

Management for Professionals

Uwe G. Seebacher

Template-based Management

A Guide for an Efficient and
Impactful Professional Practice

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Professional Practice

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Graz, Austria

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For Ella and Yvonne

Preface

The first few years of the new millennium have turned out to be significant from many perspectives. I do not want to tackle all different dimensions, be they the terrible and horrible events in the USA on September 11 or the burst of the new economy bubble. But the latter leads us to the one area of interest that sets the stage for this book.

While preparing this book, I again had the great opportunity to talk to many smart and well-read individuals, mostly business managers of all kinds of companies, and in all conversations one topic came up: the macroeconomic contingency situation and the question of the future—how the different economies will develop and probably will enable us again to start thinking positively about our overall situation. I always tried to understand each individual's situation and their hypotheses concerning future developments, challenges, and opportunities based on their many years of experience.

What Is Today's Economic Challenge?

Throughout the past 40 years, we have never had a world economic situation like we have right now; all three major economies are exhausted and following a path of shrinking growth rather than trying to focus on the *growth* direction. Now, what is so specific about the current situation?

Recall economically turbulent situations of our modern times and think about the three large economies: Europe, Asia, and the USA. At least one of these three markets was always strong and thus served as the engine to pull the others' development along in a positive direction. Therefore, the power of the one strong economy could help the two others to realize the shift from a recession or weak market situation toward a growing and more stable one. This causality was and still is labeled as the so-called *bandwagon effect*.

At better times we were facing the following situation: Two of the three large markets or economies were strong and delivering micro- as well as macro-economic growth. Based on this growth, the third weaker economy was able to gain power and production factors in order to turn into a stronger, more stable, and probably even a growing market.

Currently, the lowdown is that, up until now, during unstable and turbulent economic periods, the world has been able to rely on one of the three large industrial areas to gain power and to succeed in turning around and reframing their economy. The challenging new situation today, at the beginning of the twenty-first century, is simply the fact that all three large economies are, figuratively speaking, lying on the ground, where no market can realize the shift away from mutual growth, relying on the growth and strength of the one or two other economies to be stable and healthy.

Did the Technical Challenge Change?

Coming from the economic contingency situation, the other problem specific to the current situation is located in the technical or product area. A look again at the history of modern times shows us that shifts of world economy were always driven by technical inventions such as electric power, the automotive industry, the railways, and most recently the telecommunication industry. Most of you are aware of the underlying phenomenon, but for the purpose of clarification just a brief explanation will be given here: These huge technical developments, being of the utmost relevance and importance for the world economy, entailed the creation of thousands of jobs for the realization of the required infrastructural systems and components.

New jobs evolved, and new industrial segments emerged and built the basis for economic growth and stability. During those days, such new-technology-driven upswings lasted for 30 to 50 years and even longer, as industries needed time to develop processes for the production and installation of the required infrastructures. Some might say that we are currently in the stage of developing and implementing the required technologies for the so-called Unified Messaging Transmission Standard (UMTS) and that UMTS is the motor for the coming years, creating thousands of new jobs, new products, further joint-technologies and products, etc. UMTS should therefore initiate the so urgently needed upswing and then drive industry throughout the next decade.

Again, I recall different conversations I had and find that what I stated in the last section were the words and arguments I brought up during those talks in trying to challenge my opponents' point of view.

There are two issues involved in the technical challenge: One is that UMTS cost the companies too much money, and now these companies are no longer willing to invest another fortune to establish the required infrastructure, which is essential for making money from the expensive UMTS licenses. Moreover, nobody can even be sure about when the clients will be actively using UMTS services, as currently only a negligible percentage of them want to pay for UMTS services.

On the other hand, returning to the historical developments, the maintenance of the railway infrastructure is still creating new jobs even today, as new high-speed tracks have to be built to meet the time concerns of businesspeople. This means that the invention of railway tracks alone has had a significant positive impact on the economy for more than 150 years. Take a look at the automotive industry: Jobs are

still being created to deal with the continually increasing needs of clients, enabling automotive companies to deliver ever better products.

In comparison to these classical industry segments, think about how long the Internet, initially regarded as a technical revolution, actually created new jobs and positively impacted the economy. Generously speaking, the effect lasted for 10 years. And this leads us to another core message of the technical challenge: Apparently, we are facing decreasing half-life periods of technical inventions and their positive effects on economies. This is a result of more efficient production systems and increased automation, which lead to the ever-faster delivery of products, services, and infrastructures. One new technology of the future that will have a significant effect will emerge from the fact that our energy resources are diminishing. This awareness of changes required due to the foreseeable lack of conventional resources will cause a huge upswing, as we conceive, invent, and implement new technologies and infrastructures to ensure energy supply. Currently, though, this boom is by no means evolving, and it will take its time to spill over into our economies, enabling industrial growth and the development of new jobs.

In general, we are facing a quite challenging contingency situation, which this book implicitly considers, as TBM represents a management approach:

- Dealing with the emerging economic problems
- causing more and more cost pressure for small and medium-sized but also multinational companies, where
- in parallel these companies—and of course their managers—have to face new problems and challenges in becoming more efficient, reframing their businesses, in the end ensuring their own survival.

The goal of this book, with respect to the needs of today's business managers, is to present and describe our experience of the past few years, during which TBM evolved as an approach. Explicitly, I say "evolved," as TBM was not generically developed by some people academically. TBM was used with multiple clients and many companies who were only intuitively aware that they were using something new and innovative. Our clients approached our project teams asking for more background information about our methodology. This triggered our awareness of TBM as an approach. Therefore, I owe gratitude to our clients, as without their engagement and sensitivity TBM would have never evolved as such.

One person I would like to thank explicitly, as he encouraged me to structure the experience in the area of TBM and finally to write this book. Axel Guepner, Head of Group Human Resources, Allianz Group, Munich, several times mentioned to me that the approach we were using was unique to him and that we could really leverage his team of brilliant people using our template-based way of working. He triggered the consolidation of our experience and helped to understand the added value of such a consulting approach for a client. Axel Guepner played a significant role together with Ulrich Delius, Head of Group Development, Allianz Group, as a sounding board for fine-tuning the TBM methodology.

Furthermore, I would like to thank Mathias Nell for his personal engagement and support in structuring, writing, and finishing this book. He contributed content- as well as resource-wise by actively involving his network of researchers and friends, including Ben Kwiecinski, Stefan Rathausky, and Johannes Hanshen, to facilitate the development of the book. I am grateful to them for their valuable contribution. Many more people played important roles in this book's evolution: Thanks go to Lauren Clark, Emilio Galli-Zugaro, Patricia Garber, Robert Guzzardo, Luis Kafati, Adam Kennedy, John McGregor, Jon Matthews, Claudia Merk, Steve Moore, Gunter Scholz, Peter Thormann, Ulrike Vollmer, and Henry Wittenmyer.

Munich, Germany
January 2003

Uwe G. Seebacher

Preface to This New Edition

How time flies. It has been 17 years since I published the first edition of this book. Never would I have thought that this book would have such a lasting effect and that one day I would publish a new edition of it. “Life is like drawing—only without an eraser,” says a clever saying. The world has changed. COVID-19 has changed us in ways we never expected or none of the experts could ever have predicted. But it has also been shown that many a valid theory about time has stood up and confirmed its hypotheses. This was also the case with those I referred to in 2003 when I set about writing the first edition of this book.

It was the work of the Russian scientist Nikolai Dmitrijewitsch Kondratjew (1892 to 1938)¹ that shaped and guided my actions then and now. Even then, Kondratjew predicted within the framework of his theories on economic cycles that one day the systems of economic action would be automated and optimized to such an extent that man would then become the weakest link in the chain. In this context, he attested that it would be crucial to develop methodological but also structural competence in order to get out of this dilemma.

When you look around the organizations of today, it is more than ever noticeable how digitization and virtualization are making inroads in all areas and how disruptive concepts and models are changing the way business thinks and acts at an ever-faster pace in the Netflix industry.² On the other hand, however, I also see more and more experts who are unable to transform their own expertise efficiently and effectively, methodically clean and structured, into transparent and measurable economic added value for their organizations. In most cases, one’s own actions become an end in themselves by spending budgets on research and development or innovation management—although de facto no new products and/or innovations emerge. The criterion for success is “we stayed within budget!”

¹https://de.wikipedia.org/wiki/Nikolai_Dmitrijewitsch_Kondratjew. Accessed: May 23, 2020.

²Müller, E.: “The Netflix-Industry,” in: Manager Magazine, June 2019, p. 95–97.

How Could Kondratjew Know It Already By Then?

If one looks behind the scenes and analyzes the acting persons or departments from the structural and methodological perspective, one comes to the conclusion that the basic competence for goal-oriented action, as Kondratjew had already predicted at the “old” turn of the millennium, is missing, namely method and structure. The question is justified what is meant by this. I am referring to the necessary skills in relation to, for example, the professional preparation of a profitability analysis³ before investing money for research and development in a project. But it is also about method and structure for stringent, honest, self-critical, and authentic project management and monitoring, which is then built upon, in order to be able to continuously evaluate expenditure and development stages. This is necessary in order to be able to recognize and discuss deviations from the plan in terms of content and time in good time and to be able to draw conclusions and consequences. The abovementioned areas are still use cases that can be considered tangible and comprehensible due to their characteristics.

However, methodological and structural competence is also required in creative processes, as these involve much larger investments and the associated risks. Already in the first issue I dedicated one of the case studies to the area of innovation management, because this case study was intended to show and clarify that even supposed creative and conceptual processes in particular can only generate sustainable economic added value for organizations if they are established and implemented in a clean and clearly structured manner. It is about processes as well as decision and measurement points in order to be able to make decisions always according to the same aspects in the best possible way. Because only through comparability and process-related stringency can an organizational learning process⁴ be created in order to be able to quantify and evaluate such creative qualitative activities efficiently and effectively.

Why Not Only Agile and Kanban Are Using Templates

If you look around in the modern management world today, it is amazing how many new approaches and concepts actually apply the ideology and philosophy of template-based management (TBM) consciously or unconsciously. No matter whether it is Agile Management, Blueprinting, Canvas, Design Thinking, or Kanban, these concepts are de facto all based on a predefined template in order to be able to implement activities according to a proven structure once it has been set up and agreed upon, always in the same and thus comparable way. It is this planability in the

³<https://www.workfront.com/blog/how-to-write-a-business-case-4-steps-to-a-perfect-business-case-template>. Accessed: May 23, 2020.

⁴Argyris, Ch., Schön, D.: “Organizational Learning: A Theory of action perspective.” Reading 1978.

sense of a frame of reference that should guarantee that one does not lose sight of the goal and focus, in order to be able to solve the task set efficiently and effectively. The idea originally comes from the field of information technology, as one of the book's reviewers explains:

IT uses templates—this is right—BUT the abstraction of a problem solving process into a situation-specific methodology so far is new. More so this approach enables clients and their employees to overtake the role of external consultants as a know-how transfer from the methods consultant to the employees of a client organization via the templates is taking place—and this is basically the first time real knowledge transfer is being realized as part of a consulting approach.

Templates are used by consultancies but not as part of an integrated approach in order to develop a method enabling clients to primarily deliver the problem solving process autonomously.

I consider this book as useful and valid, more so as we applied the TDC approach and were quite successful."⁵

You do not have to reinvent the wheel, but you might have to rethink the wheel every now and then. By looking beyond the proverbial horizon, it is possible to transfer tried and tested ways of thinking and acting into a new frame of reference, possibly by transferring them to a new additional application and thus creating benefits.

This is exactly what is taught during the course of study. A new theory or hypothesis must relate to one or more validated and well-founded initial theses and theories in order to be accepted and tenable from a scientific perspective. Only if this reference base is appropriately equipped and defined, a new finding from a scientific point of view will be accepted into the discourse. The same applies to templates as part of template-based management, because the templates represent tried and tested schemes of action that have already proven in their testing that valid results and findings can be generated using them.

What Is the Decisive Foundation for Everything?

These templates thus function as an initial theory and can be applied directly and easily by the user with the certainty that these templates will lead him to his goal, the development of content, or the successful completion of a project as quickly as possible. Digitalization has given a completely new dynamic to the template-based management approach, because solutions and systems in the area of sales or

⁵https://www.amazon.com/-/de/Template-driven-Consulting-Slash-More-Costs-ebook/dp/B000PY4ES0/ref=sr_1_fkmr0_1?__mk_de_DE=%C3%85M%C3%85%C5%BD%C3%95%C3%91&dchild=1&keywords=template+driven+consulting+englisch&qid=1590219690&sr=8-1-fkmr0. Accessed: May 23, 2020.

marketing automation⁶, for example, work with templates in the sense of the customer and buyer journey⁷ in order to be able to copy, adapt, and optimize recurring measures quickly and easily. Lufthansa Cargo's Booking System was also designed and developed with the help of TBM. The processes and decisions made by the local handling agents, which were run informally and individually up to the introduction of the system, were documented in a standardized way and the booking decision was predefined by parameters stored in the system. The Online Cargo Booking System realized enormous savings and enabled a much higher and space-saving loading of the cargo machines.

The challenge is to penetrate the supposed complexity of procedures or facts with the help of the necessary competence in recognizing structures in order to define processes based on them and to substantiate them with qualitative criteria such as decision parameters.

This all sounds simple and logical, but it is extremely complex. When I had my own method consulting company at that time, the biggest challenge was the recruitment of method and structure consultants, because at that time there were no corresponding studies or courses. To this day, there are still no training courses known to me that focus on the required meta-competencies of methodology and structural competence. Against this background, this new edition of my book from 2003 should help to accompany you as a reader on your way to becoming a methodological and structural expert in order to give you a sustainable competitive advantage over your competitors on the job market.

It is not essential to know everything, but you have to know so much about everything to always be dangerous, as Joel Harrison described in the B2B Marketing Podcast.⁸ With this in mind, I wish you a pleasant and interesting read and above all a continued successful career. I would like to thank my colleagues, companions, and countless clients who, even after many years, continue to share their gratitude with me for the successful TBM-based projects we have worked on together.

Graz, Austria
May 2020

Uwe G. Seebacher

⁶<https://www.salesforce.com/products/marketing-cloud/what-is-marketing-automation/>. Accessed: May 23, 2020.

⁷Seebacher, U. G.: "The New B2B Marketing Eco-System," in: Seebacher, U. G.: "B2B Marketing. A Guidebook for the Classroom to the Boardroom," Springer 2020.

⁸<https://open.spotify.com/episode/3RGu2NFXQOkuZEVm3d7jVP>. Accessed: May 23, 2020.

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Uwe G. Seebacher who holds a doctorate in economics and business administration, manages the global marketing, communication, strategy, and predictive intelligence activities for a global division of an international industrial group headquartered in Austria, Europe. The international top manager and welcome key note speaker at some of the biggest management and marketing events lived in many different countries, not only in Europe but also in the USA and South America.

Uwe G. Seebacher has more than 25 years of experience in the manufacturing, energy, and service industries, with an international track record in strategic and operational marketing and communication as well as in organizational development. He is a lecturer at many renowned business schools and universities and has written articles in many leading management publications, such as *B2B Marketing—A Guidebook for the Classroom to the Boardroom* (Springer 2020), *Marketing Resource Management* (USP Publishing), *Strategic Workforce Management* (Harvard Business Manager), and *Cyber Commerce Reframing* (Springer New York). For his innovative marketing concepts and initiatives, e.g., with Allianz, the European Union, the Austrian Federal Economic Chamber, Bayer Leverkusen, and BASF, he received various awards, such as the Diskobolos Innovation Award of the European Chamber of Commerce and the Export Prize 2016 of the Austrian Federal Economic Chamber.



1.1 What Are We Talking About?

These are definitely not rosy times that companies and investors around the world are currently facing. Fears of a global COVID-19 related recession are omnipresent. Economic research institutes speak of an economic downturn of between 7 and 12% or negative economic growth in the coming years. Ever-increasing unemployment figures are intensifying the climate of general uncertainty. It is expected that after the technology bubble twenty years ago and the banking crisis in 2008, the entire global economy will now have to find itself in a “new” normality. The effects on all economies are assumed to be even more dramatic than anything seen before. Some media and experts even speak of a recession or economic situation compared to the years after the First and Second World Wars.

If individual industries collapsed after the events of September 11, driven by systemically important companies such as Enron or WorldCom, and the stock markets at that time supposedly plunged into deep abysses, in 2020 it is not individual industries but all areas of the economy that will be affected, and shareholders worldwide now know what real slumps in the high double-digit percentage range mean. Against the background of the events of 2020, the “crises” of the past decades seem like a “pony farm,” mind you, from an economic point of view, because the humanitarian disasters and fates have always been terrible and indescribable.

1.2 Inspired by the Burst of the New Economy Bubble

Restructuring, cost cuttings, and layoffs have replaced the exuberant and often irrational (investment) decisions of the “cyber economy.” The [Dot.com Economy and Cyber Commerce Reframing](#)¹ (CCR) have given rise to a number of impressive companies that would probably be described today as “disruptive” thought leaders. Hardly anything has remained of the positive mood of the late 1990s. The banking crisis has shaken the mistrust in the financial world, and in many cases, what has remained of former image-laden and glamorous companies such as Deutsche Bank² is nothing more than a bailout that has evaporated economically. For many companies of all sizes, it is now a question of survival. Global corporations that apply for state aid, such as Lufthansa Group³, demonstrate how thin the capital cover in companies has become in the meantime in the pursuit and the need for ever new products, new technologies with ever-smaller margins through an ever-stronger fight for customers and competitive advantages.

In these times, many companies are looking for ways to reduce costs. Template-based Management (TBM) as a management approach was not “developed,” but it was born out of necessity. In the first edition of this book in 2003, I was tempted to write that TBM was deliberately “developed,” but from today’s perspective, I would consider the term “emerge” more accurate.

1.3 About the Emergence of TBM

In the years before the first edition of this book was published under the title “Template-driven Consulting,” I was engaged as a consultant for many large customers. Topics ranged from process optimization, setting up completely new global departments⁴, program and project management in corporate development departments reporting directly to the CEO, to the design and implementation of completely new management approaches such as “Marketing Resource Management” at one of the largest German banks.⁵ I was referenced from one client to the next. As a small consultancy, it was of course not easy to hold my own against the big players in the market with all their networks and networks. Furthermore, every company knows how difficult and risky it is to build up a large team of employees for whom you are responsible, also, and especially in difficult phases.

¹Seebacher, U. G.: “Cyber Commerce Reframing—The End of Business Process Reengineering”, Springer 2002.

²https://en.wikipedia.org/wiki/Deutsche_Bank. Accessed: May 24, 2020.

³<https://en.wikipedia.org/wiki/Lufthansa>. Accessed: May 24, 2020.

⁴See the Allianz case study in this publication.

⁵Seebacher, U.G., Güpner, A.: “Marketing Resource Management—How Marketing Professionals Storm to the Top”. USP Publishing 2011.

My goal was therefore to play the game with the smallest possible but exquisite team. I still remember very clearly how I was busy recruiting new staff but was not successful. I was looking for a special species or competence, namely methodological and structural competence.

1.4 Getting Into Methodological and Structural Competences

Axel Guepner (2014),⁶ a former top manager in the financial sector and now a recognized consultant and career coach defines these two competencies as one of seven key competencies for perfect “employability.” Guepner bases his thesis on working together in and with TBM. He was one of my long-standing clients and companions who—according to him—benefited from my innovative consulting approach at the time. At that time, methodological science and structural theory were very young applied sciences. There was only a very small international community of organizational developers and competency experts dealing with these meta-competencies.

The term meta-competence⁷ originally comes from philosophy and defines an ability to deal validly with one’s own and other people’s competencies in order to develop a universal problem-solving ability based on this. The philosopher Kuno Lorenz defines the term meta-competence as an abstract and generally valid manifesto of the *knowledge by description* of the British philosopher, mathematician, and logician Bertrand Russell⁸ and the label or meaning defined by him. This term has a core function in the philosophy of language and linguistics. From today’s point of view, Russell’s work is currently experiencing an enormous renaissance,⁹ as research in information technology and especially in the field of Artificial Intelligence (AI) and, in this context, cognitive science is building on this knowledge.

The conceptual recognition as meta-competence also shaped the work of Friedrich Albert Moritz Schlick¹⁰ (* 14 April 1882 in Berlin; † 22 June 1936 in Vienna). As a German physicist and philosopher, Schlick was the founder and figurehead of the Vienna Circle¹¹ in Logical Empiricism. Although Schlick dealt with a wide range of topics in his work and his scientific philosophy, including natural philosophy or ethics and aesthetics, his theses in the field of epistemology and conceptual recognition are still considered the most significant today.

⁶Guepner, A.: “I Am a Star—Let me in! The career book for the perfect career start”. USP Publishing, 2014.

⁷Kuno Lorenz: “Dialogical constructivism”, de Gruyter 2009.

⁸https://de.wikipedia.org/wiki/Bertrand_Russell. Accessed: May 24, 2020.

⁹https://en.wikipedia.org/wiki/Artificial_intelligence. Accessed: May 24, 2020.

¹⁰https://en.wikipedia.org/wiki/Moritz_Schlick. Accessed: May 24, 2020.

¹¹Stadler, F.: “Der Wiener Kreis Ursprung, Entwicklung und Wirkung des Logischen Empirismus im Kontext”. Springer 2015.

Methodological competence *in the broader sense* includes the ability to obtain information, in particular, to acquire specialist knowledge, and to evaluate. Methodological competence *in the narrower sense* describes the ability to solve a problem or a situation in a goal-oriented way by applying relevant, contingency-optimal approaches, models, and concepts, especially by making decisions and setting priorities. Methodological competence *in the narrowest sense* is defined as follows on the basis of four competences:

- Procure, evaluate and select, validate, structure, process, document, and replicate information.
- To analyze, optimize, correctly interpret and present the results of manufacturing processes in a suitable form.
- Competence in knowledge, situational selection, and application of relevant problem-solving techniques.
- Competence in designing problem-solving processes, e.g., in project management.

1.5 What Means Capacity for Abstraction?

Against this background, it becomes clear that there must be a capacity for abstraction at the operational level in order to be able to identify and justify structural and systemic inconsistencies in the most diverse subject areas through the use of methodological and structural competence. The area of structural competence plays a very important role here. Structural competence¹² is necessary for the development and successful application of professional competence. It is therefore a competence that opens up competences. In the field of learning, the term “learning to learn” is used for this purpose—a key qualification or competence. In some cases, methodological competence¹³ is no longer defined today as a separate competence area in its own right, but as a cross-cutting competence and thus as a component of all other competence areas. Methodological and structural competence is considered an integral aspect of professional competence, personal competence, and social competence.

¹²Guepner, A.: "I am A Star - Let me in! The career book for the perfect career start". USP Publishing 2014.

¹³Liu, X.: “Linking Competence to Opportunities to Learn: Models of Competence and Data Mining (Innovations in Science Education and Technology)”. Springer 2009.

1.6 The Dual-level Coaching is Developing

At that time, many of the connections I am aware of today were not known and conscious. Over the many years, many feedbacks and reflections enabled me to recognize, through structural analysis, what I had done unconsciously at that time. On the basis of the feedback and the references, the workload became bigger and bigger but growing my team of consultants at the same speed was not possible. In countless recruiting interviews I realized that there was no such thing as the method consultant in the market, either the classic management consultant or the system analyst and coach, who again was not “crisp” and “down to earth” enough in most cases. I interviewed colleagues from a wide range of fields, including business administration, economics, psychology, education, IT, and personnel managers. But I never found the appropriate vertical and horizontal cross-sectional competence to fulfill my image of a method consultant at that time. Perhaps my demands were simply exaggerated, and I could not see the wood for the trees, for the abstraction, method, and structure.

So, I had to find a way to “multiply” myself so that I could serve all the customers. It was about finding a way to send the project staff in the different projects to a predefined process and to have to evaluate and control this process only selectively, so that the corresponding customer orders could be implemented with as little of my time as possible. Since I could not be present at the respective customer’s site during the entire project with my only 24 hours per day, I prepared a project plan. This I agreed with the project manager of the customer. Based on this, I developed the necessary templates for each work step and handed over this set of templates to the project manager. We went through these together to make sure that the process and the connections would be clear and comprehensible. We distributed the tasks and communicated the deadlines and the team was ready to go.

1.7 Why Thriving Facilitating Organizational Learning?

With considerably lower consulting costs, we were able to successfully implement countless projects of all kinds. My templates suddenly appeared in more and more departments of my client organizations and I realized what enormous potential template-based management had for companies in terms of organizational development. Our numerous project successes proved that the existing expertise in the organizations is sufficiently available to solve the respective challenges and problems. Only the necessary methodological and structural competence was not available in the organizations to use this specialist and expert knowledge in a targeted and effective way to solve the tasks at hand.

This fact led to the description and publication of the TBM approach to provide companies with a very powerful tool to carry out their tasks just as successfully and also much more sustainably, independently of external consultants. Consultants and agencies have long been considered indispensable. The system of consultants and agencies also fed itself by former consultants switching to client companies and

then commissioning ex-colleagues from these positions. As was already the case when the New Economy bubble burst or after the banking crisis, companies have to tighten their belts. This will also have an impact on agencies and consulting firms, because the mandate in companies is quite clear: to optimize internal value creation and no longer outsource services to external third parties, as Joel Harrison of B2B Marketing in London put it in a marketing podcast.¹⁴ He attested that we will have to deal with more and more in-house agencies and consultancies in the future, which will lead to consolidation in these areas.

Template-based Management (TBM) will be an essential tool for companies in this context, enabling them to successfully implement the necessary projects without the need for external agencies and consultants, or only with selective and cost-minimizing support. TBM relies on the effective and efficient tools of “coaching,” on templates, and on the knowledge and potential of employees to enable them to provide independent consulting services.

By applying the TBM approach, cost savings can be achieved in both the short and long term. On the one hand, TBM gives project managers the opportunity to not only directly support 10 to 12 people—as is common with traditional project management approaches, but to support approximately 35 to 40 employees on their own. This enormous improvement can be achieved by the fact that the project managers no longer deal with the operational aspects of the problem-solving process, but instead “hand it over” to the employees and provide them with tools (templates) to fulfill the tasks set. In this way, the expenses for project management can be reduced by 75%. On the other hand, the employees learn to provide internal consulting services. The sustainable learning process in terms of methods and structures that takes place in the company as a result of this will also have a positive long-term effect on the entire organizational development of the companies, because the inherent innovation and optimization power will also be positively influenced by this.

1.8 What Does the Methodology Look Like?

Template-based Management comprises four project phases:

- (1) Problem definition and understanding
- (2) Process development and abstraction
- (3) Generation of templates
- (4) Implementation of the project work

¹⁴<https://anchor.fm/b2bmarketingguidebook/episodes/Next-Generation-B2B-Marketing-featuring-Joel-Harrison-Editor-in-Chief-and-Co-Founder-of-B2B-Marketing-edn1kd/a-a24ehs3>. Accessed: May 24, 2020.

In phase (1) established methods of analysis are required to define and understand the problem to be solved. Depending on the nature of the problem, a problem-solving process is outlined. This process then forms the basis on which the TBM-experts decide which tasks to assign to the company's employees. Finally, the TBM-experts choose which tools they need to provide to the employees. This is already part of phase (2).

Phase (2) and (3) represent the theoretical and innovative component of the new approach, because it is about the abstraction of the process. All of these phases will be discussed in detail later in this book. However, phase (4) cannot be compared with conventional project management methods either, because the activities have to be carried out on the basis of the Dual-level Coaching Methodology (DLC), which will also be discussed in detail later in this book.

In order to develop the cost reduction potential of template-based management, TBM-experts—called *Templater*—no longer deal with the problem-solving process from an operational perspective. Rather, they enable the company's employees—the *Temples*, as the users of the templates—to perform operational tasks (such as sound problem analysis or synthesis) themselves, using templates that can range from simple Word documents to sophisticated spreadsheets. This approach makes sense, among other things, because employees tend to have good contacts with key people within the company. This means that a long period of relationship building can be avoided. The latter may also be more willing to pass on important information to “insiders” than to external consultants, who in their opinion may not have any knowledge of “their business” anyway. As a result, many potential obstacles to the rapid achievement of set goals, such as employee prejudice against outsiders, can be avoided.

What the Templater actually do is to *abstract* the problem-solving process. They detach it from its operational roots and view, and analyze the solution from a higher perspective, the so-called *meta-level*. They only intervene in urgent matters.

The so valuable, traditional but also expensive function of agencies and consultants to solve problems on their own is thus eradicated, and their role as content-oriented coaches becomes eminent. In Phase 4 the Templaters become *moderators* and the often praised but rarely achieved knowledge transfer between TBM-experts and the employees of a company takes place.

1.9 What Are the Benefits of TBM?

The main advantages of TBM are:

- (1) Reduced expenses for external services and suppliers of up to 75% in the short and long term.
- (2) Knowledge transfer from external service providers to employees of the organizations.
- (3) Promotion of structural thinking and working and “process thinking.”
- (4) Overcoming short-sighted and departmental thinking and behavior.

- (5) Motivation of employees through work expansion and work enrichment, driven by the operative implementation of problem-solving processes and the experience of coaching on two levels.
 - (6) Emergence of a change process toward a learning organization, as employees think more and more in terms of structures and methods, and this knowledge is applied to more and more specialist areas and topics.
-

1.10 What Is the Conclusion?

Template-based Management enables companies to reduce their costs for external experts and to promote their development activities for their employees in a proactive, innovative, and cost-conscious manner. TBM is not the only key to minimizing short-term costs for external agencies and consultants but is also the driver for sustainable organizational development. By working with templates, structural and methodical thinking and acting will manifest itself in the employees. In this way, it will suddenly be possible to utilize the existing expertise in companies in a completely new way, because everything will be set up and implemented in a clean, stringent, and consistently methodically valid way. Thus, an inherent potential, a competence to recognize problems and weaknesses systemically from the inside and then to implement their solution or optimization methodically clean and structurally stringent.



Template-Based Management: An Introduction

2

2.1 Introduction

Today we are talking about Template-based Management because in all areas and disciplines templates have moved in. It is impossible to imagine today's management without those magic tools. But the origins of this ever more important and powerful management approach lie in the area of the consulting industry. Therefore, it is close to my heart, that you also get beamed back into those years of the turn of the millennium when I was heavily involved in the consulting industry.

2.2 What Are the Origins of TBM?

I have already illustrated to some extent in the Preface the contingency situation. More and more clients were approaching me to crack their problems while complaining or continuously referring to their Chief Financial Officers (CFOs) and Chief Controllers, and their issue with cost savings, especially with external experts. How could I help my clients with their increasing number of problems, concerns, issues—at the low-end with their growing landscape of open questions, while not stretching or even negatively impacting one of their pending issues called costs?

The situation I was facing was an increasing workload at the client projects and a shrinking budget for external experts and services—not so different than nowadays and in the near future probably. Based on my commitment to my clients and to my own employees, I had to find a way to fulfill the needs of both sides—clients and colleagues. It had been some years ago; the client was a European-based subsidiary of a multinational company, where I had to conceptualize, optimize, and streamline a business process. You can imagine how important, especially in this industry, the time-to-market was for the survival of a company. The timeline was tough, and the budget was small, as this project was more or less a favor to someone from my

“old-boy network.” Moreover, my friend had already called in another consultancy for help earlier, and they had not delivered the expected results. By that time, he called me, the house was already on fire, as he had to deliver a proposal to his boss four weeks later. My project team and I developed an understanding of the problem, defined, and aligned the problem-solving process with my friend, and started the operational work.

Soon we figured out that we could not meet the relevant client employees on time due to the sharp timeline and that we would not be able to deliver all defined project activities ourselves based on the project budget. Looking for a feasible working mode, we “outsourced” some activities to the client and the relevant project team members. After a briefing session, the project team members started working, and soon we realized that even though these people were highly motivated, some of them did not dispose of the relevant skills set that would enable them to deliver the predefined and agreed products.

We figured out that we would have to find a way of evolving and delivering the required results ourselves or provide a tool that would enable the project team members to develop their own defined results step by step. We set up an internal workshop and discussed how to deal with the situation. We scanned our internal knowledge management database and did some research looking for a valid approach or best practice. Nothing reusable or applicable appeared.

We then identified the most important areas where the project team members had an essential impact and we unconsciously did the following:

- First, we explored the set of activities for the specific project stage.
- Next, we defined how we ourselves would process the respective work packages.
- Then we abstracted this procedure
- Based on this we drafted the required tools, i.e., slides, transparencies, matrices, etc., which should be part of the process and the result.

Obviously, for the first time we delivered a service by developing a set of templates for the project team based on the abstracted meta-level problem-solving process, enabling the client’s team members to accomplish our job themselves. Finally, we were able to deliver the process as-is analysis, the process optimization, and a proposal to my friend’s boss on time and within the budget, using this prototype of TDC.

2.3 What Means TBM, Templater, and Templee?

Template-driven Consulting (TDC) stands for template-based consulting or consulting services which are supported primarily by templates. Template-based Management is TDC that has come of age. By now TBM is not only a model for external consultants or service providers but even more a mature management model for leveraging the own organization from its inside with no additional costs or investments. The term “template” in this context describes a document that has

been explicitly developed for a specific problem or only a small part of it, for a specific project, or a specific client, considering all relevant influencing factors in regard to the problem-solving process.¹

The dictionary also defines template as

- a stencil
- a set pattern, or
- a fixed routine

The template document can be, for example, a Word² document, a PowerPoint³ document, an Excel⁴-sheet, but also a template for a LinkedIn focus campaign, a buyer persona⁵ or a customer journey. More than ever and in those days of the first edition of this book, templates are used and applied. Every App today is based on templates; WordPress⁶ uses templates to help the user to quickly and easily develop cool and stylish internet pages. The form and layout are again impacted by the user or client and the specific need and project respectively. What experience has shown is that templates can be generated with many tools. As part of the MarTech stack 8000 landscape many solutions and products are available in the market. But a fool with a tool remains a fool which means that based on our experience, it is better not to use complicated and fancy tools for the template creation as the tools are only the means to an end. This is why we mostly use templates based on common software packages such as Microsoft PowerPoint, Excel, or Word; this facilitates the usage of the developed templates, since no additional software has to be acquired by the user of the templates.

The term “**templater**” is used for a person that has been trained and coached to work with templates. The “templater” leads a team of so-called “templees”—in the style of trainer and trainee.

2.4 The TBM Process

The templates as core to the TBM approach were developed as part of the project and consulting process. Normally, the consulting process follows a more or less similar procedure comprising four steps:

¹Whimbey, A.; Lochhead, J.: “Problem Solving and Comprehension”, 6th Edition, Lawrence Erlbaum Associates, Inc 1999.

²Langer, M.: “Word 2002 for Windows”, Peachpit Press 2001.

³Grauer, R.T.: “Exploring Microsoft PowerPoint for Windows ’95 Version 7.0”, 1st Edition, Prentice Hall 1996.

⁴Langer, M.: “Excel 2002 for Windows”, Peachpit Press 1999.

⁵Seebacher, U. G.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer 2020.

⁶<https://wordpress.org/>. Accessed: June 6, 2020.

1. Problem understanding
2. Problem-solving process definition
3. Process delivery
4. Evaluation

Using the TBM approach, phases 2, 3, and 4 of the consulting processes are modified or even replaced steps.⁷ This is necessary, as at an early project stage a process abstraction has to be realized in order to abstract the problem-solving process as such. This means we develop an understanding of the problem-solving process, which then allows us to develop the required set of templates. Based on this procedure, the process we use when applying the TBM approach looks like this:

1. Problem Understanding
2. Process Evolvement and Abstraction
3. Template Generation
4. Dual-level Coaching (DLC) based Project Work Facilitation

Frankly, at the beginning of a consulting process, we use the standard procedure for gaining an understanding of the as-is-situation and the pending problems and issues. But as soon as we get into the stage of operational work, based on TBM our role as facilitators dramatically changes, which impacts the services delivered, the input required from the client's employees, the project budget as it decreases, and of course the role a business manager has to play: This is vital, because as a business manager you have to request such TBM-based services from the external experts helping to reduce your costs for external advisory services. If you do not explicitly ask for these services—this requires a sound understanding of such services, and consultants who are equipped with the required skills and competence—you may not be offered help using TBM, as this reduces your consultant's turnover and of course profit.

Templates do not deliver operational results, but structure the development of content and problem solving. Thus templates facilitate the operative project work by this pre-structuring and guarantee stringency and efficiency. The employees of the project then fill the previously defined templates step by step. They do this by using their well-founded, internal, and subject-specific know-how in a structured way to fill the templates. The employees themselves carry out the operative project work by being guided through the problem-solving process by the templates. At TBM, the method and structure experts are the mediators between the so-called Translated with www.DeepL.com/Translator (free version)

- Content level and the
- Meta-level.⁸

⁷Compare for the illustrations in Chap. 7.

⁸Gray, P.: "Psychology", 4th Edition, Worth Publishers Inc 2001.

The content level describes the operational aspect of a problem or a process. On this level, operational work and results are delivered. Usually, this reflects the level where most of the things are happening and where most of the external experts are operating. The meta-level, on the contrary, tackles a more abstract dimension, that only a few people are aware of and are capable of dealing with and operating in. The meta-level is a psychological phenomenon and helps to understand and penetrate things from a more differentiated perspective.

2.5 What You Should Know About Templater and Templee

Being able to deal with or act on this specific dimension, especially when talking about TBM and the abstraction of the conventional project process and template generation, requires to be clear about the things happening on the content level. In addition, this requires being aware of traps when defining a problem-solving process and the capability to understand the intellectual capacity of clients, colleagues and template users, and their ways of thinking and acting.

Within TBM the “templater” as the manager or professional drafting, developing, designing the templates and guiding internal and external clients during the application of the templates, takes on the function of a coach or facilitator, who steps in, in case of problems, when a “templee,” the user of the templates seems unable to get any further or obviously calls for help. The templater does not deliver operational results, as this causes additional effort. He would have to get into the relevant subject area and the templee would need to spend time with the templater, enabling the latter to understand the problem and the correlated and driving contingency factors.

At this stage it is vital to mention that I am not talking about a coach delivering coaching services in the sense of individual or team coaching. TBM requires practitioners who have the experience to deliver structured, high-complex, and high-level management support themselves while disposing of the ability to switch between operational delivery and coaching-driven delivery support. This reflects the complexity of the necessary change in the role of consultants and coaches, which is so important in itself and long overdue. As a manager and responsible person, you should strive more than ever to focus on sustainability, the reusability of knowledge and the development of your own employees, thus maximizing internal value creation in the long term.

2.6 What Is the Background of TBM?

In earlier sections I have described the roots of TBM. TBM evolved out of several projects globally, where we, like many other external management consulting firms, were facing more and more problems and decreasing project budgets. Furthermore, the need for more knowledge transfer from our consultants to the clients’ project team members played a significant role when we were drafting, consolidating, and conceptualizing the new approach.

The evolution of TBM is similar to the process I used for creating the Cyber Commerce Reframing (CCR)⁹ approach some 18 years ago in the United States, based on practical experience and the gut need to deliver to the client. The awareness arose during the following years and the ex-post validation happened years later.

As indicated in the first section of this chapter, my first attempt to define a working mode whereby some of the consulting effort was outsourced to the client was in the mid 1990s, when we had to deliver a proposal for a global business process within four weeks. We delivered intuitively. After this engagement not much happened in regard to TBM. I delivered different projects in different areas and industries and of course got attracted by the so-called new economy: I ended up developing the CCR approach, as more and more companies were facing reframing problems. Certainly, as part of a global project at a multinational organization, I recalled the approach I was using some years ago at that company. I grabbed the old templates, aligned, and fine-tuned them according to the new project contingency situation, and jump-started the project work based on my templates.

I was responsible for the global communication and change management at a global pharmaceutical company as part of an Enterprise-Resource Planning (ERP-) Software implementation. The templates consisted of predefined communication matrices, defining target group, communicator, key messages, delivery date, etc. Furthermore, within the communication and change management project team I installed so-called project briefing templates, a set of five templates for internal project structuring, reporting, and communication. This was necessary as most of the project team members, who were located all over the place, were not familiar with proper project management standards.

Soon my team members approached me and asked me to cross-check their project briefing templates, as they were not sure about how to set up their communication activities. Gradually, I encouraged and enabled them

- to consistently plan their activities,
- to communicate regularly upwards,
- to continuously deliver their milestone documents, and
- to run quarterly reporting sessions

You May Ask, Why This Was Necessary

Continuous and consistent reporting is of vital importance, especially in the area of communication and change management, as the soft topics always face justification issues. In this specific project we had to prove the added value of a communication and change management team, as otherwise the budget would

(continued)

⁹Seebacher, U. G.: Cyber Commerce Reframing – The End of Business Process Reengineering”, Springer 2002.

have been cut and the team skipped. Based on the templates, the project team was able to deliver the expected services properly and to justify its budget.

A similar situation in regard to justification many B2B marketers are facing. Therefore, a stringent and transparent monitoring and reporting of key performance indicators (KPIs) and the realized Marketing Return-on-Investment (MRoI)¹⁰ is at the core.

As added value, the project team learned consistent planning and project delivery and, jointly with the department of Group Strategy, installed a common project management methodology based on the set of templates we introduced during the project.

The last major development stage took place again at a multinational client in the financial services industry in the USA, where we supported the organizational development of a customer care unit and the customer care process optimization. The client again was hooked on our project briefing templates, with which we structured the development of the newly established organizational unit. Furthermore, as our team in the USA was not that big at that time, we had to find a way of again outsourcing pieces of work to the client, and we brought up again the idea of pattern-driven consulting—this was what we called the approach during those days.

It is worth mentioning that, in this specific case, we were able to consolidate some process steps based on our first set of templates due to the fact that the client's project team members were familiar with process management and project work, and therefore knew to a large extent how we would deliver the results jointly. This was amazing for us, as we had the opportunity to understand how people can work using templates and what it means to act only as a coach between the meta- and the content level.

2.7 What Are the Objectives of This Book?

This book aims at different dimensions that will help you as a business manager to understand the idea of Template-based Management (TBM) and what you can do to profit from it.

First of all, I shall try to establish a common understanding of terms and linked background information. This will help to minimize misinterpretations and misunderstandings as you experience the new TBM approach. I will refer to the consulting industry again and again, as this makes it easier to understand how and why this industry works the way it does, and why the template-based management approach emerged against this background.

¹⁰Seebacher, U. G.; Güpner, A.: "Marketing Resource Management", USP Publishing 2011.

I will present some hypotheses on the development of the consulting industry, as I look at some major changes caused by scandals, mismanagement, or morbid ambitions, as happened, for example, at Enron, SwissAir, or WorldCom—just to name a few. These hypotheses will lead to required and upcoming changes in your mind-set with regard to the entire consulting industry, always keeping in mind your perspective and your business manager's needs. I shall illustrate some phenomena closely linked to the happenings, providing more in-depth know-how on the consulting segment. I shall then try to illustrate in more detail theoretical issues and ideas as well as practical concerns or advantages of the new approach.

Against this background, I shall then also critically discuss the current management challenges. How did the role of management change over time and why does management face these challenges? I shall explore not only the Netflix-Industry¹¹ but also the Equipment-as-a-Service (EaaS)¹² as well as the entire world of disruptive businesses. You will be surprised how all this impacts the urge for TBM.

The target group of the book, as another objective dimension, clearly consists of managers and hands-on people, even though I shall not neglect to underline or validate the basic assumptions and ideas of the TBM approach. Overall, a compelling discussion is the objective, to enable you as the reader to understand relevant issues and driving factors related to TBM.

As I always try to close the gap between academics and practitioners, another objective of the book is to facilitate the application of the know-how gained. This underlines my commitment to provide you as the managers with the required background information and know-how, enabling you as a manager to apply the methodology within your company.

2.8 How Is This Guide Structured?

Based on the exploration of basic assumptions and knowledge in the area of macroeconomic but also microeconomic developments and the derivation of necessary structural changes in management and organization, the book then offers insights into the psychological field of learning theory. I decided to explore in more detail the topic of learning, as this was vital for me as well for a deeper understanding of why TBM delivers such positive results for both sides: for templaters and for temples.

In the area of learning I refer to extensive dialog, meetings, and discussions with colleagues whose background is in the area of psychology and learning. Due to my involvement in the European Union Leonardo da Vinci project on management development and vocational training from 2000 to 2003 I could extensively deepen my knowledge in this area. Chris Mabey¹³ certainly was one of the key players in

¹¹Müller, E.: The Netflix-Industry, Manager Magazin, July 2019.

¹²<https://www.machinemetrics.com/blog/what-is-equipment-as-a-service>. Accessed: June 6, 2020.

¹³Mabey, C., Salaman, G., Storey, J.: "Human Resource Management – A Strategic Introduction", 2nd ed., Blackwell Business 1998.

that project and his work and his approaches have shaped me a lot. My thanks are extended to all colleagues who found the time to explore this topic with me. These sessions were essential for developing the adequate structure for the relevant chapter and for evolving the key messages to verify our hypothesis on the linking of templates and learning.

The following chapters then illuminate the TBM approach from a process analytical, instrumental, and also competence-theoretical perspective. The process-analytical view explains the process-related change of the problem-solving approach within the framework of TBM and contrasts it with that of conventional methods. Based on conventional consulting approaches, the adapted and optimized process for providing TBM services is described comparatively. Emerging from the required changes within the consulting and project management process and especially with the newly required skills, the changing competency profile for templaters as managers is described and discussed, enabling you as a business manager to request and verify these competencies when hiring.

In this chapter three main areas of changes within the competency profile are elaborated:

- Abstraction ability
- Dual-level coaching ability, and
- Generic process thinking

The following chapters present selected case studies that exemplify the application of the TBM methodology. Varied industries, company sizes, and content areas were chosen to illustrate the broad applicability of the approach. These chapters provide further examples of templates developed and used for facilitation and clarification purposes. These showcases will also show you the variety of topics within organizations for which TBM can be applied. The sky is the limited or the limit is yourself.

2.9 What Is in for You?

This book aims at describing in a hands-on and pragmatic manner the TBM approach while providing enough background information in the relevant areas, so that you feel encouraged and prepared to experience TBM yourself. The self-experience will then lead to monetary benefits directly or indirectly. To clarify the benefits, let me define possible target groups and then describe the specific benefits to each:

- Business managers
- Human resource managers
- Consultants
- Students

2.9.1 The Benefits for Business Managers

If you consider yourself a manager within an operational business in the industry, then this book will contribute significantly in providing you with in-depth information on what to expect from your direct reports in regard to leveraging their operations through TBM. All the different case studies at the end of the book in Chaps. 9 to 14 will provide great insight into the broad applicability of the TBM approach. Highly skilled engineers, technicians, procurement managers, or innovations managers will all of a sudden turn into even higher performers as their valuable know-how will synergize with the methods and structures toward focused, measurable, and transparent results. And the ones not even with TBM performing as expected can safely fall by the wayside. Because this is how the wheat separates from the chaff. Starting to use TBM across your entire organization is an investment in your sustainable competitiveness and performability.

And in the case for certain endeavors you still keep counting on external support then the book provides you with the insights you need to run efficient screening of, and “beauty contests” with, potential consulting firms for upcoming projects and initiatives. Your knowledge and awareness of developments and changes within the industry and the new management approach will give you some additional insight into industry specifics and will help you to succeed on both dimensions:

- Using TBM to reframe or optimize processes and projects with predominantly internal resources.
- Applying TBM to minimize costs for external experts to use these resources for the company’s own change management process towards a sustainable learning organization.
- Delivering the required problem solutions faster and more effective over time.
- Enjoy and experience a manifold payback as your organization will grow, become more structured and consistent and through this even more effective and successful.

Especially the second bullet point is worth noting here: Based on our experience with TBM—and this is probably one of the most significant advantages—the application of the new approach allows you to leverage the relationship of project leaders—the templaters—and the directly led project team members the templees from conventionally 1:10 toward 1:40. This means that for a project team of about 40 people you no longer need to have four project managers. This equals a cost savings of about 75%, which can be used for other projects.

Frankly speaking, a cost reduction of 75% for all project-related teams delivering the same services, based on the application of TBM, might be of advantage for you internally and for your career. Careers do not happen, they are actively made!

2.9.2 The Benefits for Human Resource Managers

If you hold the position of a Human Resource (HR) Manager in charge of management development, succession planning, and further essential topics, then this book will open to you a new, additional dimension in developing your most valuable resources—your people—efficiently and adequately. Especially the case study in Chap. 11 “TBM in Human Resources: The Allianz Case Study” will of great added value to you. Based on the templates and the newly defined role of external consultants or internal project managers, the templaters, your people will be challenged to continuously take over more and more interesting aspects from the method experts—significantly more than they have experienced with conventional management approaches. This has a positive impact on your employees’ learning curve and will enable you to fulfill your succession needs with a growing number of highly educated managers.

Based on our extensive project experience of more than 30 years, we know that in the area of project management and in all kinds of process- and business-driven project activities tremendous learning takes place. This requires managers and experts to be fit at working between the two levels—the meta- and the content level, to support your people as best as possible according to the specific situation. Otherwise, you risk that your employees will become lost and frustrated.

With TBM the learning experience and the know-how transfer from the templaters to your employees as the templees is much more intensive and sustainable. My own experience after hundreds of TBM-based projects has shown me that the client’s employees know themselves how to structure their projects and their activities and the requirement of support from a external experts decreases significantly—which leaves room for further employees to get in touch with TBM for development purposes.

2.9.3 The Benefits for Consultants

Even though I consider the development of the consulting industries to be very critical and challenging at the moment, I am still passionate about consulting for various companies—but always based on the TBM approach in terms of cost and benefit optimization for my clients. Consulting is still, next to investment banking, a supreme discipline and is a lot of fun. I have learned a lot and the methodological and structural knowledge I apply today has been acquired to a large extent in the course of countless consulting projects. Within consulting, however, TBM has without doubt replaced strategy consulting as the strategic spearhead. Nowadays, strategy consulting has become commodity consulting and strategy consultants are a dime a dozen, but if you try to find experienced TBM professionals to engage them, the search will be much harder. It is the symbiosis of different areas of experience and expertise that is still hard to find in the market today, but it's what TBM requires. Whether you are a strategy, process, or information technology consultant or even in the area of executive search, your gain from the book will be an understanding of

newly required skills for your daily job. This means that you will be enabled to comprehend at an early stage what will be asked of you by your boss as well as by your clients in the near future: To deliver consulting services in consideration of latent cost reductions all over the place. Your clients will ask you to spend your resources and your time carefully and, above all, to minimize your content-driven delivery time.

2.9.4 The Benefits for Students

For students, the book offers two major benefits: One lies in the area of getting a deeper understanding of the consulting industry, the project management process and the job as such, and the other in experiencing the application of classical learning theories in a dynamic and state-of-the-art contingency situation.

Concerning the first dimension, it clearly helps to learn more about consulting and the entire consulting industry. Moreover, the book helps to prepare for upcoming challenges and requirements, especially when the reader intends to choose the consulting career path. Of course, some topics might be new, especially Chap. 5 “The Process Perspective of TBM”, where we compare the different consulting approaches with the newly aligned TBM process. Nonetheless, I have tried to provide enough details for each of the approaches discussed within Chap. 5 to enable you to understand the argumentation chain and the core messages as well as the distinguishing elements.

The second dimension may be of interest if you are a student on the BSc level, as you have to do a course on sociology, comprising as well as learning and motivational theories. In Chap. 5 “The Learning Dimension of TBM”, I explore the learning issue based on classical management literature, which allows you to link your courses to the book.

For your own experience, I personally believe that the case studies at the end of the book represent added value, as you see how we worked with our clients and what kind of problems we were facing on different levels.

2.10 What This Chapter Was About

In this chapter, I have described the roots of TBM and that—as so many things in life—nothing was planned, and all happened coincidentally. I gave an overview on the structure and the content of this book and also elaborated on the target group specific benefits of the book.



On the Urgency of Management Reorientation

3

3.1 The Contingency Situation

It is important not to understand this chapter as a mere discussion of recent economic events. Rather, you should see this part of the book as a necessary step toward Template-based Management. This is because it is to a great extent the economic environment that necessitates a novel, more cost-conscious approach to conducting businesses. COVID-19 has more than ever and anything else turned our world upside down. In April 2020 leading economists attested worldwide recessions of about 2%–3% for 2020. In May 2020 the world looks different:

The Spring 2020 Economic Forecast projects that the euro area economy will contract by a record 7¼% in 2020 and grow by 6¼% in 2021. The EU economy is forecast to contract by 7½% in 2020 and grow by around 6% in 2021. Growth projections for the EU and euro area have been revised down by around nine percentage points compared to the [Autumn 2019 Economic Forecast](#).¹

Nothing will be the same again. The “new normality” is no new normality as nothing will be normal ever again because what is normal de facto. For the first time ever, the EU is in the process of raising debts together for being able to put money in the markets and countries, respectively. Companies are putting their employees on short-term work for three or even six months. Schools are being closed down for months and the “Remote Economy” as well as “Remote Thinking” are the new buzz words following the June 2020 edition of the Harvard Business Manager. In the USA President Trump positions the military against its own people after George Floyd² was killed on May 25 during a police control and his predecessors Obama and Bush are tuning in against Trump.

¹https://ec.europa.eu/commission/presscorner/detail/en/ip_20_799. Accessed: June 6, 2020.

²https://de.wikipedia.org/wiki/Todesfall_George_Floyd. Accessed: June 6, 2020.

The completely irrational seems to become the new reality. But where are we coming from? UN Deputy-Secretary-General Amina J. Mohammed stated during a digital meeting of the World Economic Forum on April 8:

We have moved to a recession that will be worse than the one we experienced in 2008.³

Brian Moynihan, CEO of Bank of America and Chair of the World Economic Forum's International Business Council in the same conference stated that due to measures taken by the central bank across the globe, markets have been

flooded with liquidity that has been able to stabilize markets to a certain degree across the board. . . . The number one thing is to focus on is employees . . . , keep them well, keep them employed and keep them mentally healthy.⁴

Warren Buffet even said in regard to the inevitability and fleeting nature of disruptions to the global economy:

There will be interruptions, and I don't know when they will occur, and I don't how deep they will occur, I do know they will occur from time to time, and I also know that we'll come out better on the other end.⁵

3.1.1 What a Look in the Rear-View Mirror Shows

In the light of the crisis in 2020, all earlier so-called crisis come into a new light. Already almost 20 years ago, the New Economy bubble burst, destroying with it, first, the hype about promising as well as not-so promising business models evolving around the Internet sector, second, the notion that the conventional business cycle was dead, and, third—among other things—that the stock markets—particularly indexes like the NASDAQ or Germany's NEMAX, listing New Economy companies—around the world would keep on hitting ever-highs again and again. Few years later in the years 2003 to 2005, we faced another situation in which everything related to the Internet or electronic commerce (E-commerce), it seemed, is damned by both Chief Executive Officers (CEO) and investors. Apparently, we went from a crazy and excessive support of the Cyber Economy to an outright damnation of it—both tendencies to be vehemently criticized. The two developments—that of, in Alan Greenspan's famous words in one of his testimonies, *irrational exuberance* during the 1990s, and that of, what I would call, *irrational apathy* or *pessimism* at the moment—have taken their toll on us, wiping off some

³<https://www.weforum.org/agenda/2020/04/covid-19-action-call-8-apr/>. Accessed: June 6, 2020.

⁴<https://www.weforum.org/agenda/2020/04/covid-19-action-call-8-apr/>. Accessed: June 6, 2020.

⁵<https://markets.businessinsider.com/news/stocks/warren-buffett-berkshire-hathaway-12-quotes-coronavirus-coke-market-crashes-2020-3-1029019507>. Accessed: June 6, 2020.

\$7 trillion in share-value on the US stock market alone since its peak in 2000.⁶ The picture was not better for Europe either. London's FTSE 100 index had lost some 40%, Frankfurt's DAX and Paris's CAC 40 around 50%, and Madrid's SMSI nearly 35% of its value in those 2 years. Stock markets in all of Europe had been declining—with some notable exception like Russia's RTS or Hungary's BUX indexes.

But it was not only the decline of stock markets around the world that proved to us how bleak the current situation was during that time by reducing all disposable incomes. Rather, it was the hard-macroeconomic data that had been indicating the storm to come for a long time.

The slowdown both in Europe and across the Atlantic was followed by yet another dip—a so-called double-dip—in output. Even though the Federal Reserve Bank (Fed) in the USA kept its federal funds' rate at its 40-year low of just 1.75% at its August 15 in 2003 meeting, indicating a readiness to cut the rate once a further weakening of the US economy would have been supported by material facts so as to avoid another slide back into recession. This very much indicated the USA economic policymakers' awareness of the dire straits of not only the domestic economy but also the world's, and their willingness to avoid any further damage to be done to both.

The European Central Bank (ECB), however, had maintained its tough stance on keeping the interest rate at 3.25%. By doing so, the ECB wished to keep inflation in the Euro area below its ceiling of 2%. But it neglected the fact, or rather put less emphasis on it that the European Union's powerhouse, Germany, was also heading toward negative output again.

In theory, Germany—with inflation of just 1%—could have used fiscal policy to circumvent the ECB's one-size-fits-all policy. Given the already tight fiscal situation and the floods that had plagued the eastern part of Germany, this was not an option anymore. Because otherwise Germany would not have fulfilled one essential Maastricht criterion of keeping its budget deficit equal or below 3% of its gross domestic product (GDP). Therefore, it was quite likely that Germany may have suffered from another slide into recession, further denting business investment, and consumer spending. Moreover, another period of negative GDP would have definitely increased the number of insolvencies in Germany further, already three times higher than in 1992.⁷ The effect of Germany having slid again into recession on Europe would have been very bad, because it would have reduced the confidence of both investors and the general public in, first, the EU's ability to finally leave long periods of mediocre growth behind and, second, in the ECB. Both effects would have weakened the Euro, with public support already diminishing.

⁶Source: The Economist Magazine, August 15, 2002.

⁷Source: Goldman Sachs & Co., 2002.

3.1.2 The Stormy Waters of the New Millennium

One can see how hard it was, even for a powerful country such as Germany, to weather the storm of the global slowdown by applying sophisticated economic instruments.

Given the uncertainty of the Americas (most remarkably Argentina and Brazil, which may finally default on its debt payments) as well as Japan's still sluggish economy, the outlook was not at all rosy, to say the best, if not even bleak for the following years.

There were indeed other macroeconomic factors that largely influenced the future economic development of the USA and Europe—such as the US account deficit and Europe's weak exports, for instance at the beginning of the new millennium. Another topic that would have fit at that point certainly was the stock market crashes and the myriad insolvencies following them. I will go into more detail concerning the two last issues. For now, however, how do all these facts and figures appear from a world currently fighting a global COVID-19 pandemic? The New Economy crash hits the IT industry and the new economy. The 2008 crash hits the financial industry and, of course, through collateral damages the people seeing their pension provisions going down the drain with the losses on the stock markets.

But have we ever seen a complete lockdown—a standstill of all industries and businesses except supermarkets and pharmacies? Never ever a crisis had such an impact on our lives as COVID-19. What will the world look like after or maybe still with this virus? From what we know today four scenarios are being discussed by the Future Institute⁸ as possible for the future which will definitely also influence the economical rehabilitation.

3.1.3 Mind Game of Future Scenarios

Scenario 1 is called the “total isolation”—the worst case. Traveling is restricted as it has never been before. Crossing a border means to have a permission and all health data must be kept available at any time. An implanted microchip will do this job for us. Against the background of the current re-openings of borders—at least within the European on June 15—in view of the positive infection figures and with my positive attitude, I would state that this scenario will not be our future pathway to take or to go for. But I strongly believe that traveling, and especially business trips, will face a dramatic change in the form of a significant decline. Already now we can observe how the remote economy is starting to function better and better. Or would you have ever thought to see people on TV featured live on air out from their partly funny looking living room or office? The borders have shifted.

The “system crash” is considered as the second scenario. The underlying hypothesis is that the world will not be able to recuperate from the COVID-19 virus either

⁸<https://www.zukunftsinstitut.de>. Accessed: June 6, 2020.

because of further infection waves or simply the fact that the virus keeps mutating in a way that even a vaccine would not put us in the position to contain the virus. This meta-catastrophe as a sword of Damocles will have a major impact on the trust and believe in global cooperation and efforts. Politicians will be forced to refocus on national interests. Nations will need to protect their people and will again keep their borders closed meaning to also more and more reactivate national economical independent systems as the transport of goods and people will for years be locked-down similar to the time prior to the European Union with different currencies, borders all over and only limited available products across all sectors. International cooperation can then be considered as a model of the past.

A somehow attenuated form of the latter scenario is the “Neo-Tribes” scenario facing a global economy shifting back to local structures and values. In light of the environmental and sustainability debate, the vegetables and fruits from local farmers are considered the preferred choice. Anyway, goods from the other side of the world will not be that easy to find in supermarkets due to transport and export limitations and difficulties. The return to family, home, and farm will strengthen local communities and foster differentiation from “the others.” Indications for this development can be seen already in many countries with TV spots aiming at making you feel like a holiday in your own country. This change in orientation is already happening now toward a “remocal” economy based on the symbiosis of “remote” but “local” business operations.

The last scenario by the “Future Institute” is called the “adaption” model. The world will regain strength and will learn to adopt more flexibly to occurring changes and happenings. But the economic growth will slow down as a tribute to the greater agility in dealing with change. The question of the purpose of economic activity and new, respectful interaction with one another are the main characteristics of this scenario 4 new world.

3.2 The Remocal Economy

With my background in strategic management, I state that—as in most cases—we are looking at three scenarios. A **worst-case scenario** with more or less closed borders, restricted individual travels, and transports of goods. We can call it the renaissance of the local economies and the nation-states. This scenario would have a significant impact on global players with their omnipresent outlets, logistic centers, and their globally located buyers and clients. What would happen to Amazon and Alibaba? Would they need to close down their business or sell if off into local small business? This seems more than illogical and inconceivable.

The second **neutral scenario** will be a hybrid model allowing for flexibility to react, referring, and committing to social values, sustainability, and local producers but still aiming at profiting from global economics in regard to import and exports and global supply chains. This means that the “remocal” economy will take all the good from both sides. Smart governments will succeed in advantaging local businesses by not irritating global businesses maybe reacting with punitive duties

and other disadvantageous mechanisms. This scenario will also need to strongly and proactively work on taking advantage of the remote aspect of the economy. Between 20 to 40% of labor costs are caused by travel expenses. Businesses smartly dealing with this new necessity to avoid business trips can therefore realize this quick cost-saving win by adopting their travel policies.

By doing this the smart B2B marketers will also put this “green” aspect in their package of CSR⁹ assets as part of their content marketing¹⁰ and market it to the relevant target groups. A recent study by Harvard Business Manager¹¹ confirms that the remote home office work is considered by 46% as much more effective in comparison to the office work. Even 80% indicated a significant higher employee satisfaction. But we need to learn to deal with the decrease of social and face to face interactions as well as with video conferencing. Forty-one percent of the responding managers expressed to feel more lonely working remotely than working from their offices. More than half (54%) of the interviewees are not at all using video conferencing which means that they cannot see their opposite, which again negatively impacts the mental wellness of the people resulting in declining Corporate Mental Wellness¹² in the long run.

The third scenario is normally labeled as the “best case” scenario but I would not want to use this term in the light of the current contingency situation as I deeply believe it not to be the best case. Due to this, I label it as the “**old normality**” scenario. The third and remaining scenario would be a situation in which we will get back to the old situation prior to COVID-19 with planes being all over the sky and with airfares for less than the Uber¹³ ride to the airport—and I like Uber! I think we all would buy into the fact that this scenario will not see the light of day and will not come true, which is good.

3.3 Why The Future Will Be Hybrid

Based on what I see and read I assume the second scenario to be the one we will be looking at for the future. It is the one in which it should be possible to learn from the past and make a virtue of necessity. For all of us, this can be a major and long-lasting win-win. Parents and families can better arrange their personal lives by working remotely as the recent Harvard¹⁴ study also verifies. Seventy-seven percent confirm that remote work in the home office allows for a better and healthier combination of work and private life. Family must be considered as the so important breeding

⁹https://en.wikipedia.org/wiki/Corporate_social_responsibility. Accessed: June 6, 2020.

¹⁰Mörk, O.: “Contingency-Centric Content Management” in: Seebacher, U. G.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer Heidelberg, 2020.

¹¹Harvard Business Manager, June 2020, p. 11.

¹²Seebacher, U., Güpner, A., Hillert, A.: “Corporate Mental Wellness”, USP Publishing, 2010.

¹³<https://www.uber.com>. Accessed: June 6, 2020.

¹⁴Harvard Business Manager, June 2020, p. 11.

ground for future healthy generations and economies. Companies and businesses can significantly not only reduce their costs structures through the minimization of business travels but also reducing expensive office space. On average 8000 Euros businesses must spend for one office working space per year in Germany.¹⁵ Only in Germany, approximately 500 million square meters¹⁶ are currently used for office space summing up to incredible 8.1 billion Euros of annual costs. By applying remote work, experts estimate that 50% of the currently used office space could be eliminated which means approximately 4 billion Euros per year only for German companies. On average, the cost of a workplace represents between 7 and 10% of the annual costs for employees.

Facts and Figures

Summing up the savings in the area of travel expenses and the saving potentials in the area of office space elimination, we are looking at approximately already between 30 to 40% of cost savings per employee not needing to dismiss people as part of the corporate social responsibility. If we look at a recession for 2020 and 2021 of about 7% decrease in economic performance, there would therefore not be any need to think about huge waves of dismissals as the saving potential can be found within the business themselves. Strategic Workforce Management¹⁷ will be at the core of mastering these turbulent times.

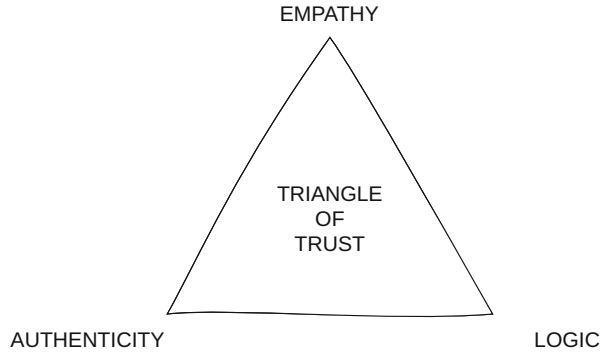
But the remocal economy requires the top management to change. Classical forms of work will not work anymore. A change in mindset is required. For enabling organizations to successfully apply new ways and techniques of modern workplaces one thing is key, namely trust. Management must trust in their people that also from home offices they will actively drive and support the business. Management must overcome the inherent mistrust, which can be found especially in old and conservative industries where sometimes the unions are more into new forms of modern workplaces than their colleagues from the HR department. My friend Dan told me, that in his company, the unions were trying to implement a new home office policy some years ago but the Global HR Director voted against it and knew how to stop it, because of not trusting the people also doing a proper job from their homes. Trust will be an essential driver and designing factor for the “Post-COVID-19” era.

¹⁵<https://www.steelcase.com/eu-de/forschung/artikel/wie-kann-ich-durch-buroraum-optimierung-kosten-senken/>. Accessed: June 6, 2020.

¹⁶Approx. 5,400,000,000 square feet.

¹⁷Seebacher, U., Guepner, A.: “Strategic Workforce Management”, USP Publishing, 2018.

Fig. 3.1 Triangle of Trust
(based on Frei and Morriss,
2020)



3.4 Toward the Triangle of Trust

Based on the model and works of Francis Frei¹⁸ from Harvard Business School, trust (Fig. 3.1), in general, is based on three aspects:

1. Authenticity
2. Empathy
3. Logic

For many years I wanted to write a book on authenticity but never succeeded in finding an approach and concept for putting together a guidebook on that ever more important topic. The more it pleases me that more and more authors and experts are raising authenticity as a core topic in management and behavioral science. Authenticity can be defined as the quality of being real or true. Authentic can also be described as not being false or copied. Overall my preferred term for being more precise on that term is “representing one’s intrinsic personnel nature or beliefs enabling the individual to be true to oneself.”

This means authenticity is something that cannot be learned. Many things in management behavior can be trained and developed but authenticity needs to grow intrinsically. And this is, what makes this character so special.

