// Management Ideas

FOR STILL BETTER
RESULTS
RELATIONS
REPUTATION
RENEWAL

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

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Management Ideas

IN THIS ISSUE

3834 FROM THE EDITOR'S DIARY

Thank you, Thank you, Thank you!

Many Readers have been gracious enough to write to me, to phone me and even to meet me, to both thank me for editing this monthly for this long and and to show their disappointment at its stopping. They urge me to continue.

Without an audience, there is no speaker and without Readers there is no editor. You made my research efforts possible all these decades. Please accept my salute. Please accept my gratitude. Please accept my goodwishes.

If even at this late hour an organization would like to take it over, I will be glad to extend my hand of help as long as needed and possible.

Otherwise, I will have to make this March '99 number the last one.

A diploma in Engineering Management

This is a long awaited need of the engineering professionals. This is a British diploma, now available in India."The object of this diploma is to provide knowledge of management practice, to raise appreciation and understanding of the management process, and to provide knowledge of the techniques applicable to engineering management. The programme is specifically related to management problems in engineering and has been specially developed for practising engineers to add to their knowledge and acquire management skills."

This diploma programme, currently operated by 8 colleges/universities in UK, is now available in Pune, India. Details can be had from TASMAC Fax:020/624279 e-mail:tasmac@wmi.co.in.

Building A Network of Specialised Knowledge Assets

Here is a small suggestion for corporate chiefs.

The suggestion arises out of two experiences. One was with a dentist in USA. One of his hobbies is to collect books on child health written in Sanskrit. Almost a shelf full he had when I met him.

The other was with the Buffalo College. The college has a special knowledge resource on

Creativity. When I visited with the college in 1983, the college had more than 4000 items.

The idea is that we form a network of knowledge banks or resources. Each member will choose a topic (related to corporate, personal and human excellence) and build a knowledge resource centre. Primarily for one's own benefit and also as part of a network of national resources.

This will be different from the regular libraries in the sense that the material will be application or practice oriented. (Many of the libraries in educational institutions are theory oriented).

Knowledge is power. To build it as power, we need to assemble all the published knowledge and have it in some part of the country. The topics are so many that no single agency can do the assembling and be all things to all people. The practical thing is to have several centres. To keep them live and throbbing, corporations have to be patrons of sort. They should have it as part of IT or Finance or one such departments.

To help myself, my colleagues and clients, since 1955, I made an effort to build such a knowledge resource centre. These are SOME of the topics on which I have been making collections: Leadership, General Management, Marketing and Sales Management, Human Resources Development, Communication, Managerial Skills like Time Management, Creativity and Innovation. Press clippings are on an A to Z basis. (I do not want to take the editorial space for making this list longer than it need be.)

To make a start in your chosen area, you can use the material I have collected as a nucleus. I am willing to give my collections to you at cost. And also share my knowledge and experience in building such a knowledge-resource centre.

I can be reached at the following addresses:

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3835 BEWARE OF CURE-ALL FADS

Gullibility is no one's monopoly - no individual's, no country's. Combine it with the high pressure promotion that is becoming a fine art. And for good measure, add 'keeping up with the Joneses'. Cure-all fads are irresistible at a personal level or corporate level. Only in case of the later, the stakes are much higher.

How can we protect ourselves from the ill-effects? The following item - from a strategy consultant at that - gives us a few tips.

"Eaton's has lost its sense of self....This company has been in the hands of too many consultants for too long," George Kosich, newly appointed chief executive officer of T. Eaton Co. Ltd., said in an interview in Maclean's magazine this month.

Mr. Kosich is on target with his remarks and may turn out to be equally correct with his turnaround plans for the department store chain. He clearly understands that the evergrowing range of management tools, touted by many consultants as the panacea for any kind of corporate blight, cannot turn a company into a star performer.

The harsh reality is that indiscriminate adoption of fads will almost certainly contribute to a company's demise.

