

Management Tools

Management tools are strategies, methods, concepts, and techniques that managers use in running their organizations. Dictionary.com defines a tool as: (1) an implement, especially one held in the hand, as a hammer, saw, or file, for performing or facilitating mechanical operations; or, (2) anything used as a means of accomplishing a task or purpose (Dictionary.com)¹. Management tools assist in the accomplishment of management tasks and purposes.

Management tools are often conceptual in nature. For example, Eppler (2000) defines *conceptual management tools* as follows:

A conceptual management tool is a structured, model based way of proceeding to improve the problem solving or decision making process either individually or for a group in an organizational context. A conceptual tool achieves this by providing thought structures, action steps, and representation formats to facilitate convergent (analytical) or divergent (creative) thinking.²

Value driver theory postulates that management tools provide the link between the value drivers present in the organization and the creation of value in the organization. Management tools facilitate the value creation process in three important ways: (1) by providing for the exploration of what value drivers are present in the organization; (2) by providing management tools that help in the strategy development of the organization; and (3) by providing management tools that help address specific issues or solve specific problems within the organization. Management tools can generally be grouped in these three categories; and any particular management tool will be in one or more of the three categories. It is common for management tools to be in not just one category, but to be in two or three of the categories.

An example of a management tool that explores what value drivers are present in an organization is *SWOT analysis*. SWOT analysis looks at the internal strengths and weaknesses in an organization; and the external opportunities and threats in the organization's environment. The management tool known as *strategic planning* is an example of a management tool that helps in the strategic development of the organization. *Downsizing* is a management tool that addresses the specific problem of reducing the workforce. As noted above, these and other management tools may actually fall within one or more of the three categories. It is not that important to correctly classify any particular management tool into one of the three categories. What is important is to think about and analyze what value drivers are present in the organization and to think about and analyze what management tools might be useful in working with these value drivers for the creation of value in the organization.

¹ (n.d.). Retrieved August 1, 2013, from Dictionary.com: <http://dictionary.reference.com/>

² Eppler, M. J. (2000, November). *Conceptual management tools: A guide to essential models for knowledge workers*. St. Gallen, Switzerland: University of St. Gallen.

Not every management tool is appropriate to use in all situations. Often times managers will jump on the latest management tool fad, as books and articles are always being written on new management tools that are developed and introduced to the business community. The important thing is for managers to understand the value creation framework that is the focus of value driver theory and to understand which management tools will help the manager best use the value drivers present in the organization to create value. This is often best accomplished by simply knowing how the business operates. As Getty (1983) notes, "...production can always be increased and costs can always be cut if one knows enough about his business to know where to look for waste and inefficiency. There are always means whereby economies may be achieved without lowering standards of quality" (p. 33).³

³ Getty, J. P. (1983). *How to be rich: His formulas*. New York: Penguin.