

# Management by Competencies

Introduction

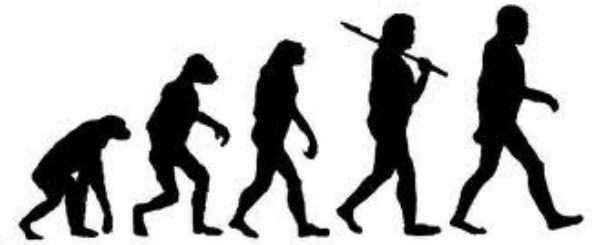
# Agenda

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

# Course teachers

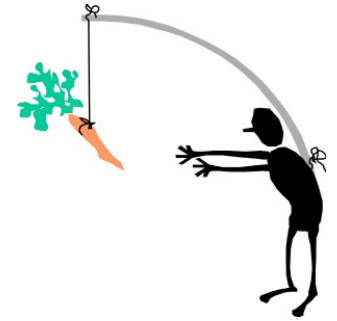
- ▶ Ing. Leonard Wallezký, Ph.D.
  - Lessons
  - Seminar groups
- ▶ Mgr. Zuzana Schwarzová
  - Course support
  - Distribution of materials
  - Communication and organization

# 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“

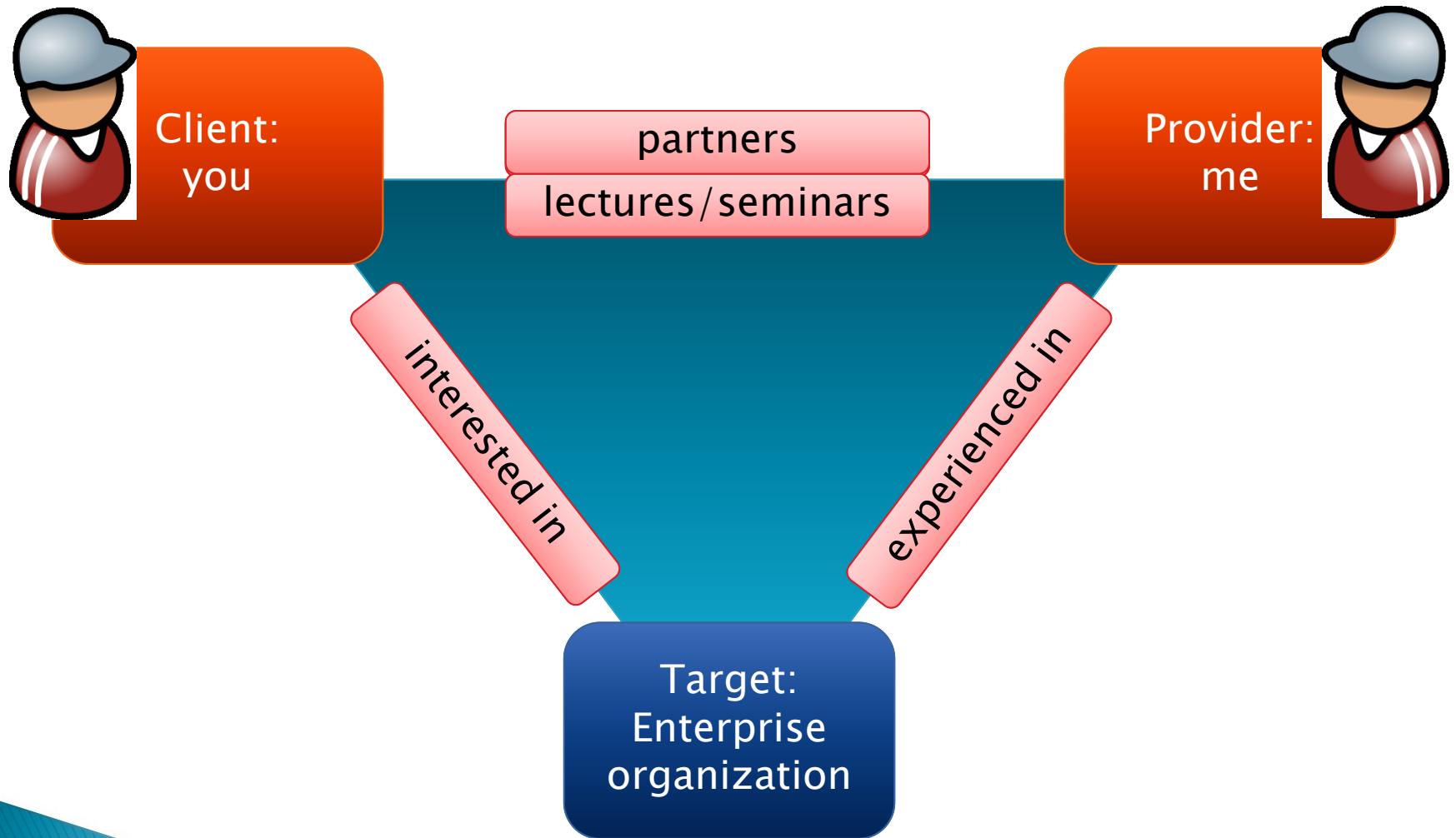
# Course motivation



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



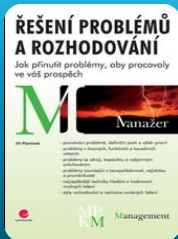
## Management by Competencies

J. Plamínek, R. Fišer – Czech only



## Leading of people, teams, and companies

J. Plamínek – Czech only



## Problem solving and decision making

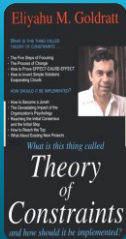
