

Results of Research and Reflection

Content

The Plague of the Western World: loss of trust (at work), loss of meaning (work), divorce employees – employers.

A Grand Illusion: The Western World believes that best practices are unique;

Mindset is a production factor: the route to better cooperation

The Plague of the Western World

75% is the average percentage of failed projects.

Failure parameters are

1. exceeded budget
2. missed timing
3. did not reach quality

This figure applies to the service, banking and industrial world.

Projects are company mergers, acquisitions, software migrations, reorganizations, commercial alliances, change altogether, and civil engineering including construction and refurbishing.

How come that smart people who master their art miss 3 attempts out of 4?

Farming under equivalent weather conditions never fails, wherever in the world.

The Western World is after performance.

Its religion is productivism and its god is money.

But it wasn't always like that. What did change, that drove it to those poor results?

A Grand Illusion

The Western World believes that best practices are unique; this belief gets visible from the thousands management consultants who walk into companies with ready

to use activities and tricks. Sometimes, they hit it right. It is flabbergasting to hear the many thousands of professors of management telling their students how one must act in given situations. It is beyond imagination to see the many millions of managers applying such recommendations blindly, convinced that they hold the truth and go the only possible route, all those efforts for the poor result mentioned: 3 failures out of 4, 75%.

This belief - best practices are unique and can be read from a book - is valid when applied to automated industrial processes including most chemical and physical processes. It becomes invalid wherever humans play a role in the process.... and they do.

Nations and companies are sometimes seen as systems that should be managed according to best practices imagined by some groups of influence. It works for a while. A bigger example is the Soviet Union which for the best practices had been imagined by thinkers and imposed. Same practices were imposed to other countries in the same way the United States wanted to impose democracy in Iraq. Global results including health, security, purchasing power and happiness in those countries are telling.

Companies are secret about their managerial errors. Usually, they are more agile than countries and modify their best practices faster. However, they still think there is only one set of “best practices” possible. Academics to whom I introduced a new management paradigm based on mindset, presenting mindset as a production factor, could not accept the idea that fundamentals in management had not been fully explored and identified by year 2000. Amongst them, several Nobel Prize winners and top professors in Harvard, Stanford, Insead and other leading business schools. It is known that all others imitate the leaders. Their heads are formatted to accept, in this respect, only one truth, their predecessors.

We are facing a grand illusion.

Nevertheless, there is a strong evidence that mindset is a production factor. This evidence was brought by Harvey Leibenstein, professor at Harvard University in the 1960s: he came up with the X-Efficiency Factor to explain the difference of 50% of productivity of Ford’s German plant over its British counterpart. When positive, journalists call the gap an economic miracle. When negative, its causes are disguised by managers who hide their incompetence behind various humps and bumps in the market. The word “mindset” is not, In the period until 2020 for sure, a word that is acceptable in the business world. It is OK for the military and sports, not in business, because it points to something that may cost but is not understood, hence, something like a pine in the neck.

My work starts here. The paradigm I am presenting explains why and how such a gap is possible.

Clearsighted but modest managers grasp the point and are client of the consultants of Imfusio in Paris, who are applying the suggestions of the new management paradigm to boost motivation and performance. They show “how”.

The “how” is a longer story. The “why” is a short one.

Here is the “why”:

During two thousand years, religion presented itself as having answers to all questions. Doubting was forbidden. That placed deep in our minds the scheme of “one question, one truth”.

During the latest five hundred years, exact sciences have been giving us the same message: “one question, one calculated truth”, the same scheme that placed it even deeper in our minds.

Having this scheme in mind, researchers, consultants and managers are, still today, blind to new paradigms. In particular they are blind to the fact that “best practices” may be “best” for a specific situation indeed but may be inappropriate for others; a closer look is necessary.

In his book “On the Genealogy of Morality”, Nietzsche discussed exactly this point with regards to morale. The same can be done for justice, beauty, ethics and so on, including “best practices in management”. Each person has his own morale, each situation requires a specific management.

Consider mindset as a production factor: here comes the “how”

Hence, get as much information on mindset as possible.

