

Executive Summary

Managing Differences: The Critical 21st-Century Management Skill, 2nd Edition

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ASSERTION 182

The critical 20th-century management skill — making things and people fit into systems that execute efficiently — will inevitably be transcended by a different 21st-century critical management skill: creating the conditions in which people of widely varying backgrounds, behaviors, and inclinations can maximize their particular contributions to economic value. This is certainly happening in most firms in developed economies, yet most managers (especially IT managers) have not yet come to grips with it.

SYLLABUS

Financial crises notwithstanding, the 20th-century virtues of cost reduction and efficiency have lost some of their *competitive* value for firms in developed economies. These virtues remain very important, of course; but no matter how well firms in developed economies do at lowering costs and promoting

efficiencies, competitors within emerging economies — with access to a nearly infinite labor supply (e.g., China, India) — have a structural advantage. Streamline that IT operation all you want, it might still be cheaper for four guys in the Guangdong Province to walk around and retype things.

For many operational activities, trying to argue that you are the most efficient is a battle most managers in developed economy firms cannot win — not in the long run. The playing field has shifted, and it's not a fair fight, no matter how good you are at efficiency. Whether you are a manager in an established firm in Australia, Canada, Europe, Japan, or the US, or whether you are the firm that employs that manager, sooner or later you'll have to compete differently: by convincing "buyers" (whether they are senior managers deciding where to acquire services or end consumers) that what you can provide is better, and more valuable, even if it does cost more (and it will) than what can be obtained elsewhere.

In this kind of competition, it's not the 90% you do right, or even the 99%, that counts most; it's that extra 10% or 1% that differentiates you from the crowd. When everyone can deliver the 99%, and some can deliver it more cheaply than you can, it's that 1% icing on the cake that makes all the, well ... difference. And to get that consistently and reliably, you need people who can work at the limits of their abilities, at the edge of their capabilities. Thus, your most important job as a 21st-century manager is to create conditions in which that icing can be added to the cake; and it'll be harder than you think because those conditions are likely different for each individual. It also makes you less of a "boss" and more of a servant with a nice title. For some managers, serving might be a lot less fun than bossing. Nevertheless, today and in the future, the competitive prizes will go to those firms and those managers who can best harvest value from their human capital assets, despite the tremendous and essential variety of those assets.



OPINION

On 2 April 2015, United Nations Secretary-General Ban Ki-moon issued a call to the world's business and other organizations to develop programs to bring neurologically diverse people (such as those with autism) into their workforces. The justification for such a move, repeated again and again at the UN's World Autism Awareness Day event *Employment: The Autism Advantage*, was because organizations need neurodiversity to succeed in an innovation economy. As such, this was an appeal not to charitable urges, but to self-interest: you need these types of people (and others like them) to do well in the future. Major companies, such as Hewlett-Packard, Microsoft, SAP, and myriad others have now heeded the call, and many others are figuring out how to follow suit.

It is notable that the Cutter Business Technology Council was on this very issue six years ago. So, in the accompanying *Executive Report*, we reproduce an "ahead of the curve" *Council Opinion*, from 2009, which anticipated what has now become a major corporate movement.

Recommendations

After expanding on his opinion regarding *the 21st-century critical management skill*, Rob offers the following recommendations:

1. If you haven't already, start thinking about your "differentiated" value proposition. What makes your own personal "services" better, even if they do cost more? Same question for the products and services provided by your organization, and your company.

2. Take a systematic look at the working conditions in your firm. Are there ways to put people in more productive settings? It might not even cost more to make people more effective in their jobs. But it also might, and if it does, the additional tax might be well worth paying.

3. Examine the different components of work done within your organization to see whether there are potential additional gains from specializing. Is there a way you can redesign work to improve outcomes (and make the specialists in your organization happier)?

4. Seek more diversity in educational background, behavioral inclinations, and personality types within your organization. In an innovation economy, variation matters a lot, and variation often arises from diversity of perspectives. Make sure you have diverse perspectives to draw on in your company.

RESPONSES

In the remainder of the report, Cutter Fellows Tom DeMarco, Lynne Ellyn, Lou Mazzucchelli, Ron Blitstein, and Tim Lister, along with Cutter Senior Consultant Mark Seiden provide their opinions on how managers should tackle and perceive *the 21st-century critical management skill* and offer advice for achieving competitive advantage in the innovation economy. Their outlook on Rob's opinion will assist you in learning how to harvest your human capital assets in order to strive toward business optimization and surpass your competitors.



Business Technology Strategies Practice

FOR MORE INFORMATION

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