3.4.1 Authenticity

Authenticity is closely linked to appearance and perception in a sense of a specific quality of perceptual content. Such content can be linked to things or objects, people, happenings, or even and especially human actions. Authenticity presupposes the

¹⁸Frei, F., Morriss, A.: “Unleashed. The Unapologetic Leader’s Guide to Empowering Everyone Around You”. Harvard Business Review. June 2020.

congruence of appearance and reality. In case of conscious or unconscious inconsistency of appeared and real content, this means a possibility for deception and falsification. Content can be considered authentic if both dimensions of perception are anticipated to be in alignment and congruence. The divergence of the “real real” and authentic from the “fake” or “supposedly” real is interpreted in social behavior sciences as a meta-level competence of human beings in regard to contingent- and self-knowledge. Whereby this statement is also a statement to be critically questioned, because it is assumed that animals have a distinct competence to distinguish authentic from simulated behavior very well.¹⁹ As a passionate equestrian sportsman, I can only confirm such statements and opinions.

Based on my own experience I would confess, that only through my intense time playing polo during 2004 to 2018 and my close contact with my polo ponies I unconsciously developed a totally new level of individual authenticity. I am firmly convinced that my horses were the best trainers. They knew at which days they simply had to just “carry me” because of me being distracted and when to cool me down getting me focused. Authenticity is a complex intrapersonal growth process. One must be ready, prepared, and mature for taking this journey. I strongly believe this also requires the adequate people around you facilitating this growth process.

And only authentic leaders can and will be able to turn an organization or a team into an authentic one. An authentic organization is a structural construct in the sense of what highly recognized Novartis Professor of Leadership and Management at Harvard Business School Amy C. Edmondson describes with her “fearless organization”.²⁰ And here again, the big difference between managers and leaders comes into play. Leaders can light fire in people because they are authentic. They understand to fail and let their people fail and take such occasions to let them grow. Managers are technocratic and manage by pressure and fear. Yes, also leaders put pressure on their people as this facilitates growth. Yes, also leaders use KPIs, but the setting of these performance targets is done jointly and in addition the people know the “WHY” they are doing this. After the triangle of trust, I shall refer to this little “WHY” and its big impact on post-COVID-19 organizations (Fig. 3.2).

Can we measure authenticity? Not really, but in order to prove authenticity, very far-reaching techniques have been developed trying to define and establish a set of criteria for authenticity at least for a certain area of the object in a normative way.²¹

¹⁹Castilho, A., Oliveira R., Seebacher, U.: “A Quechua – The Polo Connection: How to Start Playing Polo without Knowing Anything About Horses”, Bookrix, 2015.

²⁰Edmondson, A. C.: “The Fearless Organization – Creating Psychological Safety in the Workplace for Learning, Innovation and Growth”. Wiley, 2018.

²¹<https://en.wikipedia.org/wiki/Normative>. Accessed: June 8, 2020.



Fig. 3.2 Difference between managers and leaders



Fig. 3.3 Virtual empathy

3.4.2 Empathy

The second pillar of the triangle of trust is empathy,²² deriving from the Greek word ἐμπάθεια meaning “physical affection or passion.” The main part of the word is “pathos” in the sense of “passion” but also “suffering.” In a virtual removal world this capacity will face an ever more important role enabling human beings in business environments not only being empathetic but even more so being this remotely and virtually (Fig. 3.3).

²²<https://en.wikipedia.org/wiki/Empathy>. Accessed: June 8, 2020.

Many definitions of empathy are being used with many different emotional states such as cognitive, emotional or affective, and somatic empathy.²³ All have in common that empathy is about the authentic effort and desire to help and care for somebody and to eliminate the difference between the “me” and the “other.” With this capability, one is enabled to experience feelings and emotions that match another individual’s emotions. Martin Hoffmann, an American psychologist, did intense work and research on the development of empathy and according to him, everyone is born with the ability of feeling empathy.²⁴ Empathy is divided into three categories:

1. *Affective empathy* or emotional empathy in the sense of the ability to respond to another individual’s mental state with adequate and appropriate emotion.
2. *Cognitive empathy* describes the ability to understand the mental state or emotions of any other individual.
3. *Somatic empathy* is used in the sense of physical reactions—where else the latter ones are mental reactions—based on mirroring neuron responses initiated through the somatic nervous system.²⁵

Many top managers have great issues with empathy because they are highly analytical and logical people getting bored pretty fast. Realizing that their colleagues or direct reports are not as fast as themselves makes them feel impatient. This again is perceived as ignorant and non-empathetic by their colleagues. But human beings at their core are striving for recognition and if they do not anticipate this kind of mental state from their boss than this causes uncertainty, mental bad-being, and mistrust.

3.4.3 Logic

For logic, there exists no commonly agreed and used definition. The word derives from the Greek word λογική, which means “being possessed of reasoning”, intellectual, dialectical, and argumentation. Despite this ongoing research and debates the philosophy of logic²⁶ conclusively uses the following three criteria as a basis for a common understanding:

- Classification of arguments

²³Rothschild, B. (with Rand, M. L.): “Help for the Helper: The psychophysiology of compassion fatigue and vicarious trauma.” Univ. Press 2006.

²⁴Hoffman, Martin L.: *Empathy and Moral Development: Implications for Caring and Justice*. Cambridge: Cambridge University Press, 2000.

²⁵Rothschild, B. (with Rand, M. L.): “Help for the Helper: The psychophysiology of compassion fatigue and vicarious trauma.” University Press 2006.

²⁶Quine, Willard Van Orman (1986) [1970]. *Philosophy of Logic* (2nd ed.). Cambridge, MA.: Harvard University Press. pp. 1–14, 61–75.

- Systemic exposition of logical forms
- Validity and robustness of deductive reasoning

If as a boss logic is an issue, then this is being seen as a leadership weakness. If the boss is not convinced by his or her ideas, why then should the others follow him. Would you want to sit in a plane not trusting the captain? Why should employees accept and leave a person in charge when they doubt his or her judgment?

This means that all three capabilities are essential for establishing a sustainable and successful trust-based leadership environment as part of a fearless organization in which collaboration is an ongoing individual as well as organizational learning process. If employees get the impression that you are hiding something from them, they will not open up, but this is the essential prerequisite for successful leadership.

3.5 The New Green Deal

The American Economist Jeremy Rifkin²⁷ has introduced that term of a new green deal and has had many controversial discussions with international top managers such as the Econ-CEO Johannes Teysen but also politicians such as German Chancellor Angela Merkel. Rifkin postulates a paradigm shift in regard to business models but also management models. He announces a hydrogen revolution as well as a zero marginal cost society.²⁸ His major criticism is targeted at the managers' unwillingness to change. Their stoicism leads to the fact that decisive measures are not taken in time and thus the necessary changes are not initiated.

Rifkin sees many new disruptive business models already for the next 2–3 years and managers not being able to bring a new business model themselves to the table will go bankrupt. Such as Teysen losing billions by not on time getting rid of certain businesses also many other managers will face the same destiny. Even though the new disruptive business models can already be found in the markets such as new energies, new mobility, new ways of efficiency, and even new ways of arranging our lives in a remocal business world.

In 2020 the global information technology industry will hit the 5 trillion US Dollar threshold based on the latest IDC research. The question is how COVID-19 will impact this figure. The entire industry is driven by the omnipresent digitalization not only of economies, jobs but also personal lives. The largest tech market in the world remains the USA with over 30% of the entire IT business. Europe continues to account for approximately 20% of global IT spending. China is picking up in both spending but also global leadership position in the area of emerging segments such as robotics or Cyber Security. All in all, IT is and will be a driver and enabler for the economies with growing figures but changing business models. The entire IT

²⁷https://en.wikipedia.org/wiki/Jeremy_Rifkin. Accessed: June 8, 2020.

²⁸Rifkin, J.: "The Green New Deal: Why the Fossil Fuel Civilization Will Collapse by 2028, and the Bold Economic Plan to Save Life on Earth", *St. Martin's Press* 2019.

industry will also try to profit from the *Netflix-Industry* in the sense of not selling their products and services anymore but renting or leasing them out to their clients. This in the long-term creates a rather foreseeable cashflow development due to monthly license fee payments and also assure their clients to remain trapped in the “lock-in” syndrome as described by Shapiro and Varian.²⁹

What this means for the companies is that they will need more services in order to be able to effectively take advantages of new IT tools. The choice again is then for “make” or “buy.” In order to reduce costs after COVID-19 lockdowns and to enable the rehabilitation of the companies, business must enable their people through Template-based Management (TBM) to deal with all kind of related issues as part of the identification, evaluation, selection, and procurement but also deployment of a new IT solution or tool. Otherwise, external consultants and suppliers will make their business out of this.

And, more and more IT companies outsource the sales, implementation, and after service business to third party suppliers who themselves make and optimize their business by re-using always similar templates for implementation projects. Companies should, therefore, try to take advantage of the TBM model in order to increase the percentage of internal value creation. Closely linked with the IT is the digitalization of the business world, what is commonly called the Internet of Things (IoT)³⁰ or the Internet of People (IoP).³¹ This means we are fastly heading towards a world in which all kinds of machines will be 24/7 interconnected and linked for exchanging data on products and processes. Big data are being used for gathering data, running cluster analysis based on which then smart and predictive services³² can be delivered. What many years ago was called Just-in-Time (JIT)³³ or E-Supply Chain Management³⁴ is now labeled as IoT and IoP, and Predictive Supply Chain Management (PSCM).

3.5.1 The Cybersecurity Industry

Against the background of a *remocal economy* global supply chains must be managed interactively, predictively, and above all securely. The sector of Cybersecurity is a major growth segment and has to provide solutions for securing business and their data by still allowing for specifically defined “openness” of

²⁹Shapiro, C. & Varian, H. R.: “Information Rules: A Strategic Guide to the Network Economy”. Harvard: Harvard Business Review, 1999.

³⁰https://en.wikipedia.org/wiki/Internet_of_things. Accessed: June 8, 2020.

³¹<https://computerwelt.at/news/casestudy/der-naechste-schritt-ist-das-internet-of-people/>. Accessed: June 8, 2020.

³²https://en.wikipedia.org/wiki/Predictive_maintenance. Accessed: June 8, 2020.

³³https://en.wikipedia.org/wiki/Just-in-time_manufacturing. Accessed: June 8, 2020.

³⁴Wannenwetsch, H.: “E-Supply Chain Management”, Springer 2002.

systems enabling the required data exchange. Because IoT without interconnectivity does not work.

Cybersecurity is also requiring a major cultural change when looking at small and medium sized enterprises (SME) in conservative industries. Of course, these companies are heavily relying on their internal data and need to protect them with all means but on the other hand, they need to catch up with agile disruptive start-ups for ensuring their own business survival. Many times, I was engaged in discussions about digitalization and IoT during which top managers from SMEs told me not being willing to share data with partners down- or upwards in the value chain because of cybersecurity issues.

I told them, that never ever their SME IT-infrastructure can be as safe as the Cloud-based solution of one of the big IT providers and their systems. On the contrary, SMEs can substantially take advantage as part of the remocal economy as they increase their level of cybersecurity, will profit from a better and more efficient machine management based on the gained knowledge through big data and their supplier can proactively help them to protect their equipment against damages through broken machine and spare parts as well as through smart and predictive service avoid costly down times. But all this can only work with IoT and IoP solutions with 24/7 data exchange. As part of this the SMEs—whether disruptive start-ups or conventional family-owned businesses—will take advantage from an upgrade of their entire IT-infrastructure. Many brilliant companies are in the market helping also not only the big global players but especially also the smaller players to leverage their IT in regard to sustainable and solid cybersecurity.

3.5.2 The As-a-Service Industry

For approximately 5 years the “As-a-Service” (AAS) Industry is more and more part of strategic discussions also in big businesses. Originating in the telecom industry where mobile phones were not sold anymore but given away as a “freebie” as part of a 24 months contract, “Software-as-a-Service” (SaaS) emerged and now swaps over to many other industries. I can still remember buying my first mobile phone in 1997 in Dusseldorf. I used to work for Deloitte Consulting. My friends in the USA told me that they do not have to buy their cell phones as they get it for free as part of their 2 years-contract with AT&T. This, in those days, was considered disruptive.

Customer retention was the magic term. Instead of selling the cell phone as a one-off, I bind the customer to the company for 24 months. This is one side of the coin. On the other side, we are looking at a development similar to the early years of operational and corporate car leasing. In those days, the AUDIs and BMWs, just to name two of them, used third party financial services companies to start leasing-out vehicles. Initially, they worked with classical financial services companies but soon realizing that this would be an easy and attractive add-on business. This led to the development of the BMW bank and others. Why? Because the “leasing-out”

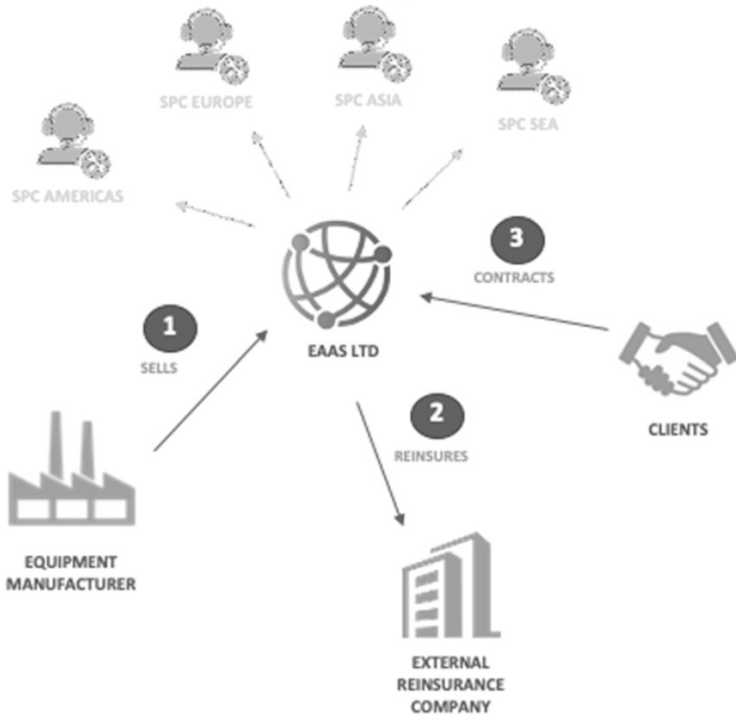


Fig. 3.4 EaaS business model structure

products turned out to be an easy one and why to give this business to third parties if this could be done also via a vehicle such as the BMW financial services company.

It was a win-win. The clients did not anymore need to buy the corporate cars for their sales guys and usually after 3 years, the sales managers were happy with their brand-new car. Times were gone, in which the company had to sell the old car and ensure the funds for buying the new one. The leasing was plannable, with less administrative work and also from the financial perspective much better for the corporate cashflow. In the end, the car manufacturer extended their value chain also making money through the leasing business and the clients optimized their cashflow through not needing to buy the cars (Fig. 3.4).

So why not also lease out big machines and equipment? Would not this be to the benefit of all involved, if Equipment-as-a-Service (EaaS) would be available? Who are the involved stakeholders? The end clients of the products (EC), the product manufacturer of the end product (PM), and the equipment manufacturer (EM). The advantages for the end clients can be summarized as follows:

- No delays in end product delivery due to reduced or even eliminated downtimes at PM
 - Even higher, better and consistent level of quality of end product due to always best-serviced equipment and machinery at PM
- The advantages for the PM can be summarized as such:
- Optimized cash flow and balance sheet due to the fact that equipment must not be fully paid or financed.
 - Opportunity to timelier and flexibly adjust production capacity to market demands and needs.
 - Depending on the level of service agreement with EM in best case 24/7 surveillance and remote monitoring of entire equipment resulting in full risk management and coverage in regard to entire machinery, plannable service intervals based on smart and predictive service leading to less costs for service and rehab.
 - Continuously best possible and optimized equipment efficiency and performance based on interactive, big data gathering by EM and related cluster analysis and deviation evaluation leading to ability to adjust relevant parameters of equipment not only for specific machines but the entire equipment value chain to always achieve the best output of production process; this reduces energy consumption and extends the lifetime of the applied machinery.

And last but not least the benefits for the EM shall be listed. We only look at the EaaS in the narrowest sense, in which the EM is not participating in the financing business even though this is a considerably good new business model:

- The EM can increase sales even in tough times as the PM does only calculate and earn the monthly payments being substantially smaller than the big lump sums for purchasing the equipment.
- The EM gets 24/7 access to the equipment and data as part of the warranty agreements which allows the EM by using the data to ongoingly work on optimizing and further developing the equipment.
- The EM turns into a partner instead of being a pure seller of equipment which helps to create trust and a long-term client relationship also positively impacting the customer experience³⁵ and loyalty.

Overall this entire EaaS model is a big win for all engaged stakeholders. But it requires in-depth knowledge on the specific equipment and the different fields of applications.

³⁵Halb, F.; Seebacher, U.: “User Experience and Touchpoint Management”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.

3.5.3 Excursus: The TBM-Based EaaS Calculation Engine

For one of my clients, I developed an online interactive EaaS Calculation Engine for calculating the monthly payments for a specific machine, the dedicated area of application, the destination for the installment, the required service intervals, and costs but also the different four possible service levels. We defined four different Service Level Agreements (SLA) based on benchmarking and research. The tool allows for dynamic adaption of defined descriptive parameters in order to meet business objectives as well as best and competitive solution for the clients. The tool can be linked with different data sources and can also generate EaaS solutions with more than one component. The risk surcharge is based on the complex, described, and structured approach combining client asset volumes, requested EaaS volume as well as industry, client-specific financials, and geographic installment region.

Once more I was confronted with pre-defining and pre-structuring a process for calculating the monthly EaaS fees for the client's equipment portfolio. This project was initially managed by an innovation manager of the client with a PhD in mechanical engineering. The intelligence paradox caused the almost failure of the project because the innovation manager was a very intelligent person, but not succeeding in getting the rubber on the road, in the sense of ex ante defining, identifying, and recognizing the required structures as well as parametrical elements for the given task of interactively calculating a contingent-based EaaS fee.

Applying the Template-based Management model for drafting and realizing this prototype of an EaaS Calculation Engine I pre-defined the decision parameters based on my financial background and then simply had to enter the requested data from the different machines from the client's engineers. Within a week I could present this powerful and unique tool.

This again was for me a more than powerful TBM proof of concept as the highly brilliant and complex knowledge of the technical engineer as project leader could not help to solve that task where else a non-technical guy as I am, could solve that task with my team. Technical Engineers are not and will not anymore drive business successfully if they are not becoming successful in getting "their" rubber on the road and this means another significant urgency for management reorientation.

Many discussions are also taking place around "Pay-per-Use" (PPU) models which means that the PM pays only for the hours the equipment has been used or, for example, for the amount of water that has been pumped by a pump or the amount of energy generated through a turbine. Such PPU models do bear enormous risks as right now the EM does not dispose of the required experience in how to price the models but even more, risk is lying into the fact that some PM might aim for a such PPU model for only covering their peak capacity which leaves the EM disadvantageously behind. For large segments of the remocal economy PPU model can only be

an add-on model for existing EaaS clients as otherwise, these contracts will not pay off, neither for the financing partner nor for the EM. In order to make such PPU models working successfully a hybrid pricing model would need to be applied for which again initial experience from the first EaaS project would be required to have.

3.5.4 The Ethical Corporation

And one last essential part of the new green deal is the ethical corporation as Epley³⁶ and Kumar are describing it.³⁷ Their work aims at understanding why still so many scandals in the business world are happening despite the comprehensive corporate compliance programs. Their research shows that rules, policies, and procedures and penalties are not deterring employees from infringements. The real success driver seems to be a culture as a synergy of ethical behavior and social recognition.

Promotional measures for ethical behavior seem to build on false assumptions, how and why infringements happen. This is the main reason for most compliance programs to fail as they focus on the responsibility of the individual. They train the people and punish the black sheep. But what all these programs neglect is the fact that the contingency situation is a major influencing factor for compliant or non-compliant behavior. Also, the famous experiments of Stanley Milgrams³⁸ prove the connection between context and behavior. However, people do not recognize this connection. But as part of the new green deal, the ethical corporation needs to aim at the establishment of the underlying ethical culture. Epley and Kumar define three pillars for such culture:

- Explicit values in the sense of strategies and methods
- Well-considered, sound decisions
- Targeted incentives

And this is exactly where the circle to TBM closes again. Epley and Kumar found out that common strategies and methods must be defined and documented in strict principles in the sense of a commonly aligned understanding. Such explicit values need to be communicated proactively in the entire organization. Methods and structures in the sense of commonly agreed and applied ways of working are therefore a cornerstone for an ethical organization. TBM offers therefore the management framework for defining structures and methods for the entire organizational landscape. A well thought through mission statement can be part of a such bundle of strategies and methods but only if it is deployed adequately and correctly in a way that leaders can rely on and refer to it. In order to assure such a proper and stringent

³⁶Epley, N.: "Mindwise: Why We Misunderstand What Others Believe, Feel, and Want". Vintage, 2015.

³⁷Epley, N., Kumar, A.: "The Ethical Corporation", Harvard Business Manager, April 2020.

³⁸Milgram, St.: "Understanding Obedience and its Implications", Palgrave, 2009.

internal as well as external communication a so-called Marketing Process Library (MPL)³⁹ as a set of predefined, approved, and communicated process flow charts for the marketing and communication work can be applied. For all parts of an organization, such process libraries can and should be aligned, designed, and communicated. Many organizations do have a Quality Certification Process established and with this ISO-based process, documentations are defined. But as already shown during my academic work for my PhD degree⁴⁰ there is a big difference regarding the operational impact of quality management work solely aiming at achieving the certificate compared to the performability increase when really and candidly working on optimizing and properly defining the organizational processes.

This means, similar to the assumptions of organizational etymology,⁴¹ that organizational learning in all dimensions is closely connected to the contingency situation in the narrowest sense referring not only to common methods and templates but even more to an organizational language and terminology.

An Example

In an experiment 70% of the participants, having been asked to play a business game with a partner, were acting always to the better of both only due to the fact that the game was called “Community-Game”. Was the name of the game “Wall Street” only 30% of the participants were cooperating even though the financial incentives were the same.

3.6 And Change Must Always Start with You

This chapter was attempting at setting the stage from an organization-etymological perspective for Template-based Management (TBM). TBM is a proven and powerful tool but a fool with a tool is still a fool. This means the following things.

1. The successful future manager as part of the new green deal needs to be uncompromisingly and stringently a trust-enabling authentic, methods-driven business leader.
2. Change is the only constant in our lives but it starts always and solely with yourself. Remember the picture of a hand pointing at another person. One finger

³⁹Seebacher, U.: “The B2B Marketing Maturity Model – What the Route to the Goal Looks Like”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.

⁴⁰Seebacher, U.: “The Evaluation of the Efficiency of Quality Certification in the Financial Industry”, Doctoral Thesis at the Vienna University for Economics and Business Administration, 1996.

⁴¹Seebacher, U.: “The B2B Marketing Maturity Model – What the Route to the Goal Looks Like”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.

Fig. 3.5 This is where change starts—at yourself!



points to the other person but three at yourself. This is where everything starts. Walk the Talk and you will lead the walk (Fig. 3.5).

3. TBM can only create added value, if implemented correctly and consistently across organizations. TBM will develop a certain self-dynamism within organizations after the first teams and projects will have delivered results and learned about the power of this method. Nevertheless, a committed top management will be essential to fully take advantage of TBM in the long run.

What you have learned in this chapter is that changing times require changing behaviors but also changing management and mindset. As leaders we are in the position and are obliged to take sustainable and conscious responsibility for the colleagues entrusted to us. The right people will find in my TBM approach a reliable companion for the *Leaders Excellence Journey* during which all aspects of corporate, financial as well as human values find their situational balance. The new green deal will not forgive a resource wasting way of managerial acting and behavior.



4.1 Where Are We Coming From?

In general, companies do not like to give out information about themselves. That is unless the sharing of knowledge is necessary to attract investors. This problem has been around in a major way since the legal framework for corporations was put into place. Now, with the spate of companies spiraling out of control because of not only anymore deceitful accounting and financing but also technical and software practices, the world seems to be cracking down on fraud. I already talked about the new green deal and closely linked the idea of the ethical corporation. The result of the crack-down will and must be an increase in the transparency of corporations' accounts and operations. Just as the whole world is digitalizing, fraud, and scandals are also moving to a more virtual level.

When businesses began to separate ownership from management, the well-known problems¹ began to manifest themselves.² Managers in charge of day-to-day operations are not keen on making known everything they do and have done on their behalf. As a manager, it is easy to rationalize this when your boss is extremely critical. When you know that you are under the watchful eye of a division head, the board of directors, shareholders, or the general public, it is easy to become self-conscious if you feel that you or your staff are under-performing. If you know that the way you're conducting business is a touch on the wrong side of the line between what is and is not legal, then it is natural to be doubly concerned about keeping a low profile.

Fortunately for shareholders and potential investors, there are rules in place to protect them from overly optimistic or otherwise misleading account figures.

¹Schildbach, T.: "Der handelsrechtliche Konzernabschluss", Oldenbourg Verlag 2000.

²Moyer, R. Charles, McGuigan, James R., Kretlow, William J.: "Contemporary Financial Management", South-Western College Publishing 2001.

Corporations do not have free reign in their activities. Important financial details must be disclosed in an annual 10-K report in the United States, and this is usually put out in the form of an annual report in the USA and in many other countries. All of this is designed to protect the owners and potential owners of a corporation.

Having a steady flow of valuable information (knowledge) is not only a boon to investors—it is also tremendously beneficial to decision-makers and employees for their everyday functions. ICT has greatly enhanced the flow of information. The need for good and timely information, combined with the capabilities of computers, has spawned an entire industry: Enterprise Resource Planning (ERP).

The roots of ERP go back to the days of the old mainframe computers that IBM produced. Everything was proprietary. Then microcomputers became more powerful, and when they began to bring down the cost of computing power, companies that were previously dependent on legacy systems for their computing needs began to switch over to server-based systems. The German software giant dominated the server-based enterprise software industry at the beginning. In fact, it was for a long time one of the most powerful companies of its kind, although its position was eroded substantially because company leadership was slow to make its software more compatible with that of competitors when the trend to do so emerged. I compare their situation with the one at Microsoft when the new CEO Satya Nadella³ took over a company that has lost its agility and ambition forcing him to “Hit Refresh.”⁴

4.2 Even Microsoft Had to Hit Refresh

SAP and its competitors have realized that the traditional approach of pushing all of its technology onto the consumer is a bit outmoded. Businesses want to choose what software they use and want to avoid the ‘lock-in’ effect that ERP companies had previously worked hard to achieve.⁵ Many ERP companies had already moved away from their previous strategy by the time SAP decided to make its move. It abandoned the old approach officially in 2001 when the company’s CEO, Hasso Plattner, announced that SAP had developed its mySAP.com software into a set of stand-alone units that can be installed separately.⁶ Today SAP is fully engaged in all areas of businesses and offers even a Marketing Cloud for the entire Customer Journey, but internally—as a highly protected secret—in 2020 still uses Adobe Marketo for

³https://en.wikipedia.org/wiki/Satya_Nadella. Accessed: June 9, 2020.

⁴Nadella, S.: “Hit Refresh – The Quest to Rediscover Microsoft’s Soul and Imagine A Better Future for Everyone”. HarperBusiness, 2019.

⁵Shapiro, Carl. Varian, Hal R.: “Information Rules: A Strategic Guide to the Network Economy”, Harvard Business School Press 1998.

⁶Glick, Bryan: “SAP Consigns ERP to History”, VNU Business Publications, 2001, <http://www.vnunet.com/News/1121188>.

their Marketing Automation activities themselves as the SAP solution obviously does not perform.

These are big developments in an industry that has come of age. Why did the need to change arise? The first reason is cost. The initial outlay for software licenses, the necessary hardware, and the implementation is very expensive. Apart from that, maintenance on traditional systems is high, even compared with the legacy systems that preceded them. More importantly, the “lock-in” effect meant not only that a company had to stick with one software company; it also meant that sharing data with the companies and their suppliers and customers was difficult if they did not also use the same platform. Nevertheless, the implementation of ERP at companies around the globe facilitated knowledge sharing and transparency within those companies. And the next big paradigm shift is the so-called “Sharing economy”⁷ where everything is located in the cloud and not anymore decentralized stored.

4.3 Why Are Value Chains Always Forgotten?

The ability for companies to integrate their knowledge and disseminate it throughout their value chains is extremely important. The integration opens up additional lines of communication, so to speak. Recognizing the importance of sharing valuable data and knowledge is the first step, but it is essential not to miss out on the extremely important aspect of timeliness. With today’s technology, this is no longer such a large problem. However, as industry pundits point out, it has not gone away completely. ERP software companies are allowing more choices and integration with the products of other providers, but integration is not very user-friendly and can still prove to be a massive technical headache.⁸ APIs are omnipresent and all do provide APIs for all but in the end, we are still talking about “customizing” which means time and money. A perfect showcase for the challenge ever-faster and dynamic IT offering developments are posing the businesses is the MarTech stack 8000 landscape. Since 2011 the number of available IT solutions and products only for the area of marketing has grown from approximately 100 to more than 8000 which means almost 1000 new products per year.⁹ On the other hand, the SalesTech landscape also faces a rather dynamic growth. Both worlds of suppliers are fighting for buyers and in most cases, they also touch aspects and functions of the other area in the sense that the MarTech and SalesTech landscape are offering more and more products for the same function. Marketing and Sales are stumbling in an internal

⁷https://de.wikipedia.org/wiki/Sharing_Economy. Accessed: June 9, 2020.

⁸Glick, B.: “SAP Consigns ERP to History”, VNU Business Publications, 2001, <http://www.vnunet.com/News/1121188>.

⁹Seebacher, U.: “The B2B MarTech 8000 – How to Survive in Jurassic Parc of Dazzling Marketing Solutions”. In: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”. Springer, 2020.

competition and must be careful not to develop their own Tech stack with—in the end—overlapping not communicating solutions.

Financial and operational transparency is continuing to increase in the near term.

The thoughtful executives of Enron¹⁰ and WorldCom¹¹ can be thanked for that, big scandals that—scary enough—today’s world seems to have forgotten already. Recent debacles on both sides of the Atlantic have impacted the freedom of corporations hopefully to the sake of us all. As mentioned before, corporations have never had free reign in their activities since the inception of that particular business form. There has always been a smattering of laws and regulations to keep them under control, though apparently not enough to keep them within ethical boundaries. Now, however, regulatory bodies in the USA and in Europe are quickly clamping down on corporations that are running askew of the law.

Airtight laws are few, and the cadre of lawyers employed by large corporations is smart enough to find and exploit any loophole, given time. In the future, corporations will have to be more forthcoming and honest with their business practices, or they will face the prospect of agencies like the SEC constantly watching over them, ready to dash off more confining laws.

4.4 The Remocal Economy

In the preceding section, I discussed the integration of the value chain made possible by IT, IoT, IoP and big data, and, more specifically, ERP systems. The effects of all this are, of course, much farther reaching than that. Even at the time that Tim Berners-Lee’s idea of the World Wide Web began to take shape, most people would have chuckled at the idea of information being so easily accessible, much in the same way that people did in the 1960s when discussing putting a man on the moon.¹²

Now more than 500 people have made successful flights into space, not to mention the ones who have set foot on the moon, and SpaceX recently successfully relieved NASA from being the Russians passenger due to the lack of a functioning space program. In the USA, data transmission volumes surpassed snail mail in 1999.¹³ Since then, the infrastructure and availability of electronic communication have improved just as dramatically as the cost has fallen. Today, nearly every computer sold comes with a modem. About 350 million people in North America are using the internet which means that worldwide the USA have the highest internet penetration rate with 94.6% of the population using the internet. But the USA also carries the red light in regard to the internet penetration growth rate with only 223%

¹⁰<https://www.investopedia.com/updates/enron-scandal-summary/>. Accessed: June 9, 2020.

¹¹<https://www.thebalance.com/worldcom-s-magic-trick-356121>. Accessed: June 9, 2020.

¹²Berners-Lee, T.: “The World Wide Web: A Very Short Personal History”, World Wide Web Consortium, <http://www.w3.org/People/Berners-Lee/ShortHistory.html>.

¹³Barnett, M.: “USWeb Tackles the Internet Economy”, The Industry Standard, September 1998.

during 2000 to 2020 compared to Africa with a value of over 11,000% for the corresponding time frame. In 2003, when I first published this book, in Europe, the Middle East, and Africa, which were lumped together by Nielsen as the EMEA region, the figures were not quite as high as today, as the evaluated growth rate was a staggering 6.3%.¹⁴ If we compare this with the actual figures we see that the internet growth rate for that entire region is in the three-digit percentage area meaning an enormous multiplication of the growth rate (Fig. 4.1).

In 2003 I stated:

Even by a cautious estimate these numbers are fabulous for telecoms, Internet Service Providers (ISP), and networking hardware producers for obvious reasons. What does this mean for other sectors and industries, though? It means new flexibility for employees and companies alike. With a high-speed connection to the office, employees at companies like Cisco can elect to do their work from home or anywhere else for that matter. Several programmers employed by Cisco Belgium routinely spend their winters in sunny Spain.¹⁵ Of course, this is an extreme example—most people are required to come to the office a bit more often than these Cisco employees do.

Charles Handy¹⁶ sees virtual organizations as the wave of the future—a wave that has already begun to beat against our shores, eroding the conventional idea that employees should be present at the workplace unless they are supposed to be out in the field visiting a client.¹⁷

In his article entitled “Trust and the Virtual Organizations”, Handy recounts how a fire ravaged the main library near his home in Britain. Faced with the task of organizing the replacement of the library and its contents, the head librarian had a stunning idea: He decided that instead of *replacing* the library, he would compensate for its loss by building a smaller central library and a small branch library in every village that was previously served by the main library. Each little branch would be equipped with the necessary IT infrastructure to link it to a database at the central library, and to any other library, for that matter.

The reconstruction of the library is now complete. Its new home is in a modern building, which it shares with a tourist information office and a restaurant, among other things. Each branch library has Internet-connected computer facilities that allow its patrons to access subscription-based research sources, the library system’s online catalog, and email. All of this came about as a direct result of a disaster, which proved to be a good impetus for change.

¹⁴McDonald, T.: “Study: Home Internet Access Tops Record 500 Million”, NewsFactorNetwork, March 7, 2002, <http://www.newsfactor.com/perl/story/16664.html>.

¹⁵Petre, X.: Personal interview, April 2002.

¹⁶Handy, C.: “Trust and the Virtual Organization”, VisionaryMarketing.com.

¹⁷Stanley, D.M.; Meyer, C.: “Blur – The Speed of Change in A Connected Economy”, Little Brown & Co 1999.

WORLD REGIONS	Population (2020 Est.)	Population % of World	Internet Users 31 May 2020	Penetration Rate (% Pop.)	Growth 2000-2020	Internet World %
Africa	1,340,598,447	17.2 %	526,710,313	39.3 %	11,567 %	11.3 %
Asia	4,294,516,659	55.1 %	2,366,213,308	55.1 %	1,970 %	50.9 %
Europe	834,995,197	10.7 %	727,848,547	87.2 %	592 %	15.7 %
Latin America	658,345,826	8.5 %	453,702,292	68.9 %	2,411 %	10.0 %
Middle East	260,991,690	3.9 %	183,212,099	70.2 %	5,477 %	3.3 %
North America	368,869,647	4.7 %	348,908,868	94.6 %	223 %	7.5 %
Oceania/Australia	42,690,838	0.5 %	28,917,600	67.7 %	279 %	0.6 %
Total	7,796,949,710	100.0 %	4,648,228,067	59.6 %	1,187 %	100.0 %

Fig. 4.1 World internet usage and population statistics (2020 year-q1 estimates). (Source: <https://www.internetworldstats.com/stats.htm>. Accessed: June 9, 2020)

4.4.1 About Structures and Methods

The suitability of a company to make a transformation into a more virtual organization is highly dependent on its culture and structure, which in turn are greatly influenced by the environment in which the company operates. Morgan already then based his assumptions on the hypothesis of organizational etymology¹⁸ and the link to an organization's context influencing not only the development path but also the ethical peculiarities. This is explained well by organizational typology contingency theory, which clarifies the relationship between a company's form and the nature of that company's function and environment.¹⁹

Companies in turbulent environments, such as the automotive, cybersecurity but also the classical plant and mechanical engineering industries encounter unique problems in their daily operations. Compare Boeing with a lumber company. Every airliner that Boeing produces is a custom order with a practically unlimited number of choices that make each plane one of a kind. The several thousand wires that comprise the electrical system of a 747 make for a vast number of possible configurations.²⁰ The problems that are encountered during the production of a plane are unique and require one-off solutions.²¹ We deliberately disregard at this point the fact that Boeing currently faces significant other problems caused by their 777 Max.²² A lumber company, on the other hand, has much easier and routine tasks to contend with and a more limited set of potential problems, most of which can be straightforwardly documented along with their solutions.

The power and control of Boeing are fairly centralized, which lends it the appearance of a bureaucracy. A bureaucracy, however, with its limiting and slow decision-making structure would never be able to efficiently cope with all of the distinctive problems it faces every day. As a result, the company has adapted to its situation by creating temporary work groups that have enough power to handle the difficulties that they encounter. In essence, Boeing is a *bureaucratic adhococracy*,²³ with a two-sided power structure. Overall accountability of the company remains within the pyramid, yet project teams have enough power to cope with most of the company's urgent problems.

The complexity of Boeing's operations and the necessity for timely decisions directly influence its organizational typology, making it more involved. The

¹⁸Seebacher, U.: "The B2B Marketing Maturity Model – What the Route to the Goal Looks Like", in Seebacher, U.: "B2B Marketing – The Guidebook for the Classroom to the Boardroom". Springer, 2020.

¹⁹Morgan, G.: "Images of Organization", Sage Publications 1996.

²⁰Nash J.: "Wiring the Jet Set", Wired Magazine, October 1997.

²¹Shaw, R.: "Boeing 747-400 – The Mega-Top", Osprey Publishing Co 1999.

²²<https://www.businessinsider.de/international/boeing-737-max-timeline-history-full-details-2019-9-3/>. Accessed: June 9, 2020.

²³Mintzberg, Henry; Quinn, James B.: "The Strategy Process: Concepts, Contexts, Cases", Prentice Hall 2000.

simplicity of a lumber company's problems allows for a less complex structure, such as a typical pyramid bureaucracy.

Of course, the nature of the tasks at companies in both of these industries does not really make them ideal candidates for transformation into virtual organizations. At least not the entire organization. However, parts of both *could* be virtual, if provided with a connection to the company's intranet. Many employees in staff positions could easily work from home. The culture of most lumber companies probably would not support such a move, whereas Boeing's culture might.

More apt to make a virtual transformation are companies that work primarily with knowledge. A division exists here, as well. The environment of software and other IT companies is rapidly changing. This, combined with the nature of their work, creates a good basis for companies in these areas to be virtual. Attorneys, on the other hand, are also knowledge workers, but their environment changes slowly. The field of law is conservative and is therefore an unlikely area for firms to begin experimenting with a radically different organization. But what happened in April 2020? All of a sudden also attorneys could easily work from home. One of my friends George, a brilliant and down-to-earth lawyer himself, recently told me:

At the beginning it was a strange situation to work from home. But after few days we were back to normal. Our employees got used to that remote work and all was fine. They even enjoyed it and we got very positive feedback even though I missed meeting my colleagues face to face...!

Twitter CEO Jack Dorsey beginning of May 2020 even announced in a company-wide email, that employees will be allowed to work from home forever. The company said in a blogpost:²⁴

We were uniquely positioned to respond quickly and allow folks to work from home given our emphasis on decentralization and supporting a distributed workforce capable of working from anywhere... The past few months have proven we can make that work. So if our employees are in a role and situation that enables them to work from home and they want to continue to do so forever, we will make that happen.

Reading these and other posts and messages, my lines from 2003 are confirmed and it seems as if we already realized then what would and should happen. In the first edition of this book I continued writing:

Cisco has an extensive intranet with thousands of pages and on-line applications that handles everything from the employee directory to a program that employees use to keep track of their paid leave time. When companies put so much information on computers connected to the Internet, they must go to great lengths to ensure the safety and integrity of the data.

²⁴<https://www.theguardian.com/technology/2020/may/12/twitter-coronavirus-covid19-work-from-home>. Accessed: June 9, 2020.

Protocols such as Virtual Private Networking (VPN)²⁵ and ‘tunneling’ have become a necessity. Both of these technologies allow an intranet user to create a private connection with the company’s server, thus securing the data from tampering and from viewing.

Many companies have taken a small step toward virtuality by providing employees with cell phones or pagers. It may seem trivial, but it is an important step towards making employees available even when they’re not in the office. Interestingly enough, many conservative industries started adopting mobile communication technology early in its development.

How will companies become more virtual in the future? Perhaps the more appropriate question is: What is *keeping* them from becoming more virtual now? The three main culprits are trust, culture, and pervasiveness of technology, in this order of importance.

The fact that companies are finding it necessary to put policies in place to curtail the increasingly high amount of Internet misuse is not exactly great encouragement for going virtual.

4.4.2 Solving The Trust Paradox

Managers cannot check up on employees’ reports as easily if they do not share a common location. How can managers be sure that employees are staying on task and not pacing back and forth to the refrigerator looking for a snack every twenty minutes? Trust becomes a necessity, and it is really not that big of a step. Trusting someone who works on his own to achieve goals set by management is nothing new. Organizations have trusted mobile salespeople for years without problems. The difference here is that results have always been easily measurable for salespeople. However, with contemporary evaluation techniques, this should not be a problem for any job.

Employees will resist change within their organization’s culture. If employees value their water-cooler chats and the general convivial atmosphere of their workplace, they will be understandably upset if they are all of a sudden plunked down in their home to work, without the opportunity to socialize with colleagues.

As technology becomes increasingly pervasive, the severity of the cultural problem will diminish. Small steps in technology will foster acceptance. If employees were encouraged to continue socializing but to do it in a computer chat room instead of around the water cooler, moving these people to different locations would eventually become easier. Researchers and scientists from Xerox PARC laboratories from all over the world collaborate on projects using Jupiter, which is a shared virtual workspace.²⁶

²⁵Northcutt, S.; Zeltser, L.: “Inside Network Perimeter Security – The Definite Guide to Firewalls, Virtual Private Networks (VPNs), Routers, and Intrusion Detection Systems”, New Riders Publishing 2002.

²⁶Xerox Research Center Europe: “Jupiter Technology”, <http://www.xrce.xerox.com/showroom/techno/jupiter.htm>, Accessed: Jun5, 2020.

Just as the Luddites resisted industrialization and moving labor out of the home (cottage industry), Neo-Luddites will resist the shift of work back to the home.²⁷ It will also be a cottage industry of sorts; only the product will be intangible and might not even be located on the hard disk of the worker, but on her employer's intranet server thousands of miles away.

This brings up a very important issue: How will the employer extract the maximum amount of value from the employee when she is so far away in a remote business world? As employees move out of the confines of physical office space, it becomes extremely important for their companies to recognize and codify the assets that the employees bring with them. In other words, the roles of knowledge management and productivity goals become increasingly important to companies.²⁸ As already said in the latter chapter, the triangle of trust and commonly agreed structures and methods will be essential in order to enable an aligned way of working even in a remote business environment. It behaves similarly to software systems that have to communicate with each other. The secrets of success are aligned and defined processes and interfaces. Using TBM both processes are being defined and communicated as well as the interfaces in regard to handing over ex ante precisely defined pieces of information.

In the first section of this chapter, I discussed some of the changes in business law that are a consequence of the corporate fiascos involving Enron, Andersen, and WorldCom and recently also WireCard. Corporate activities will become more transparent because of them. An aftereffect might be an increase in virtuality. Or will this hinder the virtual organization because of lack of trust?

In addition to the telecommuting benefits that IT provides, it has been possible for some time now for companies to exchange data such as inventory quantities, order quantities, and production volumes with other companies in their supply chain or with any other organization with which they would like to share information. Such dynamic data interchange is the necessary backbone of systems like *Just-In-Time*.

4.4.3 How to Make the Intangible Tangible?

IT and the Internet have led to societal changes that are simultaneously good and bad. This is an issue that is open to much discussion. Some people see the ease of communication of email as a wonderful improvement over snail mail. They did not expect WhatsApp, WeChat, and TikTok to take over essential parts of the communication. Being cheap and fast, it allows me to transmit information across the country or overseas at no cost additional to the overhead of the computer and Internet

²⁷Sale, K.: "Rebels Against the Future – The Luddites and their War on the Industrial Revolution: Lessons for the Computer Age", Perseus Books 1995.

²⁸For more information on Strategic Human Resource Management, see Seebacher, U.G.: "Cyber-Commerce Reframing – The End of Business Process Reengineering?", Springer Publishing 2002.

subscription. Social Media has changed the way we communicate with each other. Great distances no longer hinder social exchanges.

With the increasing use of modern ICT, the publication and dissemination of information have become extremely easy. Big data 24/7 globally available in the century of the Netflix-Industry are driving developments in much the same way that information became more accessible when Gutenberg²⁹ invented the printing press, the Internet has made possible the distribution of information at a much lower cost than with prior means.

The more dependent on technology that businesses and society become, the more information and their 24/7 accessibility will play a role in our day-to-day activities. As a result of this and of the ease of which information can be distributed, we will have to contend with ever greater amounts of data. A search on almost any topic with any of the popular search engines on the Internet will yield a few good results. Finding the information within these results that is relevant for you is another matter.³⁰

The size of the Internet is growing at a phenomenal rate—the volume of data contained on its massive internetwork of computers doubles annually.³¹ With this growth, it becomes increasingly difficult to find what you are looking for. Luckily, new technologies are popping up that will aid in narrowing down Internet sources to a manageable size. If companies, research institutes, and independent researchers ceased to develop this technology, in a few years' time we would most surely drown in the sea of data laid out before us.

Companies must also contend with a countless number of internal data sources. Databases and pages on the Intranet come to mind immediately. More important, however, is the information that has not found its way into the computer system yet. An important objective of any business is to find ways of transforming information from various internal and external sources into meaningful information in the sense of value creating units (VCU). When these meaningful units are distributed quickly enough to someone who can make use of them, these units are then contributing to the knowledge of the organization. A key problem is getting the VCUs to potential users in a timely manner.³²

Recognizing information that has utility is becoming more difficult. The ideas, concepts, and tools that businesses use in their operations are complex and become more so with each passing year. Knowledge acquisition is therefore a very important and very difficult proposition. However, analysis and codification have to be carried out only once for the captured knowledge to be available for future applications.³³

²⁹Man, J.: "Gutenberg – How One Man Remade the World with Words", John Wiley & Sons 2002.

³⁰Sherman, C.; Price, G.: "The Invisible Web – Uncovering Information Sources Search Engines Can't See", Independent Publishers Group 2001.

³¹Coffman K. G.; Odlyzko A. M.: "Growth of the Internet", AT&T Labs – Research July 6, 2001.

³²Choo, C.W.: "The Knowing Organization – How Organizations Use Information to Construct Meaning, Create Knowledge, and Make Decisions", Oxford University Press 1998.

³³Borhoff, U. M.; Pareschi R. (Eds.): "Information Technology for Knowledge Management", Springer Verlag New York 1998.

4.4.4 How to Overcome the Degradation of Knowledge?

A big problem with this is the degradation of knowledge over time. All of the knowledge that a Video Cassette Recorder (VCR) manufacturer encodes now will be almost completely obsolete in the coming years. The knowledge will still be useful for the repair of VCRs, but there will no longer be a use for the knowledge.

The same is true for business knowledge. As the economy changes and grows in new directions, the techniques and strategies of yesteryear will become less important for dealing with current issues. However, this does not mean that finding and documenting knowledge is futile. Even if old knowledge is not directly applicable to the task at hand, it can be useful and transferable to other situations. Typewriters are for all practical purposes obsolete but knowing your way around a keyboard has become more valuable.

Knowledge in today's economy is of the utmost importance. It is the lifeblood of many companies. The assets of these companies are contained not within walls, but within the minds of their employees. When an employee leaves, he takes with him everything he has learned—all of his knowledge and experience. A well-conceived knowledge management system ameliorates this problem. In addition to this, a knowledge management system makes it unnecessary to solve the same problem twice, and thus increases productivity.³⁴ This is why more and more companies are using MarTech stack to ongoingly collect all data of their clients and prospects with the aim of getting an 360° view on the customers. User Experience and Touchpoint Management are only few of the many colorful buzzwords used in that regard. Combining these data with Artificial Intelligence (AI)³⁵ but also crawlers collecting all virtual breadcrumbs of customers enables companies to grow their marketing toward a real marketing engineering sales engine.

4.5 Predictive Intelligence for the Remocal Economy

With increasing transparency, increasing connectivity, increasing quantity of data, businesses can grow from a *reactive-static business analytic* toward a *dynamic-modeling predictive intelligence* as shown in the Predictive Intelligence Maturity Modell (PIMM) based on my work and research in 2020 on one of my new books "Predictive Intelligence—A Guidebook Towards Intelligence Excellence" (Seebacher 2021). This will allow to predictively forecast developments of markets, products and segments, and also customer behavior. The PIMM describes the growth path of organizations from static and selectively buying of too expensive, mostly lacking depth and quality, external researches and studies for unstructured evaluating and

³⁴Davenport, T.; Prusak, L.: "Working Knowledge – How Organizations Manage What They Know", Harvard Business School Press 2000.

³⁵Russel, S., Norving, P.: "Artificial Intelligence – A Modern Approach", 3rd edition, Pearson, 2016.

discussing market potentials toward a stringent and valid internal 360° interactive and ongoing radaring of all relevant dimensions such as countries, economies, markets, applications, and products but also competitors, tenders, and clients as well as leads (Fig. 4.2).

Having staff dedicated to knowledge management is not enough. Data Science is the new area and discipline. The formalized structure is useful for the global and strategic planning, functioning, and measurable performing of the company, but it does not help in every situation. Every employee should be able to recognize knowledge in the sense of the above mentioned VCUs that can benefit the fulfillment of the company's goals, as well as those within the particular area of responsibility.³⁶

Three of the case studies in the new 2020 edition of this book will describe success stories of applied *Predictive Intelligence* of three of my clients. With these clients, we did not invest any money for external agencies or research institutes. Based on Template-based Management I guided them through the growth path described in my PIMM. Step by step we grew from static business analytics to strategically driving businesses and certain divisions.

The TBM work with my clients on Predictive Intelligence shows that the internal development and deployment of this ever more important topic has major impacts and creates tangible results such as:

- Decreases costs for data by 30–50 percent
- Reduces time for report generation by 60–80 percent
- Increases website sales by 10 percent
- Increases the email click-through rate by 35 percent
- Optimizes email conversion rates by 25 percent
- Reduces sales cycle times by 20 percent
- Increases sales success rates by 24 percent and more and
- Leverages a defined sales force by 30 percent

For a manager conducting a TBM implementation, this is a particularly important point. He must be able to uncover kernels of knowledge and he must be able to identify people within the firm who are able to do this, too. This means making intangible knowledge tangible for the client so that it can be useful for further activities.³⁷ Also crucial is the ability to discover those employees who will be able to learn the usage and application of templates and transfer that valuable knowledge to their colleagues. In addition, the manager must find people who can

³⁶Crawford, R.D.: “In the Era of Human Capital – The Emergence of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers”, Harper Collins (Paper) 1992.

³⁷Stewart, T. A.: “The Wealth of Organizations – Intellectual Capital and the 21st Century Corporation”, Doubleday 2001.

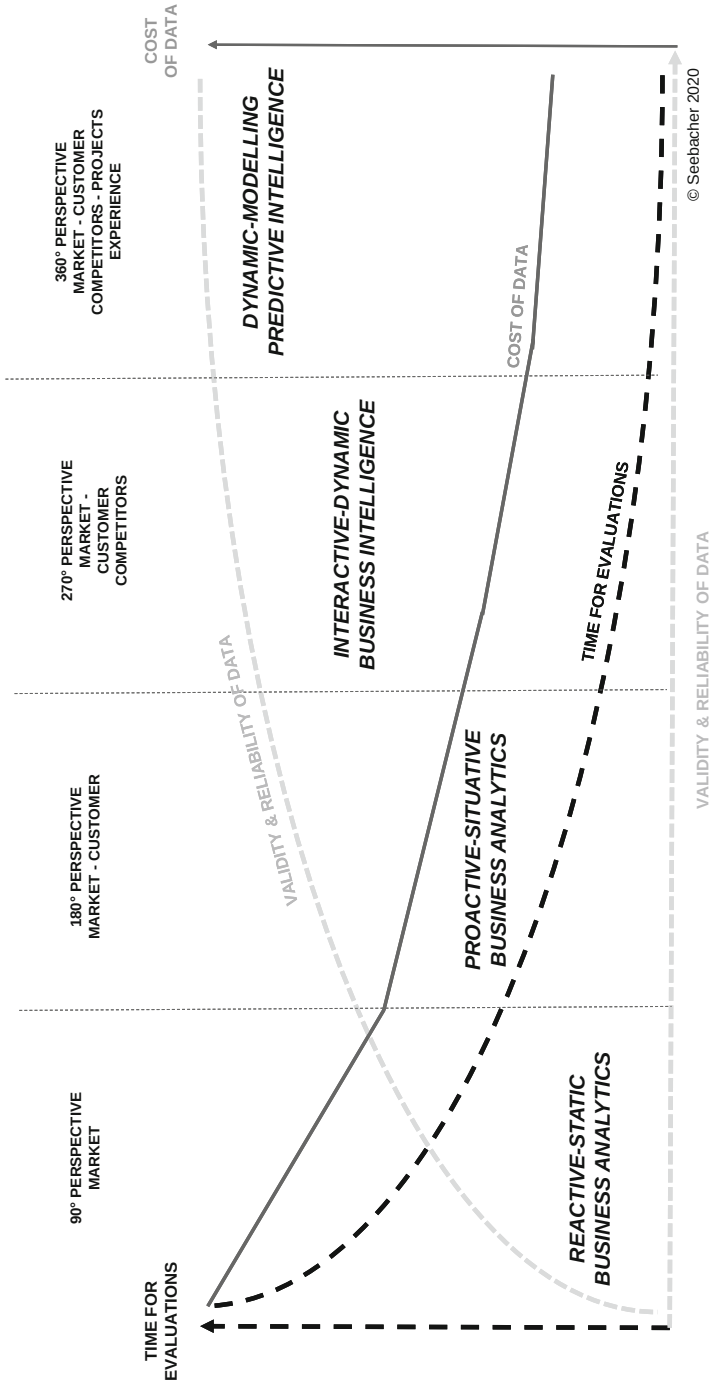


Fig. 4.2 Predictive Intelligence Maturity Modell (PIMM) (Seebacher 2020)

collaborate with him in the development of the templates within their own areas of responsibility and others who are good lateral thinkers and possess the ability to develop the templates across functional lines. In the area of Predictive Intelligence, I drafted a generic structure of three pillars for which we would need templates to cluster and structure information in order for then being able entering them into a *Central Business Intelligence*³⁸ data model, which again was based on a predefined template as starting point (Fig. 4.3).

As the pace of business quickens, so does the complexity of the organizations that operate in the changing environment. Matrix organizations, adhocracies, and virtual organizations all have a much higher degree of complexity than the bureaucracies that dominated before.³⁹ The number of functions within these new and growing companies has increased, largely due to the increasing dependency on IT. Software, PCs, and local-area networks all require personnel with a certain degree of expertise to implement, manage, and troubleshoot these systems. Apart from the obvious IT competencies that system administrators must have, it is becoming increasingly important in the remocal economy for regular employees to have good computer skills in order to operate the software packages that are commonplace in companies today.

4.5.1 Why Struggle with Cost Pressure?

Everything seems more expensive these days. This is, of course, due to the economic slowdown that we are now in the middle of. I covered some key macroeconomic figures in the last chapter and will refrain from repeating myself here. For consumers and businesses alike, the current economic climate is not that pleasant. The crisis from the past appears in a completely different light when compared to COVID-19.

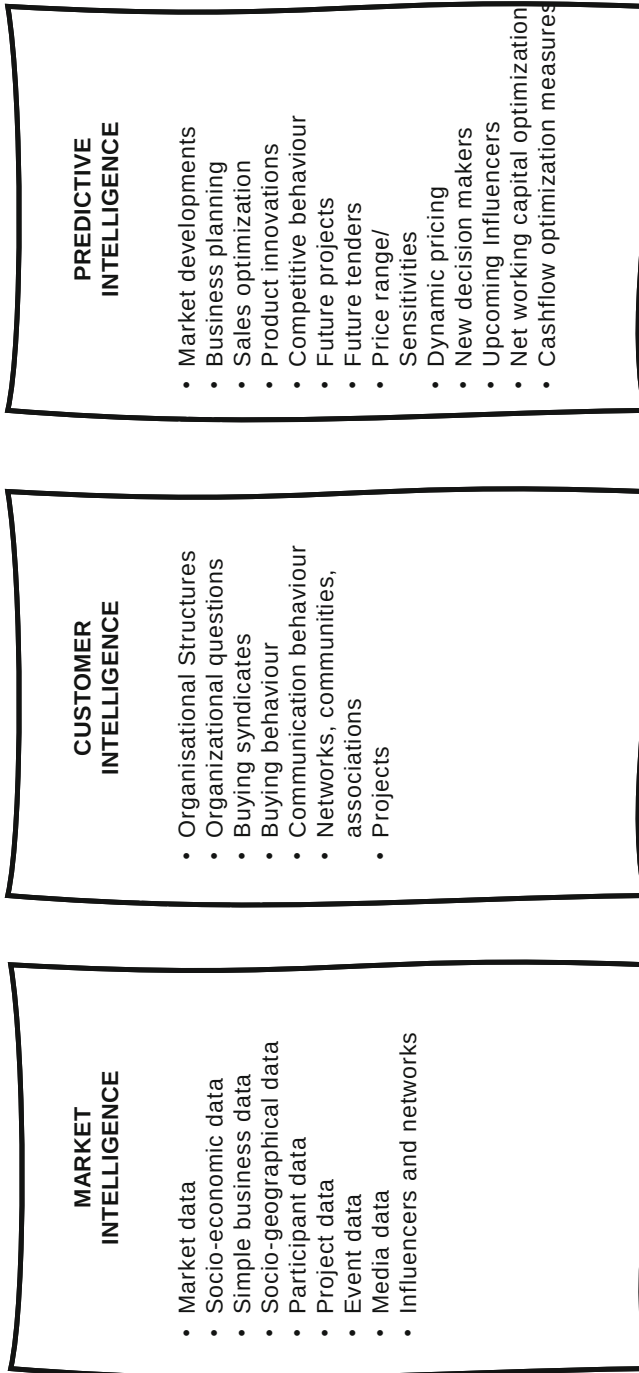
For a family to function successfully, a number of needs must be fulfilled: food and shelter of course, plus some form of entertainment to amuse the kids. When you mix these together, you produce happiness and a well-run household (in theory, at least). Unfortunately, the ingredients for the happy family are increasing in price. In business, the product is different, but there are still a number of necessary inputs. And like the family's inputs, the inputs for business are getting more expensive. In short, everyone is feeling the crunch right now.

In his book, *The Age of Unreason*,⁴⁰ Charles Handy argues, "Many more clever people are now needed, for one thing, and there are fewer places for the less clever." The bar is steadily being raised in the labor market. A secondary school education used to be enough to make a person a "hire-able" labor input. Then a college degree

³⁸Strohmeier, L.: "Central Business Intelligence – A Lean Development Process for SMEs", in: Seebacher, U.: "B2B Marketing – A Guidebook for the Classroom to the Boardroom", Springer, 2020.

³⁹Mintzberg, Henry. Quinn, James B.: "The Strategy Process: Concepts, Contexts, Cases", Prentice Hall 2000.

⁴⁰Handy C.: "The Age of Unreason", Harvard Business School Press 1998.



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Fig. 4.3 Schematic 3 Pillars of Predictive Intelligence (Seebacher 2020)

became the norm. Today, staying “clever” requires continual education and re-education of the people already in the labor force, well beyond a bachelor’s degree. But continuous education requires resources, which increases one’s cost of remaining in the labor force.

The cost of educating children for tomorrow’s labor force is also increasing, as educators and school systems strive to keep up with the rate of change in technology and science.⁴¹ In attempting to prepare students now for the unknown future, educators are ‘shooting at a moving target,’ covering a broader range of topics and subjects just to make sure nothing is missed.⁴² To the extent that the education of the labor force is a cost borne by industry, business will find its total cost of labor to be increasing. At the same time, workers have come to expect more from their employers. Workers expect more time off and other benefits.⁴³ The overall cost of hiring and retaining these “clever” workers continues to rise.⁴⁴

As a business manager, you are aware of all kinds of reengineering and optimization efforts having been initiated and realized all over the place and in all industries. Yet, as the Pareto Principle⁴⁵ comes into play and more and more money has to be invested for ever declining outcomes in regard to the optimization result, while you are internally encouraged to minimize your costs wherever and whenever you can, new sources, or at least smart ways of eliminating costs from other sources have to be found.

This is what I stated in 2003 and today we find ourselves in the time of leading economists, such as Jeremy Rifkin, calling for the “zero marginal cost society,” the “new green deal,”⁴⁶ and the “Remocal Economy.” This is the only way for a business to survive, to adopt and to change. Cyber Commerce Reframing (CCR)⁴⁷ in this situation after the burst of the New Economy⁴⁸ has helped many companies as they learned about the limitations of conventional management methods such as Business Process Reengineering (BPR),⁴⁹ Total Quality Management⁵⁰ (TQM) or Operations Research⁵¹ (OR). The managers who come up with new and innovative

⁴¹ Ibid.

⁴² Altbach, P.G.; Berdahl, R.O.: “American Higher Education in the Twenty-First Century – Social, Political, and Economic Challenges”, Johns Hopkins University Press 1998.

⁴³ Beam, B.T. (Jr.); McFadden, J.J.: “Employee Benefits”, 6th Edition, Dearborn Trade Publishing 2000.

⁴⁴ Ahlrichs, N.S.: “Competing for Talent – Key Recruitment and Retention Strategies for Becoming an Employer of Choice”, Davies-Black Publishing 2000.

⁴⁵ https://en.wikipedia.org/wiki/Pareto_principle. Accessed: June 9, 2020.

⁴⁶ Höhmann, I.: “I want you to have nightmares” in: Harvard Business Manager, April 2020, pp. 48–49.

⁴⁷ Seebacher, U.G.: “Cyber Commerce Reframing – The End of Business Process Reengineering?”, Springer Publishing 2002.

⁴⁸ https://en.wikipedia.org/wiki/New_economy. Accessed: June 9, 2020.

⁴⁹ https://en.wikipedia.org/wiki/Business_process_re-engineering. Accessed: June 9, 2020.

⁵⁰ https://en.wikipedia.org/wiki/Total_quality_management. Accessed: June 9, 2020.

⁵¹ https://en.wikipedia.org/wiki/Operations_research. Accessed: June 9, 2020.

ideas for reducing costs while still solving their problems and meeting their business targets will be the ones laughing in the end.

Business will also face increasing cost pressures from the other production inputs—land and capital. The resources of the old paradigm, such as fossil fuels, will increase in cost as their total supply decreases. Additional environmental requirements and restrictions will also increase the usage cost of these inputs.⁵²

4.5.2 Rent the Stuff and Make the Important!

The cost of capital has decreased as never before as a result of the slowing economy, the tech stock decline, and the financial fraud committed by many companies. And the COVID-19 crisis will result in low-interest rates for many more years to come to support the recovery of the economies. However, it has become more difficult and costly for companies to raise money, despite the lower cost of borrowing. The bursting of the dot.com investment bubble and the financial fraud of such companies as WireCard, WorldCom and Enron has increased the public scrutiny of companies issuing stock today. With a soft market, stock offerings are not raising as much money as expected. Small companies with IPOs have been hit especially hard by the soft market for stocks.

This can be a very large problem for entrepreneurs. Capital is not easy to come by these days. If a young company is depending on a successful IPO to secure funds for growth, the management could be bitterly disappointed. Although official interest rates are low right now, there are not many people or institutions willing to wager on a start-up. Besides, secondary market interest rates have not all come down, so the cost of capital really depends on the direction in which young companies are looking to finance their operations. Again, this is where TBM can come to the rescue. For a startup with a young management team, outside advice might be able to keep the company from tanking. With TBM, overall implementation costs are lower than with traditional methodologies. This cost savings means that companies that might not otherwise be able to afford to get good management advice can now do so.

4.5.3 Why Not Invest in Your “Internal Consultants”?

Did I vant \$1.85 a day? Vas dot a high-priced man? Vell, yes, I vas a high-priced man.

Oh, you’re aggravating me. Of course, you want \$1.85 per day—every one wants it!⁵³

So begins the first documented case of an external consultant in 1911. Starting like this, with downsizing, rightsizing, and reengineering to follow, who can blame

⁵²Kanholm, J.: “ISO 14000 Requirements, 61 Requirements Checklist and Compliance Guide”, AQA Press 1998.

⁵³Taylor, Frederick W. “The Principles of Scientific Management”, Dover Publications 1997.

employees for being wary of consultants? Toward the end of the past century, most consultants were probably a bit more affable than Frederick Taylor was in terms of communication style, but none the less menacing to employees when considering the outcome of their work. People remember change management failures from within their own company and those from elsewhere. They remember past projects for which management hired outside help to complete but ended up with less-than-perfect results. These factors, to name just a few, all contribute to the resistance that external experts face when working on a project. For a well-meaning and competent consultant, the feelings of the employees might be unjustified. Nevertheless, the resistance remains, and the only thing that a consultant can do is prove to the employees that he is not the same as his predecessors by avoiding the pitfalls to which they were prey.

The first reason for resistance is the view that change is threatening. Each person deals differently with change and some are better suited to adapt, while others are more comfortable with the status quo. The project does not have to be as big as a reengineering exercise for employees to find it threatening. Even small changes to processes that someone has become accustomed to can make them feel awkward and unsure of their job prospects. It is only natural to be afraid of these changes if you are not confident that you will be able to perform your job with the new processes.⁵⁴

Working in a team requires trust. However, trust does not come automatically—it must be earned through consistent, trustworthy behavior, as already discussed in the earlier chapter in the context of the *triangle of trust*. When someone new joins the team, this person must prove having the desire and the capabilities to contribute to the group's common objectives. It seems trite to explain it this way, but how many consultants have started a project expecting the people that he is working with to follow along and make progress toward *his* goals? It has happened too often in the past and has only exacerbated the problem of dealing with such resentment for the smaller consultancies that are getting hired these days.⁵⁵

This raises the question of whose project it actually is. If the consultant sees the project as belonging to him or to the management, it will show. “Cui bono—who benefits?” in a project that the consultant sees as his own? Who benefits if he sees the project as management? These questions will be raised by the employees. If they cannot see how a project benefits them, why should they put any effort into it?⁵⁶

If employees are not “on board” the project is bound to languish. In this situation, employees will see the project as a hindrance to their productivity instead of as a tool for improving it. A consultant who is hounding people to work on an ill-regarded project will be seen as interfering with the employees' normal responsibilities.⁵⁷

⁵⁴Pritchett, P.: “Resistance – Moving Beyond the Barriers to Change”, Pritchett Publishing Co 1996.

⁵⁵Shurtleff, M.: “Building Trust – A Manager's Guide for Business Success”, Crisp 1998.

⁵⁶Lencioni, P.M.: “The Five Dysfunctions of a Team – A Leadership Fable”, Jossey-Bass 2002.

⁵⁷Ibid.

Lack of credibility, a bad or arrogant attitude, the consultant's manner of handling difficult people within the team—all have a profound influence on how the external expert is perceived and how much resistance he will have to contend with. Many issues come into play when considering resistance toward consultancy, all of which can be overcome without a lot of psychobabble regarding issues of motivation—just use common sense and empathy.

Trust, or rather a lack thereof, is also a cause of resistance. After being bombarded with news stories about shady practices by brand-name consultancies that have led to serious problems within several large companies, employees are apprehensive toward consultants. This is hardly surprising, in view of Andersen's cover up of Enron's maligned accounting practices.⁵⁸

On another level, trust becomes an issue for consultants who have been accepted in an organization. As a consultant becomes more and more involved in a company after working on several projects, he becomes very knowledgeable about that company's operations. The fact that he has no permanent attachment to the company can be a source of resistance by employees or managers who attempt to control the amount of information about the company to which the consultant has access.

