

Please do not forget your management model!

When doing projects in different companies we do sometimes ask the CEO if he can give us a brief overview of the working of his company and the added value his company can bring to its customers. Most of the time we hear an explanation of its business model and the way his company positions itself in the market, backboned by the marketing psychologists, to create maximum shareholder value.

Seldom do we hear a CEO talking about his management model. Strange, moreover because the management model is one of the most important building blocks of a company and is present (sometimes invisible) in every company. However it is important that you distinguish this and recognize also the consequences which follow from your management model.

So what is it all about? A management model is about making decisions on how you manage your company. This management model consists out of 4 pillars:

Defining directions: The different methods in place in a company for senior management to decide upon the directions, goals and objectives the company should follow. This correlates to the timeline these directions are targeting.

Motivate personnel: This tells us how the company simply motivates its personnel. We differentiate between intrinsic motivators (coming from within the individual) like responsibilities, status, ... and extrinsic motivators (coming from outside) like salary, bonus,

Making decisions: Typically linked to the level of responsibility taken by the decision-makers. Is the decision maker taking full responsibility for his decision or is the responsibility shared among others.

Coordinate activities: Is coordination of activities done on a rather hierarchical level (boss almighty knows the answer and communicates this) or the wisdom of crowds (employees are involved and their knowledge is used).

The choices for each of these 4 dimensions determine your management model. But what is the impact now of these choices? Your choices should be correlated to the environment in which your company is active. For example if your company is facing losses and needs turnaround management, a crisis manager is contracted to resolve this situation. This Crisis manager (Chief Change Officer) manages by making short-term goals and objectives. Moreover, all decisions are in most cases taken by the crisis manager himself and focus will be on extrinsic motivators. By doing this your management model is adjusted and set into "survival" mode. If his actions were successful and the crisis has been resolved, the management model will be adjusted once again.

We can conclude that your management model is adjusted to the circumstances and environment which your company is facing. Just be aware that if the circumstances or environment do change, you need to change your management model too.

So never confuse your business model with your management model and acknowledge that these two models exist next to each other in your company.