

# Management Focus

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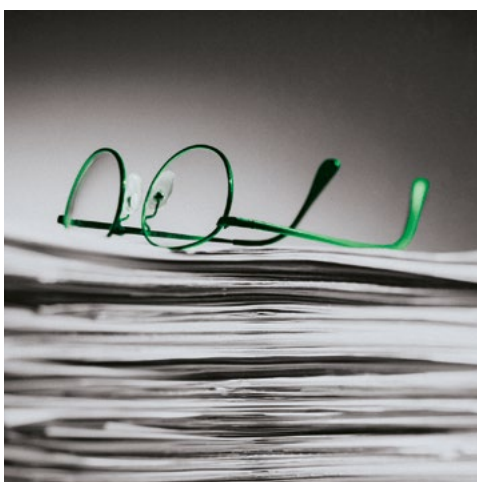
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# Welcome to Management Focus

... and welcome to the first edition of 2014

With the new technologies in the Web 3.0 era, **firms can use the information gathered** by organizations before, during, or after contact with customers via techniques such as data warehousing, data mining or **customer relationship management**, as well as by using various pieces of information from diverse social networks or the net in general. Find out more in our latest issue of **Management Matters**.

Historically, **engagement of doctors** in the competencies of demonstrating personal qualities, working with others, managing and improving services, and setting direction has been haphazard. To **drive change**, innovation and develop **more effective clinical services** within the NHS, senior doctors in particular must be engaged much more effectively. There are reasons why this has not happened, which include the “professional bureaucratic” nature of the NHS, in which **frontline staff** maintain a large measure of control because of their specialist knowledge, entrenched antagonism between clinical staff and managers, unrealistic expectations of clinical directors and the generally poor management training of doctors. Our featured article highlights **the need to incorporate and embed leadership and managerial skills** when doctors are training.

**John Lewis Partnership** deploys a radically different system of ownership than the more prevalent and traditional systems of ownership. The business is **owned by a trust on behalf of all employees** who are known as partners. **Sir Charlie Mayfield** joined the Board as Development Director in 2001 and was responsible for developing the Partnership’s online strategy. He became Managing Director of John Lewis in January 2005 prior to taking up his appointment as **Chairman of the Partnership** in March 2007. In this interview Sir Charlie discusses the **Partnership’s key objectives**, the processes involved in developing strategy, and the **advantages and disadvantages of the structure** of John Lewis.

Remember, log on to our website at: <http://first.emeraldinsight.com> to expand on the topics highlighted in this issue of *Management Focus*.

**We would like to take this opportunity to wish all of our readers a happy and prosperous 2014.**

Best wishes,  
**Debbie Hepton**



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# Management

# Matters

Incisive commentary on topical business issues

## The impact of Web 3.0 on the management and marketing of organizations

In recent years, new advances in Internet technology can be summarized by the transformation of the so-called Web 1.0 into Web 2.0, the emergence of semantic web technologies and their integration into Web 3.0, and, principally, the development of social networks, which have created new forms of competition between businesses.

Web 3.0 can be viewed as “semantic Web technologies integrated into, or powering, large-scale applications”, developed networked digital technologies that support human cooperation, or “intelligent agents that can automatically manipulate Web services (read-write-execute) and help firms react to changes quickly” by integrating data and applications from different resources, providing “the ability to infer relationships between data in different applications or in different parts of the same applications”.

With the new technologies in the Web 3.0 era, firms can use the information gathered by organizations before, during, or after contact with customers via techniques such as data warehousing, data mining or customer relationship management, as well as by using various pieces of information from diverse social networks or the net in general. This information is now essential for adapting and personalizing products, brands and services by and for different users or firms according to their own needs (do what the user wants you to do, and behave as the user wants you to behave), whenever they want, allowing instant cross-marketing and other applications.

