

# Modern Management in the 21<sup>st</sup> Century



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# Highest-Paid CEOs

Company	Executive Name	Annual Salary	Annual Incentives	Stock Option Grants	Restricted Stock Grants	Performance Awards	▲ Total Direct Compensation	More Info
Apple	Cook, Timothy D. *	\$0.90	\$0.90	-	\$376.18	-	\$377.98	<a href="#">i</a>
Oracle	Ellison, Lawrence J.	\$0.00	\$13.34	\$62.67	-	-	\$76.01	<a href="#">i</a>
CBS	Moonves, Leslie	\$3.50	\$30.00	\$27.32	\$4.25	\$4.25	\$69.32	<a href="#">i</a>
JCPenney	Johnson, Ronald B. *	\$0.38	\$0.24	-	\$52.66	-	\$53.27	<a href="#">i</a>
Motorola Mobility Holdings	Jha, Sanjay K	\$1.19	\$1.78	\$34.19	\$9.43	-	\$46.59	<a href="#">i</a>
Citigroup	Pandit, Vikram S.	\$1.67	\$9.33	\$7.84	-	\$24.15	\$42.99	<a href="#">i</a>
Viacom	Dauman, Philippe P.	\$3.50	\$20.00	\$6.00	-	\$13.32	\$42.82	<a href="#">i</a>
Motorola Solutions	Brown, Gregory Q.	\$1.20	\$4.10	\$15.10	\$8.67	\$3.00	\$32.07	<a href="#">i</a>
Disney (Walt)	Iger, Robert A.	\$2.00	\$15.50	\$4.80	-	\$8.10	\$30.40	<a href="#">i</a>
Ford Motor	Mulally, Alan	\$2.00	\$5.46	\$7.50	-	\$13.93	\$28.89	<a href="#">i</a>
McKesson	Hammergren, John H.	\$1.66	\$4.65	\$7.37	-	\$14.89	\$28.57	<a href="#">i</a>
Time Warner	Bewkes, Jeffrey L.	\$2.00	\$13.50	\$3.96	\$2.70	\$3.43	\$25.59	<a href="#">i</a>
News Corp.	Murdoch, K. Rupert	\$8.10	\$12.50	-	-	\$4.48	\$25.08	<a href="#">i</a>
ExxonMobil	Tillerson, Rex W.	\$2.39	\$4.37	-	\$17.89	-	\$24.65	<a href="#">i</a>
IBM	Palmisano, Samuel J.	\$1.80	\$6.50	-	-	\$14.31	\$22.61	<a href="#">i</a>
Verizon	McAdam, Lowell C. *	\$1.40	\$2.36	-	\$6.50	\$12.25	\$22.51	<a href="#">i</a>
United Technologies	Chenevert, Louis	\$1.68	\$4.50	\$7.06	-	\$7.93	\$21.18	<a href="#">i</a>
Qualcomm	Jacobs, Paul E.	\$1.15	\$5.51	-	\$6.86	\$7.46	\$20.98	<a href="#">i</a>

# Modern Management

- Modern Management is for multidisciplinary team leaders, program coordinators and managers across the continuum of services. It provides a solid introduction to contemporary management concepts, functions and behaviors, and a broad base for further career and leadership development.

# The Management Task

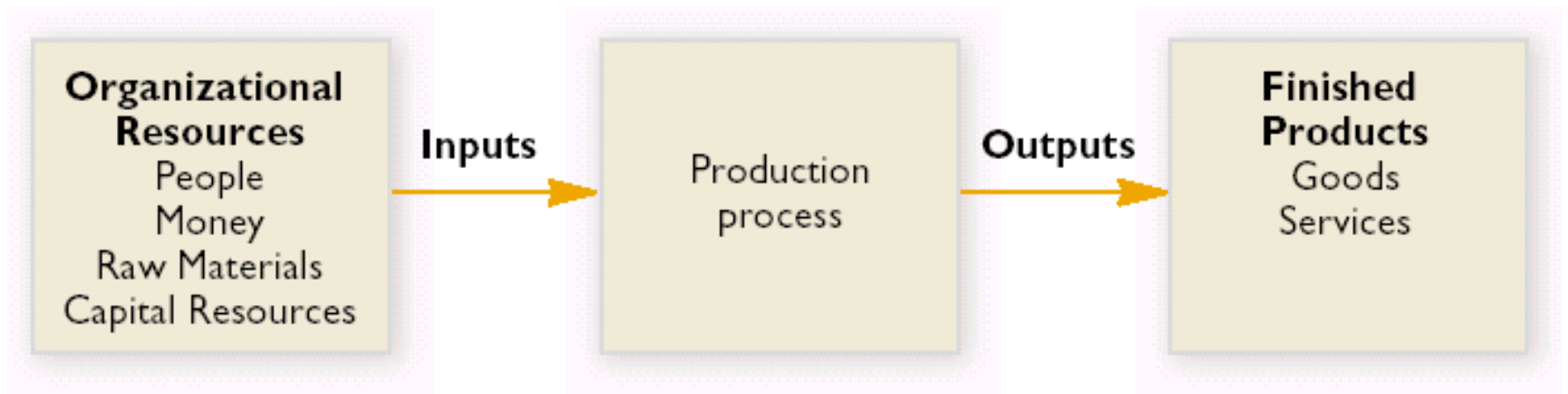
- The Role of Management
- Defining Management
  1. process of continuing and related activities
  2. involves and concentrates on reaching organizational goals
  3. works with and through people and other organizational resources
- The Management Process: Management Functions
  - Planning
  - Organizing
  - Influencing
  - Controlling
    1. Gather information that measures recent performance
    2. Compare present performance to preestablished standards
    3. Determine modifications to meet preestablished standards