J. Plamínek – Czech only

# Course and MbC resources



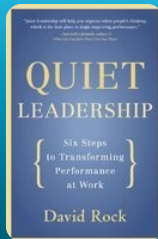
## Synergistic management

J. Plamínek – Czech only



## Theory of Constraints

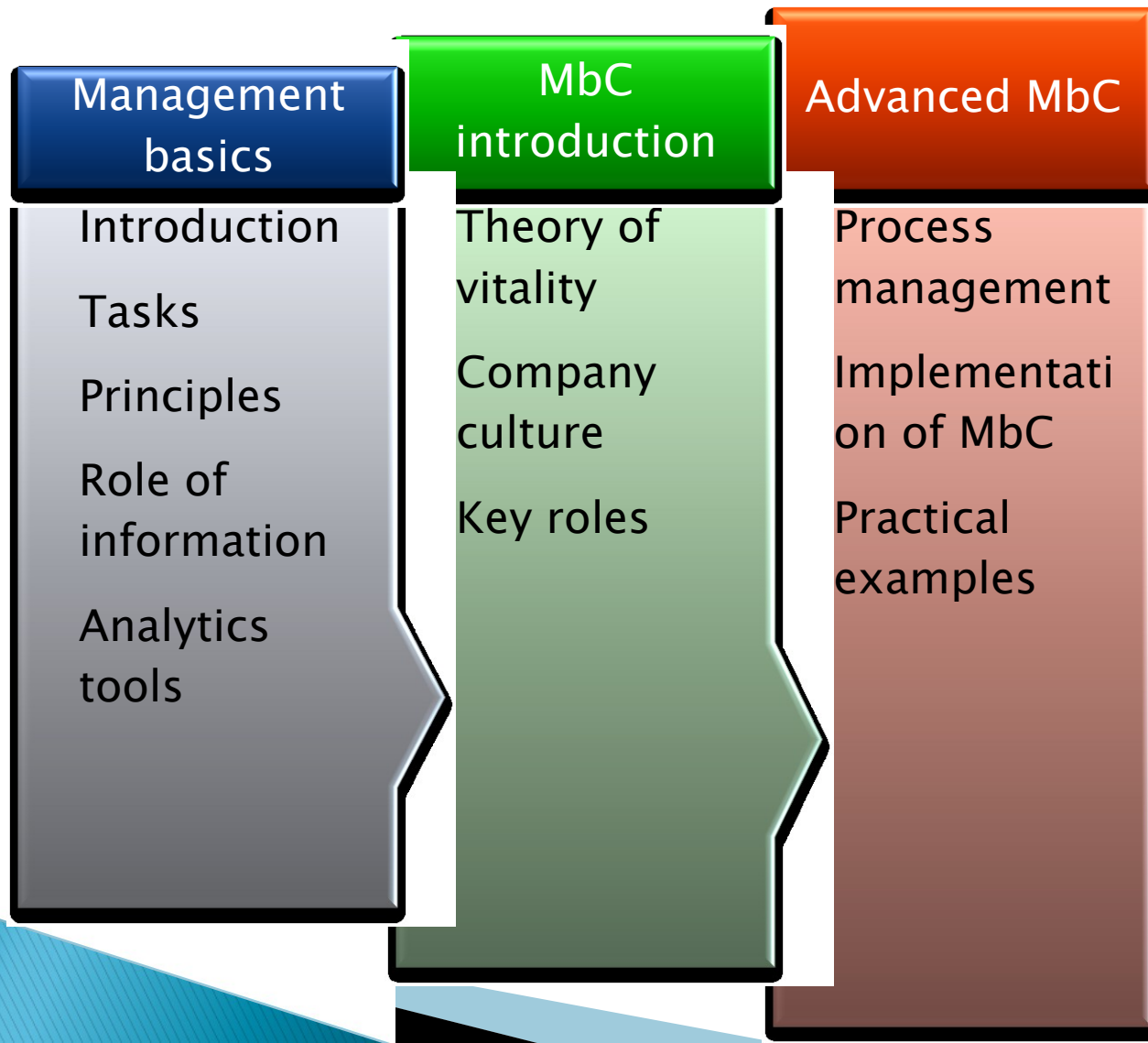
Elyahu M. Goldratt



## 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

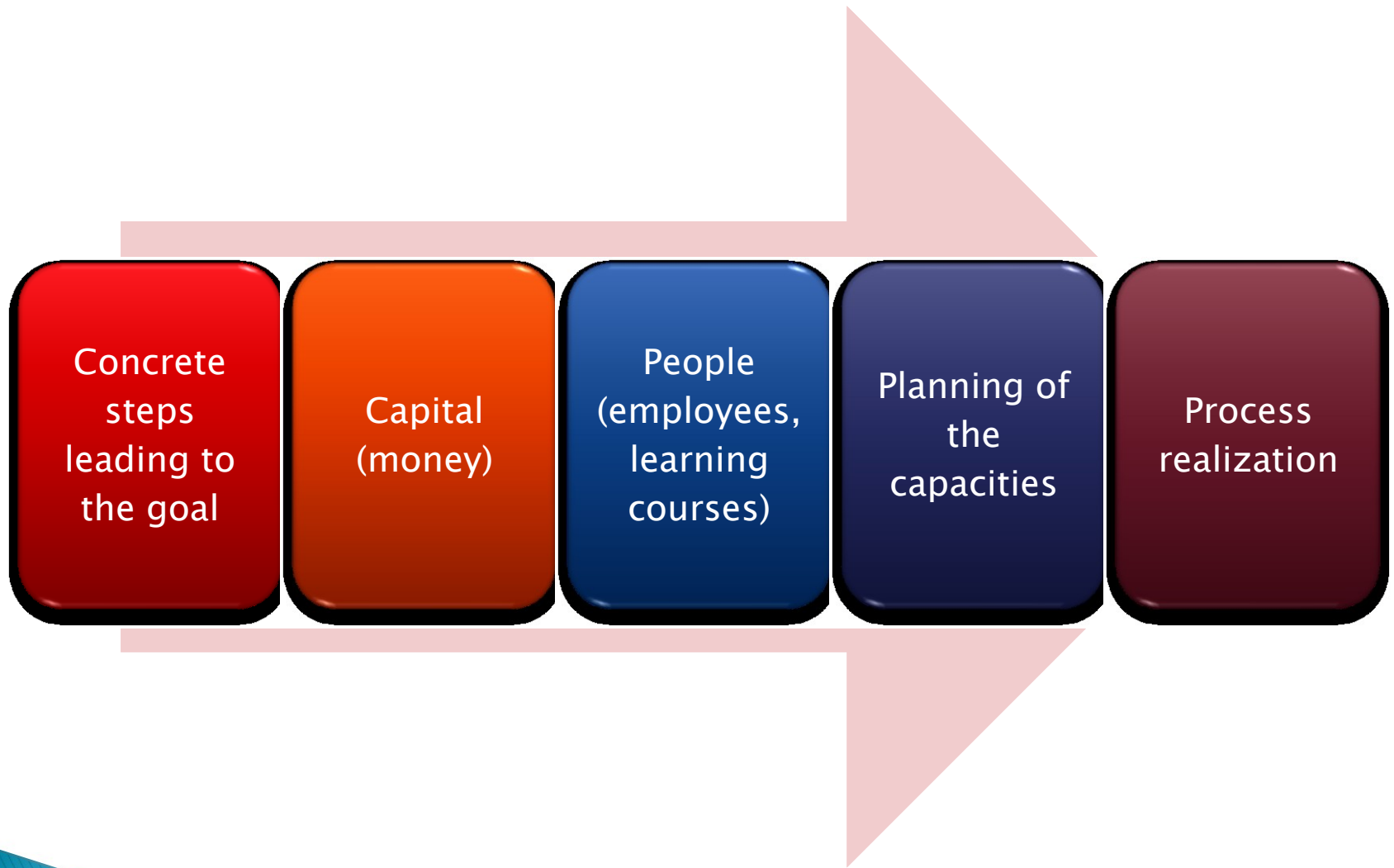
- Main goal – our version of maximization of the profit

