

# Propositions for the Strategy of New Functioning

Excerpt from **Malik, Fredmund: *Strategy. Navigating in the complexity of the New World. Volume 3 of the series *Management: Mastering Complexity*. Frankfurt: Campus, 2013. S. 35ff***

The following propositions provide a compass for understanding change and its drivers. They complement the propositions listed in the two previous volumes of this series, which remain valid.

1. The world of business, as well as society as a whole, is going through one of the most fundamental transformations ever to occur in history. The Old World ends as a New World is born.
2. The global economic crisis is part of the labor pains associated with the birth of the New World.
3. Main causes of the global economic crisis were misguided and outright wrong corporate strategies as well as the conventional management and corporate governance concepts pursued in the Old World. They were less and less suitable for coping with the current complexity and dynamic nature of globally interconnected systems. Wrong economic policies were of secondary importance.
4. These self-destructing corporate strategies became visible almost overnight, when leading financial institutions imploded and their management systems failed.
5. The faulty strategies previously pursued were based on misleading criteria for success. They encouraged management behaviors that were harmful to the system and caused damage to large parts of it. This caused a historically unprecedented global misallocation of resources as well as the greatest debt load to date across all segments of society.
6. Therefore, effective solutions for the global economic crisis have to comprise much more than government-level programs: they have to encompass a new way of functioning for societal organizations and a fundamental change of the dysfunctional control circuits by means of new management systems. Solutions meeting these criteria are the 36 Part I: Strategy for the Great Transformation 21 cybernetic-wholistic management systems and the strategy concept described in this book.
7. The best model for the new way of functioning, and the new management approach required for it, is exhibited by natural organisms with their communication and control systems, their sensory and neuronal systems. Their cybernetic laws of function are contained in my Wholistic Management Systems® and the associated strategy concept.
8. Strategies for complexity have a very different logic and very different points of reference compared to the strategies of the Old World. They apply the logic of evolution, and are therefore aimed at successfully coping with the unknown and the unknowable.

9. My strategy concept focuses on two areas:
  - At the business level of companies, it points to the right direction with utmost precision and at maximum speed.
  - At the management level, it brings about the new ways of functioning through flexibility, adaptability, and coherence, and viability through self-regulation and self-organization. The control principle is real-time control.
10. Its foundations are a new kind of knowledge and new methods for enhancing intelligence and innovation in the information, communication and management processes. They are rooted in the findings from bionics and cybernetics that can now be used in management.
11. In this new strategy concept, navigation parameters that have proved useful are kept on board but are integrated in a more comprehensive, wholistic management and navigation system. In this context, they are also reconfigured to obtain new meanings, and thus different control effects in the system of corporate management. For instance, profit and growth will continue to be important in the New World, but they will assume other functions.
12. Reaching beyond economic dimensions, the new strategies will also comprise solutions for coping with the non-economic issues of increasing societal disorientation and instability, as well as for the mobilization of human energy, performance, and creativity. The new Strategies will cultivate new values, bringing about a new motivation for people. One focus of the New Strategies will be a new meaning.
13. Together with other elements of my management systems, the new strategy concept also establishes a new social and economic order. I call it the New Functionism. This new order replaces both capitalism Propositions for the Strategy of New Functioning 37 and socialism, for their traditional polarity does not generate any solutions to the new challenges. The New Functionism, however, will comprise the best of both previous social orders, such as the performance principle from capitalism and the principle of solidarity from socialism.