

New Solutions to Classical Management Dilemma's

The Classical Dilemma's

You will recognize in your organization dilemma's like:

- Front-line workers need discretion to be responsive to customers, to innovate and to be entrepreneurial, but the firm is required to be in-control
- The customer value proposition needs to be innovated but at the same time breakthroughs are needed in efficiency
- Everybody in the organization feels that most of the value created by the firm and thus the value of the firm is based on intangible assets, human capital, organization capital and information capital, but the resource allocation process focuses on tangible assets and management accounting data only
- Everybody talks about team work, cross unit cooperation, and most are willing to do so. But most of these initiatives come to a grinding halt in debates over resources and responsibilities, before results are produced

What has changed?

The strongest driver of the present change is the declining costs of information:

- It has become possible to organize the information as a common resource in the organization, no longer hoarded by business units
- Processes now can be made financial linked to the budgets of the units
- Not only pragmatic information can be shared, but even more important, effect-information, that is about the cause-and-effect relation with respect to how to create value
- The unit-organization, which was based on high costs of information and communication, no longer is a primary element in business administration, but its structure will remain, be it that the deployment of resources is determined by processes
- Bower's bottom-up resource allocation process now can be replaced by a resource allocation process that allows for a balanced role of intangible assets, commensurate with its role in value creation

What are new solutions?

Solutions we dreamt of for so long, now have become operational and practical:

- Information-based empowerment of front-line workers now not only is consistent with the requirement to be in-control; it even has become a requisite to be in control
- Exploiting the various synergies as implied by intangible assets now is a planned and controlled activity, integrated in the standard control cycle
- Investments in ICT no longer are controlled by Total Cost of Ownership, but through complementary organization of intangible assets and ICT, investments in ICT create value
- The classical dilemma of exploitation versus exploration now can be elegantly solved through the deployment of data driven business experiments
- Firms now can be organized to be capable to absorb risk, by managing on leading parameters, using rolling forecasts and using modularity in products, services, processes and in organization design

To explore these and other new solutions: