



Top-down management - a phase-out model?

The ability to react to new ideas is crucial for the success of a company. But which organizational form is the right one - top-down, bottom-up or one of the many other new forms? Is the top-down version perhaps already outdated?

ARTS Expertise

An e-mail here, a creative concept there, making sure that all processes run in a standardized manner, quickly expanding knowledge about the newly implemented software in the company and, last but not least, always keeping an eye on the competitor. These are all topics that entrepreneurs, managers and employees face. Only the one who pulls the right method case at the right time out of the drawer is able to ensure the continued existence of individual projects or entire companies and leads the field.

Well-known companies such as The New York Times, Tribune Co., Ernst & Young, have switched from top-down management to bottom-up management. Others such as Toyota and IBM dare to introduce bottom-up management in pilot projects in individual departments.

Some say the advantages of a bottom-up approach are obvious. But perhaps both styles have their reason for being?



top-Down is a method used often by hierarchical companies with fixed decision chains.

he top-down approach

The term top-down describes the direction of action of processes. In the corporate context itself, this is often equated with the strict hierarchy of instructions from top to bottom. The following applies: Leadership occurs in the form of authority. Ideas about future strategies and goals are given by the superior so that the process conformity or the provision of the necessary resources can be delegated downwards. Essential cornerstones of this leadership style are fast and effective decisions.

This also includes concrete process requirements, assignment of tasks and responsibilities, which are intended to prevent distractions from the work tasks assigned. Employees are not allowed to make their own decisions. This method is used by hierarchical companies in which decision chains play an important role, since company-relevant decisions must be reproduced at all times. Regulation and standardization are still regarded as efficient, promising instruments for the achievement of objectives.

The consequences of this approach are particularly evident in times of bottlenecks. Even if there is a corresponding substitution rule within the management floor, the structures and processes are strictly regulated and intervention in the area of another manager is viewed critically. In addition, employees are not empowered to issue directives, so that important and company-relevant issues remain unresolved until the decision-maker is available again. As a result, speed is lost, competitors pass by or the new customer is immediately lost again. At the employee level, innovative ideas or proposed solutions have no place or are undesirable, even though they can provide constructive assistance or expand the scope of action during a bottleneck.

The Bottom-Up approach

Another form of work design is offered by the bottom-up model. Here, management encourages its employees to become actively involved in company and process design. In this way, decision-making and instruction powers are distributed throughout the company. In a mature form (see Superleadership), the employees set their goals and milestones for their work independently in coordination with the manager. The choice of methods and tools is left to the employees. The aim is to develop them into independent entrepreneurs within the company, who advance projects themselves, develop creative and practice-oriented solutions and directly feel the principle of self-efficacy. Because success is based on their own contributions. With the experience, which effect the own work delivers for the success, the efficiency of the entire team can be strengthened at the same time. This form of work also challenges managers, because despite the fast pace of life they are not allowed to make decisions or provide solutions for their employees. Their task in the role of mentor is to transfer responsibility for finding solutions to the employee. This applies also and especially in stressful situations. Thus, employees learn to make self-confident and independent decisions in these times or when the manager is absent.



In the Bottom-Up-model employees get encouraged to make own decisions and advance projects themselves.

Special feature: Making decisions

In individual cases, the bottom-up principle is even more extensively lived out and incorporates the principle of "turning those affected into participants". An example of this is the Nemawashi principle, which is mainly used in Japanese companies. Under the condition of effectiveness before efficiency, the responsible employee does not make a decision in a large-scale meeting with all stakeholders, but confronts the individual concerned in advance so that the first draft can be discussed together and change requests or objections can be incorporated. Only after all those affected have been picked up and become involved is the relevant meeting called to make the decision. Nemawashi is therefore particularly useful if the mood or opinions of various stakeholders across hierarchies form the basis for the success of the project.

The condition is a change in thinking

Such a change not only requires a rethinking of the cooperation between superiors and employees, but also presents companies with completely new **challenges in the area of leadership** and team building. Managers rethink and redefine their role, because professional competence and strict instructions alone are no longer sufficient for a good company or team management. Good employee leadership, in which motivation and discipline are in balance, increases the efficiency of activities and is just as much a part of a successful management method as empathy, coordination and specific delegation corresponding to the employee's know-how. The strictly authoritarian, hierarchical approach often leads to little self-reflection on the part of the leader and unmotivated employees.

It is not uncommon for managers to continue to use key performance indicator (KPI) systems to measure and evaluate the performance of their employees. Such an approach is both time-consuming and labour-intensive, but at the same time not conducive to the [motivation of the individual employee](#) or the development of a cooperative team structure. Individual abilities and competencies are not considered, although they and their further development represent an important starting point for [modern leadership](#). The better a manager knows how to create a working environment in which employees can grow and develop, the more efficiently the company will be prepared for challenges and goals in the future. If the company is willing to break down old structures and introduce new management methods, the support of an expert or coach is advisable in order to enable a successful change to a future-oriented corporate structure and culture. We at ARTS live this leadership style and accompany our clients successfully in the [implementation of future-oriented leadership methods](#).

Where the journey goes

In practice, a mixture of both leadership styles is often lived in order to create a suitable balance between hierarchy and creativity depending on the industry. This often results in efficient corporate solutions that are both efficient and well structured:

The countercurrent method

In the countercurrent procedure, the management level first determines the provisional, higher-level goals and framework data top-down, but leaves the detailed implementation to the employees. Milestones, partial successes and feasibility are concretized and independently implemented by the respective teams. Plans are then coordinated step by step in a bottom-up feedback process and summarized by the respective teams so that the next higher management level is always informed of the interim goal achieved to date. The process ends with the approval of the corporate goals and plans by the management.

Superleadership

Superleadership, as described above, is a mature form of bottom-up approach that empowers employees to organize themselves, make decisions, and find solutions without the guidance of managers. When a team makes decisions independently and strives for solution-oriented goals, the manager has more time for the strategic direction of the department or company.



The concept of the Team of Teams based on the conviction that innovations are made by teams and not by lone fighters.

The Team of Teams

The Team of Teams is an innovative form of organisation in which individual representatives of different teams work together in a team in order to be able to make framework decisions or to advise the company (also task force). The concept is based on the conviction that all great innovations were created by teams and not by lone fighters. A team is formed along a concrete task. The idea of a team of teams is to create a networked work structure in which the team members are characterised by different abilities, i.e. a team that is as heterogeneous as possible forms the basis for achieving a given goal. Composite teams, with a view from different perspectives, are often efficient and creative in the implementation of processes.

Challenges for companies

In general, companies today are increasingly developing into network organisations or social entities with various formal levels. Communication and the prevailing corporate culture increasingly determine success in business, employer attractiveness and employee retention. In order to be able to react to ever new, unpredictable situations, both the managers and, increasingly, the acting employees are in demand. Which leadership approach is the right one for a company depends on numerous factors such as employees, industry, company size and much more. Often, an external look from the outside by external consultants, who determine the current situation and then create room for optimization through recommendations for action and the implementation of new strategies, helps.

Sources: managepreneur.com | leadership-insiders.de | projektmagazin.de | xing.com | leadership-leben.de | it-times.de



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