# The Management Task



*Figure 1–3* Interrelations of the four functions of management to attain organizational goals

# The Management Task



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*Figure 1-4* Transformation of organizational resources into finished products through the production process



*Figure 1–5* Various combinations of managerial effectiveness and managerial efficiency

# Management Skill: The Key to Management Success

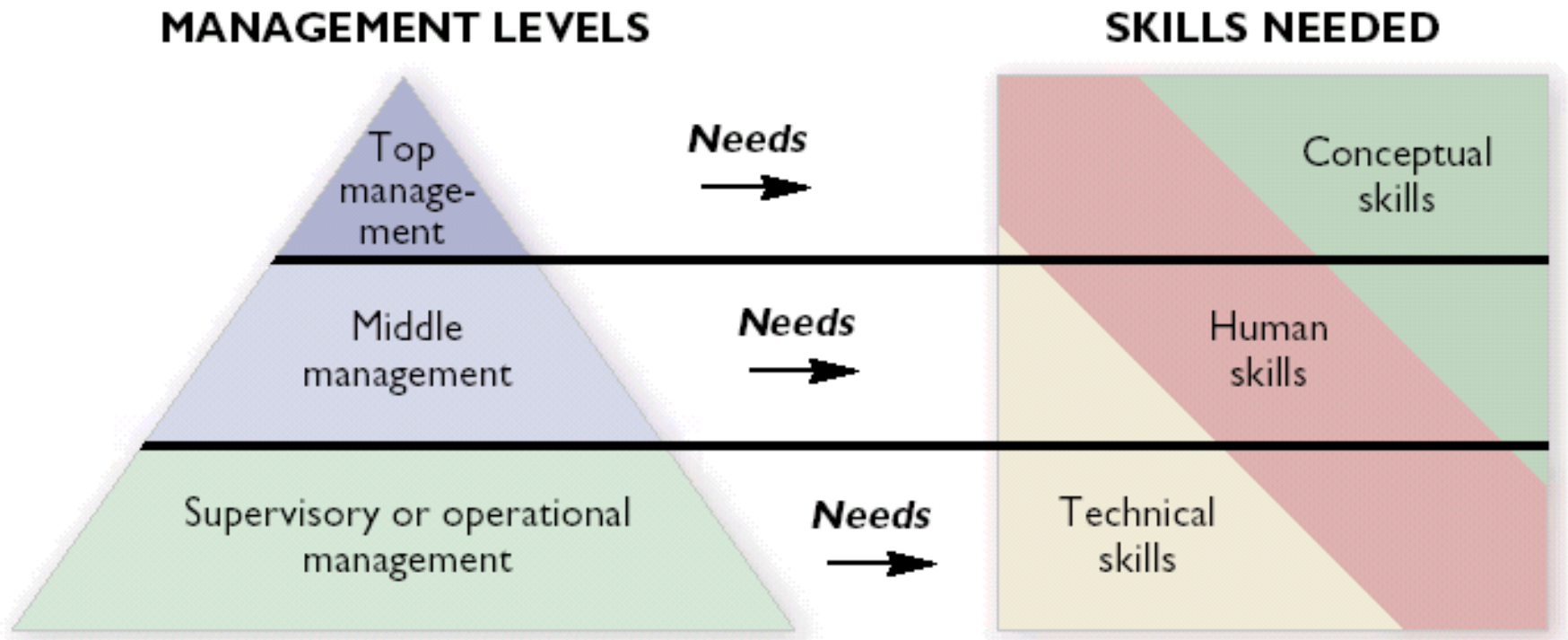
- Defining Management Skill
- Management Skill: A Classic View
  - Technical Skills
  - Human Skills
  - Conceptual Skills
- Management Skill: A Contemporary View
  1. Define major activities that managers typically perform
  2. List skills needed to carry out these activities successfully

Major activities that modern managers typically perform:

1. Task-related activities
2. People-related activities
3. Change-related activities



# Management Skill: The Key to Management Success



**Figure 1–7** *As a manager moves from the supervisory to the top-management level, conceptual skills become more important than technical skills, but human skills remain equally important*

# Traditional Vs Modern management?.

- Traditional style of management is more comparable to the military style of management - very hierarchical, organized, disciplined, and sort of - "I am the boss, I tell you, you do. No questions asked".
- Strictly follows the direct chain of command.
- The ability of management is derived from the power of the position (not much of a management). Not much, if any, of soft skills required either.

