

Confront deficient awareness

Developing a clear hierarchy of well-defined and complementary goals that resolve conflict and confusion should do much to focus your organisation as a team on delivering greatly improved performance. This will be further enhanced by introducing the concept of business design as the means to ensure that those objectives harness your resources in the most effective and efficient manner, and by establishing management's role in that design.

The end result of this is likely to be a sense of shared intent and aspiration to improve

... always providing that it doesn't get too tough.

But change is tough!

Facing up to the need to change ourselves, and wresting with our behaviours, is not something we do easily, and some nebulous sense of theory is rarely enough to get us through the hard times (see the diagram on the right).

To bring about change, the issues, opportunities and implications have to be made real, practical, and specific to us. And that means that the theory of the last 65 pages has to be explicitly related to the situation in our own organisations. People need to be made aware of the real opportunities that face them personally, and of the real costs and consequences of not taking those opportunities, and they have to believe what they hear.

If your people are to be convinced that changes to their current practice are essential, then you will need compelling evidence to press your case. You must be able to objectively demonstrate a sufficient shortfall in current practice and performance to warrant change.



The Butterfly problem:

How we vacillate over change



An examination of cultural issues at the organizational level is absolutely essential to a basic understanding of what goes on in organizations, how to run them, and how to improve them.

Edgar H. Schein
Massachusetts Institute of Technology
in Organizational Culture and Leadership
(Jossey-Bass, 1985)

Chapter 5

A week later and Lucy was back in front of the group. Richard had accepted her plan for moving forward the previous Wednesday. It was not what he had tried to inflict on her, but he felt he could not very well do otherwise. His team had already virtually committed to what she had laid out on her planning sheet.

She had now completed all the initial interviews and the meeting was arranged for her to give her initial feedback and outline her proposed next steps. She had asked for a pre-meeting with Richard to explain the main points to him privately in advance of this feedback to the whole management group, but Richard had avoided it by claiming prior engagements. The truth was he did not want to commit himself before he had had a chance to see how the wind blew with his management team. He wanted to keep his powder dry.

Once again, the whole management team was present and almost on time. This fascinated Richard. He had rarely managed to achieve this with meetings planned months in advance. Clearly, his team was interested in the topic.

Lucy waited for everyone to arrive, and then started immediately by thanking everyone for their input and openness, and by expressing the hope that she had done justice to their time and ideas.

“As I agreed with you at the time of the interviews, the findings that I will be reporting today are non attributable. However, I believe that everything that was said to me was said in good faith, and I believe you will get a lot out of the conclusions. But before we start, perhaps it would be useful for you to understand the structure I used for the interviews and where it comes from.”

Lucy waited for a general nod of assent, and then continued: “When I first started this work, I was involved in implementing Total Quality.” There was a slight groan from some quarters of the group, and Lucy nodded. “Yes, that's not an uncommon reaction. But, in principle, Total Quality is simply a collection of excellent tools and attitudes. It is the implementation that so often lets it down. Don't get me wrong, my implementations were no better than anyone else's. I caused just as much

Fortunately, in most cases, this is not at all difficult.

Management survey

The best way to fully understand the need for change is to undertake surveys of current performance and practice. The first part of this, evaluating performance, may be done in a number of ways:

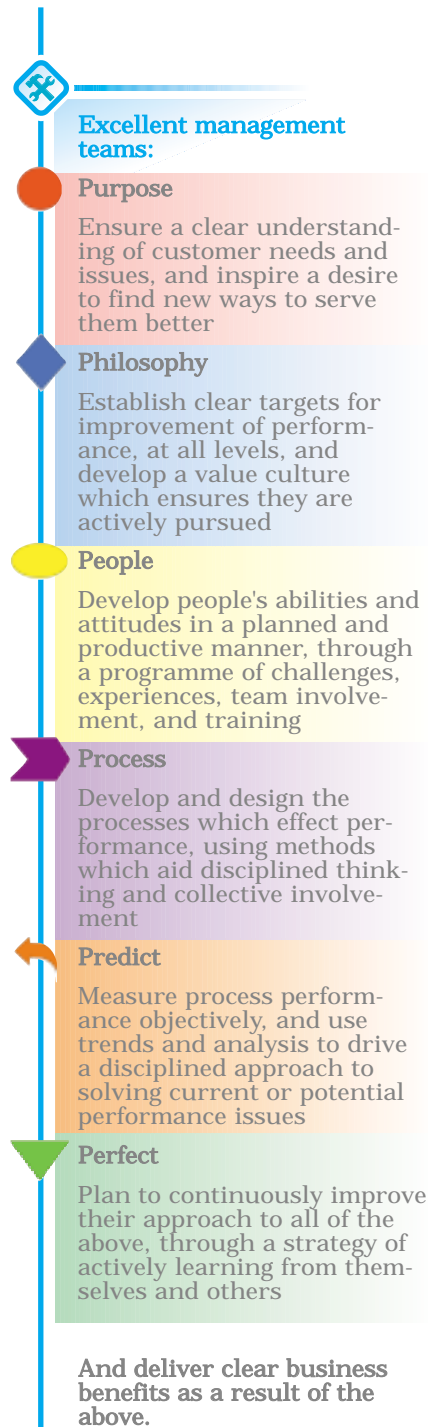
- comparing progress against past objectives
- looking at measures of customer satisfaction, waste, employee turnover, etc.
- looking at comparative indices with other organisations in similar industries.

The second part, evaluating the quality of current practice, should be done by comparing perceptions of what happens in your organisation with a model of good management practice.

A number of such models exist: The Baldrige Award; The European Quality Award; The Deming Prize. And there are also examples that can be gleaned from books written about exemplary companies.

In most cases their wisdom is reflected in six recurrent aspects of management (see the list on the right), which provide a useful framework for understanding and analysing current management practice.¹

As reflected in models of good management practice, these six aspects of management: Purpose; Philosophy; People; Process; Predict; Perfect, are attributed to be crucial factors in the success of organisations. They are seen as important because there is a high correlation



¹ Material to support this is introduced later in the chapter.

bureaucracy and disinterest as the next person. And then I came across this quote.”

Lucy flicked a switch on the data projector, and the screen behind her lit up with the words: *‘Total Quality Management is more about the Quality of Management than it is about the Management of Quality.’*

Lucy continued: “TQ was based on some very sound principles, but all too often we spent our time getting people at the coal face to do things differently while their managers continued in the same old way. The result was not sustainable. Management behaviour determines organisation behaviour. If management don’t change, ultimately their people won’t either. But the quote got me to thinking. What actually is ‘High-Quality Management’? Or in other words, since management is a profession, how would you describe quality in that profession? What would you say differentiated a professional manager from an amateur, apart from pay?”

She looked around. She had their attention. Clearly, the answer was not obvious to them.

“Then let me propose an answer to you, and see what you make of it.” She clicked to the next slide in her presentation, and by drawing parallels between the professions of medicine and engineering, Lucy derived a model, which she then applied to management. From this she drew out six principles, which she put up on the screen:

- Purpose:** Ensure a clear understanding of how value is added to the customer
- Philosophy:** Ensure a consistent set of values which are commonly shared
- People:** Systematically develop and harness the potential of people
- Process:** Consciously and professionally design and develop all processes
- Predict:** Establish the data flows to invoke responsibility and enable accurate decisions
- Perfect:** Have a clear strategy to monitor and improve all of the above.