Strategically, the most important change in Web 3.0 is the importance of meaning in the new environment. Networks are essential tools for finding out what is happening at the moment, what the competition is doing, what customers are demanding, or even discovering technological trends, innovations and expert opinions. They are also vital for creating, influencing and participating in debates on new innovations and image promotion. The administration of social networks for knowledge management is also indispensable, as networks can enable knowledge creation, sharing and learning, and are also sources of creativity and innovation as many stakeholders can add value to firms' different products or processes.

The transformation of the customer from a passive client into a highly active one who wants to participate in all production processes

and the development of social networks are changing the view of production itself, forcing organizations to create an interactive link with the market, to be open and cooperative with customers and other stakeholders in the whole production process; from the definition of the product through to the development, production, and logistics or distribution process, to its positioning, communication, brand management or sales service.

Recent innovations tell us that the new marketing and management systems promoted by the evolution of Web 3.0 are ultimately based on enhancing participation and collaboration in the development of organizations, not only from employees but also from customers and other stakeholders, throughout different networks. Participation is essential, as it increases the involvement of customers and other stakeholders with organizations, thereby improving their reputation and marketing, and also enhancing very diverse innovations that allow the creation of new business models and the upgrading of those established in the different organizations.

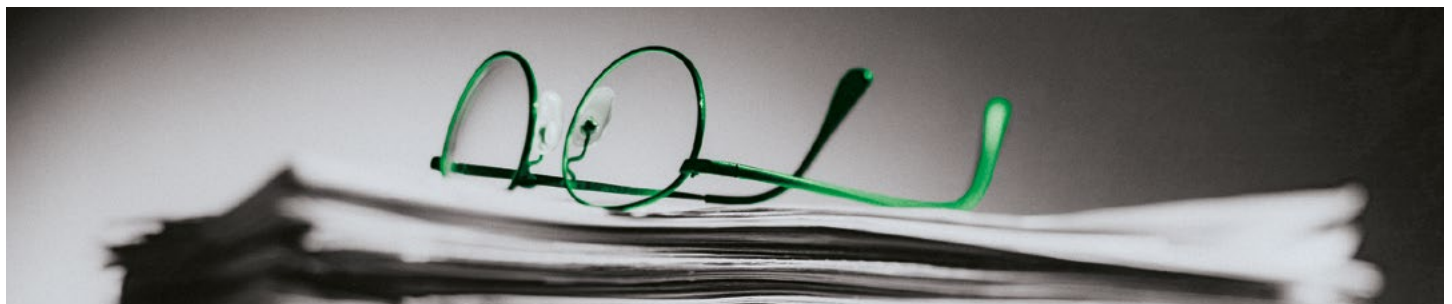
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**“Networks are essential tools for finding out what is happening at the moment, what the competition is doing, what customers are demanding, or even discovering technological trends, innovations and expert opinions”**

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It is therefore paramount to concentrate on specific strategies in networks that could enhance participation and collaboration from employees, customers and other stakeholders, with the use of the appropriate community managers and the promotion of crowdsourcing techniques.

This perspective is fundamental, as it can allow the efficient outsourcing of different processes, allowing firms to be more competitive as they can free up resources and human capital to focus on customers and their needs.



This excerpt is taken from “Social networks and Web 3.0: their impact on the management and marketing of organizations”, which was originally published in *Management Decision*, Volume 50, Number 10, 2012.

The authors are Fernando J. Garrigos-Simon, Rafael Lapidra Alcamí and Teresa Barberá Ribera.





# Doctors can be better leaders by design

## Right use of skills

**T** There are two fundamental problems at the heart of leadership in most professions and trades.

The people who are thrust into those positions of responsibility are being asked to adapt to something for which they do not necessarily have any natural aptitude, often at the expense of time which would have been spent using their real talents.

Sometimes these positions of authority have been sought – newspaper editors and head teachers in schools spring to mind. Sometimes they have not, which can lead to resentment and reluctance to engage. Researchers have highlighted the issue of doctors, particularly clinical directors, being poorly trained in management skills yet expected to adopt managerial roles.

Many consultants have traditionally relied on pure instinct to deal with managerial tasks. However, one piece of research during the 1990s indicated that 94 per cent of doctors do feel that the need to participate in NHS management is high, despite a widespread scepticism about management training.

