MANAGERIAL EFFECTIVENESS

EFFECTIVE MANAGEMENT FOR A NEW ERA

GENERAL INDEX

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In today's competitive world, management is a crucial issue. Never before have so many people had to carry out management tasks. This trend is set to increase dramatically in the future with the advent of the service, information and knowledge society. Management not only concerns managers in the business world but knowledge workers in general.

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The following pages explain a concept of "craftsman like professionalism" of management: it is the answer to the question of what is good and correct management.

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Managerial Effectiveness uncovers the main issues of effective management:
The principles of effective management
Concentration on the essential tasks
Focusing on results and utilizing strengths
Mastery of the most important tools

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It highlights the knowledge and abilities required by every manager, everywhere, who wants to manage and perform well and yet remain human.

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INTRODUCTION

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Management as the most important competitive factor

The success of a business depends of different factors. More and more the conclusion comes to the fact that the most critical and decisive factor is *management* itself. The best location, the best quality goods and the most creative ideas are in vain as long as there is nobody recognising chances, mobilises the necessary resources and transforms it into values for the customer and into results.

In good economical climates and in continuous and raising conjuncture all management mistakes could easily covered, the current climate detects them immediately and without mask.

Management can be learnt and we have to differentiate between good management and bad management. What is good and effective Management? Unfortunately there is an incredible mass of management literature in the market that is rather confusing and the majority is rubbish. With books about management one can make good money – a reason why anybody can write and publish. As mentioned most of this literature is nonsense – but very well coated and marketed, therefore not always easy to be recognised.

With the below and the following chapters we try to present you the essential principles, tasks and tools of effective management.

The Ideal Manager? – The wrong Question

There is hardly a discussion on management that does not mention the *requirements placed on managers*. Who is the ideal manager? This question also dominates the literature on management. The training of management staff is based on this concept, and it is *wrong*.
After decades of empirical research in this field, it is easy to answer this question today and this makes it the focus of interest to the exclusion of everything else. Everything that could be researched in this field has been. In forty years of empirical social research, every possible questionnaire has been answered, every interview taken, and every test conducted. As a result we know the profile of an ideal manager in great detail.
The ideal manager could well be as presented in these studies. It is not the answers that are wrong, it is the question.

The Effective Person

Instead of asking: *Who is an ideal manager?*, the question should be: *Who is an effective manager?*. The formulation of this latter question is very different from the former. Its starting point is not geniuses bud *ordinary* people, because there are no others, even though there may be some who find it difficult to concede this point.

Based on this alternative question, the basic problem of management is not: *How can geniuses give a brilliant performance?* That requires no explanation. The basic problem is: *How do we enable ordinary people* – because we have no others – *to turn in extraordinary performances?*

Only ordinary people are available in sufficiently large numbers. What is demanded by customers and by the pressure of competition, however, is extraordinary performance.

Who are effective managers or how are they effective? When observing people with this question in mind, one can only come to the conclusion that these people are totally different and do not match any of the given frames. People who could be called *performers*, what do these people have in common? Absolutely nothing.

The conclusion, however, is this: Effective people share no common features apart from the fact that they are *effective*. The "secret" of their effectiveness does not lie in the answer to the question: *What should a person be like in order to be considered for a management position?* It is not the personality or character, education or social origin that matters. Neither does the key to their effectiveness lie in their virtues, as is so often supposed.

The key to the achievements of effective people – the performers – lies in the *way they act.* It is *how* these people behaved that is significant, not who they are.

The only characteristics effective people have in common, are a few elements in their work methods.

First there are a few *rules* which they follow, consciously or unconsciously, in whatever they do and wherever they do it, rules by which they discipline their behaviour. Further down we tray to explain these rules in the form of *principles*.

Secondly effective people perform certain *tasks* with special care and thoroughness.

Third there is a striking *methodical-systematic* element that permeates their method of working: the element of craftsman like *professionalism*, and certain *tools* required to attain it, which they know how to use competently. Basically they are the same elements as can be found in every other profession.

So we should not question whether someone conforms to an ideal profile but whether he or she has learnt to be effective.

Management as a profession

If management is understood to be a *profession*, more importance is given to what can be learned and, to a certain extent, *taught* – the craftsman like side, the *professionalism*. Most managers are satisfied with just a little of what can be learnt and, therefore, they work well below the performance level they could achieve.

Management *can* be learnt; but it *must* also be learnt. A manager does not automatically do everything a manager should be capable of doing, nor is this ability inborn. Management must be learnt just like any other profession, a foreign language or a type of sport.

The fact that there are people who have more of a talent for management than others does not alter the *possibility* or the *necessity* of learning management. Related to this is the need for criteria and standards such as have been developed by every profession. To date, however, in management these are practically non-existent.

Managerial Effectiveness - Introduction

A Profession without Training

It is striking that only a few managers have *systematic* training in management. Management is the most important mass profession in modern society, and it is – unfortunately one cannot ignore this unpleasant truth – a profession without training. In no other profession is the training in such a bad state as in management. No one would step into an airplane if the pilots had as inadequate a training as do managers.

It could be argues that in the course of their career a certain number of managers undergo further training such as an MBA course, for example. This is true, but it brings about no appreciable change in the situation described above. The MBA program does precisely what its name suggests: it teaches Business *Administration*, but hardly any *management*. These two fields are by no means identical; in fact they have very little in common.

The Elements of the Management Profession

Every profession is essentially characterised by *four* elements. If management is to be understood as a profession and with the same requirement as any other profession, namely professionalism, then these same elements must also be found here; and the in fact are.

Tasks

First, a profession is characterised by specific *tasks*, which must be carried out. This is also true of the profession of a manager. The learning of tasks requires, above all, the acquisition of some *knowledge.* Learning tasks is much easier if talent is present. But even people with an aptitude for cooking must *learn* the tasks of a cook. This does not mean that anyone can become a cook. Neither does it suggest that anyone can become a manager.

Tools

The second element of every profession consists of the *tools* which are used to carry out tasks. The mastery of tools can be learnt too and requires one thing above all else, namely *training*, indefatigable, continuous training. In principle, the same is true as in the case of tasks: even those who are talented must be trained in the use of tools.

What is remarkable is that it is the greatest talents who usually undergo the most rigorous training – and this is the case not only in sports but in all walks of life.

Principles

The third element of professions comprises *principles* which are followed in carrying out tasks and the application of tools. They govern the *quality* of the work carried out and the use of tools.

As in the case of the second element, no talent is required to know and observe principles. Instead what is required could be termed *insight*. Insight in two things in particular: in the importance of a profession and in the risks involved in making mistakes. In addition to insight, a certain amount of *discipline* is also necessary for adherence to the principles.

Responsibility

The fourth element of every profession is the responsibility that comes with the profession. The degree of responsibility increases or must increase with the importance of the profession and the greater the risks attached to its practice.

What is necessary for responsibility is something we could refer to as "Ethics" – a certain kind of *everyday ethics*. This involves taking *responsibility* for what we do and occasionally for what we have failed to do.

The first three elements can be taught and learnt. This is not the case with responsibility.

Managerial Effectiveness - Introduction

There are people, and fortunately they can also be found in management and in high positions, who in the course of their lives have made the personal decision to take responsibility for whatever they do. Unfortunately there are others, whose numbers seem to be increasing, who have made the opposite decision of avoiding responsibility by using every available escape route. These are people who live their lives according to the principle: *I may have committed a mistake but I would be really stupid to take responsibility for it as well.*
But it is clear: a person who does not take responsibility for his actions or lack of them is *not a manager* – and he can never be a leader. Such a person would be a *careerist.*
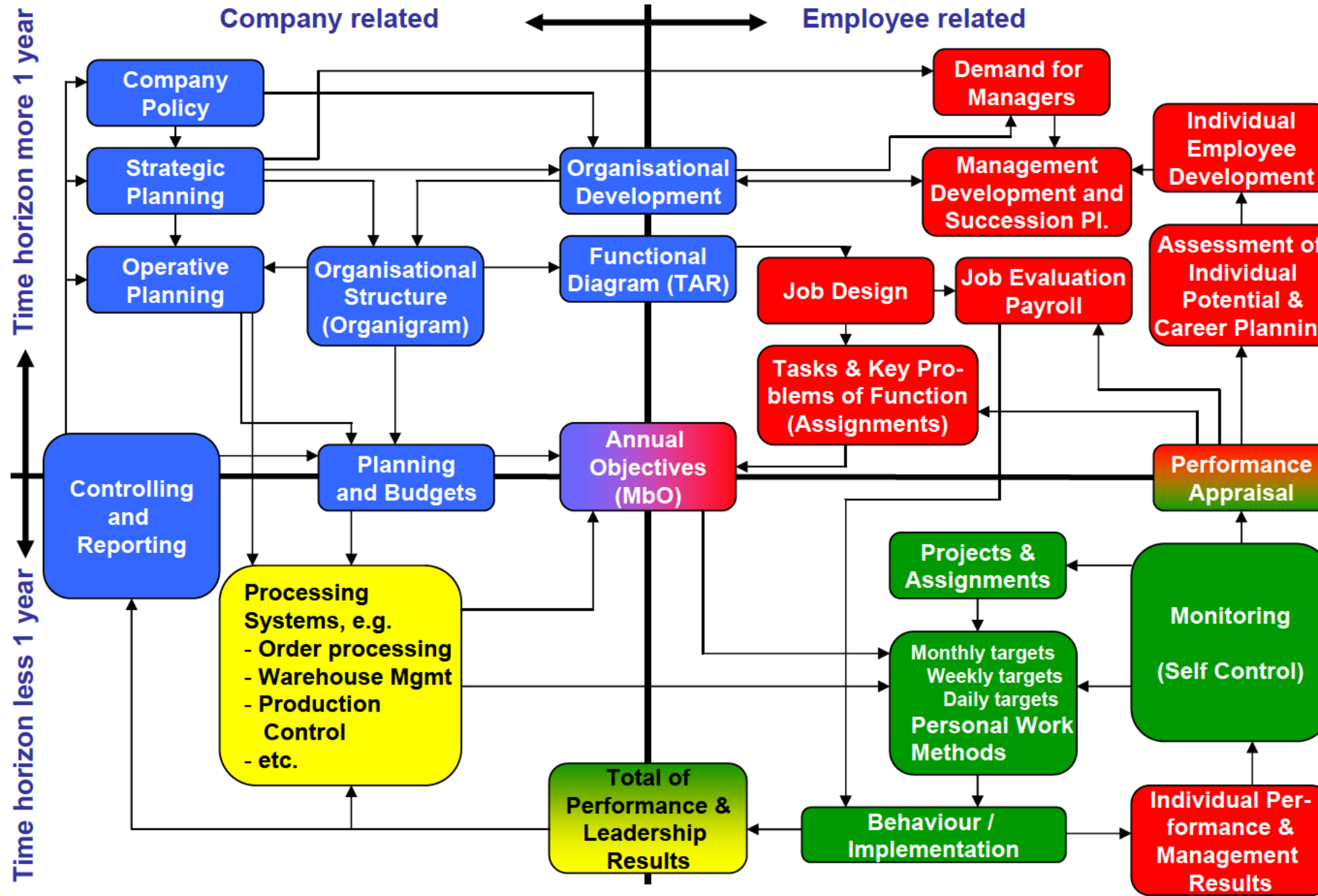
Sound Training is possible for Everyone

Based on the first three elements – the tasks; tools and principles, sound training can be developed for the most important mass profession. Most people of average intelligence can acquire the requisite knowledge. This knowledge is the subject matter of the next chapters within this section to cover the fraction of the theoretical part.

There are two types of cases, which are worthwhile of being mentioned, and which are directly linked to the elements of professionalism in management: the case of an untalented person who often achieves astonishing successes through consistent self-improvement; and the tragic case of the talented, often highly intelligent person working with great application, for whom success is elusive due to a lack of effectiveness.

Also we do offer within our corporate training and education programs various courses on the subject – for all levels of management. Relevant courses and seminars for executives and middle management are published in detail on our intranet.

The Integrated Management System "IMS"

Company related ⟷ **Employee related**

Time horizon more 1 year

Time horizon less 1 year

- Company Policy
- Strategic Planning
- Operative Planning
- Organisational Structure (Organigram)
- Organisational Development
- Functional Diagram (TAR)
- Demand for Managers
- Management Development and Succession Pl.
- Individual Employee Development
- Job Design
- Job Evaluation Payroll
- Assessment of Individual Potential & Career Planning
- Tasks & Key Problems of Function (Assignments)
- Controlling and Reporting
- Planning and Budgets
- Annual Objectives (MbO)
- Performance Appraisal
- Processing Systems, e.g.
  - Order processing
  - Warehouse Mgmt
  - Production Control
  - etc.
- Projects & Assignments
- Monitoring (Self Control)
- Monthly targets Weekly targets Daily targets Personal Work Methods
- Total of Performance & Leadership Results
- Behaviour / Implementation
- Individual Performance & Management Results

The Integrated Management System "IMS"

Company related ←→ Employee related

Time horizon more 1 year

Time horizon less 1 year

1. Strategy

2. Organisation

3. Management Process

4. Managerial Effectiveness

5. Individual Performance Results

Management and Employee Development

Processing Systems and Controlling

Managerial Effectiveness
Tasks and Tools of effective management

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PRINCIPLES OF EFFECTIVE MANAGEMENT
First Principle
FOCUSING ON RESULTS

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Only the results are important in management

A general pattern in the thoughts and actions of competent managers is their focus on *results*. They are primarily, sometimes exclusively, interested in results. Everything else is of secondary importance to them or does not interest them in the least. It's the results that count for them.

With regard to this first principle, it may be said that: *Management is the profession of achieving results or obtaining results.* The measuring stick is the achievement of objectives and execution of tasks*.*

This principle is not always important to the same degree. As long as results are relatively easy to achieve, perhaps due to a particularly favorable economic situation, management is not really under pressure and, in certain circumstances. Management may not even be necessary. Under such conditions this first principle is hardly used. Its application becomes necessary, useful and even urgent when results are not achieved automatically; when real effort is required.
Of course adherence to this principle does not mean that all targets will be achieved. To expect or presume such a thing would be naïve. Even managers who have made the principle of focusing on results the foremost maxim for their actions suffer setbacks and must accept failures. However, they do not give up because of this, they do not resign and, above all, they are not satisfied with explanations and justifications.

A Self-Evident Fact?

It may occur to believe that this principle is a self-evident fact, that managers act accordingly to this principle in any case and that it therefore hardly needs to be mentioned. Unfortunately this is not the case. Ask managers the question: "What do you do in your company?" The answers will describe their actual work. This is only to be expected. Most will describe how hard they work, how much effort they put in, the amount of stress they are under and how much trouble they go through. Only a minority will talk about *results* after they have described their work.

That would indicate that most people are more focused on *input* rather than *output* n their thinking and perception and perhaps, therefore, also in their actions. Working hard, making an effort, withstanding stress and so forth, are all important, of course. Without this, management would not work. However, this is all *input.* These are exactly the things that do not matter. What counts is the *output.*

Hence it should be assumed that people are, naturally of their own accord, focused on output. A human being is by nature not focused on output but, to a certain extent, focused on input.

Once the principle of focusing on results is taken seriously, and the world is viewed from this angle, it is remarkable how many people are always in a position to say – and also to justify very well – exactly

what will *not* work, what is *not* possible, what is *not* functioning. That suggests that too much time is spent on this. Managers should direct their strengths, energy and attention to thins that *do* work.

Misconceptions

As with all the other principles, this principle in itself has nothing to do with management *style*. Many manages find it surprisingly difficult to understand and accept this. The discussion on management style, which has dominated literature and training for decades, has made it almost impossible for many differentiate between form and substance, outward characteristics and content. What could perhaps be a question of style is how we apply or express a principle. This can be done harshly. Roughly, or loudly; but this is probably not a very helpful style. We can also apply it quietly, kindly and in a friendly manner. This is another style, probably the better one. A focus on results has nothing to do with brutality, backbreaking work, or anything like that. This principle is found in *every* organisation that is *well managed*, in every one that *achieves results*.

There are two categories of results that are always to be found in every organisation. First there are results related to *people*, to their selection, promotion, development and deployment; and second results related to *money*, to the procurement and utilisation of financial resources.
Results must by no means be always and exclusively *economic* results. However as already mentioned: every organisation needs results. Organisations are established precisely for this reason and for this purpose.

Effective people do not question how much or how hard they work; they ask about the results. They care little if at all about their motivation but are very interested in the results. After working hard, they are just as tired and exhausted as the others are, but that does not satisfy them; they also want to know if anything has been achieved.

What about those who cannot accept this?

This gives rise to an important question: *what do we do about people who cannot live according to this principle, despite all the explanations, distinctions and clarifications?* There are people perhaps a majority, who say something like: "*I understand what you mean but this is not my world; I cannot (or will not) accept this."* Are these people incompetent? Are they bad employees? Are they unsuitable? Though these possibilities cannot be ruled out it is seldom the case. Many of them are sensitive, cultured people who are, however, a little "detached from the realities of management".
The consequence is that these people should a) not be given responsibility for other people and b) they should not be responsible for an organisation and its divisions. The attitude should be somewhat as follows: "*You say that you cannot accept this principle. I am glad you told me this. It takes a lot of courage to admit to something like this in today's society. However, now that I know, it is my duty as your boss to ensure that you never get a management position in this organisation…. ."*
This certainly does not mean, and this must be emphasised, that the person has to leave. It could be that the person is a highly qualified specialist whose expertise and factual knowledge is crucial to the organisation. But such people must be kept away from this type of *management* position, in the interests of the organisation and the people who would have to suffer under their incompetent management and, above all, in their own interests because they themselves very often suffer under the constraints of a management role.

Pleasure or Result?

I would be easy to say that the best option would be both. But it is not so simple. Without doubt it sounds very plausible and also *human* that work should be enjoyable. It is precisely because of this that we ask the reader to examine the issue *critically* and, above all, to think it through to its logical conclusion.

It is a great privilege when someone has a job that gives them pleasure. Therefore, as a manager we should also do something to ensure that as many people as possible enjoy their work in the organisation. This is the sensible interpretation of this statement.
The issue becomes however problematic, when a desirable objective becomes an alleged *claim*, a demand, when people begin to believe that they have a "right" to work that is enjoyable.

Managerial Effectiveness - Focusing on Results

It has therefore to be considered that subordinates be made aware of them clearly and unequivocally: *no job is enjoyable at all times:* some people seem to believe and expect that their work should be enjoyable the whole day, every day of the year. This is of course a naïve illusion, and disappointment will therefore be the logical consequence when someone has this expectation.

Every job has elements that can never be enjoyed by anyone. Even the most interesting tasks and activities have unpleasant aspects. All work has facets that are boring and troublesome but simply belong to it.

Performance and awareness of one's duty and a sense of duty are terms that do not form a part of the vocabulary of the so-called intellectuals. But these ideas are indispensable for the managers in a company, and equally essential is the courage required to demand them, especially when they are not so popular.

The demand that work should be enjoyable does not take at least a few other important points into account.
First it is a commonly held opinion that we cannot do something well if we do not enjoy doing it, that enjoyment is a necessary condition for good performance. We only have to take the example of doctors to doubt the truth of this opinion. If it were true we would hardly ever undergo an operation.
Secondly the demand for enjoyment directs attention to precisely the *wrong* element. This assertion makes people concentrate on work itself instead of concentrating on something completely different and more important which is the actual topic of this section, namely on the *results* of work, on performance.

Wherever work can be enjoyed, that is all well and good. But even where this is not always or is never possible, what is occasionally possible is that pleasure can be derived from the *results*. Our thinking and motivation should focus on this.

In summary, if work can be enjoyed, that is all well and good. But what is more important is that the results of work and the effectiveness with which it is done should give pleasure and pride. Average managers are satisfied with the first; good managers aim for the second. They thus help their subordinates and themselves to achieve a much higher degree of motivation and achievement.

PRINCIPLES OF EFFECTIVE MANAGEMENT
Second Principle
CONTRIBUTION TO THE WHOLE

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What matters is making a contribution to the whole

The second principle seems to be the most difficult to explain to people. It is the most abstract of the principles, but it is important. The application of this principle brings about a radical change in the attitude of managers. It is one of the factors that reduces the impact of the greatest obstacles to performance in organizations, and it lays the foundation for solutions to a whole range of notorious management problems:

- It is the essence of what can be called *holistic* thinking.
- It is one of the requirements for *entrepreneurial* behavior.
- It is the only way in which specialists can be converted into the *right type* of generalists.
- It is one of the few ways to create *flat* organizations with *little hierarchy* or, at least, it ensures that the existing hierarchies do not have a disruptive effect.
- It is one of the elements that ensure an *enduring* state of motivation.

