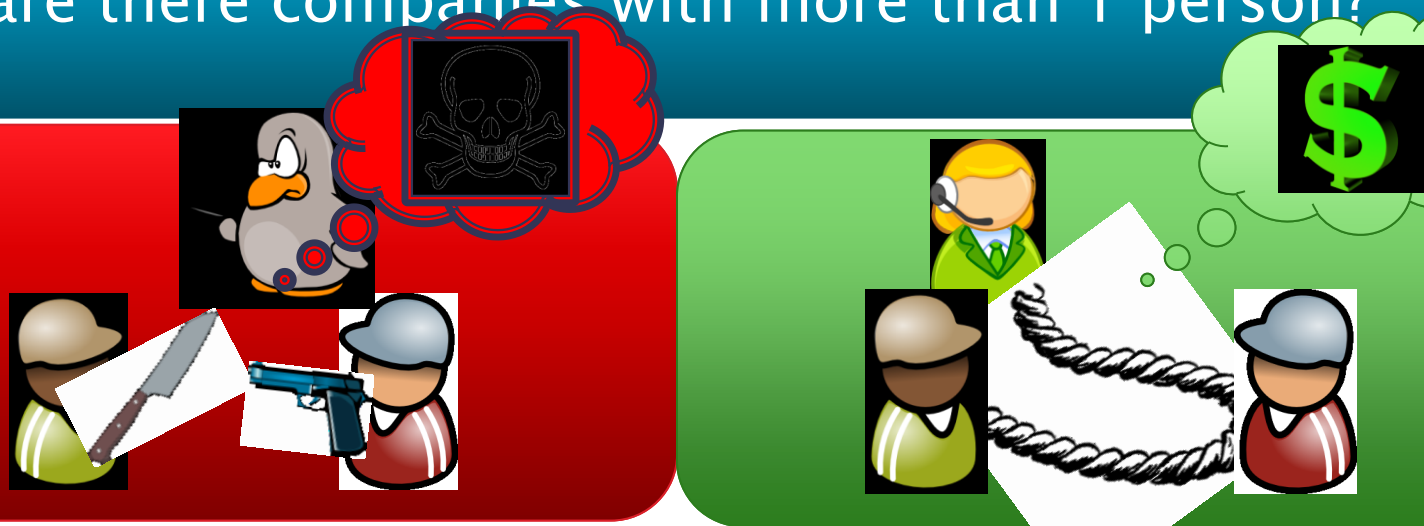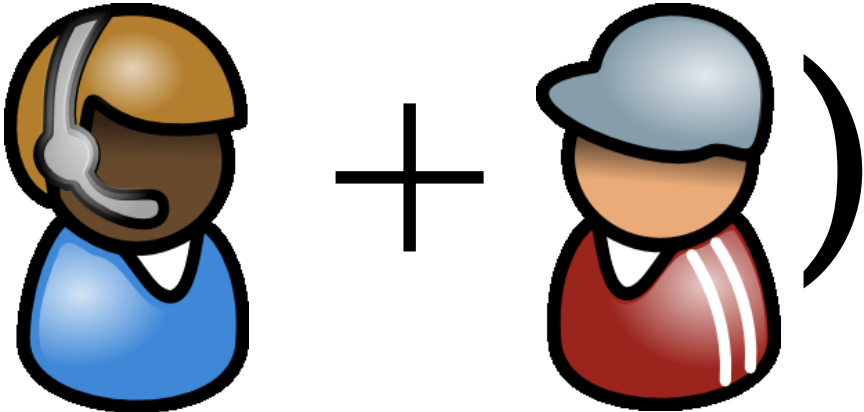# Management by competencies

Theory of vitality

Success and Relationships

Why are there companies with more than 1 person?

Success and vitality of a company is tightly connected with nature of relationships inside that company!
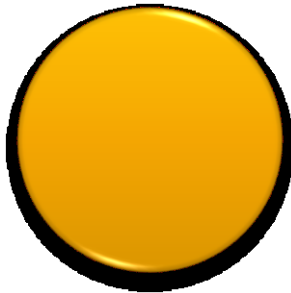
Relationship

$$c_{re}(\text{👤} + \text{👤}) = E$$

$c_{re} > 0$ ... relationship efficiency coefficient
E ... resulting effect

Types of Relationships $c_{re}(\text{👷}+\text{👷})=E$

Conflict $(c_{re}<1)$

Neutral $(c_{re}=1)$

Synergy $(c_{re}>1)$

Company culture

$$c_{re}(f_1 + f_2)=E$$

Company culture is the set of relationships between key factors essential for the company