### Embedding attributes

There is a greater recognition now that things must be done to incorporate and embed leadership and managerial skills when doctors are training, in order for the NHS to maximize its effectiveness.

This viewpoint article by a consultant psychiatrist examines some of the findings of previous research and considers the need for doctors to be engaged in the design of effective services.

Engagement refers to doctors being actively involved in the planning, delivery and transformation of services. Research has suggested that there is a link between engagement of doctors in leadership and quality improvement. Where programmes fall short it is often the case that lack of physician involvement is one of the main barriers to re-engineering effective services in health care. By the same token, trusts which are seen to be performing well have been shown to have a far higher level of engagement among doctors.

### Recent initiatives

The Final Report of the Independent Inquiry into Modernising Medical Careers (MMC Inquiry 2008) is one of several recent calls to address the subject of medical professional engagement. Among its specific recommendations were better opportunities for training in medical management for doctors. It also suggested that doctors should be better represented in the management structure of trusts.

Poor clinical engagement issues have been highlighted in the Healthcare Commission's 2009 report into Mid-Staffordshire hospitals, which stated that the organization "failed to pay sufficient regard to clinical leadership". The same commission's report, also 2009, on Birmingham Children's Hospital stated that "hospital managers failed to listen to concerns raised by senior doctors".

Historically there have been difficulties throughout the world regarding the engagement of doctors and managers within health care systems to improve services.

One highly significant issue in the UK is the development of the NHS and clinical dominance. The status of the consultant as head of a team, described by D Allen in a 1995 study as “one of a group of equals not answerable to each other” has had a dramatic impact on the NHS. Consultants were given freedom to develop services as they wished and this made the NHS difficult to operate as a managed organization. A finding of the MMC Inquiry was that: “Too often opinion that could influence policy has reflected the interests of a particular constituency rather than the profession and service as a whole”.

## Bridging the gap

There is a need to bridge the gap between clinicians and managers. A pivotal NHS management Inquiry in 1983 advocated clear lines of managerial responsibility and led partly to the development of clinical directorates. The clinical director posts created this way have not been as effective as it was hoped. Problems have included tensions between clinical directors representing their peers and managing them, and clinical directors becoming distanced from their colleagues, and the same group losing legitimacy with their peers for not doing clinical work.

Clinical directors must bring together what is being developed managerially from the “top” with what is going on from the “bottom” with the frontline services. It is not easy to reconcile these two approaches and this has been central to many of the problems of engagement across different health care processes. And, of course, this is at the heart of where clinical directors are expected to deliver.

Another issue is the perceived incompatibility of doctors and managers. Doctors are traditionally thought to be uncomfortable with the notion of decisions affecting patient care being taken at a managerial level by non-medically trained staff. One possible answer lies in administrators effectively flipping a coin and seeing a different perspective: not so much how to engage doctors in the hospital's agenda as how the hospital can best engage in the doctors' agenda.

## Two-way street

There is an onus here on managers doing more to appreciate the culture of physicians. But this is not a one-way street. Doctors will need to bring non-medical skills to the table through becoming “champions” with such attributes as social skills, the courage to speak out and the ability to make sometimes unpopular statements and prevent projects from being “paralysed by one physician's objections”.

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**“To drive change, innovation and develop more effective clinical services within the NHS, senior doctors in particular must be engaged much more effectively.”**

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And there is also the issue mentioned earlier of doctors having poor management skills because they lack training, but nevertheless being expected to take on management tasks. The National Survey of Psychiatric Doctors in 2006 showed that only 31 per cent had received some form of training in team work. According to the Post-Graduate Medical Education and Training Board (PMETB) two years later, just 19 per cent of doctors were given training in leadership after leaving medical school. There is some management training in post-graduate curricula but it varies greatly in terms of coverage and relevance for doctors. There is no national integrated and systematic framework.