“Basically, it was this model which I explored with you in our interviews.” She paused and looked round the room. “Yes, I can see most of you can

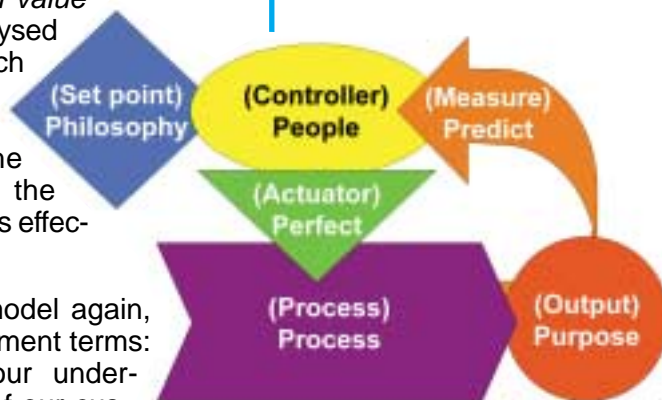
between their existence and success, and between their absence and failure.

However, these six aspects represent more than a serendipitous collection of features that are seen to be present in success. The six aspects are interrelated, and in most cases, sustainable success requires that all six are present. As such, the six aspects are not independent, but each represents one facet of a complete system, and the system requires all six aspects if it is to work effectively.

The system we refer to here is the model of systematic management, and it is directly analogous to the closed loop control model, which is the mainstay of effective systems design.

To explain the model in engineering terms: the 'process' is established to deliver an 'output'. The quality of the 'output' is defined by the 'set point', and the 'measured value' of the output is continuously evaluated against that. Any gap between the 'measured value' and the 'set point' is analysed by the 'controller', which calculates how to operate the 'actuator' to make changes in the 'process' and correct the 'output'. The system is as effective as it is simple.

Looking at the same model again, but this time in management terms: 'purpose' represents our understanding of the needs of our customer, which is delivered by the practices of our business 'process'. The intended quality of our work is defined by our 'philosophy' and we monitor and model our outputs to 'predict' whether our outcomes will fulfil that expectation. Any gap needs to be accurately presented to our 'people' so that they can analyse the underlying



recognise it. Essentially it is an engineering model called a 'closed-loop feedback'."

At this, Richard started to pay very close attention. He hadn't heard Lucy's so-called theories of management before, and he wasn't really interested in them, but as soon as she started to talk about engineering, she was on what he considered to be his territory. He felt sure she would slip up. He shifted position to more intently listen to what Lucy was putting forward, and to be ready to exploit the first piece of flawed thinking.

Lucy continued: "Let me explain a bit more. In a closed-loop feedback system, the result or output is measured and compared against a target value, or set point. The difference between the set point and the measured value is evaluated by an algorithm, and the conclusion is used to make changes in the process, such as opening a valve or increasing a voltage, in order to influence the output toward the target value." As she talked through the theory her hand flicked over a diagram on the screen. "The model is critical to effective control of engineering processes from electronics to steel plant, from deep sea drilling to space exploration."

Seeing Richard's attention on her, she asked: "Do you have anything to add at this point Richard? I know this is your area of expertise!"

Caught off guard, he just said: "No. That seems right to me. Carry on."

She paused for a moment more, and then said: "It is also critical to effective control of an organisation," and one by one, she related the principles she had drawn out to the principles of the 'closed-loop feedback diagram'. Richard sat there stunned, all thoughts of destroying Lucy's arguments flushed from his mind. Why had he never seen it before? It was so beautifully simple.

Lucy continued: "Management's role is in the top half of this diagram. Management are the algorithms that hold the whole thing together, but all too often, they are forced down into the process: replacing missing parts, cooling things down and ensuring the product flows. If you ask most groups of managers how much time they get here, in the top box: setting goals, analysing outputs and designing and experimenting with the process - many will tell you it is less than 10%, which is far less time than they need to do the job properly."

There were nods of agreement round the table.

issues, and make changes to 'perfect' the 'process'. In some cases those changes may simply mean a correction, but in others they may warrant a complete redesign of part of the system.

