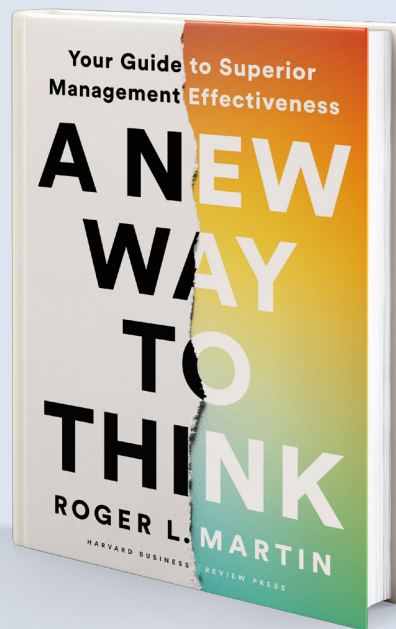


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Zooming In On Your Next Read



A New Way to Think Your Guide to Superior Management Effectiveness

By Roger L. Martin

Roger L. Martin is Professor of Strategic Management, Emeritus, at the University of Toronto's Rotman School of Management, where he also served as Dean (1998–2013). In 2017 Thinkers50 named him the world's number one management thinker. He has published twelve books, including *When More Is Not Better* and *Playing to Win* (with A.G. Lafley). Martin is a trusted strategy adviser to the CEOs of many global companies. A Canadian from Wallenstein, Ontario, he holds a BA from Harvard College and an MBA from Harvard Business School.

Rethinking Ineffective Business Models

In *A New Way to Think: Your Guide to Superior Management Effectiveness*, author Roger L. Martin ends his book by discussing two different people he once spoke to: one was a business practitioner and one was an academic. These two professionals defended the often repeated trope that it is better to have a superiorly executed mediocre idea than a poorly executed superior idea. Martin tried to convince these people that their thinking was incorrect. His core reason is that with a well-executed mediocre idea, that best one can achieve is mediocrity. He was unsuccessfully able to convert their thinking, and they maintained their perspectives. His intent in this book is to prove that ineffective models are a serious problem and that when a model does not offer the results expected that the model should be examined and not just its execution.

Martin considers a model to be a promise that if the model is used effectively, certain results will inevitably follow. Too often, however, he sees models failing people and businesses. These failed professionals, he claims, then proceed to blame the execution of that model rather than consider the effectiveness or reliability of the model itself.

In this book, Martin points out 14 different models prominent in the workforce that he believes are inherently flawed. He then lays out a model for each that is more promising in his mind. His main concern is that people do not stay married to models that are ineffective. Therefore, he encourages his readers to try out his models and only keep what works for them and their businesses. He believes that if people continue to work and refine these models, the “practice of management will advance.”

Martin understands that he is asking something big of professionals when he urges them to switch away from old, trusted models. He acknowledges that there is both inherent risk and difficulty in switching the way things are done. Part of this is because the whole process of models is automatic. Another reason is that it is not possible to prove an idea analytically before it is carried out. As such, if a professional is looking for proof before acting on a new idea, new ideas will never be implemented because the proof just will not be there. To overcome this, he believes that people need to work through a model logically and try to determine if it stands up to logic. If it does, then practitioners ought to attempt to find ways to gather data only

on those ideas that pass the logic test. Martin states that since many managers are trained as scientists, they are looking for the right idea. He does not believe there are right ideas. He merely looks for better and worse ideas.

The first model Martin takes on concerns competition. He says that “it’s not corporations that compete” as is often believed to be the case. Rather, he states that it is the products and services the company provides that compete. Because of this, Martin believes that the true competition does not occur at the highest levels of the company. Rather they occur at what is often the lowest levels of an organization - where the customer actually purchases the product or service. According to this new model, the whole company should work to support those on the front lines. This new model says that customers are not so concerned about which company produces a product; rather, they are concerned with finding the product that best meets their needs. This mindset reframes competition because the competitors are no longer two large corporations but rather two specific products. This model also draws respect to the opinions of those employees on the front line and focuses less on hierarchies that are more concerned with “optimizing the use of their existing resources and capabilities.”

Martin says that the existing model turns complex organizations into hierarchies whereby information goes to the people at the top who then make the decisions because they are believed to have the most information. The people at the top, however, are quite removed from the actual places and moments where people make purchases. Instead of focusing at the top of the hierarchy, Martin believes that each level should become a customer of the level below it, and the whole organization should be centered around helping those on the front lines most effectively meet customer needs.

Another model that Martin questions is one of familiarity. In his book, Martin uses Instagram’s change in logo as an example as questions why successful companies embark on radical rebranding initiatives. He believes the answer to this question is that most modern companies believe that a competitive advantage is not sustainable in a world where things change as quickly as they do today. Therefore, companies believe they have to be constantly changing to stay competitive. Martin believes this is a false model and that it has led to some serious losses for companies. His belief is that in regards to customers, “the familiar solution usually trumps the perfect one.” His new model asserts that instead of adapting, companies should be focused on making sure consumers do not have to make choices, that consumers’ consumption habits should be automatic.

Martin uses psychological principles such as processing fluency to come to the conclusion “that the mind loves automatically more than just about anything else.” Martin sees this as being especially important in the tech world, and he uses examples from the aforementioned Instagram as well as Facebook and MySpace. MySpace was the number one social media site in 2003 and became the most frequently visited website. Ultimately, however, it failed and could not compete with Facebook. He believes part of this is because users could create their own webpages on

MySpace. The results of this was that there was no uniformity of design. Furthermore, MySpace cluttered the site with ads and allowed ads for indecent services that sometimes jarred users. Also, the company added many new disparate features going so far as to add a karaoke feature. The result of all of this was that customers were never sure of what to expect when they visited the site or of what might come next. This was in stark contrast with Facebook that attempted to create a uniform experience across the site, and who, when developing its app, was very careful to make sure the app experience was nearly identical to the website experience. Using the Facebook website was a predictable experience, and because of that, Facebook thrived.

