
Happy teams are more productive
and managers should find joy at work, too!

Managing for Happiness

Games, Tools, and Practices to Motivate Any Team

Jurgen Appelo

“Jurgen’s book is practical and fun, but most of all, it’s subversive. If you care enough to get started, you’ll discover that these tools will transform everything about your organization.”

Seth Godin, *The Icarus Deception*

WILEY



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Seth Godin

Author of *The Icarus Deception*

Brilliant, counterintuitive, and creative approach to management. Very insightful and humanistic. Highly recommended!

Derek Sivers

Founder of CD Baby, TED speaker, author of *Anything You Want*

Managing for Happiness is the best walkabout in a constantly evolving landscape of management.

Tomas Rybing

Director Project Management at Aptilo Networks

In our always-on, real-time world, the nature of work has changed, potentially for the better. While people can be more autonomous and more productive, they can also self-destruct easier. Jurgen tackles these important changes in his fun and interesting book.

David Meerman Scott

Bestselling author of *The New Rules of Marketing and PR*

Don't wait for managers to fix management problems around you. Be the manager of your own fate and take action instead! This insightful book will not only help you get on the right track, but will also teach you how to enable people around you so that you can create a better working environment for yourself.

Kamil Posiadała

Agile Software Developer

Engage people, improve work, and delight clients: These are the tenets of this amazing book, which will show you how to transform the entire layer of management in your organization into a wellspring of creativity, productivity, and engagement. Excellent!

Marshall Goldsmith

A Thinkers Top 50 Expert, Top Ten Global Business Thinker, and top-ranked Executive Coach

Today, all managers are marketers. You need to sell your ideas, your plans, and your solutions. *Managing for Happiness* sets you on a path to success in a world where we are each responsible for managing our own career and our own contribution to the world.

Penelope Trunk

Author of *Brazen Careerist: The New Rules for Success*

How do you become one of the best managers in the world? Sports professionals would hire a good coach and exercise daily. *Managing for Happiness* from Jurgen Appelo is your personal coach who gives you tons of exercises and practical advice for the modern manager. The only thing you need to add is the daily exercising.

Tobias Leisgang

Systems Engineering Manager at Texas Instruments

In a rapidly changing world where predictable Newtonian doctrine is no longer up to the challenges being placed on managers, Jurgen Appelo's timely book provides an incredibly accessible leap into the thinking that is likely to define the manager of tomorrow.

Deane Sloan

Chief Technology Officer at Equinox IT

Want to know what the next stage of management may look like? Do yourself a favor and take a look at *Managing for Happiness* by Jurgen Appelo. Chock full of management nuggets as well as exercises and activities, *Managing for Happiness* provides insights into how to engage the next-generation workforce.

John Baldoni

Author of *MOXIE: The Secret to Bold and Gutsy Leadership*, Chair of Leadership Development at N2Growth

Do you want a feel-good book about management? Enjoy reading *Managing for Happiness*. Every chapter is full of aha! moments. I read it in public transport, and I reached the office with a smile and great ideas to improve the workplace.

Jeanne Estelle Thebault

President of Montreal IIBA Chapter

Steering a software factory team of 700 people, I'm confronted every day with the challenge to unleash the best out of our people and our teams in order for happy customers to receive high-quality software every two weeks. This book provides our teams with insights, tools, stories, games ... to keep our people doing the right thing right, with passion.

Johan Lybaert

Director of Applications Europe at Cegeka

Do you dream of a management more adapted to the complexity of our world? Great news, this is a reality! *Managing for Happiness* by Jurgen Appelo is the toolbox of the agile gardener who promotes collaboration, builds the team around common values, grows skills, and motivates his coworkers. You now have the keys to change the world. Like me, read this inspiring book and cultivate happiness in your organization.

Loïc Leofold

AGILE and Management Consultant at Astrakhan

Leadership is hard to get right, but with a decent set of tools and exercises, the job is immeasurably easier. This book offers those tools, exercises, and above all, insight into how a twenty-first century manager behaves. Work and the workforce are fundamentally different compared to how they were even a decade ago, and Jurgen's book helps engage and enthuse the reader to become a better manager and lead their team to success.

Mike Pearce

Development Manager at [moo.com](#)

If management is too important to leave it to managers only, then the agile management practices described by Jurgen Appelo in this book are way too valuable to apply them only to the IT environment. Motivated, nimble, and versatile teams are a pillar of success in today's world of financial services. You will find out how to build them from this book!

Tomasz Sitkowski

Acting CRO at mBank cz/sk

As the current generation enjoys work-life integration, people will look and respond to "lean forward" management. *Managing for Happiness* will provide a complete guide to step out of the office and contribute to a culture of success as a goal while having fun as your journey.

Sebastián Diéguez

Agile Coach and Evangelist

Many authors make claims, but Jurgen Appelo delivers on them. He offers a combination of crisp, articulate thoughts in an easy, engaging read. If you're looking for actionable advice that will help you build a better, stronger, and more productive relationship with those you lead, then I'd highly recommend you read Jurgen's book.

Mike Myatt

Author of *Hacking Leadership*, a *Forbes* leadership columnist, and founder at N2Growth

There's another way to envision management. In this book, Jurgen Appelo is offering practices and exercises you can easily try, to change your own environment. While developing your management talent, you will say, like me: Thank you, Jurgen!