The basic idea of the second principle is best expressed in the "story of the three bricklayers". Some may find this story a bit pathetic, but it illustrates the point.
A man goes to a building site where three bricklayers are hard at work. There is no apparent difference between them. The man goes to the first one and asks: *What are you doing?* The bricklayer looks at him, puzzled and says: *I am earning my living.* The man then goes to the second and asks him the same question. This bricklayer looks at him with bright eyes, visibly proud, and says: *I am the best bricklayer in the world.* Then the man goes to the third bricklayer and asks him the question. The bricklayer thinks for a brief moment and then says: *I am helping to build a cathedral …..*
Which on of the three is a manager in the best sense of the word? This is of course a rhetorical question; it is obvious to anyone who, from personal experience, is familiar with the way organizations function.
A person is not a manager by virtue of his position and status, income and privileges, powers and authority. A manager is someone who perceives the whole or at least strives to perceive it and who then sees his task, irrespective of his position and specialization, as making a contribution to this whole. He envisions the cathedral and helps to build it.

Position or contribution?

The crucial element of the second principle is that effective managers do not understand their tasks form the point of view of their *position* but from the point of view of what they can *contribute* from this position with their knowledge, abilities and experience.

Managerial Effectiveness - Contribution to the Whole

It is positions that establish an organization's hierarchy. What is important however is not the hierarchy itself but the question of whether it is *obstructive.* Managers who are guided by their contribution render the hierarchy meaningless. It is still there, it has not been removed, but it has no impact.

But the second and much more important aspect is the line drawn between managers and *good* managers, between mere jobholders and managers interested in effectiveness.
What is important is that there are managers who, in times of doubt and given a choice, give priority to the *contribution.*

Hence, in the example given at the beginning, the third bricklayer is a genuine manager in the best sense of the word, even if he is only a bricklayer and will never be given power of attorney for the company, a nice office, or a higher income. The first bricklayer is not a problem. There are many such people, there always will be, and we will always need them. There are people who live their lives according to the motto: *I do good work for good wages, for more money I will do more work and for less money I will do less work.* This type of person seldom presents any difficulties; once it is known how they think, they are easy to manage. We should not try to change them unless they are still very young. Young people should certainly be asked whether this is really all they want from life. If the answer is yes, there is little we can do.

Specialist or Generalist?

The *second* bricklayer is a big problem. He belongs to the type known as *specialists*. A specialist is not only a person with special knowledge or special training but, and herein lies the problem, also one whose *self-perception* and *view of life* are based on and result from his ability. He is the type who is deeply convinced that the universe has been created for him to indulge in his special field. He is fervently, even passionately interested in everything that happens in *his* subject; this is all well and good, it is the *professional ethos.* But nothing *else* interests him, and this is *indifference.* He is proud of his expertise, and rightly so; however he is equally proud of the fact that he does not understand anything else, and this is *arrogance.* Arrogance and indifference are the typical shortcomings of the specialist and create serious problems for every organisation. They belong to the list of deadly sins against the spirit of a good organisation.
In this sense, *incorrectly* understood specialism is one, if not the most important cause frequently lamented *communication problems,* and – mentioned less frequently but equally important – cause of the problem encountered in so many organisations of *loosing touch with reality.* Specialists know their own reality but the reality of the organisation is a matter of indifference to them.

Specialisation is important and necessary. On the other hand, a modern business has only specialists; there are practically no other people because everyone is specialised in their own way.

What is being proposed here is a specialist who *integrates into the whole,* and this is only possible in practical terms when the second principle of effective management is given prominence. There is no other choice. Since they are the only people available, specialists must be made *productive* and *effective.* He is able to contribute to the whole and therefore an important resource.

To return to the parable of the three bricklayers, the third bricklayer is as specialised as the second one. The difference between them is not in their competence as *bricklayer*s or in their degree of specialisation. They differ *fundamentally* in their *attitude to the whole,* in what they look at, what they take notice of and what they consider relevant. They differ greatly in their behaviour, which is governed by completely different principles.

Contribution and Motivation

Contributing to a greater whole also affects the type of motivation required in an organisation, a motivation that is independent of any incentives or motivational methods adopted by the supervisor.

On such foundation a much more stable and better state of motivation can be created than is possible with most of the other so-called motivators.
Now we do not in any way maintain that *everyone* can be made to perceive the whole in the way discussed here.

Managerial Effectiveness - Contribution to the Whole

The assertion is that we can deduce this principle from the thoughts and actions of good, *effective* managers and that it is this way of thinking and acting that *makes* them effective.

It is precisely this attitude or in other words the application of this principle, or even better, the self-imposed discipline that for example makes manages use simple, understandable language instead of the technical jargon which they as specialists are so well-versed in. They do not want to prove to others, especially their subordinates, how clever they are but rather want to make themselves understood and therefore have an effect on something.

As managers and as people who wish to be effective, they sometimes lift their heads form their files, let their gaze wander to the view outside their window and ask themselves: *What does my area of specialty mean to the world and to this organisation? Who benefits from what I am doing here? What should I do to ensure that it is worthwhile?*

Focusing on contribution is the foundation of customer orientation; it is a requirement for creating customer benefit and is therefore also a basic condition for professional marketing. These are important elements of entrepreneurial thinking.

Contribution instead of Title

It is obvious that this attitude cannot be demanded from everyone. But is must be demanded form *managers* and they must be educated and trained for it. Most managers are not clear about, familiar with or aware of this attitude.

We must ensure that as many employees as possible in the organisation, first and foremost the managers, see the "cathedral", that they see the whole, their purpose, and their role with as much *clarity* as possible.

How is this done? Essentially it is very simple. The manager asks their subordinates at regular intervals: *What is your contribution?* Or better still, to be more precise, slightly less polite, and therefore more effective: *Why are you on the payroll of this company?* It is astonishing how rarely this elicits a proper answer. Most people do not know how to answer this question, not least due to the fact that they have never been asked such a question. We must then discuss this with them in detail. We should work towards enabling them to give a certain type of answer. Their answer should not begin with: "*I am …",* but with *"In this organisation I am responsible for …"*

The Consequence of Organisation

Modern people in the modern organisation suffer literally from what is known in technical terms as *sensory deprivation.* They suffer from withdrawal and, we can honestly say, from progressive withdrawal of sensory experience. They cannot see the whole, as we can see a cathedral or at least its plan; we cannot smell a modern organisation, neither can we hear it or touch it. Actually, it can only be (re)constructed in our head. But this is something out of the ordinary and only a few people have ever learnt to do it. Therefore people withdraw to their small areas of expertise, which they know and understand.

While in days gone by the job organised the people, the reverse is true today: *People must organise the job.* However, people have not learnt to do this either. Therefore one of the management tasks is to train people to do this. As mentioned earlier, in essence it is simple. We discuss with them the contribution they are to make. This automatically forces us to think about the "cathedral" and to find ways to make it as visible, clear and understandable as possible. The discussions continue until the people spontaneously begin their answers with "*I am responsible for …"*

PRINCIPLES OF EFFECTIVE MANAGEMENT
Third Principle
CONCENTRATION ON A FEW THINGS

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What matters is concentrating on a few very important things

Many managers and a sizeable portion of management literature seem to be devoted to the unending search for the „Holy Grail", for a miraculous and secret recipe. This is a useless venture. But if such a recipe did exist, one of the first candidates would be *concentration.* Needless to say that there is nothing mysterious about it, just as there are no secrets in management, though some people will never give up their obsession with mystification.

The Key to Results

The principle of concentrating on what is essential is of great importance *everywhere*. But it is particularly significant in management because no other profession and no other work are so greatly and systematically subject to the menace of dissipating and squandering energy.
These hazards lurk in other occupations too. It is only in management however that they are so *institutionalized*, so commonly accepted, and so misunderstood as signs of particular dynamism and job efficiency. Conversely, there is nothing as *typical of effectiveness* as the ability or the discipline of concentration.
The work "concentration" alone is not enough though; it can still be misunderstood. The essential point is to limit ourselves to a *few thins,* to a *small number* of carefully selected focal points if we are interested in the result and achieving success.

At times there is an objection that this principle cannot be applied to complex and interrelated situations and that, to some extent, it stems from an outmoded idea of management. In fact *precisely the opposite is true.* It is because so much has become complex, interrelated and interactive that this principle is so essential. It was never so important previously for the simple reason that it is jus not *required* in *simple* situations.

The situation is very clear; we can *deal with* many different things, even simultaneously. But we cannot be *successful* in many different areas. Once again the difference between input and output, work and achievement, activity and success is important here.
Wherever effects, success and results are observed, we can also observe that the principle of concentration on a few things has been followed. Almost everyone who has become well known or even famous as a result of their achievements, has concentrated on *one* thing, *one* task, *one* problem – what is always valid is that *concentration is the key to results.*

Different people from different walks of life are reported to have followed this principle, people such as Albert Einstein, Martin Luther, Pierre August Renoir, Johann Strauss; to name a few. Particularly informative are the example of people who were effective and successful despite working under

difficult conditions such as illness, handicap or overwork. Without exception, the reason for their success lay in concentrating on their work, which they did due to the pressure of circumstances.

In modern times which are to some extent well documented there are two people who tackled many different things, sometimes simultaneously, and were nevertheless successful or considered successful. They are Leonardo da Vinci and Goethe. In both cases many facts indicate that they basically dissipated and squandered energy and could have achieved much more and of more significance had they restricted themselves a little.

Rejection without Reason

The claim to concentrate on a few main items, if possible on only one, is often met with opposition and rejection, which are sometimes emotional and aggressive. As far as objective arguments go, there are hardly any that can be raised against the principle of concentration.

It is true that it has become *difficult* to concentrate on a particular issue in today's working and organisational world. But it is precisely this that is the essential reason *for* the importance of this principle.

There are situations in which even the most disciplined person cannot work sensibly (in a concentrated way) because their environment simply does not allow it. There are bosses who contact their subordinates – first and foremost their secretaries – every ten minutes for some reason or other, who call them, ask them into their office and, at any rate, disturb them in their work. Under such managers people *work* hard but usually little is *accomplished.* In this case good management is confused with bustling activity. In such conditions, a person would have to suffer or endure the performance destroying behaviour of a superior, or leave, if possible. Hence undisciplined *bosses* are the first, most important, most frequent and most obvious reason for the non-applicability of the principle of concentration.

This does not render the principle itself invalid; in fact exactly the opposite is true. But it does establish a reason for the above mentioned, often aggressive rejection.

Another reason is usually the *organisation.* There are certain forms of organisation that facilitate concentration and others that make it virtually impossible. The matrix organisation belongs to the latter category. In a matrix structure it is almost impossible to concentrate on anything. Therefore, it is an *obstacle in the way of productivity.* It is the opposite of what it is considered to be. It may be modern but it represents anything but progress.

Sometimes there are market structures and businesses in which the matrix organisation is unavoidable because there is no alternative at present. The matrix should, however, never be the first choice in matters of organisation; it should be the last.

Matrix organisations make it *difficult* for people to be effective. But good management means the opposite, making it *easy* for them.

The objection that concentration has an adverse effect on motivation is based on an incorrect concept of motivation and a misconception of the purpose of organisations. Organisations must effect performances and produce results in the area in which they are working and for the purpose for which they were established. Only a few, if any, have been established for the purpose of motivating people.

Concentration on the main issue, on the purpose, is always required for the organisation as a whole and for the people working in it. Therefore the first task must be concentration. Whether this is incompatible with motivation is a totally different issue.

There is no doubt that people, especially the young, expect their work to be varied, but these expectations cannot, unfortunately, be met very often and, if they are, it is possible only to a limited extent. The primary task of organisations is not to offer young people variety unless it is in their capacity as customers.

The last objection is that concentration is detrimental to creativity. It may be detrimental to that which may be more accurately called *wild* creativity. This however is usually useless in any case if not actually harmful. There is no shortage of *ideas* in the world contrary to what is always being loudly proclaimed. What the world lacks is ideas that have been realised; this is something totally different and what is required to realise these ideas is, in fact, again concentration.

The life and working methods of those people who are *rightly* considered to be highly creative – well-known musicians, painters, writers and scientists – is replete with examples and proof that the *opposite* is true. With a few exceptions, they all concentrated *strictly* on one issue.

Examples of Application

Time Management

Most managers, irrespective of the type of organisation they work in, have problems with time. No matter how long and how hard managers work, their most frequent complaint is that of not having enough time. Working more and harder is obviously not the solution to this problem. They only solution lies in the principle of concentration.

The reason is as simple as it is frequently overlooked. The tie that managers talk about only *seems* to be "their" time. The way manages utilise time is largely *determined by others.* Seventy to eighty percent of the time does not belong to *them* but to *others,* their customers, their own boss, their subordinates and colleagues, their secretaries, their financial analysts, and, *increasingly*, the media. What remains at their disposal is a small segment of perhaps twenty to thirty percent to use as they think *fit* with regard to their tasks.

But they cannot achieve a *lot* in twenty to thirty percent of the time, even if they put in an eighteen-hour day, which, in any case, is not advisable. Therefore, they need to concentrate on the crucial issues. That is easier said than done. It requires hard and risky decisions. Mistakes will be made time and again while attempting to settle the question of *what* we should be concentrating on. Nevertheless we must make up our mind to identify areas of emphasis if we want to achieve results. The only choice is between leaving many things unaccomplished, thereby achieving significant results in a few areas, and not achieving anything at all.

"Seven plus/minus two things per unit of time- that is approximately what a person can undertake, keep a check on and, to some extent, control". The only way to cope with more than this is sequentially, one after the other, doing the second only after the first has been dealt with.

There are managers who attend to only *one* issue per unit of time. They are remarkably successful. Even these people bother that there are many things which they cannot do, that there is much that remains to be done for which they are basically responsible and which they would be happy to do.

These people too sometimes make a choice which subsequently proves to be wrong. Nonetheless they concentrate on less because they know that it is the only way to achieve anything at all and the only way to set in motion and effect anything in the prevailing state of complexity, dependence and hectic activity.

Strangely, many managers refuse to believe this. Some managers are proud of being permanently engaged in a "war on many fronts". Their *work balance sheet* is exceptional; their *performance balance sheet*, on the other hand, is deplorable. A "war on many fronts" can indeed be *waged*, but it cannot be *won.*

Management by Objectives (MbO)

Another important case of application of the principle of concentration is *management by objectives*. There is most probably no organisation that has not already looked at this management method in one way or another. Unfortunately there are not many which have been successful with it. Why? More will be said on this subject in the next section. The most important reason is that people take on *too much* that is *too different.*

The success and effectiveness of management by objectives depends on the principle of concentration on a few things.

Conclusion

Anyone who wants to convince that he can effectively deal with fifteen different things simultaneously is either a beginner, and can be helped, or he is incompetent, and can no longer be helped. The principle of concentration is applicable to people; however, it is also applicable to *organisations.*

Effective organisations, good institutions are *single purpose* systems. They are single purpose tools, as are any tools that are useful or any single purpose devices. Anything else leads to bas compromises, at best to mediocrity and, at worst, to failure. And this happens *despite* superhuman efforts. The cause of failure is not a lack of effort and application but the *dissipation of energies.* The tragedy lies in the lack of success in spite of great effort.

PRINCIPLES OF EFFECTIVE MANAGEMENT
Fourth Principle
UTILIZING STRENGTHS

INDEX

What counts is utilising existing strengths

The emphasis here is on "existing" strengths, not on those that must first be developed, and the essential element is "utilising strengths" and not "eliminating weaknesses". This must be emphasised because most managers and particularly, it seems, personnel experts, are primarily concerned with the opposite of what this principle demands: on the one hand, developing something new instead of utilising what is already available and, on the other hand, eliminating weaknesses instead of utilising strengths.

The principle of utilising strengths has far-reaching implications for everything that has to do with people – their selection and training, job design and recruitment, performance appraisal and potential analysis. If this principle is *followed,* the consequences are extremely positive.

If the principle of focusing on strengths is followed consistently, many of the instruments normally used and considered essential by personnel managers can be dispensed with; their function can become simpler, leaner, and not only cost-effective but also effective. On the other hand, if the principle is not followed, the effects of even the most well developed human resource management generally fall flat.

Fixation on Weaknesses

In conversations with managers you could ask: "*Tell me a little about your subordinates. What sort of people do you have? What are your colleagues and your boss like?*" It is as if the floodgates have opened, there is a deluge of information as they will tell about their deficiencies and weaknesses, everything that the people cannot do, how their colleagues are idiots and their boss is a failure …
In a strange way, the human brain and, particularly, our perception seem to work negatively or destructively. We are most aware of what does *not* work, *because* it does not work and because it therefore creates difficulties.
It is a well-known fact hat human perception is selective. What is not always clear is *what* we select as relevant for perception. In this context, it is the weaknesses and inadequacies of other people.

If people are observed without our principle of focusing on strengths in mind, we would reach the verdict that everyone, even those who seem the lease capable, have strengths, probably not many, and most often just one. Furthermore we would find that even the most capable people, who are capable of giving peak performances, have a number of pronounced weaknesses. It is not a trivial

issue but a tragic one that we concentrate first and foremost on weaknesses and then do everything in our power to eliminate them.

Making Strengths and Tasks Compatible

However, what is far more important is that due to the overwhelming focus on weaknesses and their eliminations, we have in all probability failed to explore the employee's *strengths*, what they are *capable* of doing. This is the first duty of a manager. The second is to design the tasks for this person so that, as far as possible, they are compatible with what this person is capable of doing.

This is what is meant by, and achieved by the principle of focusing on strengths and utilising strengths: *Deploying people in areas in which they are already proficient.* This is what we can also observe in all effective, successful and good managers. They show little or no concern about people's weaknesses. These do not interest them, not only because they cannot achieve anything with them, but also because they doubt that they can do anything to change them. These managers look for the strengths that already exist and then they organise jobs and tasks in such a way that those strengths can be deployed.

Additionally something more important may be observed. The problem of motivation would never arise and it would therefore not have to be dealt with. The problems of motivation simply *disappear.* No one requires motivation to be good in areas where they are good or where their strengths lie. On the other hand thee is absolutely no way that a person can be motivated to be good and achieve something in areas in which they are weak.

Let us now look at the other side of the issue. In contrast to the efforts and the usually miserable results associated with the eliminating weaknesses, it can often be observed that far less effort is required to really achieve something with a strength that at least shows signs of being present. Relatively speaking, it usually takes very little effort for a person to become better, and perhaps even very good, in an area in which they are already good, compared to what is required to achieve even mediocrity in an area where they are weak.

Should Weaknesses be ignored?

Does focusing on strengths mean ignoring weaknesses? By no means, that would be naïve. Weakness must be known, but not for the reason most people want to know them, that is in order to eliminate them. They must be known for an entirely different reason, in order to *avoid making the mistake of deploying people in areas in which they are weak.* Hence, focusing on strengths does not mean being unrealistic, naïve or idealistic.

Why the Focus on Weaknesses?

Why do most people focus on their weaknesses instead of concentrating on their strengths? This may be primarily due to the following reasons. It is *easier* to discover a person's weaknesses rather than their strengths. Weaknesses attract attention because they are troublesome. No exceptional intelligence or experience is required to find out what a person *cannot* do. Above all no intensive interaction with the person is required to determine this. On the other hand, all this and more are required, often on a large scale, to identify strengths. An interest in people is needed, in the individual, in order to discover strengths. Aside from any other factors this is time consuming. Another reason is perhaps the conditioning received in school. Schools focus on eliminating weaknesses. If a child has weaknesses, in mathematics for instance, every teacher will attempt to eliminate this weakness and urge the child to practice more maths. This is only for the good. Therefore school education imparts the *ability to work* but does not make a person *proficient.*

Learning from the Great

So-called "great" people, in whatever way we understand the exceedingly misused, well-worn and ultimately meaningless word "great", were usually very limited people. They had many conspicuous weaknesses, and most of them were able to do only one thing – but they did this *excellently.*

Managerial Effectiveness - Utilizing Strengths

It is the same situation in practically every field. Whether it is in the filed of music, painting, sculpture, literature, politics or sports, the outstanding work produced by people has almost always been limited to *one very narrow* field.

Whatever is applicable to "great men" as a rule, apart from just a few exceptions, applies even more to those who are somewhat less "great". Anyone who wants to or has to achieve something must restrict themselves to what they can do and to the field in which they have their strengths. Even then, it is difficult enough to work and be successful.

How are Strengths recognised?

After all that has been said so far, it is perhaps less surprising, but all the more tragic that there are few support systems in management that enable or encourages people to discover their strengths. Even on those rare occasions when this is discussed, the way in which people believe strengths are discovered is systematically misleading.

The reason for this lies in the almost universally accepted opinion that someone is good at something if they like doing it. This is also a standard question for career advisors: *What would you like to do?* Most people find this view so plausible that hardly anyone thinks of doubting it. Nevertheless, it is wrong. There is not even the slightest correlation between *liking doing something* and *doing something well.*

So where does this idea come from? There is a strong correlation between *disliking doing something* and *doing something badly.* If something is done with dislike it rarely leads to great achievement.

