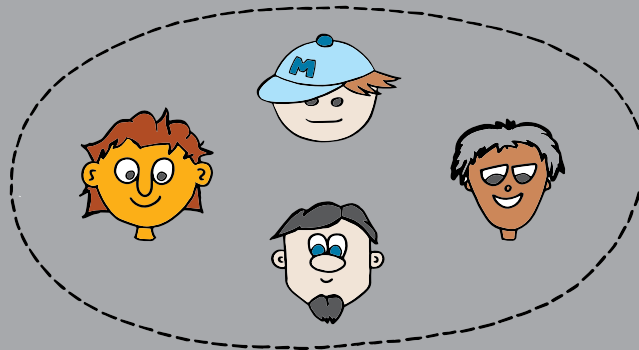




# INTRODUCTION



MANAGEMENT30.COM

Management 3.0 Workout © 2014 Jurgen Appelo

Contrary to what I  
believed as a little girl,  
being the boss almost  
never involves marching  
around, waving your  
arms, and chanting, "I am  
the boss! I am the boss!"

Tina Fey,  
American comedian  
(1970–)

When an organization's culture is bad, don't just blame the managers. Management of an organization is everyone's responsibility. Better management means engaging people, improving the whole system, and increasing value for clients. For most people, however, these principles are not enough. They need concrete practices, or in other words, regular workout exercises.


Management is too important to leave to the managers. I have come to this conclusion after twenty years of being a manager, writing two management books, giving eighty management courses in thirty countries, and speaking at almost 100 conferences worldwide, some of them about management. I've noticed that most leaders don't know how to solve their management problems and most knowledge workers, such as engineers, teachers, consultants, and designers, don't realize that they are also (to some extent) responsible for management stuff. I firmly believe that, like keeping the noise down, the files organized, the meeting room tidy, and the customers happy, management is *everyone's job*. At one time or another, we all fit the description of manager. [Tobak, "Learn How to Manage."]

I am pleased to say that, of all the participants in my public workshops, fewer than twenty percent considered themselves to be managers. The other eighty percent were usually developers, coaches, consultants, entrepreneurs, team leaders, and other kinds of **creative networkers** (see sidebar). This wide diversity of participants shows one of two things: either management is an activity that is relevant to many more workers than just managers, or I am extremely bad at targeting the correct audience for my courses. I prefer the former interpretation!

## What are creative networkers?

I came up with the term creative networker as an alternative to *knowledge worker*, which is a bit outdated in my opinion. I prefer this new term to emphasize that many people work nowadays in the *creative economy* [Denning, "Leadership"] and that they collaborate in networks, not in hierarchies. (I will elaborate on this throughout the book.)

A creative networker is a person who creates or grows unique value within a network of people, or someone who creates or grows the network in an original way for others to share their value. Even better, it can be a person who does both! [Appelo, "Are You a Creative Networker?"] The term knowledge worker, on the other hand, implies that people add value only with their knowledge. It does not imply creativity nor the ability to network.

For two years, I kept track of the questions that participants from all over the world asked me during these management workshops. I have a box with nearly two thousand colorful sticky notes expressing an equal number of colorful and sticky problems.  Many issues in the box are the same or similar and were reported to me almost everywhere I went. These are the questions I encountered most often:

- How can we motivate our workers?
- How can we change the organization's culture?
- How can we change the mindset of managers?
- How can we get teams to take responsibility?
- How can we improve teamwork and collaboration?
- How can we get managers to trust their teams?
- How can we develop people's competencies?
- How can we be agile when the organization is not?

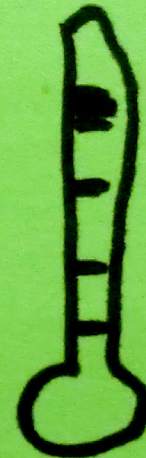
Notice that *all* these questions, except the last one, are asking, "How can we change *other* people?" This attitude is a reflection of the traditional approach to management: one person manipulating the behaviors of others. But what if all these management problems were simply the outcome of an incorrect interpretation of management? When everyone is trying to manipulate everyone else, should we be surprised that problems never go away and that new ones keep popping up? When people don't focus on improving *themselves*, is it any wonder they're always complaining about *each other*?

I often ask audiences if they have heard about global movements, improvement methods, or innovative management practices, and usually only a few hands go up. But when I ask them if their organization's culture needs to change, almost everyone says yes! It seems that few people learn, but most find fault in how their colleagues work. Perhaps they could change the culture together if they just start learning what has already been tried successfully elsewhere. Maybe they could stop reporting problems when they stop manipulating each other and instead start to improve themselves.

## The *focus* of this book

The improvement of a person's approach to management is my focus in this book. I want to show all creative networkers, including designers, middle managers, project managers, mentors, trainers, freelancers, and others, what *they* can do to change the way their collaborative work is managed. You don't have to *solve* all the problems mentioned earlier. If you choose to have a different view of management, the problems can resolve themselves. And you don't need to wait for permission from the managers. Change yourself, inspire others, and enjoy the book!

# Happiness Index



## Other frequently asked questions

“Will your next book be called Management 3.1 or 4.0?”

“What tools do you use to make your illustrations?”

“So, you travel a lot?”

If you seek an answer to any of these, buy me a drink. I'll need it.

# Bad Management

---

Mismanagement is like Miss World, Miss Earth, and Miss Universe. It raises eyebrows, makes few people happy, and is best judged with examples.

I once gave a presentation at a university in Bogotá, Colombia, where the students were quite interested in the theories, practices, and stories I shared about better management and amazing organizations. After my talk, one guy came up to me to discuss his difficult boss. “He monitors my working hours like a hawk”, he told me to illustrate his pain. “When I arrive at the office one minute after nine in the morning, my boss says *I owe him one minute!* How do I deal with a manager like that?” I was flabbergasted to hear about such an extreme form of micromanagement, and the only reply I could think of was, “Have you considered quitting your job?”

Another time, I was in a discussion with the CEO and a dozen top managers of a mobile apps development company in Shanghai, China. The company was very successful and trying to be more agile, but it was also struggling with its rapid growth at the same time. The managers told me their interpretation of being agile was to deliver new software to their customers faster. I disagreed. Rapid development is a good first step, I believe, but the ultimate test of agility is whether you can keep *all* your stakeholders happy: customers *and* employees, owners *and* suppliers, government *and* community. To my surprise, the CEO nodded his head in agreement and said to his managers, “We have learned to make new mobile apps faster and faster, but our employees are leaving the company in droves to work for our competitors. You’re bossing them away! How can that be agile?”


On another trip I visited a small software company in Kiev, Ukraine, where management enforced a strict policy of separating development and testing activities. The developers, all men, were in one room, and the testers, all women, were in another room. When I chatted with employees about their work and ambitions, it appeared that most testers wanted to become developers, and most developers wanted to become managers. Some testers were teaching themselves to code in the hope of being promoted to a development team someday, while some developers were bossing the testers around, perhaps in an attempt to practice their skills as future managers. And few of the developers tested their own code, because testing was “women’s work”.

The ultimate test of agility  
is whether you can keep  
ALL  
your stakeholders happy.



If your best experiences in life  
are all vacations,  
then maybe you shouldn't  
return to work  
tomorrow.

There are two conclusions we can draw from these examples. The first is that, yes, I travel a lot. The second is that, when it comes to working together in organizations, managers are mistaken, workers are misled, organizations are misbehaving, and many people feel miserable.

The misery of workers worldwide is personified by the fictional character of Melly Shum, who has hated her job for almost 25 years. Melly is depicted on a huge billboard in my home town of Rotterdam, The Netherlands.  She sits in her office, looks into the camera with a thin smile, and has not stopped working since 1990 (except for a brief vacation in 2013 due to office maintenance, after which she returned to work on another floor). Melly Shum, imagined and realized by artist and photographer Ken Lum, is for me *the* symbol for all workers who feel disengaged and unhappy about their organizations, but who don't feel ready to quit their jobs. According to several studies, this situation accounts for about two-thirds of the global work force. [Bersin, "Why Companies Fail to Engage"; Crowley, "Sharp Drop-off in Worker Happiness"; Scott, "7 Ways You're Not Engaging"]

The happiness of workers is crucial because happy people are more productive. [University of Warwick, "We Work Harder When We Are Happy"] I firmly believe we can only improve worker happiness when everyone feels responsible for management and learns to manage the system instead of managing each other. The only reason people suffer from bad organizations is that they don't stand up to say, "I'm not taking this any longer; go boss yourself!" It troubles me that, when I ask people for their favorite moments in life, they usually only list things that happened in their personal time. But if your best experiences are all vacations, then maybe you shouldn't return to work tomorrow.

