

AUTUMN 1999

HARVARD BUSINESS REVIEW

March-April 1999

Managing Oneself

Peter F Drucker

Throughout history, people had little need to manage their careers – they were born into their station in life or relied on companies to chart their paths. But times have changed and today we must all learn to manage ourselves and our careers.

According to Drucker, this means both placing ourselves where we can make the greatest contribution, and knowing how and when to change the work that we do. He believes that very few people actually know – let alone take advantage of – their unique strengths.

He suggest we each ask ourselves these fundamental questions:

- What are my strengths?
- How do I perform?
- What are my values?
- Where do I belong?
- What should my contribution be?

Don't try to change yourself, cautions Drucker. Instead, concentrate on improving the skills you have and accepting assignments that suit your individual way of working. If you do that, you can transform yourself from an ordinary worker into an outstanding performer.

May-June 1999

The Smart-Talk Trap

J Pfeffer and R Sutton

Although the key to success in business is action, in most companies people are rewarded for talking – and the longer, louder and more confusingly the better.

In today's business world there is no shortage of know-how. But all too often talk substitutes for action. When confronted with a problem people act as if discussing it, formulating decisions and hashing out action plans are the same as actually fixing it. Those who talk more often and longer often emerge as leaders. If they *sound* clever, even if it is by being critical and using trendy, pretentious language, they are rewarded.

After researching organisations of all shapes and sizes, the authors conclude that a particular kind of talk is an especially insidious inhibitor of action: 'smart talk'.

People who can engage in such talk generally sound confident and articulate; they can spout facts and may even have interesting ideas. But they often focus on the negative and favour unnecessarily complex or abstract language. Both tendencies can stop action in its tracks. The authors lay out the following five characteristics of successful companies who are able to translate the right kind of talk into intelligent action:

- They have leaders who know and do the work; who have an intimate knowledge of the organisation's people, products and processes.
- They have a bias for plain language and simple concepts. When Greg Brenneman, president of Continental Airlines led the turnaround that improved the company's on-time performance from worst to first in one year, he used a simple plan. He rebuilt relations with the employees who actually kept the planes going and served the customers. His straightforward plan worked better than several elaborate multimillion dollar bailout attempts that preceded it.
- They frame questions by asking 'how,' not just 'why.' When ideas are put forward conversation focuses not on faults – 'why would we do such a thing?' but on how to overcome foreseen obstacles.
- They have strong mechanisms that close the loop and make sure that decisions don't just end on paper but are actually implemented.
- They believe that experience is the best teacher. They make the process of doing into an opportunity to learn. Sometimes they even leap into a project before they are completely sure it will work, just to learn from the experience.

In surgery, there is an old saying that describes how residents learn a procedure: 'Hear one, see one, do one.' In business, too often the saying would go, "Hear one, talk about one, talk about one some more."

The simple fact is, you can't take words to the bank, no matter how smart they sound.

STORIES FROM THE QUALITY FRONT

The good *Car Painter Dick Clarke and Elliotts Panel Beating.* A friend's car was sideswiped outside her home one night – never a good thing to wake up to and anticipating the hassles of repair, insurance etc didn't make it any better. Dick Clarke and Elliotts, however, made the experience relatively painless. They organised everything, liaised with the insurance company, offered a ride to pick up the car when it was ready and returned it immaculately valeted. Instead of it being a negative experience, their professionalism and courtesy made it a positive one.

and the not so good....*Schofields* who service the Holden. The rubber seal around the windscreen had come loose and vibrated noisily at speed so, at a routine service, we asked that it be replaced or repaired. It came back with a piece of masking tape over the offending area which quickly became very shabby. We pointed it out the next time the car was in but nothing was done. Last week I mentioned it again, this time to someone who appeared to be in charge. He was rather startled – apparently it had been put on to hold the repair in place and should have been removed after 24 hours. They'd done most of the job but hadn't told us to do our bit so we assumed that they'd taken a short cut and done a messy, inadequate job – the importance of communication!

