

How to Manage Specialists

Today's discussion about the competitiveness of an organization or a whole economy is much less concerned about personnel costs than it was years ago. Personnel costs means costs of direct manual labor here. This type of costs is a critical factor only in very few industries nowadays, or only in those organizations that failed to act appropriately in time. In some industries, costs of direct labor are less than 10% of total costs now. They have been replaced by a new type of costs, that will gain even more importance as technology continues to progress – this is knowledge work. Costs of brainwork take a higher and higher proportion of total costs in an organization.

Paradoxically, the number of employees that perform manual work has been reduced remarkably due to automation and digitalization. Nevertheless, total personnel costs have rarely been reduced. Prior to automation, there were many employees with relatively low qualifications at a relatively low wage level. Today it takes much less people to perform the same tasks. However, these are highly qualified specialists and accordingly, their compensation level is higher. Another cost factor with the potential for further growth are costs of qualification and training, which is needed to keep these specialists up to date in times of ever faster innovation cycles.

This leads to a new question: how to manage knowledge workers and how to measure their productivity. It starts with the question how to define productivity of knowledge workers and which elements of creativity and ability to innovate to include.

The most important resource of the future will be knowledge. Knowledge, however, needs to be transformed into value. Knowledge or information in itself is useless. It is the task of the manager to transform knowledge into value for the organization.

Due to soft factors like motivation, information exchange, and communication, successful management of knowledge workers requires a

new set of leadership capabilities. The management of specialists differs from the management of manual workers because of the different characteristics of their work. The rise of the knowledge society and information economy brings up five new challenges for leadership:

Leading Self-Organized Employees

Today, managers have to lead more and more people who have to organize their work by themselves and who are the only ones who can organize their work.

The tasks determined the way people worked in the traditional industrial economy. The situation in the modern information economy is exactly opposite: People have to organize their tasks. The tasks of a knowledge worker are more complex than traditional manual work. They include the compilation, selection, analysis and transformation of information. A typical characteristic of such tasks is that they can be performed in different ways. Technologies and products have become less important for the way work is organized. There is no longer the one right way to come to a final solution. Every knowledge worker will develop his own style of doing things. Accordingly, there will be different results. Thus, it becomes increasingly difficult to manage and to coordinate these people. Effective leadership skill will not be a 'nice-to-have' any longer, they will be a 'need-to-have'.

Measuring Productivity

Managers have to lead people whose productivity they cannot influence.

In knowledge work, it is more difficult to achieve results. These results are hardly measurable or quantifiable. If, at all, they can be evaluated.

One of the largest risks for the knowledge worker is to be bogged down in his tasks. The reason is that knowledge workers are – by the nature of their work - inclined to do several things simultaneously or in parallel. The inevitable breaks require to get used to a particular task again and again. In this situation, management is challenged to provide the basic conditions and the framework for effective and productive knowledge work: concentration and an undisturbed working environment. In addition, it is necessary to develop new tools of performance measurement and management, which are more suitable for knowledge work.

Hierarchies are not Important any Longer

The modern information economy requires people to work together without subordination as the basis for leadership.

Erosion of power is a central element of the information economy. To go one step further, hierarchies are no longer relevant for organizing knowledge work. Thus, even the much discussed topic 'flat hierarchies becomes less important.

The owners of the only critical resource – knowledge – have options; they can decide to stay or to leave the organization. If the latter one happens, they not only take away their labor (this risk was always existing); they also take away their knowledge (new risk). Thus, knowledge workers are less dependent from their employers. Contracts as the traditional tool for regulating the employer-employee-relationship are not suitable to cover these risks.

The result is another challenge for managers. Power in the sense of contracts and hierarchies is no longer a guarantee that the critical resource knowledge stays inside the organization. Leaders have to find and to use new tools to tie people and knowledge to their organization. Examples would be freedom for

self-realization and development, or qualification.

Managers do not Understand all Tasks of their Team Members

Managers have to lead people whose tasks are so specialized that they do not understand them.

Due to the rapid growth of the body of knowledge, managers have to lead people without understanding all aspects of their tasks.

The head of a business unit may have a degree in business administration. He may find himself in the situation to lead a team of specialists from so diverse disciplines as controlling, accounting, IT and personnel. These people will probably have some difficulties discussing particular aspects of their areas of expertise that are relevant for the business unit. We can assume that the head of this business unit has a general understanding of all these disciplines. However, he will not have the knowledge to assess all details of these people's tasks. In this situation, the manager has to focus on other aspects, like timing, keeping of budgets, and coordination.

The management of mixed teams of specialists requires good leadership skills to find the appropriate combination of guidance, control and independence for knowledge workers.

Knowledge Workers have Different Values

Managers have to lead people who have different values.

Few knowledge workers have the desire to be managers. Many of them have a limited understanding of management and self-management. Their passion is their area of expertise; they focus rather on the technical than on the managerial aspects of their work. Hence, managerial questions like budgets,

performance evaluation, objectives, and productivity are less important for specialists. Often, they do not strive for traditional carriers with promotions and an increase in power. Many specialists are motivated by the wish to become real experts in their fields, and – especially in academics – to gain a high reputation among their colleagues. Even money is not a good motivator or a reason to stay in a particular organization. Highly qualified specialists do not fear changes. They know that they have a relatively high 'market value' – in their current organization or in another one.

Managers have to understand that specialists may see their drivers in a completely different set of values. Thus, they have to modify traditional reward systems, which will not work effectively here, accordingly.

Approaches

Leadership tasks will probably make new and greater demands on managers. The quality and efficiency of management will be one of the core competencies for competitiveness in the knowledge society. Professional management can make or break a business (as it always could). Managers have to learn how to handle the new challenges of managing knowledge workers. Similarly, knowledge workers have to gain skills in self-management and self-organization.

Leadership will continue to play an important role in every organization; success factors for good leadership, however, will change.