Alexis Monville

Chief Agility Officer at eNovance, Cofounder of Ayeba

Cover design: Linda Hirzmann

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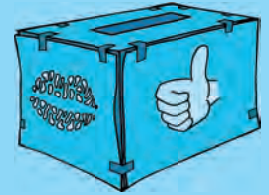
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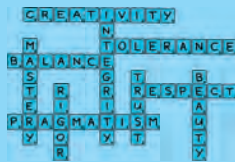
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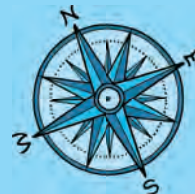


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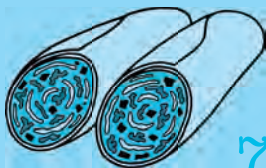
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Learn from Successes and Failures

Preface: Better Management for Everyone

Good ideas are not
adopted automatically.
They must be driven into
practice with courageous
patience.

Hyman Rickover,
American admiral
(1900–1986)

I once tried to motivate an employee to improve his performance and productivity by giving him a smaller raise than his peers on the team. It didn't work. The situation actually got worse, and in a typical example of the-universe-hates-all-my-best-intentions, ultimately the whole team was affected by demotivation and resentment.

In my defense, the work this employee had produced was terrible. As his manager, I had to deal with the complaints, threats, and abuse by customers over the quality of our services—or lack thereof—and I was feeling quite desperate. I had to do something! So I did, but it was the wrong approach. And because nothing ever worked, I hated being a manager.

That was 20 years ago.

As a manager, you have to make choices. You cannot just let demotivation among your team members run its course. You have to do something! This book will help you to do things. It contains a number of great practices and exercises for teams and managers in the twenty-first century. Most are borrowed from other people who often did a much better job at motivating their colleagues than I ever could, and they became great managers of teams. Fortunately, I dared to run some experiments of my own and had a couple of small successes too. Therefore, some of the ideas presented here are my own simple inventions.

I started loving management when I decided to stop inflicting bad management practices upon my coworkers. I manage the worldwide Happy Melly business network, the global Management 3.0 licensing program, my speaking engagements, and everyone who is somehow involved with my articles, books, and courseware. I don't pay any of these people an annual bonus in order to get things done; I don't have vacation policies, flextime policies, or open-door policies; and none of my contacts need to fear that I will require an annual performance appraisal. Interestingly enough, the Management 3.0 facilitators, Happy Melly members, and many others I work with are highly engaged, love improving their work, and are eager to learn how to delight their clients. How is that possible without organizing regular one-on-ones in my private office with each and every one of them?

Last year, one of the members of my current team said to me, "You are the first manager I've had who doesn't suck." She meant that as a compliment. This was 20 years after I made a complete mess of team motivation. Now I am proud to say that my current team members are happy, motivated, and quite productive. And as their manager, I don't suck. That's a relief.

This is a management book for everyone: developers, artists, writers, team leaders, middle managers, designers, project managers, product managers, human resource managers, marketers, testers, coaches, mentors, consultants, trainers, facilitators, entrepreneurs, and freelancers. Everyone is, to some degree, responsible for management activities. This book tells you how you can implement better management, possibly with fewer managers, by looking at what other companies in the world have been doing. They have paved the way for the rest of us!

Read this book and squeeze 20 years of struggle for me into a few days of learning for you. I will show you how you can get a happier organization thanks to great practices and plenty of management activities that, in many cases, don't even require managers.

And maybe it will take me another 20 years of running management experiments to actually become really, really good. I hope you will join me on that journey.

Jurgen Appelo, December 2015

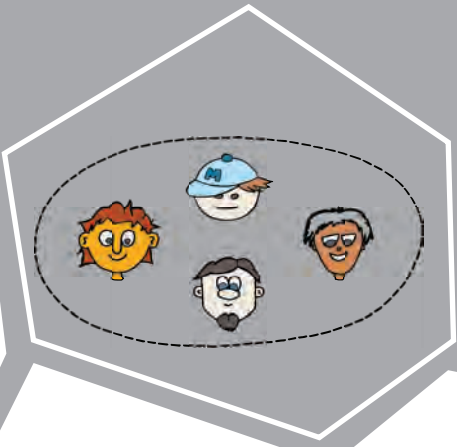
jurgen@noop.nl

No managers were harmed while writing this book.



introduction

What Is Management 3.0?



Contrary to what I
believed as a little girl,
being the boss almost
never involves marching
around, waving your
arms, and chanting, “I am
the boss! I am the boss!”

Tina Fey,
American comedian
(1970–)

When an organization's culture is bad, don't just blame the managers. Happiness in an organization is everyone's responsibility. Better management means engaging people, improving the whole system, and increasing value for clients. For most people, however, these principles are not enough. They need concrete practices or, in other words, regular exercises.

Management is too important to leave to the managers. I have come to this conclusion after 20 years of being a manager, writing two management books, giving 80 management courses in 30 countries, and speaking at almost 100 conferences worldwide, some of them about management. I've noticed that most leaders don't know how to solve their management problems and most knowledge workers, such as engineers, teachers, consultants, and designers, don't realize that they are also (to some extent) responsible for management stuff. I firmly believe that, like keeping the noise down, the files organized, the meeting room tidy, and the customers happy, management is *everyone's job*. At one time or another, we all fit the description of manager.¹


I am pleased to say that, of all the participants in my public workshops, fewer than 20 percent considered themselves to be managers. The other 80 percent were usually developers, coaches, consultants, entrepreneurs, team leaders, and other kinds of **creative workers** (see sidebar). This wide diversity of participants shows one of two things: Either management is an activity that is relevant to many more workers than just managers, or I am extremely bad at targeting the correct audience for my courses. I prefer the former interpretation!

