

Management by Competencies

Introduction

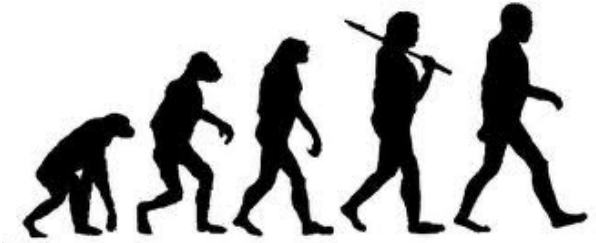
Agenda

- ▶ Course Introduction
 - origin
 - motivation and goals
 - resources
- ▶ Management basic

Course teachers

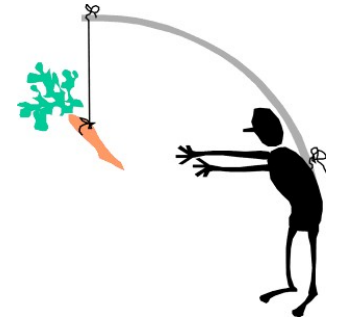
- ▶ Ing. Leonard Wallezký, Ph.D.
 - Lessons
 - Seminar groups
- ▶ Bc. Františka Romanovská
 - Course support
 - Distribution of materials
 - Communication and organization

Course context and origin



- ▶ Originally being developed for the SSME study program
- ▶ Based on
 - existing *Management by Competences* theory and methodology by Jiří Plamínek
 - 3 years experience of using *Management by Competencies* in practice
- ▶ IT people need „special approach“