4.5.4 How to Overcome Resistance

The reasons for resistance that I have broached in the last seven paragraphs are easy to work out on paper. Recognizing them in the field is another matter.⁵⁹ People who do not like you or the project will rarely come out and say it to your face. Most often, what you will encounter is passive resistance. People who are able to complete the work that they agreed to do will not do it. Others will slam you or the project while you are safely out of sight. Employees do not like the fact that management seems to value the input of external consultants over themselves. If you have made enemies, they will sabotage the project to make you look bad and will generally go unnoticed if the majority of the team is on their side.⁶⁰

The big brands have sent in many inexperienced consultants who have come up short in the end. Let the people you are working with know what you are all about up front, then follow through with actions that live up to what you have said. Define goals with the team and not for them. Get their attention and have them participate. You are not implementing the project for your own benefit; you are doing it for them.⁶¹

⁵⁸https://en.wikipedia.org/wiki/Arthur_Andersen. Accessed: June 9, 2020.

⁵⁹Stewart, G.L.; Manz, C.C.; Sims, H.P. (Jr.): "Team Work and Group Dynamics", John Wiley & Sons 1998.

⁶⁰Martin, P.; Weinstein, J.: "Project Sabotage", MartinTate LLC 2001.

⁶¹Griffin, J.; Power, T.: "How to Say It at Work – Putting Yourself Across With Power Words, Phrases, Body Language, and Communication Secrets", Prentice Hall Press 1998.

On the management side, resistance can come from those who do not buy into the project. Some managers are afraid of being bettered by an outsider who achieves an objective that he or she was unable to reach. Losing control of their domain is another issue that often manifests itself in small-to medium-sized companies. Like the employees, resistance from managers is often passive, the exception being in smaller companies, where a manager who does not agree might fight tooth and nail to keep a consultant out of the organization.

4.6 Why Consulting Will Be Disrupted

In the domain of consulting, many changes are underway. The big shifts and tremors started when the Cyber Economy came into being. The big, well-established, and very conservative consulting brands began to feel the first shockwaves of the blast that sent the many twenty-something entrepreneurs and their dot-coms soaring into the economic stratosphere. The tried and trusted techniques used by these brand-name consultancies began to feel obsolete as the Net propelled business models and thinking into directions for which old methods had no contingency plan.

New consultancies and consultants sprang forward to fill the advice industry vacuum. The sheer size and organizational structure of the more conservative brand-name consultancies made quick changes and adaptations nearly impossible. Nowadays the former big consultancies mutated to workbenches also and primarily making their money as IT implementation partner.

Management consulting is a \$250 billion industry. It's big. It's growing. It's highly profitable. And it's about to be disrupted.⁶²

Soren Kaplan,⁶³ one of the leading management thought leaders brought it to the point when he analyzed the consulting industry. He predicted that any mature industry will be disrupted and as management consulting has reached a mature status it became vulnerable. Kaplan identifies vulnerabilities within the industry that will unravel the entire industry of consultants and advisors. He sees five major flaws of the consulting business causing this decline:

- Consulting is a people business and is labor intensive.
- The business model is based on billable hours in order to maximize revenue, what I already heavily criticized in the first edition of this book as TBM can reduce consulting fees by more than 75% avoiding lengthy, overstaffed projects.
- Consulting does not offer products but people and the fees for consultants are often an incredible multiple of what they earn themselves which makes

⁶²<https://www.inc.com/soren-kaplan/the-business-consulting-industry-is-booming-and-it.html>. Accessed: June 9, 2020.

⁶³https://en.wikipedia.org/wiki/Soren_Kaplan. Accessed: June 9, 2020.

consultants an undesirable evil as everybody in the client company knows the billed man-day rates for these “juniors.”

- The ever-faster pace of our world leads to a decreasing half-life of knowledge, facts, and figures which means that consultants must deliver results more timely which impacts quality and validity and in an ever more complex and challenging environment.
- The “Remocal Economy” also drives the commoditization and democratization of knowledge and just everything which means that the so far well-kept consulting secrets such as models, templates, and tools now become 24/7 accessible and anyone can apply best practices themselves.

Excursus

The characteristic of new, disruptive businesses and business models is that they are offering better and more comfortable solutions for a much better price or even for free as Erik Brynjolfsson and Avinash Collins recently elaborated on in their Harvard Business Manager paper “The Value of the Digital Economy”.⁶⁴ They introduce a new parameter, the GDP-B⁶⁵ as an alternative measure also evaluating the benefits of digital cost-of-free products. Their hypothesis is that for services such as Google search engine or Wikipedia online encyclopedia individuals would normally be willing to pay a monthly fee for instead of not being able to use these tools anymore. Their research has shown that the most valuable services are the search engines, followed by email programs and online maps.

Further examples for such disruptive products are, for example, laptop versus desktop computers, Amazon versus conventional bookstores, online streaming services versus Blockbuster, or digital cameras versus conventional films.

The smaller, more agile consultancy start-ups began nibbling away at the cheese of the big brands. Then, just as quickly as it grew, the dot-com bubble burst. What do you do when the majority of your clients are liquidating their office furniture? You either change your strategy very quickly or risk a tremendous blow to your revenues and the prospect of possibly packing up your own office furnishings.

Despite the fact that they survived the last economic bubble just fine, many of the things that made them weak during the heydays of the Cyber Economy still apply today. Many brand-name consultancies are bloated, greedy, secretive organizations that provide temporary solutions at best. This is one big reason why companies in need of advice are turning away from the brands and toward small consulting firms.

⁶⁴Brynjolfsson, E., Collis, A.: “The Value of the Digital Economy”, Harvard Business Manager, April 2020, pp. 50–58.

⁶⁵Gross Domestic Product-Benefit.

4.6.1 Have We Learned Nothing from Enron and WorldCom?

The demise of companies such as WireCard, Enron and WorldCom has many people thinking about corporate ethics⁶⁶ and the ethical company has already been introduced in the latter chapter. The images broadcast on television of once powerful business executives being led out of their offices in handcuffs has left an indelible mark on the minds of viewers the world over. Andersen's involvement with these two companies has people wondering how far it is willing to bend laws and its own principles for extra profit. As a result, the images of the brands that are commonly associated with Andersen have been tarnished. A cloud of doubt has been cast on all large consultancies as the companies that would normally be using their services are instead asking themselves whether an unscrupulous consultant could do any damage to their organizations.⁶⁷

This is a major concern and is a very current one. However, it is not the original catalyst for change within the realm of consulting. Other factors were at play long before anyone was concerned with the overly creative practices of WireCard, Enron and WorldCom, and Andersen's exceptional skill at avoiding finding discrepancies in their books. Companies that use the services of consultants have been moving away from the big brands for some time now. Two main issues are at play here. The first is related to trust and the second to value.

Trust is a potential problem any time an outsider is brought into a company. How much an issue it depends largely on the type and size of the project that the consultancy is charged with. Moreover, the matter presents itself in several places, which relate to power and decision-making within the organization. Of course, trust per se is not the actual problem; rather, it is *distrust* that can cause friction and resistance.

On the top level, there are those who make decisions on strategy. I will begin with this macro level of decision-making power. When brand-name consultancies bid on a project, their pitch to potential clients is often very impressive to executives. A team of very experienced and sage senior partners waxes eloquent when presenting potential fixes for a company's problems. Any questions that may arise are answered with an air of familiarity and well-practiced precision. They cover all facets of the issue at hand. They leave no stone unturned. Even if the techniques and strategies that they are presenting for the project are not the best, they will sound like the best.

Where then does the first problem with trust (or distrust) come into play? It starts when the project begins. The first day on the job, when the consultants march through the door for the first meeting, the company's executives see not the astute practitioners of the advice trade, but inexperienced newcomers who are very

⁶⁶Elkington, J.: "The Chrysalis Economy – How Citizen CEOs and Corporations Can Fuse Values and Value Creation", John Wiley & Sons 2001.

⁶⁷Barrevel, D.J.: "The Enron Collapse – Creative Accounting, Wrong Economics or Criminal Acts? A Look into the Root Causes of the Largest Bankruptcy in U.S. History", Writers Club Press 2002.

ambitious and eager to learn. Most certainly good qualities to have, but when you are a decision-maker paying for results, the last thing you want to see is a consultant who is learning and making mistakes at your expense. This bait-and-switch tactic is all too common with brand-name consultancies. Companies in need of external advice are catching on to the scheme.

4.6.2 Why Hiring Consultants Is Not Sustainable

Company management wants to see results. Executives entrust the delivery of these results to the consultancies, so when a brand-name consultancy sends in the new recruits to handle a contract, other questions begin popping up. Will this new person conduct herself properly in terms of the project and in terms of confidentiality? Is she capable of carrying out her responsibilities for the project? These questions lead to top-level resistance. Executives who were not on board from the beginning will begin stewing in their own juice—they might not come out and say that they are not behind the project, but they could well find a way to pull resources away from the project or to sabotage it by not completing work on the project that they agreed to do.

The project manager also expects results from the consultant. If the consultant does a poor job and makes a mess of the project, this could reflect badly on the internal leader.

With these issues in mind, it is easy to see why small consultancies are the better choice. What you see is what you get. There is no bait-and-switch with small consultancies. The person with the experience who proposes the solution is the very same person who implements it. Right from the sales pitch, the company's decision-makers and the consultant start building rapport, a relationship, and trust—all that is necessary for getting management and employees to back a project wholeheartedly.

But also these small consultancies might need to rethink their business model as the Gartners, Forresters, and IDCs of the world are armed with analysts producing reports and studies in an ever-faster turnaround time negatively impacting the clients' willingness to pay also small consultancies for their expensive and "slow" research work. Smart managers will anyway sooner or later start to develop their own central business intelligence unit as in times of big data, artificial intelligence, and a fastly growing portfolio of dashboard products and solutions there is no need any more for expensive and not valid and worth the money reports and studies. Buying external studies and reports is de facto burning your money.

4.6.3 Why We Should Support The Niche Consultants

Small and independent consultants have a tough job. They do not have names to rely on. They do not have vast resources to pull them through a difficult financial crisis. They have to make a name for themselves and work hard for their clients to ensure

the success of the project that they are implementing. They have insight, knowledge, and experience. They have a lot riding on every project that they take on.

As I mentioned in the preceding section, when one of the Big Four takes on a project, senior consultants go in for the sales pitch. When it is time for the delivery, the client ends up with a rather young professional who is eager to learn—on the client's money, but by far not worth the money paid. Sure, this is the worst-case scenario, but most of you have found yourselves in this bad movie, or have not you?

If you are a parent, it can be very rewarding to see resilience and determination in a young person. If you hired him for results, however, and you are paying top rates, it is not so amusing. If the management of the client complains, they could perhaps get the consultant replaced, but that is not going to help get the project finished by the deadline if the deadline has already passed. Not to mention the fact that it is difficult to build up rapport with the consultant when the consultant changes on a weekly or a monthly basis. It is difficult for the manager and the implementation team alike to learn to trust someone, when they do not know-how long that person will be with them.

Rolls Royce has not always made the best cars. In the beginning, their engines were quirky and broke down more often than the engines in much less expensive brands. However, the strategy of the company was to price their cars so high that only the elite of the elite could afford to drive one. If you could not afford to buy one on a whim, the company wanted to avoid your patronage.

The big consulting brands are like Rolls Royce used to be, except that they would be only too willing to sell their services to a company that could scarcely afford them. Fortunately, not all consultancies are like this. Small consultancies pride themselves on their quality and the fair price at which they deliver it to their clients. In the end, the price and quality provided by the many intelligent and motivated small consultancies and independent consultants translate into good value as evidenced by lower man-day rates enabled by lower overhead costs and a much higher individual identification of these consultants with their company.

4.6.4 Why There Is No Shortcut to Success

The old methods trusted by the brand-name consultancies are just that—old. Outmoded tools from an era when the economy was different have no place in today's businesses. The brands go to their clients, implement a project, and solve a problem. The problem recurs, the client calls in the consultants once again, and so the cycle continues.

Imagine a woodworker who, every time he gets a splinter, goes to the doctor to have it removed. The doctor, happy to have a paying patient, removes the splinter, and applies a bandage to the wound. The woodworker leaves, only to return again later with another splinter. A sensible doctor would explain to the woodworker how to safely remove the splinter.

TBM makes small consultancies sensible management doctors. The aim here is not a quick, bandage-type solution. Rather, what is important is *sustainability*. Templates are developed with the implementation team, and the consultant coaches the team members based on necessity. The members and process owners are then capable of using the templates for future situations, which they will be able to handle without the consultant.

A templater using TBM becomes an advocate of double-loop learning by helping the team learn how to critically examine the process and the template, recognize problems within and correct them, try the problem-solving process again, and then start the cycle over. Each time the cycle is completed, the process improves.⁶⁸

With TBM, the primary role of the consultant and a manager changes from one of a strategic implementer to that of a facilitator and coach. The templater facilitates the design and implementation of the templates with a team of process owners and then coaches them when necessary to iron out difficulties that arise. By teaching the employees how to change and develop the templates for themselves, a sustainable solution is achieved. Because the employees will then be capable of modifying the template to cover eventualities that previously did not exist, there will be no further need to hire an external expert again for that particular problem, which means that the long-term costs of the project will be substantially lower than those of a “bandage-type” solution, as described before with the doctor not explaining how to solve the problem in the future but directly doing the patient himself again and again.

The seed of the virtual organization and the remocal economy has been planted and greatly accelerated by the COVID-19 pandemic, and knowledge is becoming the most important aspect of companies. Through this and the recent economic downturn, a massive change has been underway within consultancy. Namely, companies big and small that use consulting services are realizing that what is important to them is not having inexperienced consultants from a brand-name consultancy, but real value—quality for a fair price and sustainable results that will not require a *re*-implementation of the same project a year down the road, in order to fix what has gone wrong.

Small consultancies have positioned themselves to provide the value that companies these days are looking for. Business managers as representatives and individuals who purchase external services are changing their minds. What counts for them is

- Quality.
- No pre-packaged re-usage of existing reports and studies.
- Applicable results.
- One clearly defined and experienced consultant or team during the entire consulting project.
- The consultancies’ commitment to rethink and reframe their business models in consideration of you—the clients, changed contingency situation.

⁶⁸Morgan, G.: “Images of Organization”, Sage Publications 1996.

I cannot stop people from hiring external experts for political purposes to support and promote their preset opinions and decisions, but with TBM I am aiming at providing you—the ambitious and responsible business managers, with a well-thought through and manifold proven management approach for the sustainable growth of your entrusted employees and organizations. And, with TBM, results, and sustainability will improve.

4.7 What I Wanted to Tell You

In this chapter, I tried to further deepen your sensitivity to understand that success does not always mean to take the highway. Success, of course, similar to beauty, lies in the eye of the beholder. With this quote, I started my doctoral thesis. In this context, this means that success can have different meanings but to me, success means to every day be assured that I have taken all required measures to comply with my duties and responsibilities, may that be entrusted colleagues, seminar participants, coaches, or clients.

When I published this book for the first time in 2003 many friends told me that with this approach I would be sawing on my own branch because sharing with many a thousand readers this knowledge would make my work superfluous. In the end, honesty and authenticity are the best policies. Seventeen years later I was approached by Springer to publish a new edition of this book as it obviously still finds its readers. I am honored and grateful as this to me means a lot in the sense of appreciation. Reworking on the book rereading each single line sometimes surprises even me reckoning what we already knew in those days.

During the last 17 years, my life totally changed. I had to learn my lessons but against this background it is a great and enriching task to work on this new edition. Because today to me less means more and what I wanted to share with you in this chapter is rather simple: Even though it sometimes seems to be complicated and almost unmanageable, still the best and most sustainable investment is the one in your entrusted people. Prior to hiring an external supplier, do not think twice or three times, think more often until you find a way to invest this money for internally developing the competence, the know-how, the problem solution, the project or the research study as it will manifold pay-off.

By internally investing you demonstrate trust in your people. Tell them what you do not know, be frank and authentic and precisely tell them what you expect as outcome. You will be surprised how many times you yourself will struggle in precisely defining what you want or expect. Do not worry, this happens and is absolutely normal. It also happened to me many times. Important is how you deal with this situation. Some years ago, a friend of mine told me that in the end, it does not help you reach the top of the mountain on your own with your team falling by the wayside. Success means to lead your entrusted people to the top of the mountain and to reach and celebrate that milestone together as an even stronger team.



5.1 How Do We Learn?

To better understand why the TBM approach delivers such good results it is vital to gain an idea of basic learning processes and theories. To this end template-driven learning and learning, in general, are described throughout this chapter, from a theoretical as well as a historical point of view, allowing the further understanding of the evolution and development of the TBM approach. For this chapter, I took advantage of my academic network to realize a so-called ex-post validation of why TBM as such is working and delivering excellent results. Frankly speaking, it took me quite a while to identify the knowledge area of learning and learning typologies as being crucial to the success of TBM, as for me, the key success factor was more in the area of providing pre-structured formats, i.e., the templates, that are based on and reflect many years of consulting experience. Only through discussions and brainstorming with my colleagues did I learn to better understand the functioning of TBM and its linkage to learning theories. You as a business manager might read through the following section more quickly, as this part of the book might not be in the focus of your interest. Nevertheless, I encourage you to take the opportunity to deepen your understanding of learning as the underlying driving factor, as this experience will also help you to optimize and even better ensure the know-how transfer from any source of information to your employees.

5.1.1 Where Are We Coming From?

The foundations of the learning theory reach at least as far back as to the two seminal thinkers of the western world, Plato¹ and Aristotle.² Essentially, the debate has existed for 23 centuries under the terms “rationalism” and “empiricism”. Plato’s world view was a synthesis of Parmenides and Heraclitus. As such, it was a way to remedy the dichotomous variable that all is one or all is many, being or becoming. Plato’s solution was to have an absolute world of being (the forms) and this world of becoming.

Aristotle, on the other hand, is the father of empiricism. Aristotle learned well from his teacher, Plato, that one cannot escape the universals—the forms. However, Aristotle was not satisfied with positing an other-worldly, absolute-being-existence for universals. Rather, he argued that we abstract universals from our experience of particular things. As the father of empiricism, Aristotle is the father of learning theories, which make experience the origin of knowledge and source of learning. The rationalist/empiricist debate continued through the Middle Ages and into the modern period, with Locke³ and Hume⁴ on the empiricists’ side and Spinoza⁵ and Leibniz⁶ on the rationalists’ side. Following this, some attempts were made at a synthesis, most notably by Immanuel Kant.⁷ In the nineteenth century, a second Copernican Revolution of science changed the face of many disciplines: Darwin’s (1809–1882) *Origin of Species*.⁸ The evolutionary world view it espoused served as the paradigm for almost every discipline imaginable, from religion to economics to education.

Still, systematic research on learning began as a result of new views.⁹ In general terms, we may say the inquiry into learning and the nature of human knowledge shifted from philosophers’ discussions to the newly formed psychological laboratory.

¹Plato; et al: “Plato Complete Works”, Racket Publishing Co 1997.

²Veatch, H.B.: “Aristotele—A Contemporary Appreciation”, Indiana University Press 1974 and Mayer, F.: “A History of Educational Thought”, Charles E. Merrill Books Inc 1966.

³Locke, John: “An Essay Concerning Human Understanding”, Clarendon Press 1989 and Locke, John: “A Treatise of Human Nature—Being an Attempt to Introduce the Experimental Method of Reasoning into Moral Subjects”, Oxford Philosophical Texts, Oxford University Press 2000.

⁴Hume, D.: “An Enquiry Concerning Human Understanding”, Oxford Philosophical Texts, Oxford University Press 1999.

⁵Spinoza, B.: “Ethics”, Everyman Paper Classics 2000.

⁶Leibnitz, G.W.: “Monadology and Other Philosophical Essays“, Prentice Hall College Division 1965.

⁷Kant, I.: “Critique of Pure Reason”, Cambridge University Press 1999.

⁸Darwin, C.: “The Origin of Species”, Grammercy 1998.

⁹Merriam, S.B.; Caffarella, R.S.: “Learning in Adulthood”, Jossey-Bass 1991.

5.1.2 What Is the Theoretical Background?¹⁰

Learning is defined as a relatively permanent change in behavior that occurs as a result of experience.¹¹ This definition implies that there is an acquisition of feedback or response, and active storage or retention of the response once it becomes part of an individual's or organism's behavior.¹² At least three considerations play a role in this definition of learning. First, the definition does not diminish the importance of physical maturation. Physical development may be a necessary condition for response acquisition to occur. However, physical development alone is not sufficient for learning to take place, as an individual must have experience.

Additionally, it must be recognized that learning and performance are not necessarily the same. An individual's observable behavior—what is perceived as performance, does not always reveal what she has learned. This second consideration often has been labeled *latent learning*, indicating that the response has been acquired but the conditions are not appropriate for showing it.

Finally, the debate regarding the influences of internal and external factors and the acquisition of new materials has produced a great deal of controversy. Many psychologists have come to accept both cognitive (internal) and behaviorist (external) approaches to learning, recognizing that a combination of the two may yield the best understanding of what occurs during the learning process.

Learning theories and psychological frameworks can be divided in several ways. One interesting outline is to divide theories into (1) mechanistic views and (2) organismic views. In very broad strokes, that division may be helpful, but even better are the four theories discussed by Merriam and Caffarella¹³: behaviorist, cognitive, humanist, and social learning theories.

Briefly, one can say that behaviorism discusses learning in terms of change as a result of environmental stimuli. Cognitive and developmental theorists see the processing of information as the substance of learning. Humanistic theory adds a non-discrete component beyond obvious behavior and information processing: the personality. Social learning theory is an extension of the behaviorist's views to account for the extremely important social impact on learning through interaction and observation of others. All of these theories have explanatory power. All these theories, in fact, account very well for certain learning experiences. How, then, is one to conclude a theory to be most correct or, for all practical purposes, true?

¹⁰Donovan, S.M.; Dransford, J.D.; et al: "How People Learn—Bridging Research and Practice", National Academy Press 2000.

¹¹Mezirow, J.: "Learning as Transformation—Critical Perspectives on a Theory in Progress", Jossey-Bass 2000.

¹²Levine, M.: "A Mind at a Time", Simon & Schuster 2002.

¹³Merriam, S.B.; Caffarella, R.S.: "Learning in Adulthood", Jossey-Bass 1991.

5.1.3 Why Knowles Delivered Groundwork

Knowles has provided some insight. In connection to adults in the learning setting, he proposes a free and more open approach to learning theory by analyzing the relationship between teaching models and the learning situation.¹⁴ This idea seems appealing to me in regard to an ex-post validation of TBM founded on learning theories and models.

For training wherein, the learner's ability is low, and the task is simple, behaviorist models work; when the learner's ability is high, and the task is complex, humanistic psychology works. Mediating the continuum is the cognitive model. Needless to say, autodidactic learning fits in the nest of the humanist and thus the management- or business-driven learning.

Knowles surely has a pragmatic concern and his suggestion is good as far as that goes. Yet, these theories conflict. Since they are inconsistent with each other, all of them cannot be true. So, Knowles' suggestion is unsatisfying for the researcher who needs a conceptual framework and wishes to find the truest theory. As Carl Rogers has said:

The person who attempts to reconcile [different schools of thought] by compromise will find himself left with a superficial eclecticism which does not increase objectivity, and which leads nowhere.¹⁵

Given the conceptual framework, I will now turn to a description of some of the learning processes, the outworking of the learning theory. These might appear highly theoretical, although I have kept it rather superficial, but the understanding is fundamental to a further evolvement of the TBM approach.

5.1.3.1 Classical Conditioning

Classical conditioning is a process in which an individual learns to respond in a particular way to a stimulus that previously did not produce that response.¹⁶ This stimulus which was once neutral initiates a response because it is paired or associated with another stimulus that produces the response. A behaviorist explanation of why classical conditioning takes place emphasizes contiguity, the external arrangement of the occurrence in a relatively close time frame of the two stimuli. By contrast, a cognitive explanation stresses the internally perceived contingency that one stimulus, that which is originally neutral, comes to predict the onset of the other, response-producing stimulus. Classical conditioning also has been called respondent conditioning or Pavlovian conditioning. The term respondent implies that the learned response is elicited involuntarily from the subject rather than being produced in a voluntary or operant manner.

¹⁴Knowles, M.S.: "The Adult Learner—A Neglected Species", 2nd Edition, Gulf Publishing Co 1978.

¹⁵(cited in Knowles, 1978, p. 107).

¹⁶Lutz, J.: "An Introduction to Learning and Memory", Waveland Press 2000.

5.1.3.2 Operant Conditioning

Operant conditioning is a learning process that involves changing the probability of a response by manipulating the consequences of that response.¹⁷ The underlying principle on which operant conditioning investigations were undertaken was the law of effect proposed by E.L. Thorndike, which stated that responses followed by satisfaction are more likely to be repeated, while responses followed by unpleasant circumstances are less likely to be repeated.¹⁸ It is important to note that Thorndike believed that the law of effect was automatic, that is, the organism does not necessarily have to understand the link between the response and the result for the effect to occur.

Operant conditioning is sometimes also called instrumental conditioning or Skinnerian conditioning. The term instrumental is used because the response is thought to be helpful or essential in achieving the desired goal. The label Skinnerian gives credit to the work of B.F. Skinner,¹⁹ a leading investigator of the principles of operant conditioning.²⁰

Typically, operant conditioning is the most appropriate and appealing theory when running an ex-post validation of my experience with the TBM method. During the different projects I realized, this theory seemed to be one of the most important underlying frameworks, together with its application of reinforcement, which is now explained in further detail. Its understanding leads, furthermore, to a comprehension of the challenges, and especially the advantages, of template-driven learning.

5.1.3.3 Reinforcement

Typically, the goal achieved is referred to as a reinforcement. A reinforcer is any event that maintains or increases the probability of the response that led to that event. Psychologists distinguish between positive and negative reinforcement. Positive reinforcement means that the presence of a particular stimulus strengthens or maintains a response. Negative reinforcement means that the removal or absence of a particular stimulus, usually an aversive stimulus, strengthens or maintains the response. An aversive stimulus is one the organism finds noxious or unpleasant.

Generally, operant conditioning occurs in situations where the actual delivery of the reinforcer depends on the appropriate responses being made. This is called the contingency of the reinforcement of the response. Interestingly, a behaviorist understanding of the relationship stresses only the link between the response and the result, while a cognitive approach emphasizes the understanding of that link. Regardless of the interpretation, there is evidence to show that delay of reinforcement, when some time elapses between the completion of response and the delivery of a reinforcer, is likely to reduce acquisition efficiency.

¹⁷Ibid.

¹⁸Thorndike, E.L.: "Human Learning", Johnson Reprint Corp 1931.

¹⁹Bjork, D.W.: "B.F. Skinner—A Life", American Psychological Association 1997.

²⁰Skinner, B.F.: "Science and Human Behavior", Free Press 1965.

5.1.3.4 Acquisition

Acquisition of an operant response occurs as the subject comprehends the linkage between the response and the reinforcement. Unlike classical conditioning, where the response is elicited from the subject by an unconditioned stimulus, most operant situations allow the subject to find or emit the correct response over a series of trials. The key relationship in operant conditioning is not between a conditioned stimulus and an unconditioned stimulus but between a response and a reinforcement. To encourage the acquisition of the operant response, the process of shaping, the reinforcement of closer and closer approximations to the desired response, sometimes is used. Referring to the TBM approach, this theory is used when we are aligning and fine-tuning the templates in regard to the group of individuals, or even one individual, using the templates.

5.2 Why Cognitive Social Learning Is Core to TBM

Cognitive learning is the acquisition of information or skills by using mental processes. Very often, this occurs after the observation of others' behaviors, may they be business-driven or not. Thus, many psychologists refer to this learning style as cognitive social learning. It should be recognized that the observation may be actual behavior, or it may occur through a symbolic means such as reading. In addition, there is not necessarily any observable response from the learner during the acquisition period, as an acquisition may result from watching, listening, reading, or other relatively passive means rather than from the action of stimuli as in classical conditioning, or the effects of reinforcement as in operant situations. The schemas formed through watching, listening to, and reading about others are used to guide one's own behavior. Most of these schemas are a combination of patterns observed in several different situations, leading to a personal style of behavior that differs from any of the observed models. This typically is referred to as *observational learning*. Other labels for such cognitive activity include modeling, learning by imitation, and social learning. A number of considerations influence the results.

Cognitive learning, for me, is one of the drivers, or reasons, why the work facilitated by templates leads to such tremendous positive outcome. The formats we provide when running an engagement based on the TBM methodology build the basis for imitation. The project team members can deliver their work by imitating what a normal consultant would be doing during a non-TBM project. This helps the employees to learn by doing and following a guideline, which minimizes the risk of failure.

The stencils document and structure patterns and working schemes, enabling the employees to just follow a predefined "path" of work delivery. In addition—and here the observational learning dimension comes into play—through the *dual-level coaching*²¹ delivered by the TBM advisor, the project team members learn and

²¹Please see Chap. 7 to learn more on dual-level coaching.

understand to work with the templates, as the templater shows and explains how to use them in general and, during the project by stepping in and helping out, in more specific situations.

5.2.1 Reinforcement and Vicarious Learning

Two considerations about reinforcement seem relevant to the understanding of cognitive learning. First, external reinforcement—such as business-driven goals and linked motivational factors, appears to facilitate cognitive learning, but the response gets into the behavior pattern because it has been observed, not because it has been reinforced. Second, many activities provoke a sense of intrinsic reinforcement, inner reactions associated with performing the response. While the emphasis here is on learning through observation, reinforcement can be seen to influence the behaviors. Here, the business manager comes into play who supports the application of an innovative learning approach such as TBM, as his proactive behavior can stimulate and strengthen the commitment of his employees. This reflects the growing quantity of engagements where Change Management²² is dedicated to an entire sub-project team aiming at the positioning of project-supporting top management actions.

Vicarious learning occurs when an observer is able to note not only the response being made but also the consequences of that response for the person performing it. The expectation that develops includes both the pattern of responding and the knowledge of what the consequence of making that response might be. Vicarious reinforcement seems to be quite helpful in many situations for learning a new, previously untrained response. However, this kind of reinforcement alone is unlikely to maintain that response because the learner will come to expect actual reinforcement.

Much cognitive learning depends on the verbal representation of a behavior rather than observation of an actual behavior. More than any other characteristics, this ability distinguishes humans from other species and makes a human's range of behavior exceptionally broad. *Symbolic learning* considerably reduces the time and the effort necessary for learning many behaviors.

For the safety of the learner or others, some responses are best learned through observational learning. In some cases forcing a response is impossible, and learning by shaping an operant response may place the learner, teacher, or others in unreasonable jeopardy.

It appears that operant conditioning, cognitive social learning, and symbolic learning are a sufficient basis for a wide range of learning styles and typologies. Based on my experience, they appear to be fundamental to the application of the TBM approach, comprising the template-generation process, the effective work with

²²https://en.wikipedia.org/wiki/Change_management. Accessed: June 9, 2020.

templates, and finally the attitude of individuals with respect to templates, as will be explained further on in this chapter.

5.3 Neuro-Linguistic Programming and Its Impact on TBM

Psychological research provided the conceptual framework in the scientific frontier of the late nineteenth century. Learning theories therefore followed the three waves of psychological development in the twenty century. Rid from the metaphysical speculation of the philosophers and the authority of dogmatism, psychoanalysis, behaviorism, and humanistic psychology was free to probe the depths of human nature. In combination and reaction to the three waves, definite learning theories were forged, as they have been presented in the preceding section.

One theory not presented previously is neuro-linguistic programming (NLP) because its learning focus is not unique. NLP is a collection of techniques, patterns, and strategies for assisting effective communication, personal growth and change, and learning.²³ It is based on a series of underlying assumptions about how the mind works and how people act and interact.

The “neuro” part of NLP is concerned with how people experience the world through their five senses and represent it in their minds through their neurological processes.

The linguistic part of NLP is concerned with the way the language people use shapes, as well as reflects, our experience of the world. People use language, in thought as well as in speech, to represent the world to themselves and to embody their beliefs about the world and about life. If they change the way they speak and think about things, they can change their behavior. They can also use language to help others who want to change.

The programming part of NLP is concerned with training people to think, speak, and act in new and positive ways, in order to release their potential and reach new heights of achievement.²⁴

NLP was developed by an American professor of linguistics, Richard Bandler²⁵, and a psychology student, John Grinder, wanting to find what makes the difference between mere mortals and people who excel. While studying successful therapists, they found that these people all followed similar patterns—specific and similarly structured ways of acting—in relating to their clients and in the language, they used, and that they all held similar beliefs about themselves and about what they were doing.

Bandler and Grinder decided to find out what the specific patterns and beliefs were and to see if they could be learned by other people. They developed these patterns and beliefs into something they called *Neuro-Linguistic Programming*. NLP

²³Connor, J.; Seymour, J.: “Introducing NLP”, Thorsons-Harper Collins 1993.

²⁴Andreas, S.; Faulkner, C.: “NLP the New Technology of Achievement”, William Morrow 1993.

²⁵https://en.wikipedia.org/wiki/Richard_Bandler. Accessed: June 9, 2020.

has relevance far beyond the field of psychotherapy, where it originated. Here we are getting back to NLP and contingency with TBM, as patterns in the sense of actions can be transferred into templates as patterns in the logic of workflows. The templates represent the patterns, using the NLP language, and as such provide similar and proven ways of working through a problem-solving process. These given stencils enable the employees to excel, as they can follow a different learning and development path. Bandler and Grinder certainly never intended to establish a school of psychotherapy, and NLP does not pretend to be a scientific theory of behavior. It is based on observation and experience.

In earlier Chapters two levels have been introduced, namely the content level and the meta-level. In NLP there is a comparable approach. One distinguishes between (a) the content level and (b) the process level. The relationship between “content” and “process” is called the “Scales of Learning.” When the content is emphasized, the teaching person has to use multisensory techniques in order to enable students to choose which aspects of the presentation to pay attention to. Will they mostly watch, mostly listen, or mostly move and touch? Each student can select the process most familiar to him. In order to avoid exceeding the student’s frustration level, it is best to present a new process such as visualization, with familiar content. A good coach focuses on the balance between content and process. The instructor’s ability to detect the learning styles of the students will be the basis of his or her success.

When working with TBM one has to learn that team members have different preferred primary representational systems or learning styles, and the templater needs to satisfy all of the templees and not just the ones who happen to share his own preference. A more sophisticated objective which I realize with TBM is to enable my clients to become more flexible in the different systems they use and to encourage them in enhancing the ones they use less.

5.3.1 What is the Relevance of Individual’s Learning Perspective?

The most important factor in the learning process is obviously the individual. So, a framework has to be designed and a learning style perspective has to be found which considers the individual’s points of view. While there are a variety of learning style approaches, they typically share four core assumptions:

- There are individual differences in learning.
- An individual’s style of learning is fairly stable across time.
- An individual’s style of learning is fairly stable across tasks/problems/situations.
- We can effectively measure an individual’s learning style.

All learning style theorists share in common their belief in the importance of recognizing individual differences and providing individuals with personalized instruction best suited to them. However, there are diverse theoretical perspectives on which individual differences are relevant and important for designing curriculum

and instruction.²⁶ The most important points one has to deal with, in addition to those already mentioned concerning the learning style concept, are stated below:

- Prior knowledge
- Achievement motivation factors
- Previous practice
- Meta-cognitive abilities
- Level of expertise in a content area
- Ability to disregard irrelevant information
- Level of self-efficacy
- Working memory capacity

Especially important is the application of previously acquired knowledge to the work with, the use, and the understanding of templates. This already actively available knowledge plays a major role in the attitude toward any template-driven approach. The answer to the question “What has he learned?” equally defines structure and speed in the implementation of the project.

5.3.2 The Individual’s Learning Style

The key points mentioned above depend upon the individuals, are situation specific, and are most often correlated with a task’s level of complexity. In contrast, the learning style approach is based on the assumption that learners have a dominant preference to learn in a certain way. According to this view, instructors or coaches can (and should) identify individuals as certain “types” of learners and actors. This, to me, underlines the challenges I have to deal with when generating templates for a client team with divergent levels of education and correlating their types of learning.

The most popular definition of individual learning style is given by R.M. Smith. Smith defines learning style as the “individual’s characteristic ways of processing information, feeling, and behaving in learning situations”²⁷ and adds that when people learn, they perceive, think, and interact with instructors, methods, and environments. They develop tendencies and preferences that accompany learning. This development brings about one’s learning style, a characteristic way of learning.²⁸

Why is this discussion about learning styles so important for working with TBM? Practically speaking, consultants, managers, coaches, instructors, and educators in general can diagnose and exploit learning styles of individuals—their clients or employees, in order to

²⁶Curry, L.: “A Critique of the Research on Learning Styles” *Educational Leadership* 1990, p. 48.

²⁷Price, G.E.: “Diagnosing learning styles” In Smith, R.M. (Editor): “*Helping Adults Learn How to Learn*”, Jossey-Bass 1983.

²⁸Smith, R.M.: “*Learning How to Learn—Applied Theory for Adults*”, Follett 1982.

- improve program development and instruction decisions,
- help individuals with problems, strengths, and opportunities to learn how to learn better, and
- more effectively design the learning environment for the learners.

Understanding learning, learning theories, and learning styles enables the learner to move one step closer to be a truly proactive learner. On the other hand, the awareness and command of these theories enables you as a business manager and your colleagues, project managers and direct reports to continuously progress with the information and knowledge that has to be transferred and to do it in a smoother, less time-consuming way.

But how many ways are there to learn about a subject? According to the latest findings by several leading psychologists, there are seven specific types of learning styles. Sometimes in the literature, one speaks of multiple intelligences.²⁹ The theory of multiple intelligences suggests that there are a number of distinct forms of intelligence that each individual possesses in varying degrees. Gardner proposes seven primary forms:

- Linguistic
- Logical-mathematical
- Spatial
- Musical
- Body-kinesthetic
- Interpersonal (e.g., social skills)
- Intrapersonal

According to Gardner, the implication of the theory is that learning and teaching should focus on the particular intelligences of each person. For example, if an individual has strong spatial or musical intelligence, they should be encouraged to develop these abilities. At the low end, Gardner concretizes and structures what I have already discussed in the section on cognitive social learning. Gardner points out that the different intelligences represent not only different content domains but also different learning modalities. A further implication of the theory is that the assessment of abilities should measure all forms of intelligence, not just linguistic and logical-mathematical.

5.3.3 The VAKOG Model

Another alternatively applicable theory in the area of the individual perspective originates in NLP. Our five senses, so-called representational systems, make it possible for us to experience the world. In NLP the five systems are called *VAKOG* for short:

²⁹Gardner, H.; “Multiple Intelligences—The Theory in Practice”, Basic Books 1993.

- Visual: we look and see
- Auditory: we hear and listen
- Kinesthetic: we feel externally tactile; we feel internally, visceral; we feel with our emotions; we feel movement, psycho-motor
- Olfactory: we smell things
- Gustatory: we taste

We all use all five systems, unless we have physical or psychological problems. But most people use predominantly V, A, and K. The systems we use to experience the world are called our *primary representational systems*. Depending to some extent on context, most people use one system more than the other two, or one system before the others, either when they notice the things and persons and activities around them, or when learning something new.

5.3.4 Motivation as Impacting Factor

Learning something new leads us to one of the pivotal concepts in learning theories: motivation. Motivation is closely related to arousal, attention, anxiety, and feedback/reinforcement. For example, a person needs to be motivated enough to pay attention while learning; anxiety can decrease our motivation to learn. Receiving a reward or feedback for an action usually increases the likelihood that the action will be repeated. Behavioral theories tend to focus on extrinsic motivation (i.e., rewards), while cognitive theories deal with intrinsic motivation (i.e., goals).³⁰

In cognitive theory, motivation serves to create intentions and goal-seeking acts.³¹ One well-developed area of research highly relevant to learning is achievement motivation.³² Motivation to achieve is a function of the individual's desire for success, the expectancy of success, and the incentives provided. Studies show that, in general, people prefer tasks of intermediate difficulty. In addition, students with a strong need to achieve obtain better grades in courses that they perceive as highly relevant to their career goals. On the other hand, all individuals have a drive to self-actualize, and this motivates learning.

Another form of motivation is intrinsic motivation.³³ Intrinsic motivation is created by three qualities: challenge, fantasy, and curiosity. Challenge depends upon activities that involve uncertain outcomes due to variable levels, hidden information, or randomness. Fantasy should depend upon the skills required for the instruction. Curiosity can be aroused when learners believe their knowledge

³⁰Weiner, B.: "History of Motivational Research in Education", *Journal of Educational Psychology* 1990, p. 82(4), p. 616–622.

³¹Ames, C.; Ames, R.: "Research in Motivation in Education", Volume 3, Academic Press 1989.

³²Atkinson, J.; Raynor, O.: "Motivation and Achievement", Winston 1974.

³³Malone, T.: "Towards a Theory of Intrinsically Motivating Instruction", *Cognitive Science* 1981, p. 4, p. 333–369.

structures are incomplete or inconsistent. Furthermore, intrinsically motivating activities provide learners with a broad range of challenges, concrete feedback, and clear-cut criteria for performance.

There are a number of other theories, e.g., Maslow's needs hierarchy theory,³⁴ or Herzberg's two-factor theory of motivation.³⁵ One of these theories suggests a design strategy that encompasses four components of motivation: arousing interest, creating relevance, developing an expectancy of success, and producing satisfaction through intrinsic or extrinsic rewards.³⁶

In particular, the readiness to learn on an individual basis is a key factor to success regarding TBM. In return, readiness to learn depends on motivation, which closes the loop to explain the motivation theories in this context and represents one of the challenges of Templated-based Management, as explained further on in this chapter.

5.4 How Templates Are Linked with Learning Typologies

The different possibilities of classification for learning styles and the inherent definition of learning types or different individual learning capabilities and methods are the starting point of the discussion about learning typologies considering template-driven learning.

As stated in the *VAKOG*, as well as in Gardner's model of multiple intelligences, everyone is in possession of all characteristics constituting these models. But these characteristics appear more or less intense depending on the individual.

The question one has to ask now considers the impact these findings have on the work and the evaluation of why TBM functions. What criteria do templates, in their most general definition, have to fulfill? To answer this question, one has to take a look at the learning styles that individuals, confronted with these templates, present.

The limitation to just three elements of the *VAKOG* model seems pertinent, as already explored:

- Visual
- Auditory
- Kinesthetic

Persons who experience the world primarily visually like to take in information through their eyes. They like to see things written down, read books, look at pictures, diagrams, and so on. They take notes in order to look at them again.

Persons who experience the world primarily auditorily like to get information through their ears. They like to hear things being said, listen to audio books or

³⁴Maslow, A.H.: "Motivation and Personality", Addison-Wesley Publishing Co 1987.

³⁵Herzberg, F. H.: "The Motivation to Work" Transaction Publishers 1993.

³⁶Keller, J.: "Motivational design of instruction" In Riegeluth, C. (Editor): "Instructional Design Theories and Models", Erlbaum 1983.

podcasts, perhaps even have a chance to repeat things in their own head. They would rather record a lecture than taking notes.

Persons who experience the world primarily kinesthetically like to get information through their hands or bodies or emotions. They like to touch things, move their hands or feet, walk around the room. They also take notes, not necessarily to look at them again, but because the movement of their hand across the page helps them to absorb information.

On a cognitive level distinction of the following learning styles appears possible:

- Scanning: differences in the extent and intensity of attention resulting in variations in the vividness of experience and the span of awareness.
- Leveling versus sharpening: individual variations in remembering that pertain to the distinctiveness of memories and the tendency to merge similar events.
- Reflection versus impulsivity: individual consistencies in the speed and adequacy with which alternative hypotheses are formed and responses made.
- Conceptual differentiation: differences in the tendency to categorize perceived similarities among stimuli in terms of separate concepts or dimensions.

On an abstract level, the assembly of the information above allows us to determine the following structure of impact on templates.

The cognitive logical type allows the use of complex templates containing a lot of information, and especially sequential steps can be connected in a smooth and convenient way. A reduced requirement for explanation and coaching is the result, enabling a quick and target-oriented TBM project delivery. This leads in return to faster acquisition of knowledge and a steeper learning curve, which has an impact on the motivation of the individual. Furthermore, project costs can be greatly reduced directly, by reducing the time an external expert is needed, and indirectly, by minimizing the employees' time spent on the specific project.

The audiovisual type, in contrast, demands a great deal more coaching effort. Equally, the structure, complexity, and especially the presentation form of the templates have to be considered differently. So to effectively make use of templates, each of the individuals constituting the project group has to be known by his learning style in order to find an optimal fit, tailoring of appropriate templates, which represents one of the challenges of template-driven learning.

5.5 What Are the Challenges of Template-driven Learning?

The TBM approach, understood as a shift towards a more cost-conscious and effective managerial business practice, is a challenging topic. The facets of this approach are manifold, not only from the point of view of business application but also because it depends mainly on the people confronted with this approach. In my experience, I faced challenges on two main streams:

- The process stream

- The production or generation stream

For me, the challenge is still to be continuously aware of both streams, as I find myself sometimes focusing too much on only one of them. This again can cause some further dangers for the project delivery.

5.5.1 The Process Stream

The process stream defines the learning issue and the attitude of the people learning and working with templates throughout the entire TBM project. This is the point where we have to return to the theoretical background. Theories like operant conditioning, cognitive social learning, and symbolic learning have one thing in common: reinforcement.

The task for the templater, in his current position as coach or trainer, is to make use of the “weapons” given to him not only by means of theory, but also by experience. Using his knowledge about learning styles, he has to take into consideration the background and intra-individual learning and behavioral structure of each project team member. With this sound knowledge of the individuals, he can actively provide feedback while trying to reinforce their learning progress. I will tackle this issue of professional and contingency-driven feedback from people using templates later on in the section on the learning triad.

This process of reinforcement, as stated in the theory of operant conditioning, can happen in different ways. One of them is that individuals are actively motivated. This can happen through the feedback process mentioned above, as well as through empowerment by actively conceding or “outsourcing” most of the operational delivery responsibilities to the templees, the project team members—one of the core distinctions between TBM-based engagements and conventional consulting projects.

I recall one of my TBM projects, where some team members clearly indicated to me that they felt comfortable with the generated templates. We started to work in accordance with the defined project plan. Soon, after our first coaching sessions, I realized that something was going wrong. These people would call me in and present some superficially completed templates, expecting me to operationally optimize and in essence complete them. Since this was one of the first TBM projects, I believed this to be part of my dual-level coaching function. I played this information on my extensive coaching effort back to the project manager. He agreed to keep on facilitating the team’s work for the next few weeks.

When, after several weeks, I repeatedly urged the team to accelerate their work, the feedback was that the templates were not useful and that we should take some time to align them. I then decided to escalate this issue with the project manager. My earlier warnings to the project manager concerning the missing attitude and the lack of the required technical skills for completing the templates, which were created in PowerPoint, within that specific team came back like a boomerang. Clearly, today I would have reacted in a different way. What happened, was that

- On the one hand, I fell back into the old consultant's role in delivering results operationally rather than applying the dual-level coaching idea;
- On the other hand, I underestimated the issue of missing technical skills for template completion, as initial training in PowerPoint would have tremendously eased the operational template completion process of the specific team.

The lessons learned were to continuously monitor both streams and to really consider a team's or an individual's learning style as well as skills and competencies, even though some missing skills might appear to be not crucial for the project delivery at that moment. This leads me directly to the next stream.

5.5.2 The Production Stream

The production stream, on the other hand, represents the generation of the template as such, the more or less technical part of a templatener's work. The challenge and one of the most important tasks of TBM are to consider as best as possible the individuals involved in the later project delivery process. But why does this seem to be so crucial? The templates are the ones who have to deliver the results and who have the in-depth internal and subject-driven know-how.

Vital to success in the production stream is an active consideration of the learning culture within the target organization, your company. Throughout my TBM projects, I have always tried to get an impression of how learning is realized within the client organization and whether there exist any kind of standards or formats in the area of training and development, as well as in project and process management. This was in all cases very helpful, as existing graphical standards or installed forms could be easily applied and reused, which impacted positively on the project pace.

On the next level, organizational units, I looked for similar pieces of information. As managers, you might be aware of the manifold little things, such as standards, informal procedures, etc. on this level, that have emerged over the years and how useful they can be. It sometimes happened that I was implementing a set of templates in only one unit as part of a TBM engagement, which later on became a standard for the entire company, as the team members liked "their" templates so much that they acted as communicators and promoters for the templates.

This, to me, is the result of a professional template-generation process. The effective generation of the templates demands the consideration of all aspects. The integration of the employees leads to a positive attitude towards templates and allows it to be tailored as needed. The attitude is positive because of motivational and learning style issues. Tailoring is meant in the sense of considering the tasks from the points of view of project realization and objective achievement.

But what happens if employees cannot cope with the templates? The answer is quite simple. First of all, this question should not arise after the templates have been generated, since they have been developed together with the employees, as the templates, and for their needs. However, if it happens, the generation process should be run through again, as long as problems persist. Reasons for problems may be insufficient respect for learning styles and motivational issues, which leads back to one of the most fundamental components of the TBM approach: the positive attitude of employees towards TBM.

5.5.3 Diversity-driven Challenges

Another challenge that appears in both the process and the production stream is the so-called diversity issue. Project teams are becoming more and more diverse and multinational. In this area, two aspects have to be discussed:

- Cross-functionality
- Internationality

Companies are trying to get the most out of their employees. The merging of competencies and the assurance of a steep learning curve are, if not guaranteed, at least enhanced throughout the constitution of cross-functional teams and the exchange of group members. The challenge lies within the different educational and especially experiential backgrounds of the team members.

International project teams in particular represent a tough challenge for the templater in his function as a coach. The normal learning issues as presented in the previous chapters seem challenging enough, but internationality, and thus cultural differences, adds another dimension of complexity.

5.6 What Are the Advantages of Template-based Learning?

The advantages of template-based learning are manifold. Clearly, they are closely connected with the TBM approach. One could say that the learning aspect is contained in the larger framework of TBM and thus represents one of the multidimensional patterns of this new approach. The advantages are dividable into two main points, namely individual advantages and organizational advantages.

5.6.1 What Is in for the Individual?

A template-driven project is a lot more promising for a participating individual than a normally conducted project. The structured method not only makes it possible to conduct and advance the project at less cost; it also encourages the employees to learn to think and work in processes. I would even say that by participating in a TBM

project your employees will learn to structure their daily work better. No training on time management or project management will realize this know-how transfer, as this happens only through the TBM-inherent dualistic learning experience.

This process-based thinking, in combination with the operational activities of the project, ensures a steep learning curve. Enrichment in all areas touched by TBM is the result, not only for the project as such, but additionally for future activities and future projects. It is the possible multidisciplinary application of the structure as well as the employees' acquired knowledge that ensures the higher added value of this approach.

Generally speaking, the multidisciplinary structure of the templates allows them to be used in a wide range of applications, one can even say for all project work-related applications and purposes. The greatest and most important advantage is the reusability of the templates once generated and established. These templates, generated by the templater in close collaboration with the templees, are now a part of the employees' active knowledge. The knowledge transfer from the templater to the company templees has been achieved through dual-level coaching. This is one of the strongest arguments for the Template-based Management approach and the reason why it is template-driven learning implication appears to be of special interest to companies—together with cost and time optimization issues.

After the successful realization of approximately one to three projects, the templees themselves feel that no further external support, no further coaching is required. They are in a position where they can go back to the last projects, take the templates, align them, and work themselves through the different required project steps. They will demand more responsibility with more possibilities to actively influence solutions and to design their own problem-solving approach.

This reusability serves not only to empower the employee in terms of knowledge transfer, but also has an impact on one of the most crucial issues: costs. Consultants and external service providers are no longer needed in the usual way but can be used in a much more targeted manner. Additionally, the knowledge can be used for other projects and might thus be reused and disseminated internally. Based on the experience of one of my clients, some individuals set up and now maintain their template database, where all their TBM-based engagements are filed. They use this database to support upcoming projects and initiatives.

Performance is to be considered a function of ability and motivation, thus:³⁷

$$\text{Job Performance} = f(\text{ability, motivation})$$

So how can templates and working with them influence ability and motivation? The individual's ability strongly depends on three main factors:

- Education

³⁷Hodges, T.: "Linking Learning and Performance—A Practical Guide to Measuring Learning and On-the-Job Application", Butterworth-Heinemann 2001.

- Experience
- Training

Improvement in the ability factor appears to be relatively difficult and only slowly manageable. But templates do it anyway. They influence to a strong extent the individual's capacity for learning and so, in an ongoing process, the employees' ability. This can be explained by the use of learning theories, especially the theory of operant conditioning.

The key to understanding lies within reinforcement and rapid and continuous feedback.³⁸ In fact, the basis has already been laid by Thorndike and his "law of effect" (positive reinforcement strengthens the relation between a stimulus and its reaction).³⁹

The information is provided in small, well-structured, and understandable steps. The individual determines his own learning speed while being assured of continuous feedback and thus gains control over his work. This happens not only in the template-generation phase, but throughout the whole process of TBM. It is highly important that all participants in the project not only have access to the same information but also dispose of the same information. This is ensured by the templates which are filled by the employees and filed in a project team drive. To this end, template-driven management, or learning, enhances and accelerates the learning process and thus has a strong influence on the individual's ability.

Motivational aspects come into play with regard to an individual's hopes, fears, and aspirations about his attitude to work. The extent to which these hopes, and desires are fulfilled in the work situation or working environment naturally governs the degree of job satisfaction derived by the employee. The extent to which personal job satisfaction is achieved is the measure by which each employee will apply her abilities and will to work. To provide job satisfaction must therefore be the ultimate aim of the templater and the project manager. To achieve this aim, it is necessary to provide motivation for the right type to all participants in the project. Herzberg summarizes his view as follows:

Motivation is based on growth needs. It is an internal engine, and its benefits show up over a long period of time.⁴⁰

This is exactly what TBM can provide: satisfaction of the employee's growth needs. So, the insurance of a perspective for career growth serves as a motivational factor and in return, motivation ensures good job performance, as stated in the formula explained above.

³⁸Vroom, V.H.: "Work and Motivation", John Wiley & Sons 1994.

³⁹Thorndike, E.L.: "The Psychology of Learning" Teachers College, Columbia University 1954.

⁴⁰Herzberg, F.: "One More Time—How Do You Motivate Employees", Harvard Business Review Sept.–Oct. 1987.

5.6.2 What Is in for the Organization?

The benefits of an organization applying TBM can be seen from different angles. One of them is the purely project-driven approach, delivering advantages in cost and time, which are described in the main part of this book. From a learning perspective, however, there are some other points to mention. The terms learning organization, knowledge transfer, and management development have to be mentioned in this context. Furthermore, a set of three nouns may serve quite well to describe template-driven learning within an organization:

- Visibility
- Reusability
- Sustainability

Visibility serves to describe the transparency of the approach. Through its structured methodology, which enhances acceptance, template-driven management, and learning can be seen and understood by other divisions of the company.

Reusability means that after visibility has ensured the acceptance of the approach, TBM can be employed equally as well to realize other projects. Due to the abstraction level attained by the template methodology, reusability also means the possible reuse of a template set already generated and developed.

Finally, sustainability by means of a learning organization describes the sustainable knowledge transferred from templaters and templees throughout the TBM-based projects. This obviously leads back to the reusability of the knowledge once acquired.

5.7 Why Learning with TBM Works

When I first published this book in 2003 in conventional management the use of templates was not that common; thus, neither was template-driven management. When talking to people, I often had to start from scratch by explaining the term templates as such. My partners in conversation immediately agreed upon the underlying assumptions, on why the application of templates in managerial practice could work and on the benefits these new tools would create.

This has changed. Templates are now known as many IT solutions and products use the term. Nevertheless, templates as such remained generic constructs, being intangible and in essence somehow dangerous. Talking to business managers today about TBM has become much easier. I think that this also has to do with me better describing how TBM works also being able to refer to my underlying hypothesis and theories.

Since 2003 TBM was used and applied in hundred different projects. And many of my client organizations are still using TBM and are sustainably profiting from this method. Today I am a Global Director for Marketing, Communication, Strategy, and Predictive Intelligence in an international industry group. I joined this group in 2017

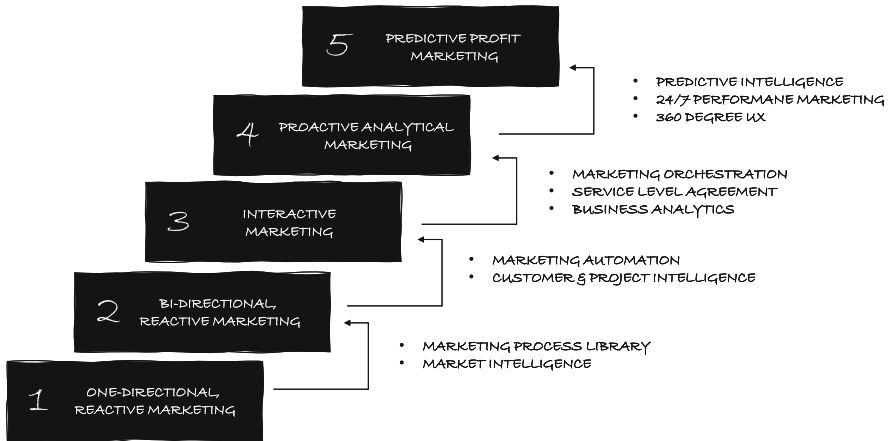


Fig. 5.1 B2B marketing Maturity Model (Seebacher 2020)

and since then changed my department from the classical “coloring-in” department to a strategic driver and order intake engine. I did this simply by reusing stringently the TBM approach. Within only three years I totally changed the image of the B2B marketing department with my organization and realized the development along with the B2B Marketing Maturity Model within only that short time frame (Fig. 5.1).

Example:

Based on our success I was even called in for a B2B marketing turn-around project. Within 12 months I reframed the entire global marketing team of that business division, realized a leaner organization with 30% less resources, delivering more for less by ending up 40% under budget, realizing savings in event and media purchasing of approximately 55% and increased the generated inbound leads by 250% representing a 15% order intake increase for the unit within that one year.

The current situation forces managers to find new and cost-conscious ways to ensure continuous growth and development. TBM is a so-called “low hanging” fruit and a “quick win” generator as it enables brilliant experts from all different backgrounds to synergize their know-how with the all decisive turbo—namely method and structure. And the good thing is that following this pathway will pay off thousand-fold as people will independently apply TBM in all their activities and projects. They will start to train and coach their colleagues and all of a sudden, the organization will be consistently working alongside clear and aligned simple methods and defined structures. And this is at the core of an ethical organization successfully working in a remocal economy realizing and contributing to the new green deal.



6.1 How to Define Template-based Management?

In the earlier chapters, I vaguely described what TBM is. I dispensed with a detailed definition so you could yourself develop an understanding of what TBM stands for. Moreover, I do not want TBM to be tightly defined. It is a new management approach and as such will and should be developed further. New contingency situations in the future will shed a different light on TBM. In this sense, I very much encourage this to be a definition open to discussion.

Definition:

TBM is a proactive management approach that draws on the use of templates to enable employees to deliver content-work in a self-directed way.

By using the TBM approach, the defined and trained templater, the team member driving the TBM project, moves out of purely operational tasks and additionally becomes a content-oriented coach.

This definition should help you to understand the following pages. In Chap. 7 I shall write more on templates. Chapter 8 will deal with the coaching aspect of TBM.

6.2 The Core Steps of Every Problem-Solving Process¹

Now I would like to show you how TBM is different from conventional consulting and project management approaches. Therefore, I shall first give you a brief overview of how the latter look and work.

6.2.1 Step 1: Problem Definition and Understanding

When a company first approaches a new topic it usually has a brief description of the problem that it is facing and wants to have solved.² This short introduction to the subject matter allows the templater to get a general idea about the problem and whether or not their firm can solve it.

In my time as a consultant I have received numerous such problem descriptions and I found them very helpful in spotting what the client perceives to be the core issues in his or her firm. They are useful as a starting point for gaining further awareness of the problem. Once the project manager has decided to take over and tackle the problem, he or she will start to dig further into the mud.

One crucial step, preceding all others, is to define the problem, because it could well be very different from the one the client sketched in his first description. The margin of error on the side of the internal client often ranges from an incorrect interpretation of causalities to an outright false perception. Moreover, knowing the problem is absolutely necessary to continue with one's work.

To define the problem, to get the whole picture, and ultimately to understand the issues at hand, I try to talk to as many people as possible, also from departments, one would not think of as being connected with or affected by the original problems. Various projects at companies from very different backgrounds proved to me that especially those employees not directly related to the problem had the most intriguing clues to what could possibly be the source of the trouble. This is because they analyzed the problem from a distance and thus objectively.

Talking to the directly involved employees, though, is not it? If it were, the internal client would not need your help. Asking yourself the following questions is key to defining the problem:

- What has gone wrong? What is not working properly and what is.
- What should be happening that is not and what should not be happening that is.
- Where does the problem arise? Does it arise only there or also somewhere else.
- When does the problem arise?

¹An overview on one classical 7-step consulting process can be found on www.vanderbilt.edu/sos/7consulting%20Steps.htm. Another conventional cycle is at display on www.outplay.com/consulting/steps.htm.

²Sometimes the internal clients cannot even give you a brief description of the problem because they don't know what is wrong, just that something is.

- What and who is affected by the problem?
- What costs does the problem cause? Is it worth fixing the problem?
- How urgent is fixing the problem? Will it probably go away of its own accord? Can we wait? What will happen if we wait?
- What will happen if we do not do it right.

By asking these questions, you are not only describing the problem but also beginning to understand it—its causes, its nature, and its implications for the relevant organizational unit. For further clarification, though, it is necessary to apply analytical methods, depending on the type of problem.³

6.2.2 Step 2: Goal Definition

The second step of every problem-solving process is to specify the goal, the “solved state.” Ultimately, you need to ask yourself “Where do we want to be at the end of the day?” Defining the goal is necessary in order to later on devise a means for reaching it. There are two problems with defining an objective, though.

First, it often seems as if there were various objectives. Most of the time, however, there is just one core objective and the others are results of reaching the core goal. Spotting the central objective is important. To spot the central objective, some sort of *framing* has to be done. Framing “determines the viewpoint from which decision-makers look at the issue and sets parameters for which aspects of the situation they consider important and which they do not.”⁴

Second, businesses often define their goals in numbers, thus setting quantifiable objectives (i.e., “We would like to increase our customer retention rate by 30% as a result of this project.”). This is to some extent the result of the popularity of management by objectives (MbO), whereby objectives must be focused on a result, specific and measurable.⁵ The problem with these kinds of targets, however, is that they do not tell you anything about how to meet them. Moreover, an increase in the customer retention rate of 30% does not automatically indicate that the initial problem has been solved. There could be a variety of other reasons for this positive outcome. Therefore, one should supplement quantifiable targets with non-quantifiable ones (i.e., “We would like to make our customers more satisfied.”). Because then, the goal also comprises personal and emotional aspects, which in turn spur lateral and creative thinking.

³Does the problem involve IT, strategy, or a process, or is it about human resources?

⁴Russo, E.J.; Schoemaker, P.J.H.: “Winning Decisions—Getting It Right the First Time”, Doubleday 2001.

⁵Drucker, P.F.: “The Essential Drucker—In One Volume the Best of Sixty Years of Peter Drucker’s Essential Writings on Management”, HarperBusiness 2001.

The task of defining a goal very much resembles peeling an onion. One must remove all layers to get to the central point. Doing so may entail answering the following questions:

- What would the situation look like if things were going right?
- What would be happening that is not and what would not be happening that is?
- What are we trying to achieve?
- What are we trying to eliminate?
- What are we trying to avoid?
- What are we trying to preserve?
- How can we measure our success?
- Are there any indicators to show us that the problem is solved?

It is important to make sure that the objective supports the overall purpose. Of course, the goal definition step is not a unipersonal but rather a multipersonal process. This means that there are multiple people involved in specifying the goal. Personal as well as company expectations often clash. Coordinating and harmonizing these groups of people so as to define one single goal is one of the essential and most tedious tasks for a consultant, project manager or templater.

6.2.3 Step 3: Alternatives for Problem Solution

Once you have defined your goals it is time to find ways to solve the problems you are facing. And naturally, there are myriad paths you can follow.

6.2.3.1 Finding Alternatives

This phase is about finding as many ways as you can imagine reaching the intended objective. And “imagine” is the keyword. Finding alternatives for the problem solution is a very creative job. And it is very critical to keep it so. Only when people feel that they can engage in the problem-solving process actively and without limits will they put their whole energy into it, eventually producing astonishing results.

For me, this is the time when I am just listening, encouraging a free flow of ideas. It is important to respect one rule: In this phase, there is none. If you do not, you will learn the hard way that the participants soon lose their interest and, consequently, their willingness to help you in choosing the “right” path toward the set goals.

6.2.3.2 Evaluating Alternatives

Out of the pool of different alternatives, you will ultimately have to pick the ones you think will best lead to the goal. Therefore, you need to analyze the options—keeping in mind the original problem and the goal defined in the previous step. Additionally, you have to keep in mind who at the company will ultimately carry out the tasks you are devising. Your solution has to be tailor-made not only for the company but also

for the people working for it. This is especially vital for TBM, where people are at the epicenter of the implementation process.

There is a large number of techniques for appraising alternatives.⁶ Calculating the expected value of the various alternatives' outcomes or making a list of advantages and disadvantages are just two of the most prominent methods. I would like to dispense with a detailed discussion of them at this stage, though, for I shall return to some of them in the case studies.

What you are basically doing is peeling the onion—again and again testing the alternatives with different means to see whether or not the outcome is still favorable.

6.2.3.3 Choosing Alternative(s)

This is basically about choosing your weapon. Based on his or her evaluation, the templater and project manager finally decides which alternative(s) he or she will go for and sketches a plan for starting with his or her actual work.⁷

This, then, is the stage at which TBM parts ways with other, traditional project and problem-solving processes. For the moment, however, let us take a look at how the story continues when a conventional path is taken.

The next section deals with the last phases of a conventional, “classical” problem-solving process, which differs a lot from TBM.

6.2.4 Step 4: Problem-Solving (Delivery)

Traditionally way, the project manager goes straight to the actual task of solving the problem. This means that he or she sells the client a product or a procedure for operationally delivering a specified result that will unravel the defined problem. The manager delivers operational results.

Of course, there is nothing wrong with getting straight to the point without wasting time and money. However, the problem is that many projects usually focus only on the singular solution for the defined problem. In case another, related problem arises, they often have to rethink the former solution in addition to finding one for the new issue. This is particularly relevant for IT projects, during which you need to take some loops as the proposed solution does not meet the ex-ante defined requests. Today a commonly used term is *agile* project delivery. This is one mistake that TBM avoids by abstracting the problem. More about this later in this chapter as well as in Chap. 8, however.

Furthermore, the project manager often does work that the employees are capable of and sometimes even responsible for doing, but for whatever reasons do not do. This is something that directly and indirectly costs the company money and

⁶Hakel, M.D.: “Beyond Multiple Choice—Evaluating Alternatives to Traditional Testing for Selection”, Lawrence Erlbaum Association 1998.

⁷Russo, J.E.; Schoemaker, P.J.H.: “Winning Decisions—Getting It Right the First Time”, Doubleday 2001, p. 131–159.

can be avoided. In the traditional form, the project manager and the dedicated team have now implemented the solution. Now comes the time to face reality. The question is: Has the job been done successfully?

6.2.5 Step 5: Evaluation

The task of evaluating the work that the project manager has done is usually performed together with management, the department(s) that is (are) affected by the changes, and the controlling department. All of them have hard facts and their personal opinions to test whether or not the results correspond with the set goals. If so, well, great! If not—and this is very likely, it is time for the “internal consultant” to rethink his or her work, starting very much at the beginning of the project cycle.

This is how I have experienced the *general*, classical problem-solving approach—through my work, by observing, and by chatting with people.

6.3 What Are the Four Organizational Threats?

Let us now turn an eye to the four main areas of problem areas and how it typically works out there.

