

Experience Based Management – A Post/ Trans/ Modern Vision

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Key words: *experience economy, experiential marketing, experiential management, transmodern thinking, transdisciplinarity, EMMY*

Abstract: The Experience Economy is a concrete form of the New Economy. Together with Experiential Marketing, the Experience based Management (EBM) is a quite specific way of adapting the human action to the new economic, political and moral environment. The term is not largely used yet, but it may open a new direction of (re)thinking the managerial techniques of the Information Era and Knowledge based economy. It is about a new vision of the managerial theories and practices that are better fitted with the very dynamic, complex, and globalized economy. The author is in favour of a holistic, transdisciplinary, post/trans/modern, triadic, and information & emotion based leadership and management. Essentially, the new vision put a strong accent on the neuronal, psychological and behaviourist dimensions of leading people in contemporary learning organizations. Creating meaningful experiences for the managerial team and organization members should be learned and applied especially in high information level companies. End Means Methodology (EMMY) is used at the practical side of the paper. Last but not least, the humanistic, cultural and mercantile dimensions are considered to be harmonized and made moral.

Introduction

The paper presents in a synthetic and suggestive way the new experiential context of the 21st century (new) economy. New Economy is a term coined in the late 90s and its main characteristics are: a) it is a service-based economy and not an industrial goods-based economy; b) it is a knowledge-based economy and an ideas-based economy; it is no longer a material and physical goods-based economy; c) it is a globalized single economy and not a national/ state economy; d) it is an information based economy and not a substance and energy based economy; e) it is a digitalized economy (dot.com economy) and not an industrial economy; f) it is a collaborative economy and not a classical competitive economy (examples: the public-private partnerships, industry-university associations, co-investment strategies, co-creation marketing strategies, etc.); sometimes co-opetition makes the transition from cooperative and competitive behaviours; g) it is a research and technological innovation based economy instead of a simple raw materials processing economy; h) individualization/ personalization takes the place of massification; i) individualized/ personalized experiences are more important than mass media ads; j) outsourcing is more important than corporate large investments (this generates co-operative behaviour). The New Economy is a post-economy, i.e. a post-industrial economy, a post capitalist economy ¹ and a postmodern economy. Postmodern thinking (which originates in the post-war period, but especially in the late 60s of the last century when intellectuals radicalized the visions on society and economy) is a relativistic, adaptive and integrative one. ² Holism and transdisciplinary thinking are the real foundations for creativity and innovative approaches. From an ideological point of view we may speak about a non-capitalist and non-communist economy, about a third

¹ Cf. Peter Drucker (1993): *Post-Capitalist Society*. New York: Harper Business

² Cf. Liviu Drugus (2007): *Ethics as Management (of Everyday Thinking, Feeling and Acting). A Transdisciplinary Social Semiotics Perspective*

way economy where competition and contradictions are (in a way) replaced by co-operation, co-opetition and co-investing. Far from being the ideal form of economy this "new economy" is more human, more efficient and more moral than the previous known forms of economy. As a matter of fact the humankind is experiencing new ways of making a living. In this new contexts of the experiential economy are very fast developing new management and marketing styles: experiential ones first of all.

What is the Experience economy?

After the seminal work of Pine & Gilmore (1999) a lot of new terms were coined with the accent on the experiential dimension of our lives. Experiential Marketing (XM) is most and largest well known term to describe the new attempt of seducing and convincing people to buy more and more branded things. As a matter of fact it is about Experiential Market Economy, a new phase of market economy based more and more on memorable events created by innovative and creative firms. Recently, Boswijk et al. (2007) launched A New Perspective on the Experience economy (XE). They describe XE as: a) those forms of economy where "you pay in part for the product and the service, but mainly for the experience" (p. ix). I think this means not only a new structure of the price, but also a new accent passed from (material & substantial) goods to (immaterial & energetic) services and from this one to information & cognition based experiences. So, the trend is as follows: goods → services → experiences. This moving of accent and burden shall change seriously the academic curriculum. We need to divide the let's say 100 hrs for teaching Product Management into unequal three parts: 10 hrs about the management of the production, 40hrs dedicated to the services management and 50 hrs dedicated to the management of experience and to experiential management, b) that form of economy "where efficiency is not the only determining factor". In making and delivering goods, the producer initiate a co-creation process, i.e. "the company decides for yourself what you as a consumer want to create, and thus making your own product"³, c) that form of economy where after the (ab) use of the logic of the mind/ rational thinking (specific to modern, Cartesian times), the XE appeals to the logic of feeling (specific to the postmodern times, that begun after the fifties and sixties of the last century). All senses are now implied, so we may speak about a "sensual" and "seductive" economy, d) that form of economy that is a "symptom and an expression" of "the transition from silent, incommunicative individuals to communicating and self-directing people who are in the process of discovering their own learning programmes, the transition from a centrally regulated society to decentralized community sharing common values."⁴ So, the economy is de-materialized and psychologised. It is about "creative meaning", more precisely it is about "Businesses and organizations that can play a meaningful role in helping the individual find his own way."⁵ To conclude this description of what XE is, I feel obliged to remember it is based on information, cognition and knowledge, on learning by sharing (this is a co-operative model of living) and on constructive vision of the future. The global economy realities generated more collectivistic behaviour just because the competitive advantages could be fulfilled only in association, by merging and by united economic forces. For short, XE is more cultural, humanistic and collectivistic compared with the industrial and service economies. In this new context the co-operative work between an economist and a philologist does not anymore appear as a strange thing. On the contrary, it becomes a compulsory one.