Later on in the book, Martin tackles the model of how knowledge workers are organized in a company. He believes companies too often organize knowledge workers in the same way they organize manual workers, and this is not effective. The failure of the current model, Martin says, can be seen as companies end up hiring many managers who they then have to lay off when times get lean. He claims that times will inevitably become lean because businesses hire for their most intense times. This process, he claims, not only hurts individuals as they lose their jobs but it hurts companies as well.

Martin claims that most companies make two mistakes when it comes to managing knowledge workers. First, they attempt to structure their knowledge workforce in the same way they manage their manual labor work force. This involves individual workers repeatedly doing the same job every day. The second problem he sees companies make is in viewing knowledge as something that follows an employee rather than something that can be transferred the way manual skills are transferred. This is the existing model. Martin’s new model is centered around the idea that knowledge workers should be organized around projects and not around jobs. He sees knowledge workers as being employees who manufacture decisions. He calls their workplaces decision factories. These decision factories are very expensive.

When knowledge workers’ duties are centered around jobs, individual employees have specific jobs or tasks they are charged to handle. Typically, this means that during some times, employees are quite busy and productive while at other times, they spend large amounts of time just checking emails or drafting memos when work slows down. Nobody wants to be seen as having nothing to do. While this is what typically happens, the old model assumes that knowledge workers will complete the same amount of output each day which he simply believes is not the case. He claims that knowledge work typically centers around projects, and as such, knowledge positions should be project based, and when one project slows down, full-time employees then can be moved to other projects.

Martin claims that in manual work, heuristics are often used whereby different employees can complete the same job. He acknowledges that sometimes creating these heuristics is more difficult in knowledge work as many different decisions often need to be made, but he also believes another problem is that employees are not likely to want to create algorithms by which other people could complete their work because they fear it



... employees need to embrace knowledge advancement and the creation of knowledge algorithms that can help others.”

could leave them out of a job. He believes that part of this solution is to look at how professional services firms organize their workers. They typically put people on projects, and then when one project is done, they move that person to another job.

In this model, employees are not tied to specific jobs but rather they move where they are needed. This helps companies because most have more knowledge workers than they need, and this would allow them to work with more efficiency. Once this change has been made, he believes that employees need to embrace knowledge advancement and the creation of knowledge algorithms that can help others.

Following along with how businesses allocate talent, Martin also addresses how companies treat and approach talent. Around the end of the 19th century, businesses started to largely be run by managers who worked for those who provided capital. This resulted in companies that were fraught with tensions between investors, labor, and unions. As time progressed, further concern arose when investors' and managers' interests started to be in opposition to each other.

Martin believes that this model has resulted in talent acquiring more benefits than the capital providers acquire. Because top end talent is so crucial to any organization, top end talent's compensation has skyrocketed over the years. This skyrocketing cost has led to the belief that money is what top talent is most concerned with. Martin does not believe this to be true. Yes, in regards to hedge funds who destroy companies, investment bankers who promote bad investments to line their own pockets, and CEOs who skew the apparent value of a company in order to sell it, there is a primary monetary motivation, but he believes that for most strong talent, money is not the primary concern. Martin believes that for these top performers, feeling special is what is most important.

Martin uses numerous examples to illustrate this. One of these was a global account manager for a company that Martin was corunning. This man, Giles, approached Martin asking for paternity leave. Martin told him that at his level, he could have whatever he wanted. Martin was confused when Giles walked away looking Sullen. Martin realized that he had treated Giles as a member of a group. It was one of the highest ranking groups, but still, he did not treat him as if he were special. Martin then goes on to mention multiple examples of the highest level of talent in the sports world who are most interested in being treated special and as if their opinions are valued.

To help talent feel special and to both attract and retain this talent, Martin gives three rules. The first is that companies should never dismiss the ideas of those who stand out. These

people have developed their skills to the highest level, and while it is not mandatory that all of their ideas are adopted, they should be considered. This will help the talent to feel respected. Second, Martin says it is important to never block the development of these individuals.

Finally, he encourages people to never pass up an opportunity to praise these people, not in trite, generic ways, but in a manner that is specific to them and their contributions. Because they will not ask for praise, the challenge is to spot moments when they need it and to provide it in a personal and sincere manner.

Martin starts out his book by stating that the chapters can be read in any particular order. Each chapter addresses an old model and then offers an alternative model. Because of this, readers can jump to sections that pertain to their specific situations and needs. While three old models and three revised models have been presented here, Martin addresses fourteen in total. He breaks these fourteen models into four categories: context, making choices, structuring work, and key activities. They pertain to diverse topics including innovation, the role of strategies, the design of innovation, capital investment, and mergers and acquisitions.

Martin does not posit that his models are the best that can be developed and that companies should stop everything they are doing and adopt them as is. Rather, he advocates that companies consider the models that apply to their unique situations and then test them out and see if they work. He believes that these models can be improved upon to create even better and more accurate models. None of this growth can occur, however, if professionals and organizations stick rigidly to the models they use even when they have proved ineffective. The greatest challenge Martin poses to readers is to reconsider their own models and whether they produce the results desired.

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