6.3.1 Threat 1: Information Technology

For the IT area, it is essential to differentiate between whether conceptual or actual process work is done. Conceptual work refers to the design of an IT solution or architecture that best fits the respective company.⁸ Process work, on the other hand, involves storyboard development, testing, and implementation of an IT product or tool. Furthermore, it is important to distinguish whether a new product is to be introduced or an already existing one is to be reframed. Then, is it one process or many?

A couple of years ago I was approached by a French company producing perfume. It was a rather old firm. The management wanted to technically link the procurement with their production and marketing activities, because they were often short of supplies and thus had to halt production from time to time. The problem was that the input factors for the perfumes were bought by the procurement department on the basis of average figures from the production facilities. This meant that the people from procurement looked at the production plans for, say, the perfume “Sandrine” and then calculated how much of ingredient A, B, or C their colleagues would need to produce the planned units.

⁸Britton, C.: “IT Architectures and Middleware—Strategies for Building Large, Integrated Systems”, Addison-Wesley Publishing Co 2000.

When the marketing department then found that more units of perfume “Sandrine” were required, production could not do the job quickly enough because procurement had to reorder. A system was needed that would keep track of market demand and production quantities and would then automatically order the needed ingredients. Basically, this was about inventory management.⁹

What I had to do was first *analyze the process* that the French company wanted to have optimized. Therefore, I broke the process down into its various components. This was indeed not anything spectacular, since the company used traditional procurement channels mainly within France and its only production facility was also located in France. Moreover, the perfumes were sold by one single chain in France, Belgium, and Luxembourg.

After the process analysis, I specifically defined the *business requirements*. This entailed shortening the time needed to get new data about market demand to the procurement department.

The business requirements were followed by a *storyboard*^{10,11} and the actual *product development*.¹² The software was programmed in India, where it was also *tested* on the same hardware that the French perfume-maker used. And after some minor glitches had been removed, the software was installed at the company. The *implementation* was successful, and the new program brought the desired effects on inventory management.

This short story from my earlier times as a consultant shows how the IT-consulting process works. The stages are as follows:

1. Process analysis
2. Definition of business requirement
3. Creation of a storyboard
4. Product development
5. Testing
6. Implementation
7. Evaluation

6.3.2 Threat 2: Strategy

In strategy, the steps look rather different from those for IT.

⁹Lowson, B.; King, R.; Hunter, A.; Bohn, L.: “Quick Response—Managing the Supply Chain to Meet Consumer Demand”, John Wiley & Sons 1999.

¹⁰Forsha, H.I.: “Show Me—The Complete Guide To Storyboarding and Problem Solving”, American Society for Quality 1994.

¹¹Forsha, H.I.: “Show Me—Storyboard Workbook and Template”, American Society for Quality 1995.

¹²Ulrich, K.T.; Eppinger, S.D.: “Product Design and Development”, McGraw-Hill/Irwin 1999.

Usually, giving advice on strategy to a company involves the following five phases—from a generic perspective:

1. Analysis¹³
 - a. Internal
 - b. External (benchmarking)
2. Scenario definition
 - a. Best-case scenario
 - b. Worst-case scenario
 - c. Neutral-case scenario
3. Prioritization
4. Strategy development
5. Action-plan definition

This is a process that one could best describe as an overlap of two of Henry Mintzberg’s ten strategic schools.¹⁴ These are the Design and the Planning School. Both see the formulation of strategy as a well thought out and deliberate process. This is contrary to some of the other “schools,” which see strategy formulation as a visionary process (Entrepreneurial School) or as a collective process (Cultural School). In operational practice, though, the strategy has to do to a large extent with conceptual, formal, and analytical work. Nevertheless, in phases (4) and (5) other factors come into play as well. They are, in particular, social responsibility and management values.

6.3.3 Threat 3: Operations

The operations dimensions pretty much start like the strategic-problem-solving procedure. The emphasis, though, is put on other aspects, and often the analysis goes into greater detail.

Not too long ago, I worked for a company in Boston, Massachusetts, that produced office furniture. They wanted to know whether their very production process—the transformation from input into output, could be made more efficient. This is because management wished to decrease time-to-market.

In production, there can be many reasons for inefficiency, as you, dear reader, might be aware. Consequently, I had to gather information on the numerous sub-processes, on the people and the machines used. I did this by using several collection methods (hard data from the controlling department, questionnaires,

¹³Tools, among others, include the SWOT-Analysis (strengths, weaknesses, opportunities and threats), Michael Porter’s Five-Forces-Model or the 4 Cs-Analysis (Customer, Competition, Costs, Capabilities).

¹⁴Mintzberg, H.; Ahlstrand, B.; Lampel, J.: “Strategy Safari—A Guided Tour Through the Wilds of Strategic Management”, Simon & Schuster 1998.

personal discussions, open, and concealed observation). This internal analysis uncovered a couple of possible sources of inefficiency. For instance, there was only one smoking room. Thus, a lot of workers had to walk all across the production hall and back just for a 5-minute smoke, which, in the end, turned out to last some 10–12 minutes. Moreover, the location of many machines was not optimal. A lot of component parts took a long time to get to the next machine where they were processed further.

Even though an internal analysis gives you some hints as to where the roots of problems might possibly lay, it does not provide the whole picture. Above all, one needs to compare the data to see whether or not there are major divergences from the industry norm. Therefore, I added an external analysis (benchmarking¹⁵) which showed that, on average, the company was within the industry norm. One of the biggest divergences was found in the latest stage of the production process, when the finished products were checked for quality. The fellows there spent most of their day chatting and smoking. Despite this fact, the number of claims on warranties was low. This led me to the conclusion that the people who actually produced the furniture were doing an excellent job.

Next, I did a quantitative and qualitative description of the processes involved. A quantitative description usually comprises the hard data on the processes such as the time needed to add the backrest to the chair or to sandpaper the wood. Moreover, it involves such facts as to when, where, how often, and by whom a specific task is done.

To visualize the quantitative aspect of a process I often use a matrix-template¹⁶ whose “interfaces” show which step of a process is done by whom, where, when, for how long, and how often. In the case of the Boston company, this allowed me to spot quite a lot of double work (inefficiencies) as well as where IT could improve the process.

The qualitative description, on the other hand, typically is the creative part of the second phase of the operations problem-solving process. This is when the owners of the process come together to openly discuss what is already working out well, what could be improved, and which process is not all right at all. At the furniture company in Boston, this was without doubt the most insightful phase.

This was because the people talked frankly but in a very respectful and appreciating way, so as to create a very productive atmosphere in which exceptionally powerful ideas were brought up. At this point, I was already applying the dual-coaching practice, although unconsciously. The approach had a very good impact on the outcome.

This combination of formal and analytical as well as personal (sometimes even emotional) work helps to provide a sound picture of what is happening in the company. From there on, one can conceptualize and, if required, implement the new, improved process.

¹⁵Camp, R.C.: “Benchmarking—The Search for Industry Best Practices That Lead to Superior Performance”, ASQ Quality Press 1989.

¹⁶This matrix template very much resembles the *Zig-Zag Diagram* discussed later.

So, let us summarize the various phases of an operations problem-solving process as I have experienced it thus far. Generically, they are as follows:

1. Analysis
 - a. Internal
 - b. External (benchmarking)
2. Documentation of the process
3. Process modulation
 - a. Quantitatively
 - b. Qualitatively
4. Process design
5. Implementation of the optimized process (if asked to do so)
6. Evaluation

6.3.4 Threat 4: Human Resources

For HR practice, it is crucial to understand that the term “HR system”¹⁷ is used in a *wider* as well as a *narrower sense*. Whereas the wider definition understands an HR system as a mixture of processes, IT systems, roles, and responsibilities,¹⁸ the narrower characterization is solely technical.

When an IT system¹⁹ for managing HR issues is the subject matter, then the problem-solving procedure very much resembles that of a standard IT project process. In the wider sense, when processes, software, and roles are involved, the process is a combination of the three preceding methods. This is because it involves IT, strategy—via strategic human resource management (SHRM)²⁰ and processes. This latter understanding puts an HR system in light of change management, which is about cultural and structural change.²¹ Management development and performance measurement programs are designed and implemented to strategically develop the human resources of a company.

The HR project process dealing with an HR system in the *wider sense* is very complex, because it looks at many different aspects within a company. It is therefore elusive to sketch the relevant approach step by step. Nevertheless, it might possibly look like my outline below.

¹⁷Stambaugh, R.H.: “21 Tomorrows—HR Systems in the Emerging Workplace of the 21st Century”, IHRIM 2000.

¹⁸The wider definition can also be referred to as an ‘HR policy’.

¹⁹For instance, SAP R/3 or specific software from PeopleSoft or Oracle. Additionally, an HR-IT system can serve as a portal for employees to check, for example, their time and vacation accounts, or for online recruiting.

²⁰Rothwell, W.J.; Kazanas, H.C.: “Human Resource Development—A Strategic Approach”, Human Resource Development Press 1994.

²¹Mabey, C.; Salaman, G.; Storey, J.: “Human Resource Management—A Strategic Introduction”, 2nd Edition, Blackwell Business 1998.

For you as a business manager, it is important to realize that the process here is three-dimensional at every stage. This means that also the steps of problem definition and understanding, as well as goal definition and alternative evaluation and choice, have to be dealt with, keeping in mind that processes, IT, and roles and responsibilities are influencing factors.

From my perspective and experience, an HR-consulting process may look like this:

1. Analysis
 - a. Internal as-is analysis (processes, IT tools)
 - b. External analysis (benchmarking of processes and IT tools)
2. Definition of target HR systems (processes, IT tools, roles, and responsibilities)
3. Definition of business requirements
4. Development of an in-house solution or
5. Selection of a provider
 - a. Market research
 - b. First screening (long list)²²
 - c. Second screening (short list)
 - d. Decision
6. Implementation

6.4 What to Learn from the Last Decades?

Within the past decades, one has been able to observe tremendous shifts in the consulting industry. I have already introduced you to some trends in Chap. 3. These entailed the tendency toward performance-related pay, the wave of consolidation, and the increasing power of clients to dictate the content of consulting services. Chapter 4 went into further detail about a couple of trends and the reasons behind them. Now I would like to elaborate on how the focus on consulting service lines has changed over the course of time also reflecting changes in their client organizations, the industry.

In the first half of the past century, companies often created positions for older, high-level employees who would otherwise have had to retire. These employees “advised” the company on strategic issues. They were, in some sense, *consultants*. The workload of these consultants, however, continued to increase year by year, as top management sought their advice on a regular basis. Consequently, they hired staff to assist them in their work and ultimately founded consulting businesses. This, in a nutshell, is how the first consultancies came to life.

Because the first consultants focused on strategy, this was the main service area for several decades. In addition, an increasingly global marketplace meant that

²²A ‘long list’ comprises all possible providers. The ‘short list’, on the other hand, cuts the long list down to the provider(s) that offer the demanded solution(s).

companies had to rethink their strategic fit. First, this involved changing the organization structure from a centralized to a decentralized one. This was necessary for a couple of reasons:

1. As companies began to explore other markets, a centralized organization could not cope with the vast amount of data that was now pouring in from all around the world.
2. Production facilities were set up abroad in order to serve local markets more quickly or to produce more cheaply. Producing in another country meant being subjected to a different legal and cultural system. A centralized organization could not cope with these two challenges. Moreover, having factories abroad involved taking advantage of the different tax systems by creatively thinking about profitable transfer prices.
3. A decentralized organization structure also meant that companies could make products more suitable to different markets as their regional offices were given more autonomy.

In addition to a change in the organization structure, companies needed to devise plans on how to best penetrate and ultimately expand within the foreign markets.

Giving foreign subsidiaries more freedom, however, also meant that the headquarters had to ensure that the image of the company remained homogeneous around the world. A potential cannibalization of the brand had to be prevented. Products should be made taking into account regional tastes and preferences. However, they must not be transformed too deeply. There should still be a resemblance to the original “home product.”

Furthermore, companies had to train and develop their employees so that they could cope with a more demanding, more international work life. The term *strategic human resource management* (SHRM) came into existence.²³

The needs for companies to change their organization structure, to make products more customized, and to develop their intellectual capital in a strategic way ultimately necessitated the assistance of consultants.

In the late 1970s and early 1980s, the shift toward an emphasis on operational or process consulting took place. This development peaked in the mid-1990s, once Michael Hammer and James Champy had released their classic book *Reengineering the Corporation*.²⁴ What happened finally was that consulting turned out to be some “either-or” business. Either you were a strategy consultant or an operational consultant. Whereas the Boston Consulting Group (BCG) or McKinsey focused on strategy, the likes of PwC, Andersen or Deloitte Consulting set their foot in processes.

This clear-cut line between strategy and operational consulting started to become blurred in the second half of the 1990s. Consultancies now commenced to offer an

²³Fombrun, Charles J.: “Strategic Human Resource Management”, Wiley-Interscience 1984.

²⁴Hammer, M.; Champy, J.: “Reengineering the Corporation—A Manifesto for Business Revolution”, Harper Business 1993.

integrated package of both strategy and process consulting. The reason for this was that companies had begun to realize that both issues were to some extent inseparable and key to being, as well as remaining, successful, and competitive. Moreover, consultancies gradually realized that conceptual consulting would not be enough in the long term, because IT-consulting was the area where growth could be realized.

This very picture—that of consultancies offering both consulting services—still prevails today and becomes even worse caused by the digitalization and big data, as already elaborated, developing toward an unrecognizable cocktail of indistinguishable consultancies.

This brief description of the paradigm shifts makes one point very clear: Even though consultants are often visionary, consulting itself has been a rather reactive business, with consultancies usually tending to respond to changes that have already happened, never really attempting to be visionary and proactive in the way they run their businesses. This is because, similar to an individual, companies usually feel the need for change just after some problem has occurred. Thus, consultancies have the air of being problem-fixers rather than companies that prevent problems from arising in the first place. And this is the one central point for criticism of the consulting industry.

Being aware of this deficiency, I have always tried to counsel my clients in a proactive way. Eventually, this consulting style led to the birth of Template-driven Consulting. All the factors described in Chaps. 3 and 4, emphasizing especially growing cost pressure, meant for me that, at the end of the day, companies would demand a more proactive and cost-conscious way of consulting—namely TBM. My goal with TBM, however, was and still is to make it possible for companies to avoid encountering severe troubles in the first place.

Now that we have taken a look on the framework of the four generic organizational dimensions of problem-solving, let us see how Template-based Management works.

6.5 Which Are the Four Steps of TBM?

I have already given you a brief overview of and an introduction to the steps that TBM follows. Here are the phases in more detail. At this point, let me remind you again what TBM is about. TBM is about a knowledge transfer from the templater to the temples or the employees of a firm with the purpose of the latter being able to deliver projects and problem-solving services autonomously. This is something that conventional consultancies have always claimed to be doing. In reality, though, this transfer has never taken place. This is about to change—with TBM!

6.5.1 TBM Step 1: Problem Definition and Understanding

This step of Template-based Management is identical to the procedure described at the beginning of this chapter. It also entails to the same extent the task of defining the

goal and finding alternatives. In this sense, the first phase of TBM is not different from the classical consulting and project management procedure. Let me emphasize at this point that we are not reinventing the wheel. There are a lot of good tools and approaches within the classical problem solving approaches which we draw on. We have, however, developed another path that looks more promising in the new contingency situation.

In this phase, both the templatier in the sense of a consultant as well as the templee as the internal client deliver content work. Content work in this phase refers to the gathering of ideas to come to a definition of the problem and ultimately the goal. Both parties work together to produce this result. Since the early stages are similar to existing consulting approaches, I will not discuss them at this point again and would like to refer you to the early pages of this chapter.

6.5.2 TBM Step 2: Process Evolvement and Abstraction

In the second phase of TBM we start to develop paths for possible solutions—different problem-solving processes evolve. This is not anything completely new either, as in all consulting projects, different ways of solving the existing problem are defined. These alternatives are then presented as part of the proposal during the acquisition phase. What happens next, though, is new and not part of current consulting projects.

What we do is to take the whole process apart, cutting it into small bits and pieces. Then we analyze each part thoroughly to see which types of templates could be used. However, this analysis is not conducted from an operational angle. Rather, we are abstracting the process, and consequently the problem-solving process, from its operational core. In contrast, consultants pursuing a conventional approach would again move back directly to the operational level. The study of the process/problem involves the following aspects (Fig. 6.1):

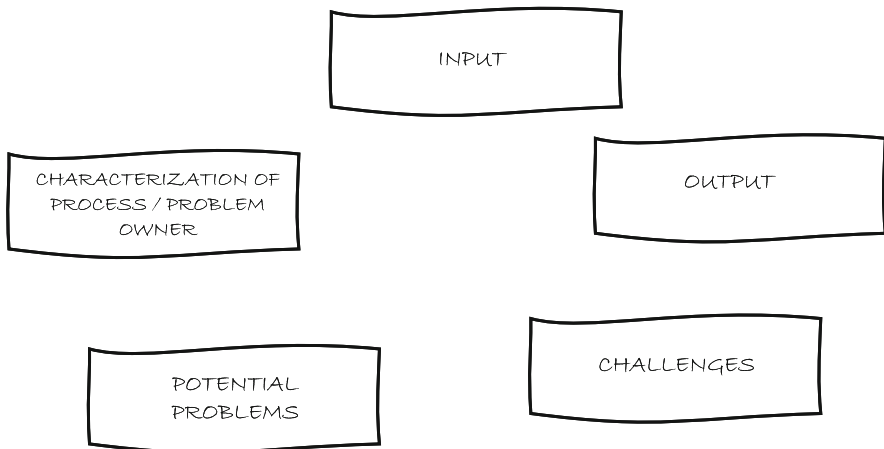


Fig. 6.1 Five core aspects for process evolvement and abstraction

In essence, we focus on the driving factors for each activity of the problem-solving process to guarantee success for the dual-level coaching activities provided later on throughout the operational work (see Chap. 8). For this study, for instance, one can use a matrix-template.²⁵ The use of the template allows us to have the relevant information in a condensed form and to compare the driving factors of one process with those of another.

What is important to understand is that we do not analyze with us but rather with the internal client in mind, for they will ultimately deal with the operational side of the problem-solving process. Therefore, we abstract these parts of the problem-solving procedure and entrust the employees with them. The employees consequently deliver operational tasks. This makes sense because they are the people who would finally be doing them anyway. Moreover, the owners of the various processes have an in-depth and sound knowledge of their work and can thus deliver the operational results more reliably and quickly.

The step of abstraction is the key to TBM, because what we do is leave the operational aspects of the process in the hands of the respective process owners. In this way, we save time and, ultimately, the client a lot of money, for we do not have to spend days and nights with the process owners, who would have to describe in great detail their workflow. We rather abstract the problem-solving process from the underlying operational aspects and then design tools, templates, that the employees can use to deliver the problem solving services themselves. This approach enables us to create templates that can ultimately be of use for other industries and problems as well, because the problem-solving process as such may be similar.

In this phase, the templater or project manager is the one who delivers content in the form of evolving the process and abstracting it. The client as such steps back from the content-scene and supports the consultant.

6.5.3 TBM Step 3: Template Generation

The step of generating the templates is a matching process, because we are looking both at the problem and its inherent nature as well as at the template with its underlying problem-solving functions and capabilities. You can imagine this step to be the creation of a profile, both of the problem and the templates. The profile itself is multifaceted. The different facets stem from the problem definition undertaken earlier. In the end, we are characterizing the problem and the problem-solving process.

²⁵A matrix-template is made up of a vertical and horizontal axis. The horizontal represents the various processes/problems and their component parts. The vertical axis, on the other hand, shows the process/problem owners. In this way, the template shows which parts of a process/problem are owned by whom.

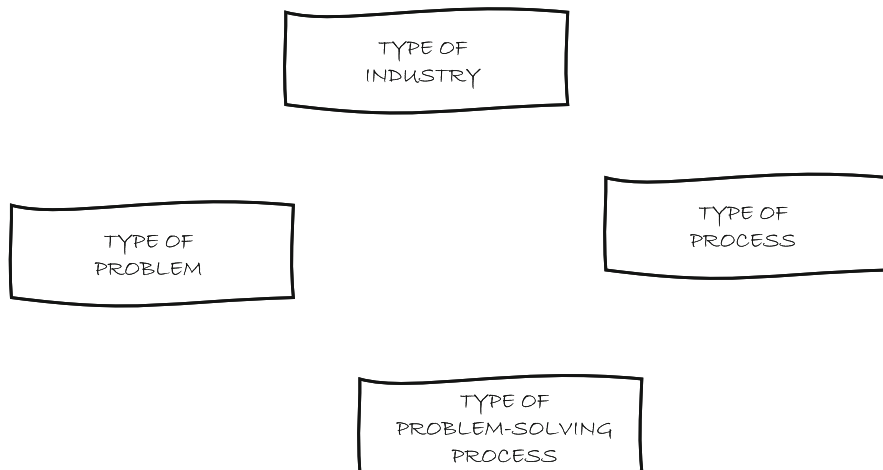


Fig. 6.2 Four aspects of TBM step 3

Given any specific problem, we develop a problem-solving process. We cut it into pieces and analyze and characterize each part. Thus, we take one part and describe it, for instance, as being very demanding from a technical perspective but probably less so in cross-functionality. Then, we search our pool of templates, our database (Fig. 6.2). This template-database is arranged according to four aspects:

Once we have typed in the specifications, the database automatically searches the relevant templates. Not only does this function help us to spot the right template quickly; it also allows us to see where a template has deficiencies. In all probability, the template matches the technical requirements of the process just perfectly. However, it does not meet the cross-functionality standard. Moreover, it may not suit the person who will ultimately use the template because he or she is another learning or thinking type. So, we know that we have to enhance the template(s) in various dimensions to get the best out of it. Of course, sometimes the complexity and accuracy of a problem demands of us that we transform the templates altogether. But the matching process via our database always helps us—at least to have a starting base for the further development of a new template.

Whether you design and generate a template for the first time or evolve an existing one further, you must keep in mind that it is ultimately your internal client, the templee, who will have to deal with it. Therefore, we have always put great emphasis on preserving its key elements or features. As you will see in Chap. 7, these generally involve being practical from both a technical and a content perspective.

The most pressing issue when generating the templates is keeping the end-user in mind at all stages. Here, an understanding of the different learning as well as thinking types plays an important role, because the templates have to be tailor-made to the user's needs and specifications in order to realize their full potential. This implies, for instance, that the optimal combination and mix of text and graphical elements have to be found.

The objective of this stage is to create a set of customized and inherently consistent templates—the framework within which the user is enabled to produce the set goals autonomously. In Chap. 7 I will elaborate more detailed on this phase. I will give you background information on how and where templates originated. Furthermore, I will show you how various templates are set up and produced.

6.5.4 TBM Step 4: Project Work Implementation and Facilitation

In Chap. 4 I have already given you the brief analogy of the woodworker who keeps returning to the doctor to have splinters removed. The doctor, happy to have a paying patient, removes the splinters again and again. TBM works exactly the opposite way. The splinters are not removed again and again. Rather, TBM is about telling the patient how to safely remove the splinter him- or herself. This, of course, requires that the doctor shows and explains to the patient how to do this. The templater or internal consultant thus becomes a content-oriented coach, a facilitator. Of course, the last part of TBM also involves the actual delivery of the templates. But the focus clearly is on the coaching activities. They are, ultimately, the essential part of TBM, because through this work the employees learn how to use and, in the future, how to align and adopt the templates for their own benefit.

Coaching the templee is, of course, a very difficult task for the templater. This is because he or she has to move back and forth from the content to the meta-level. I will elaborate on this ability later in Chap. 8. Moreover, the templater is dealing with individuals who may display very individualistic behavior. The templater thus may have to overcome personal as well as analytical barriers.

Coaching the templees has thus far not been part of the traditional problem-solving cycle. This is because external consultancies have until now seen teaching clients their tools—their “magic”—as a threat to future business. I see it differently. The new post-COVID situation in the “Remocal Economy” with massive restrictions on travel activities, including the need to significantly increase internal value creation, requires managers to introduce ways and means that enable employees to solve problems independently and sustainably without external support. The key to this is TBM.

We saw earlier that the “traditional” consultant would finish his or her work by evaluating the results. TBM shows the employees how to evaluate their and other persons’ results. Therefore, the consultant does not have to stay on board, eating up project funds.

6.6 What Is So Different About the TBM Process?

In this chapter, I discussed the conventional problem-solving process which is also applied in most consulting projects. Based on this overview I went through the modified process of the Template-based Management approach (Fig. 6.3). The difference lies in the fact that after step 1 normally the operational project and problem-solving process start. This means that a know-how owner, such as a

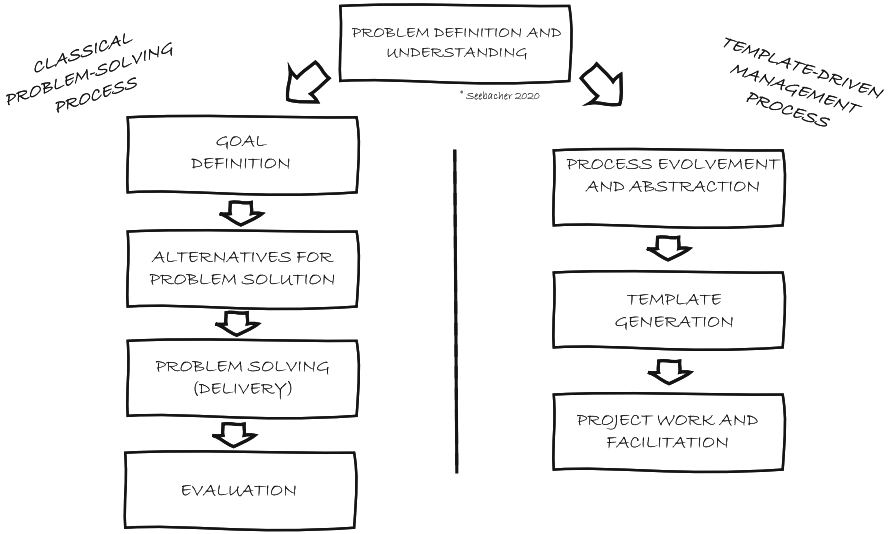


Fig. 6.3 Process comparison of classical problem-solving and TBM-based process

consultant, gathers data, runs analysis and researches, consolidates and documents all, and finally then—more or less critically—evaluates and derives key findings. These are then presented to the client or project owner. Know-how transfer only takes place very limitedly through the handed-over final project work presentation.

Applying TBM, after the first step the operational problem-solving process is structured and pre-defined, similar to developing the structure of a book. The aim is, to understand the outcome of each further step and cross-check whether these outcomes are what you need for the next following step. All is about stringency and consistency. Based on this pre-defined abstracted problem-solving process then in step 3 the templates are designed which then shall guide and lead the project team members, the templees, through the process. From then on as part of step 4 the TBM-based operational project and problem-solving work can start.

This process realizes many different operational and strategic advantages and benefits which sustainably will positively impact the entire organizational learning and development. For a comprehensive overview of all these benefits please kindly see the “Benefits of TBM” chapter at the end of the book. By now you should understand what makes the difference of TBM in regard to the problem-solving process.

In the next chapter, I will try to enable you to develop a broad understanding of what templates are, which types of templates we define, and how to generate them.

7.1 What Is the Definition of a Template?

In my experience, many people use the word template but without even being aware of the content and the meaning behind it. This always makes me laugh, as I have to recall my time with a client in Dallas (Texas), selling eBusiness Services such as eProcurement, eBilling and Customer Relationship Management (CRM). During these sales calls, all the men challenged me with regard to the expected benefits of such solutions, always stressing their intense expertise. But when we dug deeper into one of these areas, only a few people were barely able to come up with a definition or a description for these terms.

These men were and certainly still are all very busy practitioners and business managers, but I was surprised about why they would not use me during these sales sessions to indirectly brush up their know-how by just asking me the most direct questions on these topics: “What is eProcurement in essence? How does it work? Show it to me?”¹

Tobias Olbermann, a dear friend of mine, represents for me the type of person who understands how to play that direct part perfectly. He challenges people by just asking: “Tell me what it is in one sentence!” This always strikes me when working with him at different projects, as he keeps up and even challenges me continuously—but this helps to get to the point and ahead.

Based on Chap. 5, where we evolved the underlying learning theories and models, we are now in the position to deal more directly with templates in regard to the TBM approach. Talking about templates, their description, and their impacts on project management and consulting, as well as their inherent property of being a learning tool for both managers and templates, demands a precise definition. Not only

¹Neef, D.: “e-Procurement – From Strategy to Implementation”, Financial Times Prentice Hall 2001.

does an accurate definition appear difficult; additional sources in the literature are scarce.² I will, therefore, try to define a template as I perceived it during the projects I conducted while reflecting on their implications for the consulting process itself.

To understand exactly what a “template” is, let us briefly return to our definition of TBM.

Template-based Management (TBM) is a **proactive** management and consulting approach that draws on the use of **templates** to enable templees – the template users – to deliver content-work in a **self-directed** way supported and guided by the ‘templater’ as the person designing the templates and running the project.

A template, then, is a **tool** providing its user a guideline for **autonomous delivery** of content-work.

Two parts of this definition need further explanation.

7.1.1 What Is the Tool?

A ‘tool’ refers to a word document, a spreadsheet, a slide, or a computer program designed by the templater for the employee in order to enable the latter to solve a problem on his own.

A series of templates then constitutes the framework within which the user can move freely to produce predefined results.

7.1.1.1 Autonomous Delivery

Template-based Management works only when the templater spends considerable time on coaching³ the templees. What happens is that the templater changes from being purely operationally oriented to becoming a content-oriented coach—a facilitator.⁴ By doing so, the templater shows the templees how to use the templates and possibly creates incentives to think about possible enhancements. The templater creates “learning incentives.”⁵

So, what does a template do? Templates lead to the separation of form from content. A template separates pure information from its presentation. Thus, the user might employ the template as a tool for whatever content he or she is dealing with. The user can redesign a template produced in another project for his special use, giving him or her the possibility to perfectly adapt it for his or her needs.

²There are many titles available that include the word ‘template’. However, I recognized that most of them failed to come up with a useful definition. One of the better books is Charvat, J.: “Project Management Nation – Goals for the New and Practicing IT Project Manager – Guidance, Tools, Templates and Techniques that Work!”, John Wiley & Sons 2002.

³Whitmore, J.: “Coaching for Performance – Growing People, Performance and Purpose”, Nicholas Brealey 2002.

⁴Schwarz, R.: *The Skilled Facilitator*, Jossey-Bass 2002, p. 57.

⁵Fuhrman, S.H.; O’Day, J.A.: “Rewards and Reform – Creating Educational Incentives That Work”, Jossey-Bass 1996.

Templates serve during the abstraction process of a problem (Chap. 6). Then they are used to efficiently manage and facilitate the problem-solution process. This is true not only for templates as they are used and described in this book, but also for the application of templates in general.

The definition of a template goes hand in hand with the characterization of templates and with its key elements, points that I shall discuss later in this chapter.

7.1.2 What Are the Origins of Templates?

Where do templates come from, when did they emerge? Well, one might trace them back to prehistoric times. First patterns might be interpreted into mural paintings, into the description of hunting scenes or the description of the fire-making process. These were already kinds of templates, as they served as manuals for reproducing successful actions and processes. These types of patterns appear equally in the cultures of the Egyptians and the Romans.^{6,7}

But I will try to focus on the description of the evolution process of templates in modern times as they are applied in nearly every sector of business. Templates have an especially strong appearance in the manufacturing sector, particularly in processes concerning the assembly line. The first steps were made by the Ford Motor Company, and the theoretical foundations were laid by Taylor⁸ and his definition of *scientific management*.

In particular, it was Taylorism⁹ and its white-collar adjunct, the “scientific office management” of William Henry Leffingwell¹⁰ that created what might be hypothesized as the first economically and socially significant form of “template creation”. I refer specifically to the system of distributed functional management, mediated through instruction cards, that Taylor described early as his Shop Management in 1903. A good example, one of Taylor’s own favorite illustrations, is bricklaying.¹¹ We know that workers once built a wall by deciding ad hoc or by custom how many bricks to cart over, how close to place the pile, how many bricks to lift at one time, how to tamp the bricks down, etc. But post-Taylor, such decisions were extracted from the embodied work of the laborer and described on instruction cards as procedures that could be optimized, reprogrammed, distributed, and otherwise mediated. Work thereafter became the structured, modular, and algorithmically manageable process by which, as it were, each individual brick was nested within a

⁶Whitehouse, H.: “Ancient Mosaics and Wall Paintings”, Brepols Publishers 2002.

⁷Schlingloff, D.: “Guide to the Ajanta Paintings – Narrative Wall Paintings”, South Asia Books 1999.

⁸1856–1915.

⁹Pruijt, H.D.: “Job Design and Technology – Taylorism Vs. Anti-Taylorism”, Routledge 1997.

¹⁰Leffingwell, W.H.; Robinson, E.M.: “Scientific Office Management”, A. W. Shaw 1917.

¹¹The Principles of Scientific Management (originally pub. 1911), collected in Taylor F.W.: “Scientific Management”, Greenwood 1972, 1974.

wall. That is, each node or field in the work process became part of a programmatic description of wall-building that allowed the content (e.g., actual bricks) to be separated from the presentation of the actual wall.¹² Previously consigned to the craft or habit of the individual worker in his or her social “habitus,”¹³ presentation now became the instantiation of a Platonic schema of a wall programmed by ever more remote, multiple, and distributed functional managers.

Fordism¹⁴ displaced predominantly craft-based production in which skilled laborers exercised substantial control over their conditions of work. Fordist production entailed an intensified industrial division of labor, increased mechanization, and coordination of large-scale manufacturing processes (e.g., sequential machining operations and converging assembly lines) to achieve a steady flow of production. It was Ford’s division of labor, and thus the use of templates, that made the enormous increase in productivity possible. Furthermore, new techniques such as Just-in-Time (JIT) production¹⁵ and later on the Kanban-system¹⁶ may be seen as making use of and applying templates in an efficient and successful way.

Within the appearance of IT, templates gained an important new role. They serve in applications as fundamental as programming languages, e.g., C++, where templates are by definition common functions or classes which work independently from data types.¹⁷ Other examples are web pages, or data sheets demanding input from the user, e.g., all types of subscription forms or identification masks requiring name and password (one of the simplest templates). SAP R3, Word, and Excel macros are some other well-known examples of templates we use in everyday life without actually being aware of them.

As a last point, I would like to mention the impact and evolution of templates in the domain of project management. Project management,¹⁸ in its modern form, began to take root only a few decades ago. Starting in the early 1960s, businesses and other organizations began to see the benefit of organizing work around projects and to understand the critical need for communicating and integrating work across multiple departments and professions.

One might even trace the theoretical framework back to Taylor and his scientific management approach. Taylor’s associate, Henry Gantt,¹⁹ studied in great detail the

¹²See previous subchapter “Definition of Templates”.

¹³Motola, M.: “Social Habitus and the Impact of Socio-Cultural Factors on Vocational Behavior of Adolescents – A Cross-National Comparison of French and Finish Studies”, Joensuu Yliopisto 2001.

¹⁴Doray, B.; MacEy, D.: “From Taylorism to Fordism – A Rational Madness”, Free Association Books 1990.

¹⁵Schoenberger, R.J.: “Japanese Manufacturing Techniques”, n.a.

¹⁶Suzaki, K.: “The New Manufacturing Challenge – Techniques for Continuous Improvement”, Free Press 1987.

¹⁷Ladd, S.R.: “C++ Templates and Tools”, Hungry Minds Inc 1995.

¹⁸Kerzner H.: “Project Management – A Systems Approach to Planning, Scheduling, and Controlling”, 7th Edition, John Wiley & Sons 2001.

¹⁹1861–1919.

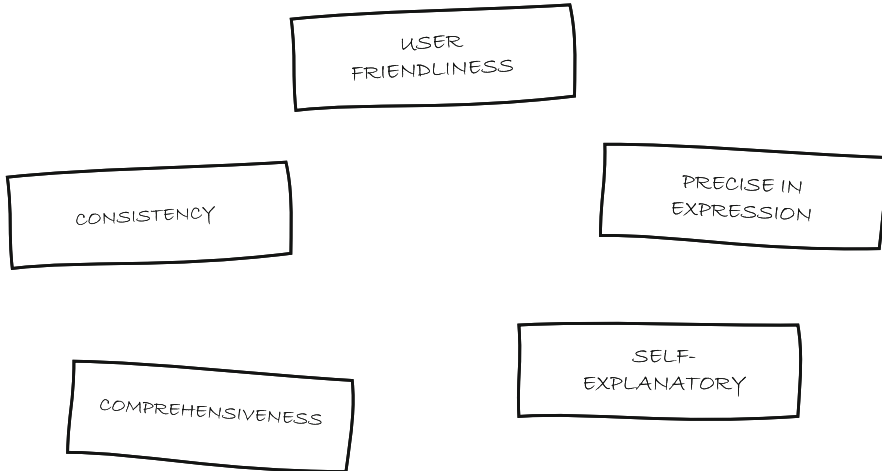


Fig. 7.1 Key factors of good templates

order of operations in work. His studies of management focused on Navy ship construction during World War I. His Gantt charts,²⁰ complete with taskbars and milestone markers, outline the sequence and duration of all tasks in a process. Gantt chart diagrams proved to be such a powerful analytical tool for managers that they remained virtually unchanged for nearly a hundred years. They still represent, together with PERT charts²¹ (Program Evaluation and Review Technique) and CPM^{22,23} (Critical Path Method) among others, some of the most powerful templates.

7.1.3 Which Are the Key Elements of Efficient Templates?

So, what makes up efficient, powerful, and thus successful templates? Hints are given by the historical background, development, and evolution of templates. Despite the variety of application fields and environmental factors, one can identify some common points and thus design a common framework. Some of the most important factors are shown below (Fig. 7.1):

Furthermore, these proprieties have to be considered alongside two more abstract levels already introduced in earlier sections, namely

²⁰Project Management Institute: “A Guide to the Project Management Body of Knowledge”, Project Management Institute 2001.

²¹Ibid.

²²Ibid.

²³Busch, D.H.: “The New Critical Path Method – The State-of-the-Art in Project Modeling and Time Reserve Management”, Probus Professional Publishers 1991.

- Content level and
- Technical level

This arrangement already implies the most important issues one has to respect in designing successful templates, whereas it is absolutely clear that these two levels do interfere in their sub-points. That is why a breakdown structure is omitted in this context. But it will become clear through a more detailed description of the crucial issues identified above.

One can compare the key elements of templates to key features of a computer program.²⁴ Here, one is pretty much looking for the same things. Some of you may disagree, but the Windows interface from Microsoft is a rather good example. I suppose that you are more or less familiar with some Windows products. As a possible user of their products, you are looking for the most key elements conceivable. Windows is easy to use, if sometimes not easy to understand, and programs such as Word or Excel are absolutely consistent within the whole set of possible applications. Once one is familiar with one special application, one can easily transfer his or her acquired knowledge to another application—a fact that is very desirable for a single template and even more so for a set of templates.

User-friendliness (ease of use) is one cornerstone of the template-driven approach. Two main points are absolutely essential to avoid if you want to design and employ efficient and successful templates: first, complicated functions and second, the necessity of excessive explanation. This becomes clear immediately if you think of the large spreadsheets used in investment banking. Often containing very complicated macros, these spreadsheets require a tremendous amount of explanation to persons, not 100% familiar with them. Another example is Microsoft's Office products.

There you have the choice of working on a very simple level with a set of easy-to-understand functions or to get involved in details and use macros or complicated built-in functions. The impact of these complications is mirrored in the capacity of the employee to self-develop and especially to evolve these templates. Therefore, clear structuring and the assurance of implementation of the first key point, namely user-friendliness, are significant for an efficient and successful template.

Precision of expression refers to the fact that templates contain also text, written phrases, which refer to another type of learning, another type of intelligence,²⁵ and thus have to be considered in the same manner as pure presentational and graphical issues.

Normally, one tends to get stuck in vocabulary that is too specialized, making it hard to understand for rookie team members.²⁶ These rookies, whether they are new

²⁴Gamma, E.; Helm, R.; Johnson, R.; Vlissides, J.: "Design Patterns", Addison-Wesley Publishing Co 1995.

²⁵See Chap. 5, "Individual Learning Perspective".

²⁶Arnold, D.S.; Becker, CS.; Kellar, E.: "Effective Communication – Getting The Message Across", International City/County Management Association 1983.

on the effective team producing the results or people just barely touched by the project, should not lose time in trying to understand the text and thus the instructions are given. On the contrary, these people may serve as benchmarks to define content issues during template generation as well as for the ongoing process of template evolvement. However, understanding of the instructions given in the templates is essential for further work planning and progressing toward the goals set.²⁷

In fact, one can take the two properties, the two key elements, ease of use and clearness of expression, as reference for the third property of an efficient template, namely that it be *self-explanatory*.

There should not be any discussion about the template itself. The discussion has to be focused on the content of the template and thus its contribution to the result of the project. The amount of required explanation has to be limited; the meaning of the template must be clear.

Comprehensiveness reflects the other points stated above. But the difference lies within the compactness of information or the compactness of a template itself. This becomes clear when you think about the amount of information that has to be transferred using a standardized form or framework. Therefore, the template possesses what one might call an “information overload level,” which is the point after which comprehensiveness cannot be assured. Thus, comprehensiveness is another key element of successful templates.

Consistency has to be guaranteed within both a single template and a set of templates. Generally, whether considering a single template or a set of templates some key points can be identified that is definitely responsible for the assurance and the success of the underlying templates. Separation of text and graphics appears to be of advantage, in order to better structure the level of consistency. When speaking of consistency, I am referring to

- Logical and structural stringency, and
- Linguistic²⁸ and stylistic²⁹ uniformity³⁰

These are the major issues that have to be respected when considering consistency. In this context, I would like to stress once more the example of Microsoft’s Windows interface and its applications. All the integrated applications, especially the whole Office package, are very consistent based on the definitions of consistency stated above. All applications are structured in the same manner, thus allowing very rapid comprehension and familiarization. The learning takes place in an effective manner and, speaking again of templates, this lowers the barriers against their use, making consistency another very important key element.

²⁷Tingley, J.C.: “Say What You Mean, Get What You Want – A Businessperson’s Guide to Direct Communication”, Amacom 1996.

²⁸i.e., type of language, vocabulary, grammar. . .

²⁹i.e., arrangement of text and graphics, use of color. . .

³⁰Nielsen, J.: “Coordinating User Interfaces for Consistency”, Morgan Kaufmann Publishers 1989.

Logical and structural stringency, as well as linguistic and stylistic uniformity, are important within both one template and a set of templates. In this sense, the single templates as well as the set should be checked for consistency with regard to two dimensions. First, the “content-dimension” and second, the “preparation-dimension.”

The content dimension includes the aspect of making a presentation in logical steps, taking into account the need for a thorough explanation of working statements. Smooth transitions throughout the set of templates are of major importance, avoiding unnecessary leaps in the argumentation chain and thus supporting the impact on the template user.

Preparatory issues essentially concern the presentation of the set of templates. As well as reflecting the content, templates—and above all, a set of templates—should mirror the underlying working steps and measures. Another component is the consideration of the argumentation chain and source.

Equipped with a good understanding of what templates should and should not contain, let us now turn to actually developing templates.

7.2 How to Generate the Templates?

The Template-based Management approach as described in Chap. 6 takes place in four steps (Fig. 7.2):

The first of these steps definitely has an influence on template generation, as it serves to provide an idea of the underlying difficulties which are reflected in the pure template generation process. For the step “Problem Definition and Understanding” also specific templates can be developed and used. Some of my clients started to always use a gradually grown set of proven and accepted templates for the first step of each TBM-based project. This development process of the Step 1 templates is similar as the process of Step 3 “Template Generation” why we are now diving into this essential part of the value chain (Fig. 7.3).

7.2.1 How to Develop the Draft?

The ultimate goal of sketching the first template is to be as efficient as possible. However, the draft development should not be “quick and dirty,” for the more thought is put into it, the less work there is to do afterward. There are four steps involved in the draft development phase (Fig. 7.4):

The basis for the development of the draft already has been laid throughout the preliminary phase of process evolvment and abstraction. This information is taken into account in order to develop the underlying template structure. Doing away with the operational or process level leads to the efficient design of a template draft. This shift from a process to a problem-solving level corresponds to the so-called

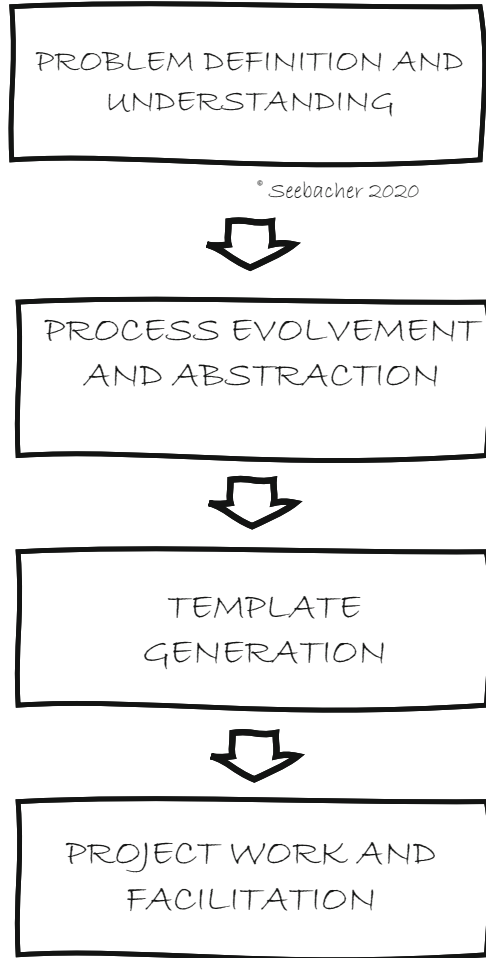


Fig. 7.2 The 4 step TBM process

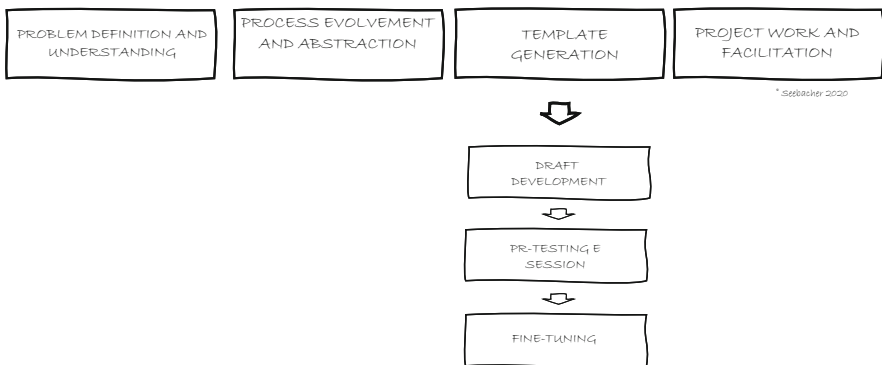


Fig. 7.3 TBM step 1 activities

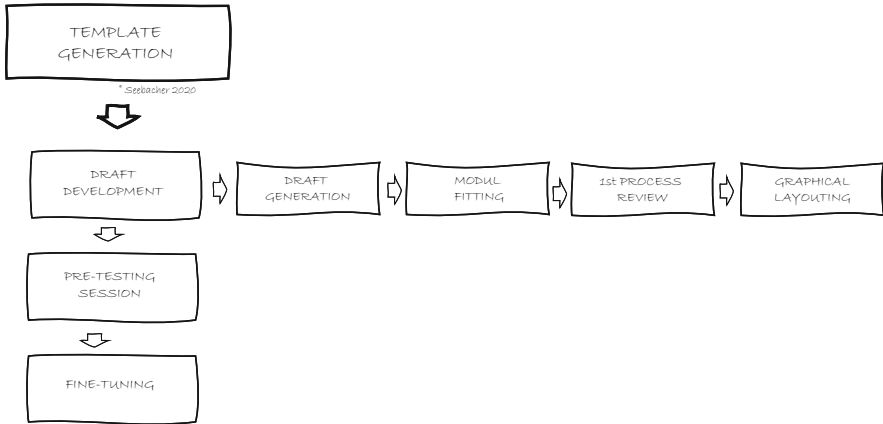


Fig. 7.4 Draft development activities

meta-level,³¹ which is an inherent component of the Template-based Management approach. Working on the meta-level, on an abstract level, makes it possible to create a framework that will allow one to be flexible in regard to boundary conditions. This flexibility is a big advantage throughout the steps of testing and fine-tuning and leads, furthermore, to success in the design of efficient templates. In fact, the whole development path may very well be compared to the construction of a building. Draft development compares to the effective blueprint conception, in which many extrinsic and intrinsic variables are considered, and the project is kicked off.

The next step in designing the draft is the implementation of different elements like text or graphical modules. The starting point is a definition of the problem and the objective(s). This implementation of adaptable elements is not a highly analytical procedure. Quite to the contrary! This step pretty much resembles an architect “playing around” with forms and shapes, with building material and color, and thus demands a high level of creativity. It can be understood as a process of trial and error, while searching for the best adaptable first-fit solution.

Once the structure is defined and additional elements are applied, the templater proceeds to the next step. He or she does a cross-check with the process defined throughout the previous phases of TBM and adapts for the first time the template draft to the underlying problem structure. The templater chooses from the different possible adaptable template drafts the one which seems to be the best match for the underlying process structure.

In the last step within the draft development stage, a graphical fitting takes place. The template is revised with regard to its presentational form. This happens in collaboration with the client and is realized either by the templater himself or by

³¹See Chaps. 2, 6, and 8.

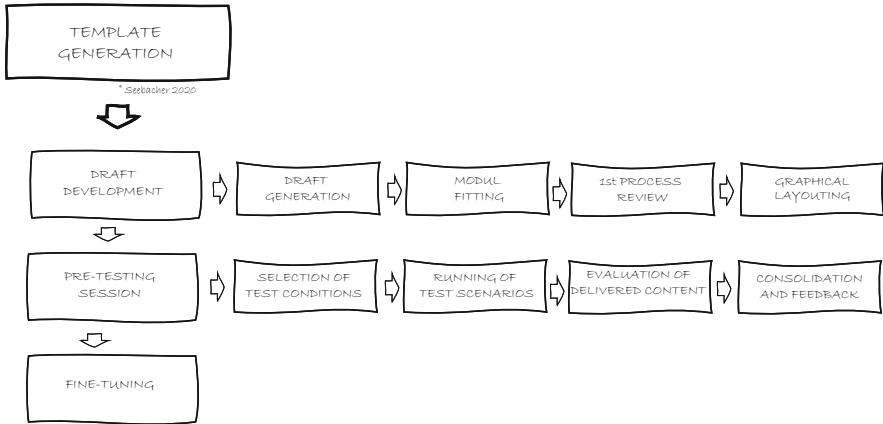


Fig. 7.5 Pretesting session activities

an external layouter, depending on the templatel’s knowledge and experience in this field.

7.2.2 What to Do for the Pretesting Session?

Following the development of a sound working structure, a template that seems right to lead toward the planned result has to be tested. One can identify four activities (Fig. 7.5):

1. Selection of test condition
2. Running of test scenarios
3. Evaluation of delivered content
4. Consolidation of feedback³²

The selection of tailored test conditions appears to be a crucial point. During the pretest phase the template has to undergo the first tests of whether or not it meets the criteria defined previously, which happens normally with a pilot project being conducted.

Once the test scenario is run, it is evaluated against the criteria, and deviations are noted. The output of this test phase, the content delivered, allows a first cross-checking of the results and gives hints as to the success of the templates employed.

³²Davis, H.; Sharon, A.B.: “Feedback and Coaching”, Indaba Press 2002.

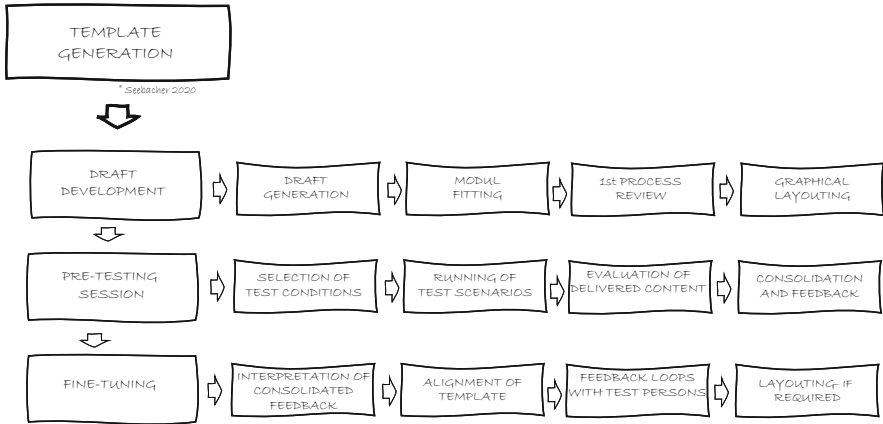


Fig. 7.6 Fine-tuning activities

7.2.3 How Does the Fine-Tuning Look Like?

Using the consolidated feedback of the first test phase, the pretest phase, one now has to think of consequences and implement the changes; one has to fine-tune the set of templates previously developed through the following procedure (Fig. 7.6):

1. Interpretation of consolidated feedback (former phase in pretesting)
2. Alignment of template
3. Feedback loop with test persons
4. Layout adjustment, if required

The new alignment of the template is the return to operative measures. One has to effectively implement the improvements in order to obtain the expected result. Alignment also means the alteration of the template's sequence, which plays an extremely important role in the transfer of information and thus in the understanding and the acceptance of the people working with these templates.

The change and improvement processes have to be seen as an ongoing procedure. They are driven by the feedback from the test persons, which concerns the entire template, from structure to content. During the pretest phase one remains quite on the surface and focuses mainly on the variables that act as drivers of change, while during the fine-tuning step all variables and all details are considered in order to achieve optimal results. Clearly, not only does this loop satisfy the rough framework, but more subtle approaches are also considered during the phase of fine-tuning, and all variables are taken into account.

Referring once more to the example of building construction, one might compare the phase of fine-tuning to the effective implementation of electrical systems, or for instance the question of where exactly the client wants the light bulbs or wall

sockets. Obviously, these elements have been considered throughout the blueprint phase, but the client may alter his ideas. So, the construction of a house is to some extent a loop, or more precisely a feedback loop.

This sound process of template generation is to be seen as a loop as well, not only during the fine-tuning process, but from the very beginning, namely the draft development. Constant feedback and test results are considered to allow constant checking against desired project goals. To this end, as a last step, the review of a layouter can appear possible if the feedback of the test persons makes it a necessary step and thus an absolute requirement to the success of the template developed.

You have now been given a description of how to produce templates. Coupled with the case studies at the end of this book, you should be able to design and use the first templates yourself. However, there is still a need to classify templates, since a single template cannot be applied to all possible situations.

7.3 What Template Typologies and Different Types Are There?

The templates which have been employed during different projects can be categorized as follows:

- Managerial templates
- Process or content templates
- Result templates

These different types reflect an organization's structure. Focusing mainly on operational functions within any type of company or organization, one again can match the templates to functions (in fact, it is the other way around: the templates are designed according to the target function or responsibility):

- Management
- Production
- Reporting

From one stage to another there is a constant flow of information and a growing level of detail. From the managerial level down to the process level, and further on toward a cross-check and review stage. The key word "management information system" appears relevant in this context, as the efficient transfer of information between the stages, and especially the effective information of the management about project involvement and the achievement of milestones, is crucial to a successfully conducted project.

All these stages demand different attributes from the templates, which I will define and explain in the following pages.

7.3.1 What Are Managerial Templates?

The managerial template may be differentiated from the other set of templates on the basis of its function. Managing consists of four functions:³³

1. Planning
2. Organizing
3. Leading
4. Controlling

7.3.2 The Planning Type

Planning is the ongoing process of developing the mission and objectives of a business and determining how they will be accomplished.³⁴ Planning includes both the broadest view of the project, e.g., its mission, and the narrowest, e.g., a tactic for accomplishing a specific goal.

7.3.3 The Organizing Type

Organizing is establishing the internal structure of the organization or project team.³⁵ The focus is on division, coordination, and control of tasks and the flow of information within the organization. It is in this function that managers distribute authority to jobholders.

7.3.4 The Leading Type

Leading is influencing people's behavior through motivation, communication, group dynamics, leadership, and discipline. The purpose of leading is to channel the behavior of all personnel to accomplish the organization's mission and objectives while simultaneously helping them to achieve their own career objectives.

³³Higgins J.: "The Management Challenge", 2nd Edition, Macmillan 2001.

³⁴Ibid.

³⁵Ibid.

7.3.5 The Controlling Type

Controlling is a process of establishing performance standards based on the objectives, measuring and reporting actual performance, comparing the two, and taking corrective or preventive action as necessary.³⁶

Obviously, these four basic functions have to be reflected in the templates designed for the managerial level. This is especially true if one thinks of the graphical presentation, which should make it possible to get a general idea of the underlying information rapidly. This leads back to the key elements discussed in a previous subchapter, for instance precision of expression.

Templates fulfilling planning activities are at the core of management activities. Particularly important are generally adaptable and well-known, templates such as Gantt charts and the Critical Path Method (CPM). The framework of these charts remains existent but the content and presentational form are altered in order to adapt them to specific client and project needs, as described during the development path of templates. Other types of managerial templates can even be as simple as a word document or a basic PowerPoint presentation.

In essence, managerial templates help managers and templees to perform project management tasks. With the help of the templates, templees are enabled to plan projects and to organize them with regard to personnel, tasks, and time. Through the coaching they receive from professional templaters, templees will also find it easier to motivate and coach the people who should later be performing operational tasks.

7.3.6 How to Distinguish Process or Content Templates?

Process or content templates pick up operational issues. Do you recall the story I gave you in Chap. 6 about the Boston company that produced office furniture? What I had to do there was gather intelligence about the various sub-processes. I did this by asking people personally about what they were doing. Furthermore, I used questionnaires, observed the people at work, or asked them to make daily reports. To see whether or not the people worked according to the norm, I applied two different methods for time registration: Methods Time Measurement (MTM)³⁷ and Work Factor (WF).^{38,39} These were all tasks that the client's templees could have

³⁶Ibid.

³⁷Karger, D.W.; Bayha, F.H.: "Engineered Work Measurement – The Principles, Techniques, and Data of Methods-Time Measurement: Background and Foundations of Work Measurement and Met", Industrial Press 1987.

³⁸Silver E.: "Inventory Management and Production Management and Scheduling", John Wiley & Sons 1998.

³⁹Buehner, R.: "Betriebswirtschaftliche Organisationslehre", Oldenbourg Verlag 1992.



Fig. 7.7 Types of result templates

done, provided they had good coaching and customized templates. With process templates the templatier is in some sense ‘liberated’ and now able to progress faster with other issues.

Taking into account the examples stated above, one has to distinguish two interpretations of a process. First, the actual underlying process itself, i.e., procurement, manufacturing, or sales. Second, the process may refer to how the employee acquires data and in which way he or she analyzes the underlying problem. Process templates in the context of TBM refer mainly to the second meaning, as the TBM approach is intended to provide a tool that enables the employee to provide problem solving services in the sense of consulting services by combining his expert knowledge with the required structure and method knowledge from the templates.

Process templates help to strategically develop people within the company; they become aware of their colleagues’ tasks and thus begin to think cross-functionally. Of crucial importance is the assurance of consistency and quality throughout the process and thus also within the template or the set of templates themselves. The application of templates on an operational level should facilitate the adaptation and as a consequence the broader use, of new ideas and procedures. But adaptation depends on the ease of use, so once more consideration of the key elements of templates is crucial to efficient and thus successful implementation of the Template-based Management approach.

Content templates point up the importance of consistency across the set of templates and within one single template. This becomes clear if you think of highly complicated Excel spreadsheets. Consistency from a content point of view and formatting issues are especially drivers to the success or failure of such process or content templates dealing with details.

7.3.7 When to Use Result Templates?

The third type is the result templates. Their use is multifaceted. On the one hand, they serve purely as facilitators to present summary and results; on the other, they serve as ongoing review data sheets, which have an impact on the managerial decisions and thus design a loop back to the managerial templates and process templates.

From the pure result perspective, these templates might serve for the following issues (Fig. 7.7):

The communication of project results is a highly important point which, unfortunately, often appears to be underestimated. To this end, the sound development of result templates that will facilitate this procedure is necessary. This leads directly to the possibility of making further use of the templates that have been developed for one specific project. When they lead to good communication, they become more visible and thus can be recommended to other business divisions once they have gained attention.

The other aspect of these templates concerns the controlling perspective and its underlying possibilities. Using these templates thoroughly means that an ongoing review of numbers and project goals can take place, allowing the diminution of project risks. The influential quantities can thus be monitored and controlled, which leads back to one of the four management functions stated above, namely controlling. With this information reinserted in the managerial templates one has established a self-controlling and self-stable loop, still demanding control and review but reduced to a minimum.

Another very important function of result templates is to ensure the proper transfer of information and project results. This happens in close relation with the other functions of result templates stated above and appears to be a crucial step in the development chain of every project. Only the proper reuse of results and knowledge acquired serves as a further driver to success, but knowledge transfer and especially the treatment of knowledge in organizations goes beyond the scope of this book.

7.4 What Is the Key Message Regarding the Tool?

In this chapter, I introduced you to the templates as a tool. Even though TBM is in the meanwhile by many experts considered as a management approach, the kernel is and still remains the template as such as the tool. And with every tool, it is essential to work with it in order to get acquainted and confident using the tool. Otherwise, a fool with a tool still remains to be a fool. Therefore, in this, I defined what a template is providing a precise definition. I introduced the “templater” and the “templates,” and also in detailed described the process of how to develop really good and powerful templates. This chapter shall be a guide for you when making your first TBM steps (Fig. 7.8).

Fig. 7.8 A fool with a tool still remains a fool



TBM is an ongoing learning process. So, be aware that sometimes, and especially in the beginning, you will need more time for TBM-based work as you need your organization and yourself to learn to apply TBM. Granting this time means to enable a sustainable investment in your organization's competence and skill set.

Recall my explanations of the new green deal and the ethical corporation in earlier chapters. As an authentic and responsible leader you must urge yourself to allow for this investment, granting your entrusts time to make this ever more important step and you will be surprised how fast your organization will take on a totally new level of quality and speed in regard to intrinsic change management and organizational development capacity.

8.1 What Is the TBM Skills Triad?

Your role as a business manager is changing, but not only yours. The role of the templater is changing, too. TBM is helping to push along this change for the better. With this altered role, it will be necessary for templaters to develop new competencies in order to offer their temples the best possible performance. Templaters need to improve their capability to think at the *meta-level*. Current project and problem-solving methodologies require too much time to be spent on the *operational level* of the problem. What normally happens is that a consultant or project manager is engaged to fix the problem without ever really explaining the solution to those involved with the problem. As a result, if the problem recurs for some reason, the client will be none the wiser in finding an in-house solution, and the external expert will have to come back to fix the problem—again. By developing three core competencies—together I call them the **TBM Skills Triad**—outlined in this chapter, managers can internally develop specially selected employees as templaters to overcome the above problem and offer to their temples sustainable solutions and not just quick fixes.

The TBM Skills Triad consists of the three essential competencies enabling a professional from any knowledge and educational background to become a successful TBM templater. In the following sections, I shall critically discuss and elaborate on these three core TBM competences (Fig. 8.1).

8.2 Why Do We Need Abstraction Ability?

Traditionally, external consultants have over-focused on their responsibilities. I have discussed in several parts of this book thus far, especially in Chap. 4, the weaknesses of the brand-name consultancies. They enjoy surprising their clients with “bait-and-

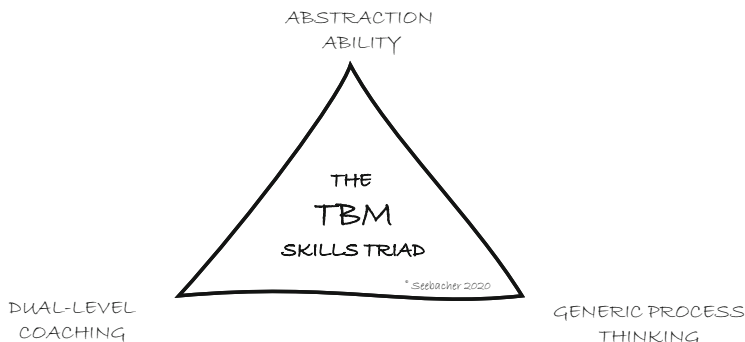


Fig. 8.1 The TBM skills triad

switch” tactics.¹ The consultants they send in are usually relatively new to the firm and to their jobs, which contrasts starkly with the level of knowledge and experience of the senior partners who went in for the sales pitch. Not only does this tactic raise issues of trust and credibility, but also job competence and performance. Inherent in the work of an inexperienced consultant is the lack of ability to see the overall picture. These consultants should not be blamed for this: It takes time to develop this skill. For the same reason, not everyone is capable of working in senior management. Not even all senior managers are capable of working in their senior management positions! More often than not, managers work their way up the ladder until the Peter Principle manifests itself.^{2,3}

What exactly is this skill that is so rarely seen in the field? It is the ability to move through the entire cycle of reasoning. In other words, the ability to make observations at the meta-level, analyze them to the process or operational level, make the necessary changes, and then abstract them back to the meta-level. As I will explain later in this chapter, the skill of working on the meta-level while remaining keenly aware of the operational level is key to TBM. It is the tool that the templater can use to stay one step ahead of where he needs to be (Fig. 8.2).

Four factors are important for successful abstraction. First, there is the capability to effectively leverage organizational problems; second, the capability to handle the process of problem-solving; third, the ability to recognize client-specific thinking typologies; and lastly, the ability to understand the key levers of the client.

¹See Chap. 4.

²“American Heritage Dictionary of the English Language”, Houghton Mifflin, 2000.

³Peter, L.J.; Hull, R: “The Peter Principle”, Buccaneer Books 1996.

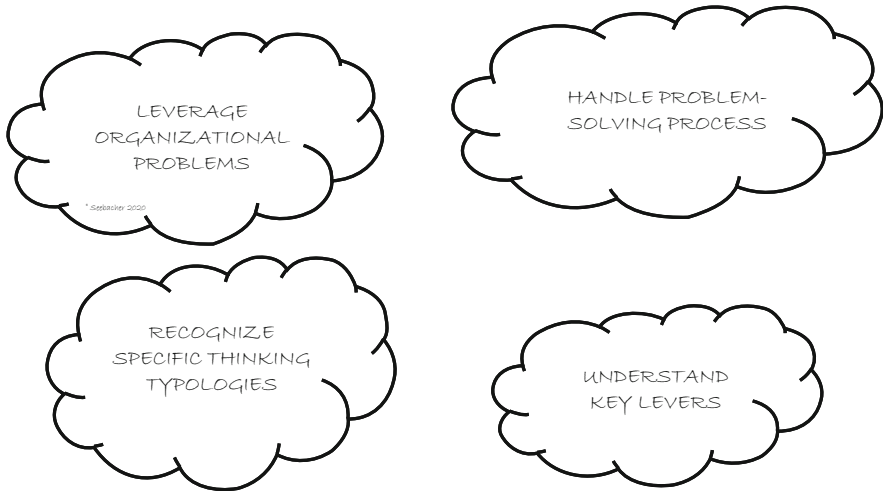


Fig. 8.2 Four capabilities for abstraction ability

8.2.1 How to Leverage Organizational Problems

When a templater goes to work, the first step he or she must take is to gather intelligence. The templater must observe and interview problem owners. Next, he must begin analyzing the data that he has gathered. Each observation, each interview, in fact, each individual datum must be scrutinized to yield the most minute step of each process and sub-process. However, the templater must not do this alone—it is absolutely imperative that he works in tandem with each team member and in the larger context of an implementation team. In most cases, the internal client will not understand the problem correctly. This is normally due to the fact that problem owners study the overall framework of the problem and that the person or persons mainly affected by a problem can no longer see the forest for the trees, i.e. the in some cases impressively simple solution to the problem. The problem owners are often simply trapped in their own situation or crisis and can no longer see beyond the edge of the telephone where a simple solution might be found. It is similar with the development of disruptive business models, which suddenly design a completely new product or service by looking beyond their own nose into another industry or sector.