What are creative workers?

The term *creative worker* is an alternative to *knowledge worker*, which is a bit outdated in my opinion. I prefer this new term to emphasize that many people work nowadays in the *creative economy*² and they collaborate in networks, not in hierarchies. (I will elaborate on this throughout the book.)

A creative worker is a person who creates or grows unique value within a network of people, or someone who creates or grows the network in an original way for others to share their value. Even better, it can be a person who does both!³

The term *knowledge worker*, on the other hand, implies that people add value only with their knowledge. It does not imply creativity or the ability to network.

For two years, I kept track of the questions that participants from all over the world asked me during these management workshops. I have a box with nearly 2,000 colorful sticky notes expressing an equal number of colorful and sticky problems.  Many issues in the box are the same or similar and were reported to me almost everywhere I went. These are the questions I encountered most often:

- How can we motivate our workers?
- How can we change the organization's culture?
- How can we change the mindset of managers?
- How can we get teams to take responsibility?
- How can we improve teamwork and collaboration?
- How can we get managers to trust their teams?
- How can we develop people's competencies?
- How can we be agile when the organization is not?


Notice that *all* these questions, except the last one, are asking, "How can we change *other* people?" This attitude is a reflection of the traditional approach to management: one person manipulating the behaviors of others. But what if all these management problems were simply the outcome of an incorrect interpretation of management? When everyone is trying to manipulate everyone else, should we be surprised that problems never go away and that new ones keep popping up? When people don't focus on improving *themselves*, is it any wonder they're always complaining about *each other*?

I often ask audiences if they have heard about global movements, improvement methods, or innovative management practices, and usually only a few hands go up. But when I ask them if their organization's culture needs to change, almost everyone says yes! It seems that few people learn, but most find fault in how their colleagues work. Perhaps they could change the culture together if they just start learning what has already been tried successfully elsewhere. Maybe they could stop reporting problems when they stop manipulating each other and instead start to improve themselves.

The focus of this book

The improvement of a person's approach to management is my focus in this book. I want to show all creative workers, including designers, middle managers, project managers, mentors, trainers, freelancers, and others, what they can do to change the way their collaborative work is managed. You don't have to solve all the problems mentioned earlier. If you choose to have a different view of management, the problems can resolve themselves. And you don't need to wait for permission from the managers. Change yourself, inspire others, and enjoy the book!



The misery of workers worldwide (managers included) is personified by the fictional character of Melly Shum, who has hated her job for almost 25 years. Melly is depicted on a huge billboard in my hometown of Rotterdam, the Netherlands.  She sits in her office, looks into the camera with a thin smile, and has not stopped working since 1990 (except for a brief vacation in 2013 due to office maintenance, after which she returned to work on another floor). Melly Shum, imagined and realized by artist and photographer Ken Lum, is for me *the* symbol for all workers who feel disengaged and unhappy about their organizations but who don't feel ready to quit their jobs. According to several studies, this situation accounts for about two-thirds of the global workforce.^{4,5,6}

The happiness of managers and other workers is crucial because happy people are more productive.⁷ I firmly believe we can only improve worker happiness when everyone feels responsible for management and learns to manage the system instead of managing each other. The only reason people suffer from bad organizations is that they don't stand up to say, "I'm not taking this any longer; go boss yourself!" It troubles me that, when I ask people for their favorite moments in life, they usually only list things that happened in their personal time. But if your best experiences are all vacations, then maybe you shouldn't return to work tomorrow.

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If your best experiences in life
 are all vacations,
 then maybe you shouldn't
 return to work
 tomorrow.

Doing the Wrong Thing

The reason I travel a lot is that I give presentations and workshops on almost every continent about modern management in the twenty-first century. Some people have said that the advice and practices I share are simply common sense, and I might even agree. Unfortunately, as many before me have observed, common sense is not common practice. Common practice for me is eating giant bags of M&Ms while watching a movie; common sense would be to watch my health and eat only the green ones. For organizations, common practice is that they are managed like machines, with their workers treated as gears and levers. I call this **Management 1.0**. In this style of management, people assume the organization consists of parts and that improvement of the whole requires monitoring, repairing, and replacing those parts. We can find Management 1.0 everywhere around us.

For example, some writers suggest that “winner-take-all” organizations should rank employees using measurements of individual achievements and give more work to the organization’s “best performers” while getting rid of the bad ones.⁸ These writers seem to assume that the community of employees is better served with competition and politics than with collaboration and a shared purpose.

Other writers suggest that employees have a tendency to “slack off” when the boss is on vacation. After all, “When the cat’s away the mice will play!” Therefore, the boss should return to the office regularly to peek around the corner and check which of the mice are laboriously sweating on the treadmill and which ones are partying with the cheese.⁹ It seems the assumption here is that work-life balance is bad and that nobody is needed to check the “work” of the cats.

Further extending this idea, other writers suggest that bosses should continuously monitor whether people are actually using office tools

to do work and not for Skyping with friends, Facebooking diary entries, or Photoshopping baby pictures. The crucial and ethical part of this practice, it is claimed, is to let everyone know that they’re being watched.¹⁰ In this case, the assumption is that managers can keep everyone’s trust only when they are honest about not trusting anyone.

sigh

It is interesting to note that these examples were all delivered to my online news reader on *one single day*. Imagine the volume of nonsense that floods workers over the span of a year, or during a lifetime! For me, such articles are a clear sign that treating employees like adult human beings might be common sense, but it is not common practice. On the other hand, it is a great opportunity for anyone who tries to make the world of work a better place. There’s obviously plenty to do!

