities, in their style, on the type of problems that they face, on the industry in which they compete, on the strategy that the company follows, on the characteristics of the company, etc. There

are so many contingencies to take into account that to generalise is extremely difficult.

One could try to find an answer in literature, just to realise that there is no clear answer. The classic literature on this question should of course start with Peter Drucker (*The Practice of Management*, 1954) where he focuses on three areas for action: Taking responsibility for the economic results of the company (the business), managing the managerial structure or intellectual force, and organising the labor force towards efficiency. To do so, managers set objectives, organise, motivate and communicate, measure, and manage people.

Another complementary answer can be found in J. Kotter (1982), 'The General

Managers': good (general) managers have a clear agenda for the future and a good network of (internal and external) contacts they can use to get things done. Previously, H. Mintzberg (1973) in 'The Nature of Managerial Work' challenges some myths on the work of managers by describing people as less predictable, less systematic, and acting fast on minimal information. In a more recent publication Mintzberg insists on not studying management as a science, forgetting it is an experimental act where art and experience are as important, if not more, than science elements of the profession. More recently, Barlett and Ghoshal (2000) in 'Individualized Corporation' illustrate that the basic imperatives of strategy, structure, and systems, are substituted by the softer elements of purpose, process, and people.

Unsatisfied with these answers we decided to ask managers directly. For 10 years we have been inviting top executives from a very diverse set of companies to discuss with our MBA students their priorities and their agendas. In this period of time more than 200 professionals accepted our challenge. Many of them were further interviewed and a small sample reproduced in two books, one published (in Spanish) in 2007 and in 2013.¹ We provided very little structure to our research and allowed them to use their own words to describe what they considered good management practice, what had worked for them, and what they consider the essential tasks and priorities for their level of responsibility. What we found can be summarised in four fundamental priorities:

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1. Create a future and communicate it. All the managers shared with us his/her worries about the future. Mr. Jaime Aguilera, President of Unilever in Spain, clearly summarised the role of a General Manager as 'leaving the company in a better position to face the future than the initial one'. This role can be trivialised but it is extremely important. It means an exercise in the anticipation of changes, in sensing opportunities, in creating new spaces for competition... If the top manager is not thinking about the future, who in the company is doing it?

David Teece (2009)² describes sensing as one of the three fundamental dynamic capabilities. To do so, managers need to know well their business, the industry, the clients, the customers, and the competitors. But they should also make the effort to consider, to imagine, to create the future. They need to develop a long-term vision. They need time to think.

Our analysis shows two very important points in this context. Most of our sample managers have an extreme focus on the customer and on the competitors. While they also refer to other relevant players, the key focus is customer intimacy and competitor benchmarking. Furthermore, complexity increases with time. Complementors and even ecosystems are increasingly important as well as relations with government agencies, regulators, and different associations as globalisation increases.

Future plans are reflected in a clear strategy that can be communicated and that helps in mobilising the whole organisation. Peter Betzel, now at IKEA Germany, explained that any good strategy should have a long-term vision but clear short-term objectives. Laura González-Molero from Merck explained that strategy should focus the organisation on a common goal but be flexible to contingencies in the way to reach it. Enrique Martinez from FNAC reminded us that clear goals are needed to better assign resources even in good times.

2. Constant adaptation of the business model. To compete in the 21st century is far from easy. Rivalry is tremendous, competitors emerge from other lands or even other industries, new ideas emerge, and disrupt current business models: the competitive advantages of today are fast substituted and not adequate for the future. Therefore, in the fight for the future, top managers need to rethink, reconfigure, and constantly reinvent their business models.

Our protagonists talk about constant adaptation, continual change, renewal, noting that nothing lasts forever anymore. A Company such as Ficosa International, a component supplier to the auto industry, had to totally re-invent itself when it realised the industry was rapidly globalising. Even a company such as IKEA, an innovative business model, has been changing and adapting as its size and geographical imprint has been changing.

The rules for adaptation differ from one company to the other, but we found some dominant threads such as the search for differentiation, the focus towards quality, the increasing

relevance of innovation, and the care taken with details in order to get the job really well done, a kind of a search for excellence. Companies are discovering innovative business models to develop and sustain the competitive advantage to drive their organisations into the future. This is a creative, design-oriented capability that is fundamental in today's competitive landscape.

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3. People as the center of the organisation. Many corporate cultures highlight people, human capital, and/or knowledge as the key resources and advantages in organisations. But the managers in our sample have a clear commitment to people in terms of the time they involve and the effort they exert in this area. They are thinking ahead of the capabilities they will need to reach the future they dream about, and they develop talent as needed in their organisations.