During and after the intelligence-gathering stage, the templater should be working on understanding the problem and all of its structural components. Then he will be able to refer to similarly structured projects that he has dealt with in the past. This will help him further understand the drivers of the problem and the solution process for the new project.

In the context of TBM, the templater should avoid the pitfall of being pulled down to the operational level of the problem. Implementation team members who lack confidence in themselves or are otherwise afraid of change or prone to resisting

it are likely to be needy and overly dependent on the templater when it comes to working at the operational level.⁴ I will address this problem in the next section of this chapter, “Dual-level Coaching.” Avoid this hazard at all costs! The successful creation and implementation of the template are highly dependent on the templater having a clear idea of the purpose of the template.

However trite it seems to say this, the templater must have a good awareness of the operational level of the problem as well. Only then will he be able to determine where the challenges lie for the people who deal with the problem on a daily basis. Once these challenges are discovered and the templater has analyzed the strengths and weaknesses of the implementation team member in terms of the problem, the templater and the owner can begin working together, brainstorming ways for the owner to leverage his or her strengths against the problems inherent in the work.

8.2.2 How Does Process of Problem-Solving Look Like?

In order for the templater and the team member to successfully leverage the critical areas, they must go through the process of problem-solving. For the team member, this also means going through the first part of the development process. The owner will have been performing the process in a routinized way on a regular basis, usually for some time. Although he might be aware that there are some flaws in the overall performance of his job, he is usually unaware of the underlying causes of these problems. He is certainly unaware of how to fix them. At this point, the team member can be described as being in a “state of unconscious incompetence.”⁵ Throughout the analysis of the problem with the templater, he will become aware of what is causing him to fall short in different aspects of his process, at which juncture he will be in a “state of conscious incompetence.” In the problem-solving stage, it is the templater’s duty to help him move from having an awareness of his inability to solve the problem to making a conscious effort to acquire and apply the necessary skills to ameliorate the problems that he faces. It is at this stage that the client-specific template will begin to take shape.

There are seven generic steps to problem-solving that can be divided into three broad stages. These three stages—analysis, concept, and abstraction—relate directly to the developmental process steps.

The analysis stage, which correlates with the “state of unconscious incompetence,” requires that those involved in the problem-solving process first accept the situation as is. Accepting in this sense is not simply recognizing, it also includes getting “on board” and dedicating a certain amount of time and energy to the problem-solving process. Without this initial commitment, you can be sure that

⁴Lombardi, Vince.: “Coaching for Teamwork – Winning Concepts for Business in the Twenty-First Century”, Reinforcement 1995.

⁵Parsloe, E.; Wray, M.: “Coaching and Mentoring – Practical Methods to Improving Learning”, Stylus Publishing 2000.

any following steps will be approached halfheartedly. Next is the actual analysis, which begins with the collection of data. Data are only so many useless bits of information. To add utility for the problem-solving process, these data must be organized. Complete and well-organized information is a key building block in the foundation of the process. The challenge of turning data into valuable information is what drives us to strive for Predictive Intelligence.

Once the data foundation is in place, it is time to move on to the concept stage, which bridges the gap between unconscious and conscious incompetence. This is where the concept of the problem is defined. Key ideas should be sifted from the data. Any final weaknesses in the process should be investigated here. Causes for the problem areas of the process should be determined.

When the exhaustive list of problems and causes is complete, the most complex part of the problem-solving process begins: the *abstraction stage*. This stage is comprised of four smaller steps, the first of which is generative. The sole goal of the generative step is to generate as many solutions, as many possible ways to reach the intended objective, as you can imagine. These solutions will be the arsenal with which you will obliterate the deficiencies in the process.

The next step is choosing your weapon. Which solution fits the problem, the problem owner, the team and the organization the best? Narrow down the choices and then make a list of the advantages and disadvantages of each solution. Order them according to their levels of probable success. When the final decision is made on the solution, it is time to take action.⁶

Implementation of the solution is the penultimate step. Unfortunately, many people leave the problem-solving process at this point, happy to have made it through one cycle. However, one cycle is never enough. Following implementation, constant feedback must be gathered. You expect a net improvement in the process, but that is not what you always get. Things go wrong. Unexpected problems pop up when (and where) you least expect them. When this happens, it is necessary to go back and re-evaluate the list of problems. If you find that you have missed something, take it into consideration while looking at the solutions that you generated. Modify them accordingly.

8.2.3 How to Recognize Specific Thinking Typologies?

Just how a templatier conducts the problem-solving process depends on what kind of person the problem owner is.⁷ Not everyone is good at learning. Not everyone remembers how to learn. And not everyone is good at, or even capable of, thinking in different ways. A responsibility of the templatier is to help the problem owners learn how to learn and how to recognize their own thinking type so they can

⁶See Chap. 6.

⁷Nadler, G.; Hibino, Shozo.: "Breakthrough Thinking – The Seven Principles of Creative Problem", Prima Publishing 1998.

overcome the disadvantage of approaching a problem from only a rational or only an emotional perspective. Learning to learn and think effectively is an exercise in self-awareness. For people who have recently studied, whether at a university, by distance education, or even at a private language school, achieving this self-awareness can be a matter of simply examining their past lessons and asking themselves a few questions. How did they find it easiest to remember things: by writing, by listening, by speaking and discussing?

In the process of learning and thinking, there are several ways that people function. On the highest level, people can be categorized as reactive or proactive learners. The first group waits for experiences to come along, while the second group actively seeks out new learning experiences. It is important to bear in mind that being a reactive learner does not necessarily make that person unwilling to learn, just as being proactive is not synonymous with overzealousness.⁸

Several aspects of learning and thinking strategy define the way that people handle new information. The first of these has been put forth already and deals with the way that new information is encoded most easily (e.g., by listening or seeing). The second strategy aspect focuses on the processing of the information. Is the person mostly right brain, left brain, emotional, or analytical? The final aspect has to do with conditions. What are the optimal learning conditions for the person?⁹ Factors such as, but not limited to, the emotional, social, environmental, and physical must all be taken into consideration by the templater.¹⁰ As described here, these aspects of learning and thinking strategy are a crude version of Gardner's multiple intelligences, which I discussed in greater detail in Chap. 5.

In addition to the strategy aspects, there are also different learning styles that illustrate personalities and varying attitudes toward learning and thinking.

- Activists are receptive to new ideas and are willing to “try anything once.” In general, activists keep themselves busy by filling their days with activity.¹¹
- Reflectors like to consider the options for as long as possible. A chance to take a decision early on would be vetoed by a reflector because he or she would want to take time to gather and analyze more information.
- Theorists thrive on tidy, logical ideas that are normally very complex. They are able to easily integrate existing theories and new data into new theories.
- They are perfectionists who are not happy if they cannot see how their work fits into the larger picture.

⁸Robertson, S.L: “Types of Thinking”, Routledge 1999.

⁹Medsker, K.L.; Gagne, R.M.: “The Conditions of Learning – Training Applications”, Wadsworth Publishing Co 1995.

¹⁰Parsloe, E.; Wray, M.: “Coaching and Mentoring – Practical Methods to Improving Learning”, Stylus Publishing 2000.

¹¹Ibid.

- Lastly, the pragmatists are keen on putting theories and ideas into practice to test their viability. When they act on an idea, they do so quickly and are confident about its success.

Templater has to be trust-enabling leaders as described already earlier in this book. This also means to be empathetic in the way that the recognition of the type of person in all kinds of dimensions—physical, mental, social, or also cognitive—must be at the core of the templater’s work for being able to realize high-level quality TBM results.

8.2.4 How to Understand Key Levers?

Thus far in this chapter, I have discussed how a templater using the TBM methodology must examine the problems inherent in the problems with which they are dealing. I have also broached the topic of finding effective ways of facilitating the involvement of the team member in the problem-solving process. These are important issues, but they are not enough. It is also necessary to find out what makes the client tick. Everyone has certain likes and dislikes in their jobs and otherwise. The templater must continue to work on building a trusting relationship with the people currently handling the problems if he or she wants the implementation to go smoothly and successfully.

It might help to discuss the likes and dislikes of the implementation team members’ with regard to their jobs. A well-directed discussion on this topic can provide useful insight into the psychology of each person. It is important to know what motivates the team members.¹² Are they career centered or are their values placed somewhere outside of the employment setting? These data affect the way the individual works and how inspired he or she will be with his or her responsibilities.

On the broader level, it is also pertinent to know what drives the organization. Is it currently necessary for the company to cut its costs or is it trying to expand? Without first scrutinizing the current motivation of the company, the templater is liable to, at worst, take the project in the wrong direction and, at best, not optimize the solution to the full extent possible. A templater does not only need to analyze the temples on the individual level but also the group of entrusted temples as well their contingency situation. Similar to organizational constructs also individuals, as described in the section on ethical corporations, people are the result of their environment. The presented experiment even showed the importance of the careful selection of used words and the terminology.

¹²Coffman, C.; Gonzalez-Molina, G.: “Follow This Path – How the World’s Greatest Organizations Drive Growth by Unleashing Human Potential”, Warner Books 2002.

Tip

A good templatier is very sensitive in regard to the entire contingency situation and will be able to situational-flexibly adjust the entire verbal and non-verbal behavior in accordance to this environment. This requires a sound and authentic person being aware and knowing what one knows and what not. TBM is no playground for self-promoter and narcissists because templatier are aware of their all-encompassing task of a sustainable and responsible cautious transfer of knowledge.

8.3 What Means Dual-Level Coaching?

The ability of a templatier to coach on the meta-level and the operational level is a skill that will be useful throughout the three steps of the project.¹³ For a templatier to deliver TBM, it is still necessary for him to work on the operational level as templatiers traditionally have done. However, in order to make the best use of the implementation team member's time, he must have an overall, strategic view of the project, as coaches normally do.

Dual-level coaching (DLC) is an extremely important part of TBM. DLC signifies the templatier's ability to operate on the meta-level while aiding the implementation team in its mission, answering questions, and helping out, as necessary, on the operational level. The key is for the templatier to keep from becoming too involved in the operational level of the implementation, which would be time-consuming and ultimately more costly for the client.

The templatier who is acting as a dual-level coach must have a strategic vision of the project and thorough knowledge and experience at the operational level, as well as the interpersonal and pedagogical skills of a traditional coach. The necessary traditional coaching skills include the creation of rapport, listening, and skills that enhance the sense of ownership.¹⁴

8.3.1 How to Not Act as a Consultant

For the external consultant, creating a good rapport with the team member is difficult for many of the same reasons that resistance develops between the implementation team and the external consultant. After years of reading about, hearing about, or even experiencing downsizing, rightsizing, delaying, and reengineering or reframing, usually with outside help, many people have preconceived judgments about the

¹³See Chap. 5 for more detail.

¹⁴Parsloe, E.; Wray, M.: "Coaching and Mentoring – Practical Methods to Improving Learning", Stylus Publishing 2000.

consultants even if he makes his intentions clear.¹⁵ These exercises in restructuring have invariably been the handiwork of brand-name consultancies, which have now left a sizeable load of occupational damage-control work for their smaller counterparts.

Adding to these problems is the tendency for some consultants to be a bit smug with their status as experts. If this is the case, they can be very intimidating to someone who expects things to change but feels insecure with the prospect. This is extremely counterproductive. In fact, it is exactly the opposite of what a good coach should be. However, this is not to say that consultants should be overly humble—experience counts for a lot and is probably what got them hired in the first place. The line between humility and showing competence is fine and should be dealt with carefully. How this should be done is a matter of common sense and *emotional intelligence*—the social antennae must be up and working.

Reasonable people trust strangers only to a certain degree. This level of trust is influenced by past experiences. This is stereotyping at work: our brains automatically fix qualities to objects and people with similar characteristics. Mental shortcuts like this help us to identify a small, brown, four-legged animal as a cat, when all other cats that we have seen were black with white spots. Unfortunately, this same method is used for judging consultants. Bad things that brand-name consultants did before having shaped the experiences of employees, who now have misconceptions about external consultants who are new to their organization.¹⁶

8.3.2 Why We Have to Listen Again

Another skill essential for being a good coach is being a good listener. Listening does not mean just hearing. It means taking in all channels of communication. Words are only a small part of this equation. Intonation, the speed at which I speak, and the syntax that I use can all be manipulated to convey a meaning that is dramatically different than the sum of the meanings of the words themselves. Not to mention the non-aural cues that I give out when I speak. Everything from where I look to what I do with my arms and hands is a telling clue that enhances or refutes the lexical side of my communication.¹⁷

It is necessary to be an active listener to be effective. All of these communication cues contribute to the global meaning of the thoughts and feelings that the speaker is trying to convey.¹⁸ The careless listener concentrates on only a few of these cues and misses the global meaning. People who do this often jump in too quickly with

¹⁵Nvran, F.J.: “Truth & Trust – The First Two Victims of Downsizing”, Athabasca University Press 2002.

¹⁶Gilovich, T.; Griffin, D.; Kahneman, D. (Editors): “Heuristics and Biases – The Psychology of Intuitive Judgment”, Cambridge University Press 2002.

¹⁷Kratz, A.B.: “Effective Listening Skills”, McGraw-Hill Trade 1995.

¹⁸Sullivan, J.E.: “The Good Listener”, Ave Maria Press 2000.

advice. Two very negative things come of this: The speaker becomes frustrated and the listener loses credibility as a coach.¹⁹

The last main skill area of a coach is her ability to enhance the team member's sense of problem ownership.²⁰ Members of an implementation team will be more motivated and effective if they feel a personal responsibility for what is happening.²¹ Once the feeling of ownership begins to develop, the coach can start setting goals with the participant. Let me stress here the importance of this skill. Some participants will tend to overemphasize the cooperation in the participant/coach relationship. If this happens, the participant might be reluctant to make decisions by himself. The pull will then be for the templatier to move back down to the operational level more often than she should. This will then start eating into the cost savings that the company will see as a result of the increased transfer of knowledge.

8.3.3 What Does It Take to Apply DLC?

Part of DLC is being able to identify the team members who are capable of generating and learning templates quickly. This person must not only be able to grasp the functioning of the template speedily; she must also be able to efficiently and effectively teach the template to other team members. Frankly speaking, this is rather important, considering that choosing the right person means faster completion of the project and thus a smaller bill for the client in the end. Conversely, a hasty decision in choosing the team coach can cause considerable delays. However, even if the templatier makes a bad choice, there will surely still be a net time savings over the traditional methodology.

In essence, the templatier's goal is to create a coach (normally coaches) by teaching him or her the methodology and skills of coaching.²² This has two major advantages over coaching each team member separately. First, it is much faster for everyone. Second, the power distance between the coach and the person being coached is much lower.

This part of the methodology can be modified in a number of ways that can affect both the time and the risk of choosing coaches from the team. If a capable coach cannot be easily identified, it is possible to start building a template with the entire group. It should not take long for the templatier to spot team members with good coaching potential. This strategy allows the templatier to hedge his chances of finding good coaches. Extensive interviews and group training are at one end of the risk-time

¹⁹Nichols, M.: "The Lost Art of Listening", Guildford Press 1996.

²⁰Connors, R.; Smith, T.; Hickman, C.R.: "The Oz Principle – Getting Results Through Individual and Organizational Accountability", Prentice Hall Press 1998.

²¹Lundin, S.C.; Paul, H.; Christensen, J.: "Fish! A Remarkable Way to Boost Morale and Improve Results", Hyperion 2000.

²²Whitworth, L.; House, H.; Sandahl, P.; Kimsey-House, H.: "Co-Active Coaching – New Skills for Coaching People Toward Success in Work and Life", Davies-Black 1998.

savings continuum, while having only brief interviews with the team members is at the other (riskier) end. What it comes down to is the behavior of the team members and the templatler's ability to assess these people.

Once the templates are generated and the team member coaches know their jobs, the job of the templatler becomes more limited to the meta-level. From this point on, the templatler will primarily play the role of a guiding hand. Getting back to the process level at this stage is discouraged, but it really should not be necessary in most cases anyway. With the coaching infrastructure in place and the template development finished or at least well underway, there is not much that the implementation team will not be able to handle on its own.

Of course, there will always be times when questions come up that cannot be resolved by the group, making it necessary for the templatler to be "on call." Many times, the problem will require little more from the templatler than for him to act as a sounding board for the team's ideas without actually having to work with and learn about the problem any further. By listening carefully and considering the aspects of the problem, the templatler should be able to help create a new awareness of the problem that the coaches can use to help the team members.

Once the team has a better idea of what the problem is, it will be necessary to focus on the most important of the aspects. Asking questions can be a great help in doing this.²³ The questions must be focused too, of course. Well-asked questions will not only aid in finding focus—they will also encourage the team to take ownership of the problem. With ownership comes responsibility and where you can find this, the action is sure to follow.

Action will languish in a hostile environment, however. To avoid this, it is necessary to create for the team a structure that fosters creativity and individual contributions.²⁴ What should be avoided at all costs is the type of environment in which each team member waits for someone else to make the first contribution, for fear of saying something stupid.

Keep in mind that this is not something that only the templatler should use. He should also be passing these tips on to the coaches. Each coach must be able to create a structure that supports the ideas of the group.

8.3.4 Want to Be a Sports Coach?

Sports coaches sometimes need to lend a sympathetic ear to their players. Business coaches are not any different: They must push the team members to the edge of achievement, but they must also be able to listen to the problems that their participants have. This does not mean that the templatler should strive to replace

²³Parsloe, E.; Wray, M.: "Coaching and Mentoring – Practical Methods to Improving Learning", Stylus Publishing 2000.

²⁴Vennix, J.: "Group Model Building – Facilitating Team Learning Using System Dynamics", John Wiley & Sons 1996.

the person's psychologist. It means that he should listen to and ask about the difficulties and feelings related to job changes. He should not delve into the private life of the team member. Of course, if the team member volunteers information about his or her private life, the templater should listen. This is vital—changes at work can be frustrating!

When the time comes for feedback it's the templater's duty as a coach to be objective and honest. Stick to the facts. Making inferences will not benefit the team member or the templater. Doing this is sure to cause a misunderstanding. Many people feel confrontational if they have to give bad news to someone. It is important to remember that covering up a team member's mistakes can cause many problems down the road. For example, if a team member receives only positive feedback despite the mediocre performance, he is liable to miss opportunities in the future because he failed to improve his weak points.

8.3.5 What Are the Advantages of DLC?

The benefits of DLC are plentiful. Looking at a project that was implemented using DLC, it is easy to notice the advantages. The company, the implementation team, and the templater all derive something positive from DLC.

The company—and you as a business manager—will get faster results. Only in rare cases does the templater really know the job of the employee who is doing the same thing day in, day out. Troubleshooting problems with a job function or process does not imply the practiced skill of doing the job itself. Traditionally, templaters have taken the time to learn the jobs that they are trying to make more efficient. While this would seem like a logical, thorough approach to consulting, in the end, it is unnecessary. To be thorough, the templater must know the meta-level functions of the job.

Consider the example of the cycling coach and the cyclist. The coach knows the ultimate goal of the cyclist. In fact, he shares that goal. He also knows the skill areas that the cyclist needs to improve. If taking corners at high speeds is a problem, the coach might be able to explain the physics of the process, which will aid the athlete in his understanding of the problem. If hills are the problem, the coach can give the racer tips on how to conserve energy so that a sprint at the end of the course is possible.

What the coach cannot do is match the physical power of the cyclist. He cannot guide the bike through a turn at a high speed. He cannot climb the hill, matching the speed of the cyclist, if he can do it at all. If the coach had the skills and ability to do these things, then he would not be a coach, but another cyclist with a better idea of the overall goals of the team than the average team member.

Imagining a professional cycling coach doing this is enough to put a grin on my face. It seems absurd beyond a doubt. For that matter, this holds true for every professional sport. Imagine soccer team Bayern München's coach, Ottmar Hitzfeld, trying to match Oliver Kahn's ability to defend against a free kick or Mike Sherman, head coach of the Green Bay Packers, trying to pass the ball better than Brett Favre.

Both coaches are aware of the mistakes of their players, but neither would nor even could try to physically outdo them.

Of course not. It is easy to understand why in these situations: the athletes are usually quite a bit younger than the coaches. In sports that require so much physical strain, especially on such a high level, aging bodies are not able to keep up. This is not what the coaches have to offer, however. Often, professional coaches were athletes in their younger days. Although they are unable to perform the actions, their experience and knowledge help them in helping their team members.

In a business situation, the difference should be the same but normally is not. The templatler, educated and experienced, has no physical limitations that keep her from “moving the ball down the field” for the person who normally does the job. However, just as the sports coach would not try this, neither should the templatler.

8.3.6 Carefully Always Check on Your Level!

Once the templatler starts delving into the operational level in a major way, the time required for completing the project increases rapidly and along with it, the overall cost to the client. With DLC, the project cost will drop for the same reason that it increases with traditional methodologies: the number of hours on the job. Another benefit is the increased transfer of knowledge when DLC is applied.²⁵ When templatlers meddle on the operational level, they are taking away valuable experience from the implementation team member. When the templatler is working on a project, he knows where the entire project is going, which is something that the team members probably do not know. It is the templatler’s job to give them the information that they need to perform their functions better. If I start learning their job for them, then they are not learning. A monkey can pull a lever, but it cannot understand the functioning of the lever and the consequences that pulling it might have. The templatler must not treat the team members like monkeys, who are capable only of performing their jobs but not understanding them. What he must do is bring the employees up to a certain level of understanding at the macro level.^{26,27}

Templatlers must focus on responsibilities, not tasks. Defining processes in terms of tasks is too narrow. The people on the implementation team will not have a clear idea of the goal of the process unless they understand the responsibilities their individual jobs entail, if definitions focus on tasks.

²⁵O’Dell, C.S.; Essaiades, N.: “If Only We Knew What We Know – The Transfer of Internal Knowledge and Best Practice”, Free Press 1998.

²⁶Scholtes, P.R.; Joiner, B.L.; Streibel, B.J.: “The Team Handbook”, Oriel Ine 1996.

²⁷Phillips, S.; Harshman, C.L.: “Team Training – From Startup to High Performance”, McGraw-Hill Trade 1995.

8.3.7 What Is About Traditional Management Training?

On-the-job training has been around for ages. Most standard training methodologies are fairly similar. They begin with the recognition that someone in the organization is lacking skills that are necessary for his or her job.²⁸ The second step is the actual learning. In step three, the employees leave the learning intervention with newly acquired capabilities and knowledge.²⁹ From this point, the model employee begins using his new skills on the job, pushing his performance up a notch. The observant manager evaluates her charge's on-the-job effectiveness and finds (not to any surprise, of course) that he has made bounding improvements. The firm's customers benefit from a better product and service and the organization realizes greater profits and a stunning competitive advantage.

If right now you are thinking of the adage: "If it sounds too good to be true, it probably is," you should feel completely justified. This is an ideal-type training model. Like Max Weber's ideal-type bureaucracy, it will not and cannot be realized.³⁰ Anyone who has tried out this model has hopefully recognized this. Many people who have used this model or any that is similar to it most likely knew about the shortcomings beforehand but acquiesced for lack of a better system.

8.3.8 Keep on Challenging Your Templaters and Templees!

For DLC to happen, the templater must have the ability to abstract problems to the meta-level. This is not an easy task—not everyone is capable of seeing the overall picture and being able to give implementations direction at this level. Like many things, some people seem to have a natural ability for this. Some of history's greatest generals never attended military school but still were able to understand their function on the meta-level. They could see the potential problems and the risks and they were able to plan accordingly.

Interpersonal skills are also essential. Many templaters do not make good coaches. They are used to being experts and expect a certain amount of kowtowing from the people they are dealing with. If a templater approaches a team member with this attitude, however, their meetings will not go smoothly, and the entire interaction will be largely unsuccessful. Theory is not the best way of learning how to handle this aspect of a project: The templater must have a certain amount of social common

²⁸Actually, I'm sure most people know at least one story firsthand or secondhand about a company that has sent an employee to a training seminar at which a skill was taught that wasn't particularly important for helping that person to fulfill his or her responsibilities.

²⁹Brikenhoff, R.O.: "Clarifying and Directing Impact Evaluation", from Brown S.M.; Seidner, C.J.: "Evaluating Corporate Training – Models and Issues", Klower Academic Publishers 1998.

³⁰Weber, M.: "Wirtschaft und Gesellschaft". Mohr, Tübingen 1980.

sense—a good gut feeling, and perceptive social antennae are absolute requirements.³¹

Learning happens in many ways. Not everyone is alike in this respect. The templater must be able to identify the employee’s learning type and direct the coaching efforts as required.³²

The templater must see the implementation team members not as performers of tasks, but as employees with responsibilities. This must be emphasized when dealing with the client. It may sound commonplace to say this. However, although many templaters may see it that way, their attitude betrays them when they speak, for they still come across as the “superior expert” handing down orders.

8.4 What Does Generic Process Thinking Mean?

Generic process thinking is a way of considering all processes at once, a so-called system approach.³³ A templater attacking a project in this way is akin to a highway engineer who is responsible not just for designing roads in a sensible way, but also for playing the role of a traffic cop. The person working in this new position would fly around in a helicopter examining the flow of traffic, making sure that all motorists reach their goal. If traffic is impeded because of poor roadway design, the engineer/traffic cop carefully scrutinizes the overall structure and works on a solution that will benefit the entire system.

If a particular problem arises, he can fly down to a lower altitude for a closer look. Occasionally, it is necessary for him to land the helicopter and do some hands-on work. Perhaps an accident is causing a traffic jam. In this case, the engineer/traffic cop would work with the motorists to move the wreck that is stopping or delaying the flow.

8.4.1 What Are the Conventional Process Thinking Typologies?

Process thinking is a core competency for people in the consulting profession.³⁴ In the application of TBM it becomes even more important. Process thinking is the ability to envisage a process or processes in terms of the events, decisions, and sub-processes that are interconnected to form one single job process.³⁵ As outlined earlier in the chapter, not all people think and learn in the same way. Some people are more apt to be creative and intuitive, while others are more rational. Both types have

³¹Bolton, R.: “People Skills”, Touchstone Books 1986.

³²For a detailed description of the learning types, see Chap. 5.

³³Senge, Peter M.: “The Fifth Discipline – The Art and Practice of the Learning Organization”, Currency Doubleday 1994.

³⁴McLernon, S.: “The Employee Starter Kit for Process Thinking”, Skybreak Publishing 2002.

³⁵Damton, G.; Darnton, M.: “Business Process Analysis”, Thomson 1997.

their advantages and disadvantages regarding process thinking. The key is to help people who lean toward one way of thinking to recognize the shortcomings of that particular way so they can overcome their deficiency.³⁶

8.4.1.1 Challenges for Enlarging Conventional Process Thinking

One major roadblock for process thinking is the fact that it is too focused. If a templater concentrates on process thinking as I defined it above, she stills risks the pitfall of moving too far into the process level. For this reason, system thinking is also important. System thinking can be defined much in the same way as process thinking, only instead of events, decisions, etc., there are only processes.³⁷ In essence, system thinking is the visualizing of all processes simultaneously as a continuously functioning unit. It is true meta-level.³⁸

8.4.1.2 Solution-Process Evolvement

This step calls for the templater to consider how he should approach the problem. The decision that he takes should be highly contingent on the thinking type of the client. This makes it particularly important for the templater to carefully evaluate the client thinking typology. A hasty evaluation at this stage could otherwise prove to be the weak link in the chain.

At this point, the templater must decide what activity packages he will use for the project. These activities might include an internal analysis, an external analysis (benchmarking), and so on. The packages that are chosen and the order in which they are performed is the end decision of this step.

8.4.2 The Development of Causality Chains

What is causing the problem? What is the origin? What problems are really only tangential to the main cause of the problem? The templater must be able to explain the driving factors of the problem and differentiate them from the tangential issues. Conventional consulting methodologies do not help participants think in processes. Not everyone is capable, and this limitation is quite often due to the fact that people are not aware of their own thinking type. The disadvantages of a particular thinking type can largely be overcome if the person recognizes the weaknesses inherent in his or her type.

³⁶Diestler, S.: "Becoming a Critical Thinker – A User-friendly Manual", 3rd Edition, Prentice Hall College Division 2000.

³⁷Richmond, B.: "The 'Thinking' in Systems Thinking – Seven Essential Skills", Pegasus Communications 2000.

³⁸O'Connor, J.; McDermott, I.: "The Art of Systems Thinking – Essential Skills for Creativity and Problem Solving", Thorsons Publishers 1997.

One reason that companies hire templaters is that not everyone involved in a process is capable of thinking in a process mindset. This requires someone with the ability to examine things on the meta-level in order to see the overall picture. Only when the overall purpose of the process is determined can the root of the problem be discovered.³⁹

What is important here is the ability of the templater to sort all of the problems into causes and effects. Additionally, he must be able to separate the tangential issues from the main ones. It is important for the client to grasp the current driving factors behind the problem in order to provide a sustainable base on which the client can build future solutions without the aid of the templater.⁴⁰

8.4.3 Process Abstraction and Transformation

When the templater has a thorough understanding of the problems inherent in the current process, she can begin abstracting the process. In this stage, data from the operational level are synthesized into a complete solution. Moving to this level is like taking off in a helicopter at the beginning of a project: The templater first sees many details of one particular area, but with increasing altitude, the importance of each detail of the process is replaced with how the whole process fits into the overall goal of the organization.

Implementation team members must be involved in this stage. Conventional consulting methodologies call only for the templater input at this stage. This approach, used often by the brand-name consultancies, is very shortsighted. It provides a quick fix to the problem.

To refer back to an earlier example, it is like having a doctor remove a splinter that could easily be taken care of without any external help. To involve the implementation team in this step is to teach the team members how to remove the company's splinter without seeking outside advice. Their involvement equals long-term sustainability for the organization. Not only will the team members know how to deal with the problem, they will also understand it well enough to be able to pass their knowledge along to others.

The main challenge for the templater in this step is not to get over-involved at the operational level. He should help define the overall goals of the project and should help work out some of the qualitative means of achieving these goals, but he should not delve into the processes to any great extent. The implementation team members are the experts at their jobs. The processes they use might be fundamentally flawed (which would necessitate consulting), but the way they perform them has been learned with much practice. Therefore, decisions on the small details should only

³⁹Richmond, B.: "The 'Thinking' in Systems Thinking – Seven Essential Skills", Pegasus Communications 2000.

⁴⁰O'Connor, J.; McDermott, I.: "The Art of Systems Thinking – Essential Skills for Creativity and Problem Solving", Thorsons Publishers 1997.

be guided by the templater and should not be his ultimate responsibility. For more details on how templates are generated, please refer to Chap. 6.

When a template is matched to a process, it is necessary to continuously evaluate the suitability of the choice. Before it gets to that stage, however, the templater must pre-test the template. This means taking a dry run through the process, walking through it step by step, constantly evaluating the suitability of the template vis-à-vis each contingency of the process.

This trial run will ensure a good match by providing data that will validate the template choice. If the match is not the best, this is the time to review the alternatives. What other templates might work well with the process in question?

8.5 Talking About the ACT-Code for TBM

Abstraction skills, Coaching on the two levels (operational level and meta level), and generic Thinking are the three core competences that distinguish experienced templaters from traditional consultants and project managers. There is no shortcut to the ACT-Code as it is a journey. There must be a reason, why even today in the organizations too many projects fail, why research and development departments with million-dollar budgets do not bring adequately sufficient new products on the road.

The answer is simply: We all know a lot, but we are not trained in the methods and structure for getting the rubber on the road. The successful business leaders who are not only working from one shareholder meeting to the next, are those who intuitively learned how to work stringently and consistently with proven methods and solid structures.

In this chapter, you got introduced in these ever more and distinct core competences separating the wheat from the chaff. If you want to belong to the wheat you need to start working on acquiring these core competences. I am fully aware that they are not easy to learn but if you decide on this pathway in few years you will look back happily and proudly about your achievements.



TBM in Innovation Management: Case Study Chemicals/Pharma Industry

9

9.1 Description of the Client¹

Elastogran GmbH is a subsidiary of BASF, one of the 50 largest companies² in the European Union according to market capitalization, and the world's biggest chemical company. The subsidiary has its headquarters in Lemförde in northern Germany. As a market leader in developing, manufacturing, and distributing polyurethane basic products, systems, and elastomers, the client has production facilities, technical centers, and a commercial presence in France, Great Britain, Hungary, Italy, Spain, Turkey, and Russia. Its core products are used in the automobile, building, furniture, shoe, electronics, and sports and leisure industries.

Despite the economic turmoil, the client was able to top its record 2000 turnover by 4% to EUR 1.46 billion in 2001. Quite contrary to the industry norm, the client increased expenditures on research and development (plus 20% from 2000) in 2001. Moreover, 52 people were hired in 2001.

As a major player in producing and marketing polyurethanes, however, the company is subject to the price of crude oil and thus to the events in the Middle East. In times of growing competition, innovations in products and technologies play a major role in economic success.

¹Figure are taken from group's and client's financial reports 2001 and 2002.

²The group has been among the EuroStoxx 50 since September 2002.

9.2 The Contingency Situation

9.2.1 Industry Situation

When we worked for the client in 1997, the situation in the chemical industry looked quite different from the way it does now.³ Nevertheless, Elastogran and the entire group was always customer driven and committed to fulfilling their clients' needs. This utmost client focus in particular was the driving force for success even during the rough times the chemical industry was facing in those days. Even more so was the global and international approach of the client's mother BASF—developed, intensified, and sustained to keep up a sound business, when competitors were struggling and looking for ways to escape the difficult times.

9.2.2 Client's Situation

Under these circumstances, we were called in by the director of the subsidiary's department Elastomers, Dieter Strubel, with the objective of helping him to improve even further the existing innovation management system. Elastogran has always been very innovative and on the leading edge, as can be seen from their list of clients and significant innovations, whether they be parts or modules of products, or entire solutions or tools.

Major innovations realized by the Elastomers department during the past years are, for example,

- New TPU systems with halogen-free fire protection reagents
- TPU for fibers
- Super-soft TPU to broaden the possible field of application

Owing to this overall understanding and the culture of an innovative market player, Elastogran in those days had already established a structured innovation management process, which differentiated our client from many of its competitors.

But the idea was to leverage the existing process by developing a database-supported approach for the structured gathering, documentation, and evaluation of all the latent ideas, enabling Elastogran to keep even better track of its know-how. More important to Dieter Strubel, with his openness and spirit for promoting and nourishing new ideas was the provision of a tool allowing and facilitating him and his entire team to follow up fresh ideas efficiently.

We were called in to accelerate the process of drafting, evolving, and finally implementing this feature, rounding out the already existing innovation management system. As you can imagine, the timeline was particularly short, the budget was small, and the director was watching every single step. Moreover, Dieter Strubel

³Please refer to Chap. 3 for a detailed description of the current state of the chemical industry.

indicated to us how important the involvement of his team was to him, as he was convinced that only the full integration of his people would really add value to the working system. He ran the Elastomers unit in a very open and direct manner and therefore could not have accepted our running a project without intense involvement of the team.

Thus, we had to come up with an idea of how to enable the team to do the tasks without us having to be with them all the time. An extensive session of brainstorming and discussion brought up the idea of trying to solve our problem by using structured but blank transparencies—forms that we now call templates. We sketched four phases for going about this, with which you are already familiar. They reflected, more or less, today's "Four Phases of TBM."

9.3 Problem Definition and Understanding

I have already briefly outlined the challenge that we faced. Basically, it was to develop a smart tool that would help to file new ideas during a very early stage. Normally, what happens in organizations with massive Research & Development departments is that new ideas seem to be neglected, as nobody spends enough time really letting the idea mature—only the idea owner. But to communicate the idea, create awareness of and understanding for it, a certain structure for sketching one's idea has to be pre-set. Based on this pattern a team of colleagues can then easily understand the underlying concept and decide—based on their experience—whether to keep going and give it a "go" or to stop it immediately.

One of the most famous cases without doubt is 3M and their little sticking scratchpads. It was only by coincidence that this idea became a huge market success. Of course, no smart database-filing system could have helped to get this idea going, but the point is that Dieter Strubel was uncompromising in his aim to help new and unfledged ideas to grow. Therefore, he wanted to combine the existing innovation management process with the database-filing tool, where someone could log in and check out new ideas, probably get some input for nurturing her own idea, or maybe only an understanding of the stage a specific concept at which was at the moment.

To get a better understanding of the problem, we talked to a couple of people within the department and outside it. We limited our discussions to those people we thought were key. Through the talks, we were also able to screen the people or ask who would be most suitable for the teams we envisioned using the templates for drafting, documenting, and evaluating the underlying processes and for developing the structure for the required database tool.

Soon we developed a clear understanding of the task to be delivered:

- Design a database tool for the innovation management process at the Elastomers unit to fortify the already existing innovation management process.
- Ensure maximum involvement of the entire team, as they in the end would have to live and work with the enhanced innovation management system.

9.4 Process Evolvement and Abstraction

In the second phase of the project, we designed a problem-solving process representing a mix of the operational and the HR-consulting processes described in Chap. 6. Basically, we asked ourselves how we could go about reaching our objective. However, we did not go through all of the steps outlined in Chap. 6 as part of consulting in the area of systems optimization, since time was running out. Consequently, we agreed with Dieter Strubel to run neither an external nor a quantitative analysis (Fig. 9.1).

The problem-solving process, in a nutshell, appeared as follows:

1. Internal as-is analysis (processes, IT tools and roles and responsibilities)
2. Definition of target database system (processes, IT tools, roles, and responsibilities)⁴
3. Qualitative process modulation and optimization
4. Implementation
5. Evaluation

Since it was of the utmost importance to Dieter Strubel to actively engage his people, we thought about ways to best realize this involvement. Therefore, we abstracted the problem-solving process. This means that we did not go straight into doing the internal as-is analysis, for instance, ourselves. Rather, we reflected on what steps and tasks an as-is analysis usually comprises and how we could best offer the client's employees a tool to conduct it themselves.

We approached Dieter Strubel with the idea we had evolved and indicated to him what this would mean for the team, how this would work, and finally ensure the hands-on contribution of the Elastomers unit group. This was essential, as the commitment and awareness of Dieter Strubel would be key at that moment when we initiated the operational project work and asked the team to deliver essential pieces of the project based on the use of our pre-developed templates.

The next step was to produce the templates. It is important to note at this point that the templates we designed back in 1997 were not at all very sophisticated. Rather, they were structured in a very rough way and did not contain any high-class graphical elements. It was not rocket science that we did. This was due to the time pressure we were subjected to. Furthermore, we did not ourselves know-how the employees would work with the templates and whether they would accept them or not. Above all, we were lacking experience in using templates and consequently had to consider the diverging project experience of the involved team members. What we did not know then was that the entire team disposed of excellent project management

⁴The definition had to be “ongoing” because no formally documented innovation system existed before. Therefore, we had to continuously redefine the target system, as new findings were coming up every day.

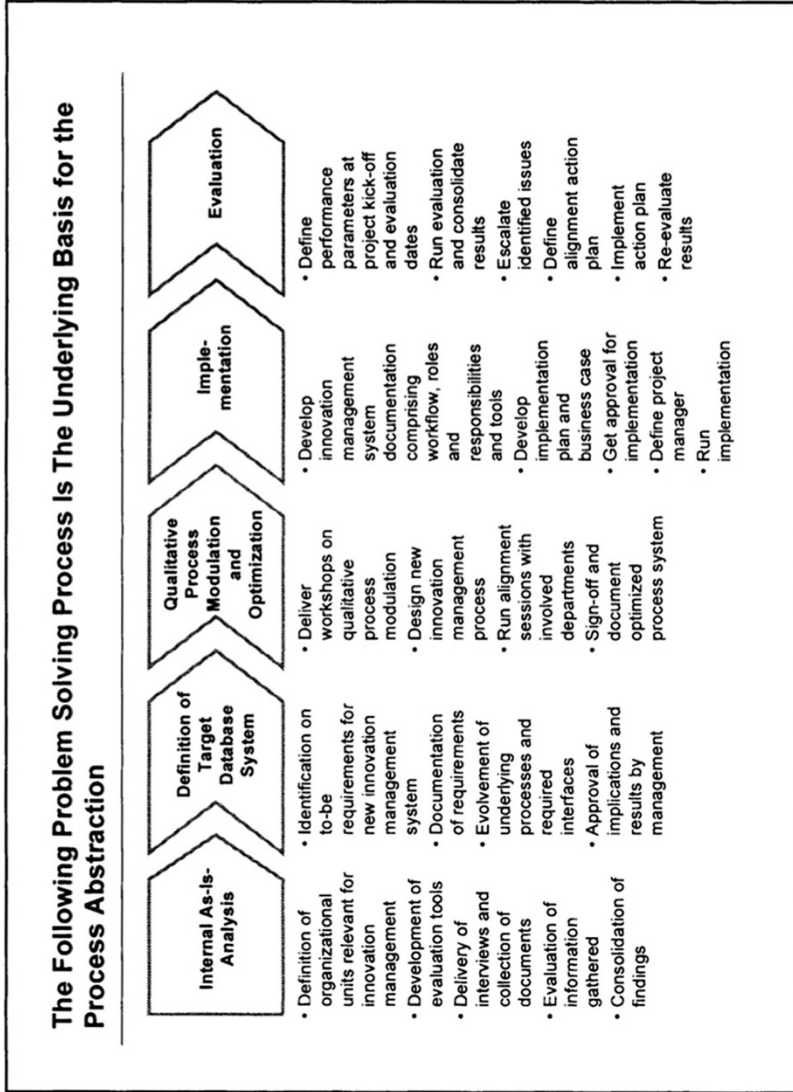


Fig. 9.1 Process description

as well as delivery capabilities. This, in the end, was of course vital to the terrific project delivery.

The use of the templates was a very big step for us to take; the whole attempt could have backfired, as we did not have any experience with meta-level learning and with our consequently changing role as consultants. Therefore, we owe gratitude to Dieter Strubel and his entire team, as the learning experience was and still is key for the final development of the TBM approach.

Frankly speaking, the rather low “complexity” of the templates means that I do not need to discuss the next phase of TBM—template generation—in great detail. The following case studies, however, will contain a comprehensive description of how a single template and a set of templates were produced.

9.5 Template Generation

When we generated the templates, we always paid attention to the key elements. Since we did not have the time for thorough coaching, we particularly stressed the importance of *user-friendliness* and *clearness of expression*. By doing so, we guaranteed that the employees could quickly work through all the tasks. This was the most vital aspect, as we were committed to really helping the client in delivering results to the board on time. Because we ourselves were not aware of how innovative a thing we were doing, the entire generation was quite hands on and pragmatic.

First, we sketched a couple of templates based on materials from other projects that we considered useful for delivering certain tasks such as the collection of data on who is doing what, where, and when in a given team or department. Then we decided which ones were most appropriate for the given tasks and showed them to the employees after having cleansed them of the client’s data. With their feedback, we were able to improve and fine-tune the templates and had them finalized in a couple of hours.

It was time to give the final versions of the templates to the potential users. It was time for TBM to become reality!

9.6 Project Work Implementation

Six teams were built that would ultimately use the templates. The team members came from different competencies both within the R&D department and from outside (i.e., Production, Marketing. . .). These employees were instructed to conduct the internal as-is analysis of the innovation process. Moreover, they were given parts of the task to define the target innovation system, because knowing about the as-is situation automatically entails coming up with suggestions for enhancement.

Each team was given a set of templates that would allow them to deliver results on the as-is situation of the innovation activities. That set of templates contained several that allowed them to conduct brainstorming (see Fig. 9.2), as well as ones that would

An Analyzes of The As-Is Innovation Management System Enables Us to Run an Efficient Optimization

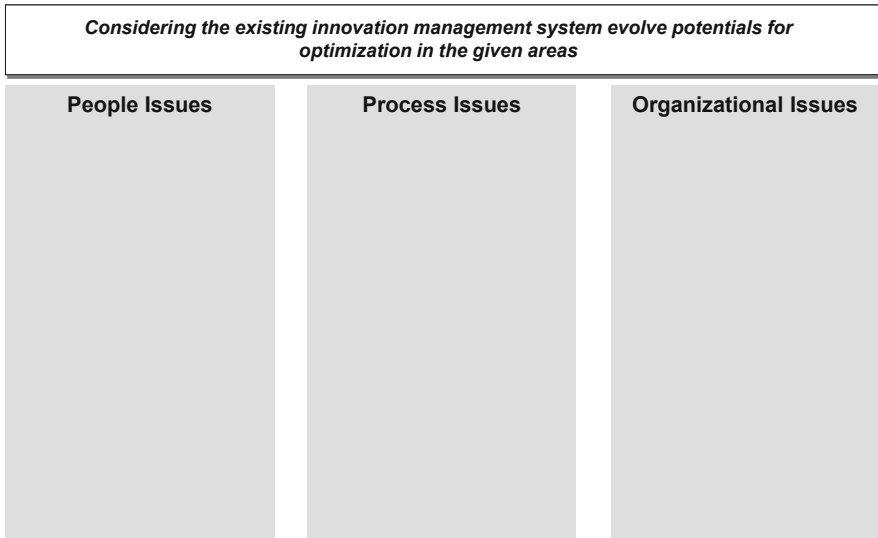


Fig. 9.2 Brainstorming template for teams

enable them to analyze every single set of activities of the innovation procedure (following figures).

The template below allowed the various teams to freely write down anything they thought would have to be improved concerning the three dimensions of an innovation management system (roles and responsibilities, processes, and IT). We explained to the employees why it was important to analyze the innovation process along these three dimensions. However, we did not want to tell them too much in advance, so as not to manipulate their objectiveness and influence their creativity.

Then we gave them the tools to analyze each single component of the innovation management process with regards to the three dimensions. In Fig. 9.3 you will find one of these templates mapped. This template, for instance, helped the team members in examining the sub-process “idea gathering.” Because the team members had to ask their peers what they were doing, we also designed a template that would allow them to structure the activities. The blank areas of the template had to be filled by the team members evolving the objectives of the specific process and sub-process modules, which then were used for further analyses on each single sub-process. This template is very important, since most people profit from having their daily, weekly, or annual activities structured sequentially, as they often have no clear idea of how their own activities contribute to the overall work process. This still happens to me quite regularly and takes me by surprise. Hammer’s and Champy’s “Business

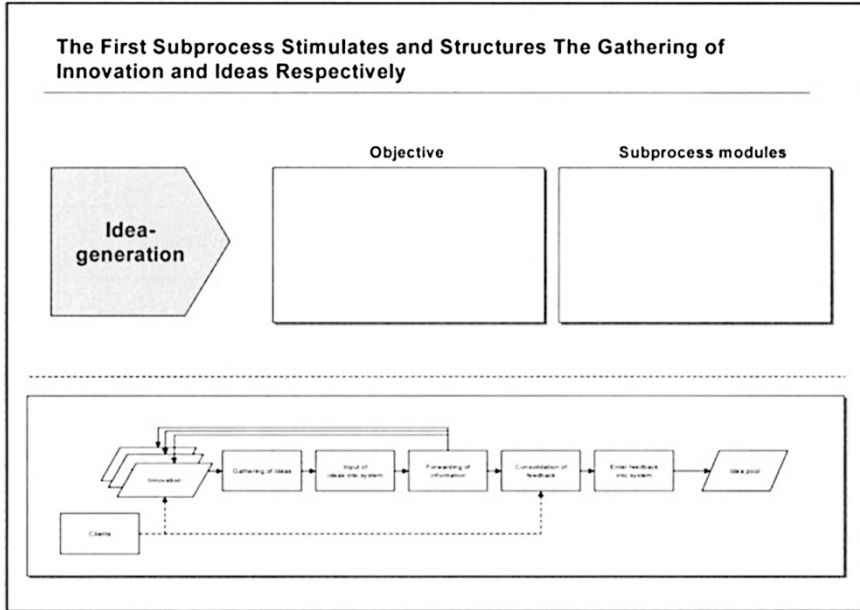


Fig. 9.3 Template for analyzing the sub-process “idea gathering”

Process Reengineering⁵ is coming of age, and many people do not think or act in processes. Only in a second or third start-up are they able to structure their actions.

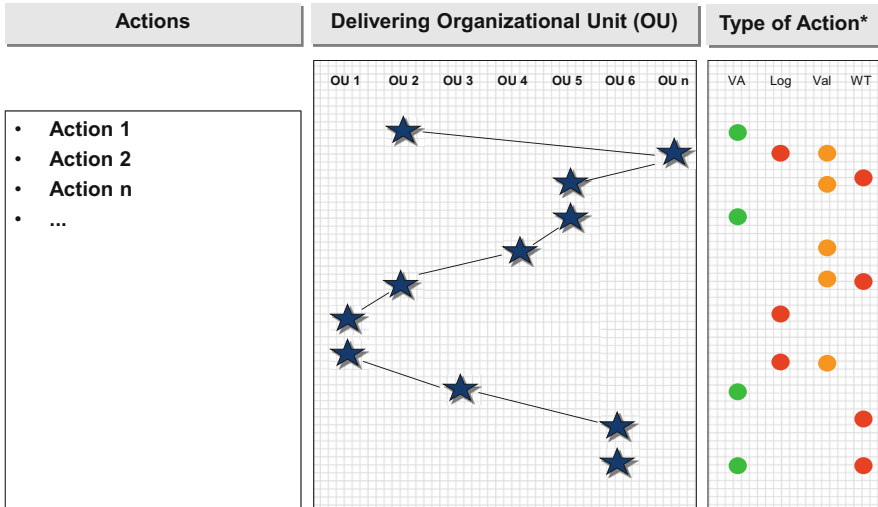
It appears interesting to mention, given the experience we now have with TBM, that we provided the teams with the overall process flows—as you can see below, the process flow was already drafted as part of the graphical module of the template—as we did not dare to outsource this task to them as well.

The whole purpose of this was for the team members to develop a “zig-zag” evaluation diagram that would disclose information on the flow of actions and their nature (see Fig. 9.4). The nature of the various actions could be described as

- “Value-adding” (any activity that would lead to the innovation being enhanced in form or content).
- “Logistical” (referring to a transfer of the innovation from one source to another).
- “Validating” (giving approval concerning budget, purpose, design...), and “waiting” (the manipulation of the innovation being stopped for any reason).

⁵Hammer, M; Champy, J.A.: Reengineering the Corporation – A Manifesto for Business Revolution, HarperBusiness, 1996.

The Zig-Zag Evaluation Leads to First Areas for Improvement Based on Interfaces And Waiting Times



* VA = Value adding, Log = Logistic, Val = Validation, WT = Waiting Time

Fig. 9.4 Zig-zag evaluation template

The result was that activity interfaces and possible overlaps could be pictured. On this basis, the template in Fig. 9.5 could be used to define and ultimately to create a possible target innovation process flow.

Based on the work delivered so far, the teams could evolve one commonly agreed process landscape for innovation management. The next step then tackled the other areas of an innovation management system, the roles, and responsibilities of the involved parties. Using the template (Fig. 9.5) the teams developed an in-depth process understanding and could define the tasks and activities required for completing the innovation management system. Furthermore, as part of the textual module at the bottom of the template, we directly integrated an interface with the conceptualization of the implementation phase. In the “Required Activities” field the teams had to enter their ideas on how to install the defined roles and responsibilities.

The results were then considered during the development of the implementation plan.

With the necessary assistance and coaching, a number of teams delivered very good results and some even excellent ones. To us, this proved that this approach would be a very effective and efficient one if done right. For me, this was all very exciting, as I learned how positive work with clients can be. As the people at Elastogran were so responsive, engaged, and positive about the achievement, we jointly realized that, based on their feedback, we as consultants could profit tremendously in learning how to best use templates. We instructed the team on how to use the templates and they came back to us identifying areas for improving

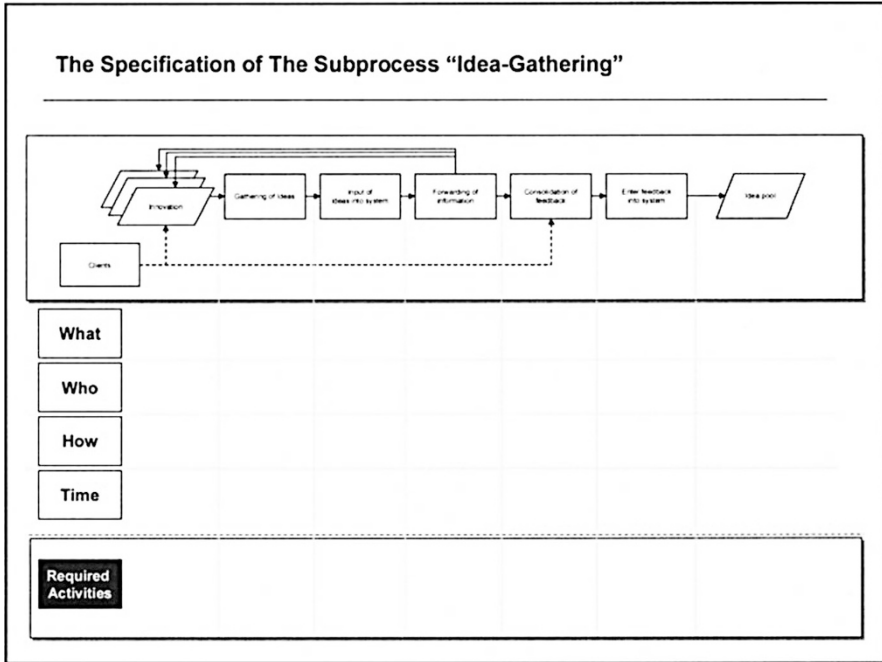


Fig. 9.5 Roles and responsibilities template

our pre-defined templates. We told the people about the purpose and how our work would relate to the other consulting tasks, and they told us how we could even improve our services when using templates—the origins of dual-level coaching.

9.7 Quantitative and Qualitative Project Results

The project results were astonishing. They manifested themselves both quantitatively and qualitatively.

The *quantitative* consequences of applying—even unconsciously—the prototype of the TBM approach were probably most astonishing, since they were visible immediately or after a short time. First, by “outsourcing” some activities to the client’s employees and enabling them to deliver good results via the use of templates, the project could be completed within both the timeframe and the budget. In just 4 weeks, we and the team members managed to go through the whole consulting process.

Some of you may be skeptical about the quality of our work. But let me assure you that the effect of our collaboration was very positive. The team members, as “internal consultants,” were at the pulse of things, enabling the project to thrive—even later after the end of our engagement.

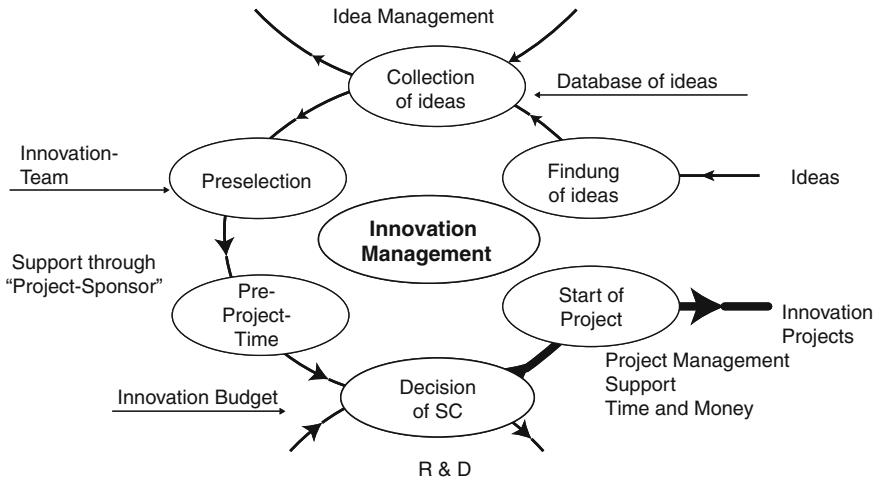


Fig. 9.6 Elastogran’s innovation wheel. (Source: Published with permission of Elastogran Innovation Management)

Qualitatively, probably the most vital aspect for the evaluation of the initially defined project goal, and thus the overall success of the project, is the fact that we were able to develop and install the database tool as part of the innovation management system at the Elastomers unit. That database allowed researchers and inventors to easily access any information concerning a topic on which they were doing research. Thus they could find out who worked on what and how far he or she had advanced in the area.

Since 1997, this database has been used actively and further developed. The maturation of the entire innovation management system is reflected by the fact that the tool is meanwhile being used all across Europe, and the idea of Dieter Strubel, to help new ideas to thrive at a very early stage, to get them going, was taken over by the whole Elastogran organization from just the one business unit Elastomers.

Moreover, innovation management (Fig. 9.6) as such has been installed as part of the organization and is now in charge of the innovation management process, comprising the complete process from the starting point, the idea, to the institutionalized innovation project. The organizational unit innovation management provides guidelines and policies, as well as tools such as the database, and supports the process flow. Core elements of the leading edge system are

- The innovation manager as an institutionalized role
- The idea database
- An innovation team
- Its own budget as venture capital
- The steering committee, which makes the final decisions.

This innovation team consists of six members from different business units, who discuss the ideas with the inventors and choose the ideas to be presented to the steering committee “Ideas and Innovation.” The steering committee is comprised of the board, the business unit heads, and the head of Research and Development. Crucial to the success of the Elastogran system, though, is that the budget, i.e., the venture capital, is flexibly dedicated and spent throughout the year by the steering committee. This means that there is always money available for new ideas. The organizationally high positioning of the steering committee at the board level is key for such a procedure and its inherent requirement of flexibility, as based on this system even more ideas in the area of products, technologies, and new business segments can be supported more efficiently than in the past.

At this stage, let me take the opportunity to thank the entire project team of the client, even though most of them have proceeded to new positions or left the company. Furthermore, special thanks go to Dr. Claudia Merk and Dr. Günter Scholz, who both played an important role during the development of the case, as they provided us with insights into how Elastogran’s innovation management is working today. For me, this project is still one of the most important I have handled, as for the development of the TBM approach this was a vital and long-lasting experience.



TBM in Process Reengineering: Case Study 10

Services Industry

10.1 Description of the Client¹

With 15,000 employees working in 33 countries and a profit of \$3.5 billion in its fiscal year (FY) 2001, Deloitte Consulting is without doubt one of the biggest and best-known management consultancies in the world. Deloitte's services range from strategy to process and IT consulting alongside the entire value chain.

FY 2001 was, however, a challenging year for Deloitte even though it bore up rather well against the harsh conditions stemming from the burst of the tech bubble and the global economic slowdown. As mentioned in Chap. 3, the consulting industry is undergoing some very profound changes. Naturally, Deloitte Consulting has been subjected to these changes as well. In February 2002, it had to split with Deloitte Touche Tohmatsu (DTT), one of the remaining "Big Four" accounting, tax advisory, and financial services companies, as regulatory bodies and, in the words of Deloitte's CEO Doug McCracken, "market perception concluded that the interests of clients and staff are best served through this separation".² Deprived of 15% of DTT's clients, Deloitte Consulting decided to go private.³ At the time I am writing these lines, Deloitte Consulting is also creating a "new" brand name: *Braxton Associates*.

¹Figures are derived from the company's annual reports.

²Comments can be found on www.dc.com.

³Fortune Magazine, Deloitte Restates its Case, July 29, 2002.

10.2 The Contingency Situation

10.2.1 Industry Situation

Early in 2000, the first dark clouds appeared on the consulting industry's horizon. As the first dot.coms faltered and fell, Internet consultancies such as *marchFIRST* or *iXL* followed suit. Worth \$13 billion in January 2000, just \$5 billion less than the consulting arm of PricewaterhouseCoopers, *marchFIRST* lost \$100 million a quarter, with no end in sight.⁴ The onslaught on the technology sector was in its prenatal phase. Consultancies started to feel the heat.

In addition, Arthur Levitt, former chairman of the Securities and Exchange Commission (SEC), first talked about seriously considering banning auditing firms from offering both audit and non-audit services to the same client.

Despite the mounting economic pressure, big consultancies still counted on growth segments. While the companies were watching their business volume decline, the consultancies still had contracts with them, providing them constant streams of revenue. Therefore, they were not immediately affected by the deflating bubble. New topics emerged in the area of electronic business, such as Customer Relationship Management (CRM) or eProcurement. Consultancies in those days set out to take advantage of the huge market potential hidden in the new technologies. More and more IT-oriented people were hired and thus the business was expected to come straight away.

10.2.2 Client's Situation

These were the general circumstances under which this internal engagement was launched by Peter Thormann in 2000 to improve the already smoothly running finance and accounting processes in the Düsseldorf branch. This was impacted by the uncompromising employee orientation of Deloitte Consulting, building the basis for excellent service delivery to the clients.

In the year 2000, Deloitte had just recently merged with the Wollert-Elmendorff Deutsche Industrie-Treuhand GmbH (WEDIT), an accountancy, which took over Deloitte's accounting in Düsseldorf. In spite of the legal merger, Deloitte did not fuse geographically. The offices of Deloitte were located in the suburbs of Düsseldorf, while WEDIT's were very central. In other cities such as Hanover or Frankfurt some locations were given up in order to realize synergies by merging different sites.

A merger always brings up problems. In newspapers, one usually is informed about the "big" strategic issues involving people, organization, and markets when two or more companies combine. Once these issues are cleared on a broad level, it

⁴The Economist Magazine, December 7, 2000.

comes down to daily business and procedures. The challenge we encountered at the Düsseldorf offices involved a routine procedure. But it was a very significant one!

10.3 Problem Definition and Understanding

The objective was to reduce cycle times for the refunding of consultants' travel expenses, and invoices which had to be approved and paid. A clear, sequential, and even smoother structure of the internal payment and accounting system was Peter's intention.

What seems to be a minor issue was in fact not. While acceptable probably for the accountants and the consultants, Deloitte's director for finances in Düsseldorf was not happy about the state of affairs at all. He told me:

For me this process takes too long. With our brilliant people we can do it even faster. And we owe this to our consultants – to reduce the payment cycle times down to two weeks. That thing has to be fixed!

—Dieter Corbach, Director Finance Department,
WEDIT Düsseldorf

He was absolutely right with his idea of aligning the internal flows more efficiently, as this would contribute internally to the consultants' motivation and externally underline the professionalism of the company. However, it was of great strategic importance.⁵

10.4 Process Evolvement and Abstraction

We again thought about how to best go about the problem. As this was a clear-cut operational consulting task, we evolved the following phases of the problem-solving process which you are familiar with from Chap. 6. We did, however, leave out an external analysis (benchmarking).

1. Internal analysis
2. Documentation of the process
3. Process modulation in a
 - (a) Quantitative way
 - (b) Qualitative way
4. Development/design of the desired process
5. Implementation/optimization of the process

Equipped with the knowledge of how successful as well as time- and cost-efficiently one could deliver results by having employees—in this case my

⁵Sagner, J.S.: “Cashflow Reengineering – How to Optimize the Cashflow Timeline and Improve Financial Efficiency”, Amacom 1997.

colleagues—use templates, I proposed using the TBM approach, and my idea was accepted.

This sounds sensible. I agree that it would be best to leave the purely operational tasks with our and WEDIT's staff. You see, we somehow have to minimize the internal costs for the project. Using your approach would allow you to continue your work for your current clients, right?

—Peter Thormann, CEO, Deloitte Consulting Germany

Peter was happy about me offering him a way of solving a problem in a very cost-efficient manner. This was because the TBM approach reduced my workload and ensured the adequate involvement of the acting people—again positively impacting the later acceptance of the refrained processes. These issues were of vital importance, as we had to ensure that all running client engagements would be delivered in parallel under consideration of Deloitte's high-quality level of project results.

I started to abstract the problem-solving process from its operational roots and tried to envision in which parts of the process and how to use templates. To me, it was quite obvious that it would be best to have the team members (secretaries, accountants, people from finance. . .) of Deloitte and WEDIT conduct the internal as-is analysis, since this was all about scrutinizing the current operations, or process flow. Moreover, they were asked to do the documentation of the process. Based on the TBM approach, they would also deliver essential parts of the quantitative and qualitative process modulation. Without Peter's support and commitment, of course, this would not have been possible.

The abstraction of the problem-solving process thus built the starting base for the template generation.

10.5 Template Generation

Not being subjected to such a tight time schedule and budget as we had been with Elastogran back in 1997, we took more time to design the templates. We wanted to have the optimal tools for the staff in order to get the best possible results. Consequently, we went through the three broad stages of generating templates very thoroughly:

1. Draft development
2. Pre-testing session
3. Fine-tuning

The initial sketches of the templates were just that. Very rough and imprecise drawings and formulations. We just wanted to generate a few options for how templates might look for the internal as-is analysis as well as for the process documentation. Of course, I brought in my experience from the 1997 project. However, there were a lot of other good ideas for modeling the templates. I can

still vividly recall one of my colleagues who helped us with this project. One day he came to my office, showering me with ideas—and templates—encouraged by the approach we were using.

Yesterday evening I sketched some⁶ templates. They're probably not all good but some may be. The templates are developed based on common formats we are using in our daily finance and accounting work. This would make our project delivery a lot easier – if we could use them for your project. Please give me some feedback if you find some ideas useful.

—Dieter Corbach, Director Finance Department,
WEDIT Düsseldorf

Reflecting the various dimensions of the process—types of forms processed, workflows, people, etc.—different kinds of templates were designed. There were word documents, slides, and spreadsheets. One colleague even “sketched” a simple Operations Research program. After we had “played around” a little with graphical and text elements, we selected the templates we considered the best fits for the process and our purpose and developed them further.

Since it was mainly accountants we were dealing with and who would have to use the templates, we knew that we had to abstain from using “hip” graphical design, which would probably popular with people working in marketing.⁷ The elements to be emphasized were consistency and comprehensiveness. Moreover, the templates had to be rather technical, allowing numerical and analytical work. In this sense, we really had the users of the templates in mind when we developed them. We knew that WEDIT’s accountants were brilliant people trained to “think in numbers” and that they would analyze the process using measures and probably benchmarks. Thus, we had to generate tools that would allow them to realize their full potential.

Another important factor when drafting and further developing the templates was the need for cross-functionality. When a project team member, for instance, measured the time of any particular process and filled in the results on a template, that template should be directly linked to a spreadsheet calculating the time needed. A second cross-functionality we envisioned was that templates recording activities (i.e., calculating tax deductibles, checking invoices and bills. . .) would be linked to another template automatically searching for similar or recurrent activities. This allowed the team members to easily spot interfaces and possible double work.

What do you think about linking some templates to computer programs? We could, for example, have a search engine developed that would look for matches within the people’s statements to see where people are or could be doing pretty much the same things. I haven’t figured out all details yet. But I could, if you think this is helpful.

—James Loos, Project Team Member,
Deloitte Consulting, Düsseldorf

⁶“Some” just didn’t fit here. He had some 20 to 30 templates in his Rucksack. I very much admired him for his drive.

⁷Please excuse my probable stereotyping. In my experience, accountants prefer simple and straightforward work tools.

Once we had done a more thorough layout of the drafts, we started to pretest them. This was especially important for the templates that came with cross-functionalities. Some glitches were spotted and removed. In some cases, we had to return to the drawing board. Of course, the template drafts were also tested by the people at WEDIT and Deloitte, those who would eventually use them. We consolidated their feedback and changed the templates according to their opinions. Thus, we had a good set of templates, which now had to be fine-tuned according to the users' specifications and needs.

The fine-tuning phase is very much about knowing the individual(s) who will use the templates. The sometimes very small discrepancies between certain learning and thinking types (see Chaps. 7 and 8) have to be respected. Even though we generally classified the accountants and finance people as thinking analytically and numerically, the individuals themselves—not only in this specific project at Deloitte—all displayed different thinking patterns which had to be borne in mind.

In the end, we had templates that were user-friendly, precise in expression, comprehensive, and consistent. Not all of them, though, were self-explanatory. Especially the spreadsheets—their functions and purpose—had to be explained to people who did not use spreadsheet programs every day. But they were generally accepted, and the people were looking forward to working with them. Just recently, I bumped into a former colleague of mine from Deloitte. She was one of the team members who used the templates. We chatted a bit and I told her that I was writing a book about Template-driven Consulting. She was excited and recalled the challenging and interesting times we spent on that project.

10.6 Project Work Implementation

The team members were given the final version of the templates with which they were supposed to initially analyze the as-is situation of the payments and recording process.

It was important to examine the process according to three dimensions:

1. Activity-flows/processes
2. Roles and responsibilities
3. Interfaces

The team started by asking their peers about their daily, weekly, and annual key activities. Then they put these activities in a sequential order to depict the actual process flow (see Fig. 10.1).

