

Management Ideas



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a monthly newsletter to key executive-leaders
on practices, possibilities and ideas generally
for stepped up performance
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on problem-solving and creative ideas

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3177 AN IDEA FOR OUR PUBLIC COMPANIES? Japanese top executives though they receive relatively low salaries, are extremely hard workers and great achievers. It is said that Japanese top managers are not somehow endowed with personal resources of energy or bouts of talent not possessed by their counterpart elsewhere.

What then is the secret?

According to Keitaro Hasegana (author of Japanese Style Management) "The answer is that corporate managers personally guarantee the loans made to their companies. For instance, a newly appointed president's first duty is to affix his seal to such a personal guarantee. In the admittedly rare event of bankruptcy, he immediately forfeits all his private assets to the creditors of the company.

The requirement that managers guarantee loans is not a legal one. It is just common practice. It became widespread after World War II and is now firmly established. Even the Japanese government adheres to it, as is evident in the case of an emergency bill enacted to aid the declining coal mining industry.

In return for providing various relief measures from public funds, the government demanded personal guarantees from top management, although this condition was not stipulated in the bill. Close scrutiny suggests

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that the practice is illegal; but even so, the officials in the Ministry of International Trade and Industry, or MITI, who administer the act stressed the universal practice of personal guarantees and insisted that the managers involved accept responsibility for the loans.

The personal fate of the corporate manager is thus irrevocably tied to the fate of his company. Low salary or not, there is no alternative but to expend every effort to forward the development of the company. It is fair to say that the fear of bankruptcy constantly spurs Japanese top management into feverish activity to ensure the company's continued good health.

Under these conditions, corporate management is a continuing struggle. In a fiercely competitive market like Japan's, one mistake in managerial strategy can mean an immediate loss of ground to the opposition. So managers must be continually on the alert. A failure on the part of top managers may lead not only to the company's ruin but to their own as well.

This harsh system is not limited to small and medium-size enterprises that are low on creditworthiness. It applies as well to the largest, best-known Japanese corporations, where the top managers are skilled professionals with expert knowledge and rich experience.

As an example of a corporate manager suffering great loss from a company bankruptcy, I will mention one case. The president of Kojin was an experienced manager who had worked his way up from the ranks, originally at Dai-ichi Life Insurance. When Kojin went bankrupt, the largest company to do so since the war, the personal guarantee system was invoked. As a result, the company president's spacious residence in Denenchofu, one of the most luxurious residential areas in Tokyo, was seized by the company's creditors.

Because of the practice of personal guarantees, top management's personal stake in the continued prosperity of the company is at least equal to, if not greater than, that of the typical employee. And this practice tends to keep labor and management on an even footing, fostering equality and stability.

3178 THE NEW MANAGER: Robert M. Fulmer wrote a book (now in the fourth revised edition) **The New Management**. Those who practise this are the new managers. They differ from their predecessors in a few key respects. They are:

1. **An Orientation toward people.** The new managers will thus find themselves devoting a much more significant portion of their time to interacting with people and less time shut away in an office designing grandiose strategies.

2. **A concern with implementation.** Hand in hand with an orientation toward people will be an emphasis on implementation, that is making things happen. Successful implementation requires a mix of special skills and knowledge on the Manager's part, as well as their use in leading people toward the accomplishment of a task.

3. **A competitive spirit.** Because of demographic trends in this country and intensifying global economic competition, the new manager will seek success in a much more competitive environment. Those entering the work force today are following in the footsteps of the largest cohort group ever born: the "baby boom" generation. The presence of so many people ahead of them, with the advantage of greater seniority, means that competition for promotion will be rigorous. And the pressures created by international competitiveness will change the formula for managerial success.

4. **An external perspective.** Because of this increased pressure from competing peers and from the global environment, the new manager will need to be able to manage in several directions. Managerial skills will be directed toward subordinates and peers, bosses and external relationships--everyone, in short, who has a bearing on success.

5. **An orientation toward systems.** This complexity of relationships will require that the new manager become proficient as a manager of systems. Peter Drucker has likened systems management to the challenge of conducting an "information-based orchestra." A large number of people, each playing his or her own different instrument, must be coordinated so that they produce a harmonious product. "What makes a first-rate conductor," Drucker analogized,

is.....the ability to make even the most junior instruments at the last desk way back play as if the performance of the whole depended on how each one of those instruments renders its small supporting part. What the information-based organization requires.....is leadership that respects performance but demands self-discipline and upward responsibility from the first-level supervisor all the way to top management.

6. **Pragmatism, flexibility, and an ability to deal with ambiguity.** In a key Harvard Business Review article, Earl Sasser and Wickham Skinner suggested that successful managers are often versatile and inconsistent; that is, they recognized when it is important not to be consistent with what has been done in the past. This is a rephrasing of Emerson's famous statement that "A foolish consistency is the hobgoblin of little minds." The successful manager, like the successful football running back, has the ability to react quickly to changes in the environment and can make adjustments in the plan even after the basic "play" has been called.