However, attention must be paid to something totally different and, consequently, the question must also be framed in another way. Sometimes the assumption can be turned around: *Because a person does something well, they like doing it.* With this insight, we can get somewhere. But this is still not the really crucial factor. The right question and, for most people, the one that decides their fate, as it is critical for their success is this: *What do you do easily?* The truly important correlation exists between *do easily* and *do well.*

The best example of this is Albert Einstein. It is said time and again that Einstein was a bad student. This gives foolish parents an apparently good reason to excuse the bad performances of their children in school with the comment that Einstein, nevertheless, won the Nobel Prize. It is hard to imagine anything more ridiculous. Einstein was a *good* student; he was particularly good at physics and mathematics. Admittedly, he had problems with a few of his teachers because he was an awkward student, but not because he was a bad student. He found maths and physics easy and, in these subjects he achieved great success almost effortlessly. But what had he enjoyed doing, what had made his heard beat faster, what had been his burning passion? That was music and especially the violin. He would have given an awful lot to have been a great violinist. Despite all his practice, however, he was never anything more than mediocre. Einstein did not possess the coordination and skilfulness required for the violin.

All we have to do is what many personnel experts unfortunately never do; we have to *observe* people.

The question of what is easy for a person to do becomes very important not only because of the increased chances of success in this filed but also due to the risk of making the wrong correlation. The positively diabolical thing is that people are *not aware* of what they fine *easy to do*, precisely *because* it is easy to do. And because they are not aware of it, they pay no attention to it and do not use it. They overlook the most important thing that will ensure effectiveness and success, and due to this success they could also possibly achieve fulfilment, happiness and meaning too, precisely because it is a strength.

Types of Weaknesses

A few distinctions need to be made. Not everything that appears to be a weakness *is* a weakness in the sense discussed here. There are deficiencies that can and should be eliminated. Essentially, there are five types of deficiencies that appear to be weaknesses. Four of those can, to a great extent, be eliminated or improved upon.

Managerial Effectiveness - Utilizing Strengths

First: Knowledge

The first are gaps in *knowledge*. A substantial proportion of these deficiencies can be eliminated with training and learning. Anyone who needs to know English for their occupation can learn it. These are areas of knowledge without which people face difficulties today, not only in a company but also in many other organisations.

Second: Skills

The second type of weakness is *skills.* People can learn to operate a computer keyboard, set up the agenda for a meeting, write a proper report, and make a presentation. People can acquire a minimum of presentation skills, even if they may never be adequate enough to enable them to become great speakers. This applies to all the skills that are normally required in an organisation today, just as we learn to drive, which is a useful skill when living in a modern society.

Third: Insight in other fields

It is possible to acquire a certain amount of *understanding* of and *insight* into other roles and fields. Human Resource experts can understand that numbers and figures are required for certain purposes in a company. They may never be able to decipher a balance sheet, and for them accountants will always be suspect. However, a minimum of understanding, from which mutual acceptance and perhaps respect can grow, can and should be acquired.

Fourth: Bad habits

The fourth type of deficiencies is certain characteristics that appear to be weaknesses but are often just *bad habits*. These too can to a certain extent be eliminated. They include things such as a chronic lack of punctuality, a tendency towards careless work and negligence, or the bad habit of never completing a piece of work.

Fifth: Difficult or impossible to remove

With this last category we have come close to the type of weakness that is difficult or impossible to remove. For example, there are people who frequently have problems with other people and cannot get along with their fellow men. This cannot be substantially changed even with a lot of training. We cannot convert a solitary person into a really good team player. Fortunately this is not important; it is of no consequence if, and as long as such a person is assigned tasks that must essentially be carried out alone.

We will rarely be able to change a typical thinker, someone with an analytical or conceptualising way of thinking, whose strength lies in getting to the heart of the problem mentally or developing solutions, into a particularly effective doer whose strengths lies in implementation. Organisations need both, but both competencies are so rarely found in one and the same person that we cannot pin our hopes on finding such a person.

The Two Sources of Peak Performance

Once managers accept and act in accordance with the fourth principle, numerous tenacious problems disappear that would otherwise prove difficult to solve even with a great effort where this principle is disregarded.
But this is not the only consequence. Suddenly it is possible to deliver performances that were formerly out of reach. Among other things, the ways in which the aforementioned *peak performances* can be achieved become clear. If we look into the question of how top-notch performances are really achieved, there are always two things that stand out. The first is a *clearly recognised strengths* and the second is *uncompromising concentration on it.*

Managerial Effectiveness - Utilizing Strengths

If people want results they must *utilise strengths.* If they want to utilise strengths they must *accept* that they have any, usually significant weaknesses. They must try to *compensate* for them, which do not mean eliminate them. Weaknesses must be rendered insignificant, irrelevant. This is the purpose of organisation. Whatever else may be achieved through organisation, its primary function is to utilise strengths and render insignificant the weaknesses. This is also applicable for what is perhaps the most important sub-unit of every organisation, the team.

PRINCIPLES OF EFFECTIVE MANAGEMENT
Fifth Principle
TRUST AS A BASE

INDEX

What counts is mutual Trust

Though the fifth principle is directly related to motivation and corporate culture, it *refutes* the prevailing views of these issues rather that supporting them. What is more commonly held opinions are totally misleading and, on the other hand and far worse, how they almost completely overlook something much more important?
How can we explain the fact that there are managers who, if we take the textbooks as our standard, do everything wrong and nevertheless have a good, often excellent working environment in their departments?
On the other hand how can we explain the tact that there are managers who, again according to the textbooks, do everything right, know all the motivation theories and behave accordingly, but have a bad, often miserable working environment in their departments?

The root of the issue is the factor of *trust* that comes into light as the solution to the riddle. If and to the extent that a manager has been successful in gaining and keeping the trust of those around them, their subordinates and colleagues, there was nothing essentially wrong with the working environment or the corporate culture. If there was *no* trust, all efforts to improve the corporate culture or the level of motivation were useless, and even had an adverse effect sometimes; subordinates considered the measures taken in this respect to be dishonest, manipulative and, frequently, as a particularly refined form of cynicism.

What matters in the end is mutual trust! It is trust that counts, and certainly *not* all the other things so often described and demanded such as motivation, management style and corporate culture.

The topic has hardly been dealt with in the standard German and English literature on motivation and in writings on corporate culture.

It is important to differentiate that we do not suggest that trust should or can take the place of motivation. Rather we believe that there can be no motivation where there is a lack of trust.

Robustness of the Management Situation

If and inasmuch as managers are successful in gaining and keeping the trust of the people around them, they have achieved something extremely important: setting up a *robust* management situation; robust as opposed to fragile, resilient as opposed to sensitive.
Robust in what way? With respect to the many management mistakes that occur time and again in spite of every effort, all discipline and all ability. Even the best managers, and we should not delude

ourselves here, commit several major mistakes every day, without *wanting* to and usually without *noticing* them.

Therefore the important question is not whether mistakes are made in management or not; they occur very easily in the hectic activity that characterizes day-to-day business. Rather the crucial question is how *serious* the mistake is, if matters, if it has consequences. A management situation based on trust is strong enough to survive and cope with management mistakes. The subordinates may occasionally grumble but they know that they can rely on their boss in an emergency. Even in organizations with trust, not every day is full of joy and happiness. There is discord, dissatisfaction and conflict, but these do not really matter as long as there is trust.

How is Trust created?

Never play the "loser game"

There are people who never learn to admit to their mistakes. When they are made managers, they unfortunately gain the power and the means to conceal, suppress, or at any rate, cover up their mistakes with rhetorical skill, and to pin the blame on their subordinates. This of course does not remain unnoticed.

Not *everyone* notices it *immediately*, but when a manager makes it a standard practice, even the most stupid people gradually realise the game being played on them. Generally, people are prepared to accept failures. But when they are expected to play a "game" in which they are not just *occasionally* the losers, but in which a win is always and systematically out of reach, they refuse to accept it.

A few rules to avoid such situations:

The subordinate's mistakes are the boss's mistakes – at least to the outside world and senior management. Managers cannot "leave their people out in the cold" without losing their trust. We emphasise the phrase to the outside world and senior management – *not internally*. If a subordinate makes a mistake, it must be pointed out to them and corrected.

Mistakes make by the bosses are theirs alone – there are no exceptions to this. Manages must have the character to admit to their mistakes or they must learn to do so. They can certainly seek the help of their subordinates to correct a mistake, but they cannot pin the blame for their own mistake on their subordinates, at least not without undermining the foundation of trust.

The success of the subordinates is theirs alone: the manager should not claim all the glory for himself.

Manages can lay claim to any successes they have achieved through their own independent efforts: However the good managers and above all, leaders also say: "We achieved it."

Creating trust means listening

Manages do not usually have a lot of time. But if they can spare even ten minutes for their subordinates, they should listen to them attentively and with concentration for those ten minutes. Moreover, managers are usually quite impatient people, and listening does not come easy to them .Good managers force themselves to do this. They can certainly urge a subordinate to keep it short. But they cannot simply ignore what people have to say, and particularly what they want to say to their boss, without loosing their trust.

Management Style is not important

For most managers and above all many speakers at seminars, thee is no doubt that *first* management style is *very* important and, *second* only a *certain* style, that of cooperative behaviour, is acceptable. Management style is important but by far not as important as many might believe. There is no link between management style and results, except in very *artificial* situations created for games or

experiments. If we differentiate between an authoritarian and a cooperative management style on one hand and between good and bad results on the other, the following can be observed:

1. There are cooperative managers who *also* achieve excellent results.
2. There are also those who are indeed very cooperative but do *not,* unfortunately, achieve any results. Though they are nice, pleasant and perhaps even kind, they are not effective.
3. Then there are of course authoritarian managers who are *unable* to show any results. They are a catastrophe for every organisation and they should be removed as quickly as possible.
4. But there are also managers who are very directorial and quite authoritarian in the usual sense of the word, but achieved *outstanding* results.

Difficulties are encountered in cases two and four. Here we are faced with a decision between giving preference to the management style or the results. Our preference goes in favour of results even if these are achieved at the expense of unpleasant and sometimes harsh consequences.

There are wonderful exercises for the "training" of managers, which are supposed to "prove" that cooperative behaviour is *always* and authoritarian behaviour is *never* rewarded with results. These exercises are very impressive and seem to be very convincing. The other exercises available, which prove the opposite, never see the light of day, unfortunately, partly because many speakers at seminars are so convinced of the doctrine of the cooperative management style that they no longer question it, and partly because an ideology is being disseminated.

But in management and in an organisation, what we find pleasant and likeable is not the issue, the issue is what is effective and right.

There is another reason to consider management style to be of little importance. What is really important is something very simple, namely a minimum of *elementary manners.* We do not refer to highbred politeness rituals, but what we might call "good upbringing", a minimum of *decency.*
People without manners must occasionally be tolerated, but they are never respected. People who go around yelling, who never think of saying "please" or "thank you", who are unable to muster the slightest decency will receive no respect in the long run, and such people are also unable to create trust. Any communication with them is tinged with scepticism, doubt, mistrust and rejection.

Creating trust requires integrity

Character or more precisely *integrity of character,* is perhaps more important than everything we have discussed so far. Most people will agree with this even though it is not one of the main subjects in management education. Simply said: *A person must mean what they say, and act accordingly.*
Consistency is just as important as *predictability.* Most people understand trust as a general, somewhat unclear emotion or feeling. Trust is built on the foundation of *predictability* and *dependability.* We need to know where we stand with our boss and colleagues and to be able to rely on this. Therefore we require rules of the game that are valid and words must be equally valid.

And if it is difficult?

We certainly do not believe that building and keeping trust is easy. It can be quite difficult to act in an open, honest and upright manner under the typical conditions in a large corporation. There are numerous obstacles and there are difficulties; above all, there is the constant temptation to do things in another way and select what appears to be the easier way. But as difficult as the environment may be, there is no reason why one should not be able to manage with a focus on trust in his *immediate* area of influence.
The issue is not whether something is easy and can be done without difficulties, but whether it is *right*. Of course, there are companies and other organisations in which honesty and openness are not desired.

Firstly things can in fact occasionally be changed. Alongside all the failed reforms and reformers there are also the successful ones. We should not aim to change and improve the world immediately; it is enough to create trust as far as possible or better, let it grow in our immediate area of influence.

Incidentally we can also leave a company in which this kind of behaviour is not desired, especially when we are young and have several options.

Secondly some people understand trust to mean "blind faith". There is no place in an organisation for this. Trusting blindly is simply being naïve. There are situations in life in which we *must* actually trust someone blindly because we have no choice. But this cannot be the case everywhere; no organisation can be based on this.

Some people understand trust, as mentioned earlier, to be blind faith. For such people, disappointments are inevitable. Others interpret trust according to the motto attributed to Lenin: *Trust id good, supervision is better.* This is the cynical variant and we certainly do not mean this either.

Mistrust is one of the most dangerous "cancers" in an organisation, and it is incurable except in the very early stages. *Trust everyone as much as you can and, while doing so, extend your trust to the limit.* This is the foundation and the starting point.

Next comes what has to be done in addition to this:

a) Ensure that you always realise exactly when your trust is being abused.
b) Ensure that your subordinates and colleagues know that you will realise this.
c) Furthermore, ensure that every breach of trust has serious and unavoidable consequences
d) Finally ensure that your subordinates too are clearly aware of this.

PRINCIPLES OF EFFECTIVE MANAGEMENT
Sixth Principle
POSITIVE THINKING

INDEX

What counts is positive or constructive thinking

It is easy to misunderstand the sixth principle. It has become a hotbed of charlatanism. However, this should not be a reason for us to "throw out the baby with the bath water". Properly understood, the discipline and practice of constructive thinking is of tremendous vale or, to put it the other way around, negative thinking, and the corresponding behaviour, is so destructive that they should not be allowed to take hold in any organisation.

In one form or another, behaviour based on this principle is always to be found in effective managers. There are those amongst them who make this principle into an almost excessive philosophy, which we advise against because this soon has an overpowering effect on other people and can therefore sometimes produce the opposite of the desired effect. However, most of the people who follow this principle do not talk about it. They simply *act* in accordance with it.

Opportunities instead of Problems

We consider the ability to solve *problems* to be very important. But it is not the first and foremost tasks of managers. Recognising and utilising *opportunities* seems to be more important than solving problems.

The principle of positive thinking turns the managers' attention to opportunities. This does not mean that problems can be ignored, that we can philosophise them away, deny or suppress them. This is not what is meant here.

Effective people are level-headed realists, even if they have learnt to think constructively; they look problems and difficulties straight in the eye, they are not inclined to gloss over or suppress them. But even in bigger problems they primarily seed possibilities and opportunities. "*Is there an opportunity in this problem?",* is roughly their attitude.

From Motivation to Self-Motivation

Closely related to the endeavour of looking for opportunities in the most difficult of situations is the discipline of *self-motivation* rather than motivation by someone else or from the external environment. People who find opportunities in problems and motivate themselves want primarily to *change* things. They want to act and not simply recognise, analyse, understand and passively accept.

Mature personalities are people who recognise problems with total realism, often earlier than others and with greater smartness. They do not leave it at that but ask themselves: *What can I now do to change this?*

Everyone who produces top performances, irrespective of the field, in effect "people that break barriers", knows that a person's limits are determined *first and foremost* by the mind and that these limits can be *pushed.*

Doing Your Best

Notwithstanding all the magic that we unfortunately find associated with it, positive thinking fulfils an important function. It lays the foundation that enables us to see the *opportunities* and free ourselves from *self-imposed dependence* on our moods.

The result of an attitude that is basically positive and constructive is that people give their *best* wherever they are, wherever fate, coincidence or their own decisions place them. Whether this equates to top-notch performance in an absolute sense is an open question; it is at any rate, *one's best.*

This is important because far too many people seem to find *justification* for doing *little or nothing at all* in the limitations present in any circumstances, the limitations of the specific situation in which they find themselves; or vice versa, they can perform only when those limitations are removed. But they do not feel they have to do this themselves, they wait for others to do it.

These people can always, and this is where the last principle coincides with the first principle, recognise what is *not* possible in a situation, what they *cannot* do, what *cannot* be achieved. They point to all the difficulties they can see or they maintain that the resources, the budget for example, are not adequate to do this or that. Their motto is *not here, not now and not with what is available.*

They can and must be shown ad different attitude: *Do what you can with what you have where you are…. .* The fact that we cannot do a lot of what we want to do or have to do is clear and is basically true of every situation. The mistake lies in taking that as an excuse for doing nothing. The response must be: *At least do what you can…*

It is also true that the resources available are never adequate for everything that needs to be done. This applies, to some degree, to everyone and every organisation. Even the largest organisations are subject to constraints related to money or people. This attitude must be countered with: "*Make the best of what is available and stop complaining that there is never enough!"*

Finally, there are also those who express a desire to do something, but always postpone it until *later*. Not now, but when they are promoted; not in their present position, but in the next one; not in this company, but in another. These are usually *excuses for laziness.* This type of person just does not *want* to act.

Therefore one should not waste time on them. We can give them one or two chances to adopt a more positive attitude. In the case of young people, we can make more of an effort, but this also has its limits. Fortunately there are still enough people, who *want* to perform, who do not take long to understand or be taught to think positively. They are the ones we must rest our hopes on, the ones we should work with and they must be given the opportunity to perform. They must be *held up* as examples and *set up* as the standard.

Organisations, irrespective of their type, in which we always have to "motivate", in which the people always need "reasons" to do something, to stir themselves to undertake some action, cannot function.

PRINCIPLES OF EFFECTIVE MANAGEMENT
SUMMARY

MANAGEMENT QUALITY & CORPORATE CULTURE

As explained in the previous section we mention here again, every profession is characterised by four elements: principles, tasks, tools and responsibility. Professional principles regulate, as propounded in this section of managerial effectiveness, the quality with which tasks are carried out in the profession and the way in which tools, required to carry out tasks, are used. Consequently, the principles of effective management regulate the quality with which management tasks are carried out. They form the core of all that, within reason they can be understood as corporate culture, or at least they should. Under certain circumstances, there may be additional elements in individual cases, which are related to the specific features of a particular sector of the business world, the structural conditions of an organisation, its history and its purpose.

These principles are the core of corporate culture, or to frame it in a manner less pretentious than is usual in management these days, they are the core of good, competent and effective management. This is true in two respects.
First it is usually the case that nothing other than these six principles is required; but without adherence to these principles there cannot be good management and achieving a useful, enduring corporate culture that is capable of holding up under difficulties is impossible.
Second and still more important, it would not be possible to manage an organisation successfully in the long term without these principles, irrespective of any other elements that may be considered necessary.

The six principles should be understood in their relationship to one another and should be followed. One cannot be exchanged for another; there is no trade off between them. They form a set of rules to regulate behaviour, with the purpose of establishing effective, professional management.

The principles of effective management are standards for the critical analysis of management theories. As is apparent, these principles can be learnt. They are easy to understand even if they may not be very easy to be applied. But we can adopt them and learn to apply them. To a certain extent they compensate for a lack of talent; on the other hand, if there is talent, they facilitate its full utilisation. Their application leads to a distinct type of behaviour. Therefore, it is relatively easy to check whether they have been understood and followed.

TASKS OF EFFECTIVE MANAGEMENT
MANAGING GOALS & OBJECTIVES

INDEX

Managing Objectives - General

The first task of effective management is managing objectives. Questions may arise whether objectives are to be *stipulated* or *agreed upon*. This question is by no means as important as is generally assumed to be. The management task is to ensure that there *are* objectives. The way in which they are set must be subordinate to the task itself.

In numerous companies, particularly very decentralised ones, it is the only way to manage. Nevertheless, "Management by Objectives" (MbO) actually functions *rather poorly* in practice. Why is this?

There are several reasons. One of them is that management by objectives is often considered to be a method of managing a company or an institution *as a whole* and less as the task of *each individual* manager. The general objectives relating to the whole are, of course, necessary but they are useless if the organisation does not operate according to the same principle at the level of each individual manager.

The second reason is that carrying out this task involves a lot of work if it is taken seriously. Management by objectives is not really difficult to understand in principle. Neither is it normally particularly difficult to devise sensible objectives in the intellectual sense. It is above all, *labour-intensive* to consider, work out, discuss and to make those objectives so precise that they are really practical and can fulfil their function.

The *third* reason why management by objectives does not usually function well is the subject matter of this chapter: There are few practices that, though not widely known, have a crucial impact on the effectiveness of management by objectives.

No Systems Bureaucracy

A mistake which explains much of the ineffectiveness so often observed is making a complicated, bureaucratic program or system out of a sensible and very simple principle. This means a time commitment and paper war for the manager. Far worse, it usually results in form replacing content, with the system counting for more than the substance. What is required are the right *objectives*; an MbO *program* or MbO *system* can be dispensed with.

Therefore what should be demanded of managers, especially line supervisors, is that they follow the *principle* of management by objectives.

Managerial Effectiveness - Managing Goals & Objectives

Personal Annual Objectives

Companies have several widely differing types of objectives. They differ in the period of their effect (long, medium or short term), their content (strategic objectives, operational objectives), their area of application (general objectives, departmental objectives, personal objectives etc.) and how specific they are (broad objectives, concrete objectives).

