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The efficiency of the modern organization as a result of the process of management by value

Efektywność nowoczesnej organizacji jako rezultat procesu zarządzania przez wartości

Summary: *The contemporary employee no longer expects only satisfying remuneration and a sense of job security, but also an opportunity for development and self-realization in a company. Satisfying such needs requires managers to create a unique workplace. The way to make it happen is the implementation of managing by values that will only yield rational results, however, if performed through a thought-out process that involves employees in an active manner. Starting from a accurate diagnosis of the environment, through workshops, all the way to implementation and constant improvement, the process will allow to introduce the organization to a new and more effective management system.*

Keywords: managing by values, interdisciplinary team, the process of implementing change, reluctance to change, leadership, workshop

Streszczenie: *Współczesny pracownik nie oczekuje już tylko satysfakcjonującego wynagrodzenia i poczucia bezpieczeństwa pracy, ale także szansy dla rozwoju i samorealizacji. Zaspokojenie tych potrzeb wymaga od menedżerów, by stworzyć niepowtarzalne warunki pracy. Sposobem aby tak się stało jest wdrożenie przez menadżerów zarządzania przez wartości, które przyniosą wymierne rezultaty tylko, wtedy jeśli angażuje pracowników w aktywny sposób.*

Słowa kluczowe: zarządzania przez wartości, interdyscyplinarny zespół, proces wdrażania zmian, niechęć do zmian, przywództwa, warsztat

Introduction

The effects of the implementation of managing by values (as well as many other changes in the organization) can be really exceptional if the change is made through a thought-out, controlled process. Implementing managing by values in an organization should be done in a minimum of six steps, from the role of the manager who feels the need for change and initiates it, to assembling a team, overcoming its reluctance and performing environmental diagnostics, all the way to workshops, implementation and constant improvement.

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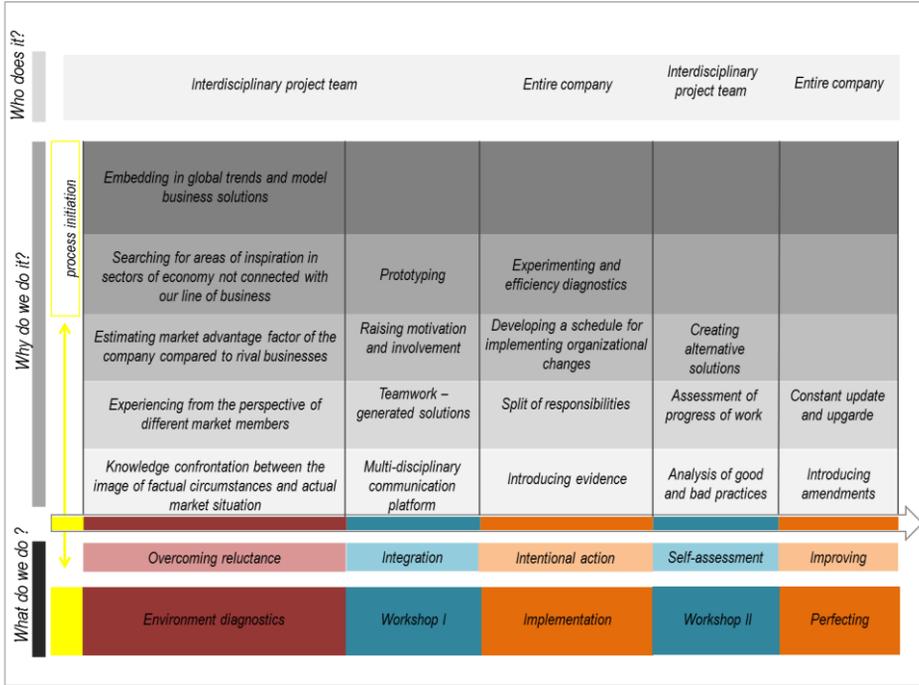