Treating employees
like adult human beings
might be common sense,
but it is not common practice.

Doing the Right Thing Wrong

Fortunately, some people have learned to do better. In a **Management 2.0** organization, everyone recognizes that “people are the most valuable assets” and that managers have to become “servant leaders” while steering the organization from “good to great.” These are certainly interesting ideas, but sadly, managers often use the wrong approach. They correctly understand that improvement of the whole organization is not achieved by merely improving the parts but, at the same time, they prefer to stick to the hierarchy and have a tendency to forget that human beings don’t respond well to top-down control and mandated “improvements.”

One of these good ideas is that managers should have regular **one-on-ones** with employees.¹¹ It’s an idea I feel positive about—it acknowledges that management is about human beings and that managers must seek ways to help people find their true calling and achieve great results together. Unfortunately, many managers don’t see that they should manage the system around the people, not the people directly, and that they should leave micromanagement to the teams. Instead, they use one-on-ones for individual goal-setting, and they follow up later by asking people for status updates—both of which only *reinforce* the superior-subordinate relationship that is typical in all command-and-control organizations.

The suggestion to organize **360-degree feedback** is also quite reasonable.¹² The issue is that managers are not independent observers. They cannot objectively assess the performance of individual people, and therefore evaluations should be provided from multiple perspectives. Unfortunately, some people don’t realize that the method they use to evaluate performance will influence that performance. And thus HR departments install electronic performance appraisal

tools that require people to give anonymous feedback about each other. Trust breaks down completely because managers are allowed to know more about employees than employees are allowed to know about each other, which emphasizes that managers are more important than nonmanagers.

There’s also not much wrong with the idea behind **balanced scorecards**.¹³ The problem with measurements is that one metric easily leads to sub-optimization (improving one part of the work while diminishing another part), and therefore you need multiple perspectives to have a more holistic view of the organization’s performance.

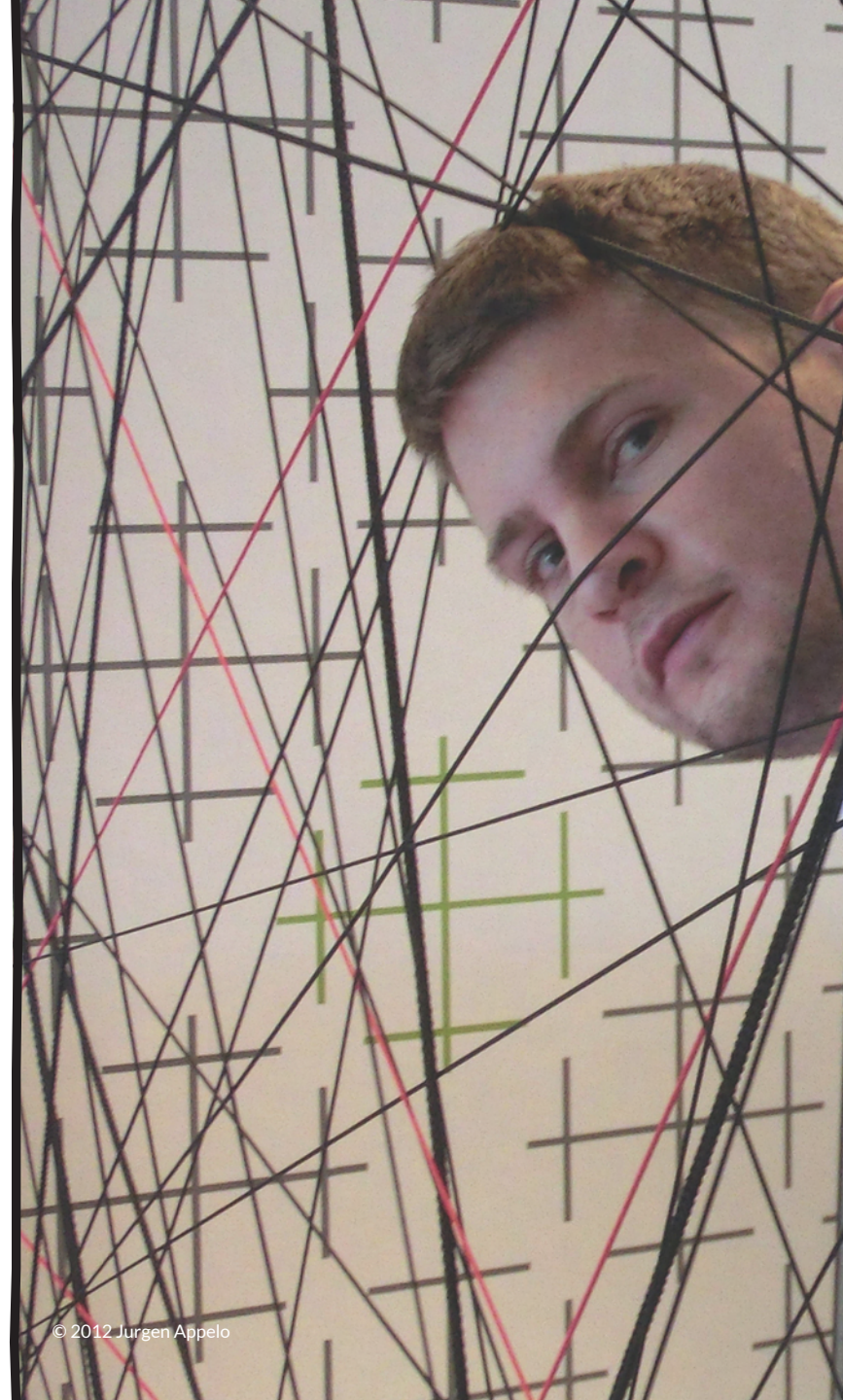
Managers are allowed
to know more about employees
than employees are allowed
to know about each other.