Elements of culture

- Symbols
- Values
- Rituals
- Heroes

Examples of factors

- interpersonal relationships
- work environment
- vision clarity
- leader authority
- organizational structure
- level of formality
- Benefits
- work/life balance

Synergistic company culture

Companies driven by people

- key decision criteria is opinion of superiors
- if people do not know what or how to fulfill a task, they ask their superiors
- superiors have good overview what is happening, but may be overwhelmed by operational stuff

Companies driven by ideas

- key decision criteria are visions, objectives and tasks, i.e. ideas the company breath for
- if people are uncertain firstly they ask what will lead at best to support and reinforce these ideas
- superior can focus more on the broader context of operational affairs

Company culture

Chaotic company culture

Absence of factors binding people together

People behave totally unpredictably	People follow their individual profit
• Brownian motion • Results in random, neutral environment	• Organized in interest groups • Results in conflict environment
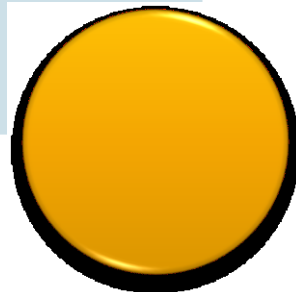
Company culture management

Company culture is essential part of company identity

- it is created and formed by long-term evolutionary process
- however, it can be disrupted or even destroyed very quickly by insensitive actions and therefore

Company culture management is a important element in achieving vitality of a company!

Company culture management objectives

Avoid the culture to become chaotic!

Continually transform the culture:

crisis   equilibrium   stability   vitality
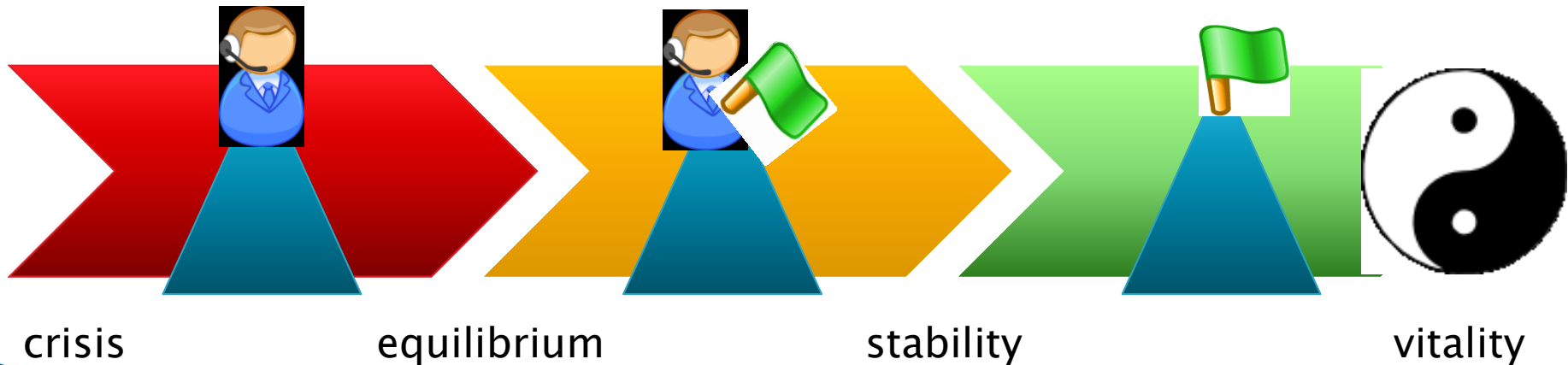
Theory of Vitality
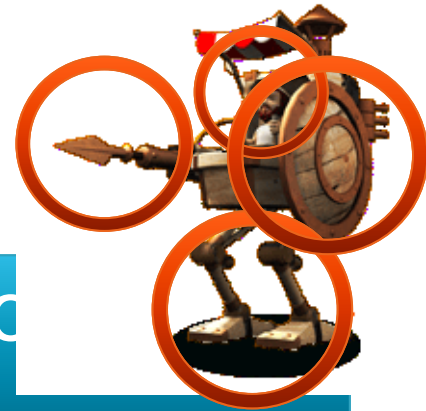
The existence of organism has to gradually (inspired by ecosystems observations)

meaningful	• useful to someone, even if to itself
effective	• it cannot exhaust itself to death
resistant	• to threatening forces and environment changes
proactive	• flexible enough to generate changes