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

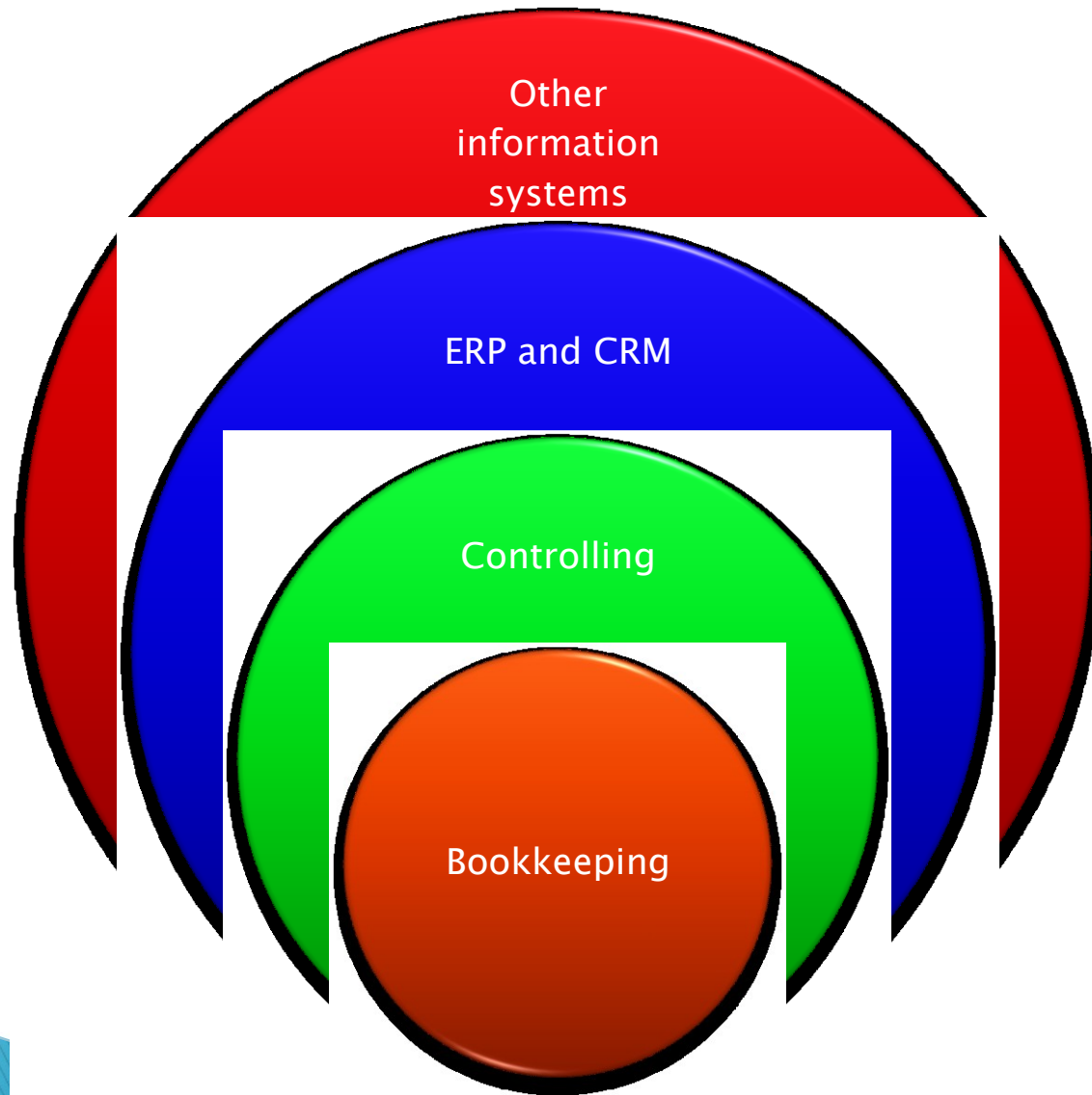
Important is not only the task itself

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