Therefore, when we talk about "Management by Objectives", the phrase must be clearly understood in every organisation. Our suggestion is that "Management by Objectives" should be understood to mean *management by personal annual objectives.*

The General Direction

We frequently neglect to adequately inform the employees who are to be managed by objectives about the *basic* intentions, the "general heading" in principle, for the next period. We can hardly expect people to set themselves good objectives or assist in their implementation if they are not informed.

Therefore, key employees must be informed briefly and succinctly about the basic direction in which the company, area, region etc. is to proceed. Doing so *verbally* has its advantages, but it can also, as in large companies, be done in *writing*. In any case, after receiving the instructions verbally, the employees should also be given them in writing. The verbal method is more effective and motivational; the written is more precise, not only at that point in time but also later, because it can be reconstructed and is thus less susceptible to arbitrary interpretations.

Basic Rules for Management by Objectives

Few Objectives – Not Many

We almost and always take on *too many* things that are also very *different* in nature. Setting objectives in one of the most important applications of the principle of concentration.

Objectives, particularly the personal annual objectives referred to here, are, along with the task to be carried out, the most important means of making people in an organisation, beginning with ourselves, concentrate and focus on something; or to put it very simply, of managing them.

Anyone who is interested in effectiveness and wants to see results at the end of the year, must do the exact opposite of what the majority of managers do with regard to objectives. Instead of "loading the car" with more and more, ensure that people take on *few* objectives. This question should always be asked: *Is this really important? What happens if we do not do it?*

To concentrate on *priorities* is very important. Anyone who is familiar with an organisation and has some practical experience can usually specify quite accurately what is really important. On the other hand, what is difficult and is usually ignored is preventing the *opposite* of priorities – we could call them *posteriorities* or simply non-priorities. By those we mean all those things that only appear to be important and take up a lot of space on our desks and our computers. Those must be brought under control and kept under control.

Few but Big Objectives

Taking on less does not necessarily mean, as could be assumed, working less, being lazy, and "hanging around". The guideline should read: *Few but big objectives – ones that are significant and count for something when they are achieved.*

Most people have too many *small* tasks. They waste their energies and, while they may indeed have a lot of work, they have no results to show for it. Therefore they do not experience any success, which is why they need to be "motivated". This vicious circle must be broken, not through sophistic "development programs" but through *big objectives.* The task, the job, the objective should guide the people, not the boss. The objective should be the sources of authority, direction and supervision, not a superior.

Quantification – but Not Dogmatism

Wherever possible, it should be obligatory for employees to quantify their objectives. This must always be followed up and insisted upon. There is *much more* that can be quantified than most people believe. Successful quantification of something that has never been quantified is the perfect example of a highly creative achievement. The absolute minimum is a quantification of time, i.e. there should be no objectives without a deadline.

We should go as far as possible with quantification, at least, beyond the point where we usually stop but, and this is an important qualification, we should not be dogmatic about it. Experience shows that *the more important the objective for the organisation, the less it can be quantified in the narrow sense of the word.* Sales, market share, productivity, cash flow, GOP, and many other thins can now be quantified. But what is the situation like in the case of quality, customer benefit, customer satisfaction, innovation, etc.?

In any case, we must demand the maximum possible *precision.* This is also possible where quantification in its narrow sense is no longer feasible. *What do we base our assessment and evaluation on at the end of the next term in order to determine whether we have come closer to our objective?* This must be the key question. Therefore, we must train people to describe the desired final outcome as precisely as possible.

Resources

It is always correct to differentiate between objectives, resources, measures and concepts. This does not mean that they cannot be dealt with together. On the contrary, they *must be* dealt with *together* on principle. Employees should not only be asked for the objectives but they should also state the most important resources they are likely to require to achieve them. *Firstly*, this will improve their understanding of the business; *secondly*, this corresponds with entrepreneurial thinking. There are no entrepreneurs, at leas none that successfully survive, that do not simultaneously think about all three elements: objectives, resources and measures. And *thirdly*, it is the only way to not only set objectives but also to set *realistic* objectives, which are what is really required.

People Not Groups

Every objective must have a *person's* name on it. Effective objectives are *personal* objectives. Whether the person responsible for the objective then requires a group, a team etc. for its implementation is another issue. This can often be decided by the people in charge if they are sufficiently competent to make the decision. But one person should be in charge and *not a group.*

All Employees or Only Selected Ones?

In management issues, people are unfortunately for too inclined to have a concept of equal treatment that is *not properly understood.* The fact that everyone is equal in the eyes of the law is indeed an important constitutional principle and it signifies progress. But this does not mean that everyone should or can be equal in the eyes of their boss. Experience shows that the common belief is that if it is useful for certain employees to have objectives, the same must be true of *all* employees. This usually leads to absurd situations, which render the whole principle of management by objectives ridiculous and without any credibility.

We do not rule out situations in which a doorman can have sensible objectives, such as when new security systems are installed, which he must learn to operate. But he will usually not require any objectives to carry out his duties well.

Therefore, careful consideration must be given to the issue of which employees should have objectives and which should not. This is a genuine management decision, which will keep changing form year to year.

Managerial Effectiveness - Managing Goals & Objectives

Individual Application

A second type of individualisation is more important, namely, the individual *application* of management by objectives. This idea applies to almost everything in management.

Experienced staff cannot and should not be managed in the same way as the inexperienced. In the case of the *inexperienced,* whether they are too young to have gained experience or are new to the company, the manager must thoroughly check the objectives they intend to achieve, what they perceive to be their priorities and what they consider of secondary importance. Great stress must be laid on precision and quantification. The manager must discuss their objectives with them thoroughly and examine in great detail their analysis of the relevant resources.

On the other hand, *experienced* people whom the manager has known for the last eight or then years and knows how they react and particularly how they work, require much less management. In such cases the manager can be content with less precision and also with less discussion.

Therefore, there should be no *unnecessary egalitarianism*! For an experienced employee it is very demotivating, even insulting, to be subjected to the same procedures as young and inexperienced employees. After all, they have already proved their capabilities and also that they can be relied on.

Objectives Must be Specified in Writing

A remarkable number of managers dislike the requirement that certain things should be in writing. They associate it with bureaucracy. This may be justified in some cases but it is not true in the case of objectives. Each person's objectives must be documented in writing, and as precisely as possible. This certainly does not mean more work, as is the frequent objection. On the contrary, it saves additional work, namely the effort expended later to eliminate misunderstandings, mistakes and communication problems. Moreover the documentation of objectives is absolutely essential for a subsequent performance appraisal.

No great effort is involved. One page usually is sufficient if we adhere to the practices suggested above. If we need to write more, it is indicative of the fact that the objectives have not been considered and determined professionally, and this again makes their successful implementation doubtful.

Stipulate Objectives or Agree Upon Them?

There are countless arguments and questions about whether objectives should be agreed upon or stipulated. The job is to *ensure that there are objectives*! This is the management task.

For obvious reasons, there is much to be said for *agreeing upon* objectives, wherever this may be possible. We are aware of the positive effect this has on motivation; people are or inclined to do their utmost for something if they have participated in its inception.

But to set sensible objectives by agreement, *two conditions* must be met *together: good employees and a lot of time*. If even one of the conditions is not fulfilled, it will be difficult to reach an agreement that is more than a pseudo-consensus. At any rate, it is important that we do not adopt a dogmatic approach to agreeing upon objectives. There will always be situations, in which we must, at some time, say: "*We have now discussed these objectives for six weeks and regrettably we have not reached any consensus, even though I have done everything in my power to facilitate this*". What now? This is the situation in which the objectives themselves are even more important than agreeing upon them. They must then be *stipulated*, even if this does not seem to be in keeping with the modern view. At any rate, under no circumstances should there be a situation where there are no objectives simply because is was not possible to reach an agreement.

Co-operative management is almost always better than autocratic management, but there is co-operation that does not yield any results. The emphasis must be on management. Participation is frequently and mistakenly understood to be an end in itself. It serves a purpose, which does not consist of imparting the "feeling of having a say". Its purpose is to *make responsibility a part of the task*. Therefore there are good reasons for participation. But it is not an end in itself. There can be not enough participation or there can be too much participation. Not enough participation usually leads to lack of responsibility. Too much participation, on the other hand, frequently leads to a lack of performance.

TASKS OF EFFECTIVE MANAGEMENT
ORGANISING

INDEX

Organizing - General

The second task of effective management is organising. Effective people do not wait to be organised; they organise themselves for their own benefit in their personal tasks and their area of responsibility.

This section is not about the future macrostructure of a company organisation but about that which should *always* be given attention to in an organisation, regardless of the stage of development or restructuring a company or any other institution may be at.

Warning against "Organisitis"

An ever increasing number of managers follow a strategy of constant reorganisation and restructuring so that "thins are always on the move" – which has nothing to do with sensible organisation – let us call it "Organisitis". It primarily occurs in people who believe they should by "dynamic" at all costs or in those people who with to be featured in the media. In any case, it is a mistake made by corporate and also many HR managers.
People can certainly cope with change, but they *also* require periods of calm and stability to *perform productively*. Anyone who changes and reorganises for the sake of change risks a clear erosion of the company's results and will produce "wait-and-see attitude", Lethargy, and anxiety.

Good managers *do not reorganise unless it is necessary* and *if* they do have to, it is only after proper preparations have been made and after the procedure has been thoroughly thought out and all the necessary support measures have been taken.

There is no such Thing as "Good" Organisation

Most people, especially the inexperienced, have the idea in their mind that there are forms of organisations that function *without friction*. Whether management or business administration will ever find such forms is uncertain. At any rate we do not yet know of any.
All organisations are *imperfect*: they *all* produce conflicts, co-ordination problems, problems with regard to information and areas of interpersonal friction, a lack of clarity, interactions and all the other possible difficulties.

Furthermore we can rarely select a "pure" form of organisation. These exist only in textbooks. Real organisations are practically always a combination of several "pure" forms; they are "hybrid structures. Many people do get alarmed due to the misguided notion that they must follow a theory. In reality, they move further and further away from a practical and useful method of organisation.

The *optimum* position can be achieved in areas where "good" organisation is combined with good management. However, this is a *rare* case. If *both* factors are negative, and there is bad organisation with bad management, we are faced with an almost hopeless case. These represent the two clear cases.

What is the situation like when one of the tow factors is good and the other is bad? In general if it is the management, the craftsman like professionalism that is bad, it can *never* be rectified or compensated for by "good organisation". In the reverse case, remarkable results can often be achieved. Managers can give outstanding performances, even in bad structures.

There are managers who do not let miserable organisation stand in the way of giving their best, and thus achieve results in the face of all adversity.

The Three Basic Issues of Organizing

Effective organisations are *single purpose* structures. Whether they can be simple is another issue. If they are, it is all for the good, but even single purpose devices or machines can be very complex. Essentially there are *just three questions* to be answered; these are the basic questions for all forms of organising. They protect an organisation from being overburdened and overtaxed.

1. How do we organise ourselves so that attention remains focused on that which the customer pays us for?
2. How do we organise ourselves so that the employees really do what they are paid to do?
3. How do we organise ourselves so that the top management really does what it is paid to do?

To some extent, the organisation forms a bridge between these three questions. Every company these days professes to have a profound belief in customer orientation. However, it has not, by any means, been realised. *First* because it is not easy to determine what a customer is rally paying a company for. *Second* even if we do know, there are numerous ways of organising that completely disregard the customer instead of making them the focus of attention.

A typical example that clarifies both the first and second question is that of a hotel company, whose sales staff have to carry our administrative work in addition to selling rooms, banquets & seminars. All analyses show that the sales staff of numerous companies can, at the most, devote twenty to thirty percent of their time to customers; the rest of the time, a larger percentage, has to be spent on a widely differing range of administrative work. Therefore, in reality, the customer is not the centre of attention nor are the employees doing what they are really paid to do.

With regard to the second question it is worthwhile to regularly question employees about their contribution. Very often it is the case that organisations *hinder* employees in their work rather than really supporting them. Quite frequently, the obstacle is the boss.

The *third* question for organising refers to the things on which the top management actually spends its valuable time. Are the *actual* top management tasks really being carried out? Or does the top management get engrossed in day-to-day business? Does the organisation really enable the top management level to tackle those problems that can only be solved with a view and awareness of the whole? Or is so much time and energy spent in just keeping the organisation going that everything else gets neglected?

Symptoms of Bad Organisations

There are people who, without any thought, attribute *every* difficulty to an organisational or structural problem and immediately call for organisational changes. As managers we should never *succumb* to this line of reasoning. Of course there are difficulties, problems and conflicts daily in every company. But only a *few* are *caused* by organisation. On closer examination we will usually come to the conclusion that *management* is more to blame than organisation.

Managerial Effectiveness - Organising

Through reorganisation we can almost always solve the existing problem. *But how many new and different problems are created by this course of action?* This question should also be taken into consideration along with the many other aspects.

Increase in Management Levels

This is the *clearest* and most *serious* symptom of bad organisation that requires change. They should never be allowed to come about in the first place.

The rule is: The *lowest possible number of levels and the shortest possible channels*! We must strongly *resist* any temptation to create additional management levels. It is possible that, after thoroughly examining the circumstances, we come to the conclusion that another level is really necessary. However, this should be done as a *last* resort.

Each additional level renders mutual understanding more difficult, creates disturbance in the channels, distorts information, falsifies the objectives and steers attention of the employees in the wrong direction.

Constant Talk about "Cross-Departmental Work"

This is also a danger signal and an indication of the probable existence of organisational problems. "Cross-departmental work" *sounds* very modern; and it is often supplemented by the demand that people should think "interrelated".

In reality, "interrelated" thinking will be increasingly necessary because our world is becoming more complex. But this is in no way desirable. It is extraordinarily difficult and only a few people can master it. Even intensive training does not lead to any overwhelming success.

Therefore the basic rule must be totally different: *The organisation is right if very little cross-departmental work is necessary.*

Lots of Meetings with Lots of People

The "circus of meetings" which can be observed in so many organisations is also a strong indication that something is wrong with the organisation and this evidence should be taken seriously.

It seems to be almost inevitable that more and more meetings are now required. This is by no means a desirable or even necessary development. Only rarely is real work accomplished in a meeting. The actual work is done before or after the meeting. And every meeting (especially a productive one) necessitates another three meetings.

There is a *clear rule* for this too; it is frequently misunderstood, but that is precisely why it is important. The rule is: *Minimise the necessity for personal contact in order to achieve something.* If eight or ten people always have to get together to deal with any issue because we are organised that way, to coordinate and agree upon a course of action before anything can actually be done, then we are *not* properly organised.

Overstaffing

The most productive resource, as always, is an able and competent employee who is *allowed to work* and is *not hindered in any way.* This does not sound very modern in the age of task forces and teamwork. Nevertheless we believe that this issue should be given some thought. What is important is not whether something is *modern* but whether it is *right.*

If *several* people are always occupied with the same tasks, the organisation is *bad.* To date only completely obvious overstaffing has been corrected. Further pruning of the staff, which could be possible through clever reorganisation, has yet to be carried out.

Necessity of Coordinators and Assistants

It is likely that some coordinators are required in every company today, especially in the larger ones, and there are managers who really do require an assistant, not just as a status symbol. But the number of such jobs must *always* be *minimised*. They must be the *exception.* Anything extraneous is a

sign of *incorrect* organisation. People are quick to focus on status and position, academic titles and diplomas instead of results. They concern themselves with what is interesting, not with what is important. And the costs rise, not primarily because the assistants and coordinators cost money, but because they *waste the time of all the other employees* and *keep them from their work.*

Lots of Jobs with "a Bit of Everything"

"A bit of everything" is not a good maxim, even for putting together a meal. It is *disastrous for people's work,* and a serious organisational problem.

A well designed and organised job directs the person's *complete* attention and energy towards the achievement of *one* objective. Anything else leads to a waste of time and dissipation of energy.

Usually we do not have to worry about variety. Even the best jobs, requiring the greatest concentration, provide enough leeway and bring enough surprises every day to keep the employee from getting bored.

Jobs that have "a bit of everything" provide an *escape route from performance and responsibility.* They make it impossible for employees to attain the one ting that is *important*, which they need in order to be motivated, respected and possibly even satisfied and happy, and that one thing is *clear results* of which they can be proud and as a result of which they can count on the lasting *respect* and *appreciation* of their colleagues, superiors and subordinates.

Summary

Finally to recapitulate: If, on the basis of the symptoms presented above, we reach the conclusion that reorganisation is necessary, the required changes must be carefully thought out in advance and then carried out *quickly* and *without compromise*. Hesitation and indecisiveness discourage the supporters and empower the opponents of the necessary measures.

Speed is important so that after structural change, everyone can *resume work without being disturbed, the productivity that always suffers during restructuring is restored, and thus the human conditions required by people to work properly can also return.* A company does not survive because it is constantly being reorganised; its survival is based solely on its performance, which will hopefully be considerably higher *after* reorganisation than it was before. But we must be prepared for the fact that even afterwards there may be situations that cause friction. Competent management that is focused on effectiveness is still required, even after reorganisation.

TASKS OF EFFECTIVE MANAGEMENT
DECISION MAKING

INDEX

Decision Making - General

Managers have several other tasks that have little or nothing to do with decision making. But decision making is the most *typical* management task.

Only managers make decisions. Anyone who makes decisions *is* a manager, irrespective of their status, designation or position. The reverse is also true; irrespective of their position, status, the associated privileges and authorisations, if a person does *not* make decisions, that person is *not* a manager.

A decision brings everything together; everything is focused on the core issue. Decision making is not the sole task of a manager, but it is the most *critical – the task that makes or breaks the manager.*

Misconceptions and Mistakes

We might think that, given its importance, all managers *analyse* all aspects of decision making extremely intensively, that they *train* their decision-making skills, apply a decision-making *method* and approach this task with the utmost caution. Unfortunately this is rarely the case. Coupled with this are a few wide-spread *errors, misconceptions* and *mistakes* that adversely affect the quality of decisions. They are *easy to avoid* if we are aware of them and disregard a few clichés.

The Illusion that the Problem is Clear

Most managers come to a decision, in the narrow sense, *far too quickly.* They believe that the *issue* on which a decision has to be made and the *problem* involved in the decision are clear – *the problem is never clear, it must first be found.*

Managerial Effectiveness – Decision Making

This is the first and most important tasks in the decision making process. We are talking here the big, really important decisions that have consequences, in which the problem is *never* really clear.

An example: Sales are declining; is there a marketing problem or is it related to the quality of the product? Is the pricing wrong or is the advertising at fault? Is it due to the competitors' products, the economic situation or does our sales force lack of punch? Is it one single factor or do several factors constitute the cause, and if so in what proportions?

Textbooks give the well-meaning advice: *Start with the facts!* But what are facts when it comes to making a critical decision? We cannot begin with facts but at best, with *opinions* about facts, and this is something totally different from the facts themselves.

If the problem has not been correctly understood, the correct decision can never be made. Therefore the first and most important question must be: "*What is it all about?"* and take our time and consider the issue thoroughly.

The Illusion that someone who makes a Lot of Decision and Quickly, is a good Manager

Most managers are inclined to hold this opinion. Even at the top level, there are people who have the Hollywood image of a manager in mind, with seven telephones on their desk, one receiver clamped between their ear and shoulder, another in their hand, a third ready in front of them, people who travel around the world buying and selling, giving instructions and orders. This is pure Hollywood and has *nothing* with good management and good decisions. It is a caricature of a manager.

Really good, effective managers make *few* decisions, but they are made after *proper consideration* and are *well thought out.*

They know that risks are involved in decisions and that they have consequences, which always include the desirable and *not so desirable ones*. They also know that *correcting* the *mistakes* from a poor decision takes up much more time, work and energy than is required for the labour-intensive decision itself.

Of course, there are times when good managers are forced to make swift or improvised decisions. If so, they make it. But they *avoid* this situation as much as they can. They do not let themselves be pressurised into making decision.

Quick and therefore usually spontaneous decisions are often justified by *intuition*, and it is very tempting for even the best managers to be proud of their intuition. It can be right or wrong in equal measure.

Good managers use their intuition like everyone else, but they are aware that they *should not rely* on it. It is this that differentiates them from ordinary people, not a greater degree of intuition.

There are people who can decide quickly *and* also correctly. Of Course they also exist in the business world. Yet how many can say with a clear conscience that they *really* possess the *level of preparation* that is necessary and that *detailed knowledge* of the business that eventually enables them to develop a *reliable "sixth sense?".*

Certainly not the young manager, fresh out of training, and certainly not those managers who believe that they are "managing" twenty-six totally different divisions in highly diversified corporations; most certainly not people who are members of seventeen different boards of directors or supervisory boards in completely different sectors and who know each enterprise only on the basis of three or four meetings they have attended there.

We are also considering the fact that it is possible to be *too slow* in reaching a decision and thus paralyse the company. But it is also possible to make a decision *too quickly* and cause a disaster.

Assessing the right amount of time and thoroughness is one management problem that does *not* have a problem solving formula. What are required for these are *judgement* (that can be sharpened), *experience* (for which time is needed) and a lot of *expert knowledge* (that cannot be substituted with slick maxims).

