

DAY-TO-DAY MANAGEMENT VERSUS STRATEGIC MANAGEMENT

TECHNIQUES IN TEACHING MANAGEMENT

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Day-to-day management and strategic management are not the same, and to equate them leads to a mechanistic approach. IESE was created as a business school with the goal of serving companies and their executives. Here, we examine the underlying principles of strategic management.



"MANAGERS TEND TO BE AVID CONSUMERS OF ALL NEW MANAGEMENT TOOLS. THEY ARE NOT OVERLY INTERESTED IN THE WHAT OR THE WHY, BUT RATHER, IN THE HOW."

ESE was created as a management school focused on developing business leaders, with the mission of serving business people and companies. Under this institutional system, it was quite clear that the professors weren't just professors of accounting, sales management, production or any other discipline. Rather, that they were professors of management.

This did not mean that they all had to know everything, or even that they had to be familiar with the contents of the Department of General Management. It referred to how they had to focus their teaching within their own disciplines, to optimize their usefulness for managers in their process of leading, decision-making and performance.

ACADEMIA ABANDONS STRATEGIC MANAGEMENT FOR A TECHNICAL APPROACH

In recent years, very little has been written on management. It could almost be said, with just a few exceptions, that the scientific (or perhaps pseudo-scientific) world has neglected the study of management. There are also rafts of books that are closer to the sub-genre of self-help guides than to strategic management *per se*.

By contrast, more and more is being written about day-to-day management and the tools used to manage. The word "management" tends to be used for everything related to doing things effectively. Therefore, a person who has shown skill in a job is said to have a sound profile as a manager.

A good manager is one who is familiar with and has mastered the "tools" and analytical techniques of management and knows how to combine them with enough acumen and practical drive to "get things done". This is the definition of a good technician. With all due respect to technicians, two comments are worth making: (1) companies need good technicians, and (2) all business leaders must master and skillfully make use of techniques and technicians in their executive duties.

FROM LEADERSHIP TO MANAGEMENT: THE DANGER OF A MECHANISTIC APPROACH

In practice, the concept of strategic management has been reduced to a concept of day-to-day management. A mechanistic view means interpreting people as behaving in a predictable fashion, with motives that are essentially related to economic variables, and viewing them like a prolongation of machines.

Sometimes people erroneously think that this mechanistic vision is a thing of the past, that it belongs to the time of the Industrial Revolution or the age of "Taylorism" (F. W. Taylor, the father of scientific management, was less mechanistic than he is often accused of). The unfortunate fact is that the temptation of falling into the mechanistic approach is omnipresent. It appears whenever action problems are viewed as merely technical problems. In this view, the job of diagnosing basically comes from the results of analytical techniques.

Criteria are reduced to maximum efficacy, and action plans are pre-determined by other techniques.

All other variables – including people – are treated as residual, as factors whose effect on the action plan, when they pose a certain resistance, is equivalent to the effect of friction in physics.

To eliminate this "friction," incentive systems are established whereby the degree of incentive needed is the amount that makes this type of resistance or "friction" vanish. Colloquially, this way of viewing incentives is often called "greasing the wheel".

This type of paradigm seems to be around even today. What else can we glean when both the practical and scholarly world proclaim in unison that the purpose and mission of a company is to "maximize shareholder value"?

MANAGEMENT AS A TOOLBOX

Under this mechanistic vision, business leadership is not a function but a toolbox. Therefore, executives, as opposed to managers, are focused on short term results. If they're good, their CV tends to contain a string of "success stories" all of them achieved in spectacularly brief periods of time (two or three years at most).

They tend to mould the company's mission in their own image, undermine their employees' trust and destroy the competitive advantages in areas of opportunistic strategies. Then they are off their mark with their stock options intact.

Managers tend to be avid consumers of all new management tools. They are not overly interested in the what or the why, but rather, in the how.

RETURNING TO BUSINESS LEADERSHIP

In order to provide further knowledge in the job of managing a business, you primarily have to talk about management as a function, and especially as a process. And more than anything else, management means managing people.

Therefore, the so-called "business model" – a key to efficiency – has to consist of discovering people's real needs (what Prof. Juan A. Pérez López called the company's external mission), innovating to meet these needs, and determining how to cover these needs in the best way possible given the changes they undergo. Consumer-oriented marketing is in no way the same thing as people-oriented marketing.

Another substantial part of business leadership is setting up the individual and collective conditions to ensure high rates of operational learning by those in the company. This learning is a source of satisfaction, intrinsic learning on an individual level and the root of competitive advantage (which Pérez López called the internal mission).