

## Managers and leaders, which contribution to modernization ?

*Written by: Denis Poncelet*

### Summary

In this paper, we seek to provide hints about how modernization might be implemented better, quicker and deeper, depending on which type of managerial abilities are developed. Modernization is observed from the point of view of the assimilation of new technologies, the impact of protection and differentiation in competitive sustainability of the relative benefits derived from its use, and the possible influence of changes in financing modes. Complementarities and relative advantage of management versus leadership skills are suitably explored. In each aspect, countries that have shown superior contribution are mentioned.

### Introduction

Regarding someone with responsibility in social and economical decisions, certainly most people would be able to describe with a good sense of intuition, in which sense his leadership style and his management activities have changed more effectively their life, and the life of neighbours or colleagues. Success or failure of modernization apply to important targets set by leaders or managers themselves and to which the mere observation of reality confirms or not the achievement of value creation, understood as growth of healthiness that could be distributed or reinvested. In a sense, modernization is the continuous process of reducing entropy around us, which is the sum of detailed coherent successive or parallel small actions and changes that finally allows humans to do an activity with an improved ratio "Results to Efforts". We are just speaking about something like making life a little easier than what is was for our grandparents, in continuation of a process that started our Neanderthal ancestors: How would the most clever hunter, fisherman or peasant, had developed better management tools in his environment, or leadership skills in his decisions to bring his group to the most adequate modernization of his environment. Of course strategy has been determinant in the choice of sedentary for agriculture or nomadism for fishing and hunting. But our purpose is not about superiority of any strategic choices, as we too often believe, but about contribution to quicker efficiency once a strategy is chosen: In other words, it is about understanding which mutually self re-

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enforcing factors between management and leadership would finally demonstrate a superior long term path of modernization consolidation in its implementation.

## Part 1

Leadership and management are different, but not for the reason people normally believe (1); it has less to do with personal behavior, or charisma level than it has to do with purpose and finality. Managers are mostly entitled to organize, implement and control some functional activities (such as designing, manufacturing, storing and delivering goods and services, as well as staffing and financing these activities): It is about coping with complexity. Leaders are mostly entitled to imagine, to envision and to monitor some key changes in way of doing things: It is about coping with changes. No one would argue that an army needs both managers and leaders, and that without a very special balance of both skills at any time, and in every situation, the defeat would be the most likely outcome. This “special balance” is what we would like to explore here.

## Part 2

Certainly technical expertise and technological assimilation of scientific progress is absolutely key to the subject, as it would be easy to draw a correlation between modernization failure and success, from the assimilation in the collective brain of a group, acting as a group, of the way to use, maintain and improve technology. In that sense, the educational differences between the creator of technology, and the user is probably the main gap to focus on. The leader in that aspect has the minimum role of detecting the opportunity, revealing and convincing his group about the way of allocating financial as well as human resources to that integration , at the right moment, place and time: Here comes the manager’s ability, which undoubtedly is the only one able to “make it happen” without collapsing the existing social and organizational features: His skills to rebuild the house on new solid foundations , without destroying the previous house, or making the house unpractical during the remodelation are determinant: Our experience in those aspects is that pragmatic implementation such as the one we can see in industrial approaches of German and Japanese teams are good examples, that are just to observe and copy, because it works better. Human ability to master a new complex process is the main driver for which education and training has no substitute neither for the technician to fine tune the best use of any equipment, nor for the user to understand, apply, and improve the expert indications: Such a virtuous loop only exists through extensive and “hands on” persistent management skills.

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1 « Good management controls complexity ; effective leadership produces useful changes »  
J.P.Kotter, Harvard business review, June 1990