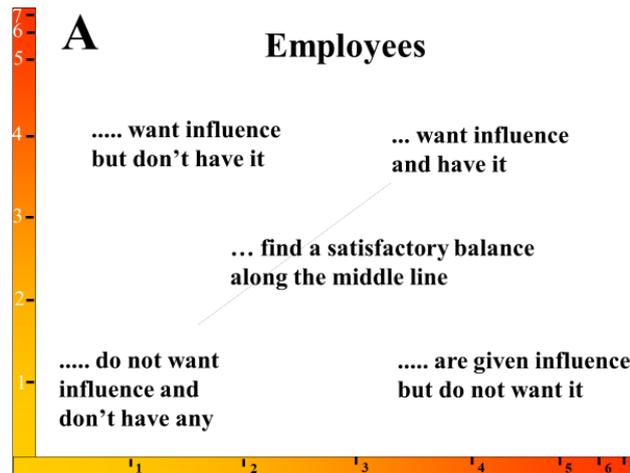
1. find out how it forms;
2. imagine scales for its constituents;
3. map it;
4. find out how it contributes to performance;
5. spot its target on the same map;
6. understand why missing the target is costly;
7. quantify the economic value dissipated (instead of added);
8. understand dynamics, how mindset varies with time;
9. plot mindset impacting activities on the same map;
10. activate such activities to move mindset on the map;
11. quantify benefits, i.e. recovered economic value;
12. Examine the ROI and decide for the continuation of the program.

1. find out how it forms

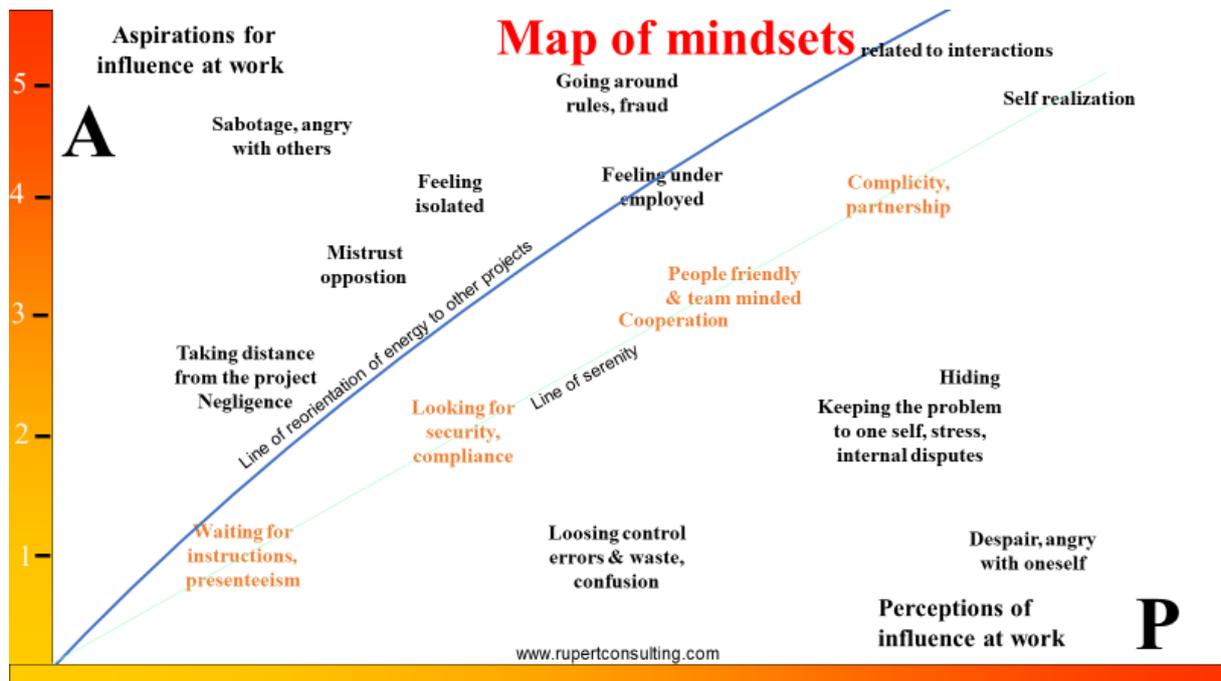
Mindset is the outcome of a discussion we carry inside ourselves regarding a specific idea or project, that combines perceptions with aspirations on that subject. The outcome adjusts with new perceptions coming in. This internal talk is not visible for others and is not always conscious, but it is always there.

