CHAPTER 4

Management 2.0: Challenges and Implications

James A. Cunningham
J.E. Cairnes School of Business and Economics,
National University of Ireland, Galway

‘I must create a System or be enslaved by another Man’s
I will not Reason and Compare; my business is to Create.’

William Blake (1757–1827)

Introduction
In advertising the new Audi A6, Audi claim to have more patents filed for this model than that of NASA. The approach by music executives to invest in new talent for global markets changed when the Arctic Monkeys, a Yorkshire-based band, succeeded in the monetisation of their music and gained popularity by using social networking. Radiohead have gone even further by releasing one of their albums online. Their fans pay whatever price they feel it is worth. Even Google have launched a satellite channel, Current TV, which potentially could change the business model for the sources and production of TV programmes. Countries such as Macedonia are offering foreign direct investment (FDI) companies an array of financial incentives to locate in Skopje, which includes 0 per cent corporation tax for ten years and 10 per cent thereafter, 5 per cent personal income tax for five years and 10 per cent thereafter, and no value added tax (VAT) and customs duties for

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export production. Other countries like India and China are attempting to be attractive from manufacturing and research and development (R&D) perspectives simultaneously. The pace of change is relentless, not only within the industries and firms but also within societies. Ideas and business models that were considered unimaginable are now the norm in many industries. In addition, the new power players in international financial markets have enabled the growth of both hedge funds and private equity firms by providing greater liquidity. In particular, Asia’s central banks and oil-rich producers will have an even greater influence over international financial markets based on their growing capital size. In tandem with this development come the changes in governance structures. In this structurally changing context, the four key tasks of managers, that is, planning, leading, organising and controlling, seem unchanged and timeless at one level, but have become more sophisticated in daily organisational life. But do they remain the core tasks for managers in the 21st century? In this chapter, the managerial challenges and Management 2.0 are outlined; the implications for managers, business schools, society and government are discussed; and the Management 2.0 organisations are described.

Management 2.0: Managerial Challenges

The challenges that face managers are significant against a backdrop where employees and society are becoming increasingly sceptical about a range of issues and where personal intellectual property is being valued and monetized more through the advent of social networking. New organisational structures are emerging that ensure that organisations are using the concept of social networking to source ad hoc expertise to fulfil certain tasks for a period of time, which are transactional in their orientation. Collaborative innovation and entrepreneurship within and outside firms are becoming the norm. Consequently, aided by advances in Web technologies, an increasing number of people are working for a variety of companies, making the concept of the portfolio worker a reality for a growing percentage of the workers. The appeal of convergent markets and technologies is growing apace where, for example, food producers are collaborating with pharmaceutical companies in developing products that have health benefits and may be preventative in nature. New products being developed around convergent technologies in information and communications technology (ICT) and biomedical market arenas are potentially leading to changes in the current business models.
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for the delivery of health care to users, and this will potentially lead to more patient DIY diagnosis and monitoring. The pace of offshoring of activities to lower cost locations continues to be seen in only 1 per cent of companies strategically assessing the rationale for undertaking such an activity (Ghemawat 2007), leaving county multinational corporation managers dealing with a death watch challenge. Governments and policy makers are being challenged to provide supportive economic and societal conditions that enhance organisational and industrial competitiveness from exploitation (manufacturing) and exploration (R&D) perspectives. The demand for accessible public services is growing apace as citizens are becoming more vocal about deficits in service offerings. Even the whole notion of government being the architect and the provider of public services is coming under increasing scrutiny in different jurisdictions. The lines between activities that are good public activities are beginning to blur significantly for citizens, politicians and civil servants alike. Yet, irrespective of the context, there are four key managerial challenges – strategic challenge, continuous change challenge, temporal context challenge and trade-off challenge – that organisations and managers face in a changing economy. How they are addressed in the Management 2.0 context is outlined in Table 4.1.

Strategic Challenge

Given the changes in markets, industry and sectors, the single largest challenge for businesses is having real clarity about what their core business activity, value propositions and future orientation are. Simply put, it is the perennial question for any organisation: what businesses or activities are you in? Irrespective of the size, scale and reach of an organisation, having a collective managerial and organisational view of its purpose is essential to serving the customer’s perceptual and actual needs, attracts the best human talent and drives individual, team and organisational performance. It also encompasses developing and refining authentic value propositions that transcend organisational essence, purpose and strategy and is translated with competitive impact into the marketplace. Given the increasing disaggregating of value chains and evolving collaborative organisational structures, and customers being more informed and demanding, having real clarity about purpose is essential and it affords the management team the possibility to build a core organisational posture that is simultaneously strong and flexible. This enables the organisation to sustain itself through multiple forms of competitive challenges without losing its focus on achieving
core activity objectives. But even in a Management 2.0 context it goes deeper than just purpose – it is about defining the essence of the organisation.