There are *two* types of decisions in particular that should *only* be made in one way: *slowly and very thoroughly,* and they are *decisions related to personnel* and decisions on *remuneration systems.* Quick decisions in these two areas are *almost always wrong* decisions. And the consequences are catastrophic.

Managerial Effectiveness – Decision Making

Too Few Alternatives

The third mistake that is often made is that we are far too easily satisfied with the existing alternatives. Effective managers start with the premise: *There are always more alternatives than we know of at the moment.* They have no problems in rejecting even what seems to be their subordinates' best analysis with the question: *Are there any other alternatives?* They know that by doing so they are not exactly making themselves popular: but they also know that this procedure is an essential element of conscientious management.

A complete or as complete as possible examination of *all* the alternatives is naturally time-consuming and costly. This is also one of the reasons why good managers make only a *few* decisions.

The Opinion that the Decision itself is Important

Of course decisions are important; otherwise this chapter would be superfluous. And good decisions are also difficult.

But the decision itself is, relatively speaking, far *less* difficult than a completely different issue to which most people pay very little attention, and that is the *implementation* of the decision.

If we were to get even one dollar for every decision *made* at management level but *not implemented* on any given day in any country, we would be rich. Decisions are made, recorded and announced, and then they vanish into the bowels of the organisations and never lead to any results.

Effective managers make the implementation of a decision a *part of the decision-making process.* Their idea of a good decision does *not* end with making the decision itself; it *also* includes the implementation phase.

Decisions can be misunderstood, distorted, perverted or sabotaged. Therefore good managers always bear in mind the subsequent implementation at each step of the decision making process. They review *in advance* the people who will be involved in the implementation of the decision and what these people will need to know so that they can understand and then correctly implement the decision.

Therefore they also include these people in the decision making process. They do not do this primarily for some motivational reason or as some vague endeavour to adopt democratic procedures, but to facilitate the implementation and to ensure that the implementation is as *effective as possible.*

Furthermore good managers place great value on the follow-up and follow-through. They make sure that the important things are really *done*; they do not rely on verbal or written reports, they see to it personally.

The Opinion that Consensus is Important

Another mistake or misunderstanding is the widespread opinion that *consensus* is essential for the management of an organisation. Above all, there are major mistakes regarding *how* consensus is to be reached.

Of course in the *final analysis, consensus* is important at the *conclusion* of a decision making process. Decisions reached through consensus always have a far greater chance of being implemented than others. However many managers have a pronounced tendency to strive for harmony and certain psychological theories lend support to this behaviour. Even the best managers are only ordinary people, and many of them would rather avoid dispute or conflict. Therefore, they try to reach a consensus far *too quickly* and *too early*. This coincides with the fashion of consensus *culture*.

For good managers quick consensus is positively *unnatural.* They do not trust the "peace". They know only too well that differing views do exist in the background and will come to light if an issue is examined thoroughly. They also know that this dissension will appear in the implementation phase, if not sooner. They want to know in advance who is for and against, how people actually view the issue, where the "pockets of resistance" are and why. They provoke *systematic dissension* in order to reach, as mentioned earlier, a consensus that will be sustainable even in the implementation phase of the decision.

Managerial Effectiveness – Decision Making

The Decision Making Process

In nine out of ten cases, a good decision can be reached by adhering to a simple procedure, a sequence of steps. Those steps are:

1. Accurate definition of the problem
2. Specification of the requirements that must be met by the decision
3. Identification of all the alternatives
4. analysis of risks and consequences of each alternative and specifications of boundary conditions
5. The resolution itself
6. Inclusion of implementation in the decision
7. Setting up feedback: Follow-up and follow-through

1. Definition of the Problem

The first step in every decision-making process must be the *thorough* and *complete* definition of the *actual* problem. We should not be satisfied with either symptoms or opinions. We must look into the underlying facts and causes of those symptoms and views.

The biggest difficulty is *not* the complexity of a problem; neither is it the *incorrect* definition of the problem. Most managers are able to ascertain quite quickly when a problem has been misunderstood. The greatest trap is the *plausible*, but *incomplete* or only *partly* correct definition of the problem as well as the frequently observed behaviour of being satisfied with the definition far too quickly, often due to a lack of time.

The minimum that should be considered in defining a problem is the *classification* of the problem; it an *isolated* case or is it a *fundamental problem?* The importance of this distinction is that depending on whether it is one or the other, the type of solution and the decision to be made will be *radically different.* The solution for an isolated case or an exceptional problem can be *pragmatic* and ad hoc, related to just this case. We can also improvise here. This problem will never occur again *if* it is really an isolated case.
On the other hand, a fundamental problem requires a *fundamental decision.* We must find or specify a policy, a principle or a rule to solve it. These types of decisions involve more far-reaching consequences than an isolated case and, therefore, they must be made with more care. Pragmatic "snap" decisions and improvisation will usually cause long-term damage in this case.

2. Defining Specifications

The second step is to identify as precisely as possible the *requirements* this decision must meet. The key question for this second step must be *What would be right?*
Two points are particularly important here. First the definition of the specifications must *not* be focused on the *maximum* requirements to be met, but the minimum. The minimum requirements that are to be met by the decision must be clearly and accurately defined.

The *second* point that we must keep in mind concerns the handling of *compromises*. The pitfall here is *premature* integration of compromises into the decision. The question must be *What is right?* and *not: What suits me best? What is acceptable? What is the most pleasant or easiest? What can be implemented the best?*
Settling for compromises will always happen soon enough. First we must think about what is correct and what would really solve the problem. The fact that we must (almost) always make compromises *in the end* is clear and does not need to be specifically emphasized. But this does not mean that we should *begin* by making compromises.

The *occasional* wrong compromise is not usually of great significance. But a *serie*s *wrong compromise* is dangerous, because this leads to a maze of constraints. Organisations in which no one asks what is right and in which people begin by making compromises fall into bad habits.

It should be noted that the same action could be a wrong compromise at one time and a right compromise at another. When two people are hungry, sharing bread is the right compromise. But sharing a baby would be a wrong compromise. There is little that distinguishes good from bad and competent from incompetent managers so clearly as the ability to distinguish between right and wrong compromises. The key to this is the accurate and scrupulous definition of the minimum ideal state.

3. The Search for Alternatives

Two mistakes are made here. *First* we are satisfied with the first alternatives that we find. But effective managers know that there are always more alternatives and they therefore force themselves and their subordinates not to be satisfied right away.
The *second* mistake is excluding the *zero option*, the status quo as an alternative. The status quo, the present situation is naturally *also* an alternative. Often it is not the best; that is why there is a problem and a decision must be made. But this is not always the case.
Some managers allow themselves to be *pressured* into making a decision and making a change by those around them. They believe that they have only fulfilled their task if they always take steps to bring about a change or something new. This can however be absolutely wrong.
The Status quo may show signs of imperfection and may have difficulties. But its *greatest advantage* is that we at least *know* the difficulties.

4. Considering the Consequences and Risks of each Alternative

The fourths step is usually the most labour-intensive part of decision making, the systematic, thorough and careful consideration of all the consequences and risks involved with *each* alternative. The following points are important:

1. We must first consider the length of *time* to which the company would be committed with each alternative and how *reversible* the process is. One obvious example is investment decisions in a company.
2. Every significant decision, and only significant ones are being discussed here, involves risks. This in unavoidable. Therefore it is very important to know the type of risks involved.

What is important is differentiating between four types of risks: First the risk involved an all businesses; second the additional risk that we *can afford* to take, which will not kill off the company if it takes effect and which, therefore, can be taken ; third the risk that we *cannot* afford to take because the changes brought about by that decision could bead to a catastrophe and, fourth the risk we *cannot* afford *not* to take because we do not have a choice, there are no other options – in short the risk that has to be taken with all its consequences.

Even after thorough analysis, there will always be things that we do *not* know, and we must arrange ourselves with assumptions about these issues. These assumptions constitute the *boundary conditions* for each alternative.
There are countless examples that demonstrate how a lack of analysis, specifications, documentation, or non-adherence to boundary conditions has led to catastrophes that could have been avoided.

5. The Resolution

If all these steps have been carried out carefully, we *must* and *can decide* because we have done everything humanly possible to reach a decision.
Naturally there are always people who do not decide even *then.* They are *irresolute.* Irresolution is a weakness that is frequently found in managers. They always want *more* analysis and studies; they wand *more* consultants and always want to discuss the matter with *even more* experts. In reality, this is just an attempt to *conceal their own irresolution.*
These people are not suitable for management. They may possibly be carrying out their other tasks very well, but in this critical task, which is specific to managers, they are failing – they do not make any

decisions. This case is clear and simple because the solution is known and because there is no other solution.

6. Implementing the Decision

Most people believe that a decision has been make when a resolution is made. But the really essential part of the decision comes only after steps six and seven. Unfortunately a large percentage of even those managers who have very conscientiously carried out steps on e to five fail here. We cannot call something a decision while it is still a resolution. We can call it like that when the resolution has been translated into clear and correct results. The results must be included in the *definition* of the term decision, even if this is unusual.

Therefore the sixth step consists of the following. First, specifying and recording in writing the critical measures required for the implementation of the decision. Second making a *person responsible* for each measure, and third fixing *deadlines.*

There do not have to be many measures, nor do they have to be worked out in detail. The *critical* measures have to be defined. Usually there are only a few of these. If we are interested in implementation and results, we do not leave this to the lower levels of the organisation or our subordinates. We leave the detailing and the final touches to them, but not this fundamental element.

The measures to be specified should, above all, include the answers to the following questions:

1. *Who is to be included in the implementation?*
2. *Therefore who needs to be informed of the decision, when and in what way?*
3. *Who needs what type of information, tools and training so that they understand the decision, its implementation and its consequences and can thus make an active contribution?*
4. *How do we intend to monitor, check and control the implementation of the decision? How should reports on the decision be prepared?*

Clear, *unambiguous responsibilities* must be specified. This means that each measure is to be assigned to a *person* and not a *team*. Whether this person then requires a team to implement this measure is another issue.

Therefore step six is the *action plan*: *What, who, by when?* The action plan is to be kept as *evidence* or filed under "pending" in the office where the decision was made.

7. Setting up of Feedback: Follow-up and Follow-through

se should not lose sight of a decision and its implementation. Effective managers treat the decisions they have made like a dog does his bone.

They keep a close track of the issue, ask for reports about the progress of implementation, any difficulties encountered and the results. Above all, they personally check the progress and satisfy themselves that the implementation is making headway. They *follow through* consistently until the job is done, until it is *completed.*

From time to time they notify all those concerned and involved of the status; they make results and successes *visible*, even if they are small in the beginning, because they know that visible success is one of the greatest motivators.

TASKS OF EFFECTIVE MANAGEMENT
SUPERVISING

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Supervising & Monitoring - General

The fourth task is the most unpopular and, in a certain sense, the most controversial. Contrary to common opinion, most managers are reluctant to supervise. Therefore people who advise against supervision are usually very welcome, regardless of the quality of their reasoning.

There must be Supervision

If we are interested in the quality of management we *cannot*, with a clear conscience, advise against supervision. *Whether* we should or should not supervise should not be a matter of discussion. But *how* it can be done can, of course, be discussed.

Arguments that are frequently put forward against supervision are that people do not like to be supervised, that it has an adverse effect on motivation and that supervision encroaches upon the personal freedom that is so important these days.
It is true that many people do not *like* to be supervised. This however does not mean that we can or should dispense with supervision. People do not like to do many of those things that, nevertheless or precisely because of this, are important and have to be done. Many of the scandals in the business world would never have been possible with more careful supervision: this is also true in the case of air or rail accidents. With alarming regularity inadequate supervision is identified as one of the causes.
Supervision *can* have an adverse effect on motivation, this too is correct. But this *need not* necessarily be the case.

And we have the argument relating to personal freedom, which clearly does not take everything into account. Being supervised does not mean having "no personal freedom". Whether personal freedom is necessary, where it is to be created, to whom it should be applicable, and where it should not be granted are all issues that have little to do with supervision. They are related to organisation and , far too often, unfortunately, to ideology.
Even if the maximum personal freedom is granted, for whatever reasons, supervision is still a must, *firstly* to check whether this freedom is being used *at all,* and *secondly* whether it is being used *correctly* or abused. If there is too much talk about freedom in an organisation, scepticism is called for.

The best form of supervision would probably be *self-supervision,* which means enabling as many people as possible in an organisation to supervise their own work as far as possible.

But even this would not dispense with the necessity of supervision because we would have to occasionally check whether people are, in actual fact, supervising their own work and whether they are doing so effectively. The best example is speed checks on traffic. As every vehicle is equipped with a speedometer, all drivers should be able to regulate their own speed. As is well known, not everyone does this.

Trust as the Foundation

The importance of trust has already been discussed earlier. In this context it plays a particularly important role.

Supervision must be based on trust, first and foremost in two areas: in people's *capabilities* and in their *willingness to perform*. If we cannot trust that these requirements will be met, then the problem is not one of supervision but a totally different one, which may be a staffing- or recruitment-related problem.

This situation shows another reason for not making a constant effort to motivate. If there is a lack of capability and willingness to perform, little can be achieved with motivation. Trust in the existence of these two conditions for performance is necessary for motivation as well as for supervision.

As far as possible, we should trust, if possible even beyond those limits that we feel comfortable with. But we must ensure that we find out whether and when our trust has been abused, and we must also ensure that our subordinates know that we will find out and that this will have serious, non-negotiable consequences.

How do We Supervise?

Once the necessity of supervision is accepted the "how" becomes significant in several respects – its effect on motivation and corporate culture as well as financial viability. Far too many checks, especially in the business world, are useless but involve a lot of expense and are sometimes even damaging.

The smallest number of Checks

Formerly there was no need to particularly emphasize this point because it was difficult enough to even make checks. The information required for proper supervision was almost impossible to obtain or entailed high costs. Therefore there was little danger of excessive supervision. Rather the opposite was the case; there were not enough checks. Today, the reverse is true. Information, or at least data, is available in abundance. The expense involved in obtaining it is negligible compared to what it used to be. Today we must take an active stand against excessive checks.

We should restrict ourselves to checking the *least possible* number of variables. Anything else firstly creates confusion and secondly, it prevents people from doing their work. An organisation does not exist for the sake of supervision; this is not what a company is paid to do. Therefore the question should not be: *What can we supervise?* But *What should we – definitely and necessarily – supervise in order to give us enough justified trust that nothing important can go "off course"?* Therefore the guiding principle should not be the capability of computers, which is as good as unlimited with respect to checks, but an adequate level of certainty for practical purposes.

Samples instead of Complete Investigation

Wherever possible, managers should work with samples. Few other fields have made so much progress in the last few decades as that of statistics.

Unfortunately it is an inescapable fact of life that we must enter each and every expense record for bookkeeping or tax purposes. But such a procedure is not necessary to check our expenses. Almost any small number of samples can be sufficient to provide almost the maximum level of supervision. A properly carried out sample check in which perhaps five percent of the expense records are examined very thoroughly and completely, confers, in practical terms, a sufficiently high degree of probability that there has been no abuse of expenses. Even if a minimal amount of wasted expenses still slip through the net of statistical control, this is more than compensated for by the low cost of the supervision itself.

Managerial Effectiveness – Supervising

The only area of management in which the advances made in statistical control have been utilised adequately is in quality assurance. But the same methods can be used in many other areas, in warehouse management and logistics, in fieldwork, in all forms of expenditure control, in time management and so on.

Action-oriented instead of Information-oriented

Meaningful supervision must be directed towards controlling people's *behaviour.* There is an old principle: *People behave as they are controlled*. On the other hand, most supervision is, politely expressed, information-oriented. The guiding question is not *What should the people do?* But *What do we want to know about them?*
This question is wrong, as is amply demonstrated by the aforementioned example on the statistical control of expenses. From a *technical point of view of supervision,* it is wrong to collect and evaluate more information than is really required to control the expenses. It is *economically* wrong because the costs far outweigh the benefits. It is also wrong from a *management* point of view because this is precisely the kind of thing that causes psychological damage and ruins motivation. Information-oriented controls are considered with some justification, *intrusive.* Most people, even without training in complex statistics, can differentiate between the amount of supervision required to maintain a certain order – for adherence to regulations or to control a process – and the other very different form of supervision that tends to be more like an Orwellian state of total monitoring.

No Surprises

For supervision to function properly it is necessary to enforce the principle that no employee in an organisation should conceal any problems that will come as an unpleasant surprise to the boss when they can no longer be hidden. The maxim should be: *Report at the first sign of anything that threatens to develop into a problem.*
In the early stages we can not only cure most diseases, but also solve most management problems or at least reduce their impact. In the advanced stages this is very often no longer possible or requires excessive expenditure.

Comprehensive Supervision of Ongoing Issues

What must be rigorously supervised, without exception, are *ongoing issues,* which we call *pending items (Pendenzen)* in Switzerland. Managers must train those around them not to forget or overlook anything that has been decided upon.
How this can be done can vary considerably in individual cases. The "how" is not important here. What is important is that it is done and that each person with whom the manager works knows that the issue has not been forgotten.

Reports are not enough

These days reports on almost anything can be obtained quickly and easily. This is the result of information technology. There is a profusion of reports in every organisation, even on the most nonsensical things. This alone would not constitute a problem because the expense involved, though considerable, would still be tolerable. The problem is something totally different: the easy availability of reports *encourages us to rely on them*.
However, experienced managers have learnt that there can *never* be effective supervision through reports. Of course, they do not discontinue their use of the reports, but neither do they rely on them; they *go to the place concerned and find out for themselves.*

Even the best report whether verbal or written, contains only that which the writer of the report can see or has made enquiries about. This is the *first* thing that adversely affects the *reliability* of reports and the *accurate representation of reality* contained in them. The *second* and more important is that not everything that needs to be known for an assessment of the facts can be available in the form of a report. And not everything that can be perceived can be described.

Managerial Effectiveness – Supervising

The essential reason for looking into a matter personally is the discrepancy between *perception* and *description:* motivational reasons or reasons attributed to corporate culture, as is argued time and again, are by no means to motive for doing this. At the most, as mentioned earlier, they are welcome additional effects.

Benevolent Overlooking

Another method should also be mentioned. Even though this chapter *advocates* supervision, this does not necessarily mean that we should *always* react *immediately* if we notice that something is contrary to our expectations. There are cases in which it is more prudent to stand by and monitor a situation, to observe how it develops and wait. In everyday language it is occasionally possible to "turn a blind eye". We know that something is not exactly the way it should be, but this does not mean that action is necessary and certainly not frenzied action.

There are situations where, for legal reasons, immediate action must be taken, but there are others that we can benevolently overlook, at least for a time.

Supervision must be Individual

Finally we come to another important aspect. Supervision must be related to the *individual person.* Here, the bad practice of excessive egalitarianism, or perhaps we should say the ideological rubbish, is particularly damaging. There is a great difference between supervising people we have known for years, who have never blotted their copybooks, are paragons of correctness and reliability, and therefore do not really need to be supervised, and supervising people we do not know because they are new to the company or have not proven themselves, of whom we know nothing an who, therefore, must be supervised. This is not because we basically mistrust these people but because we do not know them, and neither do they, and this is a point to be noted, know the company or us. Supervising in the first case is *insulting;* in den second it is a mutual education, i.e. it trains a person, shows him or her ropes and therefore, also sets a trend.

Measurement and Judgment

Last but not least is a point that is usually unclear and leads to serious misconceptions. Supervision is easy as long as *measurement* is possible. Checks as such are easy. They are only difficult when measurement in the usual sense is not possible. And because they are difficult, checks are not done beyond what is quantifiable or they are usually considered impossible, according to the motto *what cannot be measured cannot be checked either.* We consider this as a fundamental misconception in management. If and as long as measurement is possible, management and managers are not really required for the task of supervision. In this case, computers can be used. It is precisely when measurement is no longer possible that managers must assume the task of supervising with the help of another procedure, not through measurement but through *assessment* and, ultimately, *judgement.*

It is precisely because of this and this is rarely understood, that managers are required. Though managers cannot solve the philosophical side of these problems, they can eliminate them through their decisions, with the help of their powers of judgement and on the basis of their experience.

We must act one way or another. Even inaction is, *in fact*, an action; not making a decision is also a decision. Once more it is appropriate to emphasize that management is a profession in which experience is important and that this is not really the case in every profession.

We can talk about *measurement* if, after establishing a procedure, even inexperienced people achieve almost the same results if they just keep to the *procedure.* On the other hand we talk about *judgements* when experienced people achieve almost the same results if they keep to the *rules.*

In summary, wherever we can measure, we should. The fact that some things cannot be measured should not be reason enough to do away with supervision altogether. Where we cannot measure, we

must judge and this requires, for want of better options, managers with experience and those who carry out their tasks, in this case supervising, conscientiously and carefully.