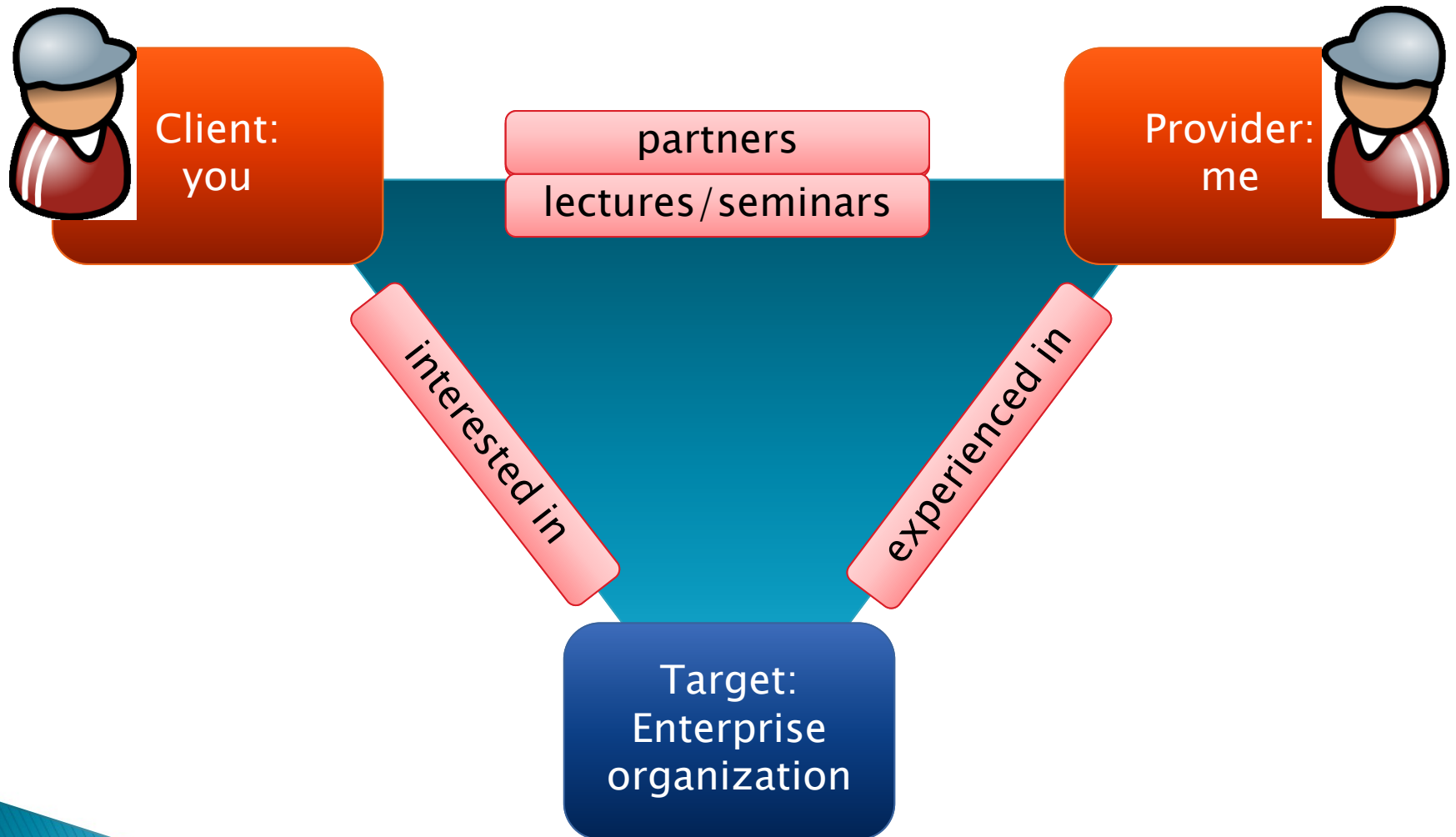
Course motivation



Management is
always
important

Management is
a M part of
SSME

Course as a Service



Course goals and value proposition



To introduce

- essence of management of sustainably successful companies
- main aspects, which cause problems in company management
- methods and tools for identification and elimination of such problems

You will understand

- enterprise organization
- management processes
- service background
- the value of human uniqueness

Value co-creation

Lectures

- Theory
- Examples

2 hours per 1
week

All together

Seminars

- Training
- Discussions

2 hours per
two weeks

Three
alternating
groups

“Home” works in teams

Course organization



- ▶ Course schema
 - two hours lecture per week
 - one hour seminar per week → two hours per 14 days
- ▶ Lectures
 - focused on theory
 - examples
- ▶ Seminars
 - focused on practical issues and training