In a Management 2.0 context this means that all individuals and stakeholders involved in an organisation have an understanding in clear and unambiguous terms of the essence, purpose and the strategy of the business. Moreover, individuals and stakeholders understand the purpose and

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**Table 4.1: Management 2.0 Managerial Challenges**

<table>
<thead>
<tr>
<th>Managerial Challenge</th>
<th>Management 2.0</th>
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<tbody>
<tr>
<td><strong>Strategic challenge</strong></td>
<td>• Communicating organisational essence, purpose and strategy clearly to all individuals.</td>
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<tr>
<td>• Clarity about essence, purpose, strategy and core business activities.</td>
<td>• Developing core organisational posture – secure and flexible.</td>
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<td>• Agile strategy process.</td>
<td>• Understanding of real value of strategy.</td>
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<td>• New governance structures.</td>
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<td><strong>Continuous change challenge</strong></td>
<td>• Identification of successful management and strategy practice bundles.</td>
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<tr>
<td>• Innovate or die.</td>
<td>• Experiential understanding of customers that is holistic in nature.</td>
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<tr>
<td>• Fit with customer expectations, stated purpose, strategy and defined value propositions.</td>
<td>• Futurology.</td>
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<tr>
<td>• Agile strategy process.</td>
<td>• Analysis of competitors’ CEOs, patterns of behaviour, actions and decision making.</td>
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<tr>
<td><strong>Temporal context challenge</strong></td>
<td>• Metaphors grounded in journeys rather than destinations.</td>
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<td>• Emotional connections with stakeholders.</td>
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<tr>
<td><strong>Trade-off challenge</strong></td>
<td>• Clear communication of boundaries of customer offering.</td>
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<td>• Customer offering.</td>
<td>• An achieving strategic role of board members.</td>
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<td>• Long- and short-term performance.</td>
<td>• Profit and CSR measures reporting.</td>
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<tr>
<td>• Risk and reward levels.</td>
<td>• Increased personalisation of performance with additional measures linked to overall guiding principles.</td>
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<td>• Manager and individual plays.</td>
<td>• Manager as performance coach/enabler.</td>
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their role in delivering the organisational strategy on a day-to-day basis, and that the risk and reward of achieving it is personalised for each employee, and this is attributable to value propositions. Organisational essence and purpose will become an important part of shaping organisational culture as organisations deploy more business models to support product and service offerings, which are aligned with the organisational strategy. Furthermore, from the core anchor of organisational essence, organisations can engage in collaborative innovation and entrepreneurship inside and outside the firm. In the case of Ryanair, all stakeholders, internal and external, have a clear and unambiguous understanding of its essence, purpose and strategy. Such clarity gives Ryanair a core organisational posture, affording them a flexibility of response to competitive challenges. Public sector entities dealing with the strategic challenge can even prove to be more challenging and potentially fruitless given the complexities and the interrelationship of activities. Nonetheless, it requires public sector entities to clearly state and communicate their organisational purpose and strategy. Take the example of the Health Service Executive (HSE); multiple views have emerged as to the essence, purpose and strategy of the HSE, simultaneously heightening expectations and discontent.

Secondly, dealing with the strategic challenge in a Management 2.0 context requires managers to understand and develop an agile strategy process (from crafting to implementation), which is enabled by a social process that rapidly converts creativity and entrepreneurship into actions that are aligned to purpose and uniqueness. Having a meaningful and active socialisation process around organisational strategy processes is essential in building a core organisational posture and moulding core organisational understanding of essence, purpose, strategy and key competitive challenges. An active and meaningful socialisation process connects with the inner life of employees (Amabile and Kramer 2007), reduces internal organisational filters and enhances managerial and organisational credibility. Traditionally, this social process may be confined within the organisation but in a Management 2.0 context it means developing a socialisation process that encompasses competitors, customers, research institutions, government bodies and other industries, using the principles of social networking. The process is collaborative at its core. Web 2.0 has the potential to provide the enabling tools to achieve elements of the socialisation processes external to the organisation, which serve the essence, purpose and strategy of the organisation. Such an agile strategy process allows for the deployment of business models.
that have commonality across core activity areas but are customised depending on the market or individual customer context.

Finally, dealing with the strategic challenges in a Management 2.0 environment requires that managers see, understand and buy into the real value of strategy, which can be difficult given the tactical and daily operational focus and the temporal nature of organisational life. The structural changes of the sources of capital and the shift in power to Asian central banks and oil-rich countries may force managers and organisations to think about organising their operations differently, to seek new forms of collaboration within and outside the firm and to develop more sophisticated governance structures.

**Continuous Change Challenge**

The continuous change challenge is all too familiar for managers and employees alike. Managerial and performance expectations are growing exponentially quarter on quarter, with many of the constraints that inhibit performance remaining constant. New formal and informal routines and processes are devised to deal with these performance expectations. The mantra ‘innovate or die’ is rolled out by managers and organisations as a means of coping with a continuous change challenge, but its effectiveness on organisational employees seems to lessen with time. The managerial expectation is that there is real sustainable fit between customers and organisational posited value propositions and the manner in which goods or services are delivered to consumers. In simple terms, why should anyone buy anything from your business now, in one year’s time, in five years’ time or in ten years’ time? Will their usage and purchasing patterns change? In essence, the real continuous change challenge is to ensure sustainable real ongoing alignment between stated business strategy, process, performance outcomes and learning. In simple terms, this is about achieving 100 per cent operational effectiveness on a consistent basis. Furthermore, the management system required to manage the exploration (research and development) part of an organisation differs from the exploitation (manufacturing) parts. Experience and learning curve effects come into play, but also the
The manager’s willingness to reflect on all types of performance. In international rugby, it is normal for individual players to get a DVD after each match capturing their positive and negative performances on the pitch. Coaches can then use these to improve the individual technical aspects of a player’s game which ultimately contributes to the overall team performance. How many managers can claim that they can identify bundles of management and strategy practices on daily or weekly basis that contribute to the success of their companies? Therefore, management system failures and successes need to be marked and really understood within the organisation so as to achieve operational effectiveness on a consistent basis, broadening the role of a manager to that of a coach.

