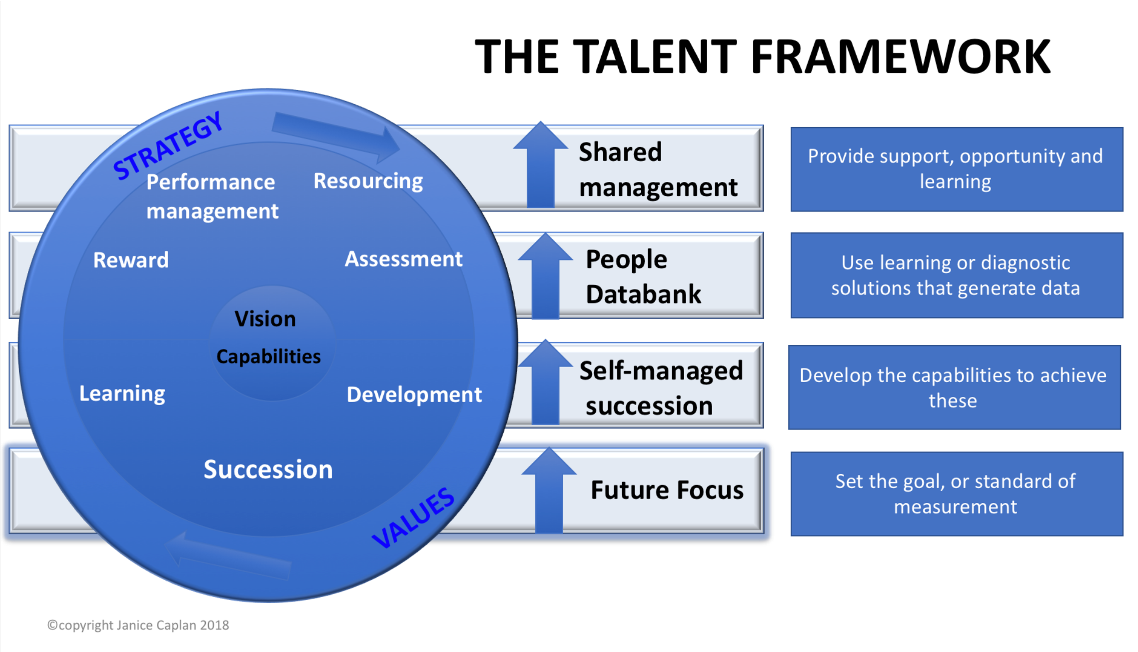
the Scala group
developing people in business

Shared Management: The new management model

The management role is changing along with changing structures, changing attitudes, and new ways of working. In the modern organization, a manager may have little direct contact with an individual as regards their day-to-day responsibilities, and they may have too many direct reports to make regular conversations about performance and development practicable, and with wider spans of control may not have the right expertise.

So, what is the alternative? How do we organize management and leadership to achieve high levels of engagement and business success?

The concept of shared management that we propose shares out people management responsibilities with others who are better placed to fulfil them. These 'others' might be a person designated to support the individual's performance and development, and another who is responsible for the person's business results. Where people work in multiple teams, there may be more than one person responsible for the business results the individual achieves. There may be yet another individual who acts as coach or mentor to the employee. In Strategic Talent Development, Caplan fleshes out this model and describes different techniques and processes for making it work effectively. In the below case study, she describes how this model worked in one organisation where she implemented this approach.



Reproduced from Strategic Talent Development by Janice Caplan

"MVision Private Equity Advisers is widely recognized as the world's leading independent alternative assets advisory and placement firm. It focuses on private equity, real estate, real assets, infrastructure, credit and direct transactions, in both the developed and emerging markets. MVision operates out of offices in London, New York and Hong Kong.

The internal organization covers a range of functional disciplines such as client relationship management, business development, implementation of deals, legal, finance, compliance etc; but many individuals work on several deals (or projects) at any one time. Who do they report to? Who manages them? Who looks after their development; who looks after their well being; and who does their performance appraisals?

CEO, Mounir (Moose) Guen, and Founding Partner, Jane Sutherland place prime importance on these matters, and have operated a performance appraisal process, comprising both annual and interim reviews, since the firm was established in 2001. For a long time Guen and Sutherland jointly participated in every review discussion with every employee but the growth of the business, taken together with the high administrative burden of performance appraisal, made this involvement in the detail too time consuming. They needed a new management model.

The new management model separates responsibilities for business results, from those for developing and assessing people. The 'functional team leader' (often the chief executive in the example), or project team heads, deal with business results while responsibility for people's assessment and development is incorporated in a new 'development adviser' role. It becomes part of anyone's career development path that, once they are at a certain level (from director level in this example, which roughly equates to middle manager level), they must take on responsibility for the development and assessment of people assigned to them. Fortunately, the management matrix organization structure still retains concepts of seniority, even if there are no structured hierarchies. There are managing directors, directors, vice-presidents, associates and analysts, even if, in a functional sense, it is not clear who reports to whom.

The new 'development advisers' also have project team management responsibilities but those will be separate from the people management role. They may be managing people who are never part of one of their project teams or who are but only intermittently.

These new arrangements have been enthusiastically received by the appointed 'development advisers,' though it is too soon, at the time of writing, to see the effect on the firm as a whole, or on business results. The aim of course is for people to thrive from the closer attention to their development. A recent review showed that the 'development advisers' valued their roles for the responsibility it gave them. Strikingly, they also valued the skills they were gaining, which they saw as transferable to their client relationships, but also vital for their future careers. It seems clear from this review that the change has given people additional skill-sets that the firm will be able to leverage as it develops.

An interesting light is shed on this new structure by work I was conducting for an international bank at around the same time. I conducted interviews with people in its business areas as part of a development centre programme, based on the bank's existing capability framework. When I asked about their main development needs, they too viewed the ability to lead and manage their team members as critical both to the achievement of business results, and to their future career prospects. However, the bank's framework did not recognise 'people management' as a capability needed for promotion or success. It is not the contrast that is striking as much as the fact that powerful advocacy of the importance of these skills and techniques was coming not from HR but from front line managers. This represents a sea change from attitudes just a few years ago when it was a battle to get this message across.

At MVision, development advisers are expected to hold monthly conversations with their people, which feed through into interim and annual reviews, and into pay decisions. Interim reviews focus on development, while the annual review is primarily concerned with assessing performance and agreeing a performance rating. This rating is one, though not the only, input into the pay award. Consistency and all round assessment are achieved through talent roundtable discussions, which include both 'development advisers' and senior management.

The appraisal documentation is completed by each individual, who sets out what they have achieved, how they know they were successful and the impact this has had on the business. Other questions, which may vary from one review to another, include 'what did not work out as planned?' or perhaps 'what elements of your job do you like the most/least?' There are two reviewers at each review, one of who is the individual's 'development adviser'.

The outcome of this new process is to spread detailed people management more widely whilst still retaining a clear overview at the top. Delegating the process is both a valued development opportunity for many within the organization and develops skills that are valuable to the organization itself. Guen and Sutherland commented that the process also encouraged deeper reflection from each individual, which led to more insightful results.

This shared management model fills the feedback and support vacuum that is becoming increasingly common as management spans of control widen. This case study shows the model in practice, and also illustrates some elements of the performance appraisal process, such as the different focus given to each of the annual and interim reviews, the practice of having two reviewers at the appraisal meeting, and the use of self-appraisal. I now consider appraisals in more detail."

This case study has been reproduced from Strategic Talent Development, Caplan, J, Kogan Page 2014.

Get in touch with us at Scala to discuss how we can help you implement the Shared Management model

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