Diagram 1. The process of managing by values and grounds for it
Source: own work

The presented diagram of the process of designing and implementing managing by values is the result of changes introduced in service and production companies that operate in various sectors of the economy, locally or globally. Despite the fact that each line of business is governed by its own laws, and the course of work of a service or production company has its own specific organizational characteristic, it is still possible to isolate common stages that an organization must go through in order to swiftly introduce a new order of business connected with managing by values and in a friendly atmosphere. A critical requirement for the effective execution of the process of managing by values is the involvement of employees. Including employees in the process of change (empowerment) gives the opportunity to use the best of knowledge and potential that lies within the staff and gives employees the sense of participation in the decision-making process, which encourages commitment, triggers self-reliance and creativity, builds a sense of affiliation, leads to an increase in efficiency and improvement of interpersonal relations within the team².

The paper illustrates the process of implementing management by values based on desk and personal research during consulting jobs in the companies from the Polish FMCG sector. The main research objectives were to

² D. MacLeod, C. Brady, *O krok dalej: jak motywować pracowników*, Oficyna Wolters Kluwer business 2011, p. 75, M. Juchnowicz, *Zaangażowanie pracowników, sposoby oceny i motywowania*, PWE, Warszawa 2012, p.117.

develop and test the proper model of implementing the management by values in the enterprise that would fit the reality of the Polish organizations.

Initiating the process

Managing by values begins when the project leader is the first to express readiness for introducing key changes to an organization. This breakthrough is usually a result of three subjective factors. The first element is the need to upgrade to a higher level of business awareness. It is the result of rapidly changing market conditions whose pace exacts an imperative to redefine strategic objectives. The second element is the belief that it is necessary to implicate a new human resources management system, different than before, that forms a solution to a decrease in commitment and motivation detected among the employees. The third element directly applies to sales performance, i.e. a situation when a company records stagnation in income dynamics year by year, with a simultaneous increase of expenses dedicated to marketing.

The role of a modern entrepreneur is to create a new model of leadership. Leadership defined as an aspect of management which enables the manager to persuade others to enthusiastically pursue specified goals stems from an inborn talent and mastered skills and knowledge. Only to a small degree does leadership result from appointed authority, meaning sanctioned entitlement. Mostly it results from expert authority and personal authority³. Expert authority is connected with the manager's knowledge and skills while personal authority (often called charisma) is more difficult to grasp and is connected with the personal characteristics of individuals who attract others who want to follow the person they admire. Charisma stems from values and emotion, its basic principle is to show that a person is morally credible, and then to evoke emotion and passion in listeners⁴. This way we close the loop of selecting the best method to initiate and effectively perform managing by values in an organization. The best and universal method is proper management of change by a charismatic leader, and the grounds for becoming one is one's own organized and enlightened value system and the will to follow it. To sum up, in order to implement a system of managing by values effectively, one should become the best role model and appreciate the positive symptoms among employees, because the time is coming to redefine the position of leader and man. The strength lies in the values of everyday people and triggering their commitment provides an opportunity for companies to build market success.

When recognizing the situation of an organization, the managers state opinions, usually based on a very narrow field of business activity, anchored in improving the operation of the sales department and the efficiency of sales representatives. Only insightful diagnostics of the environment emphasizes that the problem is much deeper and sole reorganization of sales structure will not do. The clash of two opposing worlds, personal ideas and the realistic phe-

³ L.R. Bittel, *Krótki kurs zarządzania*, PWN, Warszawa 1989, p. 187-189.

⁴ J. Atkins, M. Fenley, Liechti, *Jak nauczyć się charyzmy. Stań się przywódcą, za którym ludzie chcą podążać*, Harvard Business Review, Poland, June 2013, p. 144-145.

nomena, is painfully real to them. They realize that the entire organization must be invited to join the process and it will begin the multidimensional process by seeking and defining fundamental values. It is a good start for initiating smart solutions that involve the people who contribute to the organization.

