

The structure of better management

Recession is forcing organisations to manage better, as they strive to get more from the workforce. The key to success is structure. By **Paul Leppard**

Despite murmurings of green shoots and recovery, the impact of recession continues to bite, and businesses are having to maximise their resources. Invariably that means getting the same – and sometimes more – out of fewer people. As a result, managers are changing the way they work, and being more focused. However, many of them are still trying to fire-fight their way out of a tough situation – in other words, panicking.

Unfortunately businesses' attempts to be more effective will have limited success. The problem lies in the fact that managers are not working in a structured way, and are therefore making classic mistakes: micro-managing their people, without making sure those people know what they are trying to achieve; trying out a whole bunch of new ideas, without any structure to deliver them effectively; grasping at management tools and initiatives without knowing if they will really fix the problem; dictating change without giving people

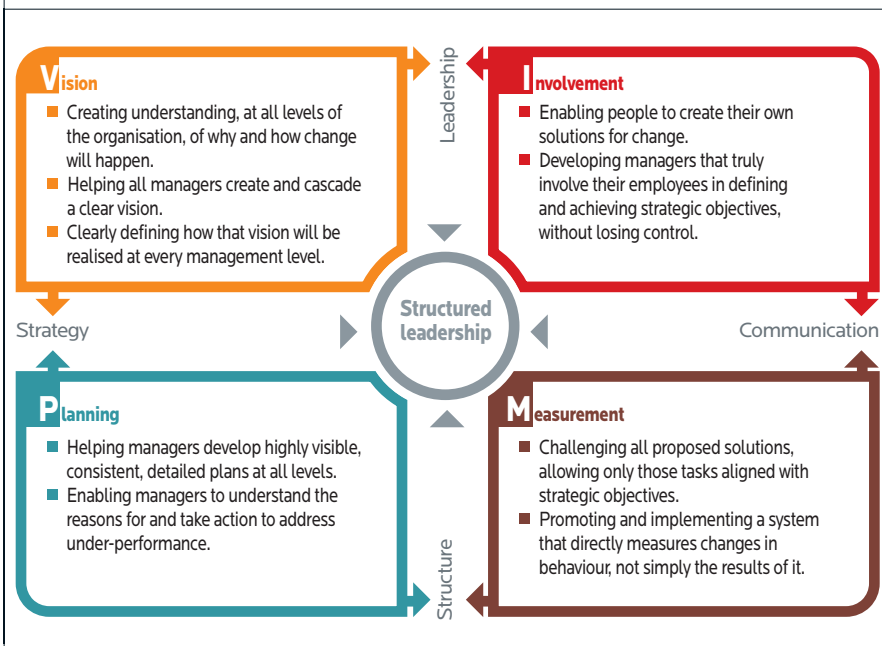
ownership... among others.

It is of course a good thing that managers are trying to address problems. Still, it is invariably *how* things are done, not *what* things are done, that is the key to success.

What is needed is structured leadership. Everyone with team management responsibility within an organisation, from the top down, should be involving their people in a structured and disciplined way. If you can do this, they will embrace your management approach. Moreover, structure will deliver consistency, and consistency will deliver change.

The key to making structured leadership work is involvement. Successful involvement needs to be done in a structured way. One of the classic errors that managers make in recession-induced panic mode is to get everyone 'involved' by asking them for their ideas. Unfortunately, tying people up in a series of brainstorming sessions, generating loads of new things to try, is a mistake if they don't really understand why

Figure 1: Four elements of structured leadership



they are doing them, and if there is no structure in place to follow up and resource new initiatives. Many of them are simply destined to fail.

Really involving your people

Genuine involvement – enabling people to create their own solutions to the problems the business faces, as a result of their own analysis – won’t be effective without extremely close management control (so that outcomes are not simply left to chance) but it will give people true ownership of the inevitable change that coping with recession brings. And the benefits of achieving genuine involvement are indeed great: in our experience, most organisations have at least another 20% capacity to achieve more with their existing people.

To create the framework within which to involve people, there are three further elements you must also master: vision, measurement and planning (see box).

Vision is critical, quite simply because

the more key actions that an organisation can trace back to its strategic objectives, the more successful it will be – we find that as much as 50% of all business activity is totally unnecessary because it isn’t aligned to strategy.

Involvement will be even more powerful if you help people create the vision. But however it is developed, to truly involve people, all the leaders in the organisation must be able to communicate the vision that you are trying to achieve, from the overall strategic direction right down to individual project objectives. Then people will feel confident that someone is steering the ship in troubled waters. They know what their role is, and how everyone is working together.

This will ensure that when tough trading conditions cause an organisation to re-examine what the business is doing, and prioritise to focus on what really needs to be done, the approach will be linked to strategy. Without this structure the right approach in

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principle will fall down in practice. If the wrong things are given priority at the expense of others, the business will be no better off and could still fail.