Vital signs

USEFULNESS

DYNAMICS

Vital signs of systems

EFFECTIVITY

STABILITY
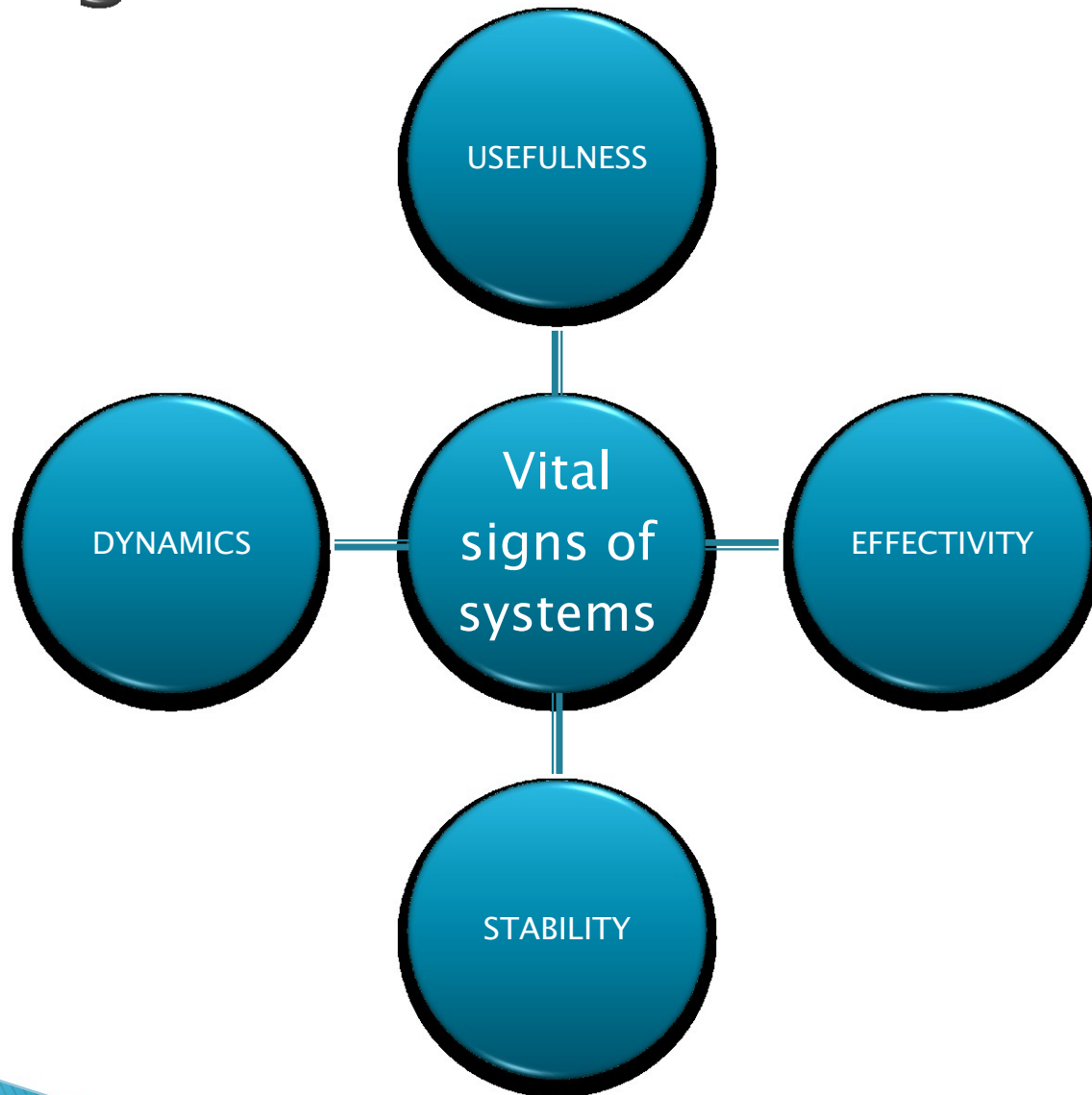
Theory of Vitality

Pyramid of Vitality
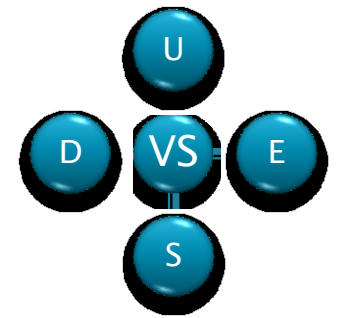
Theory of Vitality describes a **strategy** of building a vital company!