Unfortunately, when managers continue to view the organization as a hierarchy, they usually try to impose goals and metrics on every part of the system. But in complex systems, performance is usually found in the relationships between the parts, and proper goals and metrics can only emerge from intelligent local interaction, not as part of a top-down target-setting framework.

I could go on and on discussing the positive ideas behind *servant leadership*, *total quality management*, the *theory of constraints*, and many more management models. All of them have undoubtedly helped organizations move away from Management 1.0, which is good. Management 2.0 organizations are at least *trying* to do the right thing. But they do some of those things the wrong way because they're still stuck with a hierarchical view of organizations. They adopt good ideas but force-fit them onto a bad architecture. This is primarily why the good ideas rarely stick and why fads and fashions fail to deliver on their promises and will always be replaced one after the other.¹⁴ The only effect consistently achieved across all ideas implemented by bosses is that they *reinforce the position of the boss*.

The essential flaw of TQM [total quality management] is that, when implemented, it tends to reinforce the mechanistic and hierarchical models that are consistent with the mental maps of most managers.

Chris Argyris,
Flawed Advice and the Management Trap, loc:359



No Control

Do managers need to be smarter than nonmanagers? Recently, I got involved in an interesting e-mail discussion about the question of whether management work requires smarter people. It is a regularly occurring topic. The reasoning is usually that managers have a higher role than other workers, overseeing a bigger part of the organization, and therefore their work involves more complexity. The increased responsibility suggests the need for them to be smarter than nonmanagers.

It sounds reasonable. It's also nonsense.

Scientists seem to agree that the human brain is one of the most complex systems in the universe. Together with the complexity of the rest of the human body, this makes each human being very, very complex. The *law of requisite variety*, probably the most famous law among complexity thinkers (see sidebar), says:

If a system is to be stable, the number of states of its control mechanism must be greater than or equal to the number of states in the system being controlled.

Wikipedia, "Variety (Cybernetics)"

What are complexity thinkers?

The study of *complexity science* investigates how relationships between parts of a complex system (such as an ecosystem or an economy) give rise to the collective behaviors of that system, and how the whole system in turn influences the parts. The term *systems thinking* represents the process of understanding how human systems (including people, teams, and organizations) behave, interact with their environment, and influence each other. A *complexity thinker* applies both: insights from scientific research into complex systems and understanding of the workings of social systems.

Some people claim that the law of requisite variety is as important to managers as the Laws of Relativity are to physicists.¹⁵ The Law of Requisite Variety requires that anything that controls a system must be *at least as complex* as the system being controlled. When we translate this to management work, it means the manager of a system must operate at a similar or higher level of complexity than the system, in order to *fully control* it.

That idea makes sense, but there's a caveat. When I am the manager of a group of people, I can never have more complexity than this complex system of human beings (which includes all their complex interactions). It's just impossible!

The problem here is the word *control*. We shouldn't use it in a social context. People are not thermostats! Instead, we should use terms such as *lead, coach, inspire, motivate, constrain, govern, and help*. By using these words we work our way around the law of requisite variety because we choose to ignore part of the system's complexity.

For example, a surgeon treating a human heart chooses to ignore a significant part of the complexity of the human body. He focuses only on the heart. Not the hands, not the brain, not the tonsils, and not the hemorrhoids—just the heart. That's his job. In fact, during an operation the surgeon might ignore so much complexity of the human body that his job could be called merely difficult, but not complex. However, the nurses who handle the patient before and after the operation focus on the patient's well-being, which is definitely a complex matter. But they ignore the details of the heart. That's what the surgeon is for.

Now, what about the hospital director? Does she have a “higher role”? Is her work “more complex” because her scope of concern is the entire hospital, including lots of surgeons, doctors, nurses, and patients? Does the role of the director require a smarter brain?

Not at all!

With hundreds of patients and workers in the hospital, the complexity is astounding. Nobody can ever claim to “control” the hospital, because *indeed* the law of requisite variety would demand that there be at least as much complexity in the director's brain as the complexity of everyone else combined! Obviously, this is not a reasonable requirement. With a complex system, there is no such thing as central control. The director ignores a tremendous amount of complexity and only focuses on the things she considers important. The rest is all delegated to smart creative workers. In fact, the work of the director could be *less* complex than that of a nurse!

