

Management with **BRIDGE™** – Recognize and Act in a Volatile Environment.

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The economic and financial crisis of the past years calls into question fundamental assumptions about business throughout the world. Even though economic activity in Germany has almost reached pre-crisis levels again, continued uncertainty remains about future developments. The dynamics of the global economic system is failing to comply with laws that previously applied and even experts can no longer figure out the subject matter's complexity. Unpredictable changes in all areas are the consequence, and McKinsey & Company say in a study: welcome to the volatile world.

This uncertainty about the future means that reliable forecasts are no longer possible. Strategic long-term plans therefore lose their foundation and the effort required for drawing them up can only be justified to a certain extent. The strategic planning of today originates from the beginning of the 1990s. In relatively stable economic conditions with economic laws that had been reliable for decades, rigid classifications were developed with which planning content from the business areas was usually retrieved mono-directionally, checked for plausibility centrally by a small team of staff, and consolidated at group level in consultation with controlling. Such a planning process still takes place today, mostly once a year, sequentially and in a highly structured way. But the process management in terms of content and methods is becoming increasingly complex and error-prone. As business becomes more complicated and the number of divisions and hierarchy levels increase, the requirements escalate exponentially.

In today's situation it is conceivable – and certainly also necessary – to optimize and maintain the existing processes. But because alternative forecast models, such as dynamic approaches from research into nonlinear systems or system-dynamic modeling, are hardly able to make precise forecasts about future developments, despite factoring in the complexity and the dynamics in the environment, a paradigm shift needs to take place within the heads of management. Instead of relying on predicted developments, management today must use methodologies to steer ahead and must make its organization ready to act when confronted with different scenarios. With support from methodologies, a constant eye must be kept on developments, so that their form can be recognized early and action can be aligned with them. Recognizing and acting apply to both internal and external activities to the same extent. The required integration measures between them must ensue through integrated concepts and methods (for recognizing) and through collaboration and participation (for acting). This is becoming one of the key challenges in the management of the future that has already begun.



Figure 1: New challenges of management

Dynamic self-organizing processes

In reality, increased complexity and dynamics mean it is no longer possible to recognize developments at an early stage using just the tools of classic planning. This can only be solved by increasing the density of networks within the organization and permitting self-organizing processes. The integration measures made by management consist in setting a systemizing framework for self-organizing processes and channeling them in the interests of the organization.

Self-organization primarily entails linking up the parts of the organization in a dynamic environment. Through collaboration and participation, an order can come into existence – using the order-shaping impulses of all parts and systemizing canalization through integral management – that shows a complete picture of the organization. The organization therefore still has a structure, but you need to abandon the idea of this order being the result of the work of an individual “great man” and creator.

According to Peter Drucker, a high level of networking can make existing knowledge more productive and can lead to new things being created. Necessary adjustment and alignment processes can be triggered. In the interaction of all system parts, topics can be generated and processed, transparency can be achieved, and information can be accessed regardless of time and place.

However, to put the creative impulses and adjustment processes that emerge in self-organization to purposeful use for the organization, it is not enough to link people together. The network must be given a framework comprising the management issues considered relevant for the organization. Integrated management concepts and methods help when establishing this framework. With them, you can formulate detailed questions for individual topics and merge the interdependent information gathered to form a systematic whole, you can structure and codify tried-and-true practices and creative work, and you can thus derive specific organizational measures in the interests of the organization.

Canalization using integrated management concepts

The St. Gallen tradition of thought has led to excellent examples of integrated management concepts. These often differentiate between company-oriented and people oriented areas, and between a strategic and an operational perspective. The framework is dictated by the legal basis and corporate governance on the company side, and the fundamentals, tasks, and tools of effective management on the people side. We derive our methodology from this concept.

- **Business model and strategy**

Strategy is not about predicting the future but is about today's decisions that affect the future of existing or newly established business models. As the basis for decisions, “the future must be discovered that is already happening” (Peter Drucker). The information about the currently happening future must be generated from the organization itself in a social dialog.

- **Knowledge and abilities**

Without the people who constitute it (the employees and the executive personnel), a company is a formal shell. The existing knowledge and the abilities of the people in organizations are the cornerstone for results and are the generated value. In a networked organization, the conditions are created for making people effective.

- **Resource management and monitoring**

The integrated management and justifiable allocation of existing resources (people, money, infrastructures) is required for setting the right focal points of activity. Ongoing and consistent monitoring of the use and effect of resources is also a basis for organizational learning.