Another template was used to get a better understanding of the “deliverables.” The purpose of this template was to get a concrete definition of the objective(s) of the activity-flows. Based on our experience, a clear linkage of actions and deliverables facilitates the understanding of the causality and impacts the process thinking of the individuals involved.

Ask your peers to name their (daily, weekly and annual) activities of their post. Then, sequence them correctly.

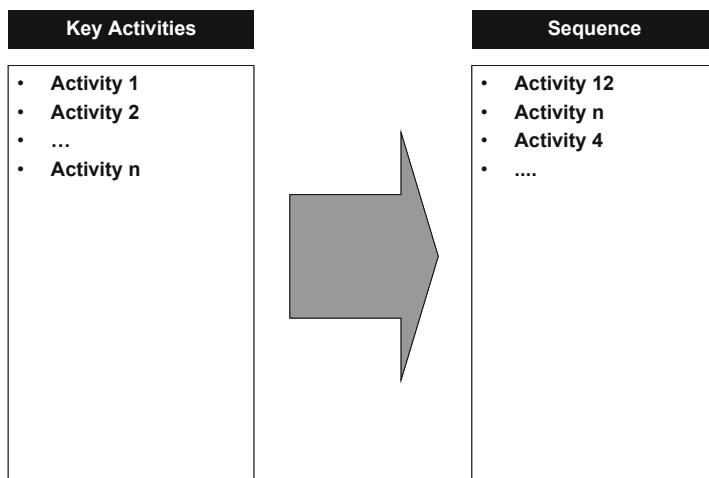


Fig. 10.1 Activity sequencing template

A third round of questioning was to inform us about who the process owner (organizational unit) of any key activity was (see Fig. 10.2). We also included in that template a column headed “interfaces,” because we thought that the project members could in some cases automatically spot interfaces and potential inefficiencies.

While the templates described before were used primarily as “print-out versions,” allowing handwritten notes, the next template (Fig. 10.3) was a digital version. It was used to digitally aggregate the data and information contained in the templates defining activities, inputs, outputs, interfaces, and involved departments. Moreover, this template was linked to a computer tool that would search for similar or recurrent activities across the delivering organizational units. In this way, we could easily spot potential and actual overlaps that would probably not immediately meet the eye.

This program used similarities to identify possible overlaps and interfaces and delivered concrete processes, working packages, or even activities, where such overlaps or interfaces might be hidden. Sometimes, quite frankly, the tool came up with rather stupid linkages, but nonetheless, in some cases, it provided us with interesting input for a qualitative modulation and optimization of the process.

We also had templates developed for measuring the duration of key activities (see Fig. 10.4). A “Zig-Zag” evaluation template was used, as shown in the preceding case study, and both templates were digitally aggregated to a single template.

This allowed for a good visualization of the activity-flows, their respective durations, and the connections of one delivering organizational unit to another. Consequently, we had a good starting point for documenting the overall process and its sub-processes.

Developing A Sound Understanding of The Controlling Processes, Initially A Clustering of Key Activity Areas Has to Be Done

Key Activities	Owner(s)	Interfaces
<ul style="list-style-type: none">• Activity 1• Activity 2• Activity n	<ul style="list-style-type: none">• Unit A• Unit A and B• ...	<ul style="list-style-type: none">• Unit A, Activity XYZ• Unit C• ...

Fig. 10.2 Process owner and interfaces template

Using the Interface Indicator, Process Steps with Possible Overlaps Can Be Identified

The screenshot shows a software interface for 'Process Analyzes'. On the left is a sidebar with two main sections: 'Modulation' (orange header) containing 'View Process', 'Edit Process', 'Search', and 'Layouting'; and 'Interfaces' (orange header) containing 'View Interfaces', 'Edit Interfaces', 'Search', and 'Reports'. The 'Reports' button is highlighted with a green border. The main area has a blue header 'Process Analyzes' and three tabs: 'General Information', 'Working Packages', and 'Activities'. The 'Activities' tab is selected. Below the tabs are several input fields: 'Process Number', 'Process Name', 'Process Manager (First name, last name)', 'Process Manager eMail', 'Process Manager Tel. number', 'Process Input', and 'Process Output'. At the bottom of the main area are two tables: 'Potential Overlaps Identified' and 'Potential Interfaces Identified', both with multiple columns and rows. At the very bottom of the interface is a footer bar with buttons: 'Print', 'Overview', 'Delete Booklet', 'Save', 'Save & Close', and 'Cancel'.

Fig. 10.3 Interface indicator result template

The Time and Quantity Per Activity Enables Us to Prioritize Improvement Potentials

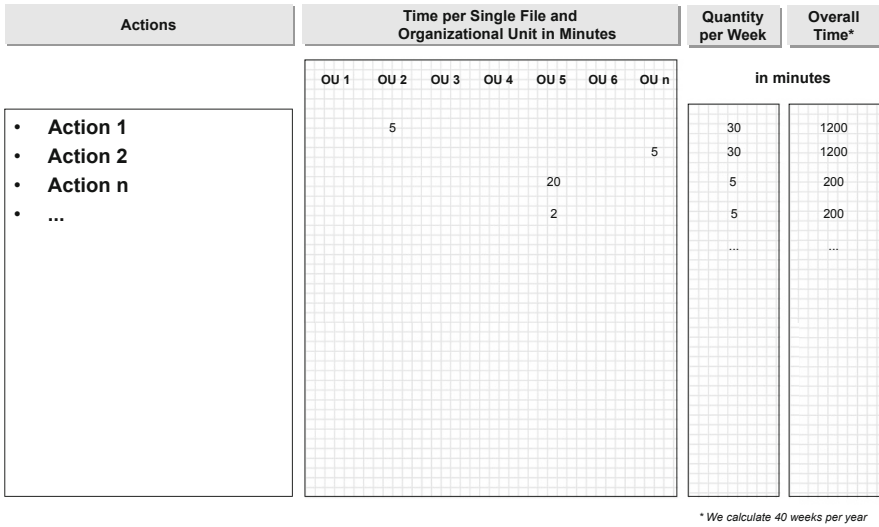


Fig. 10.4 Quantitative Zig-Zag template

3 The Third Sub-Process Consists of Seven Activities

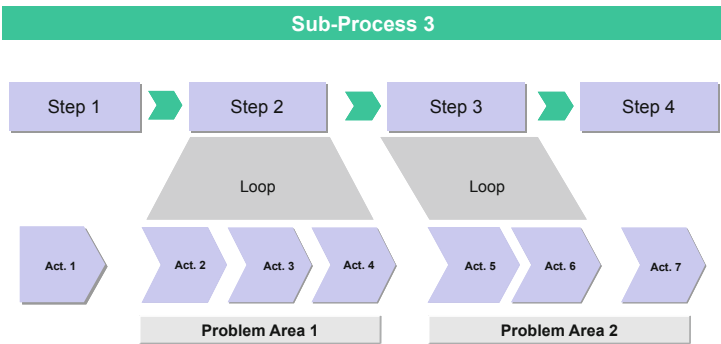


Fig. 10.5 Graphical-oriented flow template

For the documentation the project members were given different tools, because we thought that we could exploit their different analytical approaches (thinking types) by using a variety of graphical designs. We drew on a classical “arrow diagram” (see Fig. 10.5), a blunt numerical list, and a matrix resembling an “Input–Output–Analysis” used in economic accounting (see Fig. 10.6). The matrix

The Intertwining Matrix Can Be Used for The Input-Output-Analyzes

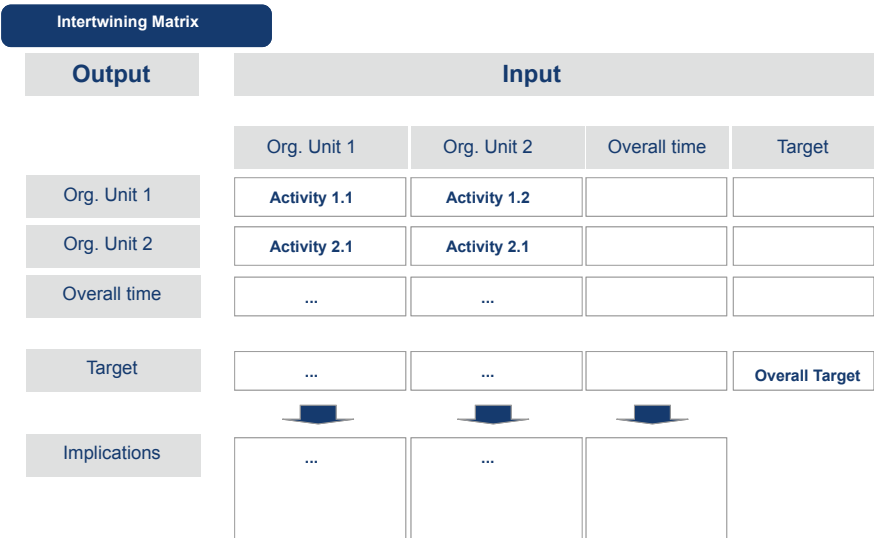


Fig. 10.6 Intertwining-matrix template

was particularly helpful in showing the organizational units as they related to each other.

Using the above templates, the team members could smoothly model the processes in a quantitative way (i.e., number of times a form is processed; time needed. . .) and a qualitative (i.e., what kind of information is added; is the form changed in any way—digitalization. . .). In the end, the team members could make a direct comparison of the as-is activity-flows and the target flows we defined earlier using template number 7 (see Fig. 10.7).

For the first time, the implementation and facilitation phase showed me how important new abilities would be for a consultant using the Template-driven Consulting approach. First was the ability to abstract the problem-solving process, thus moving along on the meta-level. The second was the generic thinking ability described in Chap. 8. In all, I became aware of the necessity for dual-level coaching.

The impression of me becoming a helicopter pilot reporting traffic news to my station—as explained in the last part of Chap. 8—arose when I conducted the project at Deloitte Consulting in Düsseldorf. I really felt as if I were watching the “big picture” from a meta-level, observing things happening, and eventually reducing speed and altitude when I saw a traffic jam in order to find out the reason and to reroute cars to avoid further bottlenecks. It was a constant shift in perspective that had very positive effects on the work I did and on my personal growth.

Refer to The Cost Evaluation, Discuss The Processes and Model Each Process Using This Template

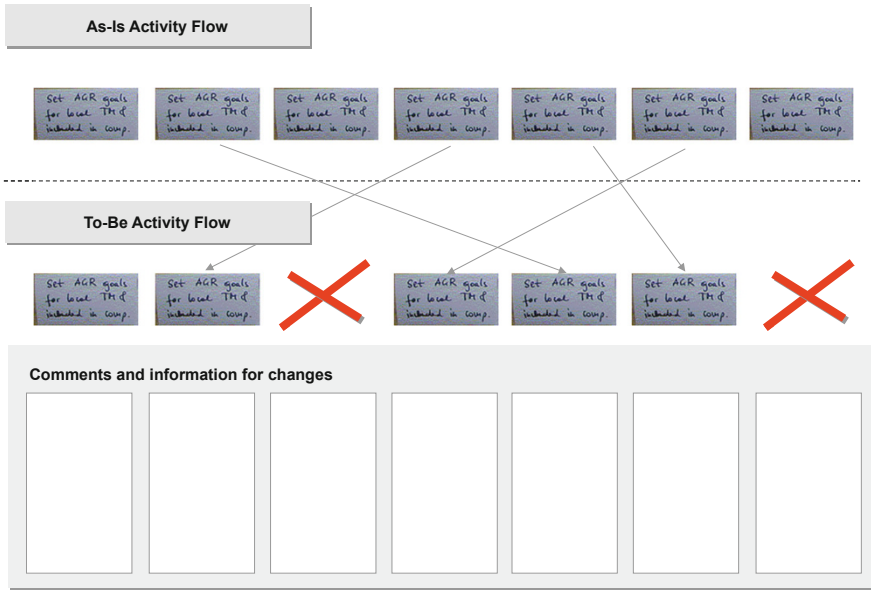


Fig. 10.7 Process comparison template

10.7 Quantitative and Qualitative Project Results

But the new methodology did not just have an encouraging effect on me and on my attitude toward consulting. The project team was able to deliver excellent results using TBM. Again, these results were quantitative as well as qualitative. Quantitatively, the project team reduced the time required for travel expenses, for instance, to be recorded by the accountants at WEDIT from an average of 3 weeks down to 2 weeks, which is absolutely brilliant—as were the involved people. This drop-in time was caused by

- 1. Spotting interfaces and linkages
- 2. Eliminating double work and long waiting times
- 3. Effectively and efficiently sequencing activity-flows

The qualitative discussion on process steps was especially vital. The project team, for example, identified a set of activities that could be done at once at the consultant’s office. Using the former process flow, it might happen that one activity would be done at our consulting office, then the documents would be forwarded to our accountant’s office for crosschecking purposes the high quality was and still is of

the utmost importance. Back at the consultant's office, then, the documents would be worked on again.

Another outcome of TBM-based qualitative process modulation was the idea to have one of our accounting colleagues working at the consultant's office 2 days a week; this would reduce the amount of information and documents for transport and logistics tremendously.

Even though I was not given the actual figures, a colleague from the finance department told me personally that the enhanced process made their daily business much easier, as they had seen one "annoying element" that had been disrupting their cash management activities disappear.

This one is so much easier now, even though our former system was, compared to other companies we talked to, a quite sophisticated one. Thank God!

—Dieter Corbach, Director Finance Department, WEDIT Düsseldorf

From a qualitative point of view, the project team not only made the process faster, but also—based on their extensive experience and the high level of engagement and motivation—generated several ideas on how to make the forms more compact. In essence, they applied the key elements of efficient templates to the forms they were using every day. The forms turned out to be more user-friendly, precise, and, above all, more structured. The effect could be best observed when a newcomer joined WEDIT and was able to grasp the process within 2 days. Of course, she had to ask about some details afterward. But, unlike people before, she did not take a week or two to understand who was doing what, when, and where, and how she was related to all of this. It was a clear-cut process, with a clear-cut structure.

Another qualitative improvement was made on the motivational level. The project members knew that they had contributed to something significant. Moreover, it was not externals telling them what to do. It was they who collected data and did analyses. It was, to a major extent, they who spotted the inefficiencies and came up with ideas for eliminating them. The team members were given the opportunity to influence their working environment. This motivated them tremendously.

After the project had been completed, I talked to Peter again during a meeting in Berlin. He confirmed my impression that the team members had been working in a very motivated way.

You are absolutely right, Uwe. They were absolutely positive about this project. I guess that's because THEY could improve their working environment.

—Peter Thormann, CEO, Deloitte Consulting Germany

I would like to thank Peter Thormann and Ulrike Vollmer especially for their support in writing this case study. I also wish to thank all members of the project team and, symbolically for them, Dieter Corbach, for their active involvement and appreciation of the work jointly delivered.



TBM in Organizational Development: Case Study Financial Service Industry

11

11.1 Description of the Client¹

Allianz Group is the world's largest insurer. With headquarters in Munich, Germany, it looks back on a history of 112 years. Established in 1890, Allianz Versicherungs-AG's headquarters were originally in Berlin. In 1949, however, Allianz moved to Munich after the offices in Berlin had been destroyed in an air-attack in 1943. Since then, it has stepped up its global reach through numerous acquisitions both in Europe and abroad. After the fall of the German Democratic Republic (GDR), Allianz bought the GDR's state insurance company and started to expand into Central and Eastern Europe, where it enjoys a dominant market position. In 1999, Allianz started to set up shop in Asia via joint ventures in China and the acquisition of First Life Insurance Co., Ltd, in South Korea. Recently, it bought the US asset manager Nicholas Applegate and Germany's Dresdner Bank.

Allianz's core business today involves property and casualty insurance and health and life insurance, as well as asset management.

11.2 The Contingency Situation

11.2.1 Industry Situation

September 11 witnessed the largest man-made disaster the insurance industry has ever faced. While most of the companies that had offices in the World Trade Center (among them insurance firms Aon, Guy Carpenter, and Royal & Sun Alliance) struggled to cope with the human loss they suffered, investors reacted immediately. They sold virtually all their shares in insurance.

¹A complete history of Allianz Group can be found on Allianz's webpage www.allianz.com.

At the end of 2001, it still was not clear whether or not insurance companies would buckle under the weight of claims. It all depended on how sensible they were on any single source of risk and whether or not they had insured themselves with so-called “re-insurers” to avoid losses beyond a certain limit. Besides, it was not clear whether governments would step in to help insurance companies in case things really turned bad. In addition to the terrorist attacks on September 11, tumbling stock markets and huge asbestos claims caused some insurance companies to stagger.

11.2.2 Client’s Situation

The year 2001 was not particularly good for the Allianz Group. Their profits fell 54% from EUR 3.5 billion in 2000 to EUR 1.6 billion in 2001.² Thus, Allianz missed its target profit by EUR 1 billion. Earnings per share were more than halved, and Allianz Group had to significantly prop up its reserves.

Allianz Group’s rather “moderate” performance was due to several events. Most significantly, however, it was the terrorist attacks on September 11—causing an outlay of EUR 1.5 billion—that dented most into Allianz’s profits. Moreover, the group had to write off EUR 1.6 billion of their capital investments because of the global stock market crash.

Allianz has been extensively acquiring companies all over the world. In the 1990s, it purchased, among many others,

- Fireman’s Fund Insurance Company (USA)
- Elvia Group (Switzerland)
- Assurances Generales de France, AGF (France)
- First Life Insurance Co. (South Korea), and
- Just recently, Dresdner Bank (Germany)³

These numerous mergers brought many advantages for Allianz. However, they also caused many obstacles that the group had to overcome. Therefore, the Board decided in 2001 to reassess and redefine the Munich head office and transform it, introducing a so-called Group Center⁴ with different units, such as

- Group Communication,
- Group Development,
- Group Human Resources, or
- Group Information Management.

²Allianz Group, Annual Report 2001.

³Please refer to the group’s webpage www.allianz.com for further information on its acquisitions.

⁴All information gratefully taken from the Group Human Resources Handbook with permission from the GHR Head, October 2002.

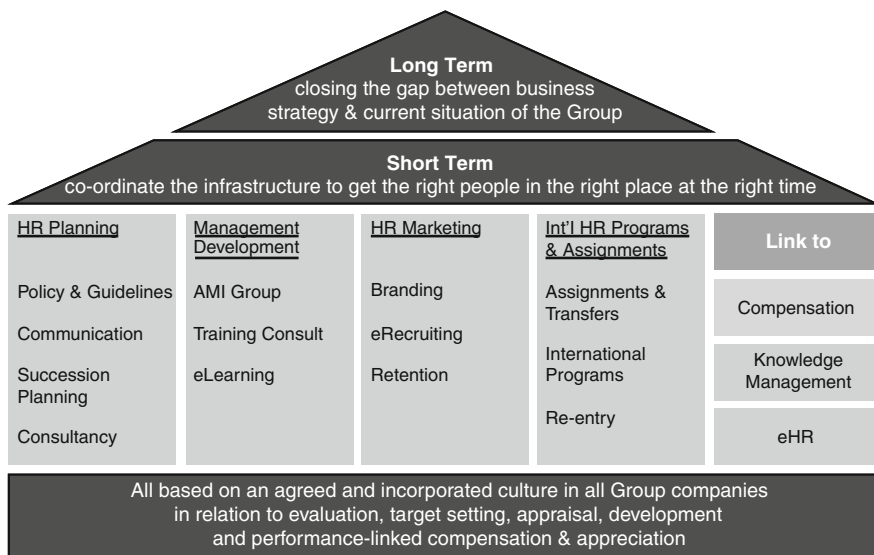


Fig. 11.1 Overview of GHR scope and activities (Published with permission by Head of GHR/Allianz Group)

For evolving aligned policies and practices group-wide in close cooperation with the operational units all over the world. This is of huge importance, as the Allianz Group is a very decentralized organization and the overall goal is the realization of synergies based on the joint development of commonly agreed on processes, roles, and responsibilities.

One of these difficulties comprised merging different organizational cultures and, related to this issue, harmonizing activities evolving around top executive recruiting, their succession planning, and management development. Moreover, executives' stays abroad had to be coordinated according to company needs. In a nutshell, the activities of the various HR departments around the world had to be modulated. For this purpose, one of the new units of the Group Center *Group Human Resources (GHR)* was established in 2001, consisting of approximately 35 people. The challenge for GHR is to facilitate the development of more leaders and executors and to ensure that the right people are in the right place at the right time (Fig. 11.1).

Group Human Resources plays a strategic role within the Allianz Group globally. Its main activities are:

- To identify needs and to co-ordinate activities,
- To foster the Group identity,
- To expand the infrastructure for international exposure, and
- To provide opportunities for management development.

Group HR was created not only because of the various challenges stemming from Allianz Group's numerous mergers. Rather, overall global human resource trends created the need for action. These global trends, in a nutshell, are:

1. Thirty-five- to forty-five-year old will eventually make up just 10% of the workforce.
 2. A growing number of executives are nearing retirement.
 3. There is an ever-greater need for management rather than administrative work.
 4. Employees have become less loyal as competition increases.
 5. Mergers, restructuring activities, and focus on core competencies have left fewer opportunities for executive development.
-

11.3 Problem Definition and Understanding

Two topics of concern existed in Group HR. First, the roughly defined structure of the department's policy, involving processes and IT, as well as roles and responsibilities, was to be concretized and implemented.⁵ Second, Group HR's people, with backgrounds in different HR areas, indicated their interest in deepening and broadening their experience in process and project management—skills required to do their jobs and support the establishment of the GHR department. They particularly addressed the strengthening of project management know-how as well as process thinking.

In the words of Axel Guepner, head of Group HR:

We need to improve the global coordination. And I see some potentials for improvement in some knowledge areas, especially in state-of-the-art project management, to do our work on a best practice basis.

—Axel Guepner, Group HR, Allianz Group

You may ask yourself: “Why on earth do they have to manage projects?” Well, it is their job to support, serve, guide, and align Allianz Group's local HR departments. This involves issues and topics alongside the entire value chain of Human Resources. GHR's purpose was—as indicated earlier—to strategically align the activities of the various local HR departments. Thus, this is project management on a global scale. Furthermore, the delivery of HR services through GHR initially requires the conceptualization, alignment, and implementation of globally accessible and available tools, processes, and applications. This can be realized efficiently only by using a commonly agreed on professional project management approach.

I have already written in great detail on how to apply the TBM methodology in establishing and optimizing a system (see case study 1) or streamlining a process (see case study 2). Both involve dealing with processes and IT, as well as roles and

⁵Rothwell, W.J.; Sullivan, R.; McLean, G.N.: “Practicing Organization Development – A Guide for Consultants”, Pfeiffer & Co 1995.

responsibilities. Therefore, I will not discuss how we tackled the department's policy problem; rather I will take up the second issue—project management.

Project management is *the application of knowledge, skills, tools, and techniques to project activities to meet project requirements. Project management is accomplished through the use of processes such as: initiating, planning, executing, controlling, and closing.*⁶

We can easily deduce from this definition given by the Project Management Institute that to successfully run projects one has to

- Be able to think in processes
- Command techniques for execution
- Think and act quickly

When Axel Guepner, head of Group HR, first approached me, he made it clear that these three capabilities were not sufficiently developed among his people. He asked me to provide his team with the necessary techniques and to give them the tools to productively manage projects. Coupled with this, he and I would then tutor the entire team so that they would gain the knowledge and skills to run projects in the future without any substantial further assistance.

To me, it was at once clear that Template-driven Consulting would provide the optimal framework for meeting Axel Guepner's demands of turning his team into professional project managers at the lowest cost (financial and time) possible.

11.4 Process Evolvement and Abstraction

As with every TBM project, I first had to come up with an idea of how to solve the present problem. Unlike the other projects, I described previously, however, this time it was purely about designing templates and coaching the client's employees. Axel and I spent hours and hours discussing and elaborating ways of efficiently getting his team up to speed, besides all the important and ongoing activities GHR had to deliver continuously.

To design the templates, I had to abstract the project management process,⁷ or rather its processes. This means that I did not actually envision *myself* delivering project management services, but *Group HR's employees* instead. Thus, I had to start with spotting the various dimensions of managing any project. Basically, these involve nine *areas of knowledge*.⁸ They are:

⁶Project Management Institute: A Guide to the Project Management Body of Knowledge – 2000 Edition, Project Management Institute Publishing 2000, p. 6.

⁷Kerzner, H.: "Project Management – A Systems Approach to Planning, Scheduling, and Controlling", 7th Edition, John Wiley & Sons 2000.

⁸Project Management Institute: A Guide to the Project Management Body of Knowledge – 2000 Edition, Project Management Institute Publishing 2000.

1. *Project Integration Management—PIM* (ensures that the various elements of the project are properly coordinated).
2. *Project Scope Management—PSM* (ensures that all the required work is included).
3. *Project Time Management—PTM* (ensures timely completion of the project).
4. *Project Cost Management—PCosM* (ensures that the project is completed within the approved budget).
5. *Project Quality Management—PQM* (ensures satisfaction with the project's results).
6. *Project Human Resource Management—PHRM* (ensures the most effective use of the people involved with the project).
7. *Project Communications Management—PCommM* (ensures timely and appropriate generation, collection, dissemination, storage, and ultimate disposition of project information).
8. *Project Risk Management—PRM* (is concerned with identifying, analyzing, and responding to project risk).
9. *Project Procurement Management—PPM* (is concerned with acquiring goods and services from outside the performing organization).

The next step in the process evolution and abstraction phase was to identify the key components or processes of the nine knowledge areas, to see which stages Axel's employees would have to pass through to successfully deliver results and which templates I would have to produce (see Fig. 11.2). By doing so, I switched between analyzing on an operational and a meta-level. I had to think genetically.

As the advisor, I had to look thoroughly at every piece of the problem-solving process to get an understanding of which templates had to be generated. Producing templates for each of the nine knowledge areas would result in having a set of templates. At this point, it is important to mention that the phases of the nine knowledge areas are not isolated. Rather, they are highly interrelated. This realization is essential for the next stage of TBM, template generation.

11.5 Template Generation

In every project, it is important to first get a general idea of what the project is about, why it is needed, and what are its key aspects and benefits. Moreover, it is essential to know who the project's sponsors and managers are. This information should then be summarized and put into a single document. Therefore, the first templates I produced had to document allowing for a good and precise overview of each project's scope—what lies within the scope of the project and what not, the demand for the project—the reason for doing this project, its objectives, and the people involved such as sponsors, team members and of course the project manager(s). Figures 11.3, 11.4, 11.5, and 11.6 show some of the templates that the GHR team was finally given.

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
PIM	Project Plan Development	Project Plan Execution	Change Control		
PSM	Initiation	Scope Planning	Scope Definition	Scope Verification	Scope Change Control
PTM	Activity Definition	Activity Sequencing	Duration Estimation	Schedule Development	Schedule Control
PCosM	Resource Planning	Cost Estimation	Cost Budgeting	Cost Control	
PQM	Quality Planning	Quality Assurance	Quality Control		
PHRM	Organizational Planning	Staff Acquisition	Team Development		
PCommM	Communications Planning	Information Distribution	Performance Reporting	Administrative Closure	
PRM	Risk Management Planning	Risk Identification	Qualitative & Quantitative Risk Analysis	Risk Response Planning	Risk Monitoring and Control
PPM	Procurement and Solicitation Planning	Do Solicitation	Source Selection	Contract Administration	

Fig. 11.2 The phases of the nine knowledge areas of project management (Project Management Institute: A Guide to the Project Management Body of Knowledge – 2000 Edition, Project Management Institute Publishing 2000)

11.5.1 Template Structuring

Generating the templates did not require going through each stage of the generation phase in great detail. Some sketches were done, and I played around with graphical elements. I had to bear in mind, though, that the templates I produced now would set the stage for the templates to follow. However, the final versions of these templates were on Axel's table rather quickly.

Based on these templates, one can see how we continuously fine-tuned and aligned them, as we learned how differently the GHR team members were using and interpreting our pre-developed templates, even though we always cross-checked them with Axel and ran pretests as part of the template generation phase.

These templates constituted the basis for developing another template depicting the project plan (see Fig. 11.6). This template included all the necessary general information on the project such as its title, its time frame, and the overall activities, as well as the people who would do the activities.

Fig. 11.3 Understanding template

Understanding of *Project Title*

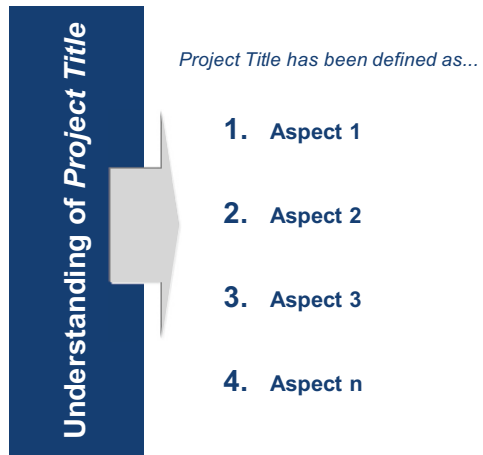
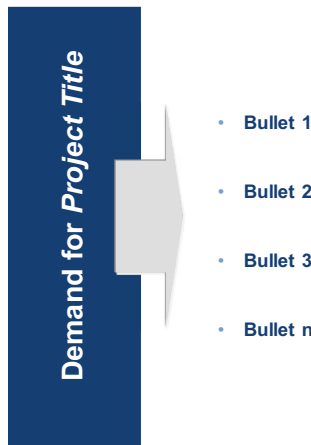


Fig. 11.4 Demand template

These Aspects Reflect The Ever More Growing Demand for *Project Title*



Developing the template in Fig. 11.6 was a little bit trickier, since it had to contain a lot of information but still had to be clear. I had to pay attention to keeping this template user-friendly, precise, and clear in expression. Therefore, I generated various draft versions of the template and checked with the team which ones they would find most easy to use.

Design, it turned out, was very important with this template. I often returned to my desk and modified the drafts according to the team's input. In the end, the

The Growing Demand Leads to the Following Benefits for the *Project Title* Initiative

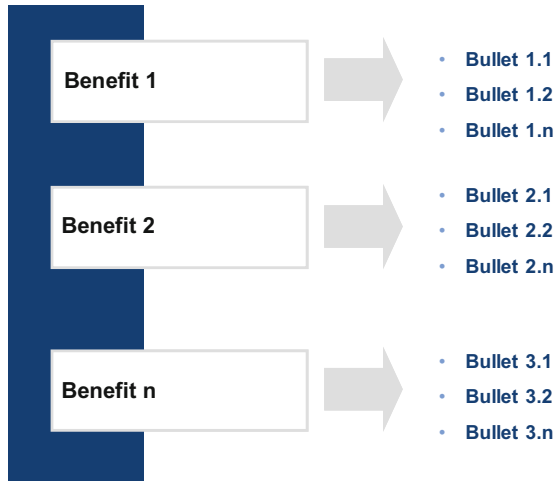


Fig. 11.5 Benefits template

Project: *Project Title*

Sponsor/ Owner	NN
Project Manager	NN
Project Team	To be defined
Objective Summary	<ul style="list-style-type: none"> • Objective # 1 • Objective # 2 • Objective # n
Project Status	To be defined
Nature of relationship with other projects	• To be defined

Fig. 11.6 Project overview

template you see in Fig. 11.6 was developed—pretty much a hybrid of all the drafts. Besides making it possible to plan a project, template 11.6 is also very suitable for managing a project’s scope, since the project manager can see at one glance whether or not all the necessary activities are covered by the project plan.

The next step of the project management cycle typically entails the time management dimension. The project manager lists all the objectives and the activity packages or single activities required to attain them and chooses a way to epitomize the time needed. There are many ways in which the time frame can be plotted. One can simply put the starting and the end date in the document or choose from a large pool of graphics. We preferred the latter option, since visualizing intangible time, we thought, was always helpful.

The project team immediately liked one particular idea: the Gantt⁹ chart. It was very good that we could agree on this quickly, since we were thus able to move on to other things. We had to be careful, though. The Gantt chart is not very practical when time is measured in short periods such as days. Thus, we used the Gantt charts only for an annual and quarterly overview (see Figs. 11.7 and 11.8). This again was one of the discussion points during the template generation phase, as due to the complexity of the projects a more detailed level for project planning and monitoring was not required.

What was so specific about our TBM approach was that the templates provided were to facilitate and ensure a consistent project planning, especially at the beginning. So, we integrated a consistency loop throughout the different levels of project management templates. Starting with the project overview templates, the project managers had to define their overall objectives (cf. Fig. 11.6).

These objectives then served as the basis for the next level's templates—the annual Gantt project overview. The project managers had to carry over the objective summaries into the left column¹⁰ of the annual Gantt project overview (see Fig. 11.7).

Based on these phases, as a next step, the activity packages of each phase had to be defined. For each activity package, a time bar had to be drawn indicating the length of the activity package on a monthly basis. This had to be done for all activity packages and for all phases.

Then the project manager had to carry over the defined activity packages again to the next level of templates—the quarterly Gantt project templates (see Fig 11.8). For each activity packages, single activities had to be evolved and planned in a weekly mode. Finally, for each activity concrete deliverables such as a word document, a presentation, a report, or some kind of other tangible outcome had to be defined and documented in the last column on the right side of the template (see Fig. 11.8).

In case a project manager defined activity packages not in consistency with the overall planning, the consistency loop would help to identify such an inconsistency. This means either that on the activity level no further distinction was possible, as the package was already too small, e.g., “Run Workshop,” or that even on the activity level the work amount would be too comprehensive, e.g., “Develop Communication Strategy.” During the project at GHR, project managers several times came to tell me

⁹The name Gantt-chart originated with Mr. Gantt, who for the first time used time bars to indicate time-spans and dependencies.

¹⁰Indicated in the figure by the black ellipse.

The GANTT-Chart as Basis For Our Time Management (Annual overview)

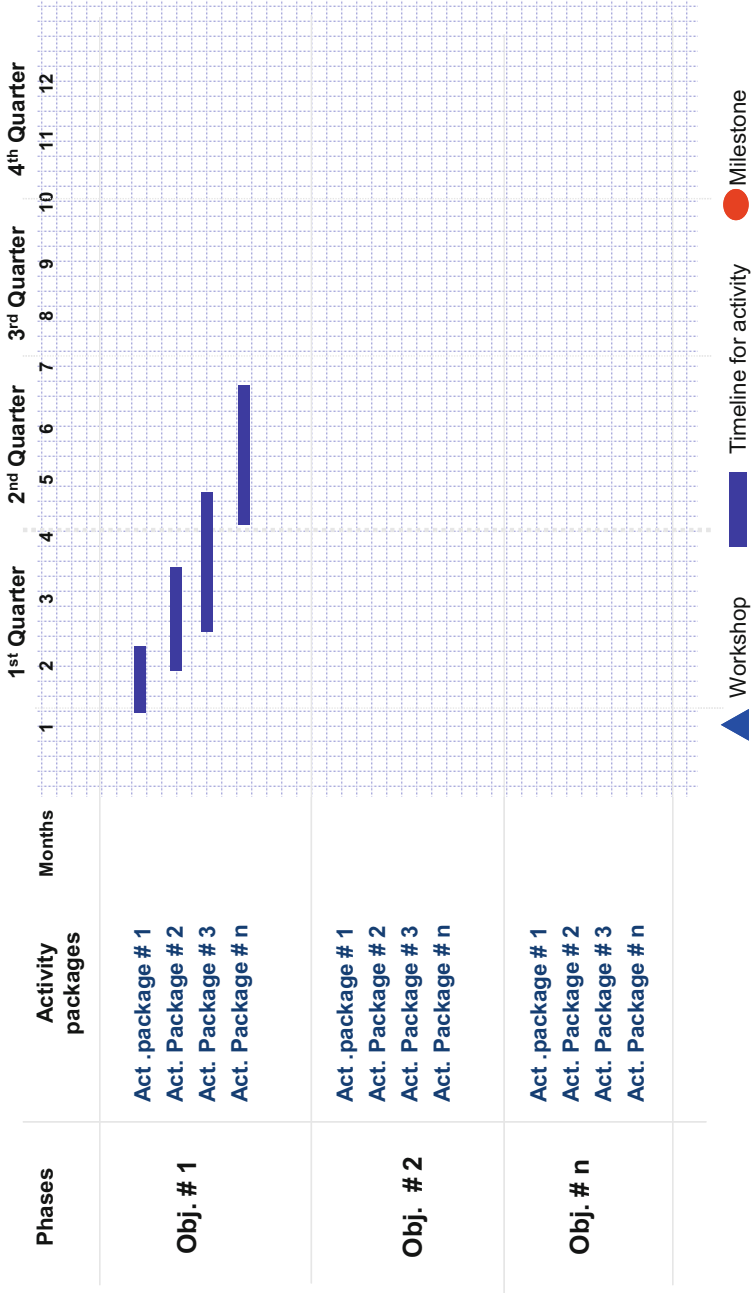


Fig. 11.7 Annual Gantt project overview

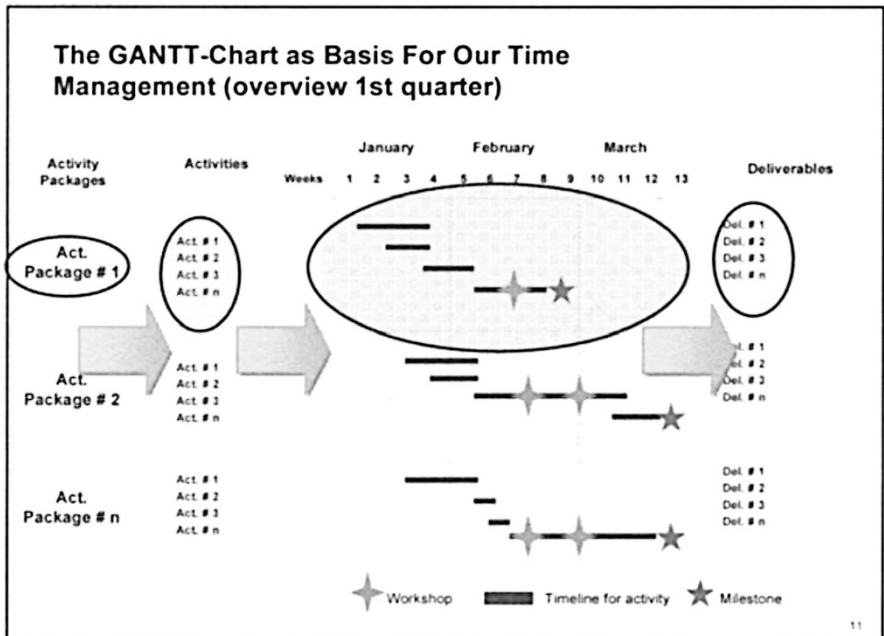


Fig. 11.8 Quarterly Gantt project overview (The orange arrows indicate the logical flow of content-development. The circles show the different areas, where the project-related content is contained and based on which consistency loops are gone through)

that they were having trouble working on all three levels. Frankly speaking, this was the trigger for me that some coaching would be required.

A more detailed description of the different templates linkage is provided in Fig. 11.9. The consistency loop played an important role during the dual-level coaching process.

11.5.2 Template Completion Process

To ensure an efficient project initiation according to both dimensions, the TBM project and the operational GHR projects, we decided to develop a GHR On-boarding Package and to run specific On-boarding Sessions. The entire set of project briefing templates was introduced to the team and explained thoroughly.

Then the templates had to be completed by the project managers. If they had questions, they could contact me to schedule a project planning session. The deal was that the team members would not call me prior to having completed the set of templates for the first time on their own.

Based on their completed templates, we then ran dual-level coaching sessions facilitating both their project structuring and planning capability, as well as the professional operational project setup and planning. These sessions were essential

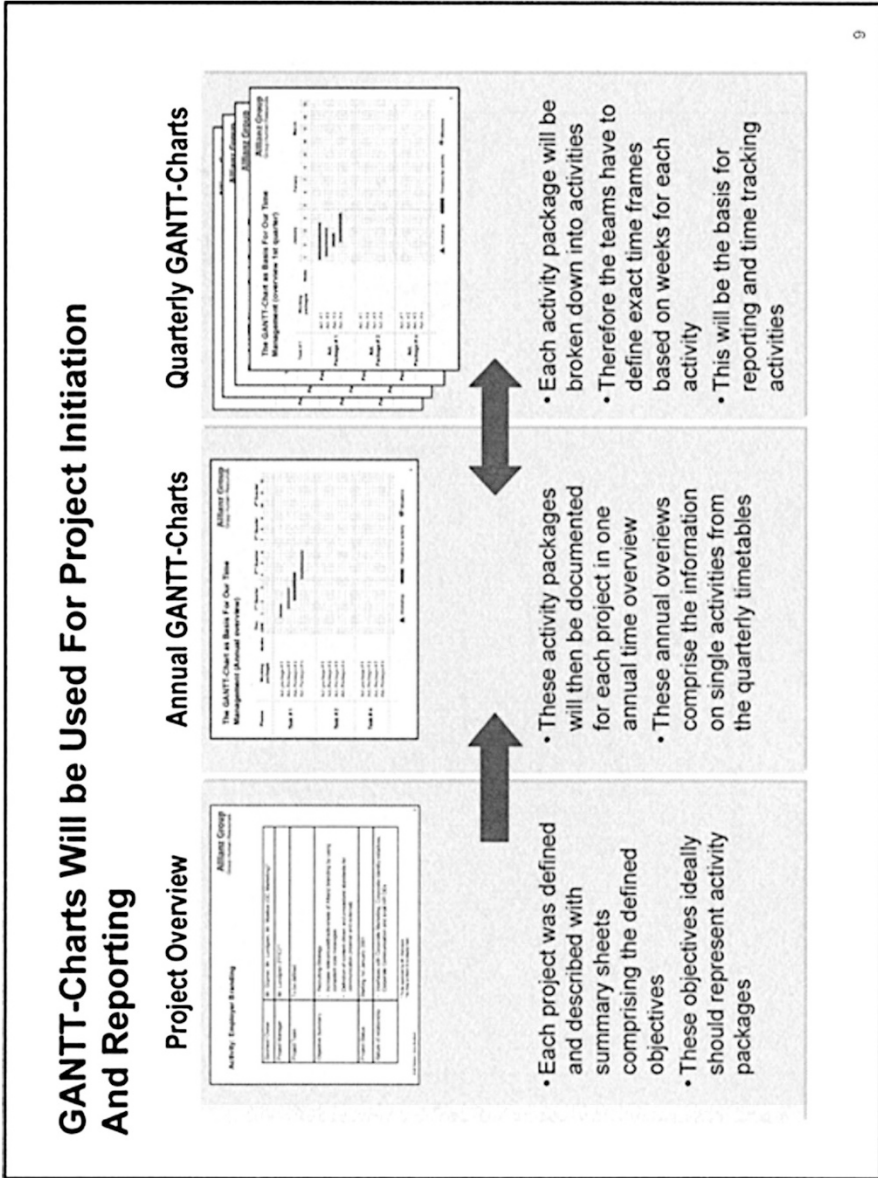


Fig. 11.9 Template consistency loop explanation

to realizing the know-how transfer between the team and me. Of course, especially at the beginning, some people needed more than one coaching session, but—and here I recall Alexandra Groess—some team members immediately took over the templates and the underlying approach. They dealt with the increased effort and work at the beginning of the TBM project, being aware of the great opportunity the templates and Axel, with his investment in a TBM project, offered: the opportunity to learn hands-on and, through this innovative tool called TBM, how to set up, run, and deliver projects efficiently.

Indirectly, the team learned how to structure their work in general, as Axel furthermore allowed only documents and deliverables that were clearly structured and consistent. These were supported by further content-oriented templates providing pre-set structures and formats for milestone and quarterly reports that had to be delivered to the board.

11.5.3 Template-Driven Monitoring Process

Directly linked to the development of a time schedule is schedule control. Here, three dimensions had to be borne in mind. First, a template was needed to allow for proper time management of the overall project (see Fig. 11.10). Second, we needed a

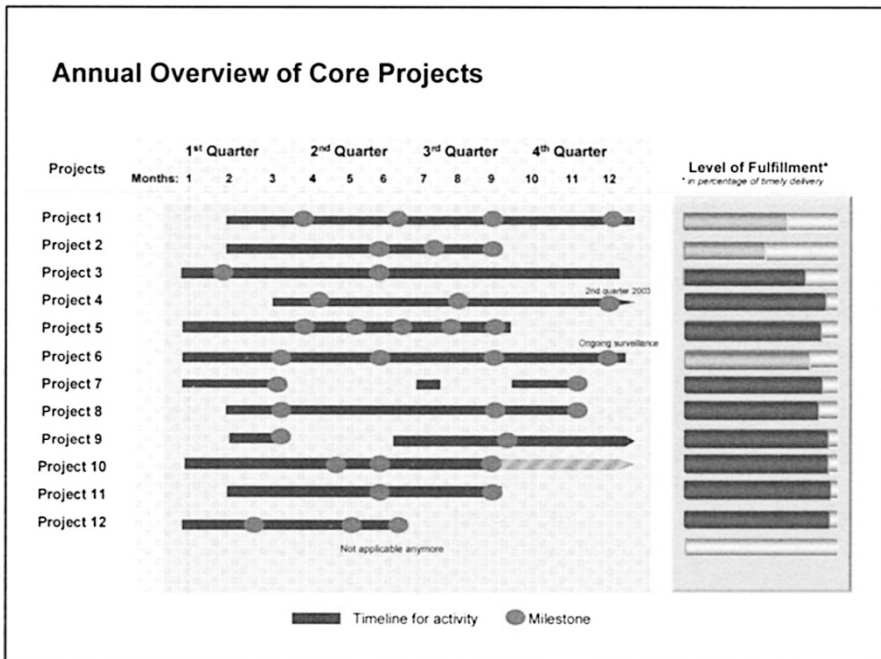


Fig. 11.10 Annual project overview template

template to control the status of the activity packages according to time. Last, we had to generate templates for managing single activities.

This is now a classic example of a set of templates and of the need for a strict adherence to the key elements of efficient templates. To refresh your mind, the five key elements discussed in Chap. 5 are:

- User-friendliness
- Precision of expression
- Comprehensiveness
- Consistency, and
- Self-explanation

Above all, I wanted to keep the templates consistent regarding the choice of words and design, so that the project teams could easily transfer any information from one template to the other. This concern ultimately resulted in the templates being user-friendly and, to some extent, self-explanatory. One thing not that easy was to keep the templates precise in expression, because activities can usually be explained according to various dimensions.

Once Peter came to my office and said:

Look, Uwe. This is too technical. I wouldn't understand this in 3 months from now. We have to change the terminology!

—Peter Clist, Group HR, Allianz Group

At this point, it was clear to me that we had to work mutually to find a diction that got to the heart of the issue and would be easy to understand. We tried to avoid any technical terminology that would just frustrate the users.

Let me now explain the templates, how they relate to each other and to the templates shown above. Figure 11.12 (Gantt chart—annual overview) depicts the various phases or objectives and lists the activity packages that would, together, bring about the desired outcome of the various phases. Since this was a very graphical illustration, we needed a template that would focus more on content. Thus, I produced the template shown in Fig. 11.11—no rocket science as such, but a template enabling future project managers to learn to report in a focused and structured way.

The project team and I found it very helpful to enhance this template's features to readily have an overall project content and cost status included as well. Moreover, we came up with the idea of using a “traffic light system” (red, yellow, green) to see whether or not the project status concerning content and costs was still within the predefined limits.

In a sense, the colors used represented a control system that would also immediately tell a person not too familiar with the operational aspects of the project (project sponsors, for instance) whether or not everything was all right. Moreover, in this way, the users could more easily identify potential risks and do some risk-response planning.

Project Status Report			
Type of Initiative		Project Name	
Project Title	tbc	Time Frame	05/2002 - 12/2002
Description of Deliverable	Current Status		Next Steps
Description of Deliverable	Current Status		Next Steps
Description of Deliverable	Current Status		Next Steps
Description of Deliverable	Current Status		Next Steps
Value proposition	Board	-To be completed	
	Executives	-To be completed	
	HR Managers	-To be completed	

Fig. 11.12 Quarterly project status reporting template

Hence, the Activity Tracking Sheet (ATS) became the “backbone” of the project management activities and the most powerful tool for Axel Guepner’s team. It represented the basis from which the user could spread out to further manage, for instance, time, cost, and risk. Here, again, it must be said that Axel’s engagement in really penetrating the use of the developed templates played a vital role in the overall success of this TBM project.

In each regular GHR Jour Fixe Axel would let each project manager present her Activity Tracking Sheet(s), enabling, on the one hand, him to understand the project status and, on the other hand, the project manager herself to ask Axel for help in case some risks or problems lay ahead. He went even further: He asked his project leaders to complete another template on a quarterly basis, the project status report (see Fig. 11.12), which contained information similar to that on the ATS but was developed in graphical consistency with all other templates. Axel used this template for his quarterly report to the board.

As GHR, in addition to all this project work, was engaged in different day-to-day business activities that had to be delivered, we next had to create a template that would allow proper management and monitoring of these ongoing activities. It was of the utmost importance to keep this template consistent with the Project Status Reporting (cf. Fig. 11.12), as the comparability of and communication between the two areas, project work and ongoing work, had to be ensured. In Fig. 11.13 you can see that we stayed consistent in terms of both design and diction.

Quarterly Activity Report		
Nama of GHR unit		
<name of activity>	<description>	<status and further comments>
<ul style="list-style-type: none"> • Name of activity 1 • name of activity 2 • etc. 	<ul style="list-style-type: none"> • Comments • comments • etc. 	<ul style="list-style-type: none"> • Comments • comments • etc.
Cycle-driven Activities	<ul style="list-style-type: none"> • Comments • comments • etc. 	
Conceptual & Policy Work	<ul style="list-style-type: none"> • Comments • comments • etc. 	

Fig. 11.13 Ongoing activity reporting template

What I probably need to explain here is what “cycle-driven activities” and “conceptual and policy work” are. Cycle-driven activities cover all the daily, routine activities. Conceptual and policy work refer to the development of new processes and tools as well as to defining processes, roles, and responsibilities (see Chap. 6).

This set of templates allowed Axel to steer and manage the entire team and to facilitate the project work. He encouraged all project managers to really escalate issues as soon as possible by making use of the yellow and red bars and bubbles. This, of course, was a change management topic as well, since he had to teach his people to see the red and yellow color as a chance to raise risks, problems, or other issues early enough to enable Axel to help solve them.

Based on the last described template, we then established a reporting system using the information gained on projects and activities. Each quarter, Axel now delivers a detailed report containing

- Executive Summary on quarter activities
- Quarterly Activity Report on ongoing activities (Fig. 11.13)
- Updated annual project overview (Fig. 11.10)
- Project overview and status report for all projects (Figs. 11.6 and 11.12)
- Milestone-triggered deliverables based on specific project planning

The last point reflects the digital consolidation of relevant tangible deliverables. This means that for each single defined milestone one concrete outcome in the form of a document has to be provided by the specific project manager. If a milestone document is not delivered after 1 week, the project monitoring bar changes its color from green to orange. After a further 2 weeks, the bar turns red and the department head interferes proactively (cf. Fig. 11.10 for the colored project bars).

This template-based reporting system offers one further important advantage: By continuously using the same charts and graphics, people get used to the layout, which again positively impacts on reporting, discussing, and aligning issues of the activities and results presented.

11.5.4 Template-Driven Costing Process

So far we have seen a lot of templates that cover a wide spectrum of project management's nine knowledge areas. Functions for *project integration* and *scope management* were included in templates 11.2–11.4 as well as in the Activity Tracking Sheet. *Project time*, *quality*, and *risk management* were facilitated by the Gantt charts as well as by the last templates I explained, where risk is indicated by the colors of the project-related bars. This system is also used in the Activity Tracking Sheets (ATS). The use of colors to measure and document project time and cost, as well as risk management, is not a mysterious rocket science; it is a well-known technique. More important though, is the fact that this technique is part of a comprehensive set of templates enabling the individuals involved to quickly pick up certain standards and tools.

What was missing was a template for clear-cut *project cost management*. Once again, project cost management includes the following aspects:

1. Resource planning
2. Cost estimation
3. Cost budgeting
4. Cost control

Designing an effective and efficient template for managing project costs posed the biggest problem. This is because spreadsheets, which are usually used for cost management, encompass two aspects. First, a functional or operational dimension and, second, a content dimension. Often, these two aspects negatively interfere with each other, because elaboration of functions may happen at the cost of a clear arrangement and vice versa. This meant that the team and I had to thoroughly follow every single step of the template generation cycle.

First, I drafted a lot of spreadsheet templates. I was not initially clear about whether I should do one or many interrelated templates. I did a lot of module fitting, reviewed the processes, and undertook the necessary adjustments.

Graphical layouting turned out to be challenging as well. I wanted to preserve the spreadsheets' consistency with the other templates. This, however, sometimes

conflicted with the functional aspects. In the end, what we had was a good trade-off between functionality and graphical consistency.

I kept returning to Axel's team to let them use and evaluate different templates. I consolidated their feedback, went back to my desk, and designed new spreadsheets, only to come back the next day to have them tested again.

This may appear odd, but I wanted to make 100% sure that the team was given the best templates for cost management. You may deliver the best work, but if you are not within the budget you will not be contracted again!

In the end, we decided to have two templates, one that would facilitate the team's project cost planning ability in the first instance (cf. Fig. 11.14) and one enabling a quick and easy project cost monitoring (cf. Fig. 11.15).

Let me now explain the two templates. Obviously, you cannot see the underlying functions—which are, to be frank, not very complex. If you should have any questions concerning these templates, though, I very much encourage you to contact me.

The first aspect of project cost management is resource planning. The upper third of the “Staff and Costs” template allows for just that. The user can easily see how many days per month any given project team member was, is, and will be working on the project and what share of his or her total workload the project work makes up.

In the middle of the spreadsheet, the user of the template inserts the planned costs for outside contractors, training, travel costs, etc., the balance of which (total costs) represents the projects budget.

In the lower third of the template, the actual costs are incorporated. Thus, the gap between planned and actual costs (budget gap) can be computed and from there, a deviation analysis to spot the reasons for possible cost variances can be performed.¹¹

The spreadsheet “Base Assumptions” did not have to be especially designed. It just contains the data that the “front-template” drew on.

There were many templates generated, but the ones included in this case study are the most important. It is now time to address the next phase of the TBM approach: project work implementation.

11.6 Project Work Implementation

Project work implementation basically involved two different types of work: template installation and coaching.

Installing the templates was not a major problem. There were a lot of IT people at Allianz who helped us out. All we had to do was put the templates systematically on a server accessible to Group HR's personnel. To protect their individual work from manipulation by other individuals, Axel's team was instructed to save their work on

¹¹Horngrén, C.T.; Datar, S.M.; Foster, G.: Cost Accounting – A Managerial Emphasis (11th Edition), Prentice Hall College Division 2002.

Project Effort Planning													Project Title: _____												Calc. work weeks (40 hrs/week)												1996
Activity (Requirements)	January 1997		February 1997		March 1997		April 1997		May 1997		June 1997		July 1997		August 1997		September 1997		October 1997		November 1997		December 1997		Total		Percentage of total work effort										
	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month		Days/month									
Person # 1																																					
Person # 2																																					
Person # 3																																					
Person # 4																																					
Person # 5																																					
Person # 6																																					
Projected total headcount AZ																																					
Outside Contractors (in mandays)																																					
Total																																					
Item	January 1997	February 1997	March 1997	April 1997	May 1997	June 1997	July 1997	August 1997	September 1997	October 1997	November 1997	December 1997	Total	Amount already budgeted in Euro																							
Outside Contractors																																					
Training costs in Euro																																					
Average travel costs/month in Euro																																					
Hardware/Equipment in Euro																																					
Software/Tools in Euro																																					
Other costs in Euro*																																					
Total Costs																																					
Quarterly Costs																																					
Total Costs																																					
* Item for additional information concerning other costs																																					
Room for any further comments																																					

Fig. 11.14 Cost planning template

Project Effort Planning		Project Title												Calc. Basis working days year												196	
		To be added																									
Working Subcategory	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	Percentage of annual budget	
	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month	Days/month
Person 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Person 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projected raised headcount AZ	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Outside Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IM																											
Outside Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average travel cost/month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hardware/Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Software/Tools	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Costs with Cost-based Cor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quantity Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual cost tracking																											
Outside Contractors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average travel cost/month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hardware/Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Software/Tools	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actual costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gap to Budget	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Fig. 11.15 Ongoing cost monitoring template

a personal hard drive. And this was it. The coaching part definitely involved more work!

Because of the close collaboration during the template generation phase, Axel and his team were already familiar with the templates. They were not only closely involved in their design, but they had also tested the key templates. Thus, some of the coaching work had already been done previously, in the template generation phase. This was very advantageous, because the team members could start working with the templates immediately, which saved us a lot of time.

However, there were still numerous activities to be done.

First, I wrote a document (hand-out) that gave Axel Guepner's employees an overview of their department's as well as the individuals' key activities and purpose. Moreover, in this document, I analyzed the individuals' activities and associated them with project management. Thus, I also included some key templates in that document to show Axel's team for which activities project management itself was needed and, consequently, templates. Besides, I explained the templates' overall function for project management, and to some extent, I gave the team an introduction to the TBM methodology.

Second, we started with the *on-boarding* phase. We had weekly meetings which were obligatory for all Group HR members. I taught the team to work with the templates and how to use the templates to deliver the expected results. Moreover, I explained to them how their individual activities were interrelated and why it was important to know about each other's workflow.

What I wanted to achieve was to make Axel's employees "process-conscious." I wanted to teach them how to think and act in processes so that they could see the necessity for improving some of their work with regard to workflows.

Naturally, the weekly meetings covered broad topics and neglected the focus on individuals. Thus, these sessions had to be supplemented with individual dual-level coaching work.

It was necessary to do the individual coaching for two reasons. First, each team member's work was different, since there was a clear division of labor. Second, each team member himself/herself was different from the others. Different thinking as well as different learning types were involved. Some people were more computer skilled than others or disposed of other qualifications. Some were more outgoing than others. All these myriad differences had to be borne in mind and respected.

I had to find a way to optimize each person's work. The superior goal was that everybody should eventually dispose of the same quality of skills with regard to project management and the use of templates. And this was not a question of whether a person was an "easy learner." Rather, it was a question of whether or not we approached that particular person with the proper methods and paid attention to his or her characteristics.

When asked by Axel, Kevin replied:

Yes! Definitely! I am grateful that Uwe took the time and showed me how to use several templates on an individual basis. I couldn't grasp all of their functions in the meetings immediately.

—Kevin Kim, Group HR, Allianz Group

I am confident that the team did a great job. They are now all capable of managing projects and thus of performing their jobs in a very effective and efficient manner.

11.7 Quantitative and Qualitative Project Results

I have to admit that the achievements here, in terms of both organizational and personal goals, were the biggest compared with other projects. The results were indeed stunning. For the first time, I really experienced the full potential of Template-driven Consulting.

On a quantitative basis, I was able to meet Axel's demands for keeping the project at a reasonable cost in regard to external advisory services through our company. This was possible because I was the only external person billed by Group HR for this job. Thus, one of TBM's main advantages manifested itself. By using the new approach, a single consultant can directly counsel not just ten people, as is common in the industry, but some 35 to 40. This means that Axel's Group HR, consisting of 35 employees, saved roughly 75% on expenditures for external consultants that would otherwise have been incurred by applying conventional consulting methods.

Moreover, I did not take more time than absolutely necessary—something not so self-evident in the consulting industry. TBM allowed me to stay well within the time frame that Axel and I had defined at our initial meeting, because I did not have to deal with all the operational aspects of the problem-solving process. I had to generate the templates. But Group HR delivered the results as they performed the project management as well as project delivery tasks. Ultimately, I changed from being a “template-generator” to a content-oriented coach, a facilitator, instructing the project team how to use the templates and intervening in case of systemic problems. And while I was teaching them the key functions of the single templates and the sets of templates and their correlation to each other and to project management, Axel's employees delivered the first results. In that way, we saved a lot of time.

Qualitatively, the team and I accomplished the following:

First, the people of Group HR learned how to “think and act in processes.” They became skilled in structuring their activities, which enabled them to realize which cogwheel they embodied within the whole framework. Thus, the team members' work became more effective and efficient.

Second, they acquired far-reaching knowledge about project management. Group HR's employees were introduced to the nine knowledge areas of project management and their different phases. Thus, they could at any time check at which point they were within the cycle. In general, the team was equipped with the most important insights into project management.

Third, the team was trained in the use of templates and consequently in the execution of a project. By drawing on the templates, the employees learned about the various dimensions of project management such as time and communications management, but they were also given the tools to immediately perform these tasks. By these means, theory and practice were most effectively combined to allow for a steep learning curve.

If we compare the project with an expedition, the new adventurers were equipped with a compass and several maps to prepare them for exploring new territory on their own. Then, the expedition organizers told the expedition members how to best reach the expedition's final destination. If necessary, the "old guys" helped out by guiding the team using their walky-talkies. Only when it was absolutely requisite, did the organizers actually accompany the adventurers.

11.8 The Future

In finalizing this case study at GHR, another dimension now comes into play. As I had already applied the described templates at another Group Center within the Allianz Group the TBM methodology was disseminated among the client's employees. Additionally, to the 35 people at GHR, a further ten team members of the other Group Center had to be supported and coached. I again did this on my own and thus advised approximately 45 people at a time. This, as indicated earlier, is significant for the lever that TBM provides in minimizing costs for external consultant and advisory services, as usually about five or six consultants would be necessary to "entertain" 45 client employees with the same project objectives and required work intensity; this ends up costing six times more than what the client spent for my TBM-based advisory services.

As we realized similar results and more or less created another success story for our new TBM approach, we are now, together with the two Group Centers, working on an Allianz-Intranet-based Online solution using the implemented templates. This tool will help to reduce the time for completing the required templates and reflects the growing quantity of Allianz internal virtual project teams.

In accordance with the implemented templates, processes, and roles and responsibilities, the online tool will link three vital areas:

- Project modeling and planning
- Project and ongoing reporting
- Costing and budgeting

After doing extensive research, the client came to the conclusion that a similar tool that would best fit their needs is currently not in existence for project management. All templates are currently being put into a storyboard equipped with designed Screenshots (see Fig. 11.16) and will then—of course after final approval from the relevant committees—be programmed and implemented.

For Axel's team, the organizational development project was indeed an adventure. Like the people at Elastogran or Deloitte Consulting, they felt that they had the opportunity to learn something very useful and had been given the chance to fashion their own work environment. This motivated them tremendously.

Axel summed it up well:

It was exciting! We definitely exceeded expectations!
—Axel Guepner, Head Group HR, Allianz Group

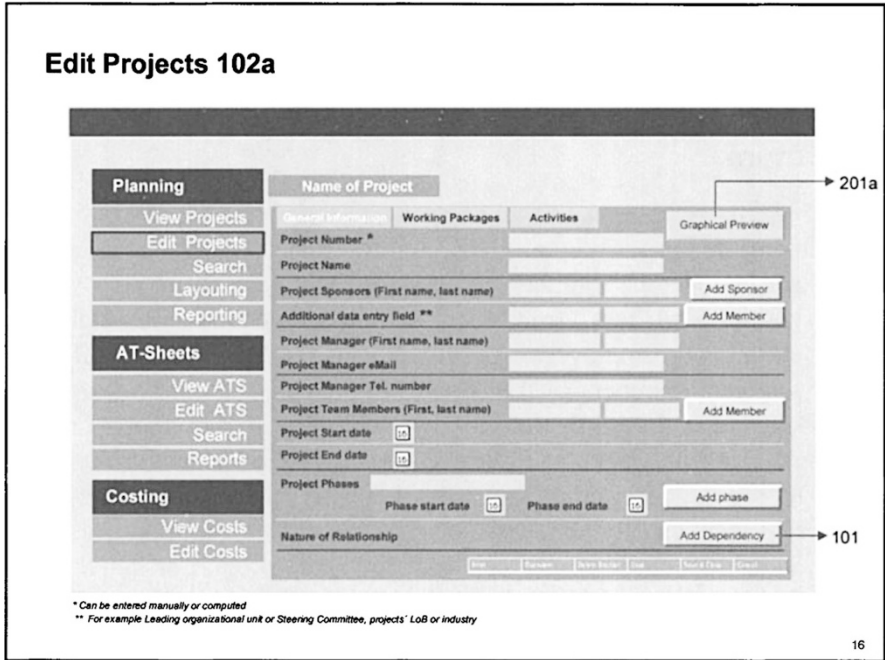


Fig. 11.16 Screenshot online tool

11.9 Resume

For me, it was an adventure, too, because I was able for the first time to explore the full potential of TBM on a global scale. Let me take this opportunity to thank the entire team for their great contribution during the project and the finalization of structuring the TBM methodology. Each single feedback was very valuable and helpful in learning about the problems, the hurdles, and obstacles to realizing TBM-based engagements.

I owe special thanks to Axel Guepner. His supportive and open-minded personal and working style allowed me to work very closely with his entire team during the project. This was both a very fascinating as well as a challenging opportunity to learn more about the Allianz Group as such, about the policies, procedures, and the core values of such a global player in financial services.

Furthermore, Axel’s mindset allowed me to conceptualize and further develop new templates, as he always came up with newly needed templates. I recall our sessions early in the morning when no coffee was available as no support staff was in at that hour. Axel and I would stay in the kitchen and brew the coffee while designing, optimizing, and finalizing our templates. For Axel’s team, I am still “Mr. Template.” At the beginning most of the people hated them, but with the help and support of Axel, now the entire team is aware of the magic and power inherent in templates.



TBM for a B2B Marketing Department: Case Study SME 12

12.1 Description of the Client

The company is a business division within the LMC Group. Founded in 1879 in Belgium, the corporation employs more than 18,000 employees with more than 250 operating subsidiaries worldwide. Through its external communication initiatives, LMC is aiming at being seen as an innovative company, setting the industry standard, and being a big part of fostering innovation. Throughout its history, LMC underwent significant restructuring initiatives. The latest being centered on specializing the enterprise in purpose machinery with a focus on process engineering, components, and automation services. In addition, a company-wide initiative was introduced, implementing a new integrated corporate group structure with five main business units as well as a uniform regional organization.

LMC Engineering is one of the four primary business units and the subject of this case study. LMC Engineering is globally active with over 20 locations and manufacturing sites employing 3000 employees worldwide. With sales of over 500 Million EUR, the division established itself as an important player in the industry. The product portfolio consists of high-tech filtration systems, automation, and services for the environmental and chemical industries. Due to a high amount of acquisitions, LMC Engineering grew at a breakneck pace over the last 20 years.

LMC Engineering's main focus with acquisitions was always to complement its product portfolio in regard to the industrial value chains, enable external growth, and securing a superior understanding of technology and technical know-how. The numerous acquisitions however brought with it a scattered brand and very low brand awareness for LMC Engineering. Perceptions in the market changed

In cooperation with Miro Negovan.

significantly by employing a focused brand strategy in the last few years, establishing LMC Engineering as a long-standing provider of sophisticated and advanced process equipment.

After sustained growth through acquisitions, LMC Engineering reached a phase of stagnated sales at a time in which competitors were expanding and increasingly winning orders. After a couple of periods of low sales levels and some less successful research and development projects, the division had to change its tune. These developments tainted the view of LMC Engineering, and various decisions were, in retrospect, regarded as based on managerial lack of competence. The management of LMC Engineering was replaced as a consequence, and external recruitments were considered to be necessary to bring in new perspectives. The resulting managerial turnaround resulted in new strategies and approaches to drive the development of the division bringing with it the need for a new marketing organization.

12.2 The Contingency Situation

12.2.1 Industry Situation

The processing equipment market for LMC Engineering was projected to grow steadily throughout 2018 and beyond. This was mostly attributed to the environmental industry as it saw a projected market size of USD 65.1 billion by 2024, growing at a CAGR of 6.1%. However, regional differences existed in Asia, Europe, and America.

Overall economic growth was considered stable in 2018. In an update to its World Economic Outlook, the International Monetary Fund reported that the global economy was forecasted to grow at 3.6%. In advanced economies, growth was projected to slow from an estimated 2.3% to 2.0%. However, warnings were already issued about an overall weakened economic expansion. Crucial contributing factors were the escalating trade tensions between China and the United States, and a potential “no-deal” withdrawal of the UK from the EU (Brexit) at the time. These triggers prevailed in 2019, signaling a slowdown in the global economy with a reported 2.9% growth rate (IMF, 2019).