Let's look at the experiences of Texas-based Wallace Co. On the brink of disaster in 1985, it managed to turn a corner by adopting the total quality management (TQM) technique. The implementation of the tool was so impressive that in 1990, the company won the annual Malcolm Baldrige National Quality Award. Two years later, Wallace filed for bankruptcy protection!

According to John Wallace, the company's CEO, managers were so busy doing the Baldrige publicity presentations that they neglected the followup and getting the sales. Instead of focusing on all the elements of running a successful business, management wasted energy on adopting the latest fad.

Although this is an extreme example, it would be impossible to list all the companies that have fallen for a fad. Many corporations send entire management teams to training sessions with no economic return on the investment. Moreover, real people lose real jobs as business performance declines.

Unfortunately, consultants often share the blame in blurring the line between a fad and a legitimate tool. They can be more focused on selling work than helping clients improve a company's results. Armed with a plethora of products — there are now almost 30 management tools and techniques in use — many consultants do nothing other than peddle the latest buzz:re-engineering, knowledge management, overhead value analysis, TQM and others.

Each of these fads has been hailed as a "cure all" in books, speeches and newspaper articles. But they have more in common than a charismatic name and a solid theoretical background — each of them has won the dubious distinction of "flavour of the month," and each one has failed to produce long-lasting results, leaving behind disillusioned managers, disappointed employees and disintegrating organizations.

The list of negatives grows longer. Here are some equally ominous perils of adopting business fads:

- In reality, fads destroy the most basic concept of strategy: You cannot win by doing the same thing that everyone else is doing. A product becomes a fad when many companies - friends and foes alike - are attracted to it.

  And if every company in your market is focused on a fad, how can you possibly outperform them by following in their footsteps?

- Internal division is created. Fads each have their "champions" who will become, in sequence, winners and losers. As a group in your organization forms to support one fad, it will try to discredit the others. This situation is far from the promise of helping your company deliver better value to its customers.

- Employees are robbed of responsibility. Because fads are hailed as the magic weapon that will take care of your problems, they stifle decision making and interaction with customers. They squash creativity because many actions may not fit into the dictates of the day.

- Top management's credibility is eroded. By definition, flavour-of-the-month initiatives change constantly. A senior team sending the message that "X" is the secret to a company success had better be right — changing the tune next quarter will erode employees' trust.

- Fads can disappoint everyone. When, despite the adoption of the latest cure for all corporate ills, customers are still dissatisfied, market share fails to double and the stock still lags behind, the troops will lose interest, focus and enthusiasm. And the market, which listened to early promises, rarely rewards unfulfilled expectations.

So what do you do the next time a consultant, armed with a book, some research and an impressive client list gives you a dazzling presentation? Consider this:

- **Avoid cure-all products**. Don't give in to the peddling of the latest fad. Inherently, it is a solution in search of the problem.

- **Do not jump on the bandwagon**. What's good for the competition may not be a solution for you. And if your competitors are doing this already, why would want to join the crowd instead of finding a strong competitive differentiator?

- **Stress all the elements of strategy at the same time, all the time**. There is no quick fix for a winning strategy — it is complex and constant, and it requires continuous focus on providing value to customers better than anyone else.

  This value does not come from a single source or program. To quote David Glass, Wal-Mart Stores Inc.'s CEO, on the success of founder Sam Walton: "Mr. Walton knew as well as anyone that there wasn't any magic formula. A lot of different things made it work, and in one day's time he may cite all of them as the key or secret. What's amazing is that for almost 50 years he managed to focus on all of them all at once, all the time. That is his real secret."

- **Ask consultants — in fact, all your advisers — how the proposed management tool will help your company win a competitive arena**. Find out how much of what they offer is truly unique and proprietary, how it is going to be measured and over what time period.

But most importantly, ask how will it change your company's destiny in quantifiable, bottom-line terms. If these questions lack proper answers, you are betting on a horse that will not win the race.

