

## Confront impoverished management practice

Once explained, the concept of 'business design' makes sense to nearly everybody who hears it. But most managers have great difficulty in reconciling the ideas of the foregoing chapters with what they do in practice day-by-day.

Faced with the hardness and reality of current issues, the less tangible concept of 'design' as a role simply evaporates away. This issue may be one you are beginning to struggle with at this very moment, and there are no easy ways to overcome it.

What we are attempting to deal with is a change in the basic assumptions about the role of management, and the first step is to fix very clearly in our minds what the new role we are proposing is. Two examples of how this might be achieved are:

- The competition question; which helps to establish the outcomes we are trying to achieve.
- The 'team of scientists' question; which begins to define how we are going to deliver the outcomes.

These are explained below.

### The competition question

The competition question is designed to explore the concept of excellence in an organisation. Try it for yourself using the form on the right. In the blank labelled A, write the type of business you are in. In the spaces labelled B, write the names of three good organisations in the same business. And then in the area labelled C, write down the objective criteria that you would use to differentiate the winner.

Then when you have done this, ask what objective evidence you have of managing



#### The competition question

Imagine our group has been called upon by 'Harvard Business Review' to judge a competition to identify the best:

A: .....

The competition has applicants from three companies:

B: .....

.....

.....

(Our organisation has been asked to be an independent judge and so cannot take part.) We are allowed to see whatever we want, and to talk to whoever we want in selecting the winner. On what criteria do we base our decision?

C: .....

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## Chapter 4

By the time the 2 o'clock meeting came around, the jet lag was really cutting in. Lucy had been without sleep for 26 hours and was really starting to feel it. She had used the intervening time to develop her agenda for the meeting, which was now a lot less about developing a common understanding of each other and a lot more about planning out the next four weeks. She knew if she could gain enough commitment from Richard's team, she could undermine his plans to keep her at arm's length.

The team were all in attendance, despite Richard almost encouraging them to find more important things to do. An imposed trouble-shooter carried all the drama of a soap opera script, and they were not going to miss out on the initial episode. Lucy met them one by one as they came into the room, introducing herself and memorising their faces against the organisation chart she already had in her mind.

Only Daniel was late, but barely so. Richard suspected it was to demonstrate his own importance, but there again he had always suspected that.

Lucy started:

"Good afternoon. Thank you for this opportunity to explain a bit about myself and what I am doing here. My name is Lucy Derring and I am here because companies fascinate me, and I get my kicks by asking many questions about them. No seriously, I do! While most kids I knew were having Barbie tea parties, my Barbie was having board meetings." This drew a laugh, but Lucy continued, "Seriously! I am not joking! I mean, who can get interested by 'Two Sugars?' when you can be planning a major construction project? Although I must admit most of my construction projects were stables and swimming pools - but I was only a kid." This drew another laugh. They were warming to her. Well, except for Richard of course.

"Yes! Questions about business! It really is what turns my wheels. Let me give you an example. This example will help you to see my role more clearly and it will also help me to see what is important to you." She paused and took a sip of water. "I want you to imagine that you have been appointed, as a group, to judge a competition, a competition of modem manufacturers, sponsored by Computer Monthly.

the improvement of those criteria in your own business. For that is the race you have chosen, and you have to run it better than your competitors, and to improve faster than them too.

The nature of the competition question illustrates the difference between conventional management and 'design' mentalities. By reflecting on other organisations, the question tends to encourage an objective 'design' perspective. However, when a group of managers are asked directly which criteria they want their business to be judged by, most tend to become subjective, and (at least subconsciously) filter out all criteria that they feel would reflect 'unfairly' on their current performance.

### The scientific approach

This theme of objective distance is further developed in the 'team of scientists' question, illustrated on the right. By precluding any direct intervention, the question forces people to take a design perspective. You might like to try it yourself before you turn the page.

Ironically, despite being well versed in the disciplines and techniques of their craft, scientists and engineers are often the least prone to continue to use these principles in management. And yet, the performance of many of their facilities could be greatly improved by the rigorous application of their work place disciplines to the management of their organisations and processes.



#### The competition question

What might Cylek's answers have been?

- Customer satisfaction survey score
- Level of repeat business
- Business growth (turnover)
- Profitability (as % of turnover)
- % Innovations introduced ahead of competition
- % Sales from new products
- % Competence growth
- Employee satisfaction score
- Business partner satisfaction score
- % Vacancies recruited internally
- % Levels of waste and rework
- % Performance improvement
- Product comparison ranking



#### Team of scientists' question

Imagine you are a team of scientists and engineers appointed by the benevolent owner of 'Deep Thought' Ltd. (an organisation in the same business as your own) to improve its performance.

You have no management skills, but are expert in the creative thinking and objective analysis that your discipline requires. It is for this, and your naivety in traditional management, that you have been selected.