# Doing the Wrong Thing

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The reason I travel a lot is that I give presentations and workshops on almost every continent about modern management in the 21<sup>st</sup> century. Some people have said that the advice and practices I share are simply common sense, and I might even agree. Unfortunately, as many before me have observed, common sense is not common practice. Common practice for me is eating giant bags of M&Ms while watching a movie; common sense would be to watch my health and eat only the green ones. For organizations, common practice is that they are managed like machines, with their workers treated as gears and levers. I call this **Management 1.0**. In this style of management, people assume that the organization consists of parts, and that improvement of the whole requires monitoring, repairing, and replacing those parts. We can find management 1.0 everywhere around us.

For example, some writers suggest that “winner take all” organizations should rank employees using measurements of individual achievements and give more work to the organization’s “best performers” while getting rid of the bad ones. [Netessine and Yakubovich, “Get Employees to Compete”] These writers seem to assume that the community of employees is better served with competition and politics than with collaboration and a shared purpose.

Other writers suggest that employees have a tendency to “slack off” when the boss is on vacation. After all, “When the cat’s away the mice will play!” Therefore, the boss should return to the office regularly to peek around the corner and check which of the mice are laboriously sweating on the treadmill and which ones are partying with the cheese. [Swyers, “What Your Employees Do When You’re on Vacation”] It seems the assumption here is that work-life balance is bad and that nobody is needed to check the “work” of the cats.

Further extending this idea, other writers suggest that bosses should continuously monitor whether people are actually using office tools to do work and not for skyping with friends, facebooking diary entries, or photoshopping baby pictures. The crucial and ethical part of this practice, it is claimed, is to let everyone know that they’re being watched. [Richmond, “Legally and Ethically Monitoring Employees”] In this case, the assumption is that managers can keep everyone’s trust only when they are honest about not trusting anyone.

\*sigh\*

It is interesting to note that these examples were all delivered to my online news reader on *one single day*. Imagine the volume of nonsense that workers get flooded by over the span of a year, or during a lifetime! For me, such articles are a clear sign that treating employees like adult human beings might be common sense, but it is not common practice. On the other hand, it is a great opportunity for anyone who tries to make the world of work a better place. There’s obviously plenty to do!

Treating employees  
like adult human beings  
might be common sense,  
but it is not common practice.

# Doing the Right Thing Wrong

Fortunately, some people have learned to do better. In a **Management 2.0** organization, everyone recognizes that “people are the most valuable assets” and that managers have to become “servant leaders” while steering the organization from “good to great”. These are certainly interesting ideas, but sadly, managers often use the wrong approach. They correctly understand that improvement of the whole organization is not achieved by merely improving the parts, but, at the same time, they prefer to stick to the hierarchy and have a tendency to forget that human beings don’t respond well to top-down control and mandated “improvements”.

One of these good ideas is that managers should have regular **one-on-ones** with employees. [Haneberg, “Great One-on-Ones”] It’s an idea I feel positive about—it acknowledges that management is about human beings and that managers must seek ways to help people find their true calling and achieve great results together. Unfortunately... many managers don’t see that they should manage the system around the people, not the people directly, and that they should leave micromanagement to the teams. Instead, they use one-on-ones for individual goal-setting, and they follow-up later by asking people for status updates—both of which only *reinforce* the superior-subordinate relationship that is typical in all command-and-control organizations.

The suggestion to organize **360-degree feedback** is also quite reasonable. [Zenger and Folkman, “Getting 360 Degree Reviews Right”] The issue is that managers are not independent observers. They cannot objectively assess the performance of individual people, and therefore evaluations should be provided from multiple perspectives. Unfortunately... some people don’t realize that the method they use to evaluate performance will influence that perfor-

mance. And thus HR departments install electronic performance appraisal tools that require people to give anonymous feedback about each other. Trust breaks down completely because managers are allowed to know more about employees than employees are allowed to know about each other, which emphasizes that managers are more important than non-managers.

There’s also not much wrong with the idea behind **balanced scorecards**. [Kaplan and Norton, “Using the Balanced Scorecard”] The problem with measurements is that one metric easily leads to sub-optimization (improving one part of the work while diminishing

Managers are allowed  
to know more about employees  
than employees are allowed  
to know about each other.

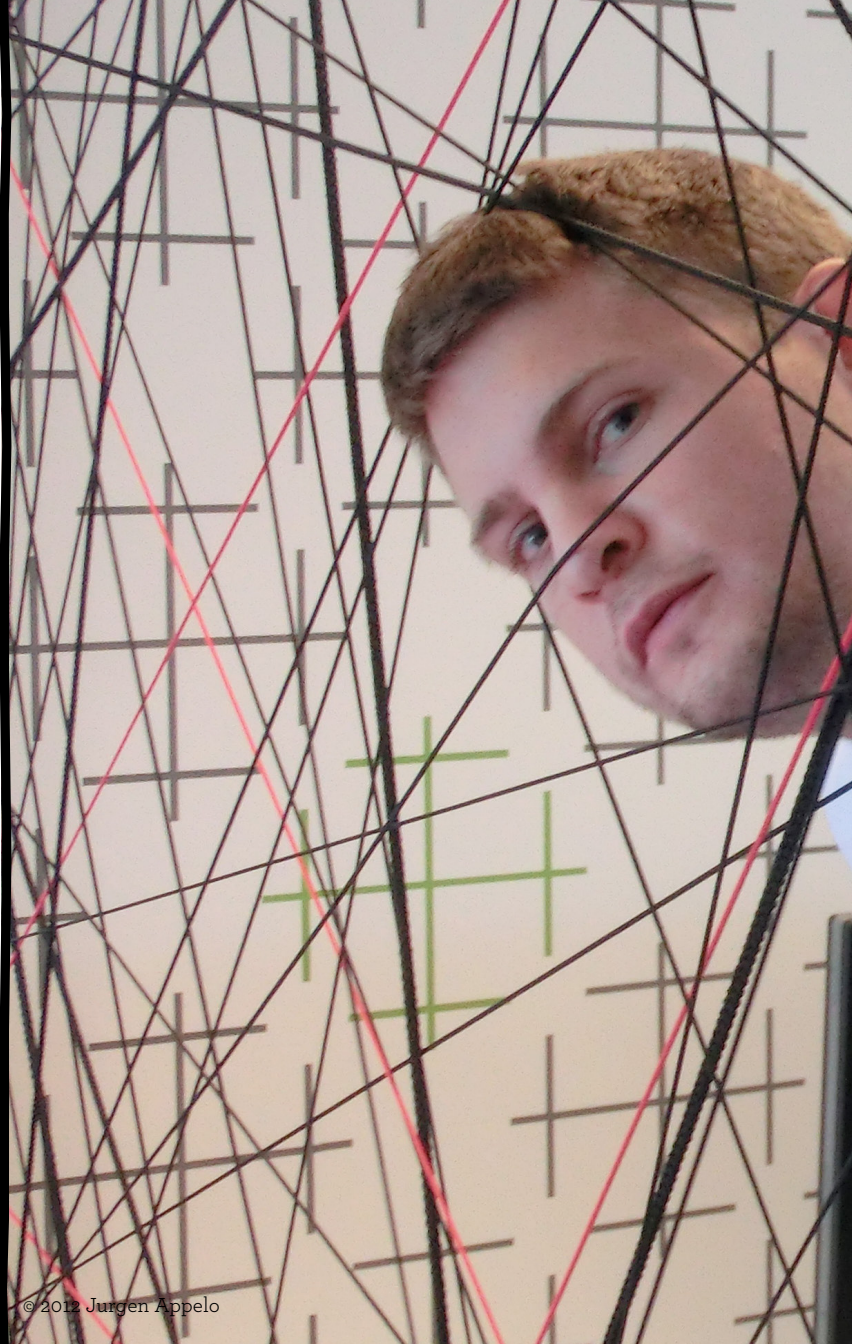
another part), and, therefore, you need multiple perspectives to have a more holistic view of the organization’s performance. Unfortunately... when managers continue to view the organization as a hierarchy, they usually try to impose goals and metrics on every part of the system. But in complex systems, performance is usually found

in the relationships between the parts, and proper goals and metrics can only emerge from intelligent local interaction, not as part of a top-down target-setting framework.