7. **An orientation toward the future.** Last, the successful new manager will think in an appropriate "time span." A team coined by British organizational researcher Elliot Jaques's studies have shown that individuals vary widely in the periods of time across which they are able to plan and envision concrete action. Some of us tend to think that "What's for lunch?" requires long-range planning and that planning for a full twenty four hours is rank speculation. Unskilled workers often operate within the frame work of a single shift. Those at the lowest levels of corporate management normally need at least a three-month (quarterly) perspective. The time span increases as the management level rises, so that the executive at the top of the pyramid should envision the future ten or twenty years hence. To be

successful, the new manager will need not necessarily the largest time span in the organization, but one that is sufficiently broad to encompass the ultimate consequences of those decisions and actions that he or she takes.

3179 ONE WAY TO RETAIN GOOD PEOPLE: Getting and keeping good people has never been easy. It is now becoming even more difficult - the expectations of employees are more and the opportunities are more.

To solve this problem, AT&T and other companies have begun soliciting feedback from employees who are leaving. "Managers are beginning to consider the exit interview an opportunity to run a reference check on their entire company,".

Managers at AT&T produce a twice-yearly, in-depth analysis of exit-interview findings, which are presented to the senior vice president of human resources. "We use the data we find in exit interviews to reexamine our policies, make suggestions for change, and generally to help retain skilled employees at all levels," says Laureen Lach, who manages the company's exit-interview process.

When you conduct exit interviews, it's important to ask open-ended questions. "Communicate to the employee that you want to hear everything she has to say about the workplace, good and bad," says Elder. You might say something like, "I value your opinion, and it would help me out if you would feel free to be honest with me."

Most likely, if your employee is counting on you as a reference, she will be hesitant to answer frankly. To allay any such fears, Elder advises nonchalantly letting her know that you've already written a recommendation.

Here's what to ask departing employees:

What did you like most about working here? Here you are trying to gain insight into how the employee perceives the corporate culture. Be prepared to hear anything from "My colleagues were very encouraging and approachable" to "The deli across the street is fantastic."

At AT&T, one of the answers managers hear most frequently from employees is that they appreciated the comprehensive benefits package. Besides medical, dental and other benefits, many employees receive \$35 a month in long-distance telephone service for their homes. When exiting employees mention this, it reaffirms to the company that the investment in benefits is paying off.

What do you feel good about having accomplished? With this question, you are looking for how the employee views her work load. What particular responsibilities gave her a sense of accomplishment? For example, say that during an exit interview a young lawyer mentions that she greatly valued her experience recruiting, hiring and training a group of summer associates. She says that this three-month assignment taught her a great deal about the workings of the firm. In light of this information, senior partners may want to suggest that each year a different young lawyer be given the task of hiring the summer associates. That way others will enjoy the benefits of such management training.

If you were in charge here, what would you change? This question is meant to empower the employee by offering her the authority to change the work environment. Prepare yourself for a candid answer." Once you offer an employee 'manager power,' you may be surprised by the enthusiasm she demonstrates in explaining how she feels about the workplace," says Elder.

What best helped you achieve your goals? Here you want to find out which employee-support systems are working and which are not. If, for instance, your employee states that the senior vice president's open-door policy was instrumental in getting some of her ideas put to work, you may want to encourage other senior managers to adopt a similar policy.

What did you dislike about the work environment here? A 1988 exit interview survey of 200 employees at a Boston-based psychiatric hospital posed this question. The results: Twenty percent said they had problems with the work schedule, and 15 percent said they disliked their direct supervisor. This information encouraged hospital administrators to implement schedule alternatives as well as a management training program for supervisors.

3180 H R WITH THE BOSS: No matter what your job you have a boss who affects your days, your nights and your future. To get along better with the person you report to , try these techniques given in the book *How to Manage Your Boss* by George Berkely.

- * **Listen.** Hear both what is said and what is implied.
- * **Be concise.** Get to the subject when you talk or write a memo.
- * **Be diplomatic.** If you don't agree with your boss's plan, don't reject it. Offer options.
- * **Be positive.** Forget the words "problem, crisis, disaster, setback". Instead, talk about challenges. Say good things about people you work with instead of knocking them.
- * **Be early.** It shows you're fresh and enthusiastic. If you work late instead, it looks like you can't get your work done.
- * **Keep promises.** If you find that one can't be kept, say so immediately instead of waiting.
- * **Study your boss.** Know his or her background, company history, goals, likes and dislikes.
- * **Don't get too close.** A close friendship can cause problems. The best thing you can do is just do your job well.

3181 LAUGHING MATTER?

A husband and wife drove for miles in silence after a terrible argument in which neither would budge. The husband pointed to a mule in a pasture.

"Relative of yours?" he asked. "Yes," she replied. "By marriage."

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