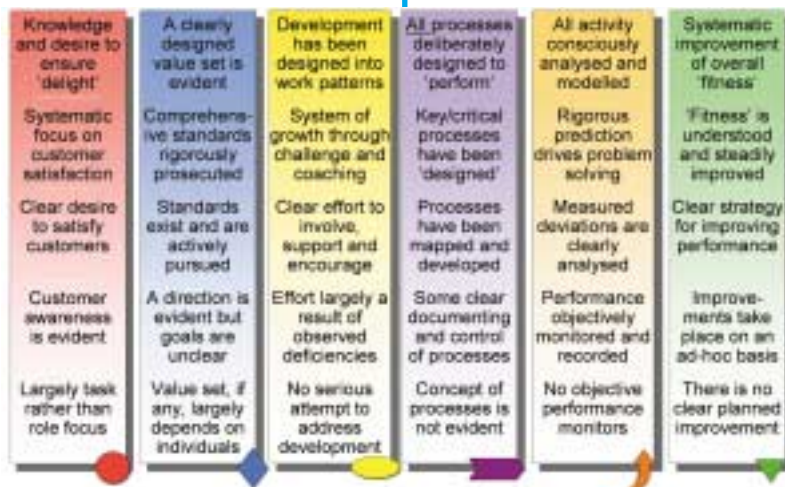
Adopting the systematic management model

The model explained above is both logically and empirically valid, and for this reason most managers have little difficulty in accepting its veracity. However, such acceptance should not be taken for granted, and before the model is used as a basis for evaluating current practice it is important to reach explicit agreement with your management team on its adoption.

The six columns below represent one means of beginning that discussion. Each column represents five different levels of proficiency in each of the six aspects.

Effective deployment of objectives, particularly where they have a reasonable degree of ambition, requires a fairly high positioning on each column. This ensures that:

- the goals are based on an effective understanding of the organisation's role
- the goals are totally clear and unambiguous



"I can see that the feedback is unlikely to hold any real surprises for you then. But before I get into it properly, I'd just like to try a little exercise in observation. In a few seconds I will hold up a normal sheet of lined A4 paper, and I'd like you to take a really good look at it." At that point, she produced from inside her file, a ragged and marked sheet of paper, which she held up to the group for a moment, and then returned to her file.

Turning back to the group, she asked: "What can you remember about it?"

Various points were thrown in almost immediately. "It was torn halfway down the left-hand-side", "It had a smudge mark in the bottom right corner", and "The top left corner was crumpled".

She quickly stopped the group and pulled the paper back in front of them again. "Interesting that," she said. "Interesting that no-one mentioned how straight these lines are, or how flat and thin the sheet is or what a wonderful right-angle is formed here." She paused. "You see we tend to take our expectations of a sheet of A4 paper for granted, and talk about how the sheet differs from those expectations." She paused again. "The same thing happens when I speak to people about their companies. There is a lot that is good about Cylek UK, but you won't see it fairly represented on the following slides. That is not because it is unimportant, or it does not exist, it is just because you didn't tell me about it. Is that okay?"

People nodded, and Lucy was about to move on, when Daniel interjected: "Surely it is your job to produce a balanced picture. It is up to you to find out the facts and if our views are biased to compensate for them."

Richard was surprised at the interjection. An unexpected ally? He was not sure that Daniel was the sort of ally he wanted. But before he could work out what to do, Lucy had responded: "I agree! And eventually we will collectively pull together such a statement. But for the moment, all I am doing is presenting back to you what you see, and what is at the forefront of your minds. Nothing more!"

Lucy went to move on, but Daniel hadn't finished with her. "What use is that?" he retorted. Lucy caught herself just before she responded and paused, apparently in thought.

- people are fully developed and prepared to take responsibility for delivering them
- processes are clearly defined, in control, and are fully aligned to the goals
- issues in achieving the goals are rapidly identified and effectively addressed
- the potential to pursue goals is continuously improved.

By asking your team to agree what level on each column is required, to sustainably deliver performance improvement, you begin a debate that will both deliver insight, and validate the framework as an acceptable basis for reviewing current practice.¹

Mechanics of evaluation

Once the model for evaluation has been agreed, there are a number of mechanisms that exist to help management teams evaluate the quality of management practice within their organisation. These include the following.