The main competitors who had been gaining traction in the market and snatching market share away from LMC Engineering were smaller and more agile engineering companies. While these companies did not have the size or global presence of LMC Engineering, they still managed to be very successful in meeting customer demands. Numerous customers argued that working with LMC Engineering’s competition was frequently less complicated. The results manifested in more profound and more trustful personal relationships and, most importantly, in quicker responsiveness.

12.2.2 Client Situation

LMC Engineering also struggled to a lesser degree with suppliers in Asia that were often much cheaper with a lower focus on build-quality. This equipment needed to be exchanged more often, while LMC Engineering types of equipment reached a lifetime of usually longer than 20 years. As a result, the service business was more significant for LMC Engineering, spanning from upgrade, repairs, customer training, and after-sales service.

LMC Engineering has 3000 employees globally and branches in over 20 countries. The organization employs a classical functional structure with each department having a manager who, in turn, reports to the executive level. The marketing department consisted of a central global team based at the Divisions headquarters while having local marketing managers geographically segmented serving the most important regions globally and branches within Europe (Fig. 12.1).

The global marketing team was tasked with the overall budget coordination, deployment of global lead campaigns, internal communication, and creating and adhering to corporate identity and ensuring that those guidelines are carried over into the regions. Besides, taking care of all brochures, advertising, and trade fairs was within the responsibility of this function. The need for an agile marketing approach to best reach customers and the evolving technological landscape made this structure obsolete.

There was a recognized demand for efficiency through centralization to address those requirements, utilize synergies, and transform the marketing department into an agile and transparent performance center. Further, it was a necessity to coherently frame all of LMC Engineering's activities in all markets and industry segments. New marketing technologies were to support those endeavors.

The turnaround of the marketing organization into a lean and effective global team was one of the priorities of the new management, and thus, a new Global Marketing Director was appointed.

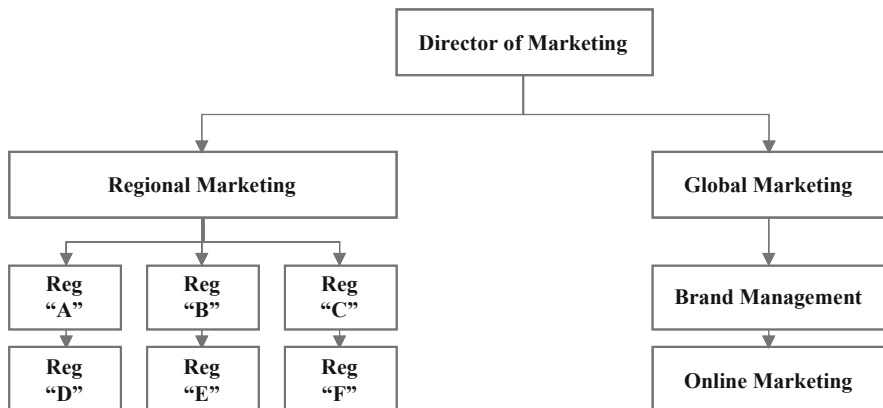


Fig. 12.1 LMC Engineering marketing organization before restructuring

12.3 Problem Definition and Understanding

Rick was appointed as the new Global Marketing Director of LMC Engineering in September 2018. He has a Ph.D. in Economics and Business Administration and successfully ran the marketing departments of numerous international companies. His experience covers over 20 years in the manufacturing, engineering, and services industry, and he also has a proven record in strategic and operational marketing and communication as well as organizational development.

Most importantly, Rick brought with him a very innovative approach to marketing.

After his first weeks as Global Marketing Director, Rick already conducted a thorough analysis of the marketing structure, the existing perceived roles & responsibilities, the precise expectations of the management as well as the capabilities of the existing workforce. Rick also carried out several benchmarking analyses in relation to marketing activities, brand perception, and brand awareness of the previously mentioned competitors.

Rick quickly found out that the reputation of marketing in LMC Engineering was lacking. Marketing was seen as a solely executing function tasked with printing brochures and managing fairs. To his amazement, no clear roles & responsibilities were defined. Marketing team members covered all sorts of tasks within the marketing organization not being able to focus on their respective areas. Further, he sorely missed defined processes, documented, and communicated with the organization. Checking the marketing technologies that were being used he saw that most of it was outdated and not able to cater to new customer requirements.

12.4 Process Evolvement and Abstraction

In this project, Rick had to deal with a multi-dimensional problem. On the one hand, he had real marketing experts in this team, but the issue was that the former marketing boss was not running the department in a structured way as he was coming more from the creative “puffy fluffy” marketing area. This, of course, did not go down very well with the highly technological colleagues as they anyway did not have a high opinion of and appreciation for marketing as such.

As part of the process evolvement and abstraction, Rick realized that he had to learn his team to work with templates themselves. So, initially, Rick had to be the templater and the entire global marketing team had to act as templees. Then, once his team would have been enabled to develop templates themselves their role would change as then the marketing team members would start to act as templaters and their colleagues in the entire LMC division as the internal clients would then be the templees.

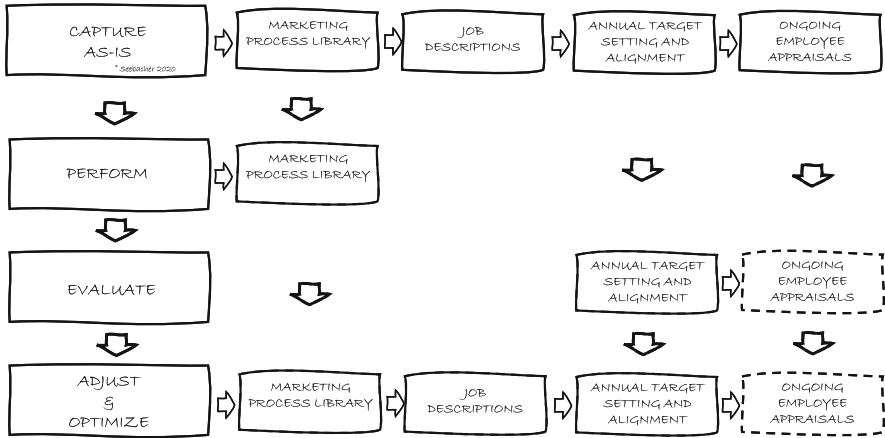


Fig. 12.2 LMC problem evolution and abstraction

Rick made a virtue of his necessity as he only was given a limited amount of time. He started to streamline and reframe¹ the marketing department. He started with the processes, then worked himself throughout the entire insufficiently being completed inconsistent job descriptions and individual targets. What Rick did, was to tackle the problem by its roots by examining the organization for the necessary structural elements. This enabled him to abstract the process and the problem. This step was essential in order to understand from where and with what to start with.

The result was a simple as that: Rick pretty soon knew that he had to do the reframing from scratch. The abstracted process for the project start covered four steps:

- Capturing the as-is and through this increasing awareness and sensitivity for required structural elements.
- Letting the team continue to operate and perform based on the now documented adjusted structures and see where problems occur in the team but also with internal clients.
- Evaluate the performance and the problems and try to understand the causalities of the frictions.
- Align and adjust the underlying structures by using the prior applied templates and contextual elements (Fig. 12.2).

Rick then promptly started altering the conventional view of the marketing organization within LMC Engineering, by highlighting notable trends, and environ-

¹Seebacher, U. G.: “Cyber Commerce Reframing – The End of Business Process Reengineering”, Springer, 2002.



Fig. 12.3 Defined marketing working areas

mental and strategic changes for marketing. His vision centered around the following key aspects.

- Break hierarchies: Reducing organizational levels, create smaller teams, enable each team member and thus increase speed and flexibility.
- Empower self-managing teams: establish groups with complementary skills, and develop them into high-performance teams to achieve fast, precise, and flexible execution of working packages.
- Re-Engineering: thoroughly restructure critical processes, reduce costs, and increase overall organizational performance.
- Be truly global: build necessary structures and new skills to compete globally.
- Foster learning: encourage continuous learning and thus enhance the skills within the organization by utilizing a joint knowledge base.
- Implement Key Account Management: A customer-facing organization needs proper Key Account Management to ensure more intimate relationships with its biggest customers and fostering long-term partnerships.

12.5 Template Generation

Based on Rick’s analysis phase, four relevant working areas were submitted to top management as a firm recommendation for action based on which then also relevant templates would need to be developed, designed, aligned, and generated for efficient TBM-based project implementation (Fig. 12.3).

- “Optimization” proposed a TBM-based continuous process of aligning, defining, optimizing, documenting, and monitoring marketing structures, processes, roles and responsibilities, interfaces, and performance in order to report defined KPIs transparently. The result was a comprehensive Marketing Process Library (MPL) as a 150 pages MS PowerPoint document showing the entire process and activity landscape of the marketing department.
- “Creation” recognized that the value creation must be moved from the outside (external partners, i.e., agencies) to the inside as capacities and competencies were already in the organization—thus avoiding redundancies for validation,

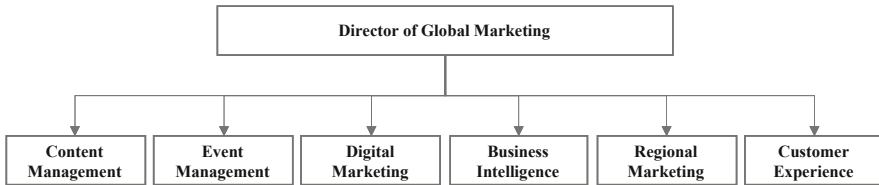


Fig. 12.4 LMC Engineering marketing organization after restructuring

cross-checking, briefings, and alignments. Enabling this process, a number of templates were defined for all activities and processes.

- “Automation” was all about increasing the performance by using internal expertise and resources in a way that allows each member to focus on their core experience and knowledge area leading to process economies of scale through automatization of workflows and interfaces. For this, the initial offline templates were then covered with MarTech solutions automating the earlier streamlined and optimized offline processes.
- “Innovation” was to ensure to always stay at the edge of the newest developments in B2B marketing to strengthen the competitive advantage as well as being able to serve internal clients with next practice tools, processes, and know-how.

With the full backing of the management, Rick was now in charge and entirely accountable for the implementation and realization of laid out working areas. He engaged his team for getting started to work with templates. Rick believes in the theorem that structures follow strategy and recognized the need for the design and selection of proper organizational structures to implement an overarching efficient marketing strategy and realize the aforementioned working areas. At the beginning, Rick prepared the different templates for the team in order to enable them to understand what a template is, what it looks like and how to identify inconsistent and poor templates.

To some extent, every department at LMC Engineering had to control different organizational costs and strive for efficiency—marketing was no exception. The increased complexity of more prominent global companies is often balanced by attempts to define central and specialized functions. Rick needed to ensure the implementation of a simplified structure, enabling him to establish standardized marketing practices and, thus, continuous steering of his department’s efficiency. Rick envisioned that marketing would be involved in elaborate processes to match the need for internal and external efficiency, continuous adjustments to changed organizational requirements, and long-term innovation.

The following structure fulfilled Rick’s requirements in the context of being simplified with the ability to quickly respond to various organizational demands. It moreover matched his vision of marketing’s role in the organization and mirrored the established working areas perfectly (Fig. 12.4).

Each area was formulated and structured in a way to enable higher efficiency and focus on the specific skillsets within.

- Content management: Executing communication based on the strategy, content, and briefing prepared by the business intelligence department in alignment with the organizational business development functions.
- Event management: Planning and definition of global trade events, hybrid events, webinars, online conventions, virtual showrooms and exhibitions, fairs, and conferences.
- Digital marketing: Manage and develop digital marketing activities, while implementing and managing new technology.
- Business intelligence: Work closely with the business development functions to ensure the right data is available, and a holistic strategy can be prepared.
- Regional marketing: Execute marketing activities in their territories with high alignment with sales on maximizing the reach in their arear.
- Customer experience: Continuously monitor customer satisfaction, conduct touch-point analysis, and implement appropriate measures to improve the customer journey.

12.6 Project Work Implementation

With the new marketing structure firmly in place, it was time to define clear roles and responsibilities within the team. During the course of Rick's initial analysis, job descriptions were also a fundamental aspect, and it turned out that for a big part of the functions of the marketing department, job descriptions were seldom available at all or only inadequately available. As a consequence, each member worked with an outdated frame of reference covering randomly allocated tasks.

Providing clarity, alignment, and expectations to those executing the work within their newly established areas was of utmost importance to Rick. Against this background, he designed a set of new job descriptions from the existing frameworks, while also aligning tightly with Human Resources, being as precise as possible in capturing job responsibility and tasks. In the next step, each newly created job description was discussed with each team member individually, addressing any concerns or questions. In addition to the development of this new set of documents, a stringent follow-up on employee appraisals was set out. Rick wanted to ensure that each team member had the opportunity to be recognized and rewarded. Moreover, establishing a platform where they can voice their opinions, being truly heard, and feel valued for the work they do.

Performance appraisals in general fulfilled three essential functions in LMC Engineering:

- To equip each team member with adequate feedback on his or her performance.
- To assist each team member with modifying and improving behavior toward more productive work habits.
- To equip managers with data to evaluate future work responsibilities.

- To provide managers with agreed upon and reviewed goals to structure the incentive system better.
- In the course of the individual performance appraisals talks, explicit goals were agreed upon, and their progress monitored throughout and continuously assessed.

Rick conducted the appraisal talks with his direct reports and expected them, in turn, to do the same with their employees. This quickly evolved into an intimate coaching session as most of his direct reports held such talks for the first time. It was clear that establishing this form of open communication and precise goals definition needed time to be implemented. Nevertheless, those talks accumulated into vast amounts of insights and helped better understand roles, tasks, even redundancies and supported in uncovering interfaces crucial for the next step.

The next step consisted of accurately assessing the business processes. The focus was on thoroughly understanding each step and identifying opportunities to streamline internal processes.

This initiative was first quickly dismissed as being irrelevant. Everyone already “knows” what needs to be done and how it needs to be done. The importance of being able to reference processes and develop procedure documentation was overlooked. Rick believed that even if the members are now fully involved in both conception and review of all internal processes, they will not necessarily be the primary user. Of course, he did not expect them to reference every process in their day-to-day work but instead focused on creating a guideline for the rest of the organization. It was essential to set up a framework on how marketing offers its services.

12.6.1 Who Will Actually Use This Library?

Rick was dedicated to improving the reputation of marketing within the organization and thus had to show in a comprehensive way what can be handled by marketing, by when it can be managed and what, in turn, is expected from internal clients.

The process library was generally used to address the following groups within the organization.

- Top management: to make them aware of the tasks covered by marketing.
- Internal clients: to ensure a defined way of handling requests (and ad-hoc requests).
- Team members: to utilize a process they do not carry out regularly.
- New staff members interns and trainees: to enable quick onboarding.

Accordingly, understanding the needs of these groups helps with designing a process library that can give many benefits to an organization.

12.6.2 The Process Mapping Workshop

To comprehensively understand how the existing process workflows looked like—from beginning-to-end—Rick organized a workshop with the entire marketing team. The aim was painting an accurate picture of the process landscape. This would enable marketing to document processes employed regularly, decide on your processes given the new structure, and at the same time uncover areas in still need of adjustments (Fig. 12.5).

Process mapping usually depicts the consecutive tasks that are carried out in a single process. Rick decided to employ the simplest method to map this out. The marketing team worked collaboratively on two large pinboards, using post-it notes to map out the process and the dependencies between tasks (Fig. 12.6).

The results of the workshop have been transferred to a software tool, creating a more professional-looking process map thus creating the marketing process library.

This library was then made accessible on all internal company channels ensuring a broad distribution within the organization.

The regional marketing manager had been with the company for several years. Initially, he was in a sales back-office position, before taking over the marketing activities for his region. He took over the overall corporate responsibility for marketing, which included the provision of brochures, planning of advertising initiatives—both on and offline—as well as events in his regions (fairs, conferences, trade shows). After the new setup was implemented and the new roles and responsibilities communicated, he approached Rick with two messages. One was his appreciation of the added transparency in marketing. He now had a complete grasp of what was expected of him, and he was given full support to achieve his goals. Second, he reflected on the new felt energy inside the marketing organization. He praised the fast way in which things were progressing and the small improvements throughout, which helped achieve quick “paybacks.”

12.6.3 TBM for Unleashing Innovations

This step was undoubtedly one of the most crucial, but also most challenging for Rick. To build up an organization that has a wide array of capabilities—for example, market intelligence, organizational learning, market-reporting skills, and more—he found himself in need of appropriate IT infrastructure.

Rick placed high importance on establishing an organization that is increasingly based on knowledge and integration of highly dispersed data. In that way, he wanted to build a marketing department that is highly flexible and being able to cope with complex and dynamic task settings. The benefits for LMC Engineering as a whole were the availability of a robust set of tools, access to standardizes data insights substantiating important decisions with reliable data, as well as being able to determine its own market position and share. In the case of LMC Engineering, with dispersed knowledge and increased data intensity, marketing was to play a central role.

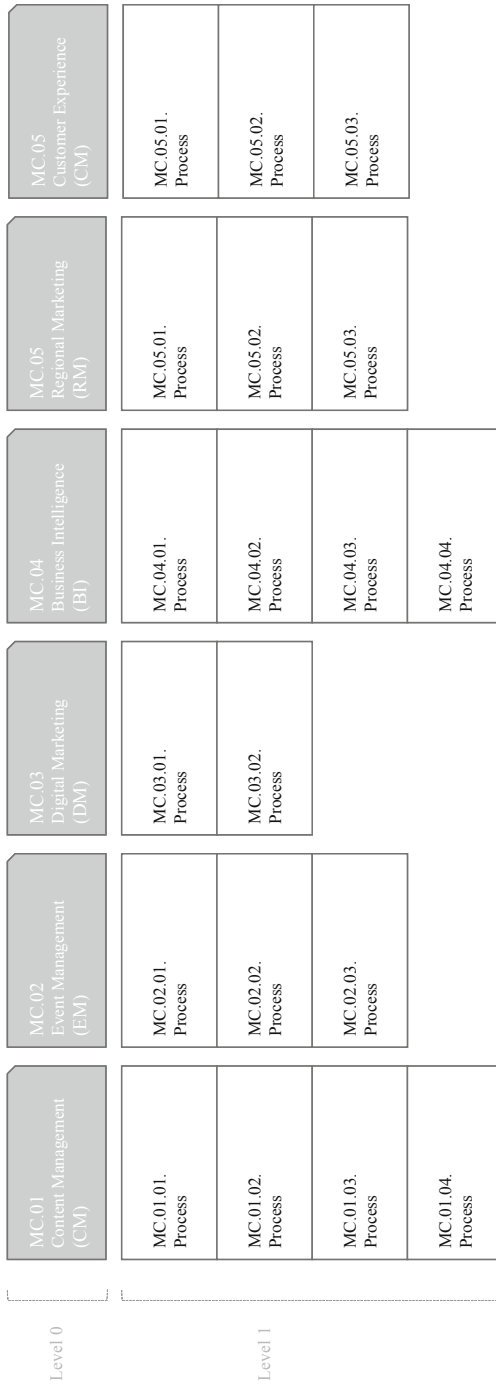


Fig. 12.5 Template structure for process mapping workshop

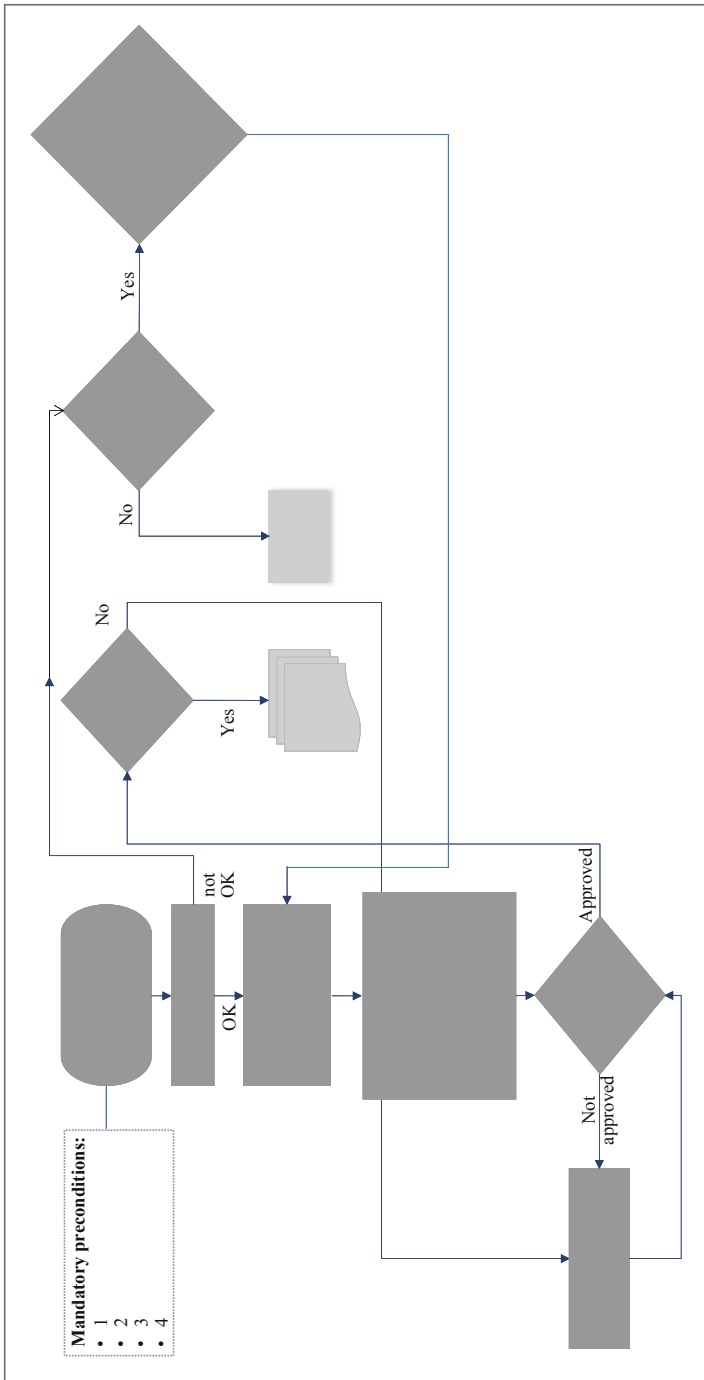


Fig. 12.6 Template structure for process workflow documentation

Table 12.1 Data intelligence aggregator at LMC Engineering

Marketing intelligence	Customer intelligence	Predictive intelligence
Market data	Organizational structures	Market development
Internal CRM data	Organizational issues	Business planning and casing
Socio-economic data	Buying communities	Sales optimization
Ease-of-doing business data	Buying behaviors	Product innovation
Socio-geographic data	Networks	Competitive behaviors
Competitor data	Associations, peers	Future projects
Project data	Projects	Future tenders
Event data		Price ranges
Media data		Dynamic pricing
Influencer network		Decision-makers
		Influencers

Thus, Rick focused on two main innovation projects. Support marketing activities with automation tools and, on the other hand, supporting the business with highly reliable market intelligence.

12.6.3.1 The Way to Predictive Intelligence

The opportunities to intensify the knowledge and information about markets are rapidly increasing, and faster learning from such information has become the central driver for organizations. Market data and different forms of deeper market insights now have a pivotal role in organizing processes in general, and in marketing organizing processes, in particular. Business intelligence² is no longer a function performed by a marketing unit in an organization; it is now a fundamental driver of the organization in general.

As a firm believer in data as an underlying foundation for the corporate decision-making process, Rick kicked off a project to implement a marketing intelligence system within the marketing department called the “data intelligence aggregator,” or short “DIA.” DIA was conceptualized as an online, interactive data management tool enabling quick generation of market data and stats, while also containing social and macroeconomic data from various high-level data sources. DIA was supposed to grow through gradual evolution to a predictive intelligence tool and enable more precise operational and strategic growth.

Table 12.1 showcases the capabilities of DIA in the context of clustering information from different data sources.

DIA was being fed with growing data from various internal and external sources, carefully evaluated and chosen by internal experts. This allowed DIA to be implemented relatively quickly with the “marketing intelligence” part, enabling internal decision-makers to review data on specific industries, markets, and applications and thus utilize this system for their planning purposes.

²Strohmeier, L.: “Central Business Intelligence”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer 2020.

Table 12.2 Clustering of technology needs

By marketing function	By status of customer journey
Lead management	Awareness
Content management	Lead conversion
Campaign management	Nurturing
PR	Conversion
Analytics	

The system actively started supporting short-term net working capital optimization—and with further evolution of the system—mid-term business planning and long-term strategy adaptation, development, and monitoring.

12.6.3.2 Quest for New Tools

The second innovation part on Rick’s list was the integration of numerous software systems and solutions (Table 12.2) to overcome strategic challenges. He saw the need for the marketing team to operate their online channels more efficiently but also being fully transparent and stringent in reporting on its effect on sales (MROI).

To adequately grasp the explicit customer journey³ for LMC Engineering, Rick commissioned a customer touch-point analysis. The aim was to know and understand our customers better, help them solve their problems, and to be able in some cases to predict and address their needs more dependable. This initiative also served to identify all related digital touchpoints and what technology was used at each step.

Rick had to make sure to align the business objectives with the other business units, as this was a crucial prerequisite in implementing a global tool. While Rick was thinking big, he started small. During his evaluation of possible marketing technology stacks, he focused on taking steps that are manageable to both the team and the organization.

Marketing automation⁴ seemed to fulfill the set our requirements of increasing operational efficiency within the marketing team and measure the impact of marketing initiatives on the company’s sales. Rick got the buy-in from the management and started with the sourcing process immediately. The marketing automation tool has since been successfully deployed at LMC Engineering.

As mentioned before, a marketing strategy, of course, needs to be backed by relevant data and metrics to ensure that every ad spend is lucrative to the company’s bottom line. So, Rick established a transparent reporting system for the marketing organization. The implementation of dashboards, similar to what he employed with DIA, provided the basis for successfully capturing and linking relevant internal and external analytics data.

It was essential to have the ability to quickly and effectively assess KPIs from a range of marketing activities, and thus ensuring the value of marketing initiatives to

³Halb, F., Seebacher, U.: “User Experience and Touchpoint Management”, in: Seebacher, U G.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer 2020.

⁴Romero-Palma, M.: “Marketing Automation – A Process Implementation Model”, in: Seebacher, U G.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer 2020.

internal stakeholders at any moment. These dashboards were aligned with all marketing areas and cross-linked to relevant sales generation metrics. Further, all KPIs and metrics were visualized easily and intuitively, with information streams being updated in real time.

The new reporting system in the marketing department offered the following benefits:

- Instant visibility: The dashboards allowed the visualization of all data, from web content traffic and its rate of conversion to sales generation statistics.
- Saves time: In just a glance, all aspects of running activities were shown in a comprehensive overview.
- Ease of reporting: It was the ideal way to present all the organization’s most important information in a format that is easy to understand and digest.
- Employee motivation: With such well-prepared dashboards, it was easy to make a comparison of the performance of employees alongside their goals. These specific dashboards were only made available to the respective employee.
- Areas of improvement: Comparing real-time results became easy and enabled the reallocation of resources or shift of strategy depending on the changing needs.

12.6.3.3 Key Performance Indicators

Setting up valuable Key Performance Indicators (KPIs) was also an essential metric to make sure that the marketing department can accomplish its defined objectives. For Rick KPIs were not just mere numbers to be reported regularly—they helped track the performance of the marketing department so critical adjustments could be made to achieve strategic goals (Fig. 12.7).

The KPIs were defined by each marketing area and were tracked in various data formats (predominantly MS Excel). The data files were stored centrally ensuring accessibility by the relevant stakeholders.

AREA	KPI	DATA FIELDS	SOURCE	COMMENTS
Performance	Web Sessions (Media Partner)	Number	Google Analytics	
	Bounce Rate (Media Partner)	Percentage	Google Analytics	
	Pages/Session (Media Partner)	Number	Google Analytics	
	Average Duration (Media Partner)	Time	Google Analytics	
	Median Cost per Website Conversion	Media Partners List	Media Partner 2019, GA	
	Conversions by Media Partner	Media Partners List	Media Partner 2019, GA	
	Conversion by Medium	Data Set: "ConMed"	Google Analytics	ConMed: Organic, Referral, Direct, Paid Search, Display, Email, Social, Other
	Conversions by Region	Data Set: "Regions"	Google Analytics	Regions: North America, South America, Europe, ME, Africa, Asia, China, Global
	Conversion by Type	Data Set: "ConType"	Google Analytics	ConType: Contact Form, Sign-Up, Download
	Costs (Purchase Conditions)	Standard Costs	Media Partner 2019	
	Discounted Costs			
Social	LinkedIn Follower	Data Set: "SocialF"	LinkedIn, GA	SocialF: Number, Top Functions, Top Locations, Top Industries, Top Sentivities
	LinkedIn Engagement	Data Set: "SocialE"	LinkedIn, GA	SocialE: Click-Rate, Engagement Rate
	LinkedIn Campaigns	Data Set: "SocialC"	LinkedIn, GA	SocialC: Region, Product Group, Clicks, Click-Rate, Cost-per-Click, Leads
Automation	Customer Journeys	Data Set: "Journey"	M.A. Software	Journey: Product group, Industry, Region, Journey type
	Leads	Data Set: "Leads"	M.A. Software	Leads: Qualification, Score
Budget	Average Costs per Lead	Data Set: "AvgLead"	M.A. Software	AvgLead: Costs/EUR, Per: Product group, Industry, region
	Planned Budget	Total in EUR	DM Plan 2019	
	Billed Costs	Total in EUR	DM Plan 2019	
Processes	Days per Work Process	Campaign Set-Up	Project Plan (WBS)	
		Goal/Persona Definition		
		Content creation/adjustment		
		Journey Set-Up		
	Monitoring, Optimization, Reporting			

Fig. 12.7 KPI Template for digital marketing

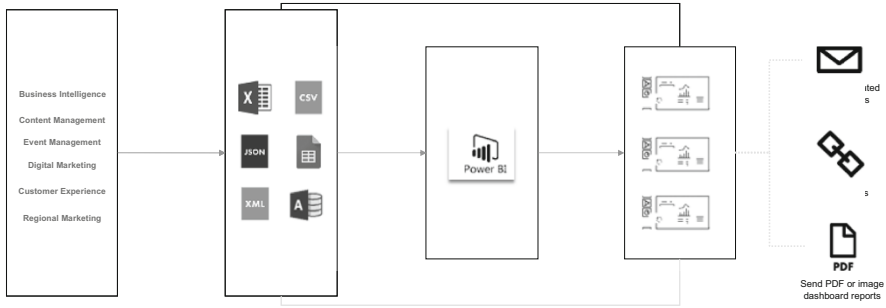


Fig. 12.8 Data integration flow template for KPI reporting and accessibility

12.6.3.4 Data Tracking and Integration

Through utilizing PowerBI as a visualization tool and linking all relevant data sources, the dashboard could be accessed from the storage drive and was displayed in an easy and intuitive way (Fig. 12.8).

In addition to the relevant market areas, access rights could be given to business development managers and sales managers to view reports directly from the dashboard tool. By default, all data resources were set to automatically refresh, thus ensuring real-time data visualization. In future iterations, external data sources were connected directly to the dashboard tool via APIs.

The organization was very positive about the entire marketing organization reframing. The sales manager of Germany stated on the annual meeting in Berlin:

I am so thoroughly impressed with the development of the marketing department. The added transparency on all the activities – we can precisely see now where we have to shift our focus. This is setting the standard for the whole group. . . Before I was looking for anything at least resembling a strategy with the torchlight!

The increased efficiency and performance of marketing did not go unnoticed. Soon marketing was asked to cover more and more business projects, completely taking over the management of key stakeholders, resources, and interfaces. Marketing became a key driver for following strategic initiatives:

- Sales Partner Management:⁵ Development and setup of a professional communication and marketing support channel for the vast sales partner network.
- Key Account Management: Implementing a KAM strategy to enable the organization to better identify and utilize opportunities with key clients and thus sustain and grow the business.
- Learning Organization: A global capacity initiative to support and facilitate the organization's growth toward its current targets and beyond.

⁵See Chap. 13.

- New Formats: Development of a leading-edge interactive customer showroom, featuring the extensive product portfolio of the organization.
- New Sales Model: Conducting detailed feasibility studies on new and different business models that the organization might deploy in the future.

12.7 Quantitative and Qualitative Project Results

It is essential to understand that most of these steps outlined above ran in parallel to each other. Rick's focus was on significantly changing the marketing landscape within LMC Engineering in the shortest amount of time.

The first steps of this turnaround process included several options. One was proposing to simply trim the organization and make several relative to the admitted shortcomings minute corrections. The favored and lastly chosen option was to form a complete re-engineering approach. This would create the best organizational design derived from best practices and take advantage of developments in information and communication technology.

The implement changes were in every aspect of radical nature for LMC Engineering. There were many aspects to be considered, most importantly, the need for the resources and backing of the top management to successfully revamp the IT architecture and develop the necessary in-house skill sets. However, all these necessitated measures accumulated in the following results.

- Over 34% reduction of headcount (streamlined structures)
- 55% of average discounts with media purchasing (synergies, purchasing power)
- 39% below defined budget (internal competencies, instead of external agencies)
- 42% decrease of bounce rate (revamping of analytics)
- 39% increase of average session duration (personalized content)
- 250% increase of online inquiries/leads (marketing automation, campaigning)

By all measures, the LMC Engineering marketing department managed to do to "more for less." This case study focused on the major steps of this turnaround process.

The management of LMC Engineering was delighted with the results and gave consistently positive feedback during the turnaround phase. These changes had a profound effect on the marketing department, as well. Each member felt empowered, able to focus on his or her respective areas, and felt energized and motivated again. The intercompany relationships have gotten better substantially as well, by offering value-adding solutions to the organization. As a result of increased focus on digital activities, marketing intelligence, proactive and modern communication, and tight co-operation with sales, the company was able to record significantly higher qualified sales leads compared to the same period last year. Marketing intelligence in particular is now considered a crucial part of the continued success in all the served markets, enabling faster and better decision-making.

Rick in the meanwhile is a real TBM-professional, I would say. During this whole process, he had to sometimes fight unbelievable uphill battles, we spent much time talking and discussing but in the end, his results speak for themselves.

He is not done yet and still pursues his ever-evolving vision for leveraging B2B marketing departments across all industries from cost factors to order intake and sales engines.

12.8 More for Less with TBM

In this case study, we showed you that aside from all general cross-organization topics TBM can also be applied perfectly for turnaround situations where time is essential and funds not available. The reason for that is simple: TBM, as indicated already several times, is a turbo for an organization as it enables matter experts to synergize their expertise with underlying and ever more methods und structural in order to get the rubber on the road and move things forward. Once the people are getting used and trained to apply templates then this entire system develops an inherent self-dynamism as people intuitively and self-driven refer to TBM and develop templates for any new task (Fig. 12.9).

After a short-term increase in time per activity of approximately 20%, the future amount of time per activity or project will decrease by up to 30 or 40% within months. The results of the latter case study have shown that with 30% less people in the marketing team the output increased by a multiple and even the budget was under absorbed by almost 50% due to the increased efficiency and performance enabling Ricks team to increase the internal value creation and cutting down on external suppliers.

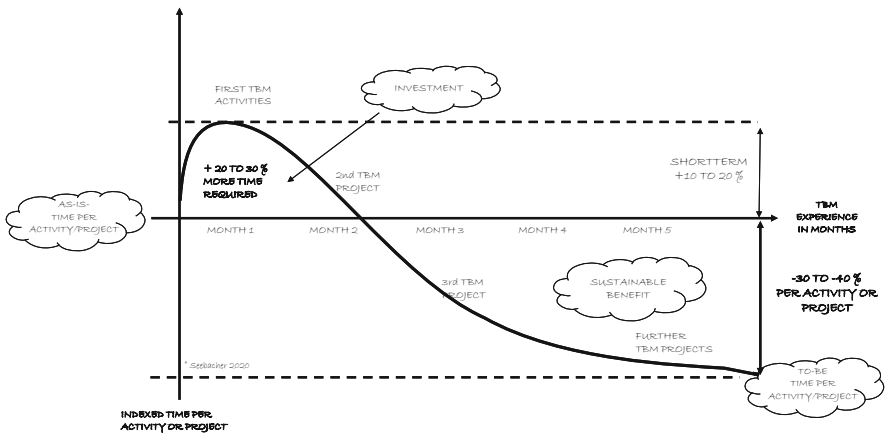


Fig. 12.9 Indexed TBM efficiency increase curve



TBM for Technical Sales: Case Study Manufacturing Industry

13

13.1 Description of the Client

The example company is a division within a listed, globally active large corporation. The corporation supplies a broad portfolio of technologies for the mechanical engineering sector, ranging from complete plants to individual pieces of equipment. In addition to its headquarters in the DACH region, the group has a further 300 branches around the world. Together, these locations currently employ around 30,000 people.

The focus is on the development, production, sales, and service of a defined product range. The industrial focus is on the four areas of environment, pulp and paper, mining, and process industry. The coverage of the respective value-added chain varies greatly in the different industries, which is a great challenge for the sales department. Against this background, the strategic orientation of the business unit is to close the gaps in the various value chains step by step through product development but also through company acquisitions in order to develop from a product supplier to a system provider.

With its products, this division is known in various countries and different industries and is one of the market leaders in these special segments. This is evidenced by the market volume, which in certain industries is covered by this company to the half. The fact that this division is one of the oldest divisions of the company, which is now listed on the stock exchange, and can look back on more than 165 years of experience, underlines the importance of this division, which is per se a medium-sized company, and its significance for the entire company.

In cooperation with Klara Gölles.

The product portfolio ranges from standard products, which account for around 80 percent of the project volume but only generate a relatively small margin, to custom products, characterized by low volumes but extremely high investment volumes and long lead times. In the area of standard products, the price range for spare parts extends from a few euros to high six-figure euro amounts per unit. Success factors in this segment are quality, delivery times, and above all product performance.

13.2 The Contingency Situation

However, the business unit is also able to score time and again in the field of large-scale plant construction, thanks to its long tradition and experience, but also its outstanding technical expertise. The pronounced engineering competence can certainly be considered one of the most important success factors of the division.

In all areas, the service business is an important source of revenue and profit with high margins and good planning, especially against the background of Big Data,¹ Internet of Things or Predictive Maintenance (Lughofer & Sayed-Mouchaweh, 2019). The field of standard products is characterized by high price sensitivity, which is further aggravated by low-price suppliers from the Asian region. In order to counteract this, the company established a branch in China some twenty years ago, which today represents an essential part of the global supply chain.

The mentioned division itself has more than 500 employees and branches in five different countries. The organization follows a conservative linear organizational approach with classic management functions. The marketing department consists of a global team based at the Group's headquarters and individual local marketing managers at the various subsidiaries. The sales team comprises about 70 employees worldwide. In the EMEA area, the SME has around 40 sales experts actively working in the market, who are supplemented and supported by around 30 external sales partners, so-called sales agents.

Against this backdrop, the management team developed a new sales strategy as part of a sales strategy project (Fig. 13.1). The management set the following four targets for the project:

The focus of this project was a solid continuous growth strategy. It was the clear task to realize latent and unused potentials in the market—that is “low hanging fruits”—as quickly as possible by means of exact analyses from the Market and Business Intelligence (MI/BI) department. In this way, the investors' specifications were to be met, and on this basis, further investments in the development of personnel, especially in the area of sales, were to be approved.

A comprehensive structural analysis of the entire sales area was carried out as well as an evaluation of the external sales channels. In this context, structures of competitors in terms of number and sales focus of agents and sales generated by

¹https://en.wikipedia.org/wiki/Big_data. Accessed: May 20, 2020.

PROJECT OBJECTIVES ARE SET TO REALIZE QUICK WINS BUT ALSO LONGTERM STRUCTURAL CHANGES

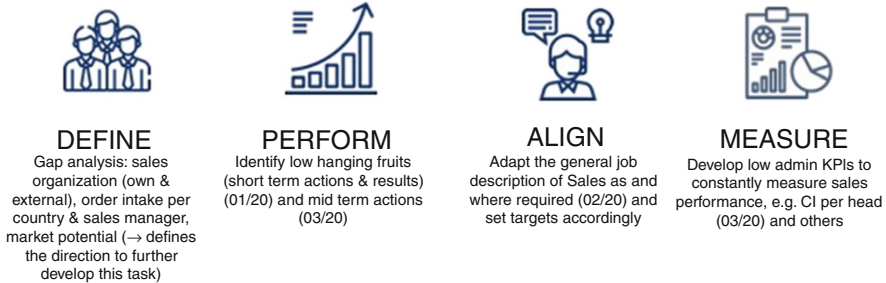


Fig. 13.1 Targets for the sales strategy project

them in relation to the company's own situation in the area of sales channels were realized. Benchmarking analyses were also carried out in relation to previously defined competitors, both qualitatively and quantitatively. The analyses showed that the network of agents and distributors was not sufficiently actively worked on and supported by the previously described orientation toward the own organization. The analyses showed the following picture:

- No clear responsibility for actively managing and supporting the external technical sales force.
- The “Commercial” department was mainly responsible for *Sales Partner Management*, with a focus on contract design, monitoring, and controlling, which was congruent with the activities of the department concerned and its orientation.
- No clear annual targets.
- Many “exclusive contracts” with agents in regions, but most of them were proven to generate only small revenues.

A touch-point analysis² also provided valuable information regarding the user-friendliness of the various contact points with the external Salesforce, but also latent deficits with regard to the corresponding support of sales activities in the respective regions as demanded by the external sales partners. Thus, long response times or even no updates and information from the company were the most important findings. The analysis of the competitors also showed that they all performed above the market trend in terms of the Compound Average Growth Rate³ (CAGR)

²Halb, F., Seebacher, U.: “User Experience and Touchpoint Management”, in: Seebacher, U.: “B2B Marketing—A Guidebook for the Classroom to the Boardroom”, Springer 2020.

³<https://www.investopedia.com/terms/c/cagr.asp> Accessed: May 21, 2020.

and had a significantly higher density of external distribution partners than the case study company. All of the analyses, their evaluation and correlation were analyzed and interpreted by MI/BI's marketing staff.

Based on the 4-week analysis phase, a sales strategy project with four relevant sub-projects was submitted to top management as a recommendation for action (Fig. 13.2):

On closer inspection, the result was always the same—channel management is an important tool for achieving the necessary revenue targets without additional costs. With the support of the entire management team, the global marketing team was given responsibility for the implementation and establishment of an active Channel Success Management. A study from 2015 shows that B2B companies, in general, do not perform brilliantly in the area of channel management if 65 percent of the external sales partners do not coordinate their strategy with their contract partners and thus act completely detached in the market on their own. According to the PDA study, the goal must therefore be to establish and ensure intensive regular communication, an intensive exchange of information and marketing materials, but also an annual target agreement and agent management process (Fig. 13.3).

This project started with an investigation of the existing sales channels. These can be different. The overview shows which type of sales partners or which contract forms were used (Fig. 13.4).

Channel management is considered at the core of a complex relationship between supplier, distributor, and customer. A relationship that is taking on an increasingly difficult and confusing form. In order to better understand and comprehend this relationship in general, but especially for this specific case, it is essential to take a closer look at the history and structure of a company. Within the framework of the project, an organizational-etymological analysis according to Seebacher,⁴ as described in the *Marketing Maturity Model* for B2B marketing, was carried out for the area of channel management.

In the case of the example company, it was shown that Channel Management has always been practiced in its basic features. Now, however, it was time to take a closer look at the activities and operations in this area and analyze the following aspects:

- How active are the agents?
- How satisfied are the agents?
- Can the agents realize their potential with the help provided by the company?

In order to provide comprehensive answers to these questions, a touch-point onlinesurvey was⁵ conducted with the agents on the basis of these data. In addition to this anonymous survey, the status quo was reviewed internally to get the best

⁴Seebacher, U.: "B2B Marketing—A Guidebook for the Classroom to the Boardroom", Springer 2020.

⁵Halb, F., Seebacher, U.: "Touchpoint Management and Customer Experience", in: Seebacher, U.: "B2B Marketing—A Guidebook for the Classroom to the Boardroom", Springer 2020.

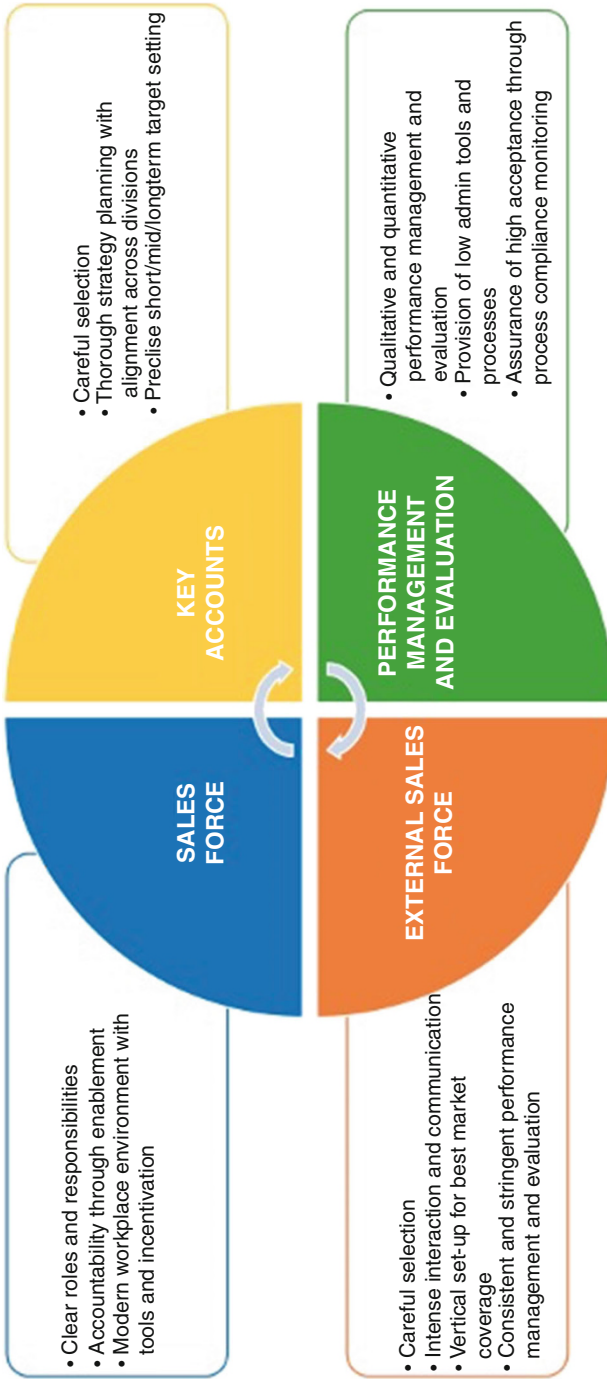


Fig. 13.2 Four quadrants for sales strategy

CHANNEL PARTNERS ARE NOT WELL STRUCTURED

PDA group study 2015

- **An active management of the sales partner** is needed to ensure their **sales performance develops** in a positive way:
 - 65% do not align their strategy with the organization
 - 61% face problems in acquiring new customers
 - 60% do not measure the traffic on their website
 - 57% do not systematically evaluate customer satisfaction data
 - 46% are not able to communicate their solutions benefit using a solid measurable fact
 - 37% do not meet or align with the marketing of the channel organization
 - 37% do not have employees specifically dedicated to marketing
 - 35% do not know how to use customer feedback to engage upselling opportunities
 - 31% do not regularly review and adapt their market approach
 - 25% have insufficient closing rates
- **Key actions to address those issues**
 - **Establish a regular communication channel** with the agents. Track and monitor their problems and issues. This process can be partly automated
 - Make sure the **partners** have efficient **marketing materials available**
 - **Implement** an annual or bi annual **agent management process** to support agents ongoingly.

Fig. 13.3 PDA study 2015. (https://www.pdagroup.net/wp-content/uploads/2017/10/Channel-Partner-Study_PDAgroup.pdf. Accessed: May 21, 2020)

possible picture of the current situation. To this end, the performance of the agents in the individual countries and whether they cover the markets accordingly were investigated.

To this end, a comparison was made with the agent networks of other, internal divisions of the Group, and external benchmarking was carried out. This revealed that the number of approximately 30 agents worldwide is much smaller than that of other comparable companies. For example, it turned out that a comparable size of other market participants used more than 40 agents in Europe alone. In addition, an industry analysis concluded that most products in this particular business area are sold through sales partners or agents anyway, and therefore the potential of these sales channels was far from being fully exploited. These and other results of this comprehensive situation analysis led to the conclusion that the technical sales network must be further developed, evaluated, and expanded, but also actively supported, managed, and controlled.

The objectives for the subproject were therefore:

- Understand what channel partners need to do.
- Development of clear roles and responsibilities for a uniform sales partner management process.
- Definition of clear KPIs to continuously monitor and evaluate the performance of sales partners.
- Review and clean up the current sales partner network to focus on the main order intake generating, successful sales partners.
- Deepening the experience management of sales partners.
- Sustainable increase and maintenance of the OI contribution of entire sales channels.



Fig. 13.4 TBM-based evaluation of forms of existing sales partners

13.3 Problem Definition and Understanding

The MI/BI evaluations showed that in most cases only one sales partner per country was contractually engaged. In other regions, there were no sales partners at all. The quantity of sales partners was too small compared to relevant competitors in purely quantitative terms and, moreover, was not properly developed in qualitative terms either. The problem is becoming increasingly transparent here, as the sales developments showed that the best sales channel partners generate high seven-digit million amounts per year. In comparison, the unsuccessful agents together only achieved just under mid-five-digit revenues, even though the relevant market volume from market intelligence showed significantly higher values in the high seven-digit range. Especially when the profit is again compared to the percentage of incoming orders of the competitors, these figures and ratios show more than clearly the significance of a stringent and consistent *Channel Success Management*.

The analyses also revealed that the company's support of the sales partners was not consistent and congruent. The analyses showed that the corresponding support was provided more at random by the company or the respective sales employee. This meant that those agents who were active and demanded support received better support. The company did not proactively approach and support the agents because it was not requested by the management and was not part of the target agreement of the internal sales team or the commercial department.

13.3.1 Sales Partner Management at Random

In some respects, this problem is also reflected in the communication with sales partners and was also partly confirmed by the touch-point analysis. An additional common challenge is the transparency of external salespeople. It is often the case that an assessment of the actual sales activities cannot be made (Krus, 2017) because they are neither regularly queried nor documented by the agents. This is also confirmed by the results of in-depth interviews with selected agents: The company scored best in terms of sales support, presence at local trade fairs, and the satisfaction of both agents and end customers with the company's products. The company received the worst rating for the training and education offered, the availability of product information, and the way the company advertises its products. Nevertheless, the company was rated better than its competitors in the industry. This in turn confirms the previously quoted PDA study from 2015 that B2B companies generally perform poorly in sales partner management.

General suggestions for improvement made by the sales partners surveyed were aimed at the following key points:

- Communication in terms of timely responses, personal visits and keeping the distributor informed.
- Regular project and product updates.
- Optimization of the response time for offers.

- Optimization and specification of delivery times.
- Improvement of the offer team in the area of standard products.
- Dedicated contact persons.

In most cases, the contact persons are the respective regionally responsible internal sales managers of the B2B companies. However, they are not only responsible for direct sales in the markets and countries assigned to them but are also contact persons for the sales partners and agents and are therefore responsible for supporting and maintaining relations with them. However, since in 90 of the cases investigated these indirect sales are not included in the annual targets of the internal sales staff, this activity is clearly not given high priority. This was another key finding from the analysis phase.

On the basis of the knowledge gained, the marketing team drew up a project plan for the area of sales partner management, which was accepted and approved by the top management (Fig. 13.5). The essential elements and success factors were:

1. Establishment of an own Channel Support Manager in the area of marketing.
2. Establishment of a Channel Excellence Framework.
3. Adaptation or extension of the job descriptions and the target agreements of the company's sales managers to include the aspect of sales partner management.
4. Establishment of an annual target agreement and an ongoing 24/7 monitoring of the sales partners with clear guidelines regarding measures to be taken if the defined targets are not achieved.
5. Adjustment of the sales partner's incentives away from a retroactive to a forward looking and therefore more cost-optimal system for the company, but also more attractive for the partners themselves.

13.3.2 The Channel Success Manager

Against this background, a new position, the *Channel Success Manager*, was introduced as part of the renewal of the sales strategy in order to relieve the workload and provide better support for the sales managers. The main task of a Channel Success Manager is to support communication with the various sales partners. This new function is intended to relieve the sales managers and to optimize and intensify the cooperation with the sales partners. The tasks of the Channel Success Manager include:

- Coordinate needs: Together with internal sales managers and external sales partners, their needs and challenges should be discussed. It is important not to lose sight of the individuality of each sales partner and to consider their circumstances separately. Not only because ways of working can differ, but also because the economic situation and the awareness of the product can vary

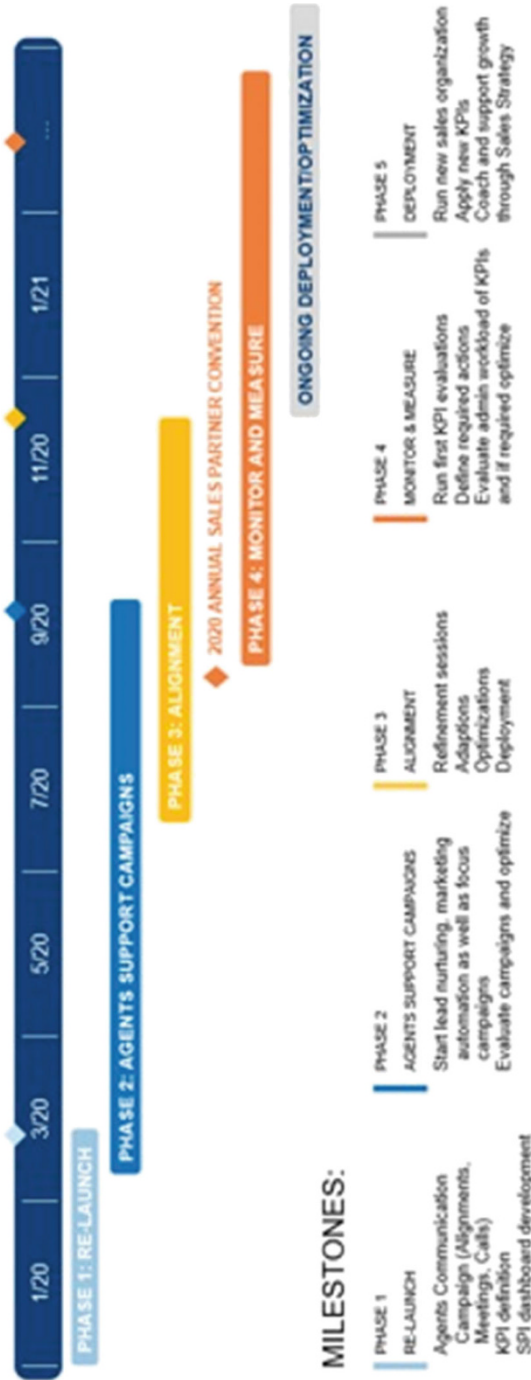


Fig. 13.5 TBM-based project structure plan

from country to country. The task of the Channel Success Manager is therefore to identify and understand these needs.

- **Manage channel activities:** Together with the internal sales managers as well as the external sales partners activities should be discussed and implemented. These activities should help the sales partners to better market the respective products. These activities can include participation in trade fairs, as well as online marketing campaigns, which can lead to concrete business opportunities. The Channel Success Manager is primarily responsible for monitoring and executing these channel activities.
- **Monitor activities:** To be able to check the usefulness of the activities, analyses, and reports must be carried out regularly. Such analyses are particularly important at the beginning in order to gain experience and make appropriate adjustments.

In consultation with top management, the global marketing director designed, agreed, and approved a corresponding position description for this new position with corresponding annual targets. In order to minimize internal costs, an existing marketing resource was initially allocated 50 percent of its capacity for this function. The marketing department supported this initiative in order to support sales even better and to be able to act even more closely with sales.

Successful large companies use dedicated channel managers to ensure good performance of their sales representatives, distributors, and consultants. A channel manager must perform most of the tasks currently performed by the internal trade, sales, and business development managers. A Channel Manager provides clear responsibilities for the active management and development of the sales network, as well as for performance analysis and the resulting derivation of measures to improve partner performance. A channel manager should be at the same level as a sales manager and work under the direction of a VP of Marketing and Sales or a VP of Revenue Management. A modern channel manager must combine excellent communication and sales skills with IT and data analysis.

13.4 Process Evolvement and Abstraction

In order to abstract the process a specific model was developed, the so-called Channel Excellence Framework (CEF). It was designed and communicated in order to provide a clearly defined structural templates-based framework of reference. The CEF describes the structural process of the newly established Sales Partner Management in terms of a value chain based on three phases “Build,” “Research and Discovery” and “Implementation and Qualification.” The CEF is operationally underpinned by precise process descriptions that have been integrated into the

division process manual and are thus part of the company's generally applicable marketing and communication processes (Fig. 13.6).

The CEF shows that within the new process, together with each sales partner in the different markets and regions the different relevant campaigns and measures are defined and the campaign managers within the marketing team of the case study company then play out the different campaigns with the aim of realizing demand generation, lead nurturing and lead generation for these external sales partners, as well as account-based marketing and customer intelligence. This is certainly one of the most important and innovative aspects of the CEF, as the generation of leads was previously reserved for the internal sales force. However, this new direction has a very trust-building effect on the relationship between the company and the external Salesforce, as the agents can directly see that the company is investing in them as part of the external Salesforce. This allows the company to differentiate itself from its competitors, making it even more attractive to agents. However, the realization of such a CEF is only possible through a leading-edge set up of an industrial marketing department and with the help of marketing automation (MA),⁶ because the system technology as well as such an MA system⁷ significantly minimize the processing effort in marketing. Without such automated processing, effective, and efficient sales partner management in this case study would not be possible with only one 50 per cent dedicated channel success manager.

The Channel Excellence Framework is the decisive reference framework for modern and sustainable B2B Channel Success Management. The decisive factor is to structure the CEF operationally into corresponding processes, along which the entire organization must work stringently. The implementation of a Channel Success Management based on a CEF is an enormous driver for the optimization of cost efficiency with regard to the entire sales process and is only possible if a Marketing Process Library (MPL), clear roles and responsibilities and a Marketing Automation System is in place.

13.5 Template Generation

To ensure that all parties involved actively implement the defined CEF, it is necessary to install the relevant structures from the perspective of human resources management. In the course of the analyses at the beginning of the project, these HR structures were also evaluated, and it turned out that for the entire internal sales department worldwide, job descriptions were sometimes not available at all or only

⁶Mrohs, A.: "Marketing Automation—Defining the Organizational Framework", in: Seebacher, U.: "B2B Marketing—A Guidebook for the Classroom to the Boardroom", Springer, 2020.

⁷Romero-Palma, M.: "Choosing the Right Marketing Automation Plattform", in: Seebacher, U.: "B2B Marketing—A Guidebook for the Classroom to the Boardroom", Springer, 2020.



Fig. 13.6 The Template-based channel excellence framework

insufficiently available. As a result, each region worked with a different frame of reference and also carried out a very different target review.

Against this background, Marketing designed a new global job description from the existing documents, coordinated with the Regional Sales Directors, and approved. For all levels involved—Area Sales Manager, Regional Sales Manager up to VP Global Sales—the areas and competences were stringently structured, defined, and supplemented with templates by the area of the newly oriented Sales Partner Management. In addition to the conception and development of these new templates, a decisive factor is the proactive and intensive training and communication of these new contents. A Channel Success Management has an impact on the entire sales organization and therefore has to be communicated in great detail in the entire structure concerned. Applying TBM goals must be set up consistently in the form of a target pyramid—similar to a Balanced Scorecard (BSC) (Kaplan, 1996)—so that they interlock vertically. This means that sales targets for a particular region must be made up of the sales of the various internal area sales managers and external partners. For this entire process, a comprehensive series of templates was developed and provided. For the individual area sales manager, this means that his targets must include his own targets and those of the agents and distributors assigned to him. On the marketing side, an innovative and dynamic, template-based target measurement instrument—the Sales Partner Intelligence (SPI)—was developed, which was initially based on Microsoft Excel. The TBM-SPI comprises four areas:

- Regional Coherence Score (RCS)
- Industry Coherence Score (ICS)
- Business Development Score (BDS)
- Process Compliance Score (PCS)

The SPI is based on a completely new type of template-based coherence measurement system that predicts developments for individual regions and relevant industries on the basis of market intelligence and customer intelligence and translates these into concrete goals. This means, for example, that a particular Area Sales Manager must achieve 40 percent of his annual turnover in Industry A, 30 percent in Industry B and 30 percent in Industry C. At the end of the year, not only is the absolute achievement of targets measured, but also exactly how closely the composition of the various target dimensions corresponds in percentage terms. From a marketing perspective, the integration of the Process Compliance Score (PCS) was a great success. It is all about the compliance with the process-related specifications with regard to CRM, but also marketing automation, follow-up times of Marketing Qualified and Sales Qualified Lead. Experience has shown that in the context of the further development of B2B marketing, the number of inbound leads generated by marketing often increases in the high three-digit (!) percentage range, but the sales department does not process these properly.⁸ In this case, the introduction of such an

⁸See Chap. 12 in this publication.

SPI in connection with a Service Level Agreement (SLA) between marketing and sales is an important step or success factor.

13.6 Project Work Implementation

With regard to the analysis of activities, it is important to define common template-based Key Performance Indicators (KPIs) with the sales partners before a new fiscal year begins. A Key Performance Indicator (KPI) is a measure of the progress or achievement of important objectives or critical success factors within an organization.⁹ Only when these KPIs are defined and aligned can channel activities be discussed and executed. TBM therefore is essential to define a commonly agreed set of KPI templates and evaluation schemes. Templates help to define the objectives for each Sales Partner and are suitable for a better and continuous assessment of the cooperation with the Sales Partner himself.

While defining the KPIs it is important to keep in mind the complexity of the Sales Partners. Sales Partners can be very different in terms of their capacities and competencies. It is therefore essential for successful channel management to bear in mind that cooperation can take many different forms. While larger companies have their own marketing departments, smaller companies are often exclusively sales-oriented and have little or no resources to implement marketing activities independently (Krus, 2016).

Based on the experiences of the example company, not only KPIs should therefore be defined, but also their importance in the sense of their weightings. In detail, this means that each KPI is assigned a percentage based on its importance. The percentages of all KPIs added together should result in 100 percent. Thus, at the end of the year, it is possible to check how many percent of the KPIs have been achieved.

Example:

At the beginning of the fiscal year, an order income of 1 million euros is agreed with sales partner XY. This KPI is classified as extremely important and is accordingly rated at 40%. At the end of the year, Sales Partner XY has only contributed 0.5 million euros—thus only half of the agreed order income. Therefore, at the end of the year he only receives 20% for this KPI. Another KPI could be the generation of new customers, for example. It could be agreed that at least three new customer contracts must be concluded in the new financial year. This KPI is in turn given a percentage rating. In this way, different target categories can be dynamically prioritized or weighted higher or lower each year.

⁹http://de.m.wikipedia.org/wiki/Key_Performance_Indiator. Accessed: May 20, 2020.

Table 13.1 Sales partner monitoring and goal weighting template

	KPI	Objective	Importance (%)	Service rendered	Achieved performance (%)
1	Incoming orders	1 MEUR	40	0.5 MEUR	20
2	Customer generation (number of new contracts)	3	10	3	10
3	Business development (number of new products on the market)	2	20	0	0
4	Channel activities (number of activities)	4	20	4	20
5	Communication/cooperation		10		10
	Total		100		60

Table 13.2 Overview comparison template

Achieved performance	Category	Description
>90	A	Very good sales partner.
75–90	B	Good sales partner.
60–75	C	Satisfactory sales partner. Activities to improve the achieved performance must be discussed.
<60	D	Unsatisfactory sales partner. A trial period is defined. If the achieved performance does not improve during this trial period, the contract will be terminated.

The percentage rating of all KPIs is finally added together (Table 13.1). Again, these weightings were integrated into the templates which looked like this:

The percentage of the achieved performance can subsequently provide information about how good or poor the performance of a sales partner has been. It is a good idea to record this data, market data, and company data in a dashboard. In this way, progress can also be reviewed during the fiscal year and, if necessary, action can be taken more quickly. In order to be able to correctly evaluate the percentages and compare sales partners with each other, it is advisable to define a value system in advance (Table 13.2). For the example company it looks like the following:

This value system is not only suitable for comparing the sales partners with each other, but also for drawing conclusions from the respective financial year, identifying weaknesses and strengths, and improving or expanding on these in the following year. The practice has shown that there is often a lack of clarity in connection with the objectives of KPIs (Neubach, 2018). A value system can remedy this situation by ensuring that KPIs are not defined at random, but ultimately have to contribute jointly to the corporate goal (Neubach, 2018).

13.6.1 Sales Partner Incentive as a Win-Win

In order to be able to expect the sales partners to achieve the defined KPIs, the case study company must provide optimal support. The company has also made appropriate adjustments in this area in the sense of a reorientation. The analyses at the beginning of the project showed that the existing remuneration system was neither attractive for the external sales units nor could it be classified as advantageous for the company.

On the one hand, the current remuneration system did not provide the agent with the opportunity to experience an improvement in his position in the event of the achievement of objectives. Such an improvement could, for example, be the increase of a discount granted for the purchase of products. This in turn would motivate the agent to generate correspondingly more sales with increased profits. However, the company had previously paid a one-time performance fee to the agent ex post with a maximum of retroactive effect. This in turn had a negative impact on the company's cash flow.

A future-oriented remuneration and incentive system was therefore designed on the basis of the marketing analyses. The aim was to introduce a model that was more advantageous for both sides. The new system does not include any one-off payments to be paid out retroactively but instead grants the respective sales partner further benefits for a period of the following period.

Example:

An agent purchases the products on the basis of his contract with the company at a price discounted by a percentage X. If the agent achieves the defined targets in the current year, the company grants him a discount X plus 5% for the purchase of products for the next 12 months. This means that the agent can purchase the products at an even lower price in the following year, which optimizes his earnings.

This model has enormous advantages for both sides. The company does not have to make retroactive profit-reducing payments for previous periods, but can, on the contrary, calculate with the success-based, increased discounts. On the other hand, the agent is even more motivated to sell more in the following period, as he will profit more than before. As part of the target agreement for the following year, the company increases the target for the agent and can thus proactively help generate and realize its own sales growth via the sales partner network. This new Channel Success Management means a win-win situation for all parties involved. The decisive factor is that the sales partners are regarded as customers, who are increasingly better known by the company, and in particular by the Channel Success Manager, in terms of their needs and their user experience through the *Sales Partner Journey*. In this way, the agents can be empowered to proactively contribute to the success of the

company in the long term, because trust is built and the “we” feeling manifests itself over time. In summary, this takes place under the term *Sales Enablement*¹⁰:

Sales enablement is a strategic, cross-functional discipline designed to increase sales results and productivity by providing integrated content, training and coaching services for sales-people and front-line sales managers along the entire customer’s buying journey, powered by technology.

Sales Enablement therefore means that the sales force is provided with the methodology and resources needed for a successful sales process. In other words, both internal and external sales must have all the information and resources to win over the buyer during the buying process (Albro, 2019). This means that it must be clear what information the buyer wants or needs. This can be new products, new technologies, new applications, or innovative topics.

13.6.2 The Sales Partner Journey

As part of the Excellence Framework, the process of selecting and onboarding new sales partners was also revised and optimized. The process was previously managed by the “Commercial” division, which, however, primarily had controlling and contract competence but no process or marketing competence. The selection process now runs via the Channel Success Manager, which in turn uses fixed processes defined in the Marketing Process Library. Since process compliance is again reflected in the target agreement, compliance with these new selection processes for new sales partners can also be precisely tracked and sanctioned in the event of non-compliance.