TASKS OF EFFECTIVE MANAGEMENT
DEVELOPING PEOPLE

INDEX

Developing People - General

One of the foremost management tasks is developing people. This is the task of <u>every</u> manager, not just human resources experts. Properly functioning HR management is valuable in many ways, but it cannot develop people, at least not where the individual manager, the direct superior, is failing. Even the best human resources management cannot replace the training and development work of the manager in an organisation; in the reverse case, if the individual managers do their part, personnel management is perhaps not completely but almost not needed and can concentrate on other tasks. In such case, personnel management will then concentrate on the basic conceptual issues including certain service and consulting functions regarding the development processes and planning.

In the final analysis, people can really only develop *themselves*, just as only they can change themselves. This is not only the quickest but also the most effective way. It is particularly true for the development and skills required to achieve *exceptional* performances. Good and successful performers need mentors who urge them to be active in areas where they have *strengths*.

Almost everything that has to do with the development of people must be done at an *individual* level. People always make generalisations on issues that cannot be generalised; People learn and develop in very different ways. One learns by listening, another by reading, another by writing. Some learn best when they are teaching, others learn by doing. Some learn from their mistakes, others from their successes. Hence, we must find out the best way in which an individual learns best if we want to help in that person's development.

THE FOUR ESSENTIAL ELEMENTS FOR DEVELOPING PEOPLE

Whatever the methods and organisations, there are *four essential elements* that must be taken into consideration for the development of people in organisations. If these are ignored or neglected, all efforts will either have disappointing results or none at all. These four elements are: the task, the existing strengths, the manager, and the placement.

The Task

People develop with and at their tasks (assignment/project). This is the first and most important element. Training programs lose meaning if there is no task at the end of the program for which a person has been trained. This is one of the most important differences between learning at school and learning in an organisation as an adult.
It seems to be easier to design extensive and demanding training and development programs than it is to find a suitable task for each person. It is always something to the effect of "*these are the people with great potential*" or "*for higher management roles*". But this is already clear *before* the start of the development program; otherwise the people concerned would not have been selected for the program.

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A task must meet a few requirements. It must be bigger and more difficult than the previous task. While it is possible to ask too much of people, it is certainly not easy. Most people can do a lot more than they give themselves credit for. That is why they should be given the opportunity to do so. Therefore the task does not have to be linked to a higher position or better pay, which is neither necessary nor is it always possible. It is not even wise. In fact, it is to be considered harmful when people's development is organised in such a way that it is always or usually linked to *promotion* and *payment*.

Firstly, the task itself must be bigger, more comprehensive, more difficult and more demanding. *Secondly*, it is necessary as far as possible, to target to create a situation in which getting a bigger, more demanding task is considered an honour, a privilege and a sign of recognition; this should be an essential aspect of the corporate culture in our organisation. Therefore, particular care must be taken to ensure that the person's individual contribution is clear and identifiable. The question should be something along these lines: "*What should we hold you responsible for in the coming period*?"
An element of development that must be incorporated into a task from the beginning is *learning to budget.* In essence, there is practically not better means of being trained for a new task, a new department, a new position or area of responsibility than having to produce a budget for a sizeable section of the organisation. Planning the budget for a new area of activity is not the most pleasant or the easiest of tasks, but it is the best, the quickest, and the most infallible.

Develop Strengths

We should concentrate on the further development of *strengths that already exist*, those that are already very evident, and those whose existence may be suspected on the basis of certain signs and indications. Development must be *strengths-oriented.* Any weaknesses that the person may have, which are probably accurately and reliably known, *are limitations!* They exclude a person from certain jobs or they rule out certain directions for that individual. They must be taken into account from this point of view.
No one will ever be successful, in any sense, in his or her areas of weakness, and this also applies to areas where the weaknesses have been *eliminated.* People can only be successful in areas where their strengths lie. Success in these areas will be easier, faster, and more visible and this is exactly what we mean by effectiveness.
How do we know a person's strengths? There is only one source to make any kind of reliable assessment. It is *not* the tests, it is *not* the assessment centres, and neither is it the graphology experts etc. *It is the tasks already carried out, past performance, and the results achieved.* A person can be assessed by observing that person working on three to five tasks, that is to say *genuine* tasks, not simulated ones.
Within that process, if we show (as bosses) interest and make the effort to watch and observe their work, the first signs of their strengths and weaknesses will soon be apparent. Development must be based on this.

Which Manager or Boss

The third element of a person's development is their manager. The question should be: *What type of manager does this person require for his or her next phase of development?*
The suggestion would be not to classify the managers into the usual categories such as according to management style or role models. We should certainly not be on the lookout for all-around geniuses. The situation may be something like this. "*Joe Sample is indeed a difficult man, unapproachable, dry and a bit boring, and young Ms Eager will face a difficult time if we post her to his department. The work there will be difficult and hard. He is also not particularly inspiring and his disposition is not what young people expect. But with Mr Sample, she will be able to learn to tackle banquets and seminars projects methodically and properly. This is Mr Samples great strength. There has not been a single customer who has been dissatisfied in all the ten years that Mr Sample has been with us. No one can do this better and no one can teach this better than he can …"* This should generally be the way to look at the situation.

But two things must be borne in mind. Potential managers, and especially those who are being considered for the task of developing people, must fulfil two conditions,

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Firstly, they must set an example: *Would I wish my son or daughter to have these people as role models)* should be the question. If the answer is no, this person is not suitable as a manager for anyone else either. The suitability of potential managers as an example must be based on two things. A) They must be examples from a professional point of view. Professionally incompetent people cannot develop others because they have no credibility. B) Apart from professional competence, potential managers must be models or examples with regard to a certain aspect of behaviour. They must be people who *carry out* their *tasks* and take *responsibility* for them.

Secondly a condition that must be fulfilled is *integrity of character*. Morally bankrupt and mentally corrupt people cannot develop other people, unless it is in the direction of moral corruptness, which develops very rapidly but is hardly desirable. "*Sample is not only an excellent banquet and seminar expert, he also has the right attitude toward the company, toward work and especially toward our customers. Therefore he is the right boss for Ms Eager, who will be able to learn the maximum possible in these coming twelve months….*" This expresses the integrity of character element in practical terms.

The Placement

The fourth element of people's development is expressed in the questions: *Where does this person belong? What type of position or post should be provided for this person?* This is closely linked to the task and also a person's specific strengths, but it is not the same as them. This has more to do with a person's character and temper.

The type of question that should be considered is: *Does this person belong in a line function or support function/position (line or staff)?* There are people who cannot work properly under the pressure and mad rush of a line position, irrespective of what they are capable of and whatever strengths they may have. They suffer, their performance is at best mediocre. On the other hand, there are people who require exactly this type of environment to be productive, as they are incapable of enduring the loneliness and abstraction of a support/staff function.

The following is another example of framing the right question. *Is the person concerned more suited for a position with a high proportion of routine or for one with a high level of action?* Quite a few people require a substantial amount of routine to be proficient at their work. They need the repetition and a certain amount of security and predictability. Then they can perform excellently. Others get annoyed, become careless and sloppy. They require something new every day, the need for improvisation and action, the surprise and the "kick".

The task, the strengths, the type of manager and the placement – these are the four important elements in developing people. If these are borne in mind, training programs, corporate education programs and specified development programs and courses will not only be effective but will occasionally even work wonders. But if these four elements are absent completely or to a great extent, the large programs are of little use. They are planned for failure despite the often enormous expense involved. And not only that, they wreak damage by adversely affecting the credibility of serious training and development.

<h1 style="text-align:center;color:blue;">TOOLS OF EFFECTIVE MANAGEMENT</h1>
<h2 style="text-align:center;">MEETINGS</h2>

INDEX

Preliminary Remarks to the Section Tools

This section deals with the tools of effective management. Or to be more precise, this section deals with the things that must be *made* into tools in order for a manager to be effective. Tools here are not tools by themselves. No one is born with them, nor do we learn to use them at school or university.
In a certain way, the mastery of tools *defines* a profession. In order to master a tool, *practice* is necessary. Indefatigable, continuous, never ending practice and training are the only ways to gain mastery of tools. There is no other way.

The tools suggested for managers and their effectiveness are very unspectacular, mundane things. This creates a problem. Not much attention is paid to them; they are not even recognised to be what they actually are. People think of complicated, more striking things.

As in other parts of this chapter, the principal question here is: what does *every* manager in *every* organisation need and what should the manager be equipped with in principle?
Many managers are not familiar with their tools nor do they practice their application. This is true of an astonishingly large number of managers. Some, more of a minority, think they are too good for tools; this is either arrogance or stupidity. On the other hand, most are not even aware of the existence and importance of tools. They cannot imagine that tools should also be important in their profession.

There are seven elements we think they are suitable tools: meetings, reports, job design and assignment control, personal work methods, budgets, performance appraisal and systematic abandonment.

As was the case with the management tasks, here too, we will concentrate on the small percentage of the material available on these topics that *directly* determines the effectiveness of the utilisation of tools. If the issue is not exciting, we will at least try to make it as relevant as possible.

Managerial Effectiveness – Meetings

Meetings - General

Managers spend a considerable portion of their time in meetings. Usually this proportion is far too high. Eighty percent of all higher-level managers stated in interviews that they spent sixty percent of their time in meetings. And eighty percent of the managers stated that sixty percent of all meetings were inefficient and unproductive. Whichever way we look at it, this is an unacceptable situation. Meetings *can* be a very *effective* tool provided we follow a few simple rules.

Reduce the Number of Meetings

Improvements in the effectiveness of meetings begin with the cancellation of some meetings. In most organisations, there are simply *far too many* meetings; partly due to organisational structures that are getting more and more complicated; there is an increasing trend towards working groups and teamwork; many managers call meetings simply as a knee-jerk reaction without thinking about whether they are really necessary.

Therefore, the number of meetings automatically increases if no action is taken against this trend. Furthermore each meeting necessitates a series of subsequent meetings. Every management meeting usually means work for each member of the management team, which in turn necessitates more meetings in the division and departments under them.

Hence, the first important step is to put a stop to this *proliferation* of meetings. The automatic mechanisms that lead to more meetings must be eliminated or brought under control.

When we get the impulse to call for a meeting, we should stop briefly and ask: "*Is this meeting really important? Is there another way to do the work or solve the problem?"* Only after careful consideration, and if there really is no other or better way should we actually call the meeting.

Particular attention must be paid to one cause of the proliferation of meetings: *teamwork.* Since teamwork has become so *routine*, it has also become a source of *inefficiency*. Many "teams" are not teams in reality, they are groups. They are put together without thought; not enough thought is devoted to who should be a part of the team and who should not; the tasks and working methods are set sloppily; frequently the objectives are not defined well enough. The more this is true, the more meetings will be necessary, not for the purpose of doing actual work but to seek clarification and to deal with the sloppiness.

Managers who spend more than thirty percent of their time in meetings should give careful thought to how they can reduce the time taken up by meetings. And if this is really not possible, they should at least devote a great deal of attention to the effectiveness of their meetings.

Crucial for Success: Preparation and Follow-Up Work

The real work is not usually done *in* the meeting itself but *before* and *after* it. The effectiveness of a meeting is determined by *preparation*, in practical terms this means preparing the *agenda* and *implementation* of the resolutions after the meeting.

The preparation of a meeting requires time. Therefore we should make a space for this time in our schedule to ensure we have it. Managers do enter meetings in their diaries. But surprisingly very few also reserve time in their schedules for the preparation and follow-up work.

The instrument for preparing a meeting is the agenda. There should be *no* meeting without an agenda – with one exception that we will highlight further down.

Usually it is neither possible nor advisable to prepare an agenda *alone*. As part of the preparations for the meeting, we should coordinate with all or at least the important participants in the meeting give them the opportunity to specify their ideas and wishes for the organisation of the agenda and the course of the meeting.

Coordination in setting the agenda and deciding the course of the meeting does not change the fact that it is the task of the person chairing the meeting to set the final agenda. Therefore it is this person's *management decision* to take up certain suggestions and disregard others. For regular meetings it is advisable to set a time by which any ideas and requests should be submitted to the chairperson of the meeting.

Managerial Effectiveness – Meetings

A good agenda has *few* items rather than many. The items should be really important, i.e., those that really justify the personal presence of the participants. The principle of concentration is crucial for the effectiveness of meetings.

Chairing a Meeting is Hard Work and requires Discipline

People who chair a meeting are *visible* and *obvious* to everyone. The participants instinctively notice whether or not the chairperson has everything under control. Therefore, this is an opportunity to gain respect, or to lose it, by *management action*. The office or position in the organisation held by the person has little to do with it.

Meetings should not Degenerate into Social Occasions

The purpose of meetings is to produce results. They are work and not leisure time, pleasure or even fun. Their purpose is *not* for interpersonal relationships, even though they do exert a great influence on them.
Many also believe that the social components, the interpersonal relationships are neglected as a result. This is a mistake. These people confuse "work" with "social occasion". Of course, there is nothing wrong with exchanging a few friendly words, chatting, enquiring about someone's health and discussing the previous weekend's football match before or after the meeting, or during the breaks. But these things should not take the place of the *work* that has to be done in the meeting.

Types of Items on the Agenda

The items to be included in the agenda always depend on the circumstances and the situation. With the agenda items, the chairperson is defining what they consider important and unimportant. This is one of their *most important tasks*. People who fail to do this will and who waste the time of the participants with trivialities are neither *effective* nor are they *respected*. The subordinates attend this "circus meeting" only because they cannot do otherwise and because they are on the payroll of the company.

There is no formula for selecting items for the agenda and therefore no general recommendations can be made. The items depend on the situation and the individual case. But three important *types* of items must be properly segregated from one another and the way to handle them must be considered in advance.

Genuine Standard Items

These are things that must inevitable be dealt with in management meetings *each* and *every time.* In a company these could include future bookings, capacity utilisation, liquidity and the critical accounting benchmark figures. Every organisation has these kinds of standard items that must be discussed regularly. Of course they differ according to the type of organisation. They will be different in a company, a hospital, or an administrative agency. They are things that recur regularly.

Long-Running Items - Pendings

Even these are items that recur *regularly.* On closer examination, these are not justified standard items but matters that recur because they have *not been settled properly and conclusively*.
This should *not* be tolerated for long. Such things must either be placed on the agenda with enough time to conclusively *settle* the matter, or they must be settled in another way. A competent person or, if nothing else, a working group should be appointed to look into it thoroughly and then suggest a solution.

Miscellaneous and any Other Business

There are experienced people, well-versed in the dynamics of meetings, who patiently wait until all the items on the agenda have been dealt with and then right at the end, when everyone is tired, they present those things that they quickly want to push through under "miscellaneous".
This should not be *tolerated.* "Miscellaneous" means miscellaneous, and therefore usually not of particular importance. Anything other than this should not be allowed by the person chairing the meeting.
If something important has happened between setting the agenda and the meeting itself that must definitely be dealt with, it should be attended to at the beginning of the meeting so that, if possible, the agenda can be partly or completely rearranged in the light of the latest events. This situation can certainly occur in our fast-paced world, and we must react to it. This is a self-evident fact. Anything else, however, is pure tactics. Tolerating such a thing indicates *weakness in management.*

No Item without Action

In most organisations the actual weak link is the *implementation. A lot of work* is done but *little is achieved.*
To a considerable extent, this can be attributed to *bad discipline in meetings.* After every item, the chairperson should ensure that there is *clarity* on the required *measures* so that the decision, the resolution can also be implemented. Questions that must be asked are: *What needs to be done? Who will be responsible? When should the report of its completion or the interim report be handed in?*
These points are to be recorded in the minutes, and it is the *task of the chairperson* to ensure the *implementation.* The chairperson must *set a time frame* for the measures decided upon and *organise the resubmission*. Only when the participants know and feel that the chairperson will not forget anything and will also take care to settle the issue, will the *meeting* and the *chairperson* be taken seriously and this gives rise to *effectiveness.*
A meeting should not come to nothing. When the effort has been made and the time set aside to attend a meeting in order to solve problems and make decisions, there must be subsequent action on whatever is decided. Otherwise the meetings are just reduced to the level of a debating club with no commitments.

Are Minutes Required?

Yes, usually they are. Formal meetings require formal minutes, possibly word-for-word. All other meetings also require minutes, even if these are only a few notes. At any rate, *resolutions*, *measures, persons responsible and deadlines* must always be recorded. This cannot be dispensed with.
This has nothing to do with bureaucracy, but with effective work. Effective managers do not *rely* on their memory or their colleagues, superiors and subordinates. *They write things down* for two reasons: first to keep their mind free for other issues and second to ensure clarity. This is what *makes* them effective.

Meetings without an Agenda

In conclusion a small advice. There in one type of meeting, that is worth holding without an agenda and, apparently, without preparation.
There are managers who never have problems with their subordinates, who are kept informed of everything, who never have to deal with surprises relating to their staff and whose subordinates only speak well of them, are full of praise for them and state in particular that their boss always has time for them. Do these people have a natural talent? Are they geniuses?
No, they only do one thing; they have a meeting with *each of their subordinates once a year, just like that,* an open-ended discussion without an agenda.
In reality, they do have an agenda but it is in their head, a "hidden agenda", and in reality they also prepare themselves for this meeting. In this "meeting", they discuss the following types of questions with each individual, taking plenty of time over them: *What do you particularly like in this company, department and so on? What is it that you don't like at all? What do you think we should change? What can I do as your manager that will enable you to work better, more easily and more effectively?*

Managerial Effectiveness – Meetings

This is *not* the standard performance appraisal interview. The atmosphere in such interviews, which is tense for the subordinate at least, is hardly conducive for discussing the questions mentioned above. This conversation is something special; it concerns only the individual subordinate, how they feel in the organisation and their opinions. Personal matters may also be discussed if the subordinate wishes to do so.

And here is yet another small advice. In order to ensure that this talk really does take place and is not forgotten in the mad rush of day-to-day work and the urgency of pressing business, *good managers place this conversation in their schedule;* otherwise is never takes place.

The Most important Factor: Implementation and Ongoing Follow-Up

As already mentioned, the measures that are decided on during the discussion of each item on the agenda must, at the minimum, be given a broad outline during the meeting.

Even then there is, unfortunately, no guarantee that the measures will *really* be *implemented.* We must *follow up* the issue and *check.* It is certainly not always easy to *pass* resolutions. But *implementing* them is even *more* difficult.

Following up and checking have *absolutely nothing* to do with a lack of trust in the subordinates, their reliability, or their abilities, as many people believe. It has more to do with the nature of our organisations, with the frenetic pace of day-to-day business, and with the pressure of urgent matters.

If we want to be effective, everything in management must be focused on *action*. Managers are not paid for their *decision*, as important as they may be. They are paid for the *implementation* of those decisions.

TOOLS OF EFFECTIVE MANAGEMENT
REPORTS

<u>**INDEX**</u>

General - Reports

In a meeting, it is the spoken word that dominates. The written word is the other side of the coin and it must be made into a tool if effectiveness is to be achieved. Contrary to common opinion, even electronics and telecommunications are not going to change this fact.
The title of this section does not refer only to reports in the narrow sense, but *everything that is written:* the minutes of a meeting, notices, file notes, business letters, proposals.
Most proposals are written from the *point of view of the sender.* The company tells its potential customer how good the company is and all that it can do. But an effective proposal must be *receiver-oriented.* It should state how the *customers* will benefit if they make a purchase. The only significant exception is direct mails that are written professionally.

Most consider writing to be tedious, time-consuming, inefficient, slow and outdated. But the opposite is true. To begin with the last adjective, outdated or not, this is not a criterion at all. It can not be emphasised often enough that what counts is *rightness* and *effectiveness.* "Modern" certainly does not always mean "better".

In reality, writing does not require *more* time, it requires *less*. It saves time. Writing, electronically in particular, makes personal presence redundant. But what is most important is the fact that writing provides the opportunity, and even forces us, to reflect.

The Small Step to Effectiveness

Most reports are dispatched or forwarded when they actually need a last, thorough revision. They are considered to be completed when the writers know what they want to say and they put it on paper. But at this stage the report is most probably still written from the *point of view of the sender.*
It is at this point that it becomes clear whether the writer is merely an *author* and remains *ineffective*, or whether they step beyond being authors to being *managers.* One type of writer ends the document at this point, and they remain authors. The other asks one crucial question at precisely this point, and this transforms the person from author to manager. The question is: *What effect should this report have on the receiver?* Quite often we will discover that the work is not as complete as it was thought to be but is actually only *beginning* or, to express it better, the essential part for and in organisations is now beginning. The report must now be worked on in such a way that it has the best possible chance, as far as it is possible to predict, of triggering the intended effect in the receivers that will *prompt them to action.* The report must be recast to be receiver and reader-oriented.

Effectiveness means finding out, as far as possible, who the recipient is and to ascertain what the recipient is most likely to react to. The essential things can only be determined in individual cases, but a few generalisations or, better still, categorisations can be made.

Managerial Effectiveness – Reports

Clarity of Language

Unfortunately, it is often found that even people with rigorous academic training have not mastered the *simplest* of rules for the factual and logical *structure* of a text. They do not seem to be able to structure their text properly; and inevitably one cannot help wondering about the structure in their thoughts.

