

# 10 MANAGEMENT TRENDS 2016

 **Harvard  
Business  
Review**

 **OPINNO**  
WE DELIVER IMPACT THROUGH INNOVATION

# REINVENTING PERFORMANCE MANAGEMENT

## The Problem

.....

Not just employees but their managers and even HR departments are now questioning the conventional wisdom of performance management, including its common reliance on cascading objectives, backward-looking assessments, once-a-year rankings and reviews, and 360-degrees feedback tools.

## The Goal

.....

Some companies have ditched the rankings and even annual reviews, but they haven't found better solutions. Deloitte resolved to design a system that would fairly recognize varying performance, have a clear view into performance anytime, and boost performance in the future.

## The Solution

.....

Deloitte's new approach separates compensation decisions from day-to-day performance management, produces better insight through quarterly or per-project "performance snapshots," and relies on weekly check-ins with managers to keep performance on course.

# THE TRANSPARENCY TRAP

## The Problem

To get people to be more creative and productive, managers increase transparency with open workspaces and access to real-time data. But too much transparency can leave employees feeling exposed. As a result, they may actively conceal what they're doing -Even when making improvements-reducing productivity and, paradoxically, transparency.

## The Goal

Employees perform better when they can try out new ideas and approaches within certain zones of privacy. Organizations allow them to do that by drawing four types of boundaries: around teams of people (zones of attention), between feedback and evaluation (zones of judgment), between decision rights and improvement rights (zones of slack), and for set periods of experimentation (zones of time).

## Benefit

Less-transparent work environments can yield more-transparent employees. And by balancing transparency and privacy, organizations can encourage just the right amount of “deviance” to foster innovative behavior and boost productivity.

# PROFITS WITHOUT PROSPERITY

Harvard  
Business  
Review

OPINNO

## The Problem

Corporate profitability is not translating into economic prosperity in the United States. Instead of investing profits in innovation and productive capabilities, U.S. executives are spending them on gigantic stock repurchases.

## The Research

These buybacks may increase stock prices in the short term, but in the long term they undermine income equality, job stability, and growth. The buybacks, mostly compensation, is in the form of stock.

## The Solution

Corporations should be banned from repurchasing their shares on the open market. Executives' excessive stock-based pay should be reined in, Workers and taxpayers should be represented on corporate boards. And Congress should reform the tax system so that it rewards value creation, not value extraction.

# OUTSMART YOUR OWN BIASES

## The Problem

Cognitive biases muddy our decision making, we rely too heavily on intuitive, automatic judgments, and even when we try to use reason, our logic is often lazy or flawed.

## The Cause

Instead of exploring risks and uncertainties, we seek closure - it's much easier. This narrows our thinking about what could happen in the future, what our goals are, and how we might achieve them.

## The Solution

By knowing which biases tend to trip us up and using certain tricks and tools to outsmart them, we can broaden our thinking and make better choices.

# THE 3D PRINTING REVOLUTION

## The Breakthrough

Additive manufacturing, or 3-D printing, is poised to transform the industrial economy. Its extreme flexibility not only allows for easy customization of goods but also eliminates assembly and inventories and enables products to be redesigned for higher performance.

## The Challenge

Management teams should be reconsidering their strategies Along three dimensions:

- (1) How might our offerings be enhanced, either by us by competitors?
- (2) How should we reconfigure our operations, given the myriad new options for fabricating products and parts?
- (3) how will our commercial ecosystem evolve?

## The Solution

Inevitably, powerful platforms will arise to establish standards and facilitate exchanges among the designers, makers, and movers of 3-D-printed goods. The most successful of these will prosper mightily.

# WHAT STRATEGY EXECUTION UNRAVELS - AND WHAT TO DO ABOUT IT

## The Problem

We have thousands of guides about developing a strategy- but very few about how to actually execute one. And the difficulty of achieving executional excellence is a major obstacle at most companies.

## The Research

Executives attribute poor execution to a lack of alignment and a weak performance culture. It turns out, though, that most businesses activities line up well with strategic goals, and the people who meet their numbers are consistently rewarded.

## The Recommendations

To execute their strategies, companies must foster coordination across units and build the agility to adapt to changing market conditions.

# | THE AUTHENTICITY PARADOX

## The Problem

When we view authenticity as an unwavering sense of self, we struggle to take on new challenges and bigger roles. The reality is that people learn -and change- who they are through experience.

## The Goal

By trying out different leadership styles and behaviors, we grow more than we would through introspection alone. Experimenting with our identities allows us to find the right approach for ourselves — and our organizations.

## The Sticky Point

This adaptive approach to authenticity can make us feel like impostors, because it's outside our comfort zones that we learn the most about leading effectively.

# THE DISCIPLINE OF BUSINESS EXPERIMENTATION

## The Problem

.....  
In the absence of sufficient data to inform decisions about proposed innovations, managers often rely on their experience, intuition, or conventional wisdom, none of which is the necessarily relevant.

## The Goal

.....  
A rigorous scientific test, in which companies separate an independent variable (the presumed cause) from a dependent variable (the observed effect) while holding all other potential causes constant, and then manipulate the former to study changes in the latter.

## The Solution

.....  
To make the most of their experiments, companies must ask: Does the experiment have a clear purpose? Have stakeholders made a commitment to abide by the results? Is the experiment doable? How can we ensure reliable results? Have we gotten the most value out of the experiment?

# WHEN SENIOR MANAGERS WON'T COLLABORATE

## The Problem

Professional services firms can gain a powerful competitive edge if they do complex work for clients that involves partners from multiple specialties. But collaboration's downsides are immediate, while the benefits accrue slowly, making individuals reluctant to engage in it.

## The Research

Research shows that as more practice groups work together on a client engagement, the average annual revenue from the client increases. And as professionals engage in more cross-specialty projects, the more work they will subsequently get and the more they'll be able to charge for it.

## The Implications

Both individuals and leaders can lower the barriers to collaboration and land high-value work- by de-emphasizing inputs like billable hours and focusing more on outcomes such as greater revenue per client.

# WORKSPACES THAT MOVE PEOPLE

 Harvard  
Business  
Review

 OPINNO

## The Challenge

Companies believe that more open space will boost productivity and creativity, but they have no evidence to prove it. They also use cost per square foot as the key metric for managing space.

## The Solution

New sensor technology provides data about worker communication and its effect on group performance. It suggests how to design spaces to take advantage of digital work styles and get people bumping into one another, which leads to increased productivity and creativity.

## The Future

Designs that encourage “collisions” between digital-savvy workers are being scaled beyond office buildings to improve knowledge worker performance in entire neighborhoods, pointing to a future in which the corporate office is semipermeable public-private space woven into the urban fabric.

# DIGITAL UBICUITY:

## HOW CONNECTIONS, SENSORS AND DATA ARE REVOLUTIONIZING BUSINESS

### The Finding

Digital transformation-the digitization of previously analog machine and service operations, organizational tasks, and managerial processes-is pushing both established and start-up players in many industries to compete in new ways.

### The Implication

To compete, companies will have to rethink their business models, identifying new opportunities for creating and capturing value.

### The Example

General Electric has invested millions in its “industrial internet,” linking previously discrete tasks and equipment to create more than \$1.5 billion in incremental revenue in 2013-an amount it expects will double in 2014 and again in 2015.

