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TIME FOR **A CHANGE**

Scratch the surface of any medium or large business in the UK and you will see early 20th century scientific management practices that would not be unfamiliar to Adam Smith and Frederick Taylor.

Why are businesses continuing to use management principles designed for a world that no longer exists? This article describes the effect that 20th century management has on today's businesses and sets out four alternative management principles that will make organisations fit for the 21st century.



20th century management – efficiency and stability

In 1909, Frederick Taylor published *The Principles of Scientific Management*. In this book, he suggested that productivity would increase if jobs were optimized and simplified. His principles resulted in businesses searching for the elusive 'single best way' for people to work and 100 years of management theory ranging from the use of time and motion studies through lean manufacturing, total quality management and six sigma to name but a few.

Scientific management is popular because the logic is compelling, and the application is easy to understand. A simplified summary is:

'Businesses that perform best are those that maximise productivity and reduce costs. Finding the best way of working and making sure people apply it is for managers; workers are expected to work in this way and selected for their skills in doing so. Workers do best when they focus on a specific area, so managers organise workers into 'functions'. This way ensures we do more for less and so the business can grow. And profitable growth is how businesses measure success!

From the production line to professional services, 'UK plc' remains deeply invested in these principles. Think about the standard management practices of most medium to large businesses. People are hired against

job descriptions, expected to perform to behavioural measures and deliver against targets. Decisions on what is good, bad or needs changing are made by managers. They are structured into functional areas and teams.

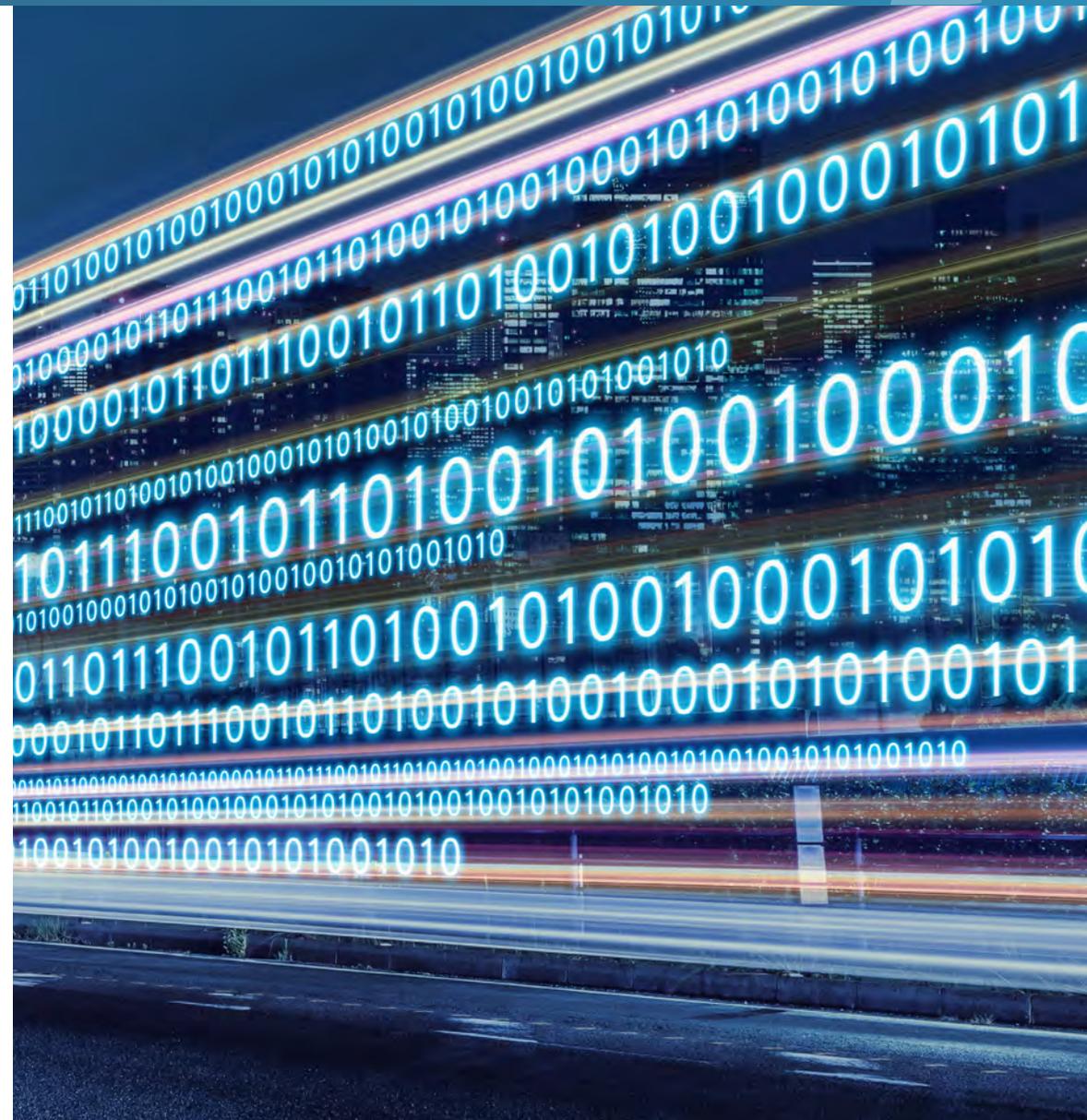
Scientific management became popular in an age when people believed that the appliance of science meant they could control the world. Get the science right and you are invincible! It is perhaps more than coincidental that in 1912, the White Star Line launched the SS Titanic with a similar assertion that science and technology had created the unsinkable ship.