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# Traditional Vs Modern management?.

- In today's world of management, it is used in the military and countries like India, China, Japan and some European companies. However, it only works in the military.
- Most of the western world (outside the military) has moved away from it due to the long-term downsides to the business in the areas of workforce morale etc.

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- Modern style of management largely depends on soft skills - consensus building, relationships, listening, and understanding, taking the team along with you willingly than dragging them along with you. The "manager" in this case may or may not have any actual power to adversely affect his/her followers, if they do not follow.

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- The power of a manager is derived from the people who the manager manages (the managed) - and the managed give that power willingly to the manager.
- It is more comparable in modern day to a matrix organization and pure project management at its best. This is the best form of management in the long run, because it builds moral, participation, and sense of ownership among the managed.

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# The Top Strengths and Challenges of Modern Managers

- Recently analysed the top strengths and challenges of approximately 200, 000 managers. Here are the very interesting results in rank order:

## Strength

- Results Focus
- Problem Solving
- Customer Focus
- Teamwork
- Decision Making

## Challenge

- Developing Others
- Conflict Resolution
- Managing Performance
- Delegating Responsibility
- Work - Life Balance

- The two distinct sets of results remind us that commonly managers and organizations focus strongly on performance and results which is clearly appropriate. However sometimes there can be an overemphasis on outcomes at the expense of neglecting the people related issues.
- Organizations need to emphasize how they develop people to attract and retain the best young talent in an increasingly competitive marketplace.

- It is also interesting to note that some of the people challenges relate to some of the more difficult people management issues such as conflict resolution and performance management.
- From experience, managers shy away from these more complex areas. However the avoidance tactic creates longer term cultural issues for the organization. Managers need to find the right balance between managing the people issues as well as achieving great outcomes.
- Delegating responsibility and work-life balance no doubt relate to the common complaint that managers feel over burdened and feel they cannot delegate to staff as they are also busy.



# What Is Modern Management Control Method?

- The success of every business lies in effective management control.
- It is up to the management to remain focused and dedicated towards achieving business targets.
- This involves a lot of hard work, but is very fulfilling when viewing the growth graph.
- Management control involves effective quality control, operations management, delegation of work among the units and effective budget management.

# What Is Modern Management Control Method?

- Today, the business world is very challenging and complex. The management team of any business is required to ensure the smooth functioning of all operations and even the shelf or rack life of the product or service.
- The methods adopted are not with the intention to control rather the strategy is to guide the operations.
- This involves total co-ordination within all the operating units and individuals. In the absence of co-ordination, there can never be any organization, there will only be an experience.

Modern management control methods include:

- Setting business goals, long and short term.
- Proper planning.
- Identifying workable strategies.
- Effective communication.
- Delegation of work.
- Timely evaluation of the accomplished stages.
- Budget management.
- Performance evaluation.
- Quality control.
- Overall operations.

# Level of management

- Most organizations have three management levels: low-level, middle-level, and top-level managers. These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid. Each level is explained below in specifications of their different responsibilities and likely job titles.

# Top Level managers

- Consists of board of directors, president, vice-president, CEOs, etc. They are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business. In addition, top-level managers play a significant role in the mobilization of outside resources and are accountable to the shareholders and general public.
- According to Lawrence S. Kleiman, the following skills are needed at the top managerial level.
  - Broadened understanding of how: competition, world economies, politics, and social trends effect organizational effectiveness

# Middle Level managers

- Consist of general managers, branch managers and department managers. They are accountable to the top management for their department's function. They devote more time to organizational and directional functions. Their roles can be emphasized as executing organizational plans in conformance with the company's policies and the objectives of the top management, they define and discuss information and policies from top management to lower management, and most importantly they inspire and provide guidance to lower level managers towards better performance.

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# Middle Level managers

- Some of their functions are as follows:
  - Designing and implementing effective group and intergroup work and information systems.
  - Defining and monitoring group-level performance indicators.
  - Diagnosing and resolving problems within and among work groups.
  - Designing and implementing reward systems supporting cooperative behavior



# Low Level Managers

- Consist of supervisors, section leads, foremen, etc. They focus on controlling and directing. They usually have the responsibility of assigning employees tasks, guiding and supervising employees on day-to-day activities, ensuring quality and quantity production, making recommendations, suggestions, and upchanneling employee problems, etc.