I could go on and on discussing the positive ideas behind **servant leadership**, **total quality management**, the **theory of constraints**, and many more management models. All of them have undoubtedly helped organizations move away from Management 1.0, which is good. Management 2.0 organizations are at least *trying* to do the right thing. But they do some of those things the wrong way because they're still stuck with a hierarchical view of organizations. They adopt good ideas but force-fit them onto a bad architecture. This is primarily why the good ideas rarely stick and why fads and fashions fail to deliver on their promises and will always be replaced one after the other. [Miller and Hartwick, "Spotting Management Fads"] The only effect consistently achieved across all ideas implemented by bosses is that they *reinforce the position of the boss*.

The essential flaw of TQM [Total Quality Management] is that, when implemented, it tends to reinforce the mechanistic and hierarchical models that are consistent with the mental maps of most managers.

Chris Argyris,  
*Flawed Advice and the Management Trap* loc:359



# No Control

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Do managers need to be smarter than non-managers? Recently, I got involved in an interesting email discussion about the question of whether management work requires smarter people. It is a regularly occurring topic. The reasoning is usually that managers have a higher role than other workers, overseeing a bigger part of the organization, and therefore their work involves more complexity. The increased responsibility suggests the need for them to be smarter than non-managers.

It sounds reasonable. It's also nonsense.

Scientists seem to agree that the human brain is one of the most complex systems in the universe. Together with the complexity of the rest of the human body, this makes each human being very, very complex. The **Law of Requisite Variety**, probably the most famous law among complexity thinkers (see sidebar), says:

If a system is to be stable, the number of states of its control mechanism must be greater than or equal to the number of states in the system being controlled.

Wikipedia, Variety (Cybernetics)

## What are complexity thinkers?

The study of *complexity science* investigates how relationships between parts of a complex system (such as an ecosystem or an economy) give rise to the collective behaviors of that system, and how the whole system in turn influences the parts. The term *systems thinking* represents the process of understanding how human systems (including people, teams, and organizations) behave, interact with their environment, and influence each other. A *complexity thinker* applies both: insights from scientific research into complex systems and understanding of the workings of social systems.

Some people claim that the Law of Requisite Variety is as important to managers as the laws of relativity are to physicists. [Beer, *Designing Freedom*] The Law of Requisite Variety requires that anything that controls a system must be *at least as complex* as the system being controlled. When we translate this to management work, it means the manager of a system must operate at a similar or higher level of complexity than the system, in order to *fully control* it.

That idea makes sense, but there's a caveat. When I am the manager of a group of people, I can never have more complexity than this complex system of human beings (which includes all their complex interactions). It's just impossible!

The problem here is the word *control*. We shouldn't use it in a social context. People are not thermostats! Instead, we should use terms such as *lead, coach, inspire, motivate, constrain, govern, and help*. By using these words we work our way around the Law of Requisite Variety because we choose to ignore part of the system's complexity. For example, a surgeon treating a human heart chooses to ignore a significant part of the complexity of the human body. He focuses only on the heart. Not the hands, not the brain, not the tonsils, and not the hemorrhoids—just the heart. That's his job. In fact, during an operation the surgeon might ignore so much complexity of the human body that his job could be called merely difficult, but not complex. However, the nurses who handle the patient before and after the operation focus on the patient's well-being, which is definitely a complex matter. But they ignore the details of the heart. That's what the surgeon is for.

Now, what about the hospital director? Does she have a "higher role"? Is her work "more complex" because her scope of concern is the entire hospital, including lots of surgeons, doctors, nurses, and patients? Does the role of the director require a smarter brain?

Not at all!

With hundreds of patients and workers in the hospital, the complexity is astounding. Nobody can ever claim to "control" the hospital, because *indeed* the Law of Requisite Variety would demand that there be at least as much complexity in the director's brain as the complexity of everyone else combined! Obviously, this is not a reasonable requirement. With a complex system, there is no such thing as central control. The director ignores a tremendous amount of complexity, and only focuses on the things she considers important. The rest is all delegated to smart creative networkers. In fact, the work of the director could be *less* complex than that of a nurse!

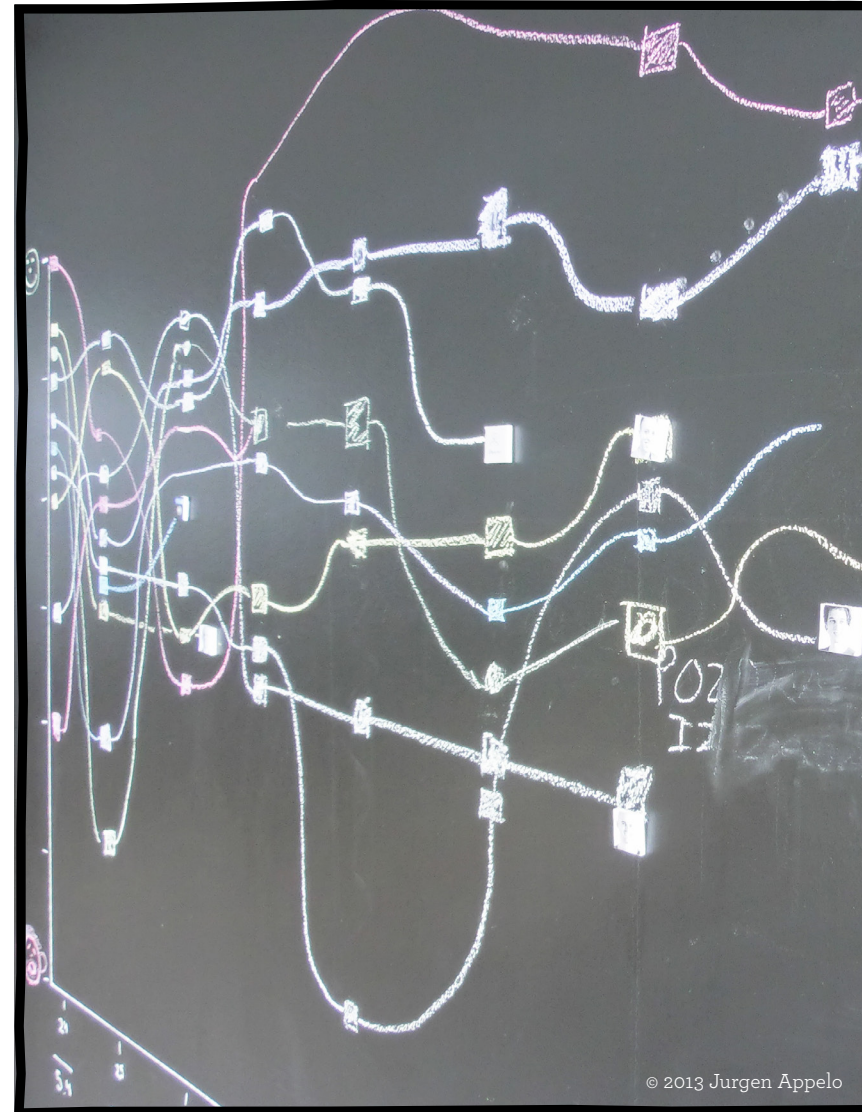
With a complex system  
there is no such thing  
as central control.

Delegation of control is the only way to manage complex systems. There is no other option. If we didn't have delegation, the President of the United States would have to be the person with the highest mental processing ability in the entire country! Obviously, the United States has performed quite well without usually having such a person in the Oval Office.

The idea that management work is “more complex”, and that the management role requires “higher mental abilities”, is, frankly speaking, nonsense. However, I understand it is an easy mistake to make with a limited understanding of systems theories. It is no surprise that many managers love this kind of thinking! Who doesn't want to hear they are smarter than others? Who doesn't want to see confirmation that their work is hard and requires much higher pay? Who doesn't want to be acknowledged as “the boss”? Any book confirming that bosses are “leaders” who are destined to lead their organizations to greatness is sure to be consumed like cake at a children's party. In fact, it follows logically that Management 1.0 and Management 2.0 literature sells quite well to upper management layers!

I see this classic image of ‘the boss’ as a total anachronism. It may work in certain connotations like ‘organised crime boss’, ‘union boss’ or ‘pit boss’, but being bossy per se is not an attribute that I have ever seen as desirable in a manager or anyone else for that matter.

Richard Branson, *Like a Virgin* loc:2400



# Smart Managers

Sadly, it's probably true. Managers *are* (on average) smarter than non-managers! I've learned there is a positive correlation between management layers and learning capability. [Sydney Morning Herald, "Your Boss Is Smarter Than You"] In fact, this should be obvious for any complexity thinker.