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**“Being both good doctors and good leaders do not have to be mutually exclusive skills, even if it is sometimes a case of combining these abilities by nurture rather than by nature.”**

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The PMETB paper stated that “an understanding of how the health service operates and knowledge of the everyday aspects of leadership and management...is required by all doctors.” It further suggested that trainees who show an interest and aptitude for leadership and management should be encouraged and provided with opportunities to develop these roles.

One fruit of this way of thinking has been the development of the Medical Leadership Competency Framework. This applies to all doctors and dentists and covers all stages from medical school to undergraduate training, post-graduate training and up to five years of continuing practice as a consultant or senior doctor. It sets out a framework of five expected competencies: demonstrating personal qualities, working with others, managing and improving services, and setting direction. This framework will in all likelihood be incorporated into medical education curricula over the next few years.

## Barriers to change

Historically, then, engagement of doctors in these competencies has been haphazard. To drive change, innovation and develop more effective clinical services within the NHS, senior doctors in particular must be engaged much more effectively.

There are reasons why this has not happened. They include the “professional bureaucratic” nature of the NHS, in which frontline staff maintain a large measure of control because of their specialist knowledge, entrenched antagonism between clinical staff and managers, unrealistic expectations of clinical directors and the generally poor management training of doctors.

But things might improve. The development of the Medical Leadership Competency Framework and future incorporation into medical curricula is a chance for effective engagement of doctors to become embedded in their practice.

Doctors can play their part by developing a better understanding of Trusts and the conflicting priorities of managers and clinicians, and a more productive use of their own managerial and leadership qualities.

Being both good doctors and good leaders do not have to be mutually exclusive skills, even if it is sometimes a case of combining these abilities by nurture rather than by nature.

This is a shortened version of “How can we improve the effective engagement of doctors in clinical leadership?”, which originally appeared in *Leadership in Health Services*, Volume 25, Number 1, 2012.

The author is Jayne Greening.





# Lessons in logical incrementalism and organic growth

An interview with

## Sir Charlie Mayfield, Chairman of John Lewis Partnership

Interview by: *Journal of Strategy and Management*

John Lewis Partnership deploys a radically different system of ownership than the more prevalent and traditional systems of ownership. The business is owned by a trust on behalf of all employees who are known as partners.

John Lewis Partnership has 76,500 partners and consists of seven businesses: John Lewis Shops; Peter Jones; Waitrose; John Lewis Catalogue and on-line Business; John Lewis Insurance; a manufacturing business Herbert Parkinson; and The Lecford Estate – a 4,000 acre farm. John Lewis Partnership has doubled its turnover over the last ten years. It has grown organically, pursuing a dynamic business and corporate strategy.

Sir Charlie Mayfield became John Lewis Partnership's fifth Chairman in March 2007. He joined the Partnership in 2000 as Head of Business Development, responsible for business strategy and development for both John Lewis and Waitrose.

Sir Mayfield joined the Board as Development Director in 2001 and was responsible for developing the Partnership's online strategy. He became Managing Director of John Lewis in January 2005 prior to taking up his appointment as Chairman of the Partnership in March 2007.

### Q What do you consider to be your key objectives?

We have a variety of objectives – around partners, customers, growth, profit, return on invested capital, sales, operating margins, and so on. The main objective of the John Lewis Partnership is defined by the purpose of the Partnership – the happiness of its members, providing satisfying employment in a successful business and unlocking the potential of partners. Within that there are a number of elements that we have to attend to carefully.

Success is not just measured in terms of profit, it is also measured in terms of partners' happiness, the experience that they have in the partnership and how they feel. Of course, happiness is a less measurable concept compared with profit.

### Q Unusually for a major business John Lewis Partnership seems to have grown organically. What do you consider to be the essential competencies/characteristics of John Lewis Partnership to facilitate such impressive organic growth?

But we recognize the advantages of scale and scale leads to greater efficiencies. So there are benefits in growing. One then has to look at how that growth can be achieved. We are still opening big shops but recognize that there is an interesting opportunity in the convenience sector. We then seek an appropriate format for the stores and once open we can ascertain what our customers really think.