3836 WORK STATION FLEXIBILITY

Although many Australian companies have flexible work policies, such as job-sharing, telecommuting, flexible hours, part-time work and career breaks, the use of these schemes is surprisingly low, given their excellent results in the US and some Australian companies like NRMA, Hewlett-Packard, Integra and Queensland Rail. We have a few pointers here for the 21st century

Flexibility (or the Virtual Office to use the American term) has been enthusiastically used in the US where there are more than 7.5 million people telecommuting and predicted to reach 25 million by 2000. While part of this may be due to more flexible unions, there is also a greater willingness to give alternatives go, if they meet both business and individual needs.

A survey of Fortune 500 companies in 1994 showed a significant increase in work done offsite, rising from 33 per cent in 1989 to 78 percent in 1994.

It also reported major improvements in productivity (80 per cent of companies), customer satisfaction (63 percent), customer response (75 per cent), improved operating efficiency (63 per cent), improved speed to market (50 per cent) and improved quality of work life (38 per cent).

Forty-seven per cent of the companies specified improved employee productivity as the biggest advantage of telecommuting programs, which also helped to retain high quality staff who would otherwise have left.

Despite these excellent cost-benefit results, a staggering 75 per cent of companies cited management resistance as the biggest hurdle to flexibility.

Resistance is due to a mix of factors including:

- The company culture which equates a 60 hour week with loyalty and promotion is still promoted by older senior managers and makes it very difficult for staff to ask for flexibility, without putting their careers at risk.
- The belief that people won't work if they're not watched, an attitude still held by managers, particularly those with poor people-management skills.
- Many managers are so pressured that they don't have time to think outside the 9-5 box and have little incentive to do so from company reward systems, which give no real attention to managing diverse groups of staff successfully.

Some also fear that if flexibility was widely available, too many staff would want it and the business would suffer.

The reality is that as a 1993 study showed, there wasn't a flood of requests, and that the costs of changeover were offset by staff retention and shorter maternity-leaves.

Companies such as First Tennessee Bank (Memphis) have gone further in allowing staff to restructure their jobs based on personal needs. This enabled the accounts department to reduce customer account reconciliations from 10 to 4 days, by staff working longer hours in peak periods and taking time off in quiet periods.

- There is little knowledge of the cost benefits of flexibility. In the US, IBM's midwest division has mainstreamed telecommuting by having 2500 out of 4000 employees working on the road and coming into the office once or twice a week.

  Since 1993 the company has reduced real estate space by 55 per cent, while increasing the ratio of employees to work-stations from 4:1 to 10:1 and simultaneously increasing customer and staff satisfaction.
- The cost of losing high-quality experienced staff never appears in the company budget. NRMA estimates that it costs $48,000 to replace a senior specialist, & 21,000 for a specialist and $ 12,000 for a staff member. Since 1991 - when they introduced part time work and job-sharing for staff returning from parental leave as well as letting staff use personal sick leave for family reasons - the rate of return to work has increased from 34 per cent to 89 per cent. The savings are around $1.5 million over three years.

- The myth that only receptionists and bank tellers can work part time or job share and that all senior and professional work is unsuitable, Brisbane City Council has made job-sharing and workling from home avaialable right through to senior management ranks.

San Francisco-based Pacific-Bell has more than 2000 managers splitting time between home and any of the company's offices in California.Those who travel regularly or prefer not to work at home can also drop into dozens of satellite facilities.

- The mismanagement of women returning from maternity leave resulting in truncated careers and retrenchment is an issue crying out for the intelligent use of flexibility. Many companies handle this issue badly, losing good staff and creating ill-will as is clear from the 1997 Commonwealth Bank case.

The Human Rights Commission ruled against the bank for indirect discrimination against 94 WA women, who missed out on new jobs in a restructure while on maternity leave.