Measurement drives behaviour

So, your vision must be clear and you need to communicate it effectively. Next, you need to ensure that the improvement solutions that your involved teams have developed, in line with the vision, will truly change behaviours in the long term.

Another typical knee-jerk reaction to tough trading conditions is to introduce management tools and techniques all over the place – often straight out of the ‘best practice handbook’. Suddenly, everyone needs to be attending workshops, and consultants are drafted in to undertake rapid improvement initiatives. In reality, there is no magic bullet. Effective change will only be sustainable over the long term if people change.

We regularly see that over 90% of

improvement projects don’t change the way people work on a day-to-day basis, because companies consistently fail to change the behaviours that drive poor performance, and you can’t change these behaviours if you don’t measure them.

The critical role of measurement is to analyse the link between actions and outputs in a structured way. What is needed is a measurement system that creates a ‘common language’ through which everyone, regardless of their role or what part of the business they work in, can understand how they and their colleagues are performing against objectives, where the gaps are and what resulting action is required.

An effective measurement system is, however, only part of the picture: structured and detailed planning is absolutely vital.

In our experience, more than half of improvement activities – even those clearly linked to strategy and validated by measures – will fail due to poor execution. This is because, typically, managers don’t plan in enough detail, define actions with a sufficient degree of accuracy or question what they are trying to do and how in a sufficiently structured way.

Why? Because planning is often seen as a wasteful activity, so they put all their energy – and that of their teams – into simply doing, and being seen to do, lots of activities.

Instead, detailed, structured planning should enable teams to understand exactly what needs to be done, why, how and by whom. But, more than this, everyone must plan in the same way, according to strictly defined rules, and it needs to happen at every level of the organisation. Because consistency is crucial, team members need to support each other in the planning process, pointing out where plans have deviated from the rules and helping to get them back on track.

Creating long-term change

It is not easy to learn the skills of structured leadership: managing your own expectations, measuring your own behavioural change and getting your team

to take ownership. It is likely to take years to transform the way your entire management team, and therefore your business, operates and it will require sustained effort in real life situations. However, using these simple principles can deliver significant results in the short term. And once you have achieved change, the impact can be dramatic (see box below).

We all hope that economic prosperity returns more quickly, certainly as quickly as it seemed to evaporate. Ironically, only then will managers and leaders find out whether they have created long-term, sustainable change... because a top-down, structured and disciplined management approach will continue. The prize then is

one that is really worth striving for: an organisation that has the capacity to change, whose people are used to their full potential and which is much better placed to weather whatever the economy has to throw at us next time.

Because recession has forced you to be more focused, it is likely that you'll be achieving some incremental benefit already. But there's probably still a lot of unstructured activity going on in the business as well: take a look and ask yourself how much more could be achieved with a structured management approach. And then, when those green shoots really do start to break out, ask yourself what kind of leader you want to be. ■

ABOUT THE AUTHOR

Paul Leppard is operations director of leadership consultancy JARA.

+44 (0)20 8261 4591

www.jara-management.com

Case study

A world leading company in gas turbine vibration monitoring systems serving the aerospace, industrial and marine markets was experiencing exceptionally high order intake, due to significant and rapid growth in key sector and overseas markets. With manufacturing struggling to keep pace with demand and order book growth vastly outstripping sales output, the business needed to increase production and supply chain capacity by 50%.

What was wrong?

Detailed analysis of the improvement activity already under way revealed that:

- 80% of this activity was unlikely to succeed because it was misaligned with the needs of the project and the vision of where the business needed to go.
- Much of it was poorly planned – activities were informal, open-ended and invisible to the team.
- The team hadn't been involved in

developing the strategy.

- Because there was no consistent measurement system in place, progress towards achieving objectives could not easily be quantified.

What changed?

A 60-strong centralised team was formed by the director of manufacturing, from across the business and outside, to manage what became known as the 'growth project'.

- Vision and involvement – having designed a strategy to solve the problem, he involved the team by challenging them to come up with a new and better one.
- Planning – eight stand-alone projects were created, one for each of the five manufacturing departments, plus supply chain, production planning and an outsourcing project for non-core machined parts.
- Measurement and planning – two company-wide measurement systems

were developed to enable the creation of highly detailed multi-level project plans, which described 1000 action lines across the entire business.

- Progress against milestones, at project and sub-project level, was reviewed weekly.
- Project leaders presented their activities to the wider team, providing total clarity for the CEO and the senior team and highlighting completion problems before they happened.

What was achieved?

- Sales output was increased by nearly 50%.
- On-time delivery increased from 65% to 90%.
- Customers were unaffected by capacity issues.
- Due to the success of the project, the business continued to use the management approach for their day-to-day work, after the capacity issue was solved.