The shops that we are now opening have benefited immensely from the lessons learned from the previous shops. We learn from each experience and use the experience to improve the next iteration of the format. This approach offers us the best means to access our value proposition and business model and differentiate our offerings from the competition. Growth is helped by using home-grown talent together with new people joining the business

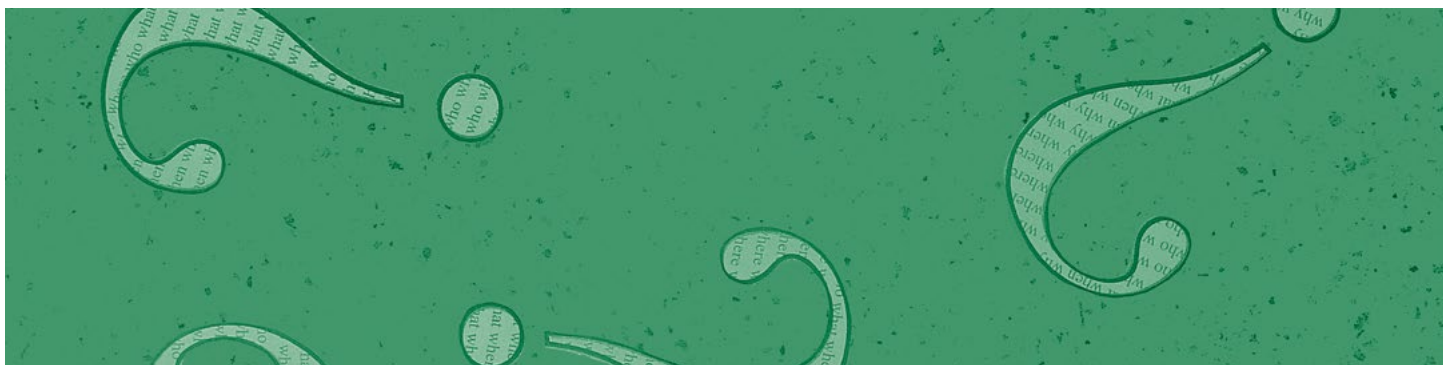
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“The shops that we are now opening have benefited immensely from the lessons learned from the previous shops. We learn from each experience and use the experience to improve the next iteration of the format.”

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### Q You are behind Tesco and others in opening convenience stores. Why?

The main reasons is that we decided explicitly not to enter the convenience store market – we felt that it was more important at that time to effectively deliver the full offering to our customers as it is difficult to offer fish counters, bakery and so on in convenience stores. Compared to Tesco and Sainsbury's we have only 180 shops



# Featured interview

– so the bigger opportunity for us at that point was focus on our larger shops. In addition, there was a lot of movement in the market place as competitors changed, with Wal Mart buying ASDA.

Now we enter another phase. The last ten years was about opening as many shops as we could of a conforming size. The next ten years looks different and we can see our way to having 1,000 Waitrose stores – so we now have to plot the course to get there. This will be a combination of opening more shops in places like motorway service stations, convenience stores, as well as the traditional larger type shop.

## Q What are the processes involved in developing strategy?

We have a number of processes and a number of levels. For example, we have a partnership strategy that is set at a group level to decide direction. It also creates a culture in the business that leads to competitive advantage. Decisions on how the business is structured are also made at Partnership level, as are capital investments and overall priorities.

At a divisional level, strategy is developed to include customer positioning and how it will be deployed. In the case of capital, some years ago the process was that a sum of money was allocated and then divided according to priorities. Now capital is allocated based on a business plan with all decisions on large capital investment proposals being dealt with by the board. In all cases we try to keep our gearing low.

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**“Our staff attrition rates are about half of that of other retailers. Our recruitment is a core strategic strength of the business, which others do not have. We keep people in the business who build up knowledge; we can take long-term decisions around growth and investment as we are not so constrained by the needs of profits.”**

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## Q John Lewis has an unusual structure – a trust which is obliged to operate in the best interests of present and future staff. A central council with a large number of counsellors. Can you please describe the governance structure?