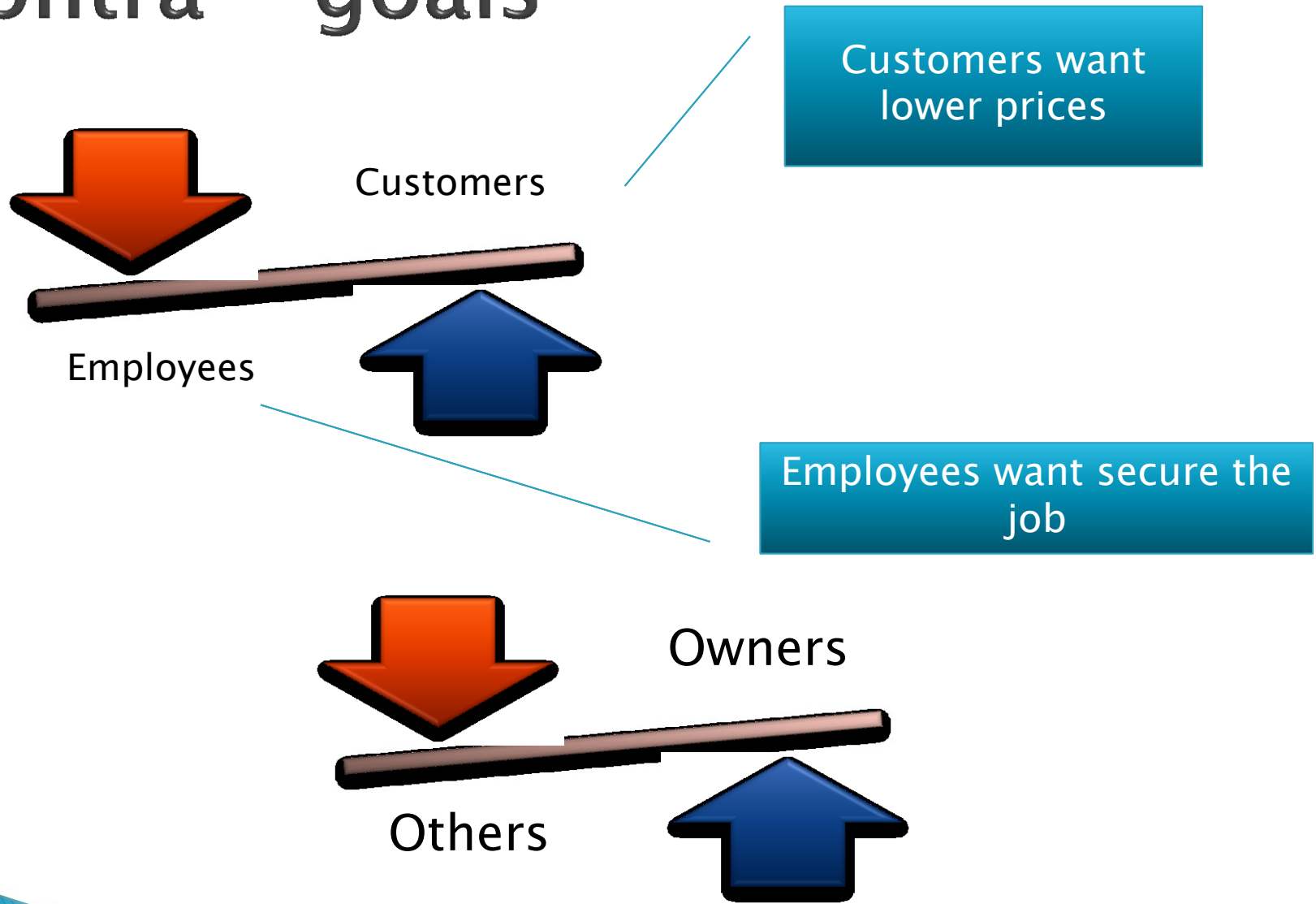
## Stakeholders

- 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





# 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