You are empowered to change anything, as long as you apply your professional discipline in doing so, but must not get embroiled in the day to day operation yourself.

How do you begin to delight your new boss?

“A number of companies have applied for the prize, 3 Com, US Robotics, Modular Technology, Psion, Hayes, Multitech Systems, and D-Link, but not Cylek, because they are supplying the judges. The competitors have agreed that you can see whatever you want, and talk to whoever you need to, in order to reach your decision as to which is the ‘Best Modem Manufacturer’. What I want to know is on what criteria do you base your decision?”

“Remember they are all going to be good, so you are going to be differentiating them more on the extent to which they have something, rather than whether they have it. I’ll split you into two groups. You have twenty minutes, and I need a list of no more than ten criteria on which you will differentiate the winner from the also rans. Go!”

There was a real enthusiasm to tackle the problem she had posed. The question intrigued them and they seemed keen to get on and debate it. By the end of it, one group had identified 12 criteria, which they had selected down to 10, and the other had identified six by grouping ideas together. All of the suggested criteria were good ones.

Lucy looked at the lists. “So let me just check. What you are saying is that any modem manufacturer which scores highly on these criteria is necessarily a good company. Is that right?” The group thought about it for a while, and following a minimal amount of speculative challenges and responses, they nodded in agreement.

“Good!” she said. “Okay, now to be good criteria, these aspects of the business must be important, because otherwise you would have picked something else”. She looked around for agreement, and then continued: “And they must be observable, or they would be of no use to you as the team of judges. You can’t judge what you can’t observe.” The group nodded again, but a bit more tentatively, not fully sure of where she was going.

“And if, as we have agreed, they are each important and variable, and observable,” here she began to emphasise the words carefully. “Then they must be key measures of the health of the business, and they must require management!”

She looked around the group again, but there were no nods this time, people seemed to be thinking about this, and possibly about its implications for them, the management team. But she knew they would not disagree. They could not. The logic was clear-cut.

This 'scientific' approach to management has, however, been increasing steadily in popularity (in spirit, if not in name) and a lot of what is now seen as 'best practice' management has clear parallels in the world of science and technology (see panels on the right).

The key to the success of the scientific approach is that it is objective, analytical, comprehensive, and systemic. It considers all the things needed to make high-quality business decisions.

### The top-box model

In fact, in most disciplines which relate to making something achieve of its best, the professionals in that discipline are the ones who apply an objective and analytical approach, whether they are doctors, or engineers, or biochemists, or architects.

The diagram on the right illustrates this by comparing a professional approach to medicine and a professional approach to engineering. In both cases, the practitioner is clear on the results that must be achieved and has quantified them. In both cases, the practitioner understands the key variables that they need to combine in order to deliver the results, and they understand the systems that impact on those variables. And in both cases, professionalism is reflected in the objectivity and analytical discipline that is used in deciding how to modify those variables and systems in order to deliver the results.

Could the same model be used to define professionalism in management?



She continued: “Furthermore, while performance on these criteria, which you have defined, is a measure of the quality of the company,” she paused just long enough to ensure that she had everyone’s attention. “Growth in that performance is a measure of the quality of the management of that company.”

Several of the team anticipated with dread what they were sure was the next question: ‘So, how does Cylek UK fare on these?’ Or, ‘How many of these do you measure/manage?’ But Lucy never asked it. She let it hang and then instead of administering the coup de grace she continued in the abstract. She wanted friends, not enemies.

“So, imagine that company ABZ came bottom in your survey, and its Chairperson headhunted you as a group to manage ABZ to win the competition next year. And with presence of forethought he set the following rules: that you could change anything you wanted, but that you were not personally to become involved in the detail of the operations on a day-to-day basis.”

She paused for a moment, and then asked: “How many here have scientific, engineering or technical backgrounds?” Over half the group raised their hands.

“Okay, so imagine the chairperson of ABZ has employed you for your analytical skills, your objectivity, and not for any managerial experience. How, using just those skills, and without getting involved in the detail, do you begin to make the ABZ chairperson a very happy man or woman? Same groups as before. Fifteen minutes to answer the question. Go!”

At the end of this second exercise, the groups fed back a good list of approaches, including ‘Measure against the Criteria’, ‘Benchmark against the Winners’, ‘Analyse root causes of Deficiency’, ‘Establish clear Performance Targets’...

Lucy was pleased. She carried on her theme.

“Okay! Now imagine that you can invest all of your time in doing that.” She paused, and looked intently at them as if to emphasise the question. “How likely is it that you could get ABZ to win the following year?”

Deborah had warmed to her now. She liked questions like this, and readily threw in a proposal. “Better than evens.” Andrew had warmed to her too. “Yes, at least that!” he said. Nobody seemed inclined to disagree.