We found three regularities worth mentioning in this area: first, the time and dedication of top management in talent management and team development. All managers put a lot of effort in searching for and developing individuals with high potential, and in following and mentoring them. But also in developing teams: Francisco Roman, President of Vodafone Spain insisted on the importance of team composition. Kim Faura from Telefonica noted that individuals should aim to develop the best complementary skills without being afraid of excelling in areas in which others do not.

A second key element in people as priority is challenge and risk management. Give people the right assignment, allow them to grow and learn, challenge the status quo and take risks when needed. All recognise that this is a fundamental job that balances efficient task assignment with the opportunities to grow and develop fundamentally if we not only want to have the right team today, but a high performing team tomorrow.

Finally, talent management and task allocation should be combined with a demand of high performance and the drive to excellence in the organisation. All managers are highly demanding of their team. Josep M. Pujol, President of Ficosa International, told us that a good manager should love his/her team, but this cannot be a deterrent to demanding high performance. Rosa Garcia, President of Siemens but with a long career at Microsoft, said that managers are trainers and should balance the development of talent with the demand of high performance.

This task is not a consequence of the other two, it is a priority in itself, and one in which good managers invest a lot of time: To manage organisations in our century is to manage people as the center of any activity in the firm.

4. Integrate with an institutional strategy. Essentially this is providing meaning to any task in a firm. While the other three priority task are quite expected, they emerge in other studies, perhaps with other wording, subdivided in different ways, but essentially are constant in most studies. However in our work a fundamentally different task emerged that integrates everything in the organisation and it is a unique and exclusive priority for the top management of a company. We have called it institutional strategy.

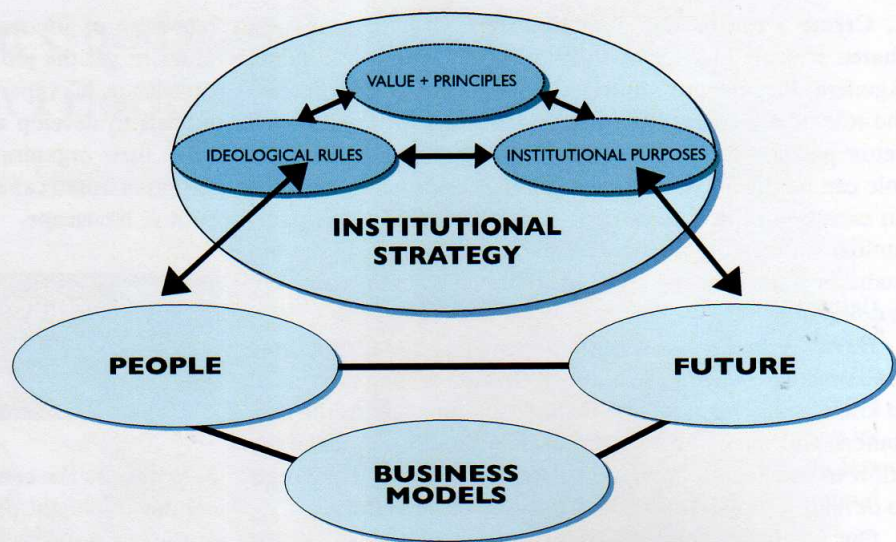
Institutional Strategy Integrates the organisational values and principles, the institutional purposes of the organisation, and the 'ideological' rules that underline the firm. As such it is the basis that supports, integrates and coordinates all organisational efforts towards the organisational goals and aims.

Values and principles are fundamental in any organisation, and top management should not only comply with them, but also live and share them, as he/she has to set the example. The role of management can be different depending of the type of company. Rosa Garcia highlights the role of a manager as ambassador, typical in a large multinational. In contrast, if one is the main

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owner, he/she can do a lot to define the values that should drive the company, and that are consistent with the strategy and business model of the company. Think for instance about the origin of the strong values of companies as Ikea or Southwest, to mention just two.

Values are key but need to be complemented with organisational purposes and goals. And this cannot be imposed, it is the result of dialogue with different stakeholders, and a balancing exercise on internal and external coherence. It is a balance between continuity in the mission but also change in the strategy and renewal in the business model.



Finally, the action, the day-to-day, develops a culture and an ideology about what is right or wrong, about what is excellence in an organisation as a concrete notion, not as an abstract idea. In this way rules, norms, and codes of conduct get developed and embedded in the organisation.

Managing these elements is a fundamental task for top management in any organisation. They may do it with different styles, in different forms, with different emphasis... but all do it.

About the Authors

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