Secondly, managers need to gain a real understanding of what it is that makes the firm offering unique and relevant to customers. This means that managers and organisations need to invest more time and resources in really understanding the customer. The reality is that customers do exaggerate their needs and preferences. In a Management 2.0 context, this means understanding the customers in a holistic way, not just in terms of the product or service that your company is selling. For managers, it means experiential immersion in understanding of customers through working and living with them for periods of time in different cultural and transactional contexts. Through this experiential approach, a manager can gain a greater insight into the authentic uniqueness and relevance of his or her company’s product and services and into whether his or her stated essence, purpose, strategy and value propositions connect with the customers and are meeting real market problems in different transactional and cultural contexts. In addition, managers see new opportunities where they could potentially begin to disaggregate their value chain and develop new streams from the existing activities. Such an experiential focus also allows the managers and the organisations to deal with or to develop strategies around horizontal innovation (see Miles et al. 2005).

The final element of dealing with continuous change challenge is devoting organisational time and effort to thinking conceptually about the future industry or market sector’s competitive and customer landscapes. This reflection should encompass gaining a deeper understanding of competitors, not in terms of product or service offering alone, but in terms of their management team, board and CEO. This is important as the more uncertain the environments become, the more probable that human beings, particularly top team managers, will repeat consistent management practice patterns of behaviour, actions and decision making.
Understanding these managerial patterns in competitor organisations affords a new level of understanding of both the competitive environment and the real capabilities of competitors from a short-, medium- and long-term perspective. In essence, it is developing this cool running effect that captures movements internally and externally, leading to mastery of organisational and competitive context, which can ultimately lead to market dominance.

Consequently, in a Management 2.0 context, understanding management and strategy practice bundles that intersect with strategic and operation practices, an experiential-based perspective of customers coupled with competitor analysis and an understanding of competitor managerial behaviour patterns, provides managers with an ability to cope effectively with the continuous change challenge at an organisational and individual level. This provides the organisation with clear quantification for the evolution of credible uniqueness and relevance in terms of each transaction with customers for their products or services through clearly stated value propositions. For some commentators, Google symbolises this ability to harness continuous and relentless change, which can then lead to an exponential growth in customer usage and demand.

**Temporal Context Challenge**

How often have we looked at old photographs and cringed to see the haircuts and the clothes, or, when new models of cars come into the market, do we see the old model in a different light. In other words, the context changes and so do our perceptions. The natural human focus tends to be on the short term, the here and now, and it is hard to envisage the future. For managers, the fusing of past, present and future in an accessible manner that creates an emotional connection with stakeholders in a temporal context is a significant challenge, particularly given the real scepticism that pervades society, organisations and employees.

To cope with this challenge, the Management 2.0 context fuses the past, present and future by focusing on the metaphors and language that are used to describe the organisational essence and purpose. Due to increased individual uncertainty, the human focus is on the present, a situation that is heightened by the growing fragmentation of society. Therefore, focusing in a metaphorical sense on journeys rather than places appeals to the temporal human focus. Grounding metaphors in journeys not only provides flexibility in terms of actions and approaches, but also provides interesting challenges for the organisation and individuals. This approach does not negate the fact that quantitative measures
are essential, but the metaphor of the journey draws the individual focus and attention to real open-ended challenges and further opportunities. Therefore, reaching the profit and sales targets will not hold people’s long-term attention or provide a real long-term challenge. The development of overarching organisational strategy scripts, grounded in essence and purpose, that encompass the temporality of all stakeholders is one means of overcoming this temporal context challenge. Doing so should create a common sustainable understanding of organisational essence and purpose. For Vodafone it is ‘How are you?’, for Tesco it is ‘Every little helps’ and for Coca-Cola it is ‘Making every drop count’. Moreover, the language and metaphorical linkage between stated essence purpose, strategy, value propositions and lived daily reality for employees is critical in dealing with temporal context challenge. Take, for example, Toyota, one the world’s most successful car manufacturers. Toyota’s organisational strategy script is ‘The best built cars in the world’ and its organisational purpose is based on quality (the Toyota Way), which is a journey that is simple, emotional and clear. Katsuaki Watanabe, CEO of Toyota, puts it succinctly: ‘The Toyota Way has been and will continue to be the standard for everyone who works for Toyota all over the world. Our guiding principles define Toyota’s mission and values, but the Toyota Way defines how we work. To me, it’s like the air we breathe’ (2007: 80). Using quality as a key metric for being number one is less temporal than sales or market share. This simplicity of approach to quality means it transcends all organisational levels. It manifests itself at operational and production level where workers can pull the andon cord to stop production. In doing so, the rhetoric from the CEO has not only organisational-wide reality but also market-wide reality. It creates a compelling common mindshare that has impact beyond the organisational boundary. It is best summed up by Watanabe:

I don’t know how many years it’s going to take us, but I want Toyota to come up with the dream car – a vehicle that makes the air cleaner than it is, a vehicle that cannot injure people, a vehicle that prevents accidents from happening, a vehicle that can make people healthier the longer they drive it, a vehicle that can excite, entertain, and evoke the emotions of its occupants, a vehicle than can drive around the world on just one tank of gas. That’s what I dream about. (2007: 82)

Choosing a compelling and authentic journey-based metaphor for your context that takes into account stakeholder mindshare really challenges CEOs and managers to define the essence and purpose of the business.
Increasing analytical focus and scrutiny is centred on the appropriate business model that organisations need to adopt to be sustainable over a lengthy period of time. Volatility in the financial markets in the latter quarter of 2007 and first two quarters of 2008 highlights that growth and organisational performance at all costs can have implications for the manner in which industries, organisations and individual managers approach the trade-off challenge. Managers face a number of trade-off challenges.