# Low Level Managers

- First-level managers are role models for employees that provide:
  - Basic supervision.
  - Motivation.
  - Career planning.
  - Performance feedback.
  - supervising the staffs.

# Modern management Skill

- What will be the key skills of the century ahead?
- In this Information Age, where skills such as thinking, innovation and creativity are going to be important.
- The best managers will at least know the secret of what makes others tick.
- It's also going to be a time when the role of management will change forever, from one of keeping power to oneself to the skill of empowering others.

- Which all means it's going to be an age when mastering the following modern management skills will become essential:
  - Counselling Skills
  - Enneagram Personality Types
  - Facilitation Skills
  - Thinking Skills

# 1. Counselling Skills:

## Are You a Trained Person Mechanic?

- According to one professional body, we all need a sympathetic ear at some time in our working lives to help us with a personal problem. It could be about work and working relationships or career choices or problems on the job or health or it could be about a home problem that affects work. Whatever it is, if you're a manager and it affects your people, it affects their work. And that means it affects you. So you just can't ignore it. But, if you don't have the right skills, your intervention could make matters worse. And a little problem becomes a big problem. That's why, to keep your people functioning healthily, you need the people maintenance skills of counselling.

# Are You Competent in "Counselling Skills"?

- There are a number of key skills that you need to master in order to be competent in counselling skills. These include:
  - understanding what the counselling approach to people problems is
  - knowing how to identify people problems and address them
  - being able to set up and run a successful counselling meeting
  - being skilled in showing empathy to others
  - knowing how to confront problems
  - having the skills to help others find their own solutions
  - following up on plans of action.



## 2. Understanding Personality Types: Knowing How People Tick

- A few years ago, the Gallup organization commissioned a study to find out what makes a great manager. They interviewed 80,000 managers worldwide and their conclusion was that the really great managers are those who understand their staff. They know what makes them tick. They understand their wiring. They know their strengths and they understand their personalities. Which means better people decisions, better management of teams, and better management of conflict. Through understanding personalities and personality types, you too can excel as a people manager.

# Are You Competent in "Understanding Personality Types"?

- There are a number of key skills that you need to master in order to be competent in understanding personality types. These include:
  - knowing the role that personality plays in people's behaviour
  - knowing what lies behind "personality clashes" at work
  - understanding what a personality typology is
  - having a good understanding of the Enneagram system
  - knowing how to recognise the 9 types on the Enneagram
  - knowing what your own personality type is and how it determines your working style
  - knowing how to use your knowledge of Enneagram types to develop yourself and others.



# *Understanding the Enneagram: The Practical Guide to Personality Types*

Type	Characteristic role	Ego fixation	Holy idea	Basic fear	Basic desire	Temptation	Vice/Passion	Virtue	Stress	Security
1	Reformer	Resentment	Perfection	Corruptness, imbalance, being bad	Goodness, integrity, balance	Hypocrisy, hypercriticism	Anger	Serenity	4	7
2	Helper	Flattery (Ingratiation)	Freedom, Will	Being unloved	To feel love	Deny own needs, manipulation	Pride	Humility	8	4
3	Achiever	Vanity	Hope, Law	Worthlessness	To feel valuable	Pushing self to always be "the best"	Deceit	Truthfulness, Authenticity	9	6
4	Individualist	Melancholy (Fantasizing)	Origin	Having no identity or significance	To be uniquely themselves	To overuse imagination in search of self	Envy	Equanimity (Emotional Balance)	2	1
5	Investigator	Stinginess (Retention)	Omniscience, Transparency	Helplessness, Incapability, Incompetence	Mastery	Replacing direct experience with concepts	Avarice	Non-Attachment	7	8
6	Loyalist	Cowardice (Worrying)	Faith	Being without support or guidance	To have support and guidance	Indecision, doubt, seeking reassurance	Fear	Courage	3	9
7	Enthusiast	Planning (Anticipation)	Wisdom, Plan	Being trapped in pain and deprivation	To be satisfied and content	Thinking fulfillment is somewhere else	Gluttony	Sobriety	1	5
8	Challenger	Vengeance (Objectification)	Truth	Being harmed, controlled, violated	Self-protection	Thinking they are completely self-sufficient	Lust (Forcefulness)	Innocence	5	2
9	Peacemaker	Indolence (Daydreaming)	Love	Loss, fragmentation, separation	Wholeness, peace of mind	Avoiding conflicts, avoiding self-assertion	Sloth (Disengagement)	Action	6	3

### 3. Facilitation Skills: Leading with a Light Touch

- Writer Timothy Gallwey once asked a management seminar what they thought was **the most important word in the dictionary of management**. They suggested words like "money", "profit", "resources", "people". But all of these were met with a shake of the head.
- At last, Timothy put them out of their misery. "The most important word in the management dictionary is "let"," he said. **Letting people work and letting them work things out for themselves is one of the most powerful things you can do for others**. It's the concept that's at the heart of facilitation and the reason why facilitation skills are at the heart of modern workplace approaches to management.