DYNAMICS

STABILITY

EFFECTIVITY

USEFULNESS
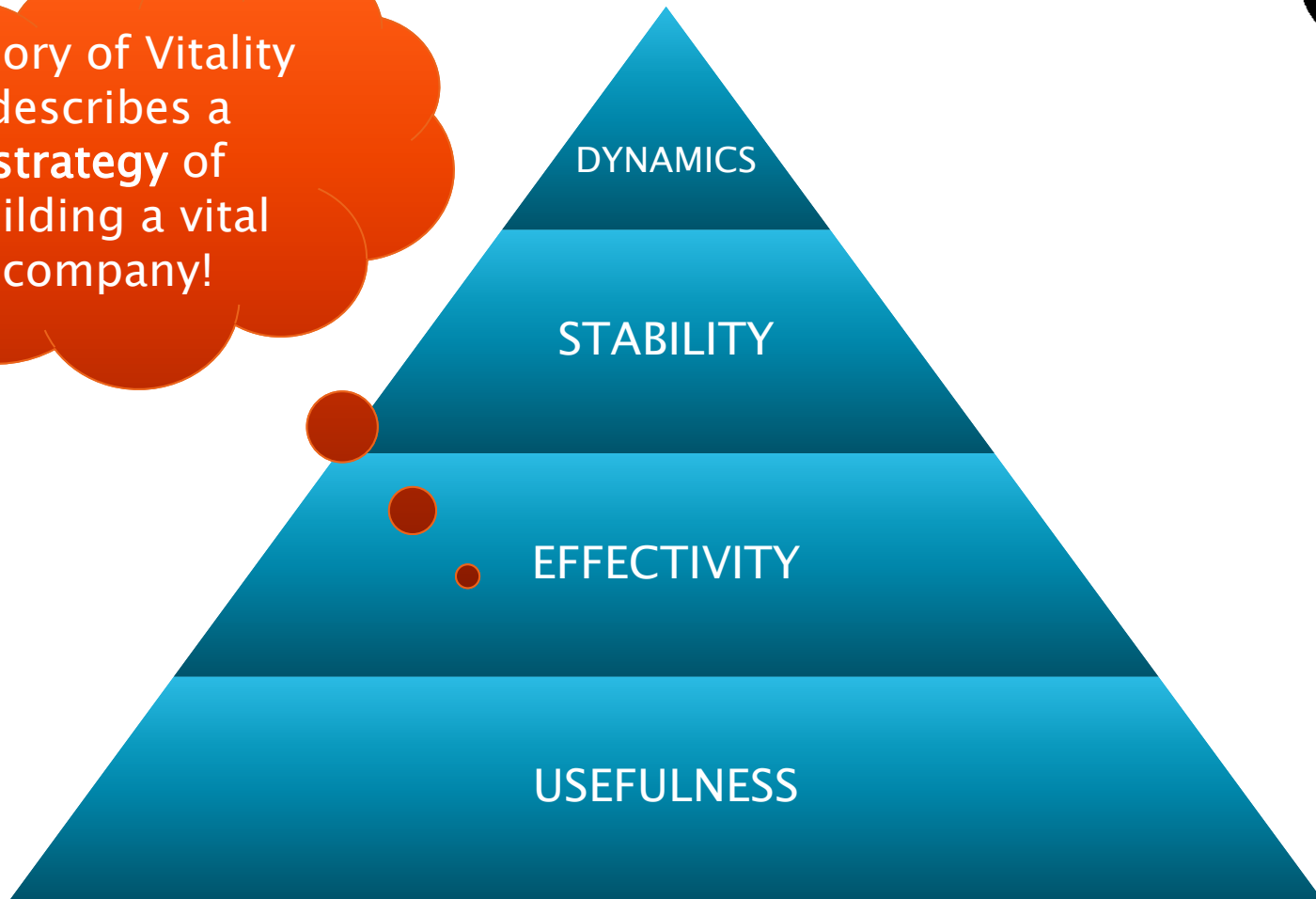
(C) J. Plamínek

Theory of Vitality

Theory of limitations

- The order of the pyramid is
  ◦ Logical
  ◦ Not possible to accomplish to 100%
- None of the vital signs can be developed to 100%
- We improve it until it has any limitations
- That leads to sequence of "curative" interventions