The first challenge is with their customers with respect to the products or services they are willing to place in the market using online and offline transactional and distribution channels with varying price points. The main challenges in deciding what way to serve the strategic customer typically are internal, depending on the political strength of managers and departments. For many managers, their strategic customer is the next managerial grade or a competing department or strategic business unit and not the end buyer of the product or service. In a Management 2.0 context, the boundaries are clearly laid in terms of dealing with the customer trade-off challenge, as is the case currently with Ryanair customers who know exactly what they will get and expect when travelling with this airline. Managers functioning within the Management 2.0 model need to set clear service and product expectation levels with customers. In a public sector environment, having such clarity about what services will and will not be provided will become essential in setting customer expectations. Take the announcement in January 2008 by Gordon Brown, prime minister of the UK, of a more personalised National Health Service (NHS) for end users, based on choice. This evolution in purpose will challenge existing structures and management systems within the NHS and clearly shows to citizens where the user trade-offs will exist.

The second trade-off challenge is with stakeholders in terms of short- and long-term growth prospects and the leveraging of capabilities to deliver quarter-on-quarter growth in profitability and net margins. Some studies have shown that, at board level, directors abdicate their strategy obligations, bringing into question the real efficiency of capital markets (see McNulty and Pettigrew 1999). In dealing with this trade-off in a Management 2.0 context, the long-term performance orientation will ultimately matter more from a risk and investor perspective. The fundamental structural changes in international capital markets may further change this investor perspective. Moreover, long-term performance will also encompass many aspects of corporate social responsibility (CSR)
and involve collaborative innovation and entrepreneurship for non-economic purposes. Critical to this will be the role of directors and non-executive directors in determining the essence, purpose and strategy agenda for the company. Abdication of this responsibility will no longer be a tenable position to take for corporate boards. Furthermore, in a Management 2.0 context, companies’ activity measuring will include various aspects of CSR performance data. Such data will be reported and validated more comprehensively and authenticated independently in the same manner as financial data, and CSR performance will coalesce with the existing performance measures and in time could even be individualised per employee.

The third trade-off challenge is with employees, particularly at the risk and reward levels. A symptom of the realignment of this trade-off is the changes in private pension schemes for newly appointed workers in many companies, which fundamentally impact, in psychological terms, the employee and employer contract. In a Management 2.0 context, increased risk-taking is divested to individual managers in terms of the configuration of resources to achieve required performances, with a greater sharing of the rewards. Nevertheless, the risk and the reward levels will become even more personalised and include more measures to ensure that managers will operate towards a number of simple principles. This means reorienting existing performance management systems from activity management systems to real and meaningful performance management systems that underpin organisational management systems.

This brings us to the final trade-off challenge: the manager versus the individual. At its basic level, everyone in an organisation is competing with each other for varying outcomes and recognition. Such competition is desirable to ensure organisational performance and that the best skills and talents of individuals are used to maximum effect. In a Management 2.0 context, harnessing the collective team effort over the individual manager is the real trade-off challenge. For managers, it will mean providing real clarity of essence and purpose, which encompasses such activities as quantification of effort, the visualisation of tasks and objectives and the use of metaphors to describe a journey rather than a destination. Consequently, in practical terms, the role of the manager evolves into that of a coach, like in competitive team sports, who takes a holistic perspective of the employee, organisational management systems, competitive conditions, etc, which require the management and coaching of exceptional individual performance in a team-orientated context. In doing so, the focus will be on team performance and increased levels of
consistent individual performance, but managing the inner life of employees will become more common in companies. An extension of this coaching role is for managers to create an organisational enabling platform for employees to develop in an individual and collective way.

**From Doing to Enabling: Creativity and Socialisation**

In dealing with the four challenges in a Management 2.0 context, the role of the manager extends beyond the planning, leading, organising and controlling functions, which are core to the management function, to becoming that of an enabler rather than a doer. The metaphor of a coach encapsulates this enabling capacity that 2.0 managers need to develop. This enabling capability focuses on individuals and processes, and builds on the four functions of management that supports the organisational management systems. Enabling at a team or individual level means that the manager is focused on ensuring the best dynamic between essence, purpose, strategy, people, processes and performance outcomes. This dynamic within organisational management systems is constantly being retuned to gain higher organisational performances. Moving from doing to enabling requires 2.0 management teams to build an organisational enabling platform on two capabilities – creativity and socialisation (see Figure 4.1).

![Figure 4.1: Management 2.0 Managers – From Doing to Enabling](image-url)
Management 2.0: Challenges and Implications

The creativity focus is on ensuring consistent optimisation of the dynamic between essence, purpose, strategy, people, processes and outcomes, and socialisation facilitates this optimisation within and outside the organisation. In simple terms, this may mean reinforcing the core essence, purpose, strategy and value propositions of the business among employees and communicating clearly how this relates to their personal activities. In practical terms it means 2.0 managers creating organisational space for the expression of individual creativity that is focused on the organisation core essence and purpose. Creating this creativity space may mean, for example, allocating a percentage of employees time towards personal projects or holding innovation days where employees put forward new ideas on a range of organisational activities. This personal creativity should also extend to the execution of the ideas. Therefore the enabling (coaching and facilitation) capabilities of 2.0 managers are essential in building and harnessing personal creativity within the firm.