2. imagine scales for its constituents

3. map it



Small zoom

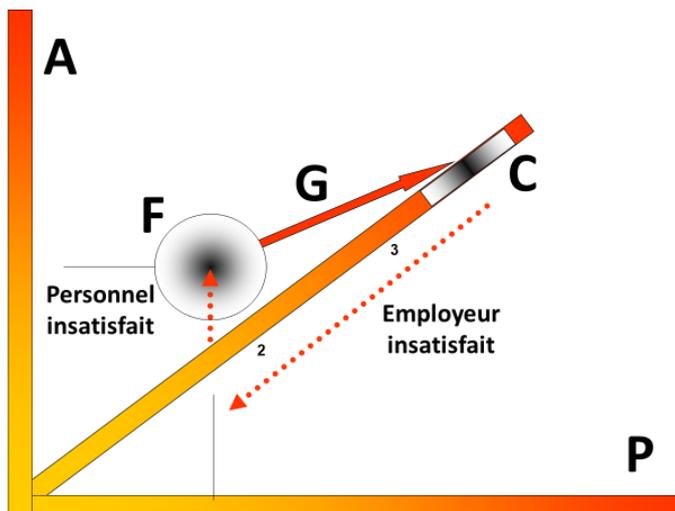


4. find out how it contributes to performance

5. spot its target on the same map

F(P,A) visualises the current mindset at work

G visualises social capital effective utilisation. Big gap means poor return on assets



6. understand why missing the target is costly

7. quantify the economic value dissipated (instead of added)

Quantification of the Dissipated Economic Value Factor « k »

$EVD = k.EVA / (1-k)$	C = 1	C = 2	C = 3	C = 4
G				
$0,5 < G < 1$	1-3	1-5	2-7	3-11
$1 < G < 1,5$	1-4	2-6	3-10	5-15
$1,5 < G < 2$	2-5	3-9	5-12	8-20
$2 < G < 2,5$	3-7	4-10	6-14	10-30
$2,5 < G$	4-9	5-12	10-20	death

All companies seen with $G > 2,5$ have gone bust.

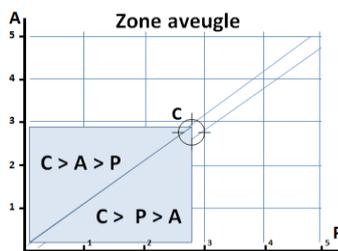
EVA = economic value added
 $EVD = k.EVA / (1-k)$
 EVD as a % of EVM (EV. maximum)

8. understand dynamics, how mindset varies with time

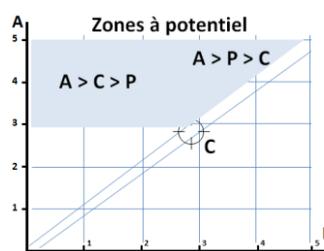


9. plot mindset impacting activities on the same map

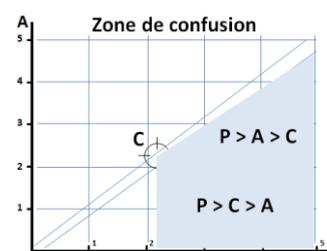
First, identify the cause for the dissipation of economic value. The cause can be determined from the respective positions of the major parameters P, A and C. The strategy is bound to the cause. Hence, the problem is made visible on the map.