Research confirms a correlation between management layers and increased corruption. [Spinney, "The Underhand Ape"] There's also a correlation between management layers and grey hair. There's a correlation between management layers and white skin, the male gender, tall people, handsome faces, and expensive shoes. (I can tick them all off my list, except for the corruption thing.) Does that mean that the work in higher management layers is best done by tall, white, handsome men with grey hair and expensive shoes? Does it mean that the work *requires* more corruption? When there's a correlation between management and playing golf, does being a manager require playing golf? I don't think so. Likewise, I don't believe management jobs require smarter people.

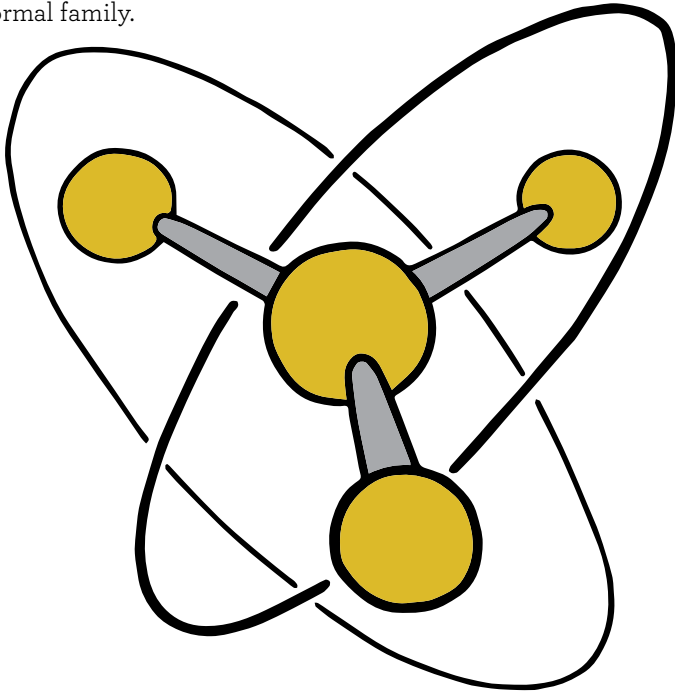
The reason managers are probably (on average) smarter than non-managers is just a side-effect of the promotion game in traditional organizations. There are only a few high positions available in the hierarchy. Everyone who wants to build a career and earn more money is required to play the game. For various cultural and political reasons, the promotion game favors people who are male, have grey hair, have white skin, and have a less-than-honest approach to climbing the corporate ladder. The promotion game also favors smart people, because being smart helps beat the competition. Game theory and natural selection have much better explanations for the higher ratio of smart people in top management jobs than job descriptions!

The game of ascending the hierarchy, or climbing the corporate ladder, benefits those with smart brains (and those with height, looks, and white skin). But when those smart people get settled in their comfortable chairs on those higher management levels, they might be disappointed. The actual management work that needs to be done at those higher levels has little to do with their mental abilities. In fact, the *really* smart thing to do would be to delegate as much as possible. The work they keep for themselves might only be just a little complex. Take Ricardo Semler as an example. He's the CEO of Semco, a big Brazilian company, and he says he barely does anything in that job! [Semler, *The Seven-day Weekend*]



# Why Do We Need Management?

In the last decade or two, we have witnessed the emergence of a good number of Big Ideas, including Agile, Lean, Scrum, Kanban, Beyond Budgeting, Lean Startup, Delivering Happiness, Design Thinking, Real Options, Scenario Planning, Conscious Capitalism, and many more. What all these manifestos, methods, and movements have in common is that they promote better ways of working while borrowing a thing or two from science. 🐝 I often say they're like a family. They all share the same DNA, which they received from their parents: **systems thinking** and **complexity theory**. And sometimes the family members quarrel and fight, just like in any other normal family.



Unfortunately, many creative networkers find it hard to implement such Big Ideas in their organizations because they always encounter obstacles. The barriers most often mentioned are organizational culture, organizational structure, change management, people management, command-and-control hierarchies, and other topics usually directly associated with management. [VersionOne, “Annual State of Agile”] In fact, all around the world, the cultures and practices of Management 1.0 and 2.0 are the main obstacles. They prevent people from upgrading their work processes to more modern and sensible approaches.

This should come as no surprise to anyone who has ever read the work of management expert Peter F. Drucker, since he convincingly argued decades ago that, “Management is about human beings, and management is the critical, determining factor.” [Drucker, *Management* loc:1038] You can optimize all you want in development, design, testing, finance, marketing, human resources, or anywhere else. Ultimately, management always needs to change as well, or else your improvement efforts will run into a wall.

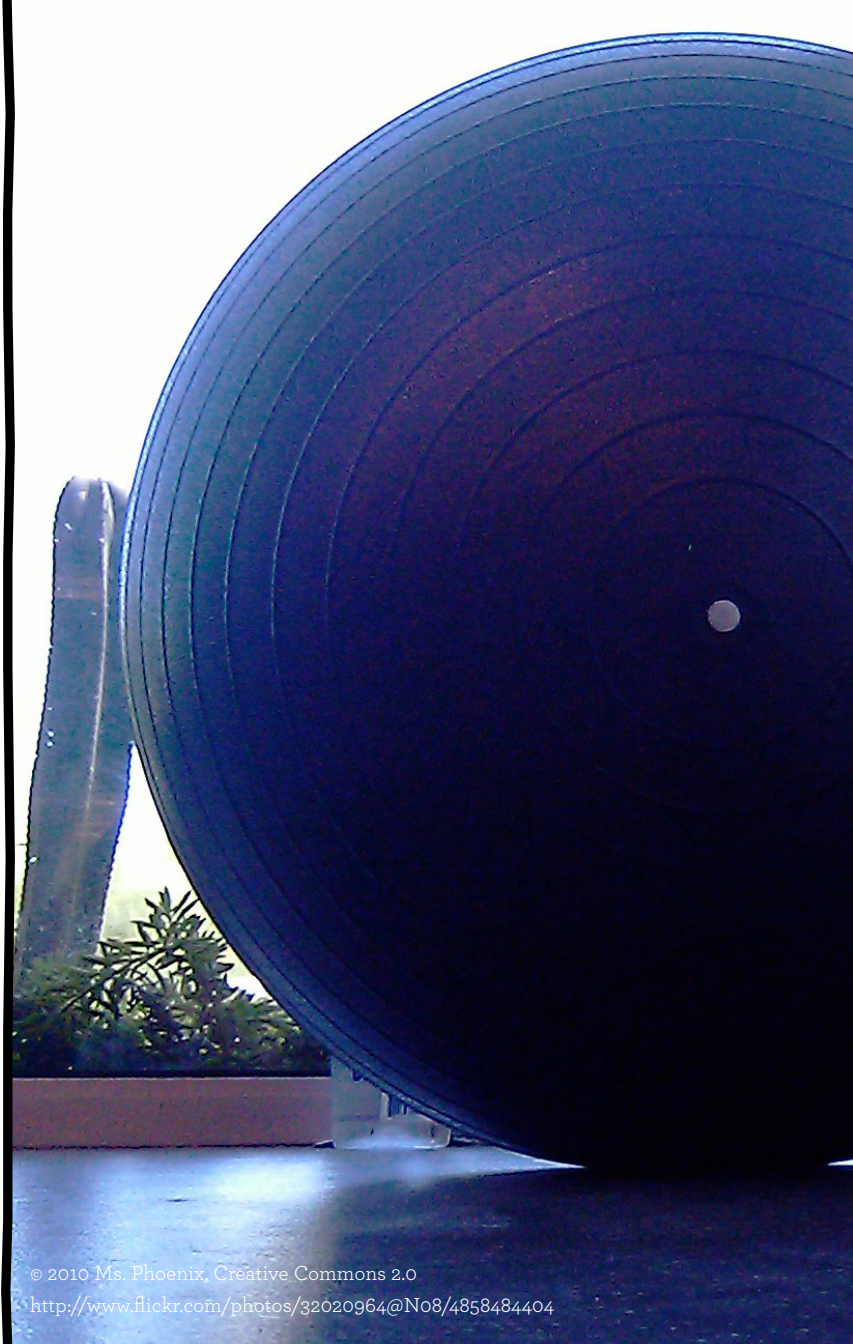
Management always needs  
to change as well.

Interestingly enough, Drucker referred to the work of *management* as being critical, not the job of the *managers*. I usually compare it to the work of *testing* versus the job of *testers*. Obviously, it's crucial that you test your products, but it may not be crucial for you to work with full-time testers. The availability of dedicated testers depends on the size of the organization, the need for specialization, and various other factors. But no matter whether you have testers or not, *everyone* should feel responsible for testing the products they are working on. (Yes, that includes the men, thank you!) And when the product is bad, I hope nobody blames only the testers.