Course resources



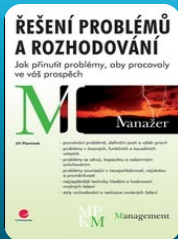
Management by Competencies

J. Plamínek, R. Fišer – Czech only



Leading of people, teams, and companies

J. Plamínek – Czech only



Problem solving and decision making

J. Plamínek – Czech only

Course and MbC resources



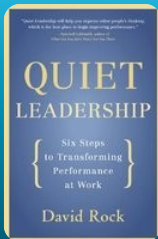
Synergistic management

J. Plamínek – Czech only



Theory of Constraints

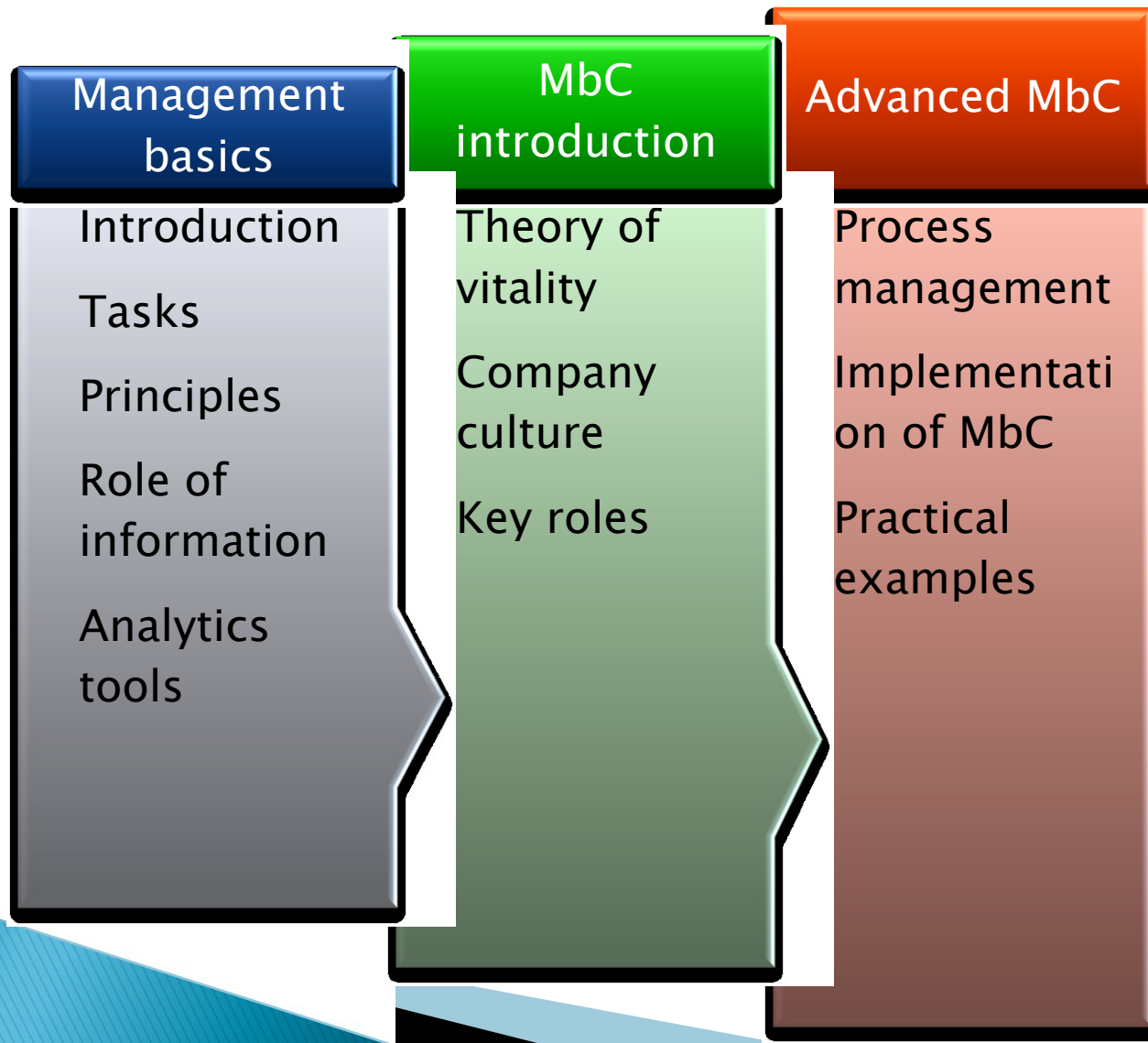
Elyahu M. Goldratt



The Quiet Leadership

D. Rock

Outline of the course



Exam

- ▶ 30% – seminar work
- ▶ 60% – test at the end of the semester
 - 50% open questions
 - 50% optional questions
- ▶ Management by competencies (the basic) is the part of the state exam