What is the knowledge based economy?

The Information Era is not only the era of the ever increasing burden of information on/ in the inhabitants' heads, but an era of using knowledge in a different way. I mean knowledge could be used in a rational or in a "sensual" way. Modern Cartesian times were based on rationality and on experiments, but our postmodern times are based on feelings and emotions, on cognition process and seduction of The Other by events and experiences. So, knowledge based economy is far from being a rationalistic, mathematical and logical one, it is more and more an intuitionist and emotional one. Both create knowledge, but combining them is a more effective and efficient way of making a (better) living. Computers have a lot of mathematics and memory inside them, and there is no need human beings should use their brains instead of computers. But knowledge based economy is also using a lot of research, but research itself is changed and different from the experimental modern times. The postmodern experiential research needs nowadays huge funding and very sensitive and intuitive researchers. For example, this paper is not the result from traditional scientific experiments by which some hypothesis should be tested, but the result of much reading and feeling the trends in peoples thinking and behaving. This already creates a kind of contradiction on the "real" standards of scientific inquiry and of its measures of value. At a first sight it seemed to me that there are two different styles in writing articles as result of some kind of traditional modern research, on the one hand and writing articles as result of intuitive thinking and sensual emotions generated by lectures, securities markets or daily life. In a knowledge based economy both the producer and consumer know more, the asymmetrical

³ B.J., Pine, Gilmore J.H. (1999): *The Experience Economy. Work is Theatre and every Business a Stage*, Harvard Business School Press, Boston., p. ix

⁴ Idem, Ibidem

⁵ Idem, p. x

information is strongly reduced and the partnership between producer and consumer (prosumers) appears as a normal collectivistic and altruistic behaviour (euphemistic named as “learning by sharing”). As a concluding remark to the description of the knowledge based economy one should observe that a radical change is on the edge. It is about intellectual property, property rights and the copy rights as older expression of former modern times. In 1987 I have written an article (published in “Cronica” magazine from Iasi) entitled “The reader as co-author”. Whose rights are to be protected? Should we protect the rights of the author, or those of the reader as a co-author? Both have contributions, even not in equal parts or proportions. This idea of co-creation is very intimate to the Experiential Marketing where the producer (the “author” of the goods) is co-author with the consumer. The private (producer) – public (consumer) partnership is another expression of the XE. What about a real partnership between the teacher and the student? Just think about it! The authors of the best seller *Funky Business*, Jonas Ridderstrale and Kjell Nordstrom (2007), are described by some reviewers as neoliberals and by some others as communists... Is that strange? Not at all, since they are defending both liberal values (individual action, profit driven economy etc.) and invoke Karl Marx and give him right! Of course, not in any issue, but this melting of right liberalism and Marxian leftism is quite specific to the postmodern thinking. The classical disciplines and/ or doctrines, with borders and fences, with specific fields/ domains and with very specific research methods are far away of the general interest now. They have few new aspects to discover and even less to communicate. The only new spring for fresh water (ideas, information, ideology) are to be offered to the thirsty of knowledge Homo Humanus if and only if these borders, walls, barriers and fences are picked up and ignored and thus creating a huge common field to be studied: reality with its infinite levels to be defined and redefined. In our postmodern times, holism and system theory, chaos theory and sub-quantum level of reality, interdisciplinarity and transdisciplinarity⁶, all these are new names for new knowledge.