100 years later...

Today, the world is more volatile, uncertain, complex and ambiguous place than it was in 1909. Businesses have seen that, while productivity remains important, it will not assure business survival. Being an unsinkable ocean liner is less attractive than being a self-righting lifeboat.

Despite knowing this, many UK businesses embark on digital transformation while doggedly holding on to the principles and values of scientific management. They believe they have 'transformed' because digital has improved efficiency and their potential to grow, while not even considering if their underlying management principles are fit for the 21st century. Organisations that are still holding onto 20th century management principles are unlikely to see the second half of the 21st century. Because things have changed.



100 years later...

Changing population

In 1910 the world had 1.69 billion people compared to a world population of 7.73 billion in 2020 . Today, around 85% of people live in developing or underdeveloped countries. Increased industrialisation and population growth affects the climate, the global ecosystem and our finite natural resources. Productive growth is still possible, but at what cost and for how many of the world's population?

Digital connectedness

While 20th century business thinkers readily see the potential for digital to improve business

efficiency and scale, this is a somewhat narrow perspective. In the UK 95% of people use the internet and 90% do so on mobile devices. Digital is not simply a business opportunity, it now influences all aspects of the way we live.

The emergence of cheap, sophisticated and widely accessible tech has changed where we go, how we buy and our expectations of what good looks like. It has redefined our relationships and expectations, not only of what is possible, but what is acceptable from those with whom we do business. It has changed social dynamics, the way we see the world, who we follow and what we choose to hear. And what we experience through digital is often less filtered, more polarised and so more likely to provoke more widespread and immediate reactions.

The accelerating effect of Covid

Covid-19 has emerged during this technological revolution. People were choosing new ways, while culturally still holding onto lifestyles that were essentially pre-digital. The pandemic has accelerated the decline of many aspects of 20th century culture and stimulated the adoption of a different type of 21st century living. It is ironic that a pandemic of such devastating social and economic cost may be the stimulus needed to make the changes that had already become inevitable.



21st century management – sensitivity and agility

During the third decade of the 21st century, it is likely that the UK will see a reduction in demand for consumer products and a movement towards low carbon lifestyles and products. The economic impact of this decline will be offset by an increased demand for digital products and services and a growth in the service sector. We have seen some signs of these changes already in our urban landscapes. City centres are no longer full of department stores and large offices. It may be that our urban areas to become less about corporations and commerce and become places for community and leisure.

What does this mean for the future of strategic planning and business management? If the principles upon which we have structured business for the past 100 years are no longer sufficient, then what next? Perhaps successful organisations will start to align to these management principles:

1. Organisations measure their performance against the extent to which they contribute to the ambitions of the communities within which they operate in ways that are sustainable, economic and ethical.
2. Business strategy is designed to create wealth and health within the markets and communities the organisation supports.
3. Technology is used to create business efficiency and growth. Solutions are selected that enable a seamless and dynamic customer experience.
4. People are employed to anticipate and creatively meet the needs of those who contribute to the organisation's value. Leaders and managers create the conditions where this can be sustained.





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