Main tasks of the management

is to form the production process

and increasing of the output

to fulfil the company targets

in the highest level possible

5 phases of the management



Goals creation

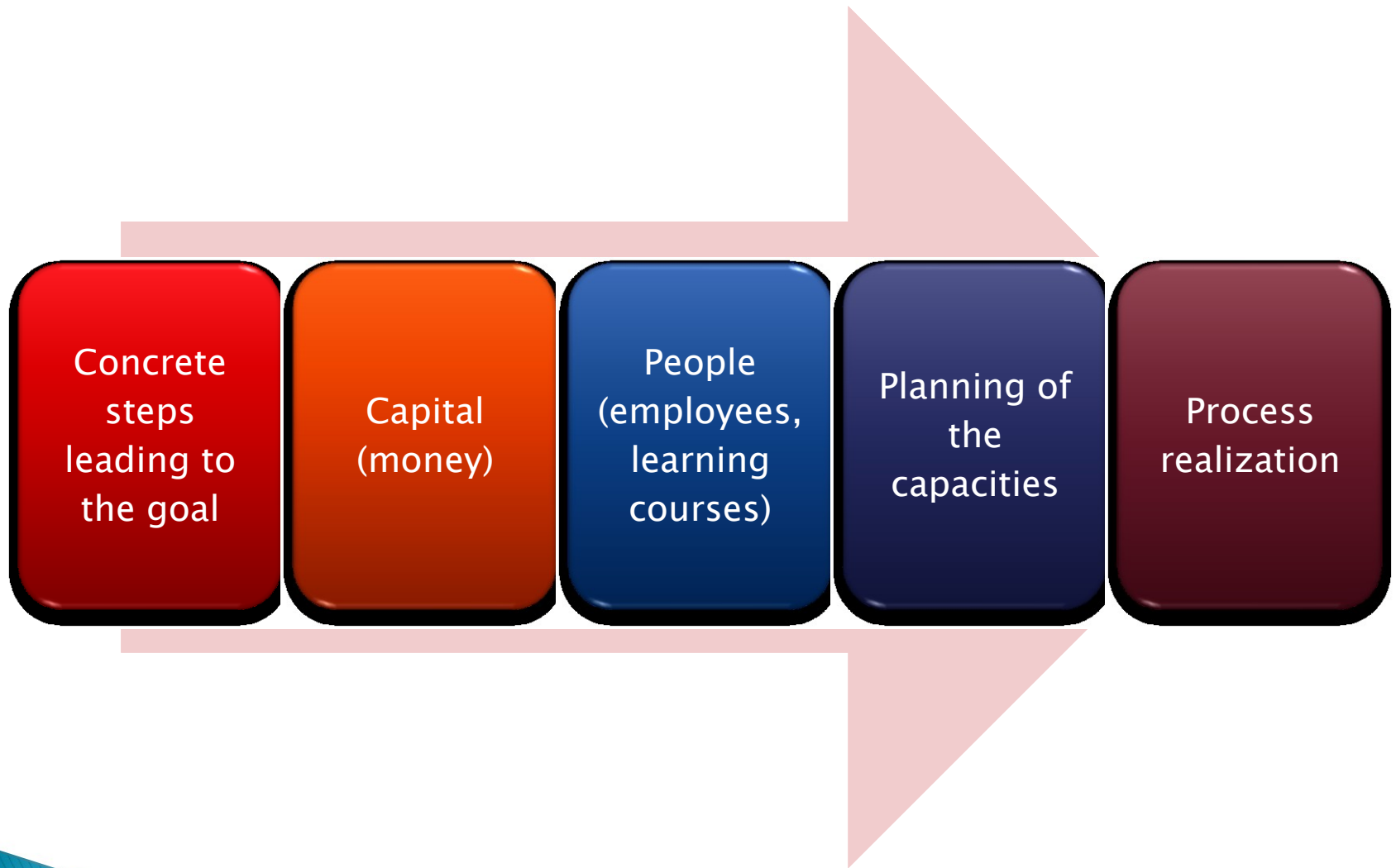
General idea: the maximization of the profit

- Main goal – our version of maximization of the profit

Analyse the possibilities – the ways how to reach the main goal

Choosing the best option

Planning and realization



What is realization?

Realization is the sequence of transactions

In the „goods“ economy

- Material is transformed into intermediate product
- Intermediate product is transformed into final product
- All transform transactions must be profitable

In the service economy

- Goal is split into tasks need to be done
- Those tasks need to be completed in specific sequence
- All tasks must be profitable

Control

Need to control realization process

The part of the realization

- Control, if the realization goes in the right way
- Reaction to mistakes or deviations