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## Part 3

Another aspect in modernization steps is the differentiation and the protection of the technical expertise: Here is a complex field that affects the innovation in itself, the property rights, the legal protection, and the possibilities of deriving benefits from providing technology benefits to others. Probably the first fisherman, who invested in a better boat and stronger fishing nets, had to think of the value for him to define rules to refrain other members of his group or a neighbour group doing the same as he has done. But defining cooperation rules for a certain territory required different skills: At a time where laws and democracy were in infancy, and lawyers did not even exist, probably some “brick and mortar” defenses were installed, for which no doubt leadership skills were key to long term sustainability of any differential advantage. Here comes the field of sustainable differential advantage of modernization, based on the belief that not only modernization counts for my group, but the relative speed of modernization among other groups may affect my situation. Whereas the American model has been so far perceived as the universal model (2), it is not so obvious that this will remain so, and we should question ourselves more about how effectively leadership is secured at local level using American “law compliance ethics” versus a Chinese “guanxi (3) compliance ethics” which is another way of securing relative leaderships between groups. The Russian way is probably far too much in a transitional situation, in between Chinese and American ways, and also still in evolution, no one being able today to predict if, how and when it may become a world reference by itself: However, the fact that Russian technology has very often preceded more than followed the American and the Chinese technology should invite occidental followers (which the old Europe is in fact today) to observe and look at new leadership modes emerging in Russia today. Again, that is just to observe and copy, because it seems to work better from an efficiency point of view. Human ability to master consequences of changes to other groups is the main driver for which networks and respect to the stronger have no substitute, neither for the leader who initiate a change, nor for the leader who will be affected by someone else's move: Such realistic anticipations only exist in cautious leaders' minds.

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2 “The only universalism today is the occidental one, its market, its freedom, its democracy. But the occidental world plays a double game and uses its so called universalism to protect its egoist interests” Yang Ping , Revue Neo-conservatrice Zhanlüe yu guanli, 1996

3 guanxi: “A Chinese term referring to interpersonal relations” Brunel University Research Active, <http://bura.brunel.ac.uk/handle/2438/1279>

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## Part 4

Probably it would be incomplete in this publication to ignore the influence of finance and the financial system towards modernization acceleration, also from the point of view of management vs. leadership: Of course there is a significant contribution of finance to modernization, but it should be seen under the point of view of Return on Investment (ROI): So many times we have seen huge amounts of funds not being transformed into effective improvements, and so many times we have experienced huge transformations emerging from nearly no cash at all. Therefore it is legitimate also to question the influence of finance from the point of view of ratio Results to Resources:

Again adjusting the lightning on the human factor will drive us naturally to the common observation, that efficiency is normally declining with project size and project life cycle maturation. In this field, our observations should be directed to India where the spirit of doing more with less is driven by intelligence more than by instinct: Micro financing has a great future, and probably adapts more to the needs of a step by step approach: many puzzle pieces lead to improvement, fully driven by cautious managers, rather than mega financing initiated by oversized egos or interest of leaders. Although on the verge of the ascendant curve of progress, unfortunately, the marginal gains will always decrease while consuming more and more marginal resources, thus deteriorating over time the ROI, there will be always technological breakthrough opening opportunities, and allowing to re-initiate more vigorous pay-back. The human ability to always do more with less is the driving force for which self-empowering (4) management with global focus is the emerging form of decentralization of global management with local targets.

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4 "Empowering is making sure that those who have the knowledge and the competence make the decisions" Prof. Pierre Casse, member of the Nordic Competence circle on Empowerment, Personal Führung, Nov 1995,

## Conclusion

Nothing has changed probably since the origin of humanity, from the mastering of the fire and the knife, to the spreading of the use of the wheel, the books, and the computers, except the exponential acceleration of its potentialities. The world offers a wide variety of examples and success stories. It would be unwise to discard careful observations of who is the best in class in each aspect, starting with the examples of integration of technology in industry in Germany and Japan, the protection of technology between one group and another group, as currently practiced in USA, in China, and in Russia, and also the many consequences of new management styles that will result from new financing modes, such as in India. Now the way to take advantage of modernization opportunities is

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fairly different in each of the three aspects explored here, and is strongly influenced by appropriate use of management skills or leadership skills: Apart from the benefit of higher visibility for leaders themselves (who have indeed a better ability against professional managers to claim the credit of having heavily influenced modernization), and their valuable contribution in protecting what has been consolidated, it seems that past successful assimilation of industrialization in the last decades, as well as future micro financing modes recently available, will continue to demonstrate a significantly better accumulated advantage to the organizations or groups that will invest in re-enforcing gradually field managerial in-depth abilities.

### About the author:



Denis is a very successful expert in the management of collaborative transnational global projects in technically complex environments. He holds an MBA from INSEAD.

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