Securacopy who used to copy this. Last time I reported that despite difficulties they seemed to be getting it right again but I'm afraid they weren't. After a series of mishaps culminating in delivery of the finished job to a dairy in Dominion Road (!) I filled in an accompanying satisfaction questionnaire in some detail and posted it off. Three months later we have had no response. The problems getting the newsletter printed were bad but I might have given them one more try (after all it's a nuisance having to find someone new) but the lack of follow up was too much. They managed to get the invoice out promptly – why not a note to say they were sorry for the inconvenience they'd caused us. LKC

Firing up the Front Line

J Katzenbach and J Ssantamaria
For many organisations, achieving competitive advantage means eliciting superior performance from employees on the front line – the receptionists, hotel room cleaners and sales staff whose work has an enormous effect on customers. It is no easy task. Frontline workers are paid low wages, have little hope of advancement and – not surprisingly often don't care about the company's performance.
So how do some companies succeed in

engaging the emotional energy of rank-and-file workers? A team of researchers recently explored that question and discovered that one highly effective route is demonstrated by the U.S. Marine Corps. The Marines' approach to motivation follows the 'mission, values, and pride' path which the researchers found can also be practical and relevant for the business world.

More specifically, the authors say the Marines follow five practices:

- They over invest in creating core value – their entire recruiting and training period is devoted to ensuring that new recruits comprehend the institution's core values of honour, courage, and commitment
- They prepare every person to lead – including frontline personnel
- They have learnt when to create teams and when to create single-leader work groups (there is a real difference!)
- Leaders attend to the bottom half, not just those with the greatest potential to advance – incoming Marines are told, "You may give up on yourself more than once during the next 12 weeks but we will never give up on you."
- They encourage self-discipline as a way of building pride

A company need not have a Guadalcanal in its past to celebrate itself. The victories of the business battlefield are plenty to draw upon.

Although there are critical differences between the Marines and most businesses, the authors show by examples how this approach can be translated for corporate use.

QUALITY PROGRESS

March 1999

When Culture Resists Change

James Huggett

You know you need to get your organisation to a new place and you must do it before the future overtakes you.

No matter where you wish to take your organisation, you will need the support and commitment of a majority of your people if you are to succeed. However, getting people unstuck - getting them to change the way they think and work - is often much more challenging than defining an appropriate destination.

The author believes that the key to achieving meaningful change in your organisation is to align every thought, action, and behaviour with a clearly defined and communicated vision. He stresses that, in establishing a clear vision and direction, communication is just as important as planning. The real challenge is

not in forming a vision. It is in making it relevant to everyone in the organisation every time they have to make a choice.

The vision must be put in simple language so that it is appropriate for everyone at every level of the organisation – it must be crisp and concise and not just noise. Think of the organisationwide impact of a vision that begins with “We will endeavour to deliver the highest levels of...” compared with Ford’s “Quality is job one” There is a lot of supporting language behind this precise statement but the statement and what it stands for is accessible to everyone for every decision that needs to be made.

Next, if people are to work in new ways it is critical that they must be provided with the tools they need to succeed, including management and leadership training when appropriate.

It is also vital to measure. An effective measurement system can, and should, become the framework for managing change – if what gets measured is indeed what gets done then what is getting done must be aligned with what you are trying to achieve. Since you can’t make every decision yourself, your measurement system is a critical tool for communicating what is important and what should be considered at every decision point.

With competence comes confidence, and with confidence comes commitment.

Finally, the author believes that it is not really change that people resist. What people really resist is the loss of control over their lives and the uncertainty this brings. If this is the case, it is not a big step to figure out how, as a leader, you can help your people begin to retool and regain control.

SLOAN MANAGEMENT REVIEW **Spring 1999**

Robust Adaptive Strategies

Eric Beinhocker

Strategy development requires that managers predict the future in an uncertain world. Many mistakenly do so on the basis of perceived historical patterns that, according to recent scientific understanding of complex systems, do not have great predictive value.

Complex systems, in nature and business, are difficult and often impossible to predict. They exhibit periods of relative quiet interspersed with episodes of dramatic change. They also undergo small random changes at a point in time which may lead to radically different outcomes later.