Control after realization is not effective

Coordination

All phases need to be coordinated

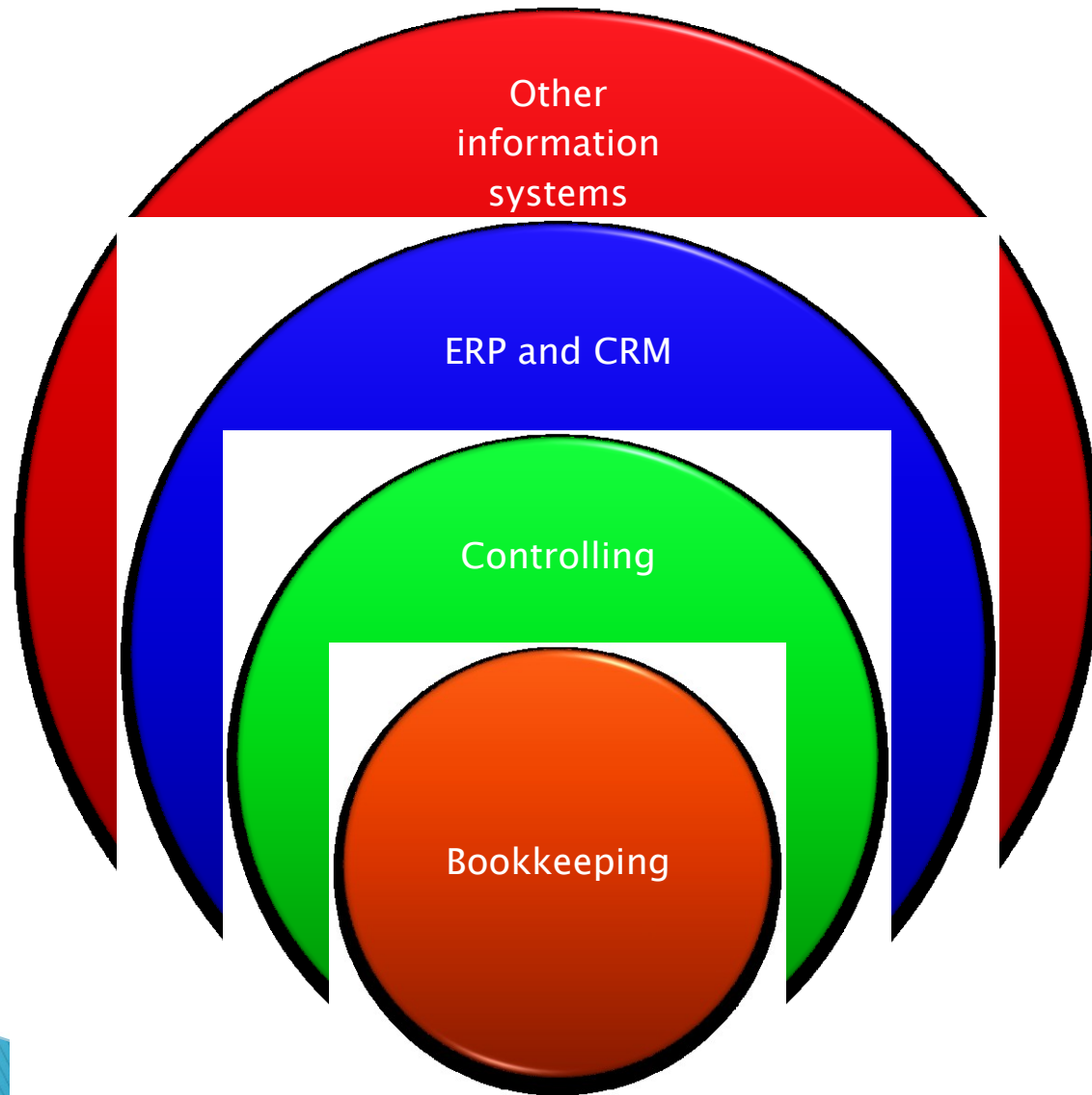
Important is not only the task itself

Important is also:

- The order of tasks
- Relationships between the departments of the company or organization

Communication process

Where are the information?



Management war

What are the goals?

Who makes the decision?

Who participate on the profit?