Some companies such as VanCity, Canada's largest credit union have tackled this issue creatively by offering staff career breaks of up to three years which can be used for child care, study leave, travel etc.

Other innovative approaches to child-care problems for two-jobs families include the 48/52 scheme, commonplace in Europe and emerging in Australia in companies like Mercantile Mutual. This allows employees to take eight weeks leave a year, (four paid and four unpaid) by distributing 48 weeks' pay over 52 weeks.

Both US and Australian experience shows that flexibility delivers for both the business and staff. To make it work, companies need excellent human resources strategies, better accounting, a readiness to experiment and an understanding that a clock-watching company cultures need to refocus to being more results driven.

3837 MANY A LITTLE

This is probably the experience of many of our achieving readers. Only, you have not taken the time to write your experiences. The writer proves the saying, 'many a little make a muckle'. This approach brings a quiet revolution.

Management theories du jour are worn like the latest designer suits, often more for their looks than their value. We trek from "seeking excellence" to viewing the corporation as a "fluid portfolio of businesses" and from "re-engineering" to "total quality management" to "continuous change management."

This is by no means mere cosmetics; consulting firms now have annual revenue growth that most of their clients can only envy, and writing a hot new management-theory best seller may be a good deal more lucrative than running many companies.

While many of these theories are dubious, they are not harmless. The fervid search for the big idea distracts too many people from recognizing that organizations are transformed more deeply and continuously by the relentless pursuit of small ideas.

Most of us, in fact, work in businesses whose customers view their products and services largely as commodities. Most of the time, we compete on the basis of minute differentiations and small increments of value, as perceived by consumers. That is precisely why a continual steam of small changes can, over time, have a far more powerful impact than many sweeping strategic decisions.

In the 1980s, when I was assigned to manage the subsidiary of an American bank in Greece, I found the organization in a serious tailspin. The source of the problem was fairly obvious: customer disaffection with lousy service.

Lacking the time to hatch a grand strategy or the resources to hire consultants, I brainstormed with the employees. The small change we chose to implement was disarmingly simple: We moved the president's desk into the middle of the lobby. Employees and customers could see at once that major change was under way and could now take their concerns and complaints directly to the top.

The president, who had never been especially excited about the idea, learned firsthand what was wrong and why.

That led him to initiate a total overhaul of operations, to adopt new technology that revitalized the business and to add so much value in the eyes of customers that we achieved a 5,000 percent increase in profits in less than five years.

Later, when running the same bank's Italian subsidiary, I suddenly faced a new Italian tax on interest on savings accounts that threatened a countrywide run on banks.

Our competitors ran ads and crash marketing programs to reassure their customers. Lacking a big idea, we opted for a small one: Convinced that seeing is believing, we took all the cash out of the vaults in our branches and piled it up on the tellers' counters, where everyone could see the money. Customers were both charmed and reassured. The more cash we displayed, the more new accounts flooded in from other banks.

Our small idea, along with our subsequent innovations, helped turn a $40 million annual loss into a $50 million profit.

Notice that I said "we". A company's employees can be resourceful consultants with keen insights into its business. And they alone can identify and implement the continuing sequence of small changes that add value, enhance efficiency, build competitive leadership, reduce costs and increase profits.

Employees have an expert view of their work and, serving on the front lines, have keen insight into the typically small increments of value that create customer satisfaction and customer preference.

Employees also want their company to succeed in the marketplace, realizing that success is not only much more fun, but is the source of expanding opportunities, greater job security and more money as well.

The genius of small changes wears many faces and turns up everywhere from the plant floor to the back office. If you haven't encountered these faces yet at your company, it may be for some of the following reasons:

- Employees don't think that small improvements matter, because no supervisor has ever been receptive to suggestions or acted upon them. They may have come to think that their ideas are too trivial and that their work, by inference, is too unimportant.
- Employees have no defined forum for expressing their concerns and ideas - no regular place where the problems and opportunities they detect can be aired and acted upon.
- Employees have no authority to take risks, to try something new, to go out of the box to fix a problem or satisfy a customer.
- Employees have no mission or sense of shared purpose. They cannot tell you or anyone else why their company is different from its competitors. And when the mission is not clear, neither are the expectations.