# Are You Competent in "Facilitation Skills"?

- There are a number of key skills need to master in order to be competent in facilitation skills.
- These include:
  - Understanding what facilitation is and how it can be used to help others
  - Knowing how to give up control to others
  - Being able to lead a group facilitatively
  - Being able to use facilitative techniques in dealing with group situations
  - Knowing how to read a group's energy and respond
  - Being able to move into the 3 roles of group leader
  - Knowing how to help a group develop themselves fully.

## 4. Thinking Skills: Making the Most of Brainpower

- The power of your brain is incalculably large. You have something like 12 trillion nerve cells in your brain and each cell can make trillions of connections.
- The trouble is that most of us only ever use a fraction of the power of our brains which means that we have an enormous potential for creativity, innovation and invention going to waste.
- If you have employees on your books and you're not making the most of their brains, that's a resource going to waste as well. So, get wise. Teach your team to use their brains. And reap the rewards.



# Are You Competent in "Thinking Skills"?

- There are a number of key skills that you need to master in order to be competent in thinking skills. These include:
  - Knowing how to control your thoughts
  - Having a good memory, good concentration and a good imagination
  - Knowing how to think more creatively
  - Knowing how to use brainstorming in a group setting
  - Knowing how to make better decisions
  - Knowing how to solve problems
  - Knowing how to be more innovative in problem-solving.

# Management Tools

- Balanced Scorecard
- Benchmarking
- Business Process Reengineering
- Change Management Programs
- Core Competencies
- Customer Relationship Management
- Customer Segmentation
- Decision Rights Tools
- Downsizing
- Strategic Planning
- Supply Chain Management
- Enterprise Risk Management
- Knowledge Management
- Mergers and Acquisitions
- Mission and Vision Statements
- Open Innovation
- Outsourcing
- Price Optimization Models
- Rapid Prototyping
- Satisfaction and Loyalty Management
- Scenario and Contingency Planning
- Shared Service Centers
- Social Media Programs
- Strategic Alliances
- Total Quality Management

# Balanced Scorecard

- A Balanced Scorecard defines what management means by "performance" and measures whether management is achieving desired results. The Balanced Scorecard translates Mission and Vision Statements into a comprehensive set of objectives and performance measures that can be quantified and appraised.

These measures typically include the following categories of performance:

- Financial performance (revenues, earnings, return on capital, cash flow);
- Customer value performance (market share, customer satisfaction measures, customer loyalty);
- Internal business process performance (productivity rates, quality measures, timeliness);
- Innovation performance (percent of revenue from new products, employee suggestions, rate of improvement index);
- Employee performance (morale, knowledge, turnover, use of best demonstrated practices).



A Balanced Scorecard is used to:

- Clarify or update a business's strategy;
- Link strategic objectives to long-term targets and annual budgets;
- Track the key elements of the business strategy;
- Incorporate strategic objectives into resource allocation processes;
- Facilitate organizational change;
- Compare performance of geographically diverse business units;
- Increase companywide understanding of the corporate vision and strategy.

# Benchmarking

- Benchmarking improves performance by identifying and applying best demonstrated practices to operations and sales. Managers compare the performance of their products or processes externally with those of competitors and best-in-class companies and internally with other operations within their own firms that perform similar activities. The objective of Benchmarking is to find examples of superior performance and to understand the processes and practices driving that performance. Companies then improve their performance by tailoring and incorporating these best practices into their own operations—not by imitating, but by innovating.

# Methodology

Benchmarking involves the following steps:

- Select a product, service or process to benchmark;
- Identify the key performance metrics;
- Choose companies or internal areas to benchmark;
- Collect data on performance and practices;
- Analyze the data and identify opportunities for improvement;
- Adapt and implement the best practices, setting reasonable goals and ensuring companywide acceptance.

## Companies use Benchmarking to:

- *Improve performance.* Benchmarking identifies methods of improving operational efficiency and product design;
- *Understand relative cost position.* Benchmarking reveals a company's relative cost position and identifies opportunities for improvement;
- *Gain strategic advantage.* Benchmarking helps companies focus on capabilities critical to building strategic advantage;
- *Increase the rate of organizational learning.* Benchmarking brings new ideas into the company and facilitates experience sharing

# Business Process Reengineering

- Business Process Reengineering involves the radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality. In Business Process Reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer. They typically adopt a new value system that places increased emphasis on customer needs. Companies reduce organizational layers and eliminate unproductive activities in two key areas. First, they redesign functional organizations into cross-functional teams. Second, they use technology to improve data dissemination and decision making.