Likewise, *management* of the work is a crucial activity, but this could be done with or without full-time managers. Again, having dedicated managers depends on the size of the organization, the availability of mahogany desks, and plenty of other things. However, no matter whether there are managers or not, *everyone* should feel responsible for management. When the organization sucks, don't blame just the managers!

No matter whether there are  
managers or not,  
everyone should feel responsible  
for management.

As I said in the beginning, I strongly believe management is too important to leave to the managers. Management is everyone's job.





## Do we really need managers?

The same discussion emerges again and again. “Can we do business without managers?” “Can we get rid of all the management layers?” [Hamel, “Fire All the Managers”; Happy Melly, “The #NoManager Organization”; Sweeney and Gosfield, “No Managers Required”]

When you translate it to testing or marketing you will see how silly the discussion is. “Can we make products without testers?” “Can we get rid of all the marketers?” As if only design and development make a viable business. Dream on!

Obviously your business will require work that we typically categorize as testing, marketing, or management activities. Whether or not you have people who *specialize* in these activities is beside the point. The work is crucial and needs to be done, one way or another. Sure, fire all the managers. But *someone* needs to define the purpose of the business, which people get hired, how everyone gets paid, and how much to spend on coffee. This book is for those who care about their organization, not about the titles on their business cards.

# Management 3.0 Principles

I have claimed that Management 1.0 is doing the wrong thing and that Management 2.0 is doing the right thing in the wrong way. Now you probably expect me to say that Management 3.0 is doing the right thing (or maybe doing the wrong thing right). But what is “doing the right thing” when it comes to management? To answer that question, I need to answer another one first.

The great thing about traveling to many countries, and meeting people at lots of companies and conferences, is that I get to hear very interesting questions, like I did recently in Gothenburg, Sweden:

What if we did everything that the <insert method here> experts tell us to do, including all the practices, but the products we make are still bad, and the organization still sucks, what then? What can we do when <insert method here> is not enough?

Well, I think that’s easy. Principles rarely change, but practices always depend on context. Therefore, it depends on how you interpret <insert method here>. If you associate the method with a collection of principles, you can always keep inventing new practices, as long as they adhere to the principles. But if you associate <insert method here> with a specific set of practices, you’re doomed. You’re going to need a new fashionable word very soon.

Some of my friends prefer organic food over factory food. I respect their opinion that consuming organic food is for them the right thing to do. Choosing better food over mass-processed food is not a method. It’s not a framework. It’s not a religion. It’s a way of life. It’s what my friends believe is right. Doing “the right thing” means acting in a way that is consistent with a core belief.

My core belief for management is that organizations are complex adaptive systems and that good management means taking care of the system, instead of manipulating people. I believe that improving the environment so that it keeps workers engaged and happy is one of the main responsibilities of management; otherwise, the organization fails to generate value. I believe that management should continuously optimize the whole system, or else, at some point, atrophy of the organization will surely follow. And I believe that management should take care that it maximizes value across all clients (see sidebar); otherwise the organization becomes dysfunctional. In other words, a management practice is a good practice when:

1. It engages people and their interactions;
2. It enables them to improve the system;
3. It helps to delight all clients.

For example, I consider **Management by Walking Around** (see chapter “Personal Maps”) a good practice because it requires management to interact with the teams who are doing actual production work. The goal is to find out how to help improve the system in which the people are doing their work. And it is done in order to understand how value is delivered to customers and other stakeholders.

# Clients and Stakeholders

(or Involves)

In this book, I use the terms *clients* and *stakeholders* interchangeably. A stakeholder is anyone who has a stake in what an organization is doing. A client is anyone who is served by whatever value the organization provides. Broadly speaking, it comes down to the same thing and includes customers, shareholders, employees, suppliers, communities, and many more.

Sadly, stakeholders are often confused with shareholders, and clients are usually mistaken for customers. For lack of a better word, I've decided to mix the words clients and stakeholders throughout this book. Just remember that I do not mean only customers or only shareholders. I mean *everyone* who is somehow involved and cares about the business. (And I vote that *involves* be added to the English dictionary.)

Everyone can come up with useful new practices that satisfy the three principles. Management 3.0 is not *defined* by concrete activities, such as the Delegation Board, the Kudo Box, the Champfrogs Checklist, or Feedback Wraps (see later book chapters). These practices and exercises are just *examples* of things management can do to increase the health of the organization. Merely drinking ecological coffee does not make someone an “organic-minded” person, and neither do we expect all organic food lovers to be coffee drinkers. Ecological coffee is not part of a framework or method but a simple practice that certainly fits well with the organic food mindset.

Likewise, Management 3.0 is neither a framework, nor a method. It is a way of looking at work systems, and it has a few timeless principles. Having a Merit Money system, or Exploration Days, or a Salary Formula, or a Work Exposition (see later chapters) fits nicely in the Management 3.0 mindset. None of these practices are *required*, but you could definitely *consider* them. Or even better, maybe you can invent your own Management 3.0 practices.

And yes, I believe Management 3.0 is “the right thing” to do.

# Management 3.0 Practices

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When experts discuss work approaches for certain groups of people, they often come up with collections of “best practices”. I agree with those who say there is no such thing as *best* practices, only *good* practices, but I also think that *not* offering any practices is worse. In principle, it is good practice to offer both principles *and* practices. Project managers, software developers, and creative networkers in other disciplines have access to plenty of practices they can borrow in their daily work. But what are the good practices for management?

In principle, it is good practice  
to offer both  
principles and practices.

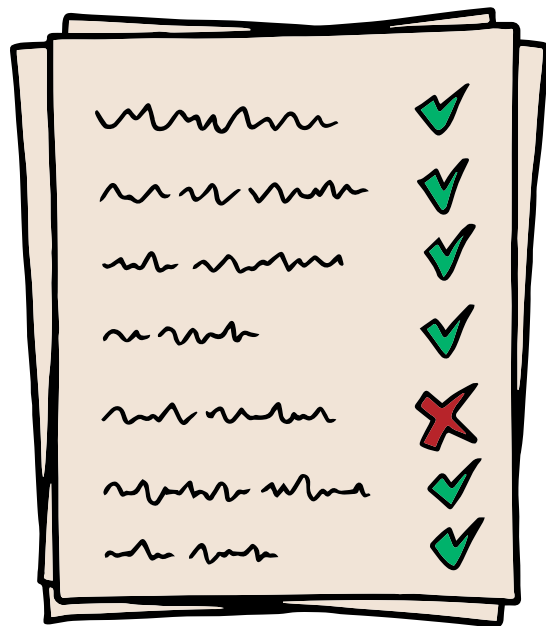
Strangely enough, when I ask employees for examples of good management practices, they only seem to come up with principles, such as “delight the customer”, “have a shared purpose”, and “trust the team”. I believe these suggestions are sound, and well meant, but they are not *concrete*. By concrete I mean specific practices that can be explained to a novice so the novice knows exactly what to do on a Monday morning. “Be a servant leader” is abstract. “Bring the team some coffee” is concrete. “Make yourself dispensable” is abstract. “Take a six month vacation” is concrete.

When it comes to management, most people are novices. They need concrete advice and step-by-step guidance in answer to their “How” questions.

- *How* do we measure performance?
- *How* do we replace performance appraisals?
- *How* do we decide on salaries and bonuses?
- *How* do we offer career paths and promotions?
- *How* do we motivate our employees?

When someone learns to drive a car, it is not enough to tell him or her, “The general principle is to arrive at a certain place without hurting or killing anyone. Good luck!” The novice driver needs a bit more guidance than that. (I certainly did!) He or she needs concrete tips on how to sit in the seat, how to hold the steering wheel, how to look at the road, and how to use the head-lights and the turn indicators. In Europe new drivers learn how to use the gears, and in the United States they learn how to use the cup holders. Novice drivers will understand the principles soon enough, but only if they survive practicing the rules. It is the instructor’s job to explain that all the rules are merely suggested good practices that help to keep everyone safe.

Regrettably, as soon as you give people concrete practices, you run into the danger that some of them will follow the advice to the letter instead of trying to understand the principles. For example, a team needs to understand that the purpose of a standup meeting is to keep communication brief and effective. However, I was told of one team that cut off team members after 15 minutes because the practice was called the “15-minute daily standup”. Another team was reported to have difficulty accepting a person in a wheelchair in their standup meetings because the person couldn’t stand up! The mindless adherence to rules, combined with a steady loss of principles, is always a prelude to bureaucracy.




