

Control as a management style has no longer has a future. In times of Digital Transformation Business leaders have to change their mind respective their principles of guiding their teams to success.



Digital Transformation Succeeds with Management 4.0

Empowering technical competence.

By now the first generation of Digital Natives has begun working in companies. People aged 20 to 37 have grown up with computers and are socialized in a connected world.

Members of this generation live with a different approach to communication. They are accustomed to sharing personal information and their know-how in decentralized and virtual networks and working in projects. Their value structure is also based on different cornerstones than today's management. What does this mean for the managers responsible for them?

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Markus Dohm, TÜV Rheinland

CONTROL AS A MANAGEMENT STYLE NO LONGER HAS A FUTURE.

To young professionals, self-actualization is more important than money, empowering potential more valuable than being the boss, work-life integration more worthwhile than careers, with team performance ranking higher than individual competition. What's more: Young technical professionals demand more autonomy today due to their more up-to-date qualifications and increasing specialization. The knowledge from crowdsourcing that they achieve via their company-wide networks in the briefest amount of time plays a greater role than dominant wisdom. This wisdom of crowds has not only caused silo and departmental thinking to lose their legitimacy.

Information and knowledge that is unshared and held back is worthless for a company that must work in shorter and shorter innovation cycles. In this environment, Management 4.0 means a new understanding of management and requires completely different management methods than in the past. The times have definitely changed from when managers were solely entitled to implement actions based on hierarchy. Control as a management style no longer has a future. Managers need values and attitudes that make room for creativity and at the same time are able to give security. Digital management competence is required – starting with the CEO and all the way to the third and fourth level of management.

INNOVATIONS ARISE IN PROJECTS, NOT IN COMPARTMENTALIZED LINE FUNCTIONS

A rigid hierarchy-based management culture is not appropriate these days for customer requirements or employees. The classical line organization with protracted decision processes is also not able to respond to market and customer demands that are changing faster and faster. This means more and more companies are working in projects. According to a study by the [recruitment consultant Hays](#) (“From rigid processes to agile projects”, October 2015) employees in the financial sectors as well as research and development spend 35% of their work time in projects. In the [past two to three years](#) this percentage has increased by 62%. In IT, employees already spend 45% of their time in projects. The consultant predicted a further rapid increase in the project-based organization in all sectors. Today already a third of gross value is achieved in projects. This conclusion came from a 2015 study by the Germany Society for Project Management. In 2018, this proportion of project-based work should increase to 40%. The results show that in highly innovative successful companies spend around 45% of work time in projects.

CULTURAL SHIFT MORE IMPORTANT THAN TECHNOLOGY

For employees this means: The security of fixed teams and clear work processes is gradually disintegrating. They have to constantly become involved in something new, produce results and realize goals in a new social environment. This often involves changing locations, virtual work groups,





different work hours, changing supervisors and colleagues. While digital natives normally are receptive to such dynamic working conditions, employees more than 50 years old often find this difficult. At the same time, the experiential knowledge of the older generations is urgently needed in project-based work. This development inevitably has an impact on the functions and methods of management. When tasks are allocated the challenge arises of assembling teams for projects. When assigning and supervising implementation, managers face the task of initiating and guiding processes through an authentic, open, communicative attitude. In parallel, managers lose their conventional options for control in such volatile work processes. They must delegate responsibility in teams and hand-off control of the wiggle room in decision-making. They also have to lead effectively over a physical or time-separated distance and be able to resolve conflicts as needed. The loss of control in daily work does not mean that they give up the role of controlling function. On the contrary: Management 4.0 means in digitalization that managers must again and again formulate project goals aligning with the goals of the company and must provide the right resources to realize them. They must recognize the potential in their employees to advance their capabilities and put them to use. They must also manage individuals who also differ in personality for creative processes to ask the right questions and put crowdsourcing to use. "Management 4.0" also means bringing the right people and resources to get projects on track and to inspire them to innovative solutions – actually not anything new but in the future this approach is critical! Management 4.0 is being an enabler of the presumably impossible (that which no one has ever done before). Only in this way can faster innovations arise in the customer's interests or as disruptive approaches. [Markus Köhler](#), Senior Director Human Resources and member of the Management Board of Microsoft Germany made the point in June 2016: "For companies to be able to react more quickly to market changes, managers must give up more responsibility to the team that acts in proximity to the market and the customer and allow more freedom to employees to make their own decisions. Managers should also coach more and control less in the future." This is a shift in the culture that is driven less by technology and more by attitude that managers accompany their departments or teams.