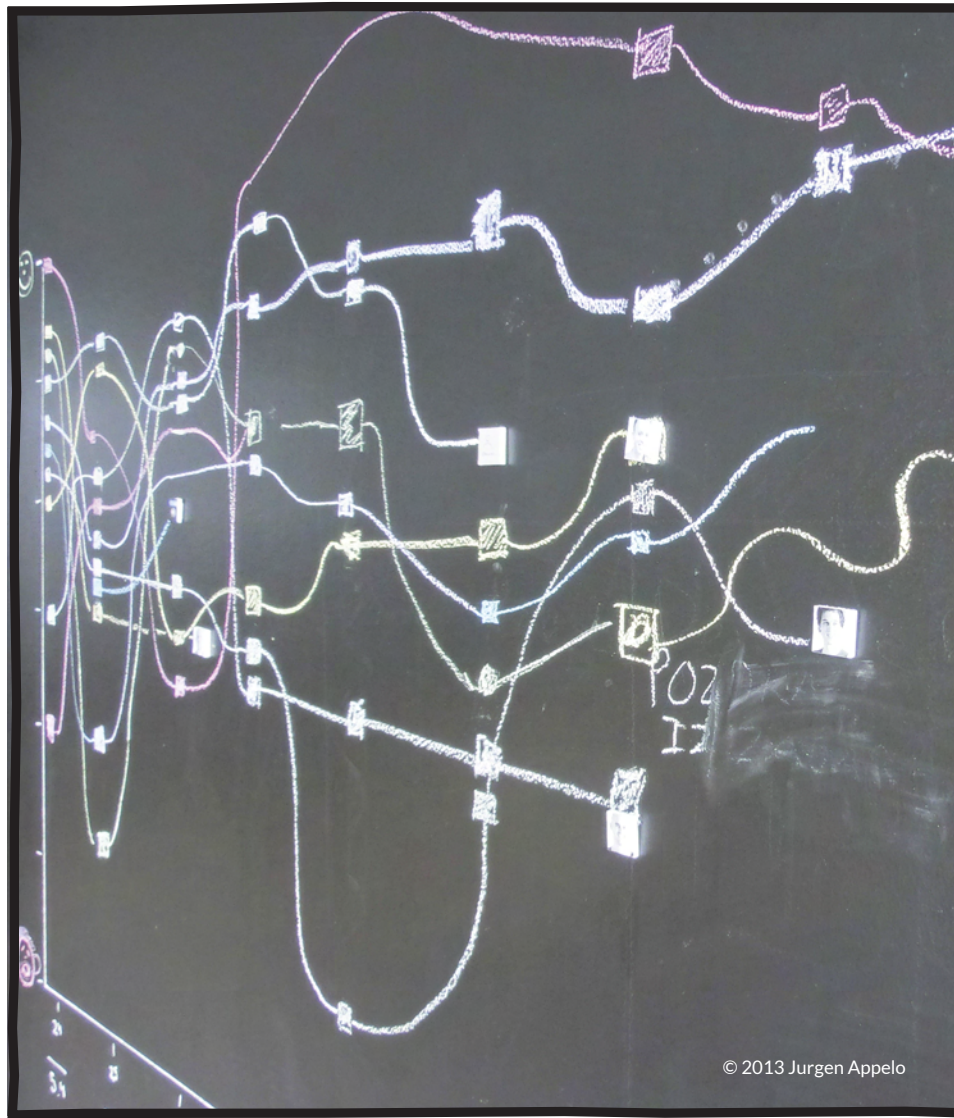
With a complex system
there is no such thing
as central control.

Delegation of control is the only way to manage complex systems. There is no other option. If we didn't have delegation, the president of the United States would have to be the person with the highest mental processing ability in the entire country! Obviously, the United States has performed quite well without usually having such a person in the Oval Office.

The idea that management work is “more complex” and that the management role requires “higher mental abilities” is, frankly, nonsense. However, I understand it is an easy mistake to make with a limited understanding of systems theories. It is no surprise that many managers love this kind of thinking! Who doesn't want to hear they are smarter than others? Who doesn't want to see confirmation that their work is hard and requires much higher pay? Who doesn't want to be acknowledged as “the boss”? Any book confirming that bosses are “leaders” who are destined to lead their organizations to greatness is sure to be consumed like cake at a children's party. In fact, it follows logically that Management 1.0 and Management 2.0 literature sells quite well to upper management layers!

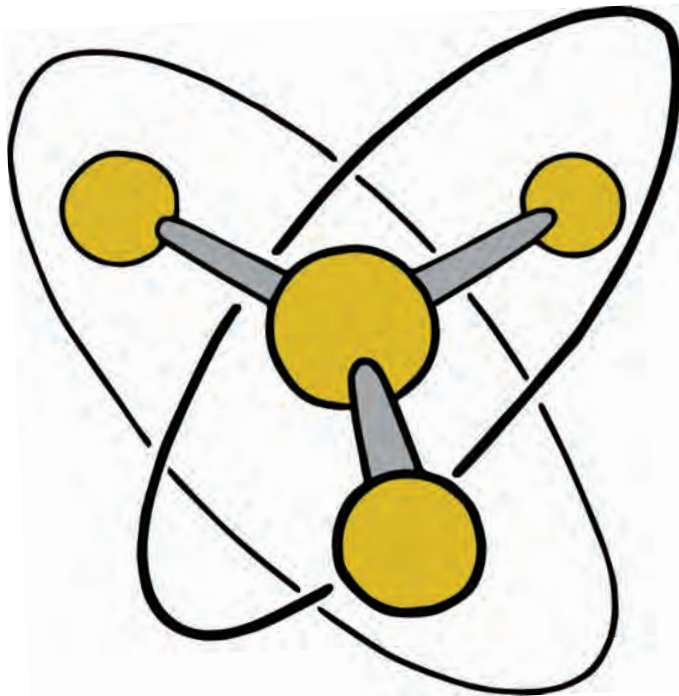
I see this classic image of “the boss” as a total anachronism. It may work in certain connotations like “organized crime boss,” “union boss,” or “pit boss,” but being bossy per se is not an attribute that I have ever seen as desirable in a manager or anyone else for that matter.