- **Measures and projects**

From the management's perspective, the best way of gauging whether tasks were completed to quality is to look at the results. In the highly collaborative structures of a modern organization, achieving results by implementing cross-functional changes is a challenge and can only be attained using a coherent network.

- **Organizational design and alignment**

Management requires the dialog of many and this dialog leads to a process of generating knowledge together and of organizational design. Because the conditions are constantly changing in a volatile world, the permanent adjustment processes take on a special significance. Aligning all elements with each other becomes a permanent task and, if it is done well, a competitive advantage. The core question is: What structures are required as a minimum so that the organization can continue to develop and the adaptation and adjustment processes can function in the long term?



Figure 2: Integrated management concept

The technical developments of the past years, especially the Internet and its elements with user-generated content (summarized using the term “Web 2.0”), have enabled a high degree of networking and also made this networking necessary through the resulting acceleration of complexity and dynamics. The Web 2.0 is the driver of central economic, political, and social changes: from the “deconstruction” of entire value chains and the inflation of new business models, through new theories about political election campaigns, to fundamental changes to our work and life styles. As a matter of course, we participate in online surveys, exchange opinions across continents using messaging services, publish our ideas through blogs, share our knowledge in wikis, hook up with friends or business partners in social networks, facilitate topics in online groups, and share tasks and notes on special platforms. We see advertising based on our online behavior and search in highly complex semantic search engines for information tailored to our needs.

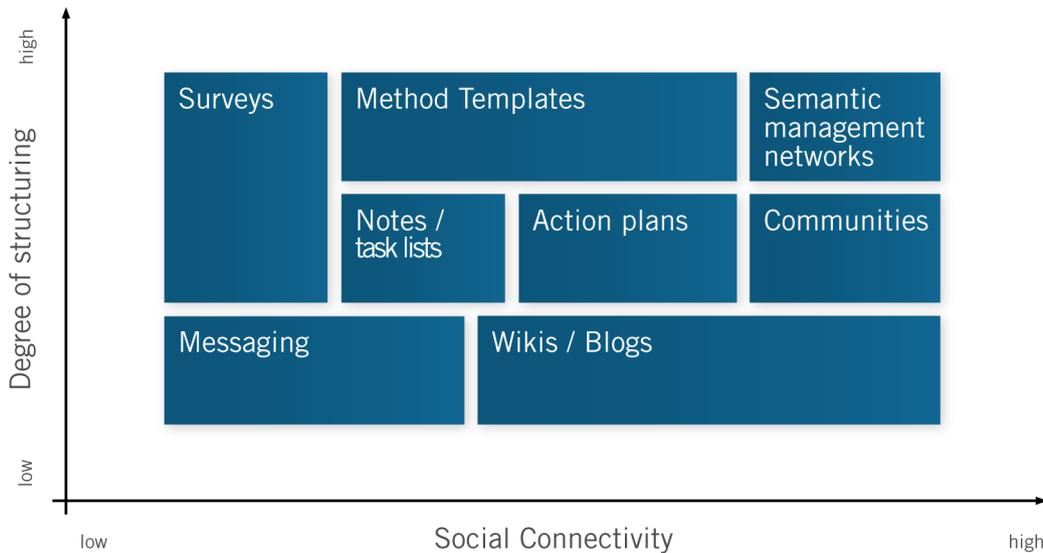


Figure 3: Order of Web 2.0 components

Management and Web 2.0

If we design a platform for hooking up and supporting management, it is possible, by deploying the components above in a targeted way for the relevant topics, to achieve the right relationship between methodical structuring and the facilitation of self-organizing processes. If the participants are networked to an optimal degree, a Web 2.0 management platform can make important contributions to elementary aspects of an extended understanding of management in an organization:

- **Collaboration:** The thorough and methodical work of individuals as well as effective team work can be distributed more freely in terms of time and space. The results of work can be built upon and can be further developed by all participants.
- **Transparency:** Everyone can see who is doing what. It becomes possible for people to participate with their content and this participation is self-regulating to a certain extent. The results are a common yardstick for everyone involved. Thanks to the activities of many, a common picture of the future can be created.
- **Efficiency:** The flood of information is reduced to what is relevant. Each person takes on the tasks of the predecessor. Redundancies in the workflow are avoided. Less work is required for communication. Issues with IT versions are reduced to a minimum, as are costs.
- **Consistency:** The relevant methods for management are consistently anchored at the different levels of the organization. Common prioritization and evaluation standards come into existence.
- **Control:** Implementation is an integrated part of strategy work. It becomes easier to perform and control.
- **Agility:** A continuous and common picture of the organization enables strategic learning and makes the organization as a whole more flexible.