I'll trade one major restructuring for a stream of small changes that hone the competitive edge, energize and focus the work force and spawn innovation. In fact, I may trade two restructurings. Care to bet?

Donald Winkler in New York Times

3838 WHEN YOU MAKE A MISTAKE

*We all make mistakes on the job. Do we **manage** mistakes? By managing, I mean, getting the best out of the mistakes. Here is a point of view worth listening to.*

Owning up to mistakes on the job isn't easy for anyone. But a succinct, well-placed apology can be worth a thousand words of explanation.

You'll earn more trust if you accept responsibility early on in a forthright manner, management experts say. Too much apologizing or self-justifying, though, can make you look weak.

Hiding behind legalese and vague admissions of guilt can undermine your credibility even more. If you fail to address issues head-on, you may make your audience suspicious rather than forgiving.

"If you're not sincere, then you'll lose the chance to make an emotional connection with your colleagues and employees", said Bill McGrane, president of the McGrane Institute Inc., a management consulting firm in Fort Mitchell, Ky.

"But when you acknowledge the simple truth, then you establish a level of intimacy that makes it easier for them to forgive you and move on." Try these techniques to 'fess up without losing face:

Clarify your assumptions: Mistakes often occur when you assume something incorrectly and then act on that belief. By identifying your faulty assumptions, you can help employees understand how you arrived at your conclusion.

"When I was VP of manufacturing for a food company, I was analyzing a plant closure and assumed that a certain plant was no longer viable," said Bernard Nagle, a director of operations at Berg Electronics Corp. in St. Louis.

"So I was all set to shut it down, and everyone at the plant knew it." But the plant manager and some employees desperately explained to Nagle why the operation should continue, prompting him to change his mind. "As it turned out, I learned a lot from them," he recalled.

"I admitted I made some mistakes based on assumptions that I now knew were wrong. We wound up working well together to keep the plant open and increase its profitability."

Talk in terms of past-present-future: "Never justify or defend your behaviour," McGrane said. "It's better to relate what happened as if you're telling a story."

For example, McGrane recently advised an executive at a health-care company how to express contrition when he was caught taking all the credit for a project that colleagues worked on. "He had a hard time admitting what he did in front of his team," McGrane said.

"But it became easier when he started by saying, 'Last week, I told you one thing, but I did another. At the time, I didn't think that it was wrong. Now I realize it's a pattern of mine. I'm going to clear up the misperceptions that I've caused and win back your trust.'"

By placing your mistake in a broader time frame, you help your listeners see what you did, how you're handling it now and how it will affect your future. They're more likely to give you a second chance if they see you learn from experience.

As you look ahead, commit yourself to action. Show how you'll fix what's broken.

Only apologize when it counts. Sometimes it's best to express "regret" for your actions and that's all. You risk coming across as spineless if you're too quick to apologize for every little incident.

"Never apologize for an error unless you've intentionally misled people," said Marilynn Mobley, president of Acorn Consulting Group Inc., a business communication firm in Marietta, Ga.

"If you make an honest mistake without any intent to deceive or manipulate others, then focus on your 'regret' rather than 'I'm sorry,'" she said.

Once a senior public relations manager at IBM Corp., Mobley learned this lesson from her former boss, a top marketing executive. "He made a major business decision that turned out to a big mistake, and he had to reverse himself," she said.

"It turned out he was relying on the wrong information. So he said, 'I made a mistake, and I regret that.' He told me that's very different than saying, 'I'm sorry,' which is more appropriate if you act willfully and intentionally."

Be blunt If you have to make a mea culpa statement, take full responsibility. Don't muddle your message by trying to implicate your audience.