Richard Branson, *Like a Virgin*, loc:2400



Why Do We Need Management?

In the last decade or two, we have witnessed the emergence of a good number of big ideas, including agile, lean, scrum, kanban, beyond budgeting, lean startup, delivering happiness, design thinking, real options, scenario planning, conscious capitalism, and many more. What all these manifestos, methods, and movements have in common is that they promote better ways of working while borrowing a thing or two from science. 🦋 I often say they're like a family. They all share the same DNA, which they received from their parents: **systems thinking** and **complexity theory**. And sometimes the family members quarrel and fight, just like in any other normal family.



Unfortunately, many creative workers find it hard to implement such big ideas in their organizations because they always encounter obstacles. The barriers most often mentioned are organizational culture, organizational structure, change management, people management, command-and-control hierarchies, and other topics usually directly associated with management.¹⁶ In fact, all around the world, the cultures and practices of Management 1.0 and 2.0 are the main obstacles. They prevent people from upgrading their work processes to more modern and sensible approaches.

This should come as no surprise to anyone who has ever read the work of management expert Peter F. Drucker, since he convincingly argued decades ago that “management is about human beings, and management is the critical, determining factor.”¹⁷ You can optimize all you want in development, design, testing, finance, marketing, human resources, or anywhere else. Ultimately, management always needs to change as well, or else your improvement efforts will run into a wall.

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to change as well.

Interestingly enough, Drucker referred to the work of *management* as being critical, not the job of the *managers*. I usually compare it to the work of *testing* versus the job of *testers*. Obviously, it's crucial that you test your products, but it may not be crucial for you to work with full-time testers. The availability of dedicated testers depends on the size of the organization, the need for specialization, and various other factors. But no matter whether you have testers or not, *everyone* should feel responsible for testing the products they are working on. And when the product is bad, I hope nobody blames only the testers.

Likewise, *management* of the work is a crucial activity, but this could be done with or without full-time managers. Again, having dedicated managers depends on the size of the organization, the availability of mahogany desks, and plenty of other things. However, no matter whether there are managers or not, *everyone* should feel responsible for management. When the organization sucks, don't blame just the managers!

As I said in the beginning, I strongly believe management is too important to leave to the managers. Management is everyone's job.

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Do we really need managers?

The same discussion emerges again and again. “Can we do business without managers?” “Can we get rid of all the management layers?”^{18, 19, 20}

When you translate it to testing or marketing, you will see how silly the discussion is. “Can we make products without testers?” “Can we get rid of all the marketers?” As if only design and development make a viable business. Dream on! Obviously, your business will require work that we

typically categorize as testing, marketing, or management activities. Whether or not you have people who *specialize* in these activities is beside the point. The work is crucial and needs to be done, one way or another. Sure, fire all the managers. But someone needs to define the purpose of the business, which people get hired, how everyone gets paid, and how much to spend on coffee. This book is for those who care about their organization, not about the titles on their business cards.

Management 3.0 Principles

I have claimed that Management 1.0 is doing the wrong thing and that Management 2.0 is doing the right thing in the wrong way. Now you probably expect me to say that Management 3.0 is doing the right thing (or maybe doing the wrong thing right). But what is “doing the right thing” when it comes to management? To answer that question, I need to answer another one first.

The great thing about traveling to many countries and meeting people at lots of companies and conferences is that I get to hear very interesting questions, like I did recently in Gothenburg, Sweden:

What if we did everything that the <insert method here> experts tell us to do, including all the practices, but the products we make are still bad, and the organization still sucks? What then? What can we do when <insert method here> is not enough?

Well, I think that’s easy. Principles rarely change, but practices always depend on context. Therefore, it depends on how you interpret <insert method here>. If you associate the method with a collection of principles, you can always keep inventing new practices, as long as they adhere to the principles. But if you associate <insert method here> with a specific set of practices, you’re doomed. You’re going to need a new fashionable word very soon.

Some of my friends prefer organic food over factory food. I respect their opinion that consuming organic food is, for them, the right thing to do. Choosing better food over mass-processed food is not a method. It’s not a framework. It’s not a religion. It’s a way of life. It’s what my friends believe is right. Doing “the right thing” means acting in a way that is consistent with a core belief.

My core belief for management is that organizations are complex, adaptive systems and that good management means taking care of the system instead of manipulating people. I believe that improving the environment so that it keeps workers engaged and happy is one of the main responsibilities of management; otherwise the organization fails to generate value. I believe that management should continuously optimize the whole system or else, at some point, atrophy of the organization will surely follow. And I believe that management should take care that it maximizes value across all clients (see sidebar “Clients and Stakeholders (or Involvees)”); otherwise the organization becomes dysfunctional. In other words, a management practice is a good practice when:

1. it engages people and their interactions;
2. it enables them to improve the system;
3. it helps to delight all clients.

For example, I consider *management by walking around* (see Chapter 2, “Personal Maps”) a good practice because it requires management to interact with the teams who are doing actual production work. The goal is to find out how to help improve the system in which the people are doing their work. And it is done in order to understand how value is delivered to customers and other stakeholders.

Clients and stakeholders (or Involvees)

In this book, I use the terms *clients* and *stakeholders* interchangeably. A stakeholder is anyone who has a stake in what an organization is doing. A client is anyone who is served by whatever value the organization provides. Broadly speaking, it comes down to the same thing and includes customers, shareholders, employees, suppliers, communities, and many more.