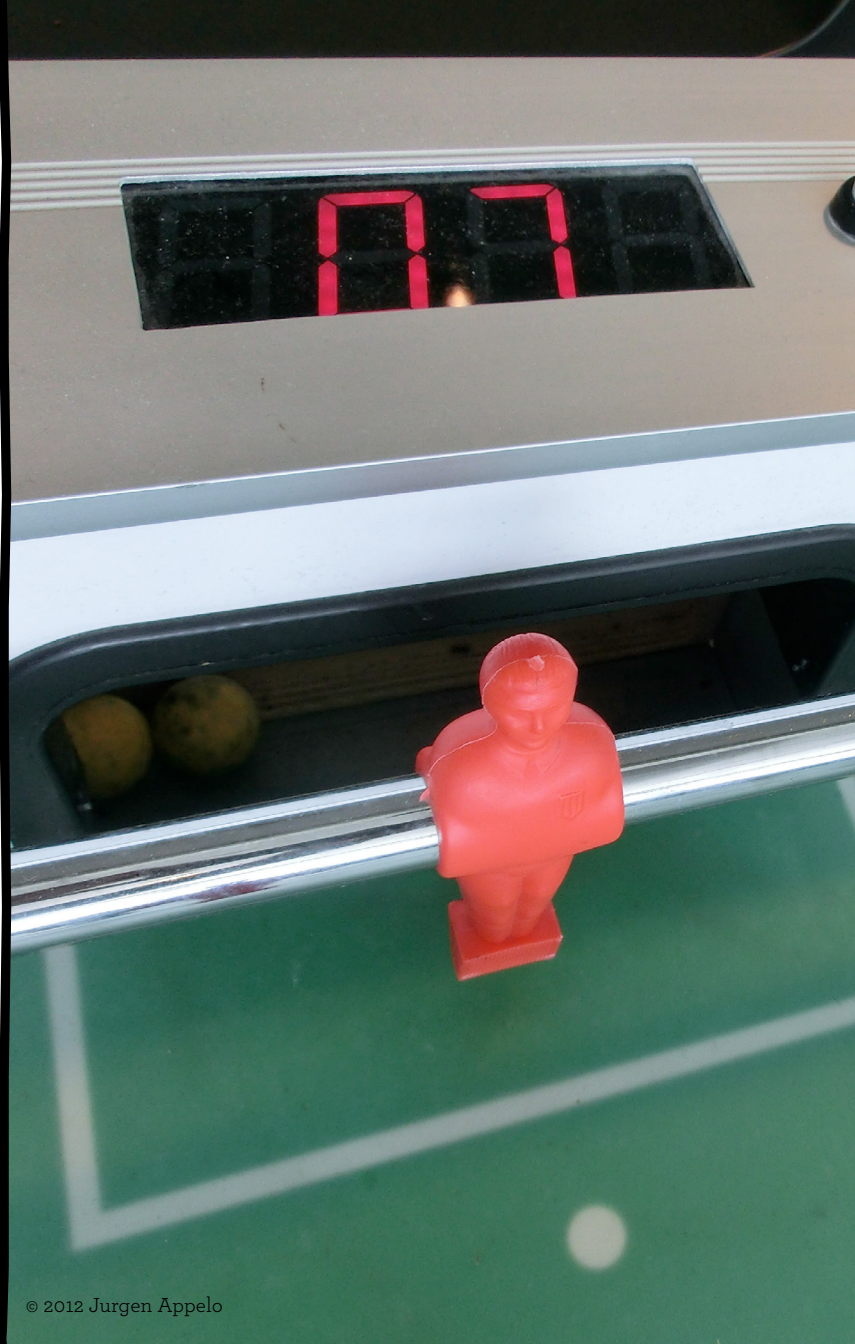
When I offer good Management 3.0 practices, I create the danger of similar dogmatic and bureaucratic tendencies. For example, when I suggest that people give each other kudo cards as tokens of appreciation, I sometimes get questions such as “Should this be anonymous or public?”, “Should I give them personally or should I put the cards in a box?” and “Should this be on paper or can we do this electronically?” It’s as if I tell them to bring the team coffee in the morning, and they ask *me* if the team needs milk and sugar, and if it’s OK to add a cookie, and if it should be a cookie with chocolate or a healthy one; and what about that one person who only drinks tea? My God, I don’t know! Figure it out! I refuse to be too specific because the danger is that people will make a checklist and do exactly as I say! 📖 The *principle* behind bringing the team coffee is that you’re trying to be a servant leader. So act like one.


# Great Management

This chapter began with a number of depressing stories of mismanagement. I don't want to end this chapter without offering you some more uplifting examples. Fortunately, I have plenty of good stories to choose from. For example, here are some that deal with the use of office space by employees:

At VI Company, a software company in Rotterdam, The Netherlands, management has turned some of the office walls into big black chalkboards, and they made colorful markers available so that the employees can create their own useful office decoration. One time, a team decided to publicly plot their happiness index and different team members drew colored lines all over the wall. The chalk walls didn't just make the office look more colorful; they also supported the team's need for experimentation, learning, and improvement.


At Cisco Systems Norway, in Oslo, the employees love playing with their football table in the lunch area. However, it's not just *any* football table, it's a *special* one!  The technical guys have upgraded the table with a few technical modifications of their own. For example, the two goals have laser beams installed in them, and the table has a digital counter so that it can count the goals that are being scored. The table also has a security card reader attached so that the players can identify themselves to the table. The employees made these upgrades because experimenting with technologies helps them to be innovative, and management allows them to spend as much time as they want on that football table.




Future Processing in Gliwice, Poland, has walls full of photographs and names of all its employees.  It is a tradition at this company to take a picture of every new employee and to hang those pictures in the lunch area. They also plot the rapid growth of the company over the years with a graph made out of people's names. This is how the company acknowledges that it owes everything to the people who are working there, and it instills a sense of pride among the workers.

At InfoJobs, a company in Barcelona, Spain, which has been recognized as a “best place to work”, the employees decided to give their meeting rooms names that correspond to the company's values and to use and decorate those rooms accordingly. For example, the *Alegría* (“happiness”) room has nice pillows, blankets, flowers, books, and yoga mats. It is the room where people can express themselves and experience a bit of happiness. Oh, and the Human Resource department renamed itself People Development Support because its employees thought the new name better reflects what they do.

CCP Games, an online gaming company in Reykjavík, Iceland, makes vast virtual worlds and universes, full of battleships and aliens. What I found interesting was that two teams discovered a useful way to have different styles of task boards living side-by-side. A “Scrum” board (a visual board depicting requirements and tasks) is used to manage the iterative flow of their product releases, and a “Kanban” board (another style of workflow visualization) is used for the continuous development of spaceships. The teams proudly showed me the pictures of their spaceships flying from one task board to the other!

At Spotify, the online music company in Stockholm, Sweden, management delegated the design of the new offices to their employees. One particular solution the workers and coaches came up with is to separate open work spaces from corridors by using a mesh of wires, instead of using glass or walls.  This solution gives people both a sense of transparency *and* privacy at the same time.

Another company with a very modern office space is Wooga, an online gaming business in Berlin, Germany. The employees at this company have been running contests against each other for the best designed office space. I admit that it was easily one of the most colorful offices I have ever visited. 

Yes, I visited all these companies myself. (Did I tell you that I travel a lot?) Granted, tweaks in the use of office space can sometimes be purely cosmetic. But I believe the examples I witnessed were indicators of good management, which often doesn't require a lot of money or effort. In fact, the things I mentioned here are simple, cheap, and not very spectacular. But they work! I witnessed the happiness and pride of workers. I also saw people not waiting for managers to improve their work and taking responsibility for management into their own hands. Creative networkers choose to boss themselves.

Creative networkers  
choose  
to boss themselves.

It's good to see that some people do know how to motivate employees, improve the system, and increase value for stakeholders at the same time. And it's good to see that smart knowledge workers and creative networkers don't wait for permission from the boss to start changing things. Hopefully, there will be many more stories like these in the future.

# Healthy Management

My spouse has a personal trainer whose coaching includes a variety of healthy practices. One week it's the lateral lift; another week it's the biceps curl. Yesterday, the focus was on the bench press; tomorrow, it could be the knuckle buckle. What's important here is that it's never the same thing. In order to become healthy, a human body should not get too comfortable performing the same routine over and over again. The real value of exercises is in continuous adaptation to unanticipated stress, a phenomenon that author Nassim Taleb has named **antifragile**. [Taleb, *Antifragile*]

Thanks to variability, small variations make [complex systems] adapt and change continuously by learning from the environment and being, sort of, continuously under pressure to be fit.