There is also new debate on the economic “field”: how big is it and what is out of its borders? I gave an answer three decades ago: any aspect connected with human activity is economic (and any human activity driven to profit seeking is business). The sphere of the economic field is exactly the same with that of politics, of ethics, of law, of sociology etc. These disciplines abusively separated a slice of reality and said: this is our field (like first colonisers which put a mark on some surfaces of land/ water and said: this is my field!). Every of these social aspects are impossible to be treated separately and/ or ignoring one or more of the rest of the human activities. All of them are closed interwoven that any sectarian/ segmented “scientific” approach is from its own start unscientific at all. As the global economy concept and reality were barely and slowly accepted, the same happens with the global/ holistic science. For short, science is/ should be an integrated one or it does not exist at all. A global economy needs a global knowledge, so it comes very logic that economy is knowledge-based, and information is that unlimited/ infinite resource that changes fundamentally the theory of scarce resources as the axiom of the (neo) classical economy. One of the new problems of our global economy is the management of institutions and governing the commons.⁷ So, economics is melting with politics and ethics, generating a new corpus of knowledge that I have called EMMY (End Means Methodology) or the Politics-Economics-Ethics Continuum. I do consider that neither politics (political science), nor economics (economic science) nor ethics (the science of good behaviour) could ever be useful for decision makers, except they are perfectly melted together as a single transdisciplinary approach (EMMY). If we’ll continue the postmodern (gloomy) line, we’ll say that “Science is dead” and on its tomb grown transdisciplinarity, holistic and systemic approaches, as well as new methodologies in research. In this respect, I have proposed, three years ago, to Space organization – www.space.eu-info - (located in Ghent, Belgium) to create “Developing Research Units Generating Unified Science”. In the future, this could be a new model for creating new ideas, information and adaptive research institutions.

The new cognitive approach could melt the two big trends in the world: experiment and experience. The modern scientific inquiry is/ was based on experiment (social sciences included) and the postmodern cognitive approach is/ will be based on experience. So, not only experimenting/ testing hypothesis means research, but also experiencing new events we may obtain new information, new ideas and new structures in organizations.

What is postmodern management?

I do not intend to make here the history of the managerial practices and theories. There are already a lot of books and articles on them. If the science is dead, it comes clear that the science of management is also dead. So, what is management if it has no scientific (experimental) basis? But managerial practice could

⁶ Nicolescu, Basarab (2008), Transdisciplinarity – History, Methodology, Hermeneutics, in: *Economy Transdisciplinarity Cognition*, issue 2/2008, vol. XI, pp. 13 – 23, (www.ugb.ro/etc) a journal edited by George Bacovia University Printing House, Bacau

⁷ Elinor Ostrom: (1990), *Governing the Commons. The Evolution of Institutions for Collective Action*, Cambridge University Press, Cambridge

have cognitive (experiential) basis. That is why pedagogical new visions (Learning by doing, Learning by sharing etc.) constitute a sound basis for improving managerial activity. In my (postmodern and transdisciplinary) opinion management is defined as Thinking, Feeling and Acting. Thinking is Cognition and acquiring of new necessary (rational) info, Feeling is experiencing all human senses (and emotions) and Acting is applying the taken decisions based on Emotional Intelligence. These three components are similar with the cosmic structure described by Ilya Prigogine: Information-Energy-Substance and also with the Christian Holy Trinity: Father (Information) – Holy Spirit (Energy) and Son (Substance). Finally, Management is an application of the Theory of Human Action (praxeology included) (Drugus, 2004, 2005). Management is far from being “a science” in the modern sense of the word (with specific and precise rules, with mathematical and logical demonstrations, with experiments generating rules, etc.). This cover of “scientific” approach generated a lot of bad decisions or at least of unethical decisions. In my opinion, management is better connected with cognition and psychology than with mathematics and “pure” logics. The management textbooks may usefully give up hundreds of pages (no one would ever remember later on) about rules, laws, “scientific” principles, etc. Instead of them I'll put lot of logic games, exemplary case studies, cognition principles, précis writing, report writing, communication skills a.s.o.

What is Experiential Management (XM)?

Experiential management (XM) is both a teaching method of management skills and a practical managerial/ economic activity.

From the pedagogical/ teaching point of view XM is “learning by doing” events. By definition, an event is a memorable situation where all senses (thinking included) are implied. In this respect in my management teaching I try to imply students in solving problems by playing roles (games). Most “tasted” games are: Prisoners' Dilemma, The Uninhabited Island, The Probability Game (X or Y?) and Case Studies co-created with students in 3-4 hours. Of course, Prisoners' Dilemma is also an interactive game and so much adapted to the real world that the old Greek Logical Paradox is only an idea...

From the practical point of view, XM is a very strange and new kind of practicing management. If Experiential Marketing is dedicated to impress people (customers/ buyers/ clients) by very emotional events created in specific seductive ways, then Experiential Management is trying to impress the members of the organization by inducing to them the sense of family, of common interest and reciprocity. Here are some of these events that are already in use by certain organizations:

- a) Making common long trips (2 weeks) in far destinations thus creating a sense of community and solidarity among the members of the organization and a direct connection between manager and the managed.
- b) Inducing the idea that every success is not only a managerial success but a common one (a co-created success)
- c) Participating to the family ceremonies of the members of the organization, this family event being melted with an organization event.

Concluding remarks

The purpose of this article is only to stimulate discussions and obtaining feedback from the academic community and after that it will could be developed and improved.

The conclusion of my research effort is that in a changing world, the cognitive processes are more and more combined with emotional experiences and the management cannot be an exception from this trend.

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