Interdisciplinary team

The condition for measurably performed diagnostics is the involvement of people with different ranges of competence and representing different departments in the accomplishment of specific tasks. "History demonstrates that great projects and products are often the result of great teams. The IDEO Nightline shopping cart team displayed many of the characteristics of hot groups. The team was well rounded and respectful of its diversity. Though the team was drawn from widely divergent disciplines they had tremendous respect for their fellow members. You knew you were selected for your ability, not seniority or political skills"⁵. Unquestionably some of the best members of project groups are employees from customer service positions. They have the widest and most up-to-date knowledge of customer preferences and behaviour, often being unaware of the value of the intellectual capital they possess. Planned co-operation between individuals who present significantly different opinions, knowledge, and sensitivity leads to the creation of a cognitive approach that prognosticates the emergence of several equally accurate concepts being a solution to the reported problem. What is invaluable in the next phase of the procedure, is a group search for a common denominator that links the conclusions drawn from the perspective of different stakeholder groups.

Overcoming resistance

Resistance to change is virtually inseparable from the process of introducing changes to an organization. Everyone seems to assume that change is necessary, they could even be aware that it is good, but almost everyone fears change when faced with it. Peter Drucker said that a slave's job is least efficient⁶ [www.corazlepszafirma.pl]. Therefore, being aware of resistance, diagnosing it swiftly, and implementing proper remedies may be essential for the participants of the process to convert from opponents to proponents, to prevent them from being slaves to the process, rather to make them feel like volunteers. When analyzing the process of the implementation of a quality management system (TQM) in organizations, A. Blikle diagnosed several types of resistance: technical, political, individual, organizational, and emotional. All of them may occur before and during the process of change. The resistance can also be observed while implementing managing by values since, just like implementing TQM or even more than that at times, it requires thoroughgoing in the thinking and functioning of the organization. Also it sometimes requires changing the basic assumptions of its operation at the organizational, opera-

⁵ T. Kelley, *Sztuka innowacji – lekcja kreatywności z doświadczeń czołowej amerykańskiej firmy projektowej*, MT Biznes 2003, s. 87.

⁶ www.corazlepszafirma.pl, access 2016.

tional and human level, and, additionally, managing by values often involves redefining the objective of the functioning of the entire organization.

In TQM, emotional resistance is mentioned last, yet when implementing managing by values, it often dominates. The new approach to managing an organization requires employees to define on their own what is important to them, both in their personal and professional life, understand those values, define and gradually implement them in every aspect of their work for the company. This implicates a change in the manner of management, since the subordinate and the supervisor become partners, traditional tools of punishment and reward are replaced with dialogue, cooperation in developing optimal solutions, a feeling of authorship, and collective involvement in the pursued enterprise.

All sources of resistance mentioned above can lead to the occurrence of two symptoms in the organization, referred to as "stuck door handle syndrome" or "spinning door handle syndrome"⁷.

When attempting to answer the question on how to deal with resistance occurring in the process of change, half the battle is the awareness, at the very beginning, that resistance will more or less likely occur, and then understanding it, having the knowledge of types of resistance, being able to identify it and develop the best methods of overcoming it, such as cooperation in developing solutions, emphasizing personal benefits, emphasizing a better quality of life as a result of the implementation, training, workshops, coaching, gradually introducing change and emphasizing benefits, celebrating small victories, and many more.

However, the best way to reduce or overcome all the above types of resistance is being a role model and leader, because it is not enough for the employees to know or even follow the values; one must make them want to do it. Therefore, it is up to the leader to understand, believe, employ, demonstrate, reinforce and preserve good behaviour, thus showing that it is possible to cooperate in the pursuit of something the team believes in. Enthusing employees for the planned activities, inviting them to participate together in the new value of the company, and emphasizing their superior role in the entire process of change are the key indicators of success in the attempt to turn them into allies.