The sequence

Synergistic company culture

Companies driven by people

- key decision criteria is opinion of superiors
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Companies driven by ideas
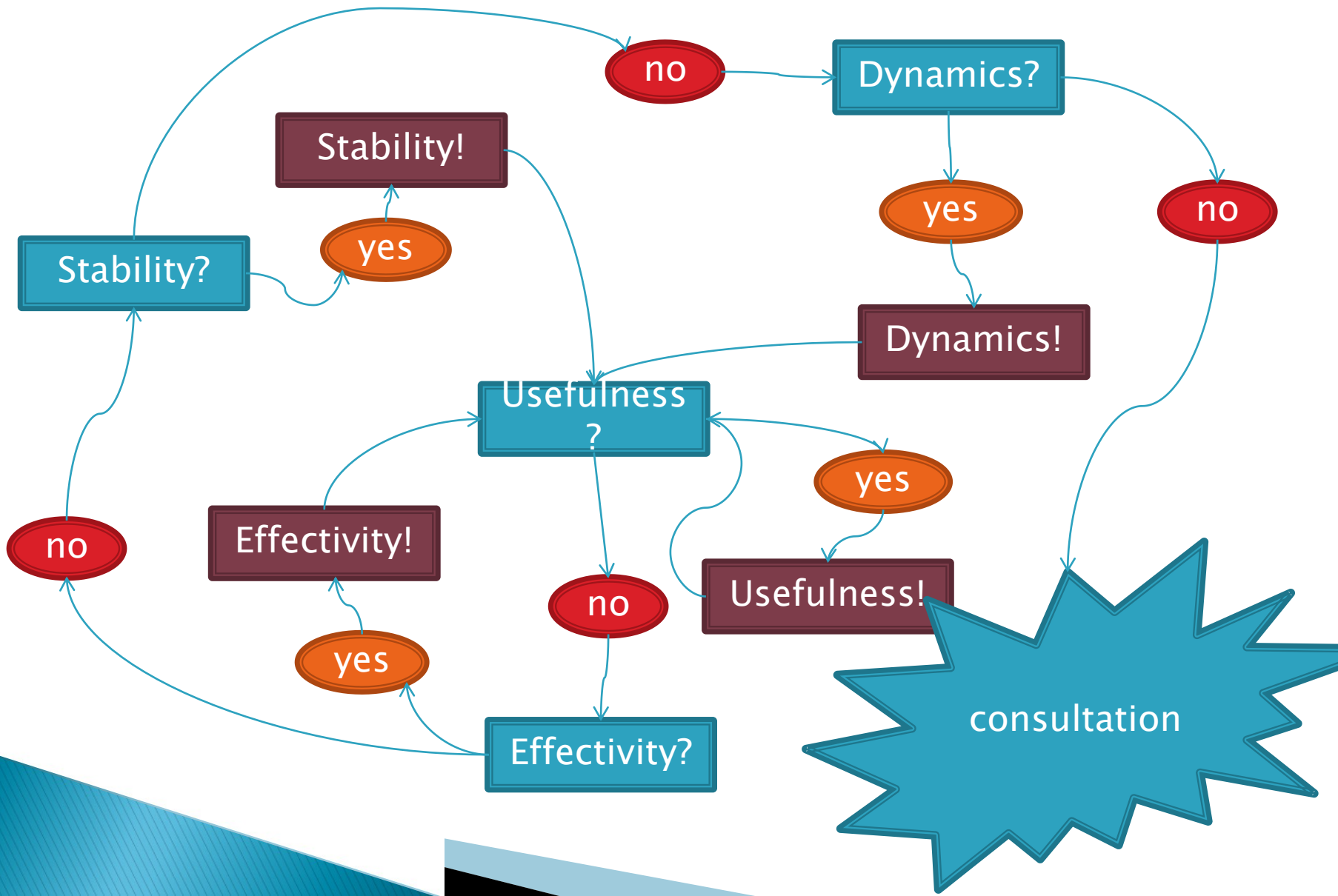
- key decision criteria are visions, objectives and tasks, i.e. ideas the company breath for
- if people are uncertain firstly they ask what will lead at best to support and reinforce these ideas
- superior can focus more on the broader context of operational affairs

Company culture

The company driven by ideas

- It is necessary to "decompose" the ideas
- Motivation is the basement for listening ideas
- Different people are willing to wait different time
- Motivation must be designed for concrete position