# Methodology

- Business Process Reengineering is a dramatic change initiative that contains five major steps. Managers should:
- Refocus company values on customer needs;
- Redesign core processes, often using information technology to enable improvements;
- Reorganize a business into cross-functional teams with end-to-end responsibility for a process;
- Rethink basic organizational and people issues;
- Improve business processes across the organization.

# Common uses

Companies use Business Process Reengineering to improve performance substantially on key processes that impact customers.

Business Process Reengineering can:

*-Reduce costs and cycle time.* Business Process Reengineering reduces costs and cycle times by eliminating unproductive activities and the employees who perform them. Reorganization by teams decreases the need for management layers, accelerates information flows, and eliminates the errors and rework caused by multiple handoffs;

*-Improve quality.* Business Process Reengineering improves quality by reducing the fragmentation of work and establishing clear ownership of processes. Workers gain responsibility for their output and can measure their performance based on prompt feedback.

# Change Management Programs

- Change Management Programs enable companies to control the installation of new processes to improve the realization of business benefits. These programs involve devising change initiatives, generating organizational buy-in, implementing the initiatives as seamlessly as possible and generating a repeatable model for ensuring continued success in future change efforts. A Change Management Program allows leaders to help people succeed, showing where and when trouble is likely to occur and laying out a strategy for mitigating risks and monitoring progress.



# Methodology

- Change Management Programs require managers to:
- *Focus on results.* Maintain a goal-oriented mindset by establishing clear, non-negotiable goals and designing incentives to ensure these goals are met;
- *Identify and overcome barriers to change.* Companies identify employees most impacted and also work to predict, measure and manage the risk of change;

- *Repeatedly communicate simple, powerful messages to employees.* In times of change, leaders alter communication frequency and methods to manage how a shaken workforce perceives and reacts to information:
  - Ensure sponsorship throughout the organization. To allow sponsorship to reach all levels of an organization, companies enlist multiple sponsors to provide all individuals with access to—and the influence of—a sponsor;
  - Reorganize around decision making. Companies develop a system for identifying, making and executing the most important decisions;
- *Continuously monitor progress.* Companies follow through and monitor the progress of each change initiative to tell if it is following the intended path or veering off course.

# Common Uses

Companies use a Change Management Program to:

- Implement major strategic initiatives to adapt to changes in markets, customer preferences, technologies or the competition's strategic plans;
- Align and focus an organization when going through a major turnaround;
- Implement new process initiatives

# Core Competency

- A Core Competency is a deep proficiency that enables a company to deliver unique value to customers. It embodies an organization's collective learning, particularly of how to coordinate diverse production skills and integrate multiple technologies. Such a Core Competency creates sustainable competitive advantage for a company and helps it branch into a wide variety of related markets. Core Competencies also contribute substantially to the benefits a company's products offer customers. The litmus test of a Core Competency? It's hard for competitors to copy or procure. Understanding Core Competencies allows companies to invest in the strengths that differentiate them and set strategies that unify their entire organization.

# Methodologies

To develop Core Competencies a company must:

- Isolate its key abilities and hone them into organizationwide strengths;
- Compare itself with other companies with the same skills, to ensure that it is developing unique capabilities;
- Develop an understanding of what capabilities its customers truly value, and invest accordingly to develop and sustain valued strengths;
- Create an organizational road map that sets goals for competence building;

- Pursue alliances, acquisitions and licensing arrangements that will further build the organization's strengths in core areas;
- Encourage communication and involvement in core capability development across the organization;
- Preserve core strengths even as management expands and redefines the business;
- Outsource or divest noncore capabilities to free up resources that can be used to deepen core capabilities.

# Common Uses

- Core Competencies capture the collective learning in an organization. They can be used to:
- Design competitive positions and strategies that capitalize on corporate strengths;
- Unify the company across business units and functional units, and improve the transfer of knowledge and skills among them;
- Help employees understand management's priorities;
- Integrate the use of technology in carrying out business processes;

- Decide where to allocate resources;
- Make outsourcing, divestment and partnering decisions;
- Widen the domain in which the company innovates, and spawn new products and services;
- Invent new markets and quickly enter emerging markets;
- Enhance image and build customer loyalty



# Customer Relationship Management (CRM)

Customer Relationship Management (CRM) is a process companies use to understand their customer groups and respond quickly—and at times, instantly—to shifting customer desires.

- CRM technology allows firms to collect and manage large amounts of customer data and then carry out strategies based on that information.
- Data collected through focused CRM initiatives help firms solve specific problems throughout their customer relationship cycle—the chain of activities from the initial targeting of customers to efforts to win them back for more.