Nassim N. Taleb, *Antifragile* loc:1659

A complex system benefits from not following the same practices over and over again. By enduring a little bit of stress and continuously adapting to variability in the environment, the system learns to become fitter and healthier.

I've always said every child deserves a good dose of bacteria and viruses while growing up because this significantly boosts the child's immune system. Instead, in modern societies we raise our offspring to be sicklier and more prone to allergies because we protect our

children from healthy infections. It's the same thing. The lack of short-term stress results in a lack of long-term health. When you always protect a human body from harm, you grow it to be fragile. Do your kids a favor and stop protecting them from small bits of harm. Watch them consume the dirt on their ham and cheese sandwich with pride. It's because you love them!

For organizations, it's no different. I am in favor of unexpected changes, which is why I am *against* rigid methods and defined frameworks. When you prescribe only formal or endorsed practices, you might introduce stagnation. It's a short-term benefit with a long-term risk. It's short-term protection from harm, leading to long-term fragility of the whole. When you present a collection of good practices as a fixed method or a solid framework, you forget about the nature of complex systems. These systems (including people) don't learn from fixation and stagnation. They learn from uncertainty, variability, and surprise.



I certainly understand people's need for more concrete management practices, but I've always argued against the definition of "One Management Method". The inevitable result would be a series of conferences about the One Management Method, accreditation of One Management Method trainers, official One Management Method tools, One Management Method maturity level assessments, and online tests validating whether people understand and apply the One Management Method correctly. 🟡 Learning would come to a standstill. This would be at odds with complexity science and incompatible with systems thinking. Offering a method or framework inspired by science is a contradiction in terms.

I prefer using the workout metaphor. Everyone understands that yoga and Pilates are just names for endless collections of **painful** useful practices based on guiding principles. They're not methods or frameworks. We all know that doing twenty push-ups per day is healthy, but it's not required. It's perfectly fine to replace this good practice with something else. In fact, as your personal trainer knows, every now and then you should! Likewise, you could measure Problem Time (see later chapter) until you are tired of it. You can ask people the Yay Questions until they get bored. You could try the Personal Maps practice until it loses its value. And you can't go wrong organizing Exploration Days until you don't need them anymore.

Are you an artist, developer, tester, doctor, manager, leader, coach, facilitator, public servant, or entrepreneur? Would you like to help your organization become fit and healthy? Introduce a change next week that your well-performing team did not expect. Add a new stressor. Feed them some dirt, mixed with a bit of love.

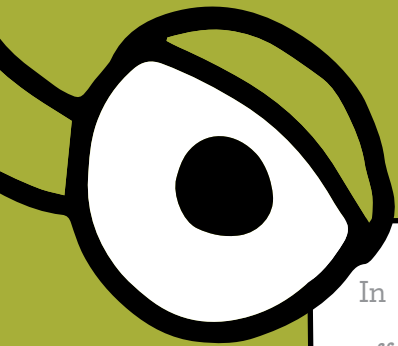
Introduce better management,  
with fewer managers.




© 2013 Jurgen Appelo

In this book, I offer you a collection of concrete management workout practices because everyone should learn how to manage the system, not the people. These are practices for *all* workers so that they can introduce better management, with fewer managers. These serious games and modern tools will help you change your organization's culture, step-by-step, beginning tomorrow.

Start working out; make the system healthy, and have fun!

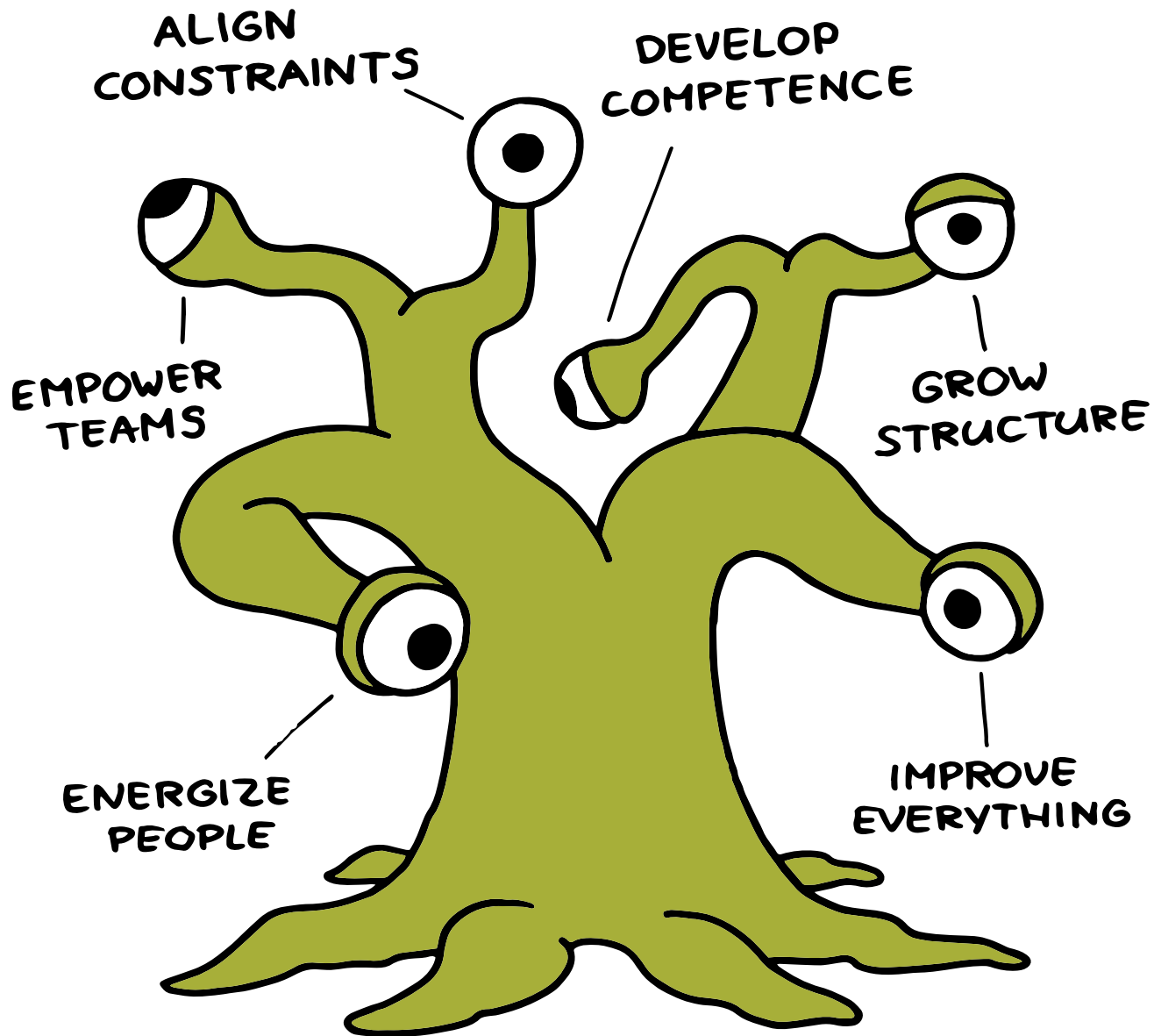


In my first book *Management 3.0*, I offered a management model called Martie.  [Appelo, *Management 3.0* pag:13] It is a six-eyed monster with

different perspectives on agile management: *Energize People*, *Empower Teams*, *Align Constraints*, *Develop Competence*, *Grow Structure*, and *Improve Everything*. This model has been very useful by giving structure to both the original book and the popular two-day *Management 3.0* courses. I have also used the same structure to determine the order of the chapters in this book.

## Where's Martie?

However, Martie won't be featured prominently in this book because I prefer to remind people of the three principles: engage people, improve work, and delight clients. I expect that also referring to Martie's six perspectives (for structuring content) would only confuse most readers. If you want to know more about Martie, I suggest you read my first book.