"The strongest leaders will say, 'I lied,' rather than, 'I misled you,'" said Mark Sanborn, president of Sanborn & Associates, a Denver-based business education firm.

"There's a subtle but important difference," he said. "Saying 'I misled you' suggests that you didn't do something as bad, that maybe your listeners were somewhat at fault for allowing themselves to be misled."

After admitting that you lied, don't just apologize and walk away. Give a specific reason why you're sorry, Sanborn adds. "It's the same thing with my wife," he said. "If I just say, 'I'm sorry,' she gets madder, because she figures I don't even know what I'm apologizing for. It's important to show that you know what you specifically did wrong. That's how you win back trust."

Morey Stettner in Investor's Business Daily

3839 CAPITALISING ON OUR HERITAGE

Every country has a natural advantage. Our national advantage is spirituality, higher religion.

We have had a head start in this area. We could have cashed on it much earlier. We did not. Instead of moaning on what could have been done, let us see what we can do even at this stage. Even the unlettered - or is it especially the unlettered? - respond to a call of the divine in him or her. And he/she comes out with the best.

Recognizing this fact, the west is fast moving to give spirituality a pride of place in the work place. Many practisisng CEOs are sharing their experiences in the form of well-documented books.

They are conceding that work is part of life and spirituality is part of life and therefore has to be part of work as well. Spiritual culture is a nourishing culture, an inclusive culture, a traditional culture (for us). If we can allow it in the workplace - instead of forcibly excluding it

3840 WE CAN ALL WIN

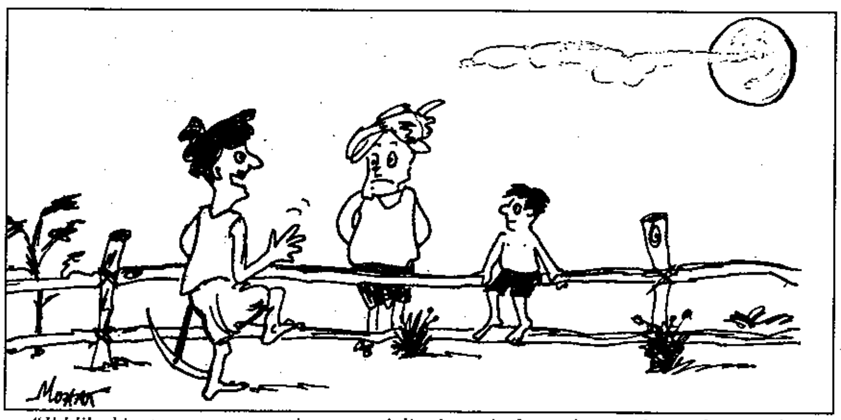
For years I have been pleading for the spiritualisation of economics and I have been doing my bit to demonstrate it pays to do so. Those who are willing to experiment - however hesitatingly - have seen the impact on performance, positivity, and excellence.

They still seem to wait for a green signal from the west and the green signal will come. Because of our heritage, we have a headstart. My plea is that we capitalise on it and soon enough.

One first step-over a dozen corporations have taken to gift their personnel with a copy of Dr. Atthreya's book, SPIRITUAL CULTURE IN THE CORPORATE DRAMA. (100 copies cost only Rs.10,000).

Copies can be had from Select Books, 3E1, Court Chambers, New Marine Lines, Bombay 400 050. Fax: 200 0446

3841 LAUGHING MATTER?



"I'd like him to grow up, graduate, specialise in agriculture, do post-doctoral research on high-yield grain hybrids, and apply for permanent residence in the United States..."

THANK YOU AND GOODBYE

*Dear Reader: Thank you for being with me these many years. There are few takers for valuable ideas and **you are one of the rare few**. And you made me publish this Management Ideas month after month. With profound gratitude, therefore, I say goodbye as the editor of this journal. God bless you.*

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