BRIDGE™ – Web-based platform for integrated management

BRIDGE™ was designed and developed by experienced management consultants and social media experts to combine the outlined requirements of an extended understanding of management.

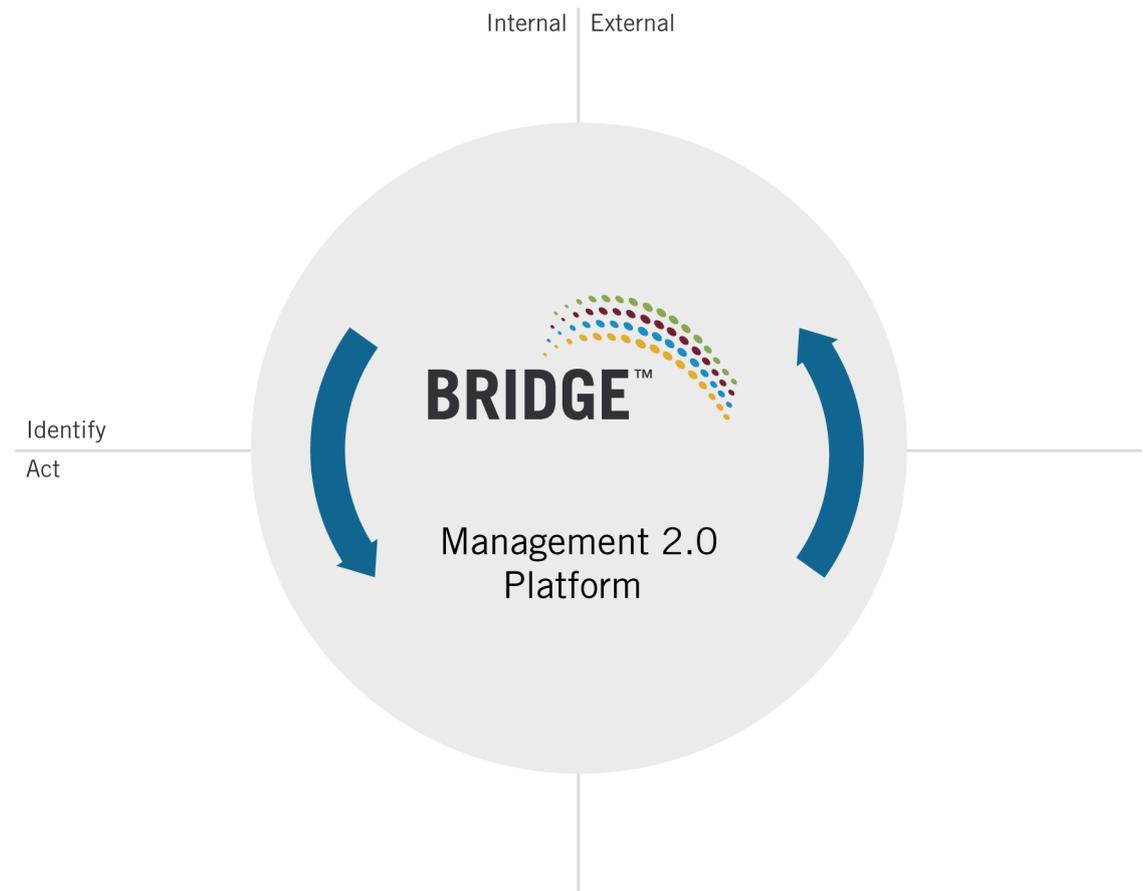


Figure 4: Management 2.0 platform

BRIDGE™ is a Web-based platform for integrated management. With its help, the dimensions outlined can be brought together. Using BRIDGE™, the right players hook up with the management topics that are relevant to them (see Fig. 2) at the right time. This makes it possible for them to play a more active part and contribute their knowledge better.

Through this network, a discourse is structured with management-relevant knowledge and using a consistent methodology. The discourse then leads to specific structural measures and makes organizational learning possible. The absolute minimum of methods for strategic and operational management is consistently anchored into the various levels of the organization in the long term. Direct collaboration and participation in the relevant management content becomes possible for the first time. Employees' valuable existing knowledge is used actively; the framework for generating new knowledge is established. Thanks to the platform solution, mountains of PowerPoint and Excel files are concentrated into a substantial mass. If necessary, presentations are created directly from BRIDGE™.

In 2011, Bridge™ was awarded the IT Innovation Prize of the Initiative Mittelstand organization, which promotes and supports the German IT midmarket.

Hypotheses about an extended understanding of management

Finally and to sum up, we would like to formulate three central hypotheses for an extended management understanding. Having this understanding, a manager is able to deal better with the existing complexity and dynamics in the environment of an organization.