The sales partner strategy was also realigned in terms of content. The analyses at the beginning of the project had shown that agents tend to be able to successfully serve only one industry in the countries or regions. However, the company had previously always defined agents for regions or countries in which the agent was then tasked with serving all relevant industries. The unsatisfactory result of this old regional agent network was clearly visible in the correspondingly manageable turnover. Against this background, the following three binding selection criteria were defined as part of the new policy and approved by top management:

1. Agents are contracted in a defined region for a maximum of one industry.
2. Ideally, the agent in question can cover the entire value chain of the customer journey, including after sales and service.
3. Agents must be able to demonstrate an appropriate track record, a clean, stable financial base, and the broadest possible presence in the target region.

¹⁰<https://www.brainshark.com/ideas-blog/2013/July/what-is-sales-enablement-3-defintions>. Accessed: May 21, 2020.



Fig. 13.7 Schematic representation of TBM-based sales partner selection

If the three criteria mentioned above were met, the agent in question was shortlisted (Fig. 13.7). In order to meet the requirements of top management, each Area Sales Manager worldwide was given the target that he or she must sign up at least one new agent per quarter. Of course, the agents were actively supported and accompanied by the Channel Success Manager.

13.7 Quantitative and Qualitative Project Results

In the course of building up the TBM-based channel marketing, the example company was able to record its first clear successes after only a short time. Above all, the position of Channel Success Manager has proven its worth from the very beginning. Sales managers were relieved of their many tasks and communication with the new sales partners became more intensive. The applied templates immediately helped to identify needs, problem areas but as well to develop a commonly agreed and aligned working mode. All involved were immediately clear and aware of what was expected. The detailed monitoring via the Sales Partner Intelligence (SPI) provides 24/7 information on channel performance in terms of the individually defined goals. This interactive and dynamic SPI helps to identify any deviations, problems, weaknesses, or difficulties at an early stage and to derive effective actions. The achievement of the KPIs is not only reviewed at the end of the year, but several times during the entire fiscal year so that adjustments or corrective measures can be taken in good time.

The feedback from existing sales partners is also consistently positive. As a result of the channel management and the TBM-based better, more intensive, regular communication and cooperation, the existing sales partners have gained new élan and motivation. In addition to these positive effects on the existing, long-serving Sales Partners, the company is also recording significantly higher and faster sales growth with new Sales Partners compared to the same period last year. Whereas the benchmarks for the first substantial sales were in the six-digit range for periods of between two and three years, such sales volumes were already recorded in the first

year. The MRoI can thus be set to “immediate,” as de facto no investments in terms of additional costs were made by the company.

Based on the ongoing feedback, the sales partners consider the new, and also—of course—TBM-based intensive onboarding process, in particular, to be crucial for rapid success in the market. In addition, this professional onboarding process obviously creates a unique selling proposition, which is why new Sales Partners aim for long-term cooperation with the company after only a few months, as well as a continuous inclusion of the company’s products in their range.

However, channel management has not only led to better communication with the sales partners but has also strengthened the internal cooperation between marketing and sales. The position of Channel Success Manager is a very decisive and novel interface between sales and marketing, from which both sides benefit. The establishment of this leading-edge position could be done successfully as the entire planning, designing, and deploying of its establishment happened off the drawing board using TBM. With regard to the area of marketing orchestration, such positions at the interface between marketing and sales will in future be decisive aspects of predictive profit marketing in the B2B area, which is to be established in the long term.

From today’s point of view, B2B marketing cannot be imagined without Channel Management. The market is changing rapidly, and it is, therefore, all the more important not to neglect established business relationships, but to proactively appreciate and promote them. We recommend that you also read an interesting online article on the subject of “The Essential Guide to Channel Partner Success.” This article describes the importance of cooperation between manufacturers, partners, but also with the customer. Each of the parties involved wants to gain an advantage from business relationships, so it is especially important from the manufacturer’s point of view to guarantee growth for Sales Partners.¹¹ The work in Channel Management never ends, because it begins, grows, and leads to mutual success.

13.8 “More Than We Had Ever Dreamed of. . .!”

In this case study, we showed that also in the area of technical sales TBM can be applied very easily and successfully. As all the other cases show how to improve and optimize something existing, this case clearly demonstrates that TBM can also act as a drawing board for a new department, position, or even business area, and also for new products and innovation management, as Chap. 9 has proven.

The big advantage of TBM is that it is a proven underlying management approach ensuring consistency and stringency which means that TBM—if applied correctly through an experienced templater—will throughout any process immediately raise any problem areas or uncover structural weaknesses. TBM in this sense is not only empowering but also a risk management tool as TBM systematically uncovers inconsistencies that might significantly impact the outcome of any endeavor.

¹¹<http://www.gainsight.com/guides/essential-guide-channel-partner-success/>. Accessed: May 26, 2020.



14.1 Description of the Client

The Show Case Company is headquartered in Central Europe. The company generates around 750 million Euro annual order intake with production sites on all continents. In addition, the organization has specific sales companies in certain regions such as the United States only being responsible for selling into and serving the four major industries being environment, food and beverage, mining, and processes. The organization has 8000 employees with ethnic origins in more than 150 countries. The company can be considered as a benchmark regarding to dealing with cultural diversity. A specially designed global mobility program for employees ensures and facilitates an ongoing growing exchange of people across all regions. The Global HR director Cathrin uses her “House of HR” for stringently applying next practice management and human resource development including global succession planning, a globally sourced, TBM-based talent pool and a proactive multi-dimensional, dynamic competence evaluation and monitoring system.

In regard to the product portfolio, it must be stated that the management has so far not been too successful in structurally covering all industry-specific value chains. This means that especially in the food and beverage industry only very small and limited parts of the obviously very heterogeneous and complex value chains can be supplied. This again heavily impacts aliquot costs-to-market and results in strategically disadvantages. This situation is even worsened as in the food and beverage industry the competition is high and two global players are dominating the market relying on a long-term experience, history and track record in the relevant applications and markets who again are rather to be seen on the conservative and trust-based side of the cultural landscape posing heavy market entry barriers.

The company is organized in a matrix organization. Based on the very active merger and acquisition activities of the company, seven large production sites are dominating the scene. This leads to many frictions as top management sometimes struggles to stringently deploy the defined strategy due to lack of acceptance and

management power and quality. Even though the defined strategy aimed at centralizing core functions product management is decentral located at the different ten production sites, so-called product homes. Pete is the Global Product Marketing Manager acting as an interface for all 25 product managers. He coordinates, manages, and monitors the entire product planning and launch activities as part of the Global Marketing team, headquartered in Germany.

The company to a certain extent is exposed to clustering risk as almost 80 percent of the business is done in the environment and mining business. The food and beverage businesses are only partially contributing so-called “white elephants” which means that the majority of generated business is small but high margin business. Generally, the company struggles with a low EBITDA varying in the middle one-digit percentage area. This is due to the fact that in the early 2010 years a big and complex matrix organization was installed as the plan was to double the order intake within the following five years from then. The strategy failed caused by internal management errors worsened by the financial crises. The company therefore has to struggle with a partially to big and redundant organization, but top management does not succeed in cleansing and smartly adjusting the structures and teams.

14.2 The Contingency Situation

The situation in the different industries is heavily diverging which is advantageous for the company in the sense of a certain risk balancing. Mining is performing very well especially against the background of the enormously increasing need for lithium for battery production—leaving now all environmental and social-political discussions and issues aside. As a person with many years having lived and worked, and many friends in Argentina, Brazil, Chile, and Uruguay, the reports on wasting millions of liters of water for extraction of minerals in the plateaus of Chile make me think a lot. The water and water management industry are also facing a renaissance especially when talking about integrated water management, increasing efficiencies of available equipment allowing for almost carbon neutral water circuits as well as the increasing world population, its growing demand for drinking as well as industrial water reinforced by the global warming. These developments are playing into the cards of also the case study company as globally leading supplier for mechanical and thermal separation and pumping equipment. Also, the fact that more and more economies are realizing that pump storage is one of the most efficient, sustainable, and green technologies for water and energy production leverages the potentials and opportunities for the players on the multitrillion world market. Desalination is one of the fastest-growing applications in the water and wastewater management segment and this growth will continue during the next years.

The other two segments, food and beverage and the process industry, are the headaches of the company and the management. Lary, the Business Development Manager, is eager and engaged to drive the business but struggles with the fact that he is also responsible for one of the largest production homes which means too less time for structured and stringent business development. But a sound and strategic

action plan for substantially growing both industries would require a professional and well-planned business intelligence department or at least team. Top Management did not see that fact and therefore all measures taken were situationally driven, unplanned, and due to this not really measurable and trackable. The good thing was, that top management did not really draw conclusions, why everything remained the same for years. Business planning was done the following way:

- Finance and controlling department was asking the business development managers for their planning for the following years.
- Of the four business development managers one submitted the proper plans on time and with real proven figures where else the others even after three or four reminders did not find the time to submit their requested papers.
- At the due date call with the top management and the finance and controlling team than the three other business development managers verbally shared their forecasts.
- These data were consolidated by the finance and controlling team and then presented at the annual advisory board meeting.

All in all, there was no sound and real reliable process in place enabling the company to grow the business stringently. It was not that the people were not engaged and motivated but—as often the case—everything happened too late, poorly prepared and cross-checked, and without the proper and stringent follow-up and drawing of consequent conclusions through the management. An organization ticks like a small child always trying to stretch and test the limits. Over the years this led to the establishment of a so-called “alibi” actions and plans, ending up in endless excuses, discussions, and meetings with no tangible outcome and no follow-up. But as overall the markets, the company was and is in, were constantly growing, also the company could grow. So, the house was not on fire but the return on investment of the owner family of the company was poor as the company significantly underperformed the market. The family office of the Rank family, owning 82 percent of the company, raised that issue and advised to call in a management meeting.

During that meeting Bruce, the CEO, had to report on the results. As usually, he used the data and plans submitted by his business development managers. These figures were not put in correlation and relation to the markets the company and the production homes were acting in. But the family office had already, prior to the meeting, worked on the provided data and evaluate all facts and figures. The outcome was that the company underperformed the markets all in all by approximately 10 to 15 percent. Looking at 80% of 750 million Euros order intake and the realized EBITDA of 5.2% in 2017, the outcome for the Rank family was a little bit more than 30 million Euros. At first glance, this figure sounded impressive, but the problem was that Luc, the boss of the Zurich based family office, had to report that these 5.2% had been the worst investment of the Rank’s portfolio. No other asset had performed that bad in that period especially when taking into account that—assuming that performing on the market growth with 10%—would have increased the

BENCHMARK SURVEYS SHOW THAT PREDICTIVE INTELLIGENCE...

- LIFTS WEBSITE REVENUE BY 10 PERCENT,
- INCREASES EMAIL CLICK THROUGH RATES BY 35 PERCENT,
- OPTIMIZES EMAIL CONVERSION RATES BY 25 PERCENT,
- REDUCES SALES CYCLE TIMES BY 12 %,
- INCREASES SALES HIT RATES BY 24 % AND MORE, AND
- LEVERAGES A DEFINED SALESFORCE BY 32 %

Fig. 14.1 Facts on predictive intelligence

EBITDA by another 30 million, doubling the, although percentage-wise small EBITDA.

Luc presented some of my charts with facts and figures on predictive intelligence (Fig. 14.1) and advised to install a better and more structured business analytics, development, and intelligence process. He therefore brought in the TBM method which he had known already from three other projects with me in other companies. Luc was engaged to contact me and to look for the perfect person in TBAS Inc. who could successfully run the Predictive Intelligence project using the Template-based Management approach. Luc and I approached the HR manager Cathrin in order to look for the new TBAS “templater” and ended up with Frank, the Global Marketing Director with his background in the area of organizational development, strategy and management consulting, and more than 15 years with TBAS.

14.3 Problem Definition

A few weeks later I met Frank and it was “love at first sight.” Frank was a brilliant guy, humble, respectful, analytic, and really caring about TBAS. We started our meeting waiting for Luc as he arrived late from the train coming in from Zurich. Luc then started to talk about the last and all decisive management meeting which helped us to get in the picture. To a certain extent, I sometimes had the feeling, he did not like Bruce, the TBAS CEO, too much. Between the lines, I sometimes received strong signals, but Luc very much liked our choice regarding Frank, a Swiss-German guy, with Nordic roots, well-trained, sporty, and at least 1.90 of height.

The meeting turned out to be really straight to the point. All the different hidden agendas and the weak spots of the organization were discussed. I was surprised because Frank seemed to know all that already. I had the impression that he for himself had done already a very precise evaluation of the organizational issues but would not barge in. The situation seemed to be quite clear.

14.3.1 Top Management with Only Few Highlights

- The CEO was not a too brilliant guy but got in the position because of his background in the food and beverage industry. Bruce did not lose out on any opportunity to raise that point but from a structural standpoint could not bring too much to the table.
- Karin, the informal CFO—she headed the small finance and controlling team with three people—was a very structured, calm, and consensual young lady. She must have suffered under Bruce because he misused her as his workbench and his much too late calls for actions. Due to her high loyalty, she always would try to work up to Bruce's expectations.
- The COO—nothing because there was no. Even though for many years the company struggled with significant margin erosion caused by bad internal alignment between sales and back office but also order to deliver Bruce never came to the point to—at least—engage or nominate an existing team member to take care of operations issues. Gross margin erosion was in the high double-digit percentage and this is market segments with high competition and very long sales lead times. Certainly, this would have also been an area for a TBM initiative.
- The CHRO Cathrin, a great lady with distinction. One of a kind human resource manager from the US and a background in the financial industry. She really had an impact on the organization and several times gave Bruce a hard time. Cathrin was on her way to establish the HR Business Partner concept and was also pushing forward her initiative on a dynamic multi-dimensional performance and incentive management system.
- The four Business Development Managers, Clayton, Hugh, Jerome, and Rodriguez, of which Clayton, the mining guy, was the high performer. He was a US-based, smart, and straight forward sales manager with deep roots in the mining industry. He would always over deliver his budgets and through this save the others, and he had to because Jerome being responsible for the big water and wastewater management market was chaotic and a steam chatter. Luc told us that during a management meeting Jerome came into the field of fire because he had not delivered. But Jerome managed to change the subject completely unnoticed through his gibberish and rhetoric, so that in the end he got off scot-free and the Executive Team talked about something else trivial. Clayton, a French-Canadian, was responsible for the process industry. He was small and thin, and always found ways to get out of the affair. Compared to the Jerome type, Clayton was much more subtle and elegant but, in the end, it was exactly the same trick. He always found some reasons why things did not work out and often Bruce could not remember anything anyway. Last but not least Rodriguez, being responsible for food and beverage, a newcomer, inconspicuous with a background in marketing and sales with some years of experience in the food industry.
- The production site managers also played an important part in the organizational game. One of the most colorful ones was Bud. I still remember him, because nomen est omen. He was a tall, bullish guy such as Bud Spencer and running the

North American site in Michigan. He would always start to fight with Bruce during the management meetings and would not lose out on Karin as well.

14.3.2 Management Survival Through Luck

This was more or less the situation on top management level. It seemed that Bruce was not really taken seriously by his team. Everybody did what they wanted, and it did not matter if Bruce wanted something. It seemed like nobody cared. But Bruce seemed to succeed in reporting good news to the Rank family and also more than anything else the market developments played into Bruce's cards. When the going really got tough Bruce could count on Clayton and "his" mining industry, anyway mostly exceeding budgets.

Another worst-case scenario measure was the whining emails of Bruce, especially at year end, when the drama became apparent again, as it did every year, with budgets revised downwards and again unfulfilled. Then Frank stepped in and started to give an insight into his experiences with the different people in the organization. He was simply a professional and wrapped the whole pandemonium in splendidly formulated, precise statements without ever losing sight of the good tone. Somewhat directly and less nicely expressed, he wanted to say that, as so often, the fish started to stink at the head.

The problem was a management not enough structured and stringent in leadership lacking a clear method on how to drive and grow the business. Whether it was about the following year or about a new market entry, everything was not discussed, analyzed and documented professionally enough. Whoever spoke more and louder, his opinion was valid. This is why Frank was brought in. As Vice President Marketing and Communication he had streamlined and upgraded the team from the conventional B2B "coloring-in" department toward an innovative one working on all ever more important topics such as lead scanning, lead generation, inbound lead management, marketing automation, customer experience and touchpoint management and many more aspects. It was Frank's team who increased the number of marketing-generated inbound leads in the three-digit percentage range uncover that sales did not do a proper follow and through this unleashing over 50 million Euros of potential order intake. Frank started to drive more and more the salesmen and the whole organization in front of him. I think, this was one of the reasons why Luc liked him.

14.4 Process Evolvement and Abstraction

In order to abstract the process Frank and myself started to talk about our objective. I shared with him my thoughts and experience from earlier projects. I had to train him on two levels, on TBM but also on Predictive Intelligence. In regard to TBM I made him a present in the form of my book on Template-driven Consulting. I still remember, that after one week already Frank got back to me with several questions.

WHAT IS PREDICTIVE INTELLIGENCE?

- Observing customer behavior and building a profile of customer preferences and needs
- Delivering specific content to each customer in real time — across any web-based channel like the web, email, mobile or even a call center
- Using algorithms to deliver data and content based on estimates of what the customer wants or needs
- Anticipating the intent and needs of the customer and providing unique recommendations
- Predicting the future regarding markets, client needs and business through multidimensional data aggregation, regression and extrapolation

Fig. 14.2 Description of what predictive intelligence is

We met for dinner and he tormented me with aspects I had never ever thought off in that much detail. But, as always, I really felt inspired by the talks with Frank. We liked each other because we considered ourselves “structure nerds” as we were convinced of the power and magic of structures and methods. Frank then started to draft his first templates. I coached him on inconsistencies, and I liked to guide him as Frank really could refer to an extensive knowledge, not only expertise but also methodological knowledge.

Soon I realized I had to introduce Frank to the subject area. I shared with him some PowerPoints on predictive intelligence, I used for different keynotes and lectures at business schools and universities (Figs. 14.2 and 14.3).

I also shared with him my *Predictive Intelligence Maturity Modell* (PIMM).¹ Based on this I had Frank do the PIMM-based PI-Self Assessment which I developed. Based on this assessment we realized that TBAS in regard to the maturity of PI was still on level 1 “Reactive-static Business Analytics” (RsBA). The result of the TBAS PI Self-Assessment provided us with a good basis for process abstraction and evolvement. In the first step, Frank needed to develop templates for enabling TBAS to define potential data sources and providers. The templates were then to be completed by the relevant people in the organization as a basis for Frank who then needed to consolidate the gathered pieces of information and take the next steps in regard to discussions and negotiations with potential data providers and suppliers.

Tip

Step 3 is important to deliver prior to purchase any data as the value chain calculation and analysis will make clear what kind of data from each defined data source are available. Not always it is necessary to purchase entire data packages. Based on the value chain calculation you will understand which

(continued)

¹Compare for Fig. 4.2 in Chap. 4.

WHY IS PREDICTIVE INTELLIGENCE IMPORTANT?

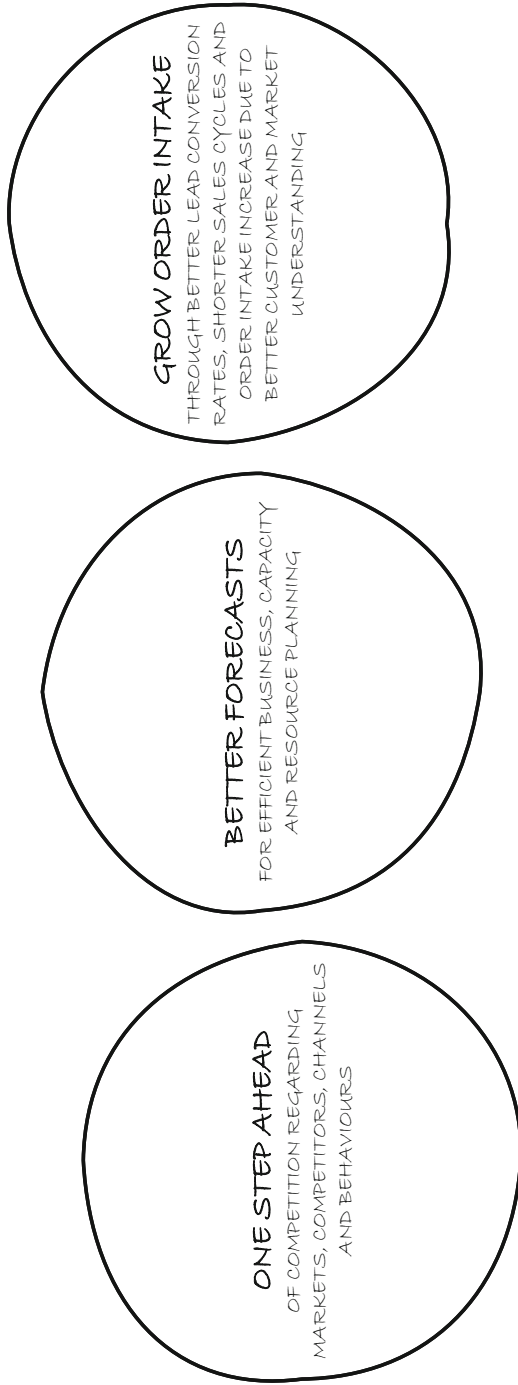
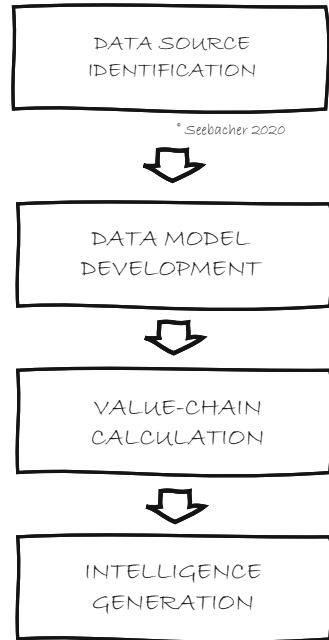


Fig. 14.3 Why is predictive intelligence important?

Fig. 14.4 Process abstraction and evolution



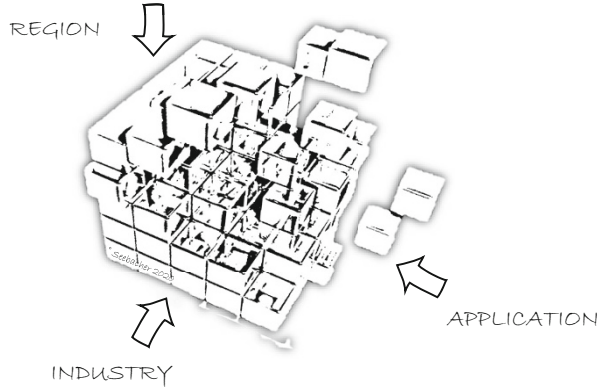
partitions or pieces of data sets your organization will need. Frank saved again a high six-digit Euro amount on limiting down the required data sets based on the result of the value chain analysis.

Get yourself in the position to know what you need and then negotiate hard with the data suppliers. Normally you can end up with discounts of up to 50% if you sign a 2-years deal, for example. Remember: The profit lies in purchasing, also in data procurement.

For step 2, Frank needs to draft templates for enabling his colleagues to help him developing the underlying data model. This is an important step in regard to the overall acceptance but also ensure the required transparency on how the data are being connected and processed. These templates also need to cover the different future data and research requests so that Frank already at this stage know, what will be asked and requested in the future. Step 4 “Intelligence Generation” must provide templates to gather information on how newsletters, news updates, market studies and reports but also business cases, market entry studies, and strategic intelligence papers must look like in order to fulfill the needs of the different stakeholder in the organization.

These four steps would be necessary to realize in order to move to the next level in the PIMM called “Proactiv-situative Business Analytics” (PsBA), which means

Fig. 14.5 Structural MDC illustration



not anymore run evaluations and researches upon request but also ongoingly update and inform the organization with relevant news and developments in the different industries. Moving from stage 1 RsBA toward PsBA also means to be able to significantly reduce the need for external suppliers providing studies and research reports. Some of my clients purchase expensive generic news services and newsletter which on closer analysis lack any added value. As soon as we went through the first activities, Frank could cancel external services saving high six-digit Euro amounts per year. Frank reinvested this money in acquiring direct industry data for the MS Excel-based multi-dimensional data cube, called MDC. These data were then used for running evaluations internally. The big advantage was that those data could be reused over and over. This means that to “make” and not to “buy” in the area of Business and Predictive Intelligence not only pays off, in the long run, sustainable but also in short-term realizes quick wins and cost savings (Fig. 14.5).

14.5 Template Generation

The template generation process as such started pretty soon and smoothly. While Frank and I were elaborating on the different subject areas of predictive analytics he in the meanwhile also sent me his first draft templates. One of his first template, I still remember, was his draft version for future research requests (Fig. 14.6). He thought that the earlier he would know what the organization could or would possibly need, the better he could then prepare the design templates for all further process steps. Even though he did not share this research request template initially with the internal stakeholder, the template development process helped Frank to deepen his understanding of the project and the expected outcome.

After four weeks Frank had developed the entire templates for the first four steps as shown in Fig. 14.4. Frank told me:

I think I only now know what it means to think in processes and structures. These four weeks helped me a lot. Although at the beginning I struggled a lot but then after my first ten



Research Requests

Date (dd.mm.yyyy)	
Requested by (Function & Name)	
Internal contact person/s for data validation, if different from requestor	
Deadline (until which date should data be delivered - e.g. a specific event coming up)	
Capital AND/OR Service	
Industry (specify one or more)	
Application (if relevant; optional: specific process step)	
Business decision to make or business rationale behind request *to avoid redundancies	
Scope for data to be retrieved *please specify as detailed as possible e.g.: geographical scope, specific technologies, sub-applications, relevant period (time frame), future outlook needed, external and/or internal data such as from CRM, custom tariff numbers, tender identification numbers, etc...	
Required format of deliverable (PPT, Excel)	

Fig. 14.6 Research request draft template

templates I really got into it and took pace. For the last ten templates it took me only few days to develop them!

He then set up alignment meetings with Bruce and the four business development managers. Frank went through the entire process and explained what needed to be delivered by the organization. Pretty soon Frank had to learn the same lesson as most templaters. Most of the people are not able to think generically.

Tip

It is not about templates. Do not try to explain templates. Explain the process, what needs to be done. Achieve and ensure a common understanding on the outcome and ensure absolute stringency in regard to the process you are proposing. Enable your internal clients to understand what you are planning to do. Once you have achieved this common understanding, then you can go for the template testing.

Frank asked specially selected colleagues to test the templates. Therefore, he arranged meetings of 30 to 60 min and asked the colleagues to complete different relevant templates. Based on this experience he then adjusted certain templates and then drafted a matrix showing templates and templates, so that Frank would know from whom to get what.

14.6 Project Work Implementation

Everything went pretty fast. After four weeks Frank had all templates together for the first two industries, in which the most important part of the business was done, water and mining. With this information, Frank started to contact and interview the identified data providers. In parallel, he worked on the data model. For this, he used also MS Excel. Lucca, a business administration guy on his marketing team, helped him to develop that pivot tableau. Frank and Lucca started to work with the first test data sets from the shortlisted suppliers. They pasted the data sets in the Excel tableau running first evaluations on specific markets. The first version of the market data segment covered the parameters shown in Fig. 14.7.

During the tasks with the sales and business development managers, Frank and Lucca, a smart-looking tall guy, could verify the extracted data and forecasts. These meetings were a very valuable source in order to right from the beginning to optimize the underlying data model. In the meanwhile, Frank and Lucca also pushed the value chain analysis further enabling him to then finally select the really required parts and pieces of data sets from the different suppliers. The set of templates for the value chain calculation was based on MS Excel with which the different industry experts were in the position to allocate investment percentages for capital as well as for service. The second version of the water management value chain calculation

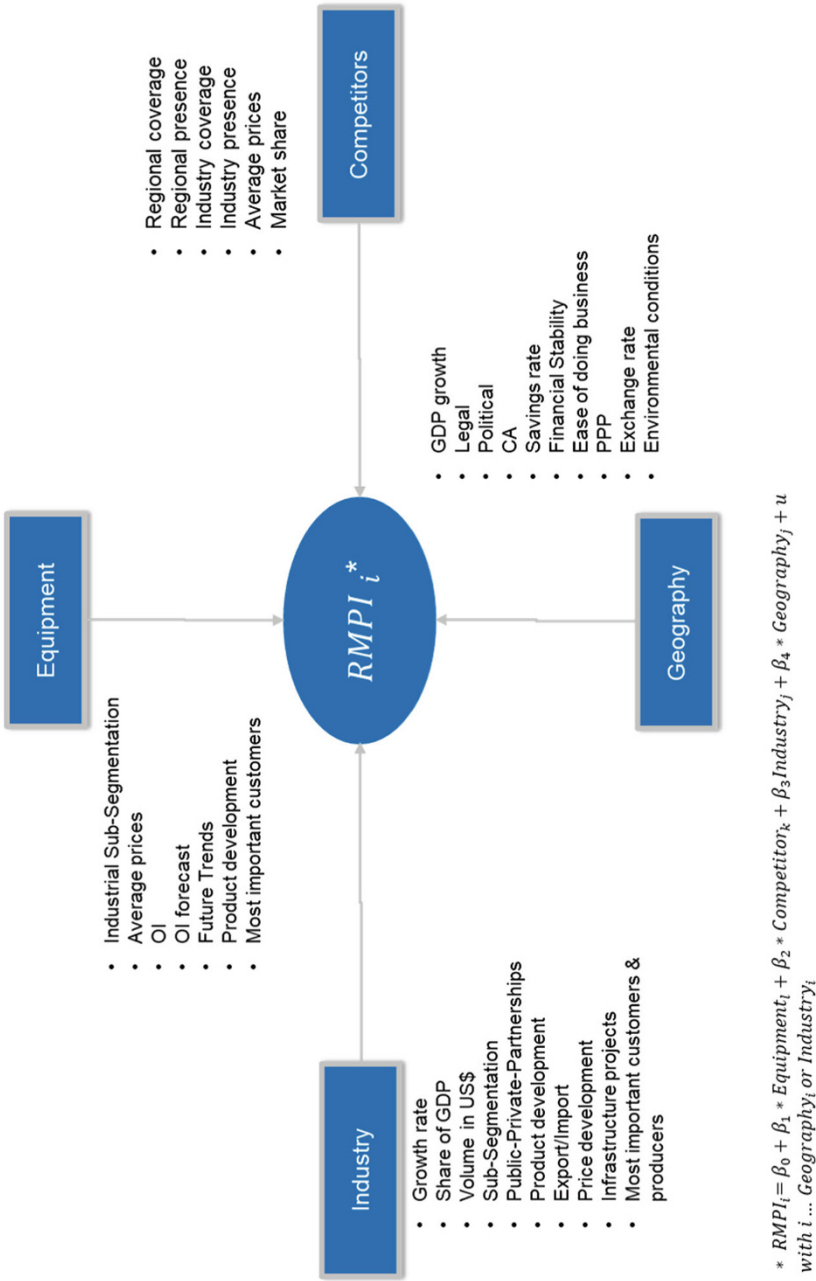


Fig. 14.7 MDC data model segment "market"

was put into a good-looking chart, as shown in Fig. 14.8, as also the salespeople wanted to show the specific water management TBAS Inc. products to their clients.

After 3 months Frank presented the first version of the Market Data Cube (MDC) covering market and economic data for all industries and regions. The MDC was initially covering four major areas:

1. Market data
2. Social data
3. Economic data
4. Trade statistics

The MDC was initially only accessible for specific test users in order to use this key user group for ongoing testing and evaluation. The design of the MDC Version 1 is shown in Fig. 14.9. Faster than expected more and more people requested access to the MDC. After three months also the mining and process industry were integrated into the MDC and Lucca ongoingly worked on a better user experience by optimizing the general user interface (GUI) such as shown in Fig. 14.10. This version 3 of the MDC was already using MS PowerBI and globally online 24/7 available for registered users. More and more people took advantage and Frank and Lucca had more and more time to work with data and designs not spending hours over hours for answering research requests. In addition, no money was anymore used for engaging external suppliers and research consultancies. Each single Euro was invested and used internally and sustainably. Lucca developed a growing number of screens and user group specific dashboards. Ongoingly Frank was tracking all incoming requests, the time until delivery but also the direct feedback from the internal clients.

After approximately 12 months Frank took the opportunity and reported in the management meeting on the project status as shown in Fig. 14.11. He could present a real incredible project success track record:

Research Requests

- Seventy requests received
- Sixty requests handled
- Ten on hold due to unavailability of data due to budget constraints
- Three rejected due to required refinement of request
- Overall satisfaction rate (1 = poor, 10 = excellent): 9.7 (65 answers)
- Money saved on external suppliers: 146,000,- (out of 180,000,- Euros)
- Average handling time per request: 2.3 h (project start: 7.5 days)

Last 90 Days

- Four hundred and ninety five views
- Twenty-eight active users
- Forty-seven percent increase compared to the previous timeframe

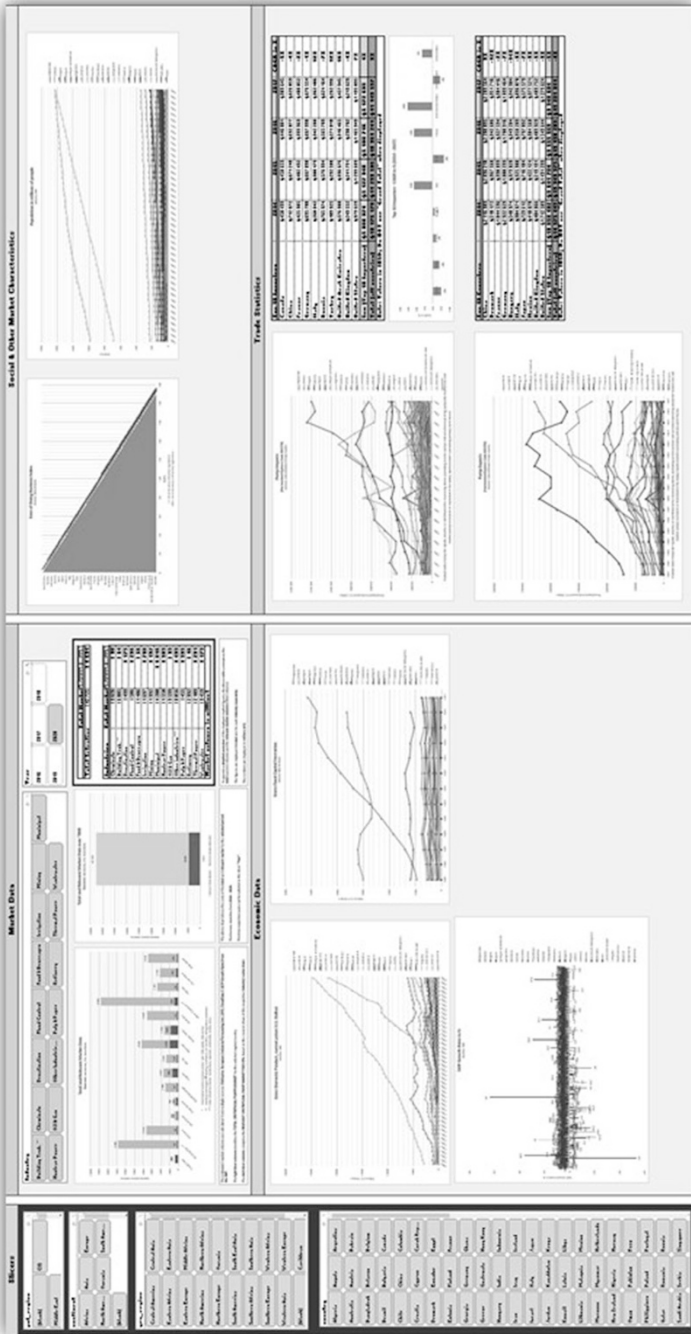


Fig. 14.9 MDC screen version 1

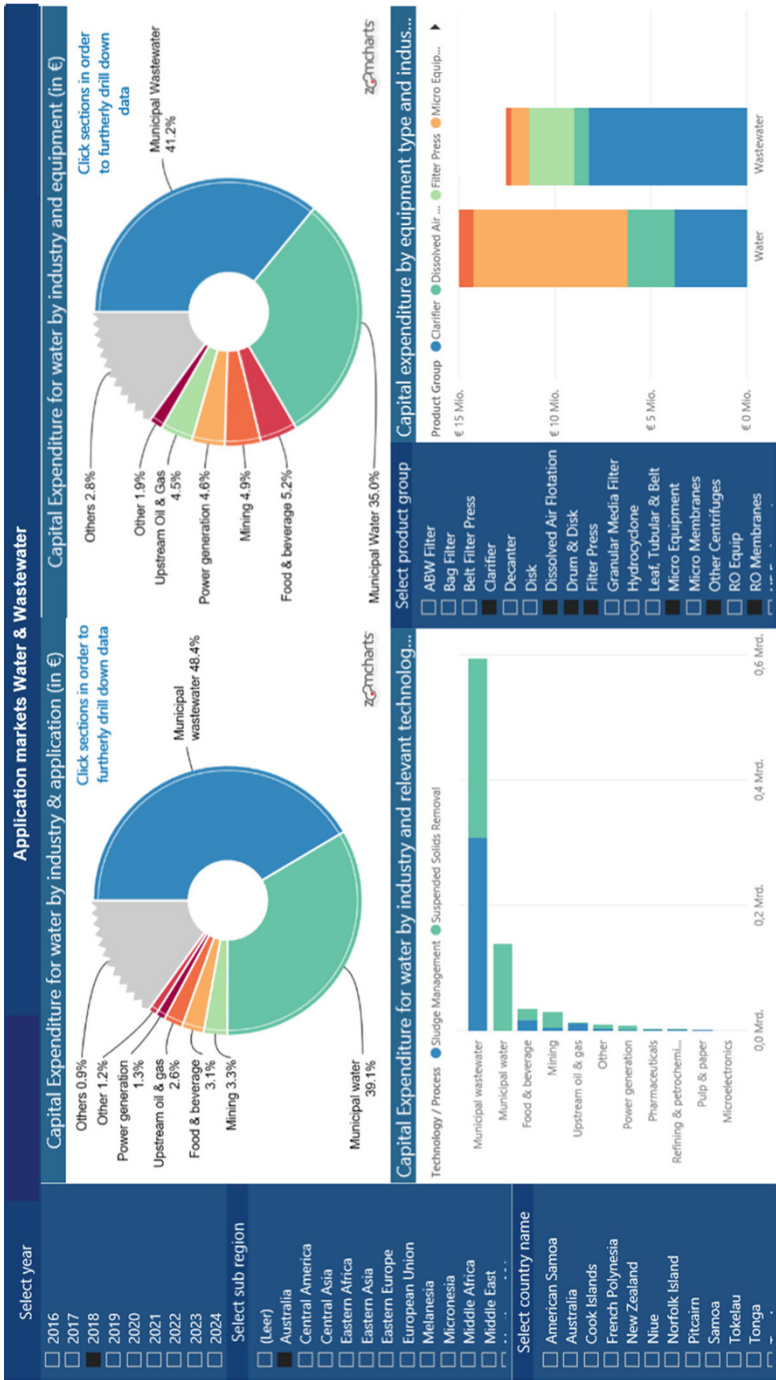


Fig. 14.10 MDC screen version 4

MDC market data cube update 4/2018



- **Research requests:**
 - 70 requests received
 - 60 requests handled
 - 10 on hold due to unavailability of data due to budget constraints
 - 3 rejected due to required refinement of request
- **Last 90 days:**
 - 495 Views
 - 28 active User
 - 47% increase compared to previous timeframe
- **Upcoming MDC 2.0:**
 - Update CRM data
 - Update publicly available data sets
 - Update of water data
 - Design reworks and adjustments
 - Inclusion of competitor data and plants ongoing and delayed due to IT issues

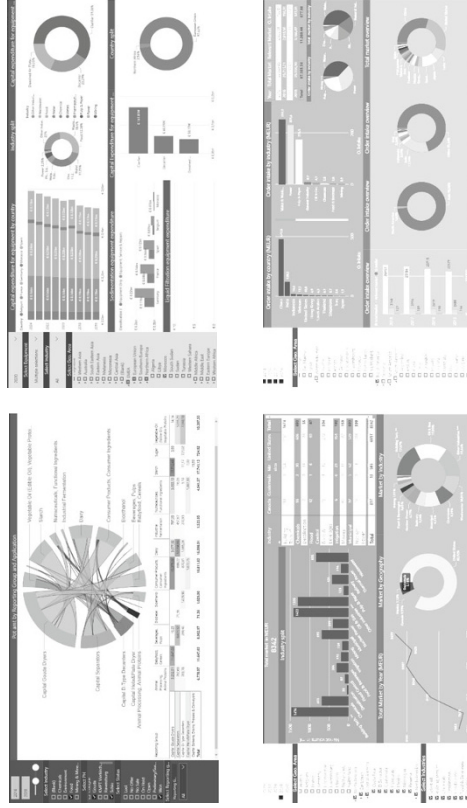


Fig. 14.11 MDC project management reporting

Upcoming MDC 2.0

- Update CRM data
- Update publicly available data sets
- Update of data for next industry
- Design reworks and adjustments

14.7 Quantitative and Qualitative Project Results

As already shown also already the results during the ongoing projects were impressive. In regard to the quantitative and qualitative results, three showcases in the showcases shall be described in order to show what Frank mad possible with Lucca and soon after the project launch opened up TBAS Inc. a totally new dimension of consistent and structured, professional business planning.

14.7.1 Short-Term Net-Working Capital Optimization

The first case was not planned and just happened. Frank regularly visits all production sites. During one of his trips, he visited a plant in France. The product home manager showed him around. Frank, as he is, was asking many questions and so also why there are 20 pieces of the same machine brand new sitting on the stock. Frank actually wanted to know what specific equipment that was supposed to be. Benjamin, the local manager, enlightened him that these machines were for the production of olive oil. There would be so many in stock, since essential components of the devices are supplied by external suppliers. However, in order for TBAS Inc. to be able to sell the finished machines at a competitive price, a larger quantity of vendor parts must always be purchased from the supplier than the customers ordered from TBAS. As a result, many machines would then remain in stock for a long time, until a new order is placed with TBAS.

This of course has an enormous negative impact on the inventory turnover rate but even more so on the net-working capital—where Bruce had just issued the instruction to optimize the NWC. A man, a word. Frank offered to take immediate measures to get rid of these machines. After his arrival back home, he screened the CRM system looking for clients with the same products. Based on the data from the service team he knew that normally this type of machine would need to be replaced after 3 years. Then these client data were matched with the MDC data in regard to market and economic data but also project data. Based on this intelligence measure MDC extracted two potential short-term sales regions, Italy and Greece. With this information, the Event and Media Intelligence (EMI), also based on MS Excel, was screened for relevant media and events in both regions.

Rachel, campaign manager for TBAS Inc. immediately initiated a focus campaign that focused on the highest scoring online and offline media channel extracted by the EMI. Frank himself cross-checked the Account-based Marketing (ABM) database looking for any indicators of large-scale clients looking or searching for similar equipment, but it turned out that no TBAS Inc. key account was then on to purchase this kind of equipment (Fig. 14.12).

Twenty machines with a price of each 60,000 Euros were on stock. After six weeks the machines were sold to a plant in Greece, simply through a social media focus campaign realized by Franks marketing team getting the message right there, were it would need to be. The success was based on the internally available competence to predict where sales might take place. The aligned predictive intelligence value chain only, in this case, happened to help to realized 1.2 million Euro order intake which without predictive intelligence would not have been made so far and so cost-efficient. Without PI TBAS Inc. either would have spent too much money for adverts and trade shows or would have had to wait until another client at the exact right moment would know that TBAS has equipment on stock.

Lastly, do you think, that any of the external data or so-called “intelligence” providers or dashboard solution sellers could have done that job?

14.7.2 Mid-Term Market Development Optimization

Another challenge for TBAS Inc. always was and is on how to enter and develop new markets stringently. Many things at TBAS Inc. happened more or less coincidentally. In year 2 after Frank started the PI project, the ongoing PI activities showed and anticipated attractive market developments in the UAE, against all external predictions and forecasts. In the management meeting, Frank presented the findings and could also substantiate the predicted and anticipated developments. In earlier days Bruce would have called him off but in that September meeting, Frank was asked to develop a PI-based market entry paper.

It was a simple one for Frank as he had all external data and the extrapolations at hand. With the MDC he extracted the relevant predictions for the different countries in the UAE. Based on the value chain model he could exactly define for each application what would be the potential sales volumes. Normally in the second or third stage of the Predictive Intelligence Maturity Modell (PIMM) Frank would not have been in the position to dynamically calculate the worst-, neutral-, and best-case scenario, but he could. He entered and migrated all relevant data into the Automated Business Plan (ABP) Engine, added the data from the Event and Media Intelligence (EMI), and immediately could draft the predicted business plan figures for the market entry. He did this using the generated margins for the relevant applications which the MDC generates and updates ongoingly out of the CRM system. The predictions were then enriched with the data of the Account-based Marketing (ABM) system for getting a better understanding of potential tenders to be released. Based on the defined costs for human resources, office infrastructure, the establishment of the required legal entity and other administrative issues, Frank could present

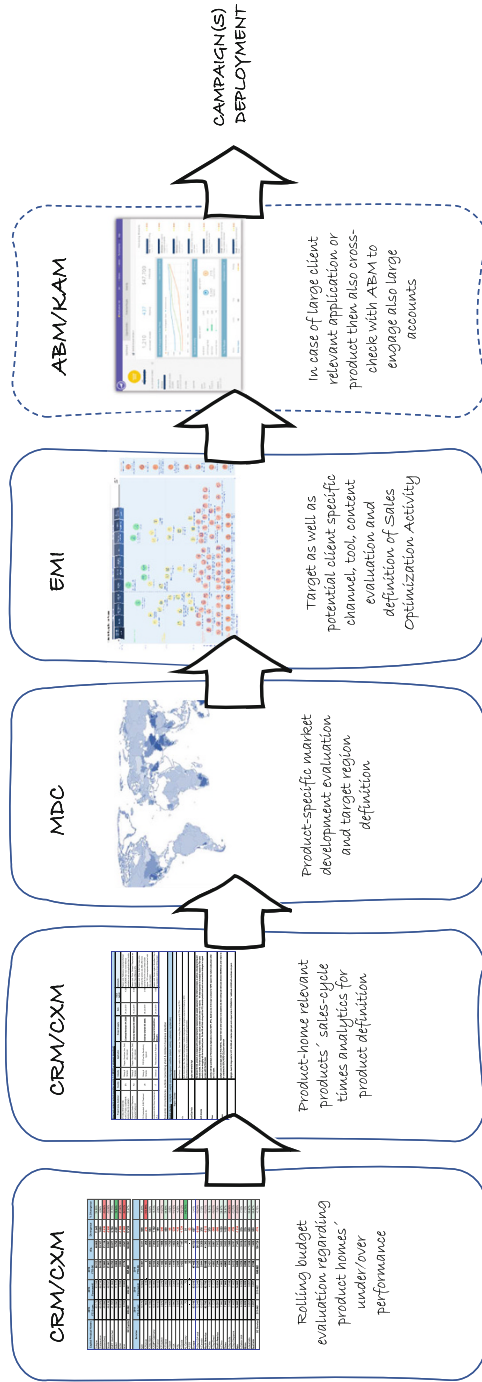


Fig. 14.12 Short-term predictive intelligence for net-working capital optimization

Bruce within four (4) weeks with a comprehensive, scenario-based market entry study including the RoI period, the required investment and also exact KPIs per timeframe so that Bruce would also always be in the position to pull the ripcord if necessary (Fig. 14.13). The case study company is thus one of the 8% of European companies that can point to data-driven corporate management.

14.7.3 Long-Term Application of Predictive Intelligence

Finally, Frank and Luc were successful in establishing PI as a cornerstone for all corporate measures. Frank drafted an annual template-based process based on which the entire management delivers the following actions (Fig. 14.14):

- Definition of TBAS Inc. strategy
- Derivation of one-, three-, and five-year business figures based on value chains, applications, regions, and industries
- Alignment and approval of submitted figures
- 24/7 PI-based monitoring of operational performance and divergence extrapolation
- Mid-year review with quantified countermeasures in case of underperformance
- Full-year review and strategy adjustments

The establishment of this process and the compliance of the entire organization with this TBM process is a huge success for Luc, Frank, and me. Since then TBAS Inc. is performing on or above target. TBAS Inc. does not leap tall but slowly, steadily, and gradually. Every year the order intake grows by 10 to 15 percent and every year since then the EBITDA increases by between 1.5 and 2 percent. The Rank family is now looking at a solid and stable long-term investment and Luc from the family office refers to TBAS Inc. now as a solid and promising portfolio admixture.

14.8 Why a Glass Ball Is Not Needed

In this case study, I showed you how to save a lot of money and how to make a lot of money. It is as easy as it seems. But as always in life, you have to do your homework and to pursue goals with method and structure—with my Template-based Management model. It will not help you to hire a consultant for setting up PI for you. It makes even less sense to continue buying studies and research externally.

PI always sounds mysterious and complicated but, in the end, it is not at all as hopefully this case study has made obvious. I can only encourage you to accept the

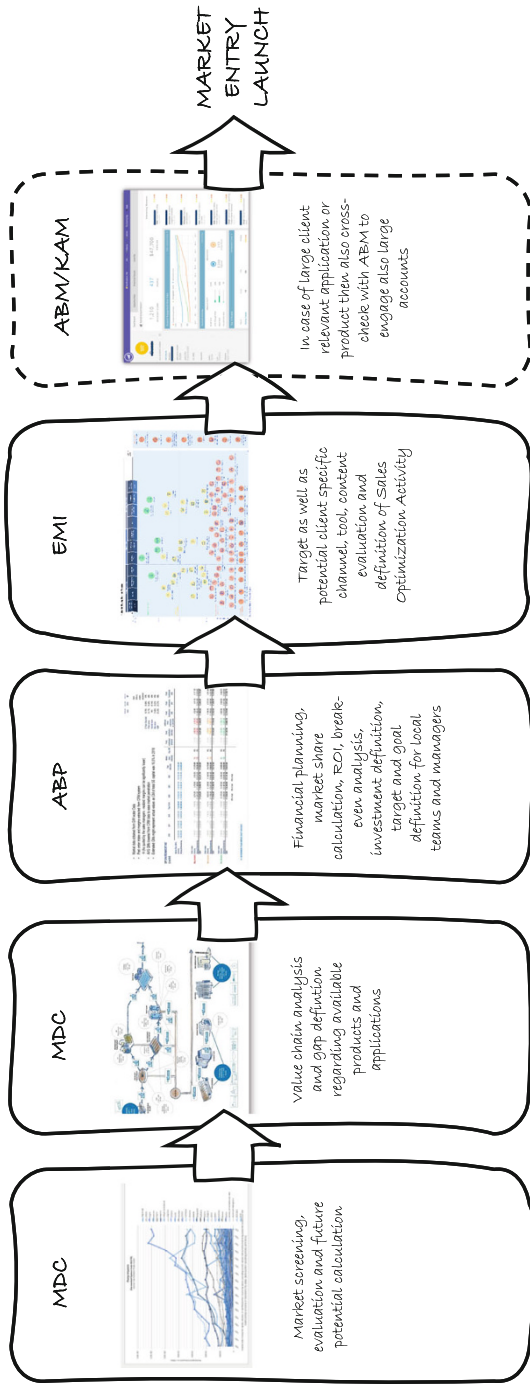


Fig. 14.13 Mid-term predictive intelligence for market entry

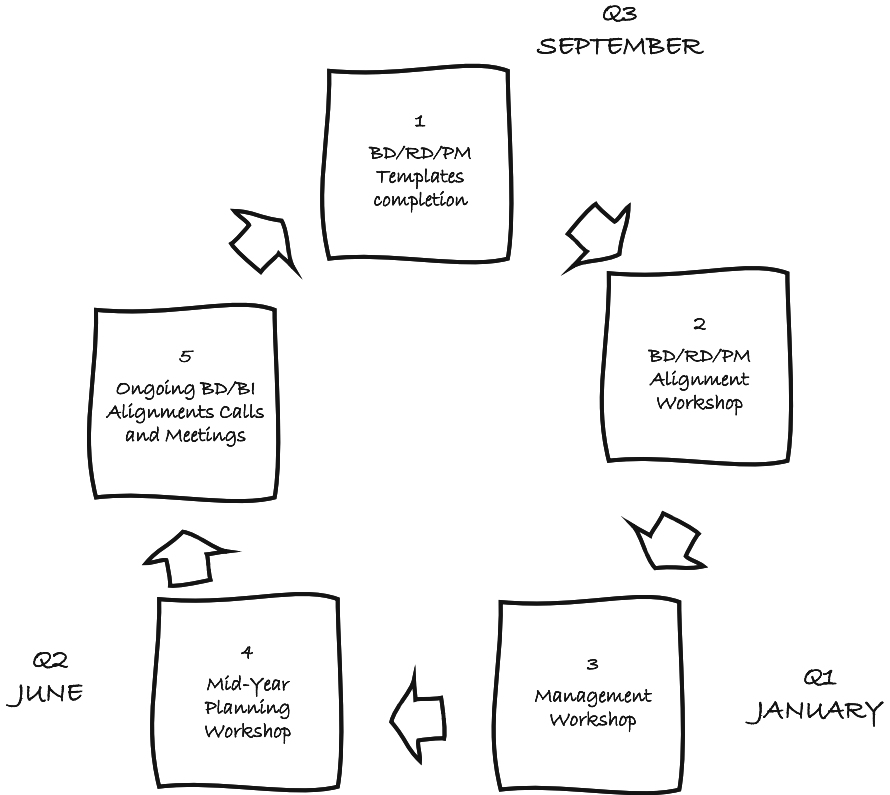


Fig. 14.14 Long-term and ongoing strategic predictive intelligence

challenge, not only out of a sense of responsibility to your boss and the company but also and especially for yourself. You grow with the task and all of a sudden you are the master of the ceremony holding all the aces.



15.1 Where Are We Coming From?

The book started by giving you an idea of why I “developed” Template-driven Consulting (TDC) during the first years of the new Millennium. Then we took a look at the world economic situation and moved on to depict the major differences between conventional consulting and management approaches and TBM. In the later chapters, I provided you with insights into the TBM methodology and the new requirements for managers and consultants to make TBM work. The cases studies illustrated the symbiosis between theory and practice and demonstrated how diverse TBM can be used almost for all kind and types of projects.

At some points throughout the text, I have already either hinted at or described in detail the benefits of the new TBM approach for your company. Now, I would like to summarize the range of advantages of TBM, because

1. You will then see at one glance in which ways TBM can help your company but also you and your career, and
2. What service quality and performance you can expect from project managers, consultants and any kind of external experts in the future.

In the executive summary at the very beginning of the book, I outlined the main benefits of the TBM approach. They are:

1. Decreasing expenditures on external services and support of up to 75% in the short, mid, and long term
2. Promotion of various important skills such as abstraction, dual-level coaching and generic process thinking
3. Sustainable development of methods and structure competences
4. Focus on teams and teamwork
5. Overcoming of shortsighted and departmental thinking and behavior

6. Motivation of employees through job enlargement and job enrichment

Let me describe these six key advantages in more detail.

15.2 How Can We Increase the Internal Value Creation?

Back in 1997, when I was called in by Elastogran GmbH, I was very skeptical about whether a single person could do the task of streamlining and optimizing an innovation-management process. However, the budget constraints were tight, and the company was not willing to give me a lot of time after another consultancy had already failed to deliver results. Thus, I had to accept the rather adverse circumstances.

When I finally came up with the idea of “back sourcing” some of the work to Elastogran’s employees in order to meet the timeline, I felt a little bit uncomfortable about the idea that I would have to directly manage a quite big project team. Thus far, I had been responsible for only 10 to 12 people—as common in the consulting industry. Also, on that score, I had to find a way to make this task possible. And if I did not want to dissipate valuable time, I had to produce decentralized tools that the various team members could use without having to refer to me for every single question. Hence, I generated templates.

Soon, what had before appeared to me as a major problem turned out to be of great potential. I had found a way to improve the old “one-to-ten rule” (1:10) significantly. The new TBM methodology allowed me as a single person to directly coach at least 30 people and at the same time to deliver high-quality results.

True, what I had done was to turn some of the company’s employees into my co-workers. So, you may say that the one-to-ten-rule still applies. The point is that your employees are already paid by you. Therefore, you don’t have to pay them again, as you would have to if a host of external consultants “flooded” your company.

The new “one-to-thirty rule” also applied to other projects and industries (see case studies). This showed me that the new TBM approach was not just a mayfly. Companies could really cut their expenditures on external services and support by up to 75% when they were willing to apply the new methodology.

15.3 For What Do We Need New Skills?

Something that is insufficiently developed in most people today are the three essential TBM skills abstraction, dual-level coaching, and thinking in processes. We are usually not able to see entire workflow and processes, to think in terms of value chains or to understand the entire course of action. Usually, we only see individual areas and sections of processes or constructs but have no systemic view of the whole and the various dependencies and interdependencies.

Template-based Management enables us to develop method and structure-based skills unconsciously, so to speak “on the job”. TBM renders it possible for these people to acquire process thinking capabilities, because by using templates such as a Gantt chart or an Activity Tracking Sheet (ATS) or any of the other many templates of which some are being shown in the different case study articles, they are confronted with and become aware of the complexity of various processes. Thus, they learn which activities a given process is made up of, who the process owners are, and how these bits and parts interrelate. Thereby, colleagues start to see why they are important for the company and how their jobs fit into the whole picture. The effect of this is that they revalue their job and start to perceive it in a better light.

15.4 Why Not Really Thrive for Knowledge Transfer?

For years the consulting industry has emphasized a “knowledge transfer” taking place from their consultants to the clients’ employees. If you ask someone who took part in a consulting project, he or she is very likely to negate that any knowledge transfer has taken place whatsoever. This is because consultants tend to see themselves as an exclusive breed that has to retain rather than to diffuse its knowledge. Otherwise, they would run the risk of becoming substitutable.

Template-based Management, by its very nature, sees it differently. What matters is the quality of the results and the costs and time involved. If employees can do some tasks better and faster as they are—without any doubts—subject matter experts, hey, why not let them? At the end of the day, we should try to do everything possible to get the best results at the lowest cost.

Managers and teams using TBM are not afraid of teaching the people their “magic”. Quite to the contrary! They show them how to uncover certain problems and give them the tools to optimally solve them. Thus, they draw on every single employee’s unique capabilities and potential to deliver high-standard results. Because of thorough coaching, which is an integral part of the TBM approach, the employees as the templees actively acquire the templaters’ theoretical and practical knowledge. And since the team members are dynamically involved in the problem-solving process, they are more likely to retain the expertise. They are therefore turned into “templaters” themselves over time, and a real transfer of knowledge takes place as well as the symbiosis of subject matter and method and structure competence.

15.5 Why to Leverage Teams and Teamwork?

Teams and teamwork are important to reap the benefits of synergy: two or more people can achieve more working together than if they each were working on their own.¹ Of course, many potential barriers to the concept of synergy have to be overcome first.² To name a few possible blockades:

7. Lack of familiarity among team members
8. Egocentric behavior
9. Wrong communication style among team members

Naturally, there are many more possible hindrances a templater using the TBM approach has to be aware of and must remove. However, TBM draws on teams to realize the advantages of teams and teamwork, because the concept of synergy allows them once more to increase the quality of the work in less time.

15.6 Is This How to Overcome Shortsightedness and Silo-Thinking?

In functional or divisional organizations one very pressing issue is departmental thinking and thus shortsightedness. Often, a very competitive, hostile, and eventually unproductive environment emerges as people from various departments start thinking in terms of “we” and “them” and not “us”. Template-based Management helps to stem this attitude because only together they can master the challenge of getting into working with templates. The common challenge unites.

While there are many reasons for this, an important one is that employees of one department often don't know about the other departments' operations and their exact significance for the company in general and for their own department in particular. Since TBM stresses the importance of agile, versatile teams on the go like Amy Edmondson³ states “the classical team is dead”, i.e., team members from different departments, this potential threat to a company's effectiveness can be overcome. When employees from various backgrounds come together, they learn not only about the other team members but also about their functional areas, and there is a better likelihood that employees will overcome their departmental behavior and shortsightedness.

¹Larson, C.E.; Lafasto, F.M.J.: “Teamwork – What Must Go Right, What Can Go Wrong”, Sage Publications 1989.

²Robbins, H.A.; Finley, M.: “The New Why Teams Don't Work – What Goes Wrong And How to Make It Right”, Berret-Koehler Publications 2000.

³<https://www.hbs.edu/faculty/Pages/profile.aspx?facId=6451>: Accessed: June 17, 2020.

15.7 How Can TBM Leverage Motivation?

The motivational aspect of Template-based Management is undoubtedly one of the most important benefits; and it is one stemming to a large extent from the benefits mentioned previously. Employees participating in a TBM project become more enthusiastic for several reasons.

1. First, they are actively learning.
2. Second, they start to become aware of the ‘big picture’ by thinking in processes. They can see and understand why they and their jobs are important for the company, for other people within it, and how their (daily, weekly, annual) activities interrelate. This gives them a sense of meaning, something often lacking especially in big, multinational companies.
3. Third, they are working in teams. Most of the people I worked with enjoyed working in teams. They said that they could meet new people, started to analyze things from different angles, and became aware of and open to other persons’ and departments’ problems. Generally, their horizon expanded.
4. Fourth, team members realized that the TBM approach was a good steppingstone for enhancing their career prospects within the company.
5. Finally, the participants enjoyed knowing that *they* could change something and were not subjected to another person’s ideas.

In a nutshell, Template-based Management is thus synonymous with the two proven motivational concepts of *job enlargement* and *job enrichment*.

15.8 What Is Really in for Me?

Template-based Management (TBM) allows companies to profit on all three dimensions regarding time.

- In the short-term TBM helps to trim their costs for external experts and services by as much as 75%. For you, as a manager this means that you can still thrive important initiatives even though no funds are available. At the time, I finished reworking that book, the standard everywhere was called “increase internal value creation and cut down on external suppliers.” Without TBM this would mean to be forced to stop all projects and initiatives. But taking advantage of TBM means to develop employees in a proactive way through proven methods of motivation enabling them internally to realize the key projects themselves.
- Looking at the mid-term timeframe, companies can significantly leverage their workforce strategically. Over time more and more employees will have realized activities and projects with TBM. Templates, as we have seen in many different TBM-using organizations, will turn into the one all connecting “language”. Templates become the link as people learn the “template” such as a language and almost naturally change and develop from the pure templee, the template

user, and completer, to themselves the templaters, the ones designing and using perfectly structured templates for their operational but as well strategic activities. TBM initiates unconsciously and gradually a long-lasting and significant organizational learning and change process based on the symbiosis of subject matter and methods competence.

- The long-term effects will be seen when looking at organizational performance, stringency, and simply a healthy stable organizational growth. You cannot predict change toward the better, you as a manager can only provide your people with the next practice tools and methods, the earlier, the better as you then profit disproportionately from the first-mover advantage. This means that the “no cost” investment for TBM will pay thousand-fold in the long future of your organization. In order to be able to see that already now, when reading the book, you must be a leader yourself, being able to act and work in accordance with the new paradigms of the “remocal economy” of trust, logic, and authenticity.

For me, TBM and the inherent knowledge reflects a new understanding of management. It is providing services to internal clients under consideration of one of their major problems—costs and time. It is providing an approach, which means for the templater the challenge to adopt new skills and competencies in order to help the templees solve their problems while in the same instance showing full commitment by considering their most crucial topic in recent times—time and money.

This chapter summarized the different, diverse, tangible, and intangible benefits of TBM. As such, it offers many arguments for you as a team leader, manager, or C-level Executive for creating awareness and understanding for this new management model, but also for launching TBM within your organization. TBM is not a project. TBM is a way of thinking and responsibly acting as a manager with due respect to the investors, owners, employees and shareholder of a company.

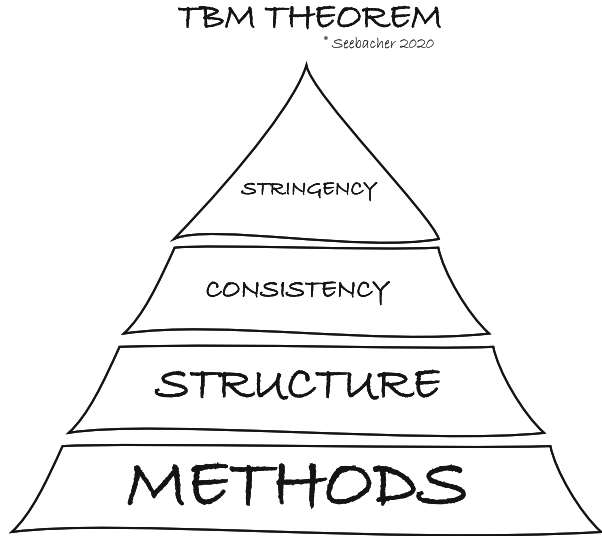


Thank you for reading my book. I am humbly grateful that you have used some of your most valuable resources—your time—for spending with me, my lines and thoughts and our case studies. A book is and remains only a book. But in today’s world, a book must also be seen as something sustainable and valuable, especially when printed, and in hardcopy. “Recording is rewarding” which means that books are always also a contemporary witness. They cannot be detached from the time they have been written in.

A such small book does not make the world or the management change but maybe it can ignite a process of reflecting and thinking about what and especially how we do things. Learning means to always be willing to look into the mirror and to very critically evaluate and question oneself. We, as human beings and as managers, do have this competence as it distinguishes us from less developed forms of lives.

This book should help to ignite this process by creating awareness among you, the managers, who are running companies, divisions, departments, and teams. You can speed up the process of introducing new methods and approaches by using the knowledge gained from this book, and by challenging your people to aim at the next stage of organizational maturity by asking for new methods and approaches and deploy them in their organizations.

Learning TBM, how it works, and what kind of results it helps to deliver, was an exciting experience for me. Since now more than 15 years TDC and now TBM have been in the market. And I was overwhelmed by Springer Publishing approaching me for a new edition of my book from 2003. It was more than an interesting and enriching experience to go through each chapter and through this mentally looking back to that time and also that so different phase in my life. Frankly speaking, I am not anymore that person, who wrote that book in 2003 but the book enabled me to “beam” me back to those days having totally been different. My kids are now 13, 16, and 18. They always keep challenging me with their “new normal” and how they look at things. For this generation, work, job, online, offline, traveling to meetings around the world has all a totally different meaning in and for their lives.

Fig. 16.1 Theorem of TBM

My kids will be subject matter experts in totally different and new areas. Similar as we are now totally different matter experts than managers in the 50s or 60s. But what strikes me is, that we are dealing with 3D-printing, Artificial Intelligence, Predictive Intelligence and so forth, but we are not yet that far in the area of management development to train our matter experts in consistency, methods, stringency, and structures as an enabler for being able to apply our so highly developed know-how. How could we oversee that so important teaching and training area of methods and structure competence? Is because it must be considered as “applied meta-learning” or maybe do I interpret the problems of today’s organizations simply wrong? It seems they did not change over time since 2003. Maybe you know the answer, in case you to, please kindly let me know and contact me at [uwe.seebacher\(a\)icloud.com](mailto:uwe.seebacher(a)icloud.com).

In my deepest inner conviction, while finishing this book, I ended up scribbling the “Theorem of Template-based Management” (Fig. 16.1). This is the organizational theorem that is the all decisive one. It appears to be simple and self-explanatory but based on my humble experience I truly believe that we have not yet mastered to solve this theorem on broad corporate and managerial level. Too many analysis, evaluations, proposals, projects, and reports are not based on sound methods, therefore lack structure, ending up in inconsistent conclusions and recommendations that are then not stringently neither deployed nor monitored. The “Theorem of TBM” is a simple but complex chain of causality. We must not only train our people in technologies and tools, but we must enable them to apply their subject matter expertise with simultaneous adherence to structural and methodological principles. Only this will sustainably lead to develop the capacity mastering the paradigm of consistency and stringency.

Here again, I would like to thank all my clients, colleagues, and companions who made it possible to develop this know-how by trusting in us and letting us apply the concept of TBM, and who are stringently sharing and spreading this body of thought.

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Stay healthy, grateful, and humble!

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