What are the six principles that make management a competitive advantage?

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Lukas Michel explains what the six principles are that turn management into a competitive advantage.

To be a true differentiator, management needs to fulfil the criteria of a competitive advantage. In line with strategic management professor Jay B Barney's resource-based view of the firm and the VRIN criteria for competitive advantage (valuable, rare, inimitable and nonsubstitutable), our research has identified a model with six features to signal whether management qualifies as a competitive advantage.

Better is the standard that qualifies management as a competitive advantage. The standard comes in steps that are increasingly demanding, have greater impact and offer higher sustainability:

- A viruses-free, collaborative, connected, and purposeful work environment for people to get work done.
- A strategy with agile capabilities that safeguards performance, innovation, and growth for the organization to be successful and create value.
- People-centric management with principles for self-responsible people who make the client offering specific.
- People who play the inner game experience flow, which makes performance hard to copy.
- An operating system with dynamic principles that allows no shortcuts.

- A toolbox with diagnostic systems for interactive leadership that is deeply embedded in culture.

Management must fulfil all six criteria to qualify as a competitive advantage.

The criteria and their components are as follows:

Does the work environment enable people to get work done? Our model uses culture, purpose, relationships, and collaboration to size up the work environment. An engaging work environment is a competitive advantage because it enables people to get work done.
Does your organization keep promises and create value? Our model uses performance, innovation, growth, and success to determine organizational outcomes and reveal whether management creates value. Keeping promises is a competitive advantage because it establishes trust with clients, which is of greatest value.

Does your management create unique value? Our model uses ten questions to review whether management applies a control-based (traditional management) or an enabling-based (people-centric management) approach to leading people. A people-centric management approach is a competitive advantage because it mobilizes resources in ways that make the client offering specific.

Do people use their talent to exceed expectations? Our model uses awareness, trust, choice, and focus of attention as the means for people to experience flow, perform at their peak and learn. Achieving flow more often – the state of high performance – is a competitive advantage that is hard to copy.

Is your operating system ready for VUCA (Volatility, Uncertainty, Complexity, Ambiguity)? Our model reviews the operating system to evaluate whether it has a design for a traditional or a dynamic environment. A dynamic operating system is a competitive advantage, as it prevents shortcuts.

Is your toolbox deeply embedded in culture? Our model looks at systems and leadership with interactive and diagnostic features. Their usage tells us whether the toolbox is rooted in the culture and is a competitive advantage.

What can you do to reach the better standards?

- Work environment: Remove the interference and offer the opportunity.
- Strategy and results: Develop agile capabilities and clear expectations.
- Management: Engage in people-centric principles for people to mobilize their resources.
- People: Enable people to play the inner game for them to unfold their potential.
- Operating System: Insist on dynamic features in support of people to master higher challenges.
- Toolbox: Maintain a diagnostic toolbox for people to capture new opportunities and grow.

Every executive, organization, and operating system is unique. That's why diagnostic mentoring uses a diagnostic to monitor capabilities, applies the inner-game techniques for expedited learning, uses visual thinking aids to offer options, facilitates conversations with the canvas and guides management with the people-centric cycle. It's the process that uses experience, suggests principles and guides the transformation to Better Management. Better Management means leadership everywhere. It's a team process that simultaneously works on the system while people work in the system.

With these six features, Better Management turns into a competitive advantage. Companies that have established agile, people-centric and dynamic capabilities outperform others by a huge margin. And, once developed, these capabilities permeate the entire organization – deeply embedded into the culture of the organization. They are a true competitive advantage that is hard to copy. That's why every manager needs to worry about Better Management.

Why guess if you can know? *Better Management* comes with a diagnostic tool for managers to review six principles that make up management as a competitive advantage.

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