The road of ideas

```
                    ┌─────────────────┐
                    │    Strategy     │
                    └─────────────────┘
           ┌───────────────┘     └───────────────┐
           ▼                                      ▼
   ┌─────────────────┐                    ┌─────────────────┐
   │   Long term     │                    │   The company   │
   │     goals       │                    │                 │
   └─────────────────┘                    └─────────────────┘
           │                                      │
           ▼                                      ▼
   ┌─────────────────┐                    ┌─────────────────┐
   │   Middle term   │                    │   departements  │
   │     goals       │                    │                 │
   └─────────────────┘                    └─────────────────┘
           │                                      │
           ▼                                      ▼
   ┌─────────────────┐                    ┌─────────────────┐
   │   Short term    │                    │     groups      │
   │     goals       │                    │                 │
   └─────────────────┘                    └─────────────────┘
           │                                      │
           ▼                                      ▼
   ┌─────────────────┐                    ┌─────────────────┐
   │  Actual tasks   │                    │    employees    │
   └─────────────────┘                    └─────────────────┘
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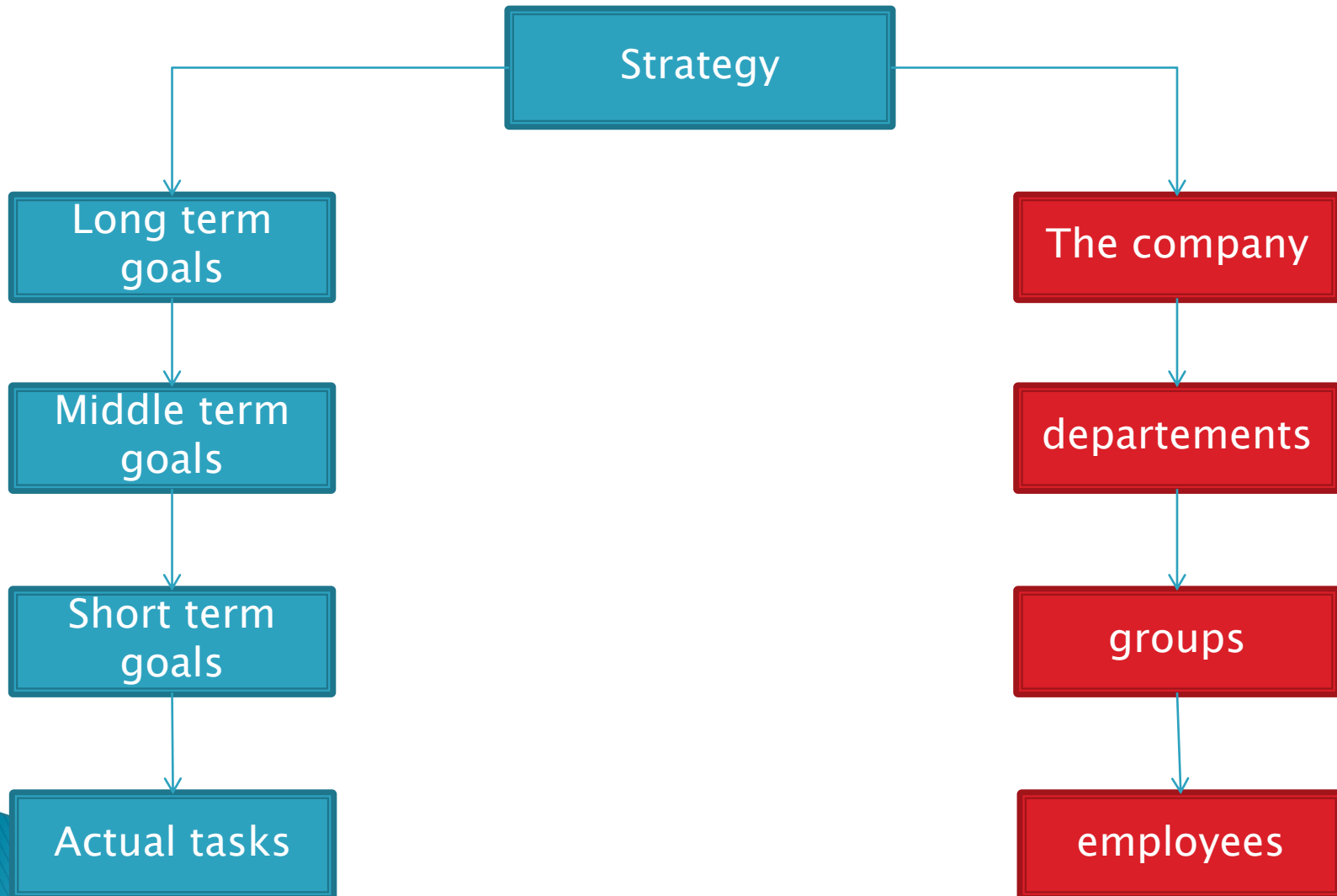
Political barriers

- Fight for the
  - Power
  - Influence
  - Money
- Support of the high management is the key to vitality

Proceses

- All processes must be done for OUTPUT
- Output is giving the money and profit
- Limit the power of OPE and Controlling
  - Administration
  - Forms filling
  - Other non productive tasks
- But it is need to have feed back!!!

Management of the processes

- Needs to be separated from the sources