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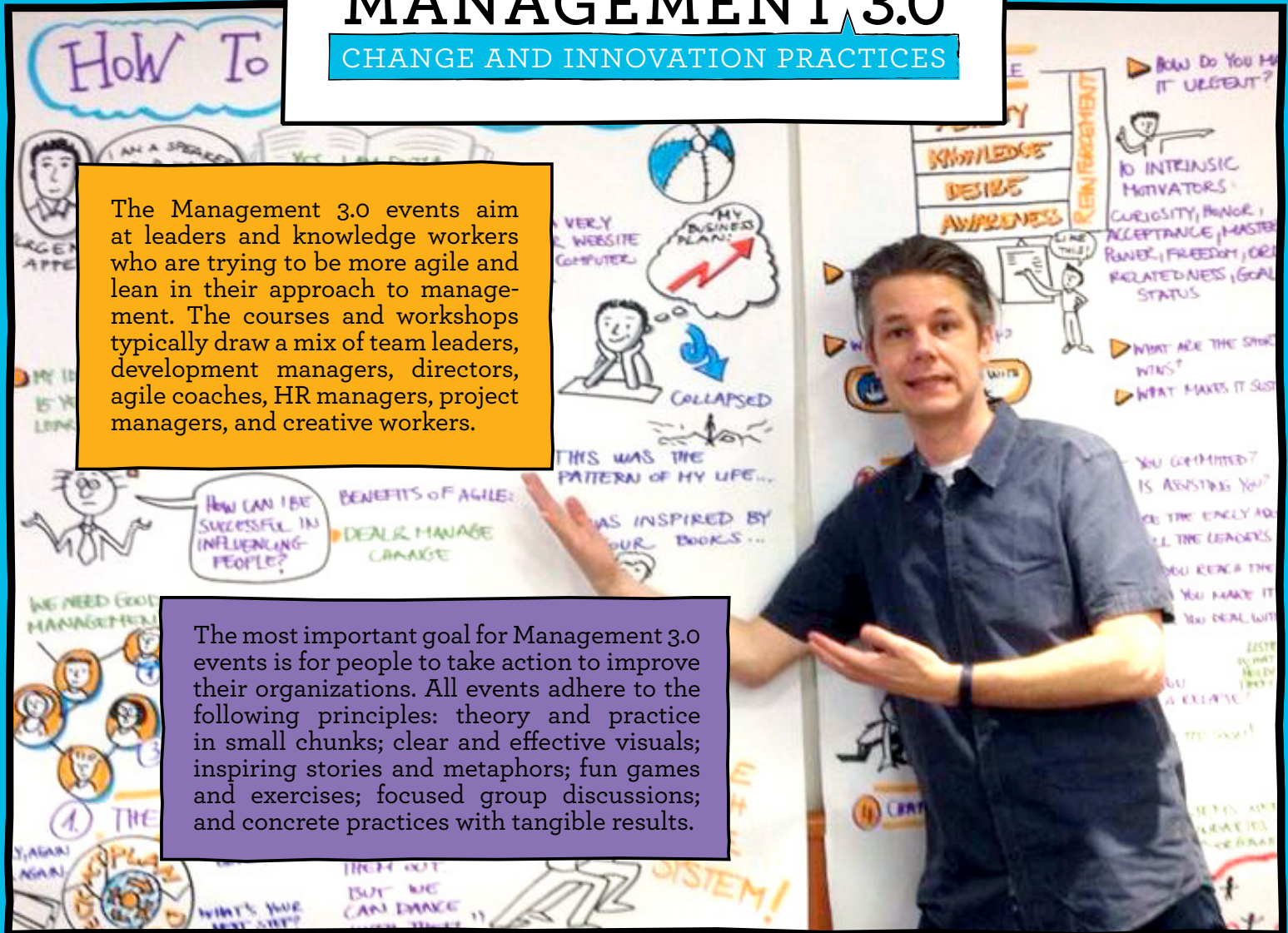
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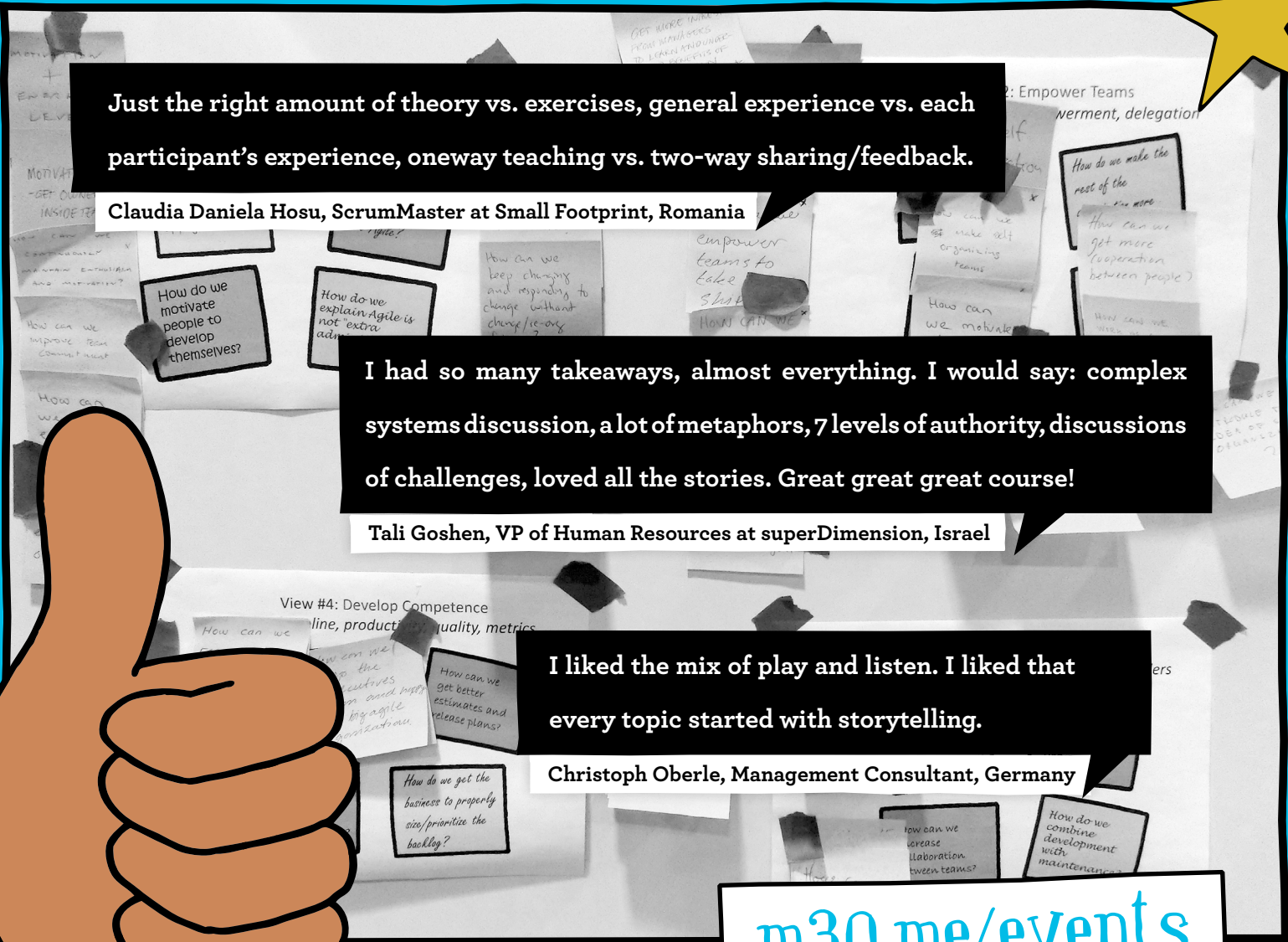
# MANAGEMENT 3.0

## CHANGE AND INNOVATION PRACTICES

The Management 3.0 events aim at leaders and knowledge workers who are trying to be more agile and lean in their approach to management. The courses and workshops typically draw a mix of team leaders, development managers, directors, agile coaches, HR managers, project managers, and creative workers.

The most important goal for Management 3.0 events is for people to take action to improve their organizations. All events adhere to the following principles: theory and practice in small chunks; clear and effective visuals; inspiring stories and metaphors; fun games and exercises; focused group discussions; and concrete practices with tangible results.





Just the right amount of theory vs. exercises, general experience vs. each participant's experience, oneway teaching vs. two-way sharing/feedback.

Claudia Daniela Hosu, ScrumMaster at Small Footprint, Romania

I had so many takeaways, almost everything. I would say: complex systems discussion, a lot of metaphors, 7 levels of authority, discussions of challenges, loved all the stories. Great great great course!

Tali Goshen, VP of Human Resources at superDimension, Israel

I liked the mix of play and listen. I liked that every topic started with storytelling.

Christoph Oberle, Management Consultant, Germany

[m30.me/events](https://m30.me/events)