Certainly management is about 'making something achieve of its best'. And it too has results that can be defined or quantified: revenue; delivery performance; quality. And it too has variables and systems that affect the attainment of those results: competence; work patterns; reward systems; facilities. But, in management, how objective and analytical do the decisions on how to modify those variables and systems in order to deliver the results, tend to be?

Does the manager really understand the process variables that deliver results, and systematically develop them to do so? Can we see the evidence of data analysis, experimentation and logical conclusion in their records and their work?

Not always!

Part of the reason for this is that traditionally most management work appears to have a far more operational focus. In this more 'operational' role the manager is heavily involved in sorting out problems, ensuring people are aware of issues, dealing with the business interfaces and acting as a specialist resource on issues that require his or her experience. Using a gearbox analogy, this role could be likened to a spectacularly advanced lubricant: easing friction, cooling the hot spots, providing a contact with other equipment, putting out fires and even compensating for missing cogs and sprockets.

From this intensely busy perspective it is very difficult to consider the other role: that of the designer who monitors the gearbox performance, models the key functions, experiments with different variables, and implements better ways of operating. That is the role that we have been advocating for management over the



Lucy continued, with only a small smile to acknowledge the contributions. “And, at a guess, if they were fairly typical of companies in the modern industry, maybe even using ‘here’ as an example, how much do you feel you could improve their performance in that year?”

The group thought for a while. Deborah was again first to break the silence. “Perhaps 50%.”

“No, not that much!” interjected Abs.

“How much would you think then?” Lucy asked of Abs.

Abs thought a bit more then asked “If they were typical, and we could work full time on it?” he posed. Lucy nodded encouragingly and Abs continued: “Probably about 25%”.

“I’d go for 40%,” said John.

“Okay,” said Lucy, “between 25 and 50%. And if ABZ was an 800 person organisation with a turnover of £130m?” She had drawn the link back to Cylek. “How much would that be worth?” She did not wait for an answer. The question had been rhetorical.

And then she continued with a passion that they had not seen before: “I am constantly frustrated and vexed that organisations like Cylek Inc. can take a group of enthusiastic capable people, and put them in a position where they can add £50m of value to the business year on year, and then tie them up in so much bureaucracy and activity that they don’t have time to even think about it!”

Richard fought hard to keep the admiration out of his face. She had drawn them right onto the hook, and then not only let them go, but had swum away with them.

Lucy concluded: “That’s why I get such a buzz out of my job. I have been given the privilege of helping management groups like yourself to get the time to take control of their business in a new way. In the way that you have described here this afternoon. But I am not the expert. I am just the catalyst. And my first step is to get to meet all of you individually so that I can tailor what I do to what you need.

“At the end of the day, if what we have just described is going to happen, it is going to be you that makes it happen. I will make an appointment to see each and everyone of you before the end of the week, and then we can have a follow up meeting early next week.”

last ten pages. A role reflected in the top box of the diagram on the right.

This 'top-box' role is what will ultimately determine the success of your organisation. It is what management is all about. But the transition from more traditional perspectives on management is far from easy.

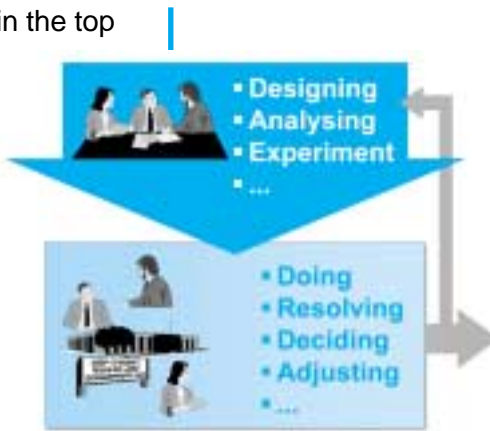
In practice, managers find it difficult to spend the required time in the 'top box' for a number of reasons.

- All the urgent things are in the bottom box; the problems tend to be immediate, and things need to be sorted today if deadlines are to be met.
- We are more sure of our work in the bottom box; it is commonly being good at our work here that got us promoted in the first place.
- We don't feel comfortable with what we do in the top box; the tools and analytical techniques are often alien to us, particularly when applied to people and organisations.
- Work in the top box isn't valued; certainly not as much as fire-fighting - avoiding problems is a lot less visible than 'saving the day' when it all goes horribly wrong!
- We totally forget to think about going into the top-box; it is not uncommon to find that 5pm comes round, and your entire day has been driven by crises.

But the truth of the matter is that somebody must spend time redesigning your organisation to maintain its competitiveness as your business world expands.

**If not you, who?**

**If not now, when?**



**Managers are the basic and scarcest resource of any business enterprise.**

Peter F. Drucker  
Management consultant and writer  
in *The Practice of Management*  
(Harper & Row, 1954)

Everyone nodded agreement. She had done it. Even Richard did not look too put out. One guy looked a bit sullen though - the one who had introduced himself as Daniel.

She would have to watch him!