Socialisation capabilities are essential to 2.0 managers irrespective of the context, be it in the boardroom, with senior managers, subordinates or internal and external customers. The socialisation process broadens the managerial capability, but also means that managers become carriers of management and strategy practices within organisational management systems. This enabling capability of 2.0 managers means that they can be potentially deployed in any part of the business. In addition, further honing of their creativity and socialisation capacities means they can create organisational core postures that are both secure and flexible within the organisational management system, irrespective of organisational context. It is akin to uprooting a tree in one part of the garden and planting it in another part of the garden, knowing it will grow and flourish in addition to enhancing its surroundings. These 2.0 managers are strategy and management practice carriers within the organisational management system as they bring with them practice bundles that deliver and enhance individual and team performance, innovation and creativity activities. The building of organisational platforms based on creativity and socialisation and the enabling roles of managers affords strong connectivity between the hands and minds of the organisation (Mintzberg 1987). In doing so, this unleashes the personal innovative capacity and entrepreneurial behaviours of individuals for exploration (R&D) and exploitation purposes. Having a management team that is creative, flexible, thinks differently and is willing to experiment with partners inside and outside the firm will become an integral element of organisational competitiveness and provide a context for management teams to excel.
In order to enable, 2.0 managers need to have mastery of detail, a point that Mintzberg raises in his article ‘Crafting Strategy’, published in the *Harvard Business Review* (1987). This mastery of detail is required in real depth from a personal, managerial and organisational perspective. How many managers have this real mastery of detail in their own contexts? In some respects this seems impossible, given the complexity of organisational life. Yet organisations are awash with enablers like customer relationship management systems. Mastery of detail minimises risk, gives greater clarity to decision making and ultimately provides managers and organisations with a posture that is strong and flexible. It is akin to a student going into an exam with little preparation competing against students who have studied for the exam. Managers need mastery of detail to make well-informed decisions and this detail is not just confined to the organisation itself but to the competitive context, customer base and to society. It also requires an ability to synthesise complexity to a high level that customers, competitors, employees and other stakeholders can really understand and relate to, which signifies authentic uniqueness through clearly articulated value propositions. This also requires simplicity of thought and perspective in framing decision making and action around the transaction between company and customer, and by asking the simple question: why should anyone buy anything from you? It also means reaching a commonality of understanding of organisational essence and purpose around core activities, using a metaphorical language of journey that engages stakeholders.

**Implications for Managers, Business Schools, Society and Government**

The evolution into Management 2.0, against a backdrop of overarching structural changes in the character of organisations, management systems and global capital markets, and rapid advances in science, has implications for managers, for business schools, for society and for government.

**Implications for Managers**

For 2.0 managers of the 21st century the legacy effect of decades of management thought is a significant and yet stifling burden to bear, given the real individual and organisational uncertainties that need to be faced. In facing up to these challenges and uncertainties, the first requirement that 2.0 managers need is that they know themselves. Given the
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increasing levels of organisational ‘noise’, managers have less time to reflect on getting to know their real strengths and weaknesses. Experientially, this means exceptional managers not only develop strengths and deal with their deficits but also attempt to gain fit between individual capability and appropriate context. Therefore, having honest, impartial assessment of their individual capabilities is essential for 2.0 managers and having a personal social network outside an organisational setting will become even more essential for managers as they reflect honestly on their individual capabilities. The competitive context that 2.0 managers find themselves working in requires greater periods of personal reflection and renewal. Increasing managerial intensity means that these periods are rare but essential if 2.0 managers are to enhance their sphere of influence. Such personal reflection and renewal as an ongoing process may focus on personal essence and purpose, and/or enabling capabilities.

The most significant implication of Management 2.0 for managers relates to their ability to learn and experiment. Managers and organisations can become more conservative in their approach and perspective as time goes on. The ability to learn and to be open to new ideas internally and externally will be an essential characteristic of 2.0 managers, and this is linked to personal reflection, renewal and self-awareness. Coupled with learning is the ability of 2.0 managers to experiment within their context on multiple fronts, be it with processes, product and services offerings, reporting relationships, recruitment of staff, etc. Experimentation and flexibility in a Management 2.0 context is essential to the development and refinement of difference, and is linked to unique value propositions.

Coupled with learning and experiment implications of Management 2.0 is the change in managerial mindset and conceptualisation of organisations and competitive contexts. This will be driven to some extent by the current convergence trends in technology and markets but also by 2.0 managers totally reconceptualising the competitive arenas grounded in organisational essence and purpose. For example, Coca-Cola has totally redefined conceptualisation of the beverage marketplace and Tesco’s conceptualisation of competitive arenas is built around increasing customer loyalty. This also means reconceptualising the organisational management system, the psychological contract with employees and how organisational market dominance can be ultimately achieved. In summary, the new managerial priorities are centred on personal renewal and reflection, learning and experimentation, and reconceptualisation of competitive arenas grounded in organisational essence and purpose.
Implications for Business Schools

Management 2.0 provides business schools with some significant challenges and opportunities, which will have a knock-on effect on their roles and missions. One of the key challenges for business schools is how to adequately prepare pre-experience students to become potential managers of the future. Is exposure to all aspects of business an essential prerequisite? Should it be more experiential? Should it be different? The answer is ‘yes’ to all of these questions. Future 2.0 managers should have an understanding of business in all its aspects and this should be enhanced in terms of exposure to management practice and maybe not in the traditional sense of work placement. So, for example, students may get the opportunity to shadow operational managers, business unit managers, CEOs, board directors and entrepreneurs for periods of time. Such teaching approaches around the Lego as Serious Play (LSP) programme may become the norm for pre- and post-experience student cohorts to develop coaching, creativity and socialisation skills and capabilities. In addition, it should be different in the sense that the curriculum should encompass such subjects as philosophy, sociology, business history, biomedical technology, etc. It may seem ‘hardly revolutionary’, but if all of these aspects – business subjects, experiential management practice and other discipline subjects – are fused into a three- or four-year broad undergraduate business degree, this could provide a more meaningful preparatory ground for 2.0 managers of the future and provide them with the capacity to consistently enable, reflect and renew. For this to occur, it takes courage and leadership within business schools, a real understanding of the knowledge, skills and values that 2.0 managers require in different industries and organisational settings, and investment in resources and support from companies and practising managers.