The author recommends cultivating and managing multiple strategies that evolve over time and suggests that managers employ a tool

used by scientists to better understand biological evolution. An imaginary grid called a fitness landscape can not only show how evolution increases the odds of survival in nature but can be applied also to business problems. He cites a study of thirty leading growth companies which found that these organisations manage a portfolio of strategic initiatives in three areas. In the terms of the fitness landscape these are:

- Adaptive walks - efforts to extend and defend existing businesses.
- Medium jumps – initiatives which seek to build off existing capabilities to create new businesses.
- Long jumps – initiatives which plant the seeds for future businesses that do not yet exist.

A balanced mixture of these initiatives is essential in the creation of a population of strategies which will produce positive results under a wide variety of circumstances and will keep an array of options open over time.

Strategy, Value Innovation and the Knowledge Economy

W Chan Kim & R Mauborgne

For the past twenty years, competition has been at the centre of strategic thinking. In fact, most strategic prescriptions merely redefine the ways companies can build advantages over the competition.. Strategy driven in this way usually has three unintended effects.

- Imitative, not innovative, approaches to the market.
- Companies expend time and talent reacting rather than creating growth opportunities.
- A company’s understanding of emerging mass markets and changing customer demands becomes hazy.

Value innovation, on the other hand, is not about striving to outperform the competition, nor is it about segmenting the market and accommodating customers’ individual needs. Instead it makes the competition irrelevant by offering fundamentally new and superior value in existing markets and creating new markets. As a result value innovators are now among the most rapidly growing companies in the marketplace. They are also valued highly by investors despite the fact that their physical and fiscal assets may be small. What is recognised is that their high stock of *knowledge* has tremendous potential. In creating wealth, knowledge is increasingly taking over from the traditional factors of production – fiscal and physical assets.

Knowledge and ideas are infinite economic goods that can generate

increasing returns through their systematic use.

Value innovation places equal emphasis on value and innovation, linking innovation to what the mass of buyers value. The two questions companies involved must ask themselves are: (1) Are we offering customers radically superior value? (2) Is our price level accessible to the mass of buyers in our target market?

Value innovation as a strategy creates a

pattern of punctuated equilibrium, in which bursts of value innovation that reshape the landscape are interspersed with periods of continuous improvement, extension of product-lines and geographical markets, and consolidation.

Value innovators capture the core of the market but not at the direct expense of other market players. Instead they expand the market by creating new demand.

(Hmmm ... see Pfeffer & Sutton!)

COMMUNICATION

The core values of Total Quality Management are often said to rest on the "Four Cs":

- Customer focus
- Commitment
- Continuous Improvement, and
- Communication.

Communication is somewhat of a theme for this issue of SQM. The article by Pfeffer and Sutton emphasises the need for clarity in communication.. Clarity of goals, philosophy, direction, facts and information. A client asked me a while ago "Have you got everything you need in order to do an excellent job?" What a great question! It emphasised the two-directional nature of communication – had he told me everything I needed to know? Had I asked him everything I needed to know?

Unclear communication can occasionally have disastrous consequences. In 1977, a well-recorded, now classic example of poor communication managed to guide two jumbo jets into a head-on collision at Tenerife. Here are the last lines of the conversation between the tower and the pilots:

1706:29.59 - Pan Am N1736:

OK, will report when we're clear.

1706:32.43 - KLM cockpit:

Is he not clear, then?

1706:34.10 - Tower

What do you say?

1706:34.70 - KLM

Is he not clear that Pan American?

1706:35.70 - Tower

Oh, yes (emphatic)

1706:47:44 -

[An exclamation - followed by sounds of impact.]

Five hundred eighty three persons died as the KLM Boeing 747 on its takeoff roll collided in the fog with the Pan American Boeing 747 that had not yet exited the runway.

The link between Communication and Customer focus should be obvious: whenever we attempt to communicate, it is with a customer, whether external or internal. In designing our communication, we should be aware of the purpose of the intended communication, and the design should be aligned to that purpose, whether the communication is verbal, textual, or in the form of a table of numbers or a graph.

The tale of poor communication which resulted in the bad decision to launch the Challenger space shuttle under conditions more extreme than any previous launch, and the subsequent toll in human lives and future development of the business is also well-known and widely appreciated.

Clarity in Communication has been a theme of SQM for some issues: clarity of graphical and numerical presentation, clarity of verbal communication, clarity of purpose, and clarity of management in communicating that purpose. The article by Pfeffer and Sutton is a welcome addition....PRM

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