- Only one owner of the problem (project manager)
- At last one more level of the sub-process
  - More levels adds more problems
 - More levels needs more owners
  - The space for non-profit tasks

Management of the sources

- As many levels as necessary
- Each manager should have at last 5 subordinates
- Manager is the keeper of the human resources
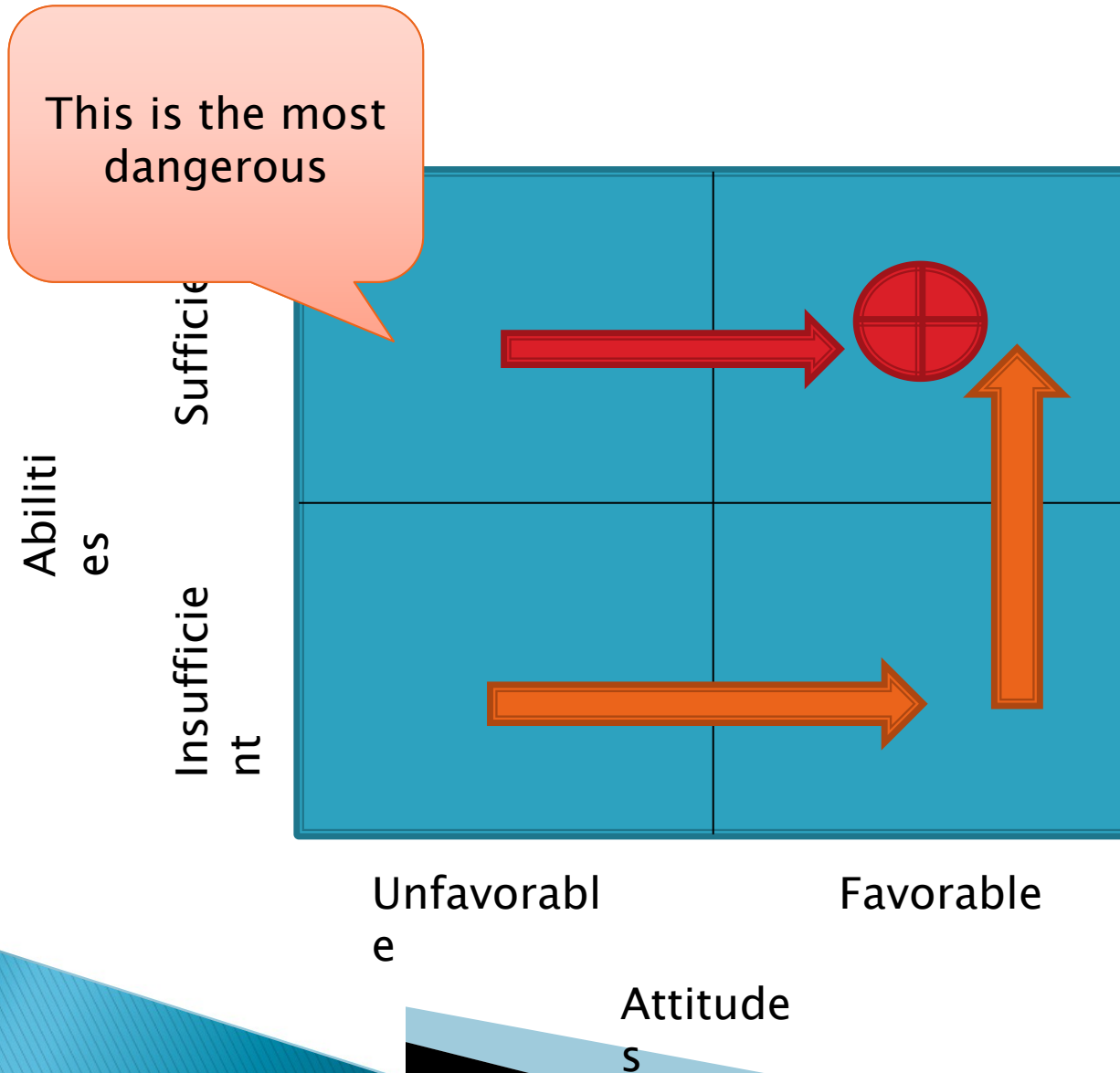 - Coach
  - Trainer
  - Consultant

Human sources in MbC

- Three types of HR
  - Quality
    - What we are
    - Can not be changed, only accepted
  - Attitude
    - What we believe in and what we want
  - Abilities
    - What we know and what we have learned

Suggestibility of human resources
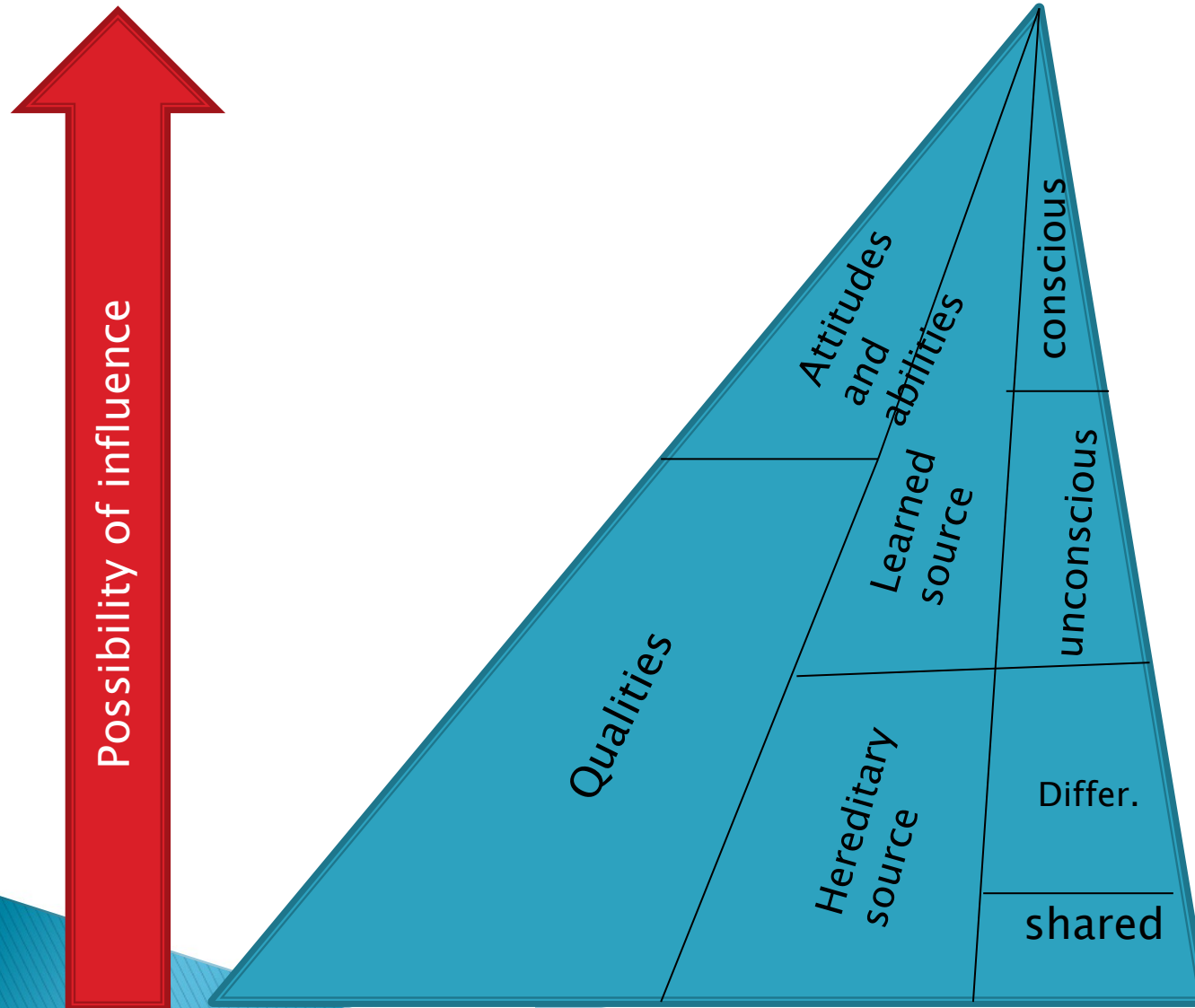
Strategy of HR development

Management of HR in MbC

- The target is not to exhaust the sources
- The management of HR must be
  - Efficient
  - Effective
- The potential and the performance need to be in a harmony
- The goose can produce the golden eggs till it lives