For post-experience students, Management 2.0 will see new approaches used to support managers at different levels in varying contexts. There is no doubt that the MBA will remain as the flagship programme for business schools, but it will evolve further in terms of content, pedagogical approach and in delivery. New programmes will be developed for the post-MBA market that support and enhance managerial performance. The post-MBA product offerings could range from short executive courses, doctor of business administration (DBA) programmes or ongoing mentoring and coaching offerings. In many ways such offerings in this market space will attempt to elongate the ‘MBA experience’ of mobility, knowledge acquisition, openness, support and purpose.
The engagement models of business schools are fundamentally challenged by structural changes and by Management 2.0. Business schools, if institutionally integrated and managed appropriately, can enhance institutional reputations, assist institutional commercialisation and technology transfer agendas and play an active role in regional and national competitiveness. The challenge for business schools is to find new engagement models beyond the status quo. This might mean creating an environment or intellectual space within business schools where the confluence of ideas are shared among organisations, practising managers, academics and students across a range of discipline areas.

The challenges faced by 2.0 managers have implications for academics, which will bring into question the credibility, relevance and value of academics to management practice. Approaching the last quarter of 2007, the debate about academic rigour and management relevance continued with a special section on art and design in management education in the *Academy of Management Learning and Education* journal and an editors’ forum on research with relevance to practice in the *Academy of Management*. Therefore, the task for academics is to appreciate that their contributions to practice are essential and are needed by organisations. The challenge for the academic is to experiment with new distribution mechanisms that are oriented to practising managers. The professional and academic attainment of human capital within business faculties will become important to meaningfully fusing theory and practice.

The danger, as Bennis and O’Toole (2005) highlight, is that what we may have in time is a concentration of academics in business schools who have no substantive managerial experience and that these academics will be responsible for designing, developing and delivering management programmes, in addition to carrying out research on organisations and managers. In addition, this has implications for the recruiting focus of business academics and the manner and the type of rewards for business faculties. More fundamentally, the process and the manner in which doctoral students complete their studies comes into question. The traditional dissertation model requires, depending on the methodological approach, only minor contact with management practice relative to the overall work effort required to complete a doctoral dissertation. New doctoral models for pre-experience candidates may mean the fusing of traditional doctoral models with the DBA designed model for practising managers. Such an approach would have implications for the advancement of theory and practice and the manner in which such advances are communicated to practising managers. In essence, it means that the
academic and manager move beyond mutual misapprehension and see the value of each perspective to enhancing managerial, employee and organisational performance. This requires collaboration, courage, imagination and willingness to take action in terms of experimenting with new engagement models that truly bridge the theory-practice divide and are mutually beneficial.

Implications for Society
The benefits to society of adopting Management 2.0 will be felt at individual, community and national level. For individuals, it may lead to greater fulfilment, increased levels of ambition, purpose and passion, which can pervade personal lives, family units and communities. Given that creativity is at the heart of Management 2.0, benefits to society could flow in terms of living and community space design, advancements in the delivery of public services and ultimately in the products and services and the manner in which society consumes. In addition, measures with respect to business performance around CSR will be measurable and reported in tandem with profitability, enhancing the value attributed to managers and business within the society.

As society becomes more aware of the nuances of the knowledge economy, the perceptions about the role of management and managers will change. Communities and societies will be focusing on the inventory managerial talent within their region or country, and this will be an issue as important as justice, health and environmental issues. Investing and developing this inventory of managerial talent will become a key conditional factor in attracting and sustaining economic development regionally and nationally. This inventory of managerial talent in time could not be predominantly indigenous and this could have broader societal issues. In time, these managerial talents may be leveraged further for non-economic purposes but in the community across a range of activities and organisations.

Implications for Government
If a government is pursuing, like the Irish government, a knowledge-based economy agenda, then significant ongoing investment in management education is an absolute necessity at secondary and tertiary levels. In addition, further investment at primary level is required so that basic skills, knowledge and socialisation skills are embedded in formative years. Furthermore, it means that governments develop and implement specific policies designed to stimulate world class excellence in
management education and research, which is essential to supporting the knowledge-based economy. In an Irish context, this means further investment in human capital in business schools in Ireland, increased levels of multi-disciplinary research and deeper collaborations within and between business and academia. To become a technology-making country in a knowledge-based economy requires significant ongoing investment in management capability alongside investments in science, technology and innovation.

Management 2.0 challenges policy makers to incentivise and support organisational exploration and exploitation capabilities of companies and their associated management systems. The exploration incentivisation is built on developing true world class research capabilities within public research institutions through investment but also incentivising the collaboration between companies and research organizations, not only from a funding perspective but also from tax, IP and legal perspectives. It also means supporting, in terms of policy, the development and nurturing of management systems within organisations for both exploration (R&D) and exploitation purposes. This requires policy makers to take risks.

Management 2.0: Approaches and Organisations

The organisational structures that we are accustomed to now will dissipate slowly with time, in addition to the way that organisations and managers view markets, industries and competition. The nucleus of the Management 2.0 approach is based on collaboration and cooperation through the building of external and internal communities. With increased levels of societal and organisational complexity and growing demand for personalisation of product and service offerings, the reality will be that no one firm will be able to deal with these increasing challenges on their own. Therefore collaboration, new organisational collaborative forms and communities are core elements of any Management 2.0 context.