Shareholders

- Are owners of the company
- They are unique decision making (or management, nominated by the owners)
- Profit belongs to owners

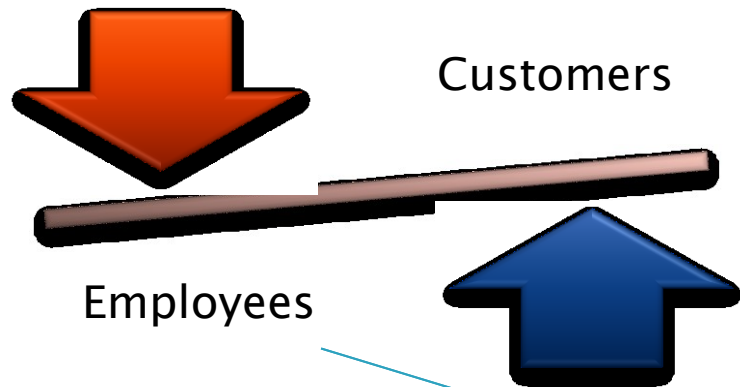
Stakeholders

- All groups, who are interested in the company

The table of interests

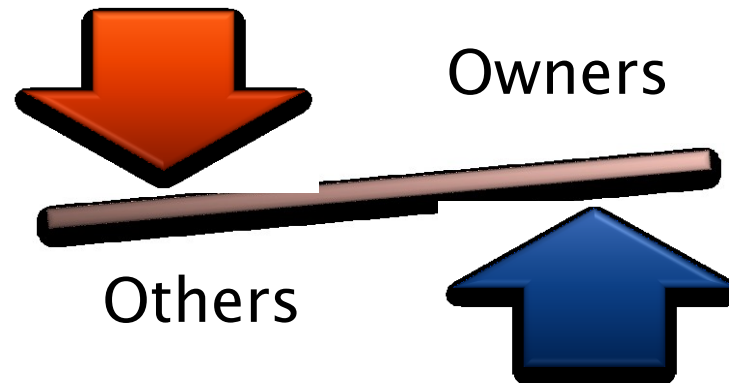
Name of the group	Requirements	Benefits
Owners	Profit	Capital
Creditor	repayment and interest of the loan	Capital
Employees	Fair wage, motivation	Labor
Management	Reward, power, prestige	Leadership
Customers	Goods or services for the good price	Consumption
Suppliers	reliable payment obligations, long-term profitable relationships	delivery of goods and services (of the best quality)
Public	Paying taxes, law enforcement, environmental behavior	infrastructure, rule of law

Contra – goals



Customers want lower prices

Employees want secure the job



Corporate governance

- ▶ The main problem of the big companies
- ▶ The relationship between shareholders and managers
- ▶ Information asymmetry
 - Shareholders cannot effectively control the board of directors
 - Two marginal problems of BoD:
 - They can have different goals (too smart)
 - They are not able to do their job well (too stupid)

Corporate Governance

- ▶ The main goal: successful business management
- ▶ Three objectives:
 - Organization structure, processes and people
 - Transparency
 - Control

Organization structure

- ▶ Separation of powers
 - Competencies are divided between more than 1 person
 - Some decision of Board of Directors must be confirmed by Supervisory Board
- ▶ Motivation
 - Management is motivated to follow the owners goals (profit, no. of new business cases etc.)
 - Eliminate the temptation of the management
- ▶ System of risk monitoring
 - Information systems
 - Necessary to have all information as soon as possible

Transparency

- ▶ The problem of moral hazard
 - a tendency to take undue risks because the costs are not borne by the party taking the risk
- ▶ The management is not giving the right information to the owners
- ▶ Tools to eliminate
 - Obligation to publish financial statements
 - Rating agencies

Control

- ▶ The process of decision making must be controlled
- ▶ Otherwise the decisions of the managers could be more risky
- ▶ Types of control
 - Market
 - Capital market
 - Institutionalized
 - Auditors
 - Supervisory board

Conclusion

- ▶ Main goals of the management
- ▶ Why do companies need management?
- ▶ What are the sources for decisions?
- ▶ Specific role of information and IT
- ▶ The main goal of the management
 - To form production process in the best way
 - Main idea is maximizing of the profit
- ▶ Shareholders x Stockholders attitude
 - Different targets, same idea (maximizing the profit)
 - Motivation of the subjects
- ▶ Corporate Governance
 - Moral hazard