

EURAM
2008



8th

14 - 17 May 2008

Ljubljana & Bled Slovenia



Ichak Adizes

President, Adizes Institute, Santa Barbara, California
Dean, Adizes Graduate School for the Study of Leadership and Change

Chairman Gudic, Deans, Professors, Ladies and Gentlemen.

Thank you for inviting me to make a presentation on a subject to which I have devoted my professional life: Managing Diversity: Europe's Destiny and Hope.

Starting forty years ago, and to my surprise, I found out that there is no translation to the word "management" in almost all languages. For instance, Slavic languages have *upravljanje* and *rukovodjenje* and Spanish has *administracion* and *direccion* but no one, except Hebrew, has a literal translation for the word "management". When different cultures want to communicate the concept, they use the English word. Even the French who will not be caught dead using English, do so.

What does this tell you?

That the concept is culturally bound. It is an American phenomena. It should not come as a surprise that most the books on management originate in America.

Another point:

The process of managing performing arts, hospitals and educational institutions is different from managing commercial, industrial or service organizations. Those organizations have artistic, medical, or academic directors and administrative directors working in tandem. The managerial roles are shared. They do not manage the artists or professionals like an industrial organization will be managed.

What does that tell us?

That the managerial process, as taught in business schools, is based on industry experience. Fact, the "fathers" of the field all came from an industry experience on which they based their theory: Taylor was an industrial engineer; Fayol a mining engineer; Urwick was a military officer.

Third point.

The first concept describing the process was called administration. Fact, the first professional journal in the field was "Administrative Science Quarterly" and the schools teaching the process were called "School of Business Administration".

When the process did not deliver the desired outcomes, administration was relegated to the bureaucrats of the organization and the word describing the process was changed to "management" and the schools that taught the process changed their name from schools of business administration to schools of management.

Well, that did not work out either and "management" was relegated to refer to those occupying the middle level of the organizational hierarchy. A new concept to describe the process emerged: "Executives" and "Chiefs". Thus, "Executive education" and "Chief Executive Officer" or "Chief Financial Officer", "Chief Information Officer" and recently, I noted, instead of a marketing manager the new title is "Chief Customer Officer".

That has not produced the desired results either. So, the latest fad is "Leadership"; what we really need is not administrators, managers, or executives or even chiefs- we need LEADERS.

And I suggest to you that this word "Leaders" is also a passing fad. Soon there will be a new word.

Why are we looking all the time for new words to describe the process?

I suggest that the reason it did not work, nor will it work in the future is because the paradigm on which the theory and practice is based, was and is wrong. All we are doing is changing names for making marginal corrections to the concept.

The present paradigm is not universal. It is almost exclusively based on the business - commercial experience and it is American culture bound.

Let us see what this paradigm is and if a paradigm shift is possible.

Let us see if we can develop a theory that is universal, industry and culture free and that is free of the purpose of the organization: if it is for or not for profit.

Let us try.

Let us start by defining what management is by what it is supposed to do.

Would you agree that the purpose of the managerial process is to make the organization to be effective and efficient in the short and the long run?

We have in this definition all the necessary and sufficient variables and it applies to any culture, any industry and organizations with any goals, of any size: it applies universally to every organization on earth.

I have discovered, about forty years ago, that there are four roles that need to be performed if the organization is going to achieve those deliverables.

The (P) role will make the organization to be effective in the short run; the (A) role, (A)dministration, will make the organization efficient in the short run; the (E) role,

(E)ntrepreneurship, will make the organization effective in the long run and (I) for (I)ntegration, will make the organization efficient in the long run.

What is the (P) role?

To fulfill the (P)urpose for which the organization exists.

And what is the purpose of a business organization?

(P)rofits?

And that is the wrong answer. Profits is the result of being effective and efficient. You can not manage BY results like you can not play any sports by focusing only on the score. You have to watch the ball and play the best you can and if you do so , you will win. Thus manage for profit not by profit.

If that is true, what should be the purpose of any organization, than?

To (P)rovide for the needs of its clients for which it exists, and to satisfy that need the clients are willing to pay a competitive price. And the price is not necessarily money. The price can be how long one is willing to wait in line or how much suffering one is willing to take before starting a revolution....