Miles et al. (2005), in their book Collaborative Entrepreneurship, provide an insight into how organisations will be structured around collaborative communities, thereby being continuously innovative and responsible to horizontal innovation threats for economic gain. A contemporary example that provides some first tangible signs of this new collaborative organisational form is IBM’s building of Blade (<http://www.blade.org>). Building on the ideas of Miles et al. (2005), organisational paradigms in a Management 2.0 context will centre around collaboration and cooperation within and between firms and industries.
Consequently, firms will experience even more intense inter-organisational activities with competitors or with new stakeholders in collaborative arenas. These collaborative organisational forms may be formed naturally, given the commonalities that competitors see in addressing market problems and the realisation that it may be impossible for one firm to achieve this and technology market making on its own. More importantly, these collaborative environments endow architects of them with significant advantages. First, through collaborative organisational forms the best human talent is being deployed for common exploitation by all participants and members for economic and non-economic gain. Second, it potentially hollows out direct competitors through participation in these new collaborative organisational forms. Third, it provides customers with more advanced and personalised offerings, aligned with individual firm efforts around uniqueness and differentiation. Fourth, it means that firms have the capability through participation in these collaborative organisational forms to deal with any competitive and market eventualities. Fifth, it reduces the individual organisation’s risks taken in pursuing exploration activities. Sixth, it also provides companies with the ability to plug any product offering gaps they possess. Last, it provides firms with the capabilities of intellectual exploration and exploitation.

It is likely that firms will be involved in multiple collaborative organisational forms in different regions of the world and for different purposes. The communities that are built around these collaborative organisational forms are drawn from competing organisations, out of industry players and knowledge creators (private research organisations, universities, etc.). These communities would be akin to communities that software companies like Microsoft, Linux and IBM build to ensure the proliferation and development of their software offerings. These communities are focused simultaneously on the exploration and exploitation of knowledge for both the collaborative organisational forms and the individual companies’ competitive ends. Irrespective of collaborative organisational forms, the ownership of IP and knowledge would remain with the originator, but would be pooled on a commercial basis for exploitation purposes. Such collaborative organisational forms reduce risks for all parties involved, while providing a platform for increased levels of experimentation and learning for all participants with economic gain orientation. Moreover, these collaborative organisational forms will provide both a structured and a flexible environment where learning can take place with respect to successful management and strategy
practices that allow companies to cross-pollinate management and strategy practices within the collaborative organisational form and their own company for exploration and exploitative purposes.

This is where the enabling capabilities of 2.0 managers become vital in building up the external and the internal communities around collaborative innovation and entrepreneurship. In time, the competition for market capital could be between different collaborative organisational forms based on their collective exploratory innovative capacities and individual organisational exploitative capabilities. The orientation of the flow of capital could switch focus towards these collaborative organisational forms and would lessen the capital available at firm level as these collaborative organisational forms generate and raise capital.

So what would organisational life be like in Management 2.0 companies? One of the single most significant features of Management 2.0 organisational life is increasing levels of organisational flexibility and the unleashing of individual creativity – particularly in the deploying of all resources, decision making, reporting relationships and organisational structures. Management 2.0 organisations have the capability to quickly change the configuration of its human talent and allied reporting relationship and structures. Also, in time, the perceived importance of internal communities supersedes that of departments or business units; however, increased flexibility allows that skilled and specialised human talent can be easily deployed and leveraged to meet collaborative organisational community requirements or for firm exploitative (near market) purposes. The potential reality for employees is that their specialised skills can be deployed in several organisational forms within and outside the firm or for the rollout of different business models in any given year. At the heart of these communities is learning and experimentation, and such flexibility is achievable given the commonality of understanding of organisational purpose, the enabling capacity of 2.0 managers and employees, and learning capacity of employees that allow them to be management and strategy practice carriers between organisational and collaborative community management systems. Also, multiple forms of innovation become a daily reality for companies and 2.0 managers with lead user innovation. This is where companies work with a group of customers for new product development purposes, and open source innovation approaches become company-wide as the focus is on deepening the difference of individual firms (Figure 4.2).

In terms of creativity, in Management 2.0 organisations the personal creativity and entrepreneurship – opportunity recognition – of individuals
is released and utilised for company and collaborative organisational form purposes. This unleashing of personal creativity and entrepreneurship will have implications for the innovative capacity of firms in terms of exploration and exploitation. Such a leveraging of this creativity has endless possibilities for individuals, companies and society. Consequently, 2.0 managers’ focus will be on developing this individual capability as well as their collaborative skills. Releasing personal creativity and entrepreneurship and generating more perceived and actual flexibility are essential for sustaining the company and collaborative form competitiveness. Furthermore, for Management 2.0 organisations to maintain sustainable competitiveness, 2.0 managers must have management capabilities for intellectual exploration and exploitation.

In Management 2.0 organisations the reconceptualisation of control means that it is embedded in the essence and purpose of the organisation and is reinforced to all stakeholders in guiding principles, providing a core organisational posture that enables overall organisational flexibility in coping with competitive conditions. Consequently, the organisational culture and value systems of individual organisations are aligned with the collaborative organisational forms, reinforcing the integrity of the company and the collaborative organisational forms. Managing the inner life of employees and individualised performance management systems will become the important tools in maintaining flexibility and control.
Management 2.0: Challenges and Implications

Therefore, Management 2.0 organisations are able to assess real-time individual and collective performance, and the individual employees experience more coaching from internal managers, mentors and from those who are members of the collaborative organisational forms. Employees’ time will be devoted to working on internal projects and participation in these new collaborative organisational forms. Furthermore, 2.0 managers will manage a number of external contractors under crowdsourcing arrangements to deliver on non-core activities for the individual firms and for collaborative organisational forms.