- CRM data also provide companies with important new insights into customers' needs and behaviors, allowing them to tailor products to targeted customer segments.
- Information gathered through CRM programs often generates solutions to problems outside a company's marketing functions, such as supply chain management and new product development

# Methodologies

CRM require managers to:

- Start by defining strategic "pain points" in the customer relationship cycle. These are problems that have a large impact on customer satisfaction and loyalty, where solutions would lead to superior financial rewards and competitive advantage;
- Evaluate whether—and what kind of—CRM data can fix those pain points. Calculate the value that such information would bring the company;
- Select the appropriate technology platform, and calculate the cost of implementing it and training employees to use it. Assess whether the benefits of the CRM information outweigh the expense involved;

- Design incentive programs to ensure that personnel are encouraged to participate in the CRM program. Many companies have discovered that realigning the organization away from product groups and toward a customer-centered structure improves the success of CRM;
- Measure CRM progress and impact. Aggressively monitor participation by key personnel in the CRM program. In addition, put measurement systems in place to track the improvement in customer profitability with the use of CRM. Once the data are collected, share the information widely with employees to further encourage participation in the program

# Common Uses

- Gather market research on customers, in real time if necessary;
- Generate more reliable sales forecasts;
- Coordinate information quickly between sales staff and customer support reps, increasing their effectiveness;
- Enable sales reps to see the financial impact of different product configurations before they set prices;

- Accurately gauge the return on individual promotional programs and the effect of integrated marketing activities, and redirect spending accordingly;
- Feed data on customer preferences and problems to product designers;
- Increase sales by systematically identifying and managing sales leads;
- Improve customer retention;
- Design effective customer service programs

# Customer Segmentation

- Customer Segmentation is the subdivision of a market into discrete customer groups that share similar characteristics. Customer Segmentation can be a powerful means to identify unmet customer needs. Companies that identify underserved segments can then outperform the competition by developing uniquely appealing products and services. Customer Segmentation is most effective when a company tailors offerings to segments that are the most profitable and serves them with distinct competitive advantages.

- This prioritization can help companies develop marketing campaigns and pricing strategies to extract maximum value from both high- and lowprofit customers. A company can use Customer Segmentation as the principal basis for allocating resources to product development, marketing, service and delivery programs.



# Methodology

- Divide the market into meaningful and measurable segments according to customers' needs, their past behaviors or their demographic profiles;
- Determine the profit potential of each segment by analyzing the revenue and cost impacts of serving each segment;
- Target segments according to their profit potential and the company's ability to serve them in a proprietary way;

- Invest resources to tailor product, service, marketing and distribution programs to match the needs of each target segment;
- Measure performance of each segment and adjust the segmentation approach over time as market conditions change decision making throughout the organization

# Common Use

- Prioritize new product development efforts;
- Develop customized marketing programs;
- Choose specific product features;
- Establish appropriate service options;
- Design an optimal distribution strategy;
- Determine appropriate product pricing.

# Knowledge Management

- Knowledge Management develops systems and processes to acquire and share intellectual assets. It increases the generation of useful, actionable and meaningful information and seeks to increase both individual and team learning. In addition, it can maximize the value of an organization's intellectual base across diverse functions and disparate locations. Knowledge Management maintains that successful businesses are a collection not of products but of distinctive knowledge bases..

- This intellectual capital is the key that will give the company a competitive advantage with its targeted customers. Knowledge Management seeks to accumulate intellectual capital that will create unique core competencies and lead to superior results

# Methodology

Catalog and evaluate the organization's current knowledge base;

- Determine which competencies will be key to future success and what base of knowledge is needed to build a sustainable leadership position therein;
- Invest in systems and processes to accelerate the accumulation of knowledge;
- Assess the impact of such systems on leadership, culture, and hiring practices;
- Codify new knowledge and turn it into tools and information that will improve both product innovation and overall profitability.

# Common Uses

- Improve the cost and quality of existing products or services;
- Strengthen and extend current competencies through intellectual asset management;
- Improve and accelerate the dissemination of knowledge throughout the organization;
- Apply new knowledge to improve behaviors;
- Encourage faster and even more profitable innovation of new products.

# Outsourcing

- When Outsourcing, a company uses third parties to perform noncore business activities. Contracting third parties enables a company to focus its efforts on its core competencies. Many companies find that Outsourcing reduces cost and improves performance of the activity. Third parties that specialize in an activity are likely to be lower cost and more effective, given their focus and scale. Through Outsourcing, a company can access the state of the art in all of its business activities without having to master each one internally.



# Methodology

When Outsourcing, take the following steps

- *Determine whether the activity to outsource is a core competency.* In most cases, it is unwise to outsource something that creates unique competitive advantage;
- *Evaluate the financial impact of Outsourcing.* Outsourcing likely offers cost advantages if a vendor can realize economies of scale. A complete financial analysis should include the impact of increased flexibility and productivity or decreased time to market;

- *Assess the non-financial costs and advantages of Outsourcing.* Managers will also want to qualitatively assess the benefits and risks of Outsourcing. Benefits include the ability to leverage the outside expertise of a specialized outsourcer and the freeing up of resources devoted to noncore business activities. A key risk is the growing dependence a company might place on an outsourcer, thus limiting future flexibility;
- *Choose an Outsourcing partner and contract the relationship.* Candidates should be qualified and selected according to both their demonstrated effectiveness and their ability to work collaboratively. The contract should include clearly established performance guidelines and measures.