But even their linguistic expression as such, the grammar, the choice of words, to say nothing of spelling and punctuation, hardly meet the standards of clarity and precision required in an organisation.
Language and its competent use are primarily required for this. Clarity, conciseness and accuracy of language are indispensable. Unfortunately the mastery of these skills cannot be taken for granted even if people are highly educated.
Obviously modern information technology will change little or nothing in the *basic evil* of frequently lamented deficiencies in communication.

Particularly in the future this will become significant for organisations that have a high percentage of knowledge workers are integrated in complex networks and in which virtual forms of work are important. The rules and the discipline of professional reporting are crucial for the success and failure of all forms of work that have been made possible by modern communication technology.

Bad Practices, unreasonable Demands and Foolishness

There are a few other peculiarities that should be noted in written communication: for example the *keyword epidemic.* Its origins date back to the advent of the overhead projector and the transparences it requires, in themselves an improvement in many respects upon the old slate. However, transparencies have, unfortunately, promoted or in fact almost compelled the presentation of contents to be given in fragments of sentences and keywords. Apart from the fact that terrible jargon has come into fashion, a keyword or bullet point can have almost unlimited interpretations. As such it has no specific meaning. Hence, it is certain that people will interpret it to suit themselves, and the more tricky, difficult and unpleasant the facts, the more they will be inclined to interpret keywords to please themselves.

Another bad habit is presenting a *graph* for absolutely everything – a diagram, small box, arrows, circles or whatever it may be. This is justified by the claim that a picture is more expressive than a thousand words. Unfortunately this is true only in *very rare cases,* and it is almost certainly not true of those "pictures" that are usually used in modern organisations.
Not only do such "pictures" not express more than a thousand words, on the contrary they require lengthy explanations without which they would remain totally unintelligible, and (this has been referred to several times because it is important) they create confusion and are open to all kinds of interpretations. They *create* a communication problem instead of *solving* one.

One last habit that we do not want to leave unmentioned is the replacement of the portrait format by the *landscape format* for written reports. Pages in landscape format, as little text as possible, a stuttering language with the largest possible letters; we have fallen below the level of illustrated books for four-year olds.
Landscape format is unsuitable from the point of view of psychological and physical perception. It *impedes* perception instead of facilitating it, as advocates of landscape format never tire of asserting. Well-designed newspapers, magazines and news magazines have already shifted to multi-column setting. Even the line length of a normal A4 size paper is set at the upper limit of what the eye can cover. Therefore it is with good reason that a book seldom has a format that comes even close to an A4 size.

Documents should facilitate communication and not hamper it. Consequently, we should take this into consideration when drafting and preparing the layout of reports, always assuming that we are interested in effectiveness, or should be.

TOOLS OF EFFECTIVE MANAGEMENT
JOB DESIGN AND ASSIGNEMENT CONTROL

INDEX

Job Design

If objectives are to be effective, the *tasks and jobs* of all employees must be *properly designed.* A lot of money is spent on product design in our industry, and rightly so. In most of those cases, nothing is too expensive and only the best is good enough. But only few pay attention to the fact that *jobs* also need a *design*. To be more precise, job design is basically limited to *manual* work. Inadequate, badly thought out job design is one of the main sources of demotivation, dissatisfaction and low productivity of human resources.

Five Mistakes in Job Design

First mistake: the job that is too small

A frequent mistake in job design is the job that is too small. Many people have tasks that are far too minor; they are always under deployed. This mistake is the main reason for frustration and a lack of productivity. Of course there are people who enjoy their small jobs but they should be removed sooner or later. Jobs must be big; they must challenge the people completely. In their own interest, people should "stretch" themselves a little to complete the task assigned for the day. This alone leads to the development of people. Job design is the tool for the implementation of this ideas.

Therefore, jobs that are too small are the biggest mistake in job design because this mistake is not noticed and therefore it cannot be corrected. The employees go to waste and only the best go to their managers to tell them that their work does not keep them fully occupied and that they would like to carry out a bigger task.

Second mistake: the job that is too big

It is also possible to commit the opposite mistake of making jobs too big. People can be overtaxed, but this is not so simple, as already mentioned. There is a limit beyond which a person cannot go. Therefore, a job that is too big is certainly a mistake but, and this important, it is easy to recognise and correct. There are several indications: the employee misses deadlines, they make mistakes, or they do sloppy work. And then they sooner or later speak to their managers about the overtaxing work. A job that is too small is a "mortal sin"; the job that is too big is a "pardonable sin".

Third mistake: the multiperson job

These jobs are such that a person cannot complete, finalise or settle anything independently. The person is constantly dependent on co-operation and co-ordination, always requires half a dozen other colleagues, and accordingly many meetings before anything can actually be done. Matrix organisations are particularly susceptible to the proliferation of multiperson jobs. Experience shows that either matrix organisations never function as they are intended to or they function as intended only with the utmost discipline.

The rule is that it should be possible for one person and the person's organisational unit to carry out a task. That should be the rule that sets the right standard. Whatever can be kept separate should remain separate. If multiperson jobs are necessary, they should only be entrusted to very experienced and disciplined people.

Fourths mistake: jobs with "a bit of everything"

These are jobs that compel people to dissipate and waste their energy. This type of job paralyses people, who may be busy but do not achieve any results. In our complex world of organisations, the following rule can perhaps no longer be applied: *one man, one job – one big job.*

People need to focus in order to achieve results. The tasks must be big and they should force people to concentrate on one issue. This is the easiest way to get results, and for the knowledge worker (manager) it is the only way.

Fifth mistake: the killer job or the impossible job

This refers to positions that sometimes, literally and metaphorically, kill a person. This does not happen because a person has too much to do but because the job has such a wide range of very different requirements that no ordinary person can hope to meet them all. Jobs must be designed in such a way that they can be performed by ordinary people, even if they are difficult.

A good indication of this kind of job is when a manager has got through two or three good and also carefully selected subordinates in one particular position. By the third case at the very latest, the case of the failure should not be sought in the people; the job should be changed.

A good example of a killer job is the combination of sales and marketing into a single position. Sales and marketing are two fundamentally different tasks that also require such different capabilities that they can rarely be found in one person. Selling means persuading people to sign on the dotted line of sales contracts. Marketing, on the other hand, essentially means changing ideas in people's minds.

Conclusion:

Jobs must be big; they must force people to concentrate and focus; they must have inner coherence and should not simply be an aggregate of unrelated activities; they must allow objectives to be achieved, they must be designed for ordinary people who are selected according to their strengths.

Assignment Control

Job design is, to a certain extent, the *static* aspect of the tool proposed here. But there is also a dynamic part, which we will call assignment control.

There is occasionally a question about whether job design and assignment control are two *different* tools. We prefer to cover them together because a well-designed job is a prerequisite for the proper use of assignment control and vice versa, assignment control is not possible without a job.

Assignment control is virtually unknown in modern organisations. This is one of the main reasons why companies are *weak in implementation.* It is one of the main causes of ineffectiveness and particularly the neglect of human resources or their incorrect deployment. Usually there is no lack of *efficiency*, but there is of effectiveness. *Efficiency means doing things right; effectiveness means doing the right things.*

Assignment control is relatively simple once it is understood and its necessity is realised. It is an exercise that is done along with budgeting and determining objectives at the end of a business period. This is also the best time to determine the priorities.

1. Corporate management has to deal with the issue of priorities for the *entire organisation*. The basics for this are the corporate policy and strategy as well as the assessment of the current situation. The list of priorities must be short. More than seven plus/minus two items should not be tackled.
2. After this, the result must be made known to the next level of management, and usually it is very advantageous to inform a wider circle of employees, in fact all employees in small and medium-sized organisations, clearly and precisely.
3. With this in mind, everyone who is a direct subordinate of members of corporate management teams will be given the task of considering and working out, on the basis of their job description, the focal points of their *own* activities in relation to the company's priorities. This is in preparation for an intensive discussion that every manager will then have with their subordinates in which the assignments of the job are to be determined as clearly and precisely as possible.
4. If an assignment is particularly difficult for an employee, if they must concentrate on two, three, or four focal points instead of one despite all efforts to reduce them, and the less they can be freed from other duties, the more important the last step becomes – the actual "*control*" element in assignment control. At regular intervals, certainly no longer than every six to eight weeks, the manager should check on these people and verify whether they are really working on their priorities. Otherwise, the managers will discover after some time that, except in the case of very professional people, the compulsion of day-to-day business have chased away the priorities, the urgent has overtaken the important, and routine has killed innovation.

The application of assignment control leads to an astonishing improvement in the organisations *ability to implement,* which usually becomes noticeable immediately. Suddenly there are *visible results* and the employees experience success, even if this success has demanded great effort.

Note: Correlation between Job Design MbO and Assignment Control?

Within the Assignment Control the assignment will summarise the targets and objectives (from the main tasks; the strategic challenges; the actual situation & strengths). Those objectives within the Assignment are focused and in short version, whereby the objectives within the MbO are much more detailed (target/goal, description, deadlines, responsibilities, resources, comments). In principle both can be ideally combined to become effective. The Assignment control helps to define the right targets.

TOOLS OF EFFECTIVE MANAGEMENT
PERSONAL WORK METHODS

INDEX

General – Personal Work Methods

Personal work methods are extremely important for managers. Hardly anything else affects their effectiveness so *directly* and so *comprehensively*. And more than anything else, it is a manager's work methods that determine their results and success. Therefore, a careless attitude should not be adopted towards our own work methods or those of our subordinates. We should not be too hesitant nor too cooperative in correcting the work methods of our subordinates when they reveal deficiencies. Even though this is usually somewhat irksome and at times even embarrassing for both parties.

Boring perhaps, but Extremely Important

Admittedly this topic is not very exciting; it is simply *important.* It becomes exciting when the effectiveness of people with a well thought out work method is compared to the effectiveness of those who pay this subject scant attention.

A lot of hard work does not make people ill very easily. They just become tired. They fall ill due to inefficient, meaningless and unsuccessful work.

Despite the importance that should be attached to good professional training, adequate intelligence, experience and other attributes, abilities and talents, all of these are *worthless* without appropriate work methods. They remain unfulfilled potential.
Many reject methodical and systematic work because they believe it to be incompatible with *creative* work. This is a widespread but completely *incorrect* opinion. The opposite is true. It is precisely the creative people, at least those who are *successful*, who have very well-developed, systematic work methods. Only in the case of pseudo-creative people do creativity and chaotic work go hand in hand.

Systematic and methodical work is the *key* to the utilisation of talents, to translating abilities into results and success. Therefore the question of whether a person has learnt to work systematically must be an important *selection criterion* for managers. Unfortunately, it is rarely mentioned in any list of criteria.

Fundamental Principles of Effective Work Methods

Work Methods are Personal and Individual

The main reason for the irrelevance of many books and seminars on the topic of "work methods" is that the *wrong thing is generalised* or it is generalised in the *wrong way.*

A work method is something that is extremely *individual.* Not without reason does we talk about "personal" work methods. No two people work in the same way, even if each person works very methodically and systematically. Thus there are very *different* methods and systems. Therein lays one of the key problems of most seminars on work methods. They teach *one* method for *everyone*. Their starting point is the assumption that one and same method is suitable for everyone or at least a large number of people and situation. Consequently, the content of the seminar is not methodical work as such but involves teaching a very specific system that claims to be *generally applicable.* This is a grave error.

All effective people work methodically; but they all have their *own* method and their own individual combination of methods and techniques.

Work Methods depend on the Overall Conditions & Circumstances

The "best" work method in each case depends on a set of circumstances and existing conditions that are determined by the *situation* in which a person is. These are for example:

1) The *persons' occupation:* Filed work in sales has a different logic and requirements for work methods than conventional office work; the management of a manufacturing plant is different from the management of a research institute; marketing requires different methods of work from accounting.
2) The *position within the organisation*: Whether a manager has subordinates or not and whether they are many of few makes a considerable difference; whether the manager is in the upper, middle or lower levels of an organisation also makes a difference.
3) *Age:* At the age of forty-seven no one works in the same way as they did when they were twenty-seven, and this is not only due to differences in age and position. The speed and rhythm of work changes with age; the physical and psychological conditions are different.
4) *The travel component:* A person whose job entails a lot of travelling requires a different method from someone who spends most of their time working in their office at their desk.
5) *Infrastructure*: A person who has a secretary can and must work in a way that is different from one who does not. People who have secretaries working for them exclusively work differently from those who have to share a secretary with others; a person who has a pool of secretaries and possibly even assistants requires yet another method.
6) *The organisation*: The matrix organisation places entirely different requirements on the method, system and discipline of working than those of a functional organisation; the enthusiasm for networked organisations that are so highly praised at present fades quickly when we think of the almost superhuman discipline they require if they are to function to any degree.
7) *The Boss*: Every boss is different. A person who has a chaotic person for a boss really has only tow options – they can become chaotic themselves and will perhaps never achieve any results, or they are so disciplined that they can channel their manager's chaos in the right direction. On the other hand, if a person has a manager who works systematically and precisely they can and will have to work in a totally different way.
8) *The industry*: Work is done differently in an airline and in a fashion house; in an insurance company a different work method is adopted from that in a food processing company, a publishing house or a television station.

Furthermore and above all, work methods depend on *past* managers and *habits acquired along the way*. Therefore as managers who value effectiveness we must at some point in time ask the question: *Do I wish to hang on to what I have learnt from my old boss and habits I've acquired along the way?*

Managerial Effectiveness – Personal Work Methods

Regular Review and Adaptation

Unfortunately it is not enough to have a personal work method. The *right* method is required for each individual *situation*. It is also possible to be *inefficient* in a very systematic manner. There are quite a few people who make themselves systematically ineffective because they obstinately continue with a method that has long outlived its relevance in a situation that has clearly *changed.* Therefore every work method must be reviewed from time to time, especially on certain occasions, and it must be adapted or even changed radically, even if most people find this difficult to do.

At any rate, work methods must be reviewed:

1) *Approximately Every Three Years*
2) *When Taking-on a New Task*
3) *With every Promotion*
4) *When we get a New Boss*
5) *Generally for every Major Change in our Situation*

It makes a great difference whether it is "business as usual" in the company or the company is going through a crisis, whether it is expanding or scaling down. The situation changes when we have new subordinates and new colleagues.

What we can control through our work methods can be generalised; *how* the method should look, on the other hand, is very *personal.*

The Basic Areas

The *basic areas* of personal work methods are dealing with those problematic fields that are to be found in *every* management position. All managers must bring these problems under control if they want to be effective. They must define their attitude towards these problems and develop a method for solving them.

Utilisation of Time

Everyone has the same amount of time available, not in their lifetime but *each day.* Many people are hardly aware at all of the importance of time. Others, fewer in number, are far too aware. Most people have a very *vague* relationship with time. Only a few have ever systematically thought about time and its characteristics. Unfortunately nature has not given us a *time organ* and our *sense of time* is usually unreliable.

We should consciously and deliberately *decide* on how to use our time. How much of it do we want to or have to devote to our *profession*, how much to our *family*, how much is to be reserved for *ourselves*, how much time should we keep free for *interests* and *recharging our batteries,* and so on. People who do not systematically consider these questions and do not make any decisions run the risk of being driven by circumstances and or wasting their time.
The instrument for the best possible utilisation of time is an *agenda*, a diary. Managers should begin organising it *well in advance*. Far too many managers wait far too long to do this. It is worthwhile to define the most important cornerstone two or three years in advance. We are not talking about rigid planning here but a rough *structuring* of our schedule, even if our intentions cannot be kept.

Therefore we particularly advocate a *long-terms* perspective because most people who have a lot of demands on their time due to their job *cannot* change anything in the *short term* anyway. For the majority of managers numerous appointments have already been made well in advance for the coming year. These are the inevitable results of existing professional duties. Therefore, if a manager wants to make a fundamental change, there will be a long response time in any case. However, if there is no attempt to make a *definite start* with the change at some point in time, *nothing* will change.
Improving our utilisation of time begins with the question: *What should I stop doing?*

Managerial Effectiveness – Personal Work Methods

Processing Inputs

The stream of things that land on a manager's desk, or increasingly on their computer these days never stops. Everything that is submitted to managers, which they are confronted with every hour daily, is what is generally called *input*, regardless of whether it is necessary or superfluous, interesting or uninteresting, important or unimportant, and irrespective of the format – whether it is on paper or in bits and bytes.

Therefore every manager needs what we call *input processing system* – some method of coping with this flood.

A good secretary, who understands how to create order out of chaos, at least temporarily, is of great help here. But not everyone has a secretary, and certainly not a good one.

A useful input processing system begins with a few simple questions: *What do I have to deal with myself? What do I have or want to get others to do? What can be done later or needs time and, therefore, has to be dealt with later?* These questions, or rather the answers to them contain the skill of delegating and distinguishing between importance and urgency.

Working with different means of Communication: Telephone, Fax, E-mail

The fact that communications *technology* has made great advances hardly needs to be mentioned. But whether *communication* itself has become better is a matter of some doubt; it has clearly *deteriorated.*

Communication technology cannot, of course, replace communication. The technology is only an instrument and as such is only effective when it is properly used.

Amongst all the different means of communication, the *telephone* still occupies the top position, even though it is far from being the optimum means for all purposes. Fax and e-mail have their own advantages for a few important things. And then there is still the good old letter ….

As much as the telephone is a blessing ant it increases efficiency, people can also let themselves be terrorized by it, especially the mobile phone. Therefore, managers must make a conscious decision to use the telephone sensibly; otherwise they can become its slave.

People are not only spontaneous and instinctive in using the telephone themselves. They also *let* others call them or they pick up their telephone at all times, irrespective of whatever they are busy with at that moment.

Following three very simple rules can usually bring about clear changes and improvements in our work methods. *Firstly* before reaching for the phone, we should question whether there are *other* means for communication that will allow us to achieve the purpose better. *Secondly* if the telephone is really the best means, then the telephone conversation should be *prepared*, otherwise it can easily degenerate into a time-consuming chat and mere gossip. *Thirdly* we should not distribute the calls we make throughout the day but, if possible, *set aside blocks* of time for them.

Preparing Documents

Managers not only need to read quite a lot, they also have to write a lot. Therefore we require efficient techniques for preparing documents as an element of our work method. If should be noted here too that this is regardless of whether it is then printed on paper or is presented electronically.

Therefore we need to think about the attitude we want to adopt towards *dictating machines* and *word processing.* There are still far too many managers who laboriously write their notes in longhand and then give these usually illegible hand-written notes to their secretaries to type and only after several edited drafts is something useful finally produced. In view of the technical advances made in this field, this Stone Age method can only be justified in very rare cases.

We are not supporting the idea of higher-level managers in particular typing their correspondence *themselves.* It has been observed that even average secretaries are usually *much* quicker than the best "self-typers". A manager should acquire at least a sound mastery of dictating machines. The

dictating machine *increases* productivity, and it does not require the physical presence or the manager in the office.

Ongoing Issues and Appointments

Every manager would be well advised to set up a *perfect* system for keeping appointments and dealing with ongoing issues. There can be no doubt that one of the *fastest* and above all *surest* ways to lose respect, credibility and effectiveness is carelessness in dealing with appointments and ongoing issues. A "water-tight" *resubmission* system is required. Everything that passes across the manager's desk and has even the slightest importance must be stored in this system.

We must be able to say with a clear conscience, "*I do not forget anything*". Follow-up and follow-through must be organised. Deficiencies in this area are the most *important* cause of companies' *weakness in implementation.*

In reality there are only two reasons for a weakness in implementation: firstly we take on too much that is, above all, far too diverse; and secondly the follow-through is not organised.

Making Processes a Part of the Routine – in Praise of the Checklist

In the last few years, "routine" has become a word that is seldom used with any pleasure. The focus was and remains on innovation, change and flexibility. *Routine* and *making something routine* seem to be *incompatible* with these and are therefore rejected.

Routine is important for *productivity* and *functional certainty.* Both are important for every organisation even if the focus has to *temporarily* be place on flexibility and innovation in many cases.

The issue becomes problematic when something has to be done *repeatedly* but at *longer* time intervals. In such cases, no routine can set in.

Usually these types of processes, even if they are *infrequent,* must be carried out with great *professionalism* when they do need to be carried out.

The most important instrument for bringing such things under control is the *checklist*. Whether we like it or not, it is an invaluable aid for precisely this purpose. International air traffic would have collapsed long ago had it not been for checklists. They help in making all that can be made routine in a process into an effective routine.

A System for Maintaining Relationships

What makes managers valuable? What are their assets? Strictly speaking only two things; their *experience* and the *relationships* they build in the course of their lives.

As anyone with any experience will tell you, relationships need to be constantly maintained, cultivated and nurtured. Relationships cannot simply be revived when we need them if they have been neglected for years.

A manager must develop a system for maintaining relationships. Here again the same thing is applicable: how this is done is not as important as the fact that it is done. Most managers agree when the subject comes up but, unfortunately, they do not do it.

Use of the Secretary

The eight basic areas of work methods must be regulated and brought under control methodically, irrespective of whether we have a secretary or not. But of course, the availability or non-availability of the services of a good secretary makes an *enormous* difference to the type of solution or work method.