In summary, Management 2.0 organisations are built on three key tenets: first, the development of effective management systems for exploration and exploitation purposes; second, the unleashing of the personal creativity, innovation and entrepreneurship of each individual in the organisation, thereby changing the psychological contract; and third, the creation of a stimulating, fun, challenging and meaningful work environment.

Concluding Thoughts

In the year 2025, the way you live your life will be different. You will only receive news that you are interested in, and your e-mails will probably come on a convergence communications device that also monitors your health and well-being. You will be managing portfolio workers under crowdsourcing organisational structures. You will have a second life which will be providing you with additional income. The old adage, that the only constant in business life is competition, will still apply as organisations will see an increase in the disaggregation of business models, the introduction of new market segments and an increased emphasis on the importance of the managers at all levels to ensure organisational strategies are achieved. A new business lexicon will be in vogue to describe competitors, competitiveness, performance and management life. The socialisation process required to ensure 2.0 managers can maintain constant organisational performance will have to become even more personalised and sophisticated in terms of both hard and soft skills at the early stages of their careers.

Unleashing personal creativity and entrepreneurship capacity at levels that organisations have not experienced to date, whereby intellectual managerial and coaching skills of managers are aligned with organisational essence and purpose, requires the real expansion of the characteristics of 2.0 managers to encompass being entrepreneurs, innovators, strategists and leaders (see Figure 4.3). I believe that this combination of...
Irish Management 2.0

Figure 4.3: 2.0 Managers – From Doing to Enabling

2.0 Managers: Strategists

Enabling and Socialisation focused on Unleashing Personal Innovation Capacity

Leadership: Strategy and Management Practice Bundles

Collaborative Organisational Forms

Exploration: Entrepreneur Opportunity Recognition

Exploitation: Innovator Idea Generation & Execution
embedded characteristics, behaviours and capabilities are at the core of being a 2.0 manager. Such managers must be strategists who channel personal creativity and entrepreneurship to find sources of difference and maintain threshold competitiveness. For intellectual property exploration, 2.0 managers will adopt the characteristics and behaviours of entrepreneurs seeking new opportunities and learning, in terms of practice, products and processes based on a real understanding of the market, customers and organisational capabilities. In terms of market and technology exploitation of intellectual property, 2.0 managers will adopt the capabilities and behaviours of innovators for technology-making purposes. Furthermore, 2.0 managers will need to demonstrate leadership capabilities for intellectual exploration and exploitation purposes.

From my perspective, Irish managers are well placed to deal with the challenges described. However this requires increased levels of investment by multiple stakeholders to ensure the development of the breadth and depth of managerial talent and practice that allows indigenous Irish companies to grow and to ensure that large FDI companies deal effectively with the challenge of activities relocating to low-cost countries. This requires a targeted focus in academic and organisational contexts over and above the existing efforts. The real danger for Ireland is that the services side of the Irish economy will dissipate because of the lack of breadth and depth of managerial talent used to leverage investment in science, technology and engineering for home and international markets. Overall, the Irish economy management system development has been orientated towards exploitation whereas the management system to support exploration is in its infancy. Nevertheless, I believe there are two core capabilities and priority areas that 2.0 managers and firms need – creativity and socialisation – and Irish managers have these in abundance. This is evidenced in multinational company (MNC) environments where Irish management teams continue to punch above their weight against international peer groups in terms of achieving enhanced mandates for Irish operations. This creativity is seen again more broadly in increased levels of entrepreneurship throughout the Irish economy. Furthermore, Irish managers’ socialisation skills are distinctive and sought after. Irish managers can and do deliver organisational performance and prove this daily in home and international firms and markets.

Looking forward, a real challenge for Irish society is to develop coherent national and local policy responses to specifically support the nurturing and development of Irish management talent and management systems. In other countries, being ordinary is about being ambitious;
having ambitions for your company and country is the norm. As President Sarkozy of France notes in his book *Testimony*:

I have been convinced since I was very young that you have to make your own future – otherwise you’re condemned to accept whatever comes you way. It’s no secret that I don’t miss childhood. I was impatient to become an adult and to become free. This desire for independence made me determined to live the present with the energy of someone who knows that the promise of the future does not come automatically. (2007: xxvii)

There is no reason why Irish companies, management teams and employees cannot achieve global ambitions and business success. There is no reason why international business journalists, commentators, international think tanks, policy makers and academics will not look at Irish managers in the same light as the Japanese or the American managers and as exemplars of Management 2.0. There is no reason not to see more Irish companies being quoted on Dow Jones, NASDAQ or FTSE 100. There is no reason why Irish managers cannot take the lead in developing Management 2.0 organisations and managers. The Management 2.0 challenges, approaches and collaborative organisational forms and the enabling capabilities required of managers positionally and naturally favour Irish management. From an economic perspective, in the last decade Ireland has made the transition to economic adulthood. To sustain this momentum in a changing economic climate, Irish firms need to continue to be competitive, professionally managed and global. The real question and test for Irish managers, both individually and collectively, is how ambitious, passionate, willing and persistent they are in embracing Management 2.0 and new management paradigms. How willing are they to experiment and build collaborative organisational forms? How willing are policy makers and business schools to take risks and support a new generation of Irish managerial talent? How willing are Irish managers to unleash the personal creative and entrepreneurship capacity within their firms? How willing are Irish managers to experiment with and develop their own management systems for exploration and exploitation purposes for technology and market making on a global stage? As Mohammad Ali once said, ‘Impossible is nothing.’

**References**

Management 2.0: Challenges and Implications


**Further Reading**


SECTION II

CASE STUDIES