Environment diagnostic

Environment diagnostic is, most of all, the time devoted to conceptual thinking and education. The unique nature of this exploration lies in correlating the analytical function of brain cells at work with senses and emotions. Explor-

⁷ When looking at cars made before the 50s, the door handle resembled the one in contemporary building doors, which we must push down to open. Car door handles of this type employed two types of locks. Turning the key in the lock of the first type would prevent the handle from being pushed down. This type of safety could be broken by force, for example by placing a bar on the handle. The lock would be broken this way, but that was no concern for the car thief. So another type of lock was developed, where locking the door meant disconnecting the handle from the interlocking mechanism. The handle could then be easily spun but the door remained locked. More in: A. J. Blikle, *Doktryna jakości. Rzecz o skutecznym zarządzaniu*, Helion, Warszawa 2014, p. 355.

ing the environment is performed organoleptically, so instead of theorizing about the formation of market relations in a given line of business, employees move to the field and personally assess the existing circumstances. Confrontation between their idea of the market situation in their area of expertise and the actual market situation helps them realize the scale of variance. Experiments conducted in production and service companies show that this multi-dimensional transfer of knowledge to the organization yields the best effects. Employees are open to thinking outside the box and seeking new solutions in a creative way. Environment diagnostic provides an opportunity to unify communication and current knowledge of the market and consumer, thus create a trampoline to bounce off in search of a new philosophy on the company as a whole.

Additional value attached to diagnostic is the opportunity to assess the economic conditions from the perspective of different participants of market transactions. A chance to find oneself in an unusual situation helps employees to better understand the phenomena that occur on the other side of the system. Finding oneself in the assigned roles of a customer, consumer, or user involves being exposed to various stimuli from the environment that employees are not usually aware of. Studying relationships, mutual relations and the potential lies in man-to-environment relationship is an unusual praxis that sensitizes the team to the customer's needs and desires. Having completed this experimental path, when designing another product, employees will put effort into eliminating any potential fields of frustration and developing creative solutions that gives them an advantage over rival organizations.

Another step in environment analysis, the assessment of market advantage index against the competition, causes the most problems to individuals participating in the verification. Conclusions that result from carefully planned action implemented on the basis of authorial models and tools constitute an enormous surprise and challenge for the participants of the process. The contrast among what specialists employed in the company declare as unique benefits for the customer before the process is discredited after completing the tasks from the field of competition analysis. Research data gathered during cooperation with polish companies show that most economic actors define their market advantage as "high quality of products and/or high quality of provided services", without realizing that the word "quality" does not carry any content. This small section of the process is a quantum leap on the way to build a culture of innovation, that will prepare the entire company for defining key attributes, unequivocally indicating the competitive advantages of an organization.

A broad spectrum of emotional and sensual experiences provides the search for inspiration in those fields of entrepreneurship which are not connected with a given line of business. This is a perfect time to move away from the aspects of a given industry and draw knowledge from other sectors of business activity, meaning peeping on other market participants and the way they operate, acquire their customers, and plan their expansion. Observation of the Polish business market reveals that entrepreneurs are reluctant to devote time and money to draw inspiration from other business entities. All of them are consistent in monitoring the enterprises of their immediate competition in terms

of introducing new products and services, and turnover of staff (which they exchange with periodic regularity, thus making the employees similar and losing their uniqueness). This stage has two basic functions: excites thinking outside the box and teaches to use inspiration from other lines of business in search of sources of growth for the organization.

The frantic pace of change, that has increased in the last few years, makes it impossible to plan long-term action on the basis of what is happening here and now. We must monitor, on a regular basis, global trends that set the direction for the coming years and find those that we can anchor in when planning new development investments. It is also significant to perform a survey of world business models that will allow to isolate and select good praxis in organization management, used in other companies. However, when drawing inspiration from world business solutions, it is important to adapt them to local conditions.