On the one hand we have a conventional structure and on the other hand a democratic partnership representation. I am the Chairman and Chief Executive and we have a managing director for each of the two divisions, a finance director and so on. It gets a little less usual when we get to the board level that has 5 elected directors and three non-executive directors. We have an elected partnership council to whom I am answerable. They have the power to sack the chairman if they feel he is doing a poor job.

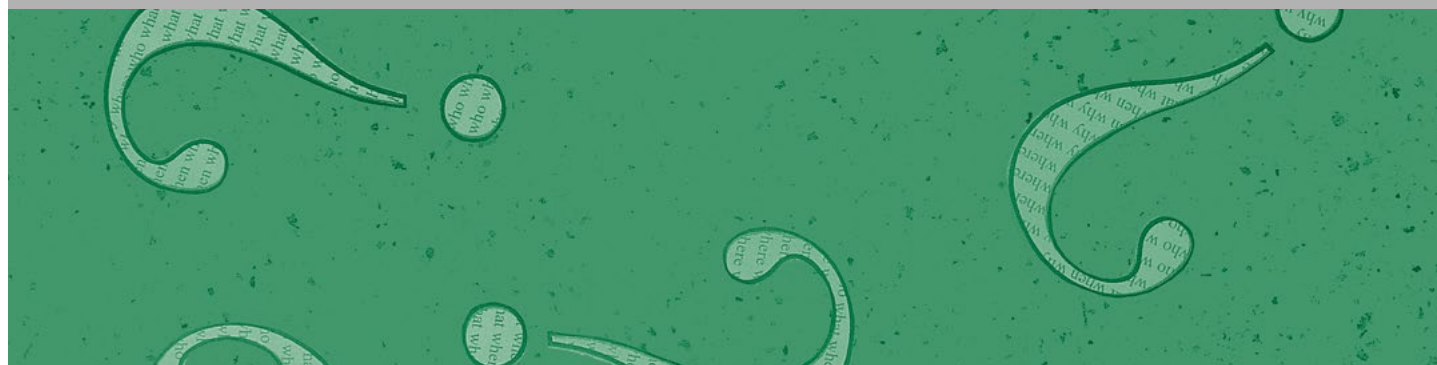
## Q What are the advantages and disadvantages of the structure? For example, does it slow decision making?

No not really, as it depends on what you prioritize. Decisions are made quickly but may take a little longer to execute. For example, we have recently restructured our management teams – which affects about 3000 managers. Rather than make 600 redundant now which would be very painful for the organization, we chose to keep them as we are going to grow. We have said that we are going to make these changes but we are going to take two years to implement them. We will keep the 600 managers in the business for the two years but require them to be more flexible and after two years we say that if you want to stay in the business you will have to move to different jobs or different locations but we want to keep you as we need you in the business. Now that costs us less money as we would have paid significant amounts in redundancy payments, we would have destroyed the trust and commitment from others from within the business and we would have tortured ourselves to do it.

In other retail structures, when business is not doing well, staff may receive a call from the Human Resources department and may find they do not have a job at the end of the day. That is effective and fast in terms of taking people out of a business but I would say that it does extraordinary damage in terms of the capabilities and trust in that business. In the long run this is something that we would not do. Our staff attrition rates are about half of that of other retailers. Our recruitment is a core strategic strength of the business, which others do not have. We keep people in the business who build up knowledge; we can take long-term decisions around growth and investment as we are not so constrained by the needs of profits. In staff surveys we score very highly as a good place to work – we are in the top 10 per cent of firms. This translates into better service for the customer – and we score higher for customer service in surveys which is definitely because of our partner status.

This is a shortened version of “*John Lewis Partnership lessons in logical incrementalism and organic growth: A case study and interview with the Chairman, Mr Charlie Mayfield*”, which originally appeared in *Journal of Strategy and Management*, Volume 5, Number 1, 2012.

The authors are Nicholas O'Regan and Abby Ghobadian.





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### Final thought ...

“ If you pick the right people and give them the opportunity to spread their wings – and put compensation as a carrier behind it – you almost don't have to manage them. ”

Jack Welch

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