If the need is satisfied efficiently, at a cost which is lower than the price clients are willing to pay, the difference between cost and value is profit.

In a competitive environment, profit is a measurement of added value.

In a non for profit organization there are other measurements of added value. But the purpose of the organization is the same: to satisfy its clients for which it exists.

To be efficient one needs the (A)dministrative role-to systematize, organize, program all activities in order to minimize explorations, learnings by trial and error which waste energy.

For long term effectiveness the organization need (E)ntrepreneurship - creativity to project the future needs of existing clients and of new clients and a willingness to take risk in preparing today for those emerging needs which might not happen as projected.

For long term efficiency the organization needs to become organic, rather than mechanistic, i.e, there should be organizational consciousness of internal interdependency and thus mutual support.

(P) (A) (E) (I) is the "DNA" of an organization and it has multiple applications: to identify and diagnose managerial styles, to improve team building, to analyze the effectiveness of organizational structures, to predict quality of decision being made and there are many more applications. It even allows to analyze crime and economic performance; We are discovering new applications all the time.

Let us look at one application: managerial styles.

Since we know from physics that energy is fixed at any point in time, the more energy is put into one role, say the (P) role, the less will be available for the other roles.

Here is an extreme case where a person is performing only the (P) role. He or she comes first to work, leaves last, works very hard and does not delegate nor plan for the long run --

he is a "Lone Ranger", or a "Lonely Wolf" , or a "One Man Orchestra"-- the different names to the same style that different cultures give.

How about an exclusive (A)? A very organized, efficient style. The desk is clean, this person has many meetings focusing on details . This style runs a very well controlled disaster. The company is going broke but on time.

A person with an exclusive (E) style is most dangerous Monday mornings, after a vacation, and after flying more than three hours. This style has new ideas and lots of them and all the time, throwing new priorities at the organization and changing direction frequently. He is an "Organizational Arsonist" who loves to start "fires".

A person with the exclusive (I) role is a political animal. Always trying to accommodate and seek harmony at any cost.

For good management we need a person who is task oriented-(P), a producer of results, but one who is also very organized, efficient, an (A), and one who is creative, change oriented and risk taker, an (E), and at the same time is sensitive to people, a team builder, making himself dispensable, someone who is an (I) too. A (PAEI). Someone who excels in it all. Someone who is everything an organization needs: An Ideal Executive.

Problem.

This person does not exist except in text books. Not in reality.

And that is why the old paradigm does not work, the paradigm which personifies the whole process of management in an individual whether he or she is called a manager, an executive or a leader.

That is where the American culture of individualism "impregnated" management theory.

Now the paradigm shift, please:

If this ideal, all encompassing individual does not exist, does it necessarily mean that all organizations will necessarily be mismanaged?

Obviously no.

What is needed is a complementary team.

Organizations need diversity not only of the colors of the skin of people, or of gender. For a well managed organization it needs diversity of styles and cultures too.

That is one of the advantages a multinational company can have. Imagine that the chief administrator and the vp of manufacturing are Germans, the chief technology officer is an Israeli or Chinese, and the chief sales or marketing manager is an American.....Seems like a dream team to me.....

Granted, America is a multi cultural society. The companies there can build complementary teams and they do, BUT they have a problem. They are stuck with the wrong paradigm of management. Thus this multi culturalism is not fully capitalized on.

If in Europe, organizations in every country stay within the parameters of their culture and do not build a complementary team and at the same time import they management theories and practice of individualism, they will be at a disadvantage even against American companies. Same is true by the way for Asia Pacific.

European companies should and could be multinational, multi cultural. They should and could build complementary teams and should to leap frog jump over American theory and practice of management. People like you should develop a management theory and practice on how to manage diversity of cultures and thus of styles, and how to do it without having destructive conflict.

To do so you need to start your own thinking and stop importing.

I have devoted my professional life, forty years of it, to develop such a theory and practice.

I invite you to learn about it and I will be glad to send gratis, digitally, in order to save on shipping, one or more of my books to you, so we can start a dialogue.

I thank you for your attention and I look forward to your comments and future cooperation.

More about Dr Adizes and his work is available on www.adizes.com