Workshop I

Having identified the main research fields, one of the key tasks is to professionally organize all gathered knowledge of the process. The most effective way to do this is the workshop – provided that the form of the meeting is thought out thoroughly and follows a scenario. The essence of the workshop is to conduct open dialogue with company representatives in order to obtain honest suggestions and independent observations. Creating conditions for an open and unfettered dialogue between individuals who represent various stakeholder groups guarantees filling the assumed plan with content. An additional requirement of the workshop is to equip its participants with a full set of tools for creative work and to moderate their efforts to complete the assumed target points.

Workshop is an alternative method of uniting people from the mother company and external business partners. Personal experience in making projects in Polish companies prove that building a team based on strong interpersonal ties is done by creating a specific value for the company. Employees integrate when they exchange free thought, share problems they encounter at a given segment of their work, and try to find the best solution with combined effort. Morale increases drastically when they are invited to participate in building the company. The fact that they will be heard and their points will be considered in the project is invaluable to them. After the process, they become the driving force in the implementation of the developed standards which they helped create.

Polish business reality does not appreciate the opportunities given by cooperation with individuals who have different education, competence and job training from the line of business. Although company owners begin to utilize the potential of people who represent knowledge from different sciences, the solution is still unpopular. Occasionally, companies will agree to let potential customers participate in the process. Therefore, in order to convince oneself to building project teams based on diversified team make-up, the method must be first tried out during workshop. This is an optimal time for team experimenta-

tion, meaning building teams composed of representatives of various units in the company, invited specialists of various sciences or even representatives of the designated target group. The presence of individuals from other departments and from outside the organization significantly increases the rate of competition between project teams as well as individuals within a team. As a result, we maximize the level of concentration on performing specific tasks and break the barriers that separate individuals who demonstrate different levels of knowledge of a given sector. Company employees are more willing to participate in the development of new products and services, as they see it as an opportunity for personal development, improvement in living conditions and contribution to the overall success of the company. There is an increase in motivational self-awareness that manifests itself, among others, in the will to broaden one's knowledge from other fields and development of interests.

Workshop is a preparation tool for learning to prototype individuals assigned to certain tasks. It is fostering a constant desire to introduce change in the circumstance of rapidly changing market conditions. Prototyping is attempting to move away from one's own ideas, learning to listen to critical remarks and modernizing their basis. It is a tool that allows to let go of the fear of failure and face challenges with courage which is an essential condition of entrepreneurship. Failure is a natural element of achieving the greatness of the company. Success and failure are siblings and they always occur side by side in projects, organizations, and teams⁸. According to Jan Fazlagić "learning by mistakes is probably the most promising and the least employed method to improve company management. It should be introduced as part of the regular duties of middle level and higher level managers"⁹.

Often enough the duration of workshop proved just how much hope employees put in the realization of the elaborated ideas. The fact that they were invited and heard by the management gives them wings to fly. B. Fruga said "The charger of hope in companies dons a form of visions that give people wings to achieve distinguished business results. With mission, the management explains what the organization does to make the vision come true. Then together with the employees, they develop values and describe behaviour that will make the value come to life. This is one of the ways to mine the deposits of development from the organization"¹⁰. Keeping this enthusiasm depends only on the pace and determination when introducing change. If there is no implementation following the workshop, then negative effects will be noticeable, such as softening the position of the leader, a feeling of helplessness, a drop in involvement, and the chance to go back to the status before the process will be wasted.

⁸ B. Fruga, *Eliminacja lęku dla lepszego rozwoju osób i organizacji*, VISTULA University, The Fiance and Business Academy, Quarterly Scientific Magazine, October-December 2012/ no 4(34)/ 2012/ISSN 2084-4689, 2012, p. 57.

⁹ J. Fazlagić, *Know-how w działaniu*, Helion, Gliwice 2010, p. 215.

¹⁰ B. Fruga, *Eliminacja lęku dla lepszego rozwoju osób i organizacji*, VISTULA University, The Fiance and Business Academy, Quarterly Scientific Magazine, October-December 2012/ no 4(34)/ 2012/ISSN 2084-4689, 2012, p. 59.