FROM TRAINER AND CONTROLLER TO MODERATOR AND COACH

Managers need an expanded competence setting in a digital world of work that extends beyond pure technical skills. While they still can acquire technical and methodological capabilities, social and personal competences are much harder to gain. Project, self and time management or media competences can be trained "on the job". Such Internet-based learning and training concepts are tried and tested and adapt to self-study with the demands of everyday work duties. Other competences such as emotional intelligence, empathy, stress management and resistance, conflict moderation and intercultural diversity have more to do with the personality profiles of managers. Yet precisely these characteristics are what virtual project work depends on more than ever. Management of virtual teams, control of projects at a distance and via media such as chat, Intranet, forums and Wikis as well as messenger and video conferencing have the disadvantage that teams meeting each other personally becomes more and more rare. The 'coffee pot' and 'water cooler' communication spaces fall away in virtual spaces, breakroom and hallway meetings to clear up personal conflicts can only be organized with media-support or otherwise with difficulty. The task of managers is to guide employees working in decentralized settings not only in technical matters, but also to get to know them at a personal level. They must build a lasting working relationship and take steps to ensure that this also happens among team members. Managers must identify early on if there is a personal clash among team members in a project. Then they need to moderate such conflicts, coach the employees, and inspire self-reflection. The precondition for this supervision-like responsibility is that managers must reflect on their own personalities and strengthen and supplement their values, attitudes, and convictions in the contexts of their duties and goals. Daniel Goleman describes this competence as emotional intelligence: Self-awareness and self-control, perception of employees with empathy and readiness to build relationships. At the same time, such managers must keep the big picture in mind. They have to formulate long-term goals or visions and keep them in sync with the company goals. All of which is an intellectual, psychological and communicative balancing act. Many managers need professional guidance for this, if they want to

avoid falling into continuous digital stress. Many individual coaching products are not only expedient here, but almost indispensable. It has to do with the capacity to cope with continuous change in such a way that individuals and companies can benefit long-term. Managers and their teams must not only be technically qualified, but also motivated and above all healthy. This means the obligation for companies is much stronger than before to align their operational health management in the context of digital transformation preventively to dissipate permanent digital stress. Companies that promote a preventive operational health management have lower rates of illness, a lower personnel turnover and prevent the loss of the Generation Y knowledge workers. CEOs, COOs, CDOs need to actively shape the transformation. This means developing all managers into digital leaders and strengthening their self-management capabilities.

**Markus Dohm, Executive Vice President,
TÜV Rheinland Academy & Life Care**



ABOUT MARKUS DOHM AND TÜV RHEINLAND

Markus Dohm has been Managing Director of the Business Stream Academy & Life Care at TÜV Rheinland since 2015. An economist and graduate engineer in structural engineering and environmental technology, he has a diverse wealth of experience from different technical and management positions in industry, the military and at TÜV Rheinland to draw on. As Managing Director of the Business Stream Academy & Life Care, he is responsible for the global service products of TÜV Rheinland in the area of health management, work safety and qualification of technical and management personnel. This business stream combines competences related to people in workplaces and their professional environment. With the motto "Motivated, qualified and healthy," TÜV Rheinland is the first choice for workplace safety and health. Furthermore, it is one of the leading technically-oriented learning service provider that connects analog and digital learning solutions (including e-learning & Gamification) with customized platform products for systematic business continuing education management. With comprehensive products for work safety and personnel qualification, TÜV Rheinland provides an important component for individuals and organizations to master the digital transformation and be able to take advantage of opportunities.

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TÜV Rheinland
Am Grauen Stein
51105 Cologne

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