Sadly, stakeholders are often confused with shareholders, and clients are usually mistaken for customers. For lack of a better word, I've decided to mix the words *clients* and *stakeholders* throughout this book. Just remember that I do not mean only customers or only shareholders. I mean *everyone* who is somehow involved in and cares about the business. (And I vote that *involvee* be added to the English dictionary.)

Everyone can come up with useful new practices that satisfy the three principles. Management 3.0 is not *defined* by concrete activities, such as the delegation board, the kudo box, moving motivators, or feedback wraps (see later chapters). These practices and exercises are just *examples* of things management can do to increase the health of the organization. Merely drinking ecological coffee does not make someone an “organic-minded” person, and neither do we expect all organic food lovers to be coffee drinkers. Ecological coffee is not part of a framework or method but a simple practice that certainly fits well with the organic food mindset.

Likewise, Management 3.0 is neither a framework nor a method. It is a way of looking at work systems, and it has a few timeless principles. Having a merit money system, exploration days, a salary formula, or a happiness door fits nicely in the Management 3.0 mindset. None of these practices are *required*, but you could definitely *consider* them. Or even better, maybe you can invent your own Management 3.0 practices.

And yes, I believe Management 3.0 is “the right thing” to do.

Management 3.0 Practices

When experts discuss work approaches for certain groups of people, they often come up with collections of “best practices.” I agree with those who say there is no such thing as *best* practices, only *good* practices, but I also think that *not* offering any practices is worse. In principle, it is good practice to offer both principles *and* practices. Project managers, software developers, and creative workers in other disciplines have access to plenty of practices they can borrow in their daily work. But what are the good practices for management?

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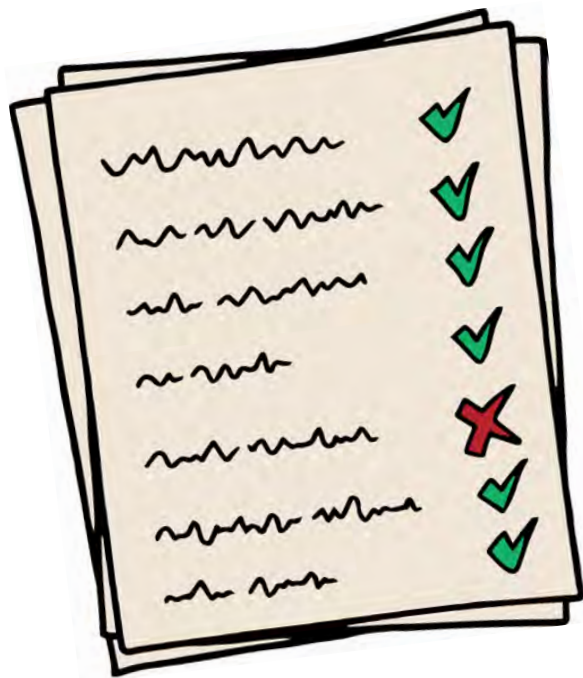
Strangely enough, when I ask employees for examples of good management practices, they only seem to come up with principles, such as “delight the customer,” “have a shared purpose,” and “trust the team.” I believe these suggestions are sound, and well meant, but they are not *concrete*. By concrete I mean specific practices that can be explained to a novice so the novice knows exactly what to do on a Monday morning. “Be a servant leader” is abstract. “Bring the team some coffee” is concrete. “Make yourself dispensable” is abstract. “Take a six-month vacation” is concrete.

When it comes to management, most people are novices. They need concrete advice and step-by-step guidance in answer to their “how” questions.

- *How do we measure performance?*
- *How do we replace performance appraisals?*
- *How do we decide on salaries and bonuses?*
- *How do we offer career paths and promotions?*
- *How do we motivate our employees?*

When people learn to drive a car, it is not enough to tell them, “The general principle is to arrive at a certain place without hurting or killing anyone. Good luck!” Novice drivers need a bit more guidance than that. (I certainly did!) They need concrete tips on how to sit in the seat, how to hold the steering wheel, how to look at the road, and how to use the headlights and the turn indicators. In Europe new drivers learn how to use the gears, and in the United States they learn how to use the cup holders. Novice drivers will understand the principles soon enough, but only if they survive practicing the rules. It is the instructor’s job to explain that all the rules are merely suggested good practices that help to keep everyone safe.

Regrettably, as soon as you give people concrete practices, you run into the danger that some of them will follow the advice to the letter instead of trying to understand the principles. For example, a team needs to understand that the purpose of a standup meeting is to keep communication brief and effective. However, I was told of one team that cut off team members after 15 minutes because the practice was called the “15-minute daily standup.” Another team was reported to have difficulty accepting a person in a wheelchair in their standup meetings because the person couldn’t stand up! The mindless adherence to rules, combined with a steady loss of principles, is always a prelude to bureaucracy.



When I offer good Management 3.0 practices, I create the danger of similar dogmatic and bureaucratic tendencies. For example, when I suggest that people give each other kudo cards as tokens of appreciation, I sometimes get questions such as “Should this be anonymous or public?” “Should I give them personally or should I put the cards in a box?” “Should this be on paper or can we do this electronically?” It’s as if I tell them to bring the team coffee in the morning, and they ask me if the team needs milk and sugar, and if it’s OK to add a cookie, and if it should be a cookie with chocolate or a healthy one; and what about that one person who only drinks tea? I refuse to be too specific because the danger is that people will make a checklist and do exactly as I say! 📋 The *principle* behind bringing the team coffee is that you’re trying to be a servant leader, so act like one.