# Common Uses

- Reduce operating costs;
- Instill operational discipline;
- Increase manufacturing productivity and flexibility;
- Leverage the expertise and innovation of specialized firms;
- Encourage use of best demonstrated practices for internal activities;
- Avoid capital investment, particularly under uncertainty;
- Release resources—people, capital and time—to focus on core competencies

# Social Media Program

- Social Media Programs allow individuals and organizations to interact with their employees, friends, customers and partners electronically across a range of devices.
- Social Media is rapidly changing and is used for four primary purposes: communication (driving awareness, sharing content and providing customer service), commerce (selling products directly and getting referrals), collaboration (sharing ideas and getting feedback) and communities (fostering connection with the company and within customer and employee groups).
- Social Media options include everything from online community pages and micro-blogging platforms to company-operated websites and forums to social gaming.

# Methodology

To use Social Media effectively, managers need to take the following steps:

- Understand what Social Media tools your customers are using. Determine what they are saying about you;
- Decide which additional tools are most valuable. Prioritize the four primary purposes and determine which Social Media tools to apply to which purposes in collaboration with which partners;
- Deploy Social Media tools across all aspects of the customer experience. Attract and retain customers by allowing them to share and rate new products, make purchases or receive advice from the company about using the product;

- Develop testing and learning capabilities. Use customer feedback to improve services and increase loyalty. Develop insights into customer behaviors and needs with research and analytics;
- Integrate targeted messages. Ensure that Social Media methods and messages are consistent with the company's brand positioning and other marketing campaigns;
- Promote the new tools. Raise awareness of new tools with customers, employees and other targeted audiences.

# Common Uses

- Strengthen branding;
- Communicate with customers and employees;
- Generate product awareness;
- Sell products;
- Obtain referrals;
- Share ideas;
- Solicit feedback;
- Build communities

# Strategic Planning

- Strategic Planning is a comprehensive process for determining what a business should become and how it can best achieve that goal. It appraises the full potential of a business and explicitly links the business's objectives to the actions and resources required to achieve them. Strategic Planning offers a systematic process to ask and answer the most critical questions confronting a management team—especially large, irrevocable resource commitment decisions.



# Methodology

A successful Strategic Planning process should:

- Describe the organization's mission, vision and fundamental values;
- Target potential business arenas and explore each market for emerging threats and opportunities;
- Understand the current and future priorities of targeted customer segments;
- Analyze the company's strengths and weaknesses relative to competitors and determine which elements of the value chain the company should make versus buy;
- Identify and evaluate alternative strategies;
- Develop an advantageous business model that will

- profitably differentiate the company from its competitors;
- Define stakeholder expectations and establish clear and compelling objectives for the business;
- Prepare programs, policies, and plans to implement the strategy;
- Establish supportive organizational structures, decision processes, information and control systems, and hiring and training systems;
- Allocate resources to develop critical capabilities;
- Plan for and respond to contingencies or environmental changes;
- Monitor performance.

# Common Uses

- Change the direction and performance of a business;
- Encourage fact-based discussions of politically sensitive issues;
- Create a common framework for decision making in the organization;
- Set a proper context for budget decisions and performance evaluations;
- Train managers to develop better information to make better decisions;
- Increase confidence in the business's direction

# Total Quality Management (TQM)

- Total Quality Management (TQM) is a systematic approach to quality improvement that marries product and service specifications to customer performance. TQM then aims to produce these specifications with zero defects. This creates a virtuous cycle of continuous improvement that boosts production, customer satisfaction and profits.

# Methodology

In order to succeed, TQM programs require managers to:

## *Assess customer requirements*

- Understand present and future customer needs;
- Design products and services that cost-effectively meet or exceed those needs.

## *Deliver quality*

- Identify the key problem areas in the process and work on them until they approach zero-defect levels;
- Train employees to use the new processes;
- Develop effective measures of product and service quality;
- Create incentives linked to quality goals;
- Promote a zero-defect philosophy across all activities;
- Encourage management to lead by example;
- Develop feedback mechanisms to ensure continuous improvement

# Common Uses

TQM improves profitability by focusing on quality improvement and addressing associated challenges within an organization. TQM can be used to:

- Increase productivity;
- Lower scrap and rework costs;
- Improve product reliability;
- Decrease time-to-market cycles;
- Decrease customer service problems;
- Increase competitive advantage.

# Other Tools

- ISO 14001 (Environment Standard)
- CSR (Corporate Social Responsibility)
- HRM (Human Resource Management)
- ISM( Information System for Management)
- Empowerment
- Leadership
- ISO 9000: 2000
- Etc.



# Q & A