- Interviews² with groups and individuals to elicit current perceptions and anecdotal evidence, e.g. managers; staff; customers; suppliers and other business partners; local community; shareholders.
- Quantitative surveys³ to ascertain the extent and depth of good or poor practice.
- Operational audit results against nationally or internationally recog-

1 A PowerPoint™ version of the diagram can be found on the associated web-site (see Appendix 7). A practical example of using this approach can be found on page 465.

2 An example interview form for customers and employees can be found on the associated web-site (see Appendix 7).

3 An example survey form for customers and employees can be found on the associated web-site.



If a man will begin with certainties, he shall end in doubts; but if he will be content to begin with doubts, he shall end in certainties.

Francis Bacon
Lord Chancellor of England 1561-1626

The pause was long enough for Andrew to answer the question. “Well, it will help us to reach a common agreement on where we are. We’ve never really had that!”

Susan then supplemented that with: “We’ll need a shared picture in order to agree our priorities for moving forward.”

Others nodded, and Daniel sensed it was not worth pursuing, but he had to have the last word. “I’ll reserve judgement,” he said.

Sensing the group were largely with her, Lucy moved ahead to the feedback. She presented the findings sensitively enough, but it was clear that she had unearthed a whole range of issues in her discussions with Richard’s team, and not one of them could they argue against. Lucy really had been very thorough. Finally, after twenty-seven minutes, of uninterrupted feedback, she concluded her presentation.

“Please don’t take from what I have said that you are particularly poor. I have seen and heard a lot of good things over the last week. But, if you are intending to sustainably improve your performance, there are a number of issues that you will need to overcome, and they are these.”

At this she put up a simple slide of six bullet points, said “Thank you for your time,” and walked out of the room.

The six bullet points read:

- Few people outside of sales have any real understanding of customers, either external or internal. People are task focused rather than role focused.
- Targets and standards are ambiguous, confused and often non-existent. There is no consistent set of values promoted within the organisation.
- The appraisal system is effective, but is not well linked to development. People’s skills are not effectively harnessed against business opportunities. Teamwork is weak.
- Outside of manufacturing, there appears to be no real understanding of process. Procedures do exist where ISO 9000 requires it, but are not developed or refined.
- Measures are largely purely financial. Decision making and problem-solving are largely ad-hoc and poorly informed.
- There is no clear program of continuous improvement, or of strategically harnessing corporate initiatives. There is no process for learning from own or other companies experience.

nised quality standards such as IIP, ISO 9000, EQA, QRS, Baldrige, etc.

- Process review of operational practice.
- Cost of quality analysis and problem tracking.

Some companies may already have elements of these data, and can use them to provide some of the answers. Very rarely do companies need to undertake all of the above review mechanisms to develop an accurate evaluation of their current management practice.

In the case of your own organisation, you might use the objectives you defined¹ at the end of the introduction to guide you as to how deep and comprehensive your survey needs to be.

Reviewing these objectives is likely to raise a number of questions in your mind about the extent and effectiveness of your current management practice. The level and type of review you undertake should be designed to provide accurate, objective answers to those questions.



It's only the companies that you're unfamiliar with that are well managed.

Fred Vanderschmidt
Director, Abt Associates Inc.

¹ See page 11.

It was a very subdued management group that left the meeting room that evening.

Richard watched them go, but he himself sat quietly in his chair staring at the projection screen, his fingers steepled in front of his nose.

He sat there undisturbed for what seemed like an age, deep in thought over what he had seen: reconciling Lucy's model of management with his own thinking; reflecting on how closely Lucy's analysis paralleled his own concerns; and admiring how deftly she had managed the whole thing.

He still did not know where Lucy was coming from, but she would make an awesome ally.

As he pushed himself out of his chair, he made a decision to fully understand Lucy's agenda, and see if there was some scope in joining forces. All of a sudden, Lucy as an ally seemed a lot less risky than Lucy as an enemy.