Jack Welch, a brilliant practitioner of management put it this way: "But there is too much to lose by not getting your mission straight and by not making your values concrete. I'm not saying your company will collapse in flames the way Arthur Andersen and Enron did—they are extreme examples of a mission-and-values meltdown. But I am saying your company will not reach anywhere near its full potential if all that is guiding it is a list of pleasant platitudes hanging on the lobby wall"¹¹.

Implementation

The biggest failure of managing by values is to finalize all work at the stage of elaborating the report with enumerated conclusions and recommendations. The fact that only some individuals from the company participate in workshop is irrelevant. The news of progress spreads across the entire company and employees engaged in workshop who were supposed to be the good spirits of the enterprise become proponents of negative emotions. Only a decision to implement the developed solutions will permanently change the perspective from which the company is perceived. Intentional search for evidential confirmation draws the organization closer to the prospect of rebuilding its credibility in the eyes of its customers, partners, and employees themselves. Instead of empty phrases used as a weapon to win the customer, an evidence package is prepared, with focus on delivering the sum of all benefits that give insight into the company's offer.

A new method of managing by values is the review of the current split of responsibilities and areas of competence, establishing one's role in the new organizational reality. Understanding mutual relations and the significance of cooperation in the functional structures cannot be achieved without the involvement of the individual in question. Therefore, every employee receives an opportunity to redefine personally their stance based on strategic plans developed for a given department. It is equally important to create a schedule for introducing changes in each department, that is assign particular task packages, along with deadlines for their accomplishment, to particular individuals. In this area we create conditions for employees for setting deadlines on their own, within specific teams.

The last module of implementation is experimentation whose essential part is the observation of the efficiency of the new organization. A diagnosis of the efficiency of managing by values involves inspecting whether the values defined during workshop yield rational benefits to the customer, the employee, and the organization itself.

Workshop II

The second workshop meeting with selected representatives from the company takes place after a period of implementation that lasts several months. The form of the meeting is self-assessment. The tools and methods

¹¹ J. Welch, *Winning znaczy zwyciężać*, Studio Emka, Warszawa 2012, p. 39.

included in the scenario for the meeting are used for self-reflection and summarizing the effects of changes that result from managing by values.

In the first instance, it is beneficial to list good and bad praxis. A map of variables created in this way will provide an opportunity to quickly eliminate negative attitudes and discouragement of spreading bad habits across the organization. Second, work progress is evaluated. The evaluation does not only include progress but, most of all, a search is performed to find the reasons for any delays in work and an explanation of failures is provided. During the workshop, first attempts and praxis are used as the basis for creating alternative solutions that should be implemented immediately after the workshop meeting.

The top priority of the second workshop is impartial assessment of oneself, associates, and to perform a diagnosis of the environmental reaction to the new proposed value.

Improvement

Managing by values is a process. That is why constant optimization is inherent to the improvement phase. Having defined the values, they will become a foundation for the new philosophy and the blend of the emerging culture of the organization. Key values, preserved inside and outside the company will admittedly constitute a fixed point of reference, but the effort to implicate them in the areas of employees' beliefs, standards, attitudes, and behaviour will require introducing corrections and amendments at the operational level.

Conclusion

Numerous examples of international companies and, what is optimistic, a growing number of Polish ones, are an indication of how a change in the approach to management and the introduction of managing by values open new opportunities, not known before. That trend retrieved from desk studies was confirmed by the research carried out by the authors. In addition personal research have shown that the most important milestones in the process of implementing management by values are: convincing the executives to implement the change, delegating responsibilities and encouraging workers to be active in the process.

It is often difficult to make the decision to begin the process of change, mainly because it is a long process that thoroughly transforms the organization and is irreversible. However, those who had the courage to enter the new path are often surprised with its positive effects.

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