7 tips from new-age management gurus

May the management concepts of yore rest in peace. As India Inc speeds into 2011, we present original articles from a select set of new-age management gurus — with cutting-edge ideas geared to our fast changing times:

1. **Design thinking: Why business leaders need to think like designers**

Design thinking is about applying the principles of design to solutions for business. The phrase came out of a conversation that Tim Brown, the CEO of IDEO and Roger L. Martin, a leading business strategist had in 2002 on the transformation of IDEO's business. IDEO started off as a design firm for high technology products, like the first commercial working mouse, but increasingly was moving into more abstract uses of design like designing customer experience or designing organisational structures.

Design has always been around in corporations but it has operated in silos. That's what they wanted break companies out of, by bring it into operations. Their approach is about teaching general managers to think like designers. And this can be used to solve any business problem — increase market share of a product or redesign compensation packages. General Electric today is very big on this.

Design thinking can become a huge competitive advantage for Indian companies so that they can sell not solely on cost arbitrage, but please the more sophisticated consumer with their design thinking rather than cheap prices. The world needs to move away from its dependence on analytical thinking.

2. **Inspirational leadership: Lead not govern**

The 21st Century began ten years ago, yet many business executives have not yet shed 20th Century leadership habits. Executives who continue to rely on outdated approaches should address a crucial question: Can I lead instead of govern? The two activities may sound similar but they differ in important ways.

Leaders motivate their employees, through rewards and punishments, to adhere to these rules and to achieve these objectives. When employees become more productive, we boost their salary or give them a bonus. When employees fall short of performance objectives or break the rules, we take away their bonus, freeze their salary or fire them. By relying on this operating system, leaders try to get behavior out of people.

Instead, leaders should inspire principled performance in their people. Leadership based on shared values and delivered through inspiration does not ask what we can and cannot do; instead, it asks what we should and should not do for the long-term good of our shareholders, employees, customers, communities and other stakeholders.

3. **Forecasting: Why it fails and what we can do to plan for change**

It seems like a long time ago in a galaxy far, far away. But in reality it was less than three years ago on this very planet. The entire world was booming, partly on the back of triple-A investment innovations devised by a master race of financial jedi. And then: crash, bang, global recession.

Suddenly it was all over. Triple-A turned into a euphemism for "subprime", which itself began to translate as "toxic". The banking jedi were cast out with no bonuses — many into bankruptcy, take-over or nationalisation. Welcome to the empire of the credit crunch.

It's a story as well known as Star Wars by now. But what is fascinating is one single neglected fact, namely that almost no one saw the financial crises coming: none of the experts, none of the academics, none of the politicians and certainly none of the banking CEOs. It's time for business experts and practitioners to come to terms with the fact that accurate forecasts simply aren't possible in their world. Business needs a whole new attitude towards the future.

4. **Decoding the mental habits of sucessful thinkers**

Does thinking matter to success in business? The successful would like to think so: without being able to explain their success as the outcome of their abilities, that success would amount to no more than a ticket in a lottery. Media would also like that to be the case — otherwise, the promulgation of business and organisational 'heroes' of all types would amount to no more than a 'culture of make-believe'.

Most of the humans who invest in the development of their own personal capital, put themselves through expensive training programs and try to figure out the 'laws of success' have an vested interest in the answer being a resounding 'yes'.

Yet, the search for individual performance measures that are predictive of success — the quest for 'successful intelligence' — has proved to be elusive for social and behavioural scientists of all types. IQ, EQ, MQ and any other Q you can think of — coupled with presumably stable and measurable personality traits like conscientiousness, extroversion and even neuroticism — can explain no more than 25-30% of the variance in outcomes.

5. **Peripheral vision: The vigilant organization**

In our interconnected world, organisations are increasingly employing networks to compete effectively. Whether it's utilising the reach of facebook's network to create grassroot support for a new initiative or leveraging the dynamic feedback from supply chain networks to inform better product marketing decisions, networks offer a fertile opportunity for creating competitive advantages.

One of these key competitive advantages is improving your organisation's 'peripheral vision' by using networks to sense and respond to changes in your strategic environment. The periphery — that 'fuzzy zone' at the edges of your organisation's focus — is where early signals of both threats and opportunities can first be sensed.

Successful peripheral vision - in monitoring other industries, remote markets, new research and tangential data — entails much more than sensing incipient change. It is also about knowing where to look for clues, how to interpret weak signals, and how to act when the signals are still ambiguous. Truly vigilant organisations are able to mind a broad periphery and mine the weak signals that emerge for relevance and meaning.

6. **Ensemble working: Lessons from the armed forces and the performing arts**

One of the challenges that face corporate leaders today is the tension that exists between strong leadership and the need for innovation within the workforce. There is a close connection between the motivation and self-respect that employees feel, and their willingness to speak up and offer creative suggestions that will make a company innovative and successful.

The more people are controlled, monitored, and told what to do, the less likely they are to display initiative, go the extra mile and have the courage to challenge poor decisions or suggest new ideas.

The trick that the elite groups in the arts and in the army are able to perform, is both to operate a disciplined hierarchy and to collaborate as empowered individuals of equal status, when required to invent an original solution to a problem.

When the creative work is done and a solution has been found, they are then able quickly to pick up their roles within the hierarchy and execute their collective plan; with all the discipline and efficiency that a well structured hierarchy can allow.

7. **Strategic creativity: Imagine the unseen**

Creativity is sometimes perceived as a fuzzy concept, applied to the use of specific techniques such as ideation, brain storming and so on. While process approaches to boosting organisational creativity can help open people up to new ideas, we have found these approaches to be limited in their ability to help leaders optimise the creative potential of people and organisations.

What leaders have to do is undergo a major change in mind-set regarding creativity, and for this they should seek answers not from consulting firms or business schools, but the world of art. Fostering creativity in organisations means recognising two different dimensions: the individual and the collective.

Firstly, at the individual level, leaders and employees need to be able to understand their own creative potential. Truly exploring personal creativity can reveal hidden treasures and open the door to a more grounded creative culture.

Secondly, collective creativity is determined by the way employees interact in order to find new solutions, to innovate and to solve problems. Both levels are not only tightly connected but also intertwined in the way that one kind of creativity needs the other one to fully harvest its potential.