I

Volatile environments require integrated management concepts

- Complexity and dynamics in the business world require a feedback-controlled approach and interrelated management tasks and processes.
- First, competency to implement management methods in the organization is required (method) and second, a consistent management architecture is needed (methodology).

II

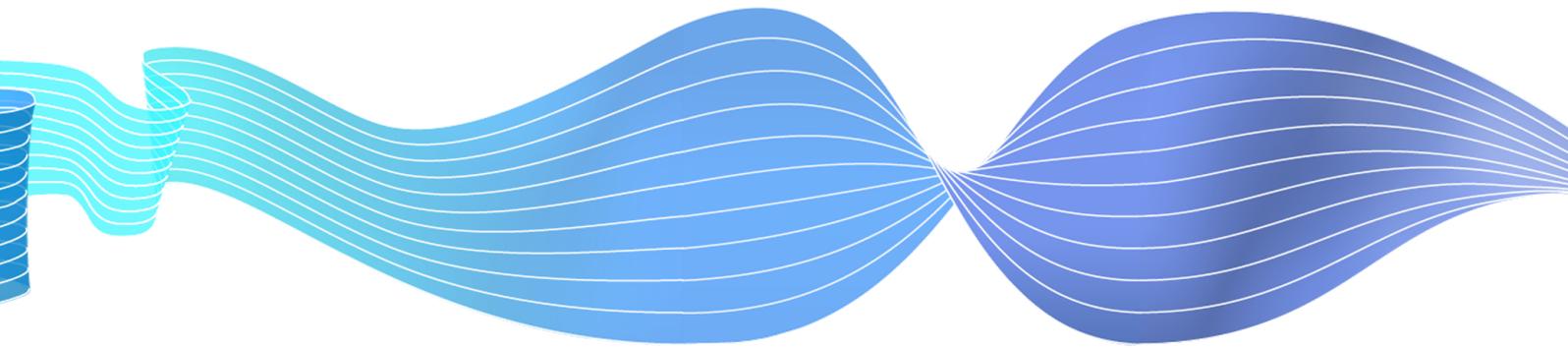
Management gets social

- Management is no longer the result of the work of a “great man” and creator, but the result of the interaction of many.
- It is necessary to generate resonance and evoke patterns for communication to transport content and provoke desired action. The push era is over.
- Direct communication channels with no hierarchies are needed.
- Knowledge about the relevant management topics must be conserved and accumulated to support changes and the onboarding of new key positions, and to retain resources.

III

Cross-organizational “strategic readiness” secures competitive advantage

- Functions must be connected to the management as the central control function for establishing standards.
- The complexity of the business versus the complexity of the business model; thinking in different categories becomes necessary and a consistent understanding of the control tasks must be attained.
- New requirements of the control mechanisms result from increased variability.
- Inter-organizational collaboration takes place as a matter of course.
- Internally, there is greater need for alignment. Transparency about who is working on what and who is involved in which topics becomes a must.
- Hierarchical influences are reduced to make way for networks between players and topics.
- Networking also becomes possible and necessary regardless of synchronous and physical exchange.



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Dr. Heiko Eckert has conducted research, taught, and held consultant positions at various institutes and companies. He worked as a management consultant and project lead at the Malik Management Center in St. Gallen for eight years. Since 2004, he has been pursuing the idea of making strategic management more effective using an online medium. In 2008, the company Eckert Caine GmbH evolved from this idea. Today, Dr. Heiko Eckert is a member of Eckert Caine's executive board. In addition, he is managing director of the Center for Complex Systems GmbH & Co. KG in Weinstadt, Germany and heads the Center for Transdisciplinary Governance within the Institute for Systemic Management and Public Governance at the University of St.Gallen, Switzerland.



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Ronald Herse founded his own Internet and media agency in the 1990s and then spent a few years in the facade construction sector. After that, he worked for over six years as a management consultant and project lead in more than 80 national and international projects at the Malik Management Center in St. Gallen before he became CEO of Eckert Caine in 2009. Since then, in his capacity as managing partner, he has been responsible for the expansion and management of Eckert Caine GmbH. He also teaches strategic management at the Vorarlberg University of Applied Sciences, Austria.



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Christian Ullbrich studied International Cultural and Business Studies at the University of Passau, Germany. He worked as a production manager for film productions and as a management consultant before he joined Eckert Caine in 2010. Today, he is responsible for Eckert Caine's operational business and the conceptual framework of the management platform BRIDGE™. He is also working on designing further management-related platforms.