Blindness



Opposition with potential



Confusion

Three strategies:

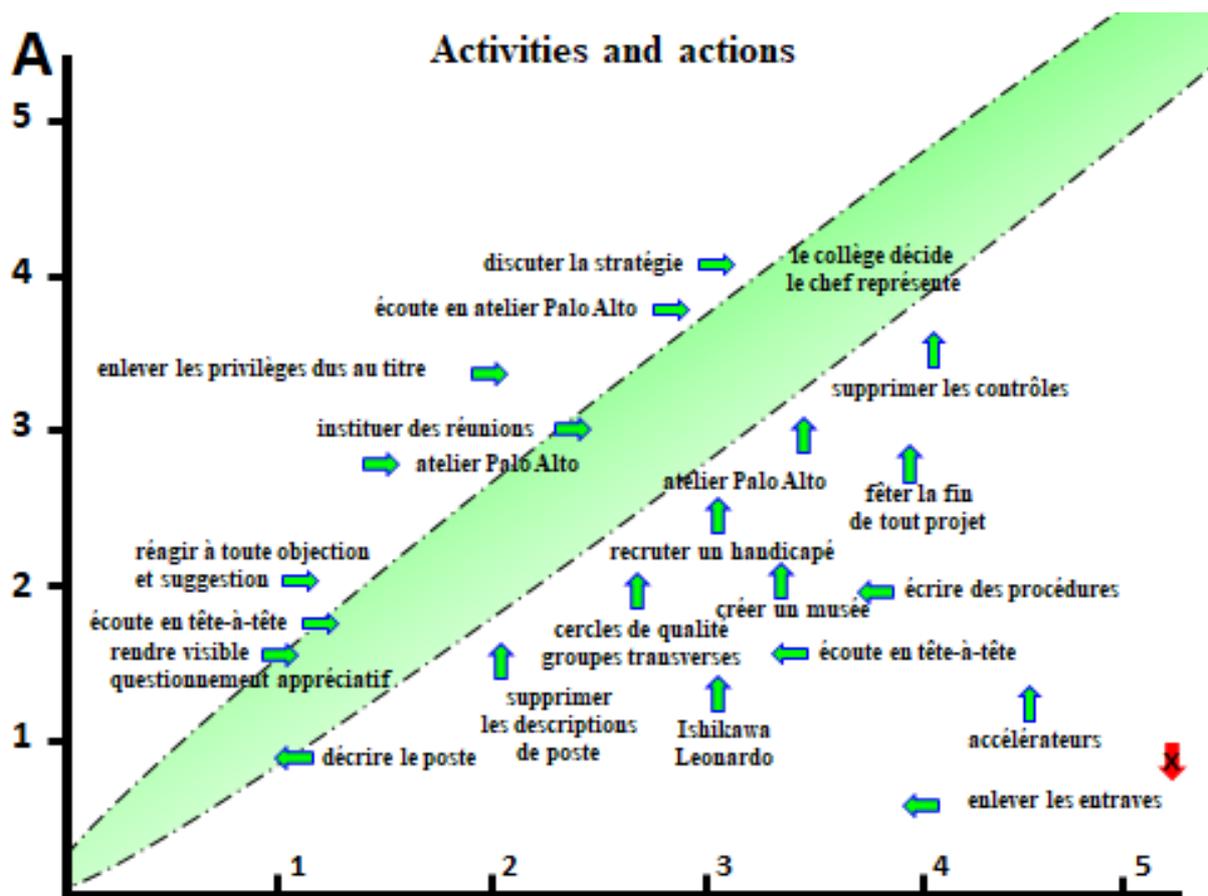
- Open the eyes
- Manage opposition
- Manage confusion

The tactics to apply depend upon the actual position of C. Since C can take one value anywhere between 1 and 5, the strategy may be the same, but the tactics are completely different, depending of the level of C.

Our “tool kit” contains more than 400 tactics to improve performance, some

- by removing barriers,
- by accelerating activities (the typical content of a tool kit).

All tactics are represented by a small arrow plotted on the main graph, making it easy to see which tactic is relevant and can be suggested to the client.



First, the style of management must be adjusted to the sort of cooperation employees want to experience in professional life (A). This sets serenity into the company and makes dialogue possible.

Second, managers must drive the collective mindset as close as possible to the ideal one (C). This move improves performance in a few days in a restaurant, a few months in a 100 to 500 people site.

This is NOT an easy task.

10. activate such activities to move mindset on the map

11. quantify benefits, i.e. recovered economic value

12. examine the ROI and decide for the continuation of the program