The demise of the secretary is prophesised with great regularity in view of the advances made in technology. We do not believe this to happen in the foreseeable future.

Managerial Effectiveness – Personal Work Methods

Certain categories of manager who previously has secretaries as a matter of course no longer have nor will have secretaries in the future; this is the reality. These are managers who never were managers in reality but *administrative staff* disguised as managers. They should deal with their administration and correspondence themselves. Other categories of mangers, the *genuine* managers, have to depend even more on their secretaries that ever before. In such cases there is often a completely misguided effort to save costs.

The *job profile* of the so-called secretary has changes to a great extent. She still does the typing, looks after the filing, attends to visitors, and so on, but that is not her main task. Firstly she *manages* the manager. Secondly, if used properly – as an assistant – she *enhances* the performance, reach and influence of a manager. But a manager must learn to use the secretary *properly*.

Far too many people hardly bother to do this. They simply take for granted that it can be done. This is a serious mistake.

Most do not exploit the vast potential of their secretaries and this is completely incomprehensible when we think of the possible benefits and the costs of a good secretary.

TOOLS OF EFFECTIVE MANAGEMENT
THE BUDGET and BUDGETING

INDEX

General – Budget and Budgeting

One of the most demanding tools for a manager is the budget. Competent application of the budget sometimes requires a special knowledge of business administration terms, facts and interrelationships. Unfortunately, even some of those with a degree in business administration are incapable of preparing a budget.

As a result many managers are only too happy to hand over what could be their most important tool to others. This is certainly the case in companies. In some of these companies the employees seem to have a fundamentally unbalanced relationship with numbers, which is detrimental to the effectiveness and the credibility of their organisations.

The budget should be considered as a *management* tool and not as an instrument of finance and accounting (which it also is, of course). Unfortunately there is hardly any useful information on the budgets and budgeting systems in management literature. It is to be found almost exclusively in the specialist literature of finance and accounting or controlling. This may be one of the main reasons why so few understand anything about it, let alone are proficient in it.

Therefore in the following we are restricting the topic to those aspects that should be familiar to every manager. Specialists would, of course, want to go far beyond this.

One of the Best Instruments of Effective Management if properly applied

The budget and budgeting process should *not* be considered exclusive instruments of the *finance department* and the *controllers*. They should be seen as one of the most important *tools* of the manager, that is, of *every* manager.

The budget must be established and used as a *tool* particularly by those managers who have to manage *units responsible for results*, irrespective of what their designation may be: profit centres, cost centres, divisions, areas etc. There are a number or reasons for this.

    a) The budget is the best tool for *experienced* managers because they can organise all their planning and work "around" it. It is the best tool for *inexperienced* managers, or managers who

have assumed charge of a *new position* to get to know the company and their area of responsibility. There is no better way for people to familiarise themselves with the nature of a business and its interrelationships and "legalities" and to get to know about them in depth than by *preparing the budget* for the business concerned *from scratch.*

b) It is the best instrument for *productive deployment of key resources*, particularly *people*; the budget is basically the only tool to make resources productive *at all.*

c) It is the best instrument for *planning in advance the coordination* of all the activities for a particular area and the company as a whole. If the interaction of the parts with the greater whole is inconsistent, it is often interpreted as an *organisational problem* and people start to reorganise. *In reality,* however, there is rarely an organisational problem. It is better and simpler to use the budget as a means of co-ordination than to change an entire organisation.

d) The budget is the best instrument for *integrating the staff* of one area of activity, including its manager into the organisation. Only few companies have thought so far of using the budget and budgeting as a means of integration.

e) The budget is the only and also the best tool for knowing how and when plans need to be *revised*, where discrepancies can be corrected and, more importantly, the way in which the *circumstances and assumptions* on which the budget was based have changes.

f) Finally, and this is rarely understood by psychologists, the budget provides an important foundation for effective and good communication. There is little sense in holding coursed on communication when the *subject matter* of communication is not clear. But the budget, its implications and consequences are certainly important enough to be the subject matter of communication. *This* is what employees should know about, talk about and it should be the focus of their work.

From Data to Information

There is no lack of *data* in organisations these days. Rather we have too much of it. *Information,* on the other hand, is always in short supply, and it cannot be assumed with any certainty that all managers will know how to derive information from data.

Though the budget alone cannot solve this problem, it is one of several ways of getting closer to a solution.

The following information relates to the preparation, implementation and control of the budget.

Information is Always based on Differences

"Information is related to the element of difference, is a difference that makes a difference". It is this difference that is significant and has meaning.

Therefore a budget must always show *comparisons and differences* in its most important items, and this should not only be the case at the stage of budgetary control but at the actual preparation stage. What is to be compared with what depends on the specific case and must be defined in relation to this. Essentially it is always *comparisons with previous periods*, with other comparable *parts of the company*, with *results,* with *benchmarks,* and *other budget items* that are important, particularly when *structural* changes are made during the process of budgeting.

Differences should be Explained, preferably in Writing

Usually it is not simply a case of *more* consumption or expenditure, but something being used in *a different* way. The range of goods or the combination of materials has changed; qualities and prices, the customers order structure and ordering pattern has changed, this must be identified and explained. Figures and numbers are not objective variables, even though they seem to be so and are frequently accepted as such. They *require interpretation,* and there is usually wide scope for interpretation. Therefore, explanations and comments are important.

Managerial Effectiveness – Budgeting

Positive Deviations are to be Analysed as much as the Negative

The fact that negative deviations are investigated in detail is obvious. As a result of total concentration on these the *positive* deviations are usually forgotten. *Where have we worked better than expected and budgeted – and why?* This is a question that is asked far too seldom. *Positive deviations* are the first and usually very reliable signs that there exists a unique *opportunity* or a *strength* that had not previously been noticed.

Budgeting Ratios

Apart from the absolute budget items (such as revenues and expenditures) we should also include a few *selected ratios*.
Even though this depends to a great extent on the specific case – a small company certainly differs from a large one and a manufacturing company is considerably different from a service company – there are a few ratios that must be considered in every case, such as:

- *Market position* and everything related to it: customer benefits, quality, market share, and so on.
- *Innovation performance*: Time to market, success rate, milestones.
- *Productivity*: Total factor productivity and its individual components such as the productivity of money, physical resources, work, time and knowledge.
- *Human Resources*: Fluctuations, absentee figures, and so on.
- *Liquidity and cash flow*
- *Profitability*; Beginning with the rate of return on capital before interest and taxes, which can then be differentiated, refined and arranged.

Extended ratio systems can be developed for all of these areas, the details of which are the territory of specialists. But every manager should know the basics.

Special Tips on Budgeting

The Budget is a "To-Do" Tool

The basis of and the key to an effective budget is always the question: *What results do we want to achieve in our important fields of activity?* A budget should not be an extrapolation of the past. Where the past is simply extrapolated, the company gets into difficulties sooner or later. The budget is and must be a *declaration of intent.*
The budget is a means of making everything crystal clear, in which everything is brought together and summarised: long-term plans and intentions, strategy, creativity and innovation, clearing out extraneous things from the company, re-allocation of resources and so on. And everything must be guided by the question: *What needs to be done now, that is in the coming period, to implement these intentions?*

Cost Control is a Consequence, Not the Purpose of the Budget

A good budget requires thorough, careful and conscientious *consideration* of the expected and desired results and the means and measures necessitated by them.
If the budget is viewed *only* as an instrument of *cost control*, it is unlikely to be effective. Most employees will find it irrelevant and bureaucratic and it will degenerate into a straitjacket. It's more important functions are the consideration of the *origin* of costs, the *cause* of costs and the *breakdown* of expenditure and, as already mentioned, control of the utilisation of resources and thus an organisation's priorities.

Managerial Effectiveness – Budgeting

Zero-Based Budgeting - Selective

In order to eliminate naïve and dangerous extrapolation and force a conscientious consideration of all activities, it is necessary from time to time to prepare the budget for an area of activity *from scratch*, free from all previous constraints, habits and conditions.

This is time consuming and difficult, but very rewarding. Therefore, zero-based budgeting should always be done *selectively*, not for *all* activities every year but for *every* activity at linger time intervals. Above all, the really critical activities that are crucial for success should be repeatedly budgeted in this way.

Two Budgets are Required – an Operating Budget and an Innovation Budget

Based on experience it has been found again and again that *two different* budgets are actually required. These should serve two totally different purposes and differ accordingly in the degree of difficulty of preparing them.

    a) The *first*, standard budget is the *operating budget.* This budget covers the *existing, current* business, the things that are known and are *familiar.* In this case, though we should not simply extrapolate, the past and present figures are good and at least partly reliable reference points. The key question for this budget is: *What are the minimum resources required to continue to run the business successfully?* In this case, the entire classical way of thinking in business administration is appropriate and right.

    b) The *second* budget, which is unfortunately only prepared in very progressive companies, is the *opportunities budget,* the budget for new things, the *innovations.* In this case, there can be no focus on figures based on experience because there is no experience of the new. As this budget is also burdened with many major uncertainties, it should not be combined with the other budget. *Firstly*, it would weaken the operating budget and, *secondly* the uncertain aspects of the opportunities would be *obscured.* Two questions must be asked in the opportunities budget: *First, are we using resources for the right opportunity, chance, and innovation? Second, if so what are the maximum resources the opportunity requires for us to really seize it and ensure a resounding success? "Too little, too lates, and split between too many different sectors"* is the man reason for the failure of so many well-meaning and in essence totally relevant innovation programs in the business world.

Critical Items Budget

Careful and conscientious budgeting will always face one problem: the sheer number of different items that have to be taken into account and considered. Therefore it is worthwhile asking the following question: *What are the ten to twenty percent really important items? Which budget items when we really have them under control, will exert an influence on the others?*

In a normal company, it makes little sense to budget the postal or telephone charges in detail. In a mail order business, however, it is one of the important budget items in terms of amount as well as of use. The utilisation of space is important in only a few companies: it is a crucial item for a supermarket chain.

Budgeting Names

However the budget is prepared in the end and whatever form it may finally take, only *people*, and this means *individuals* can actually do the work. Despite all the lip service paid to people being the most important resource, this fact is usually ignored. The amount of money to be spent on the people, the staff *costs*, is budgeted but the staff *performance* is not.

In the final analysis there is only *one* resource that can produce a *performance*, and this is people. As has been the case throughout former section, what is meant here are not people in general but *individuals.*

A budget in not effective if a name is not attached to it, and to each budget item, if possible. This is the *name* of the *person responsible. Whose job is it, what are the results expected, and what is their responsibility?* This is the key question here.

Managerial Effectiveness – Budgeting

The most important instrument for this is the assignment, which we have covered in the relevant section above. Therefore what should be allocated using the budget are not primarily costs but the *strengths of individuals*. It is the only way to ensure that things are also *done* and above all, that they are done *well.*

Indispensable: the Worst-Case Budget

Finally we can do no more than strongly recommend that a *worst-case budget* also be prepared *always and under all circumstances.* There are three reasons for this:

1) Nothing is certain in business; there will always be surprises and no prognosis is truly reliable. Countless cases of insolvency could have been avoided had people thought about the worst-case scenario in enough time and made all the necessary provisions for such an occurrence. We should not let ourselves be persuaded by anyone that this is pessimism and, therefore, is misplace in a company. This is nothing more than conscientious management and the essence of genuine leadership. *Leadership is calmness under stress.* But only people who have a lot of experience with stress-related situations can remain calm, people who can at least imagine the situation because they have given the issue thorough consideration and have made all the necessary provisions.
2) Only by preparing a worst-case budget is it possible to *ascertain* that areas and ways in which the company is flexible, where it can react if it has to. There is a great deal of talk about flexibility and rightly so. But only a few people make the effort to properly identify the areas where flexibility is possible and how it can be incorporated into the company if necessary. This requires *consideration* of all business activities. The best means to do this is the worst-case budget.
3) The final and best reason for the worst-case budget is that it is the best method of *thoroughly* reviewing the business and its internal workings. This is understood far better *after* such an exercise than it was *before.*

Clear Documentation

In most companies and their constituent areas the complete budget will ultimately consist of *one* or a *few* pages. This is fine but only if the underlying assumptions, considerations and terms are *clearly and precisely documented.* Otherwise meaningful budgetary control is simply not possible. If these things are not documented, the items people had in mind while preparing the budget are forgotten within a few weeks. The consequence of this is that the budget is interpreted in vastly different ways and blame is shifted and excuses are made; clarity of thought no longer dominates but rhetorical brilliance does and those who show the greatest imagination in inventing excuses emerge victorious.

TOOLS OF EFFECTIVE MANAGEMENT
PERFORMANCE APPRAISAL

INDEX

General – Performance Appraisal

Many managers seem to have trouble using the tool of performance appraisal. They reject it and find it useless. They go through the periodical (usually annual) ritual because it is demanded of them. But they do not support it, and therefore, they dispose of this exasperating duty with a minimum of time and thought. Even a good amount of well-meaning training is of little help here.
If we get to the root of the matter, however, it is not the performance appraisal as such that managers reject but the performance appraisal *system*; it is the accursed bureaucracy that is invented and developed by appraisal specialists and personnel experts and permitted by top managers. As soon as we differentiate between performance as such and the application of tedious procedures, it is usually fount that a majority of managers consider performance appraisal to be important. The manager must pay attention to a person's *strengths* and the manager's relationship with their subordinates must be designed for *permanence* and *continuity.*

No Standard Criteria

Typical lists of standard requirements include characteristics and abilities such as: interaction with people/customers, ability to handle stress, decision-making ability, creativity, innovativeness and team spirit. These or similar criteria can be found in almost every organisation.
Basically the pitfalls or requirement profiles can be easily avoided. All we have to do is be specific instead of being abstract. The correct question is not *What requirements should managers meet in general?* But *What is required for this very special, specific position in this specific company, and in this specific situation?*

No Standard Profile

The use of standard criteria practically necessitates the designing of *standard profiles,* which generally fall within the neutral area, within the *average range*.
The reasons for this are clear. *Firstly* the manager does not want to harm the subordinate. Performance appraisal is rendered particularly difficult in view of the fact that it always has an effect on income in one way or another. *Secondly* a manager will not want to create any difficulties, either with the person appraised or his own manager, to whom he will have to submit the appraisal. If a manager assesses a person as *bad* in some way, they have to justify this and, what is more, they will also face problems with the person concerned. If a manager assesses the subordinate as *good*, they have to be prepared for wage demands and requests for promotion by the subordinate. The manager must not only justify the subordinate's good appraisal to his own boss but also possibly explain why the department is not performing better when is has *such* good people in it. Therefore, whatever managers do, performance reviews can create difficulties. And it is precisely this that they want to avoid, with a noncommittal, neutral appraisal.

Managerial Effectiveness – Performance Appraisal

A Better Method

What is really required? Certainly not information on the degree to which mediocrity exists. It is more important to find out the *particular strengths of the individuals* in the organisation. As has already been mentioned in the topic on developing people, strengths can be recognised most reliably by studying a person's *previous* performance. This is the true purpose of performance appraisal. It can and should be the basis for many things, such as promotion decisions. Once the managers in an organisation understand this and they are allowed to identify this precisely, all resistance to and rejection of performance appraisal usually vanishes, because this knowledge is extremely relevant to managers. Therefore the tool of performance appraisal must be designed accordingly.

The best instrument for this is literally a blank sheet of paper, without any knick-knacks, aids, tips, instructions, small print and footnotes on which the manager has to write down an empty page forces the manager to *think* about the person being assessed, whereas ticking off criteria in a list and filling in a profile form hinder this, in fact they lead to mechanical superficiality.

In the practical application of this procedure, managers will initially often have to account for how little they know about the people being assessed; how little they have been in contact with these people throughout the year, even though they are these people's supervisor; how superficial their contact has been and that they know virtually nothing about the people "behind" these human resources.

The outcome of a performance appraisal must comprise several things. *First* the performance *as such* must be assessed independent of the person. Performance cannot exist in a vacuum; it is only relative to previously fixed objectives, otherwise we are just talking about work; it must be possible to refer to the objectives at this stage, as they have been discussed earlier. *Second* we should know the person's individual and specific strengths and weaknesses. *What can this person do or not do particularly well? How have I reached this conclusion and how do I justify this? Are there latent strengths that should be examined in more detail? And how should the tasks be structured to strengthen or refute these suppositions?* These are the questions that must be conscientiously asked and answered.

How Do the Experts Do It?

There are people who, to all appearances, have an excellent understanding of people because of their success in their personnel-related decisions. The assumption is that these people have a special "perspective" or a special flair for people.
But if we get to the root of the matter as much as we can something totally different emerges. These people approach the appraisal of people with whom they work with *particular care*. The aid that they use is not a "highly developed" appraisal system but a "little black book" in which they record everything that they notice and consider worth noting. They do not do this *once* a year just before the performance appraisal but *continuously*, every time something catches their attention.

If we investigate further we find that they repeatedly ask themselves, with great care and conscientiousness, the question of what it is that *really* matter in a particular task. They have a clear understanding of what I have called assignment. They know that in order to find the right placement for someone what matters in a person's strengths; their weaknesses need be known only in so far as they provide information on where a person should not be deployed. These managers are not interested in generalisations but in the individuality of the specific people.

TOOLS OF EFFECTIVE MANAGEMENT
SYSTEMATIC ABANDONMENT

INDEX

General – Systematic Abandonment

Organisms have systems that dispose of their waste – kidneys, intestines, skin and so on. Each individual cell has a mechanism for waste disposal. Without systematic, continuous detoxification survival is impossible.

Largely Unknown but Important

Something analogous is applicable in and to organisations. Therefore we suggest making the concept of systematic waste disposal, or better, systematic abandonment to the seventh tool. A *process of eliminating everything that is old passed down and superfluous* should be set up in every institution. We could say "Get rid of the rubbish!".
The concept can easily be developed into a method and makes the crucial difference between unwieldy and lean, inefficient and efficient, slow and fast, lazy and dynamic organisations. We carry too much dead weight around.

From the Concept to the Method

The method is as simple as the idea itself. It consists of regularly asking the question: *Of all that we are doing today, what would we not start to do if we were not already doing it?*
This question may be awkwardly formulated but it is *extremely effective.* It should be noted that the question is not *What should we not have started with back then?* Though this question sounds similar asking it, however, is futile. It deals with the *past,* whereas the first question is directed towards the *future.* It may be interesting to think about the past but it is, in this context at least, of little use. *What would we not start if we were not already in the middle of it? What, therefore, should we eliminate? What should we simply stop and put an end to?* These are the questions that will lead to action for a different and better future.

Dynamic organisations deliberately and systematically turn this behaviour around and ask the question: *What should we get rid or? What should we stop doing?*

The question "*What would we no longer start with …"* should be asked approximately every three years with regard to products, markets, customers and technologies. And it should be asked for everything else that is done in an organisation *once a year*: for all administrative procedures, computer systems and programs, forms in use, lists compiled, reports prepared and meetings held, in fact for everything that is done out of habit and no longer produces results.
Most of these things *were* useful and made sense at the time when they were introduced. That is why the question "*What should we not have started (then)?* does not lead to the objective. *At the time* when something was introduced, there were reasons for doing so, the issue was considered thoroughly, and there were no better alternatives. But nothing *loses value* as quickly as administrative

procedures and management programs and at the same time, nothing becomes a well-loved habit so quickly and resists elimination so tenaciously as these.

The time intervals should be selected according to our judgement and the nature of the business. But we should not wait longer than three years in any filed to check what is still relevant and what has, in the meantime, become rubbish and dead weight.
This question should not only be applied to the company as a whole but it should be a standard *tool for every manager* to be used in their departments as well as for their personal benefit.

It would be best to reserve *one whole day each year* to discuss this question with the most important employees, and this day should indeed be reserved for *just this issue* with no other items on the agenda.

When this question is put to subordinates, some of them many be at a loss at first. They are used to being asked: "*What else should we do?* The question has never been: "*What should we stop doing?*" Therefore, if there is a lack of clarity or some reserve in the beginning, we should insist on an answer to the question and briefly explain the reasons for the questions. We will soon find a list of things that are nominated for abandonment by the subordinates (especially the good ones). Ling lists are made in the discussion. But this step should not be followed with the question "*Should we or should we not eliminate these things?*" but rather "*How quickly can we get rid of them?*".

Key to Wide-Ranging Consequences

Systematic abandonment is the *key to at least three wide-ranging consequences. Firstly*, really effective *lean management* and the right type of *business process redesign; secondly*, effective *management of change and innovation;* and *thirdly,* effective analysis of the *essential nature* of an institution, definition of the fundamental business purpose – the *business mission.*

Effective management of change and correct innovation management are unthinkable without ridding the organisation of dead weight. Unfortunately, many think of even these tasks as something to be done in *addition* to all existing tasks.

Though it may indeed be a *new* form of bureaucracy, it is nonetheless bureaucracy, instead o which the simple question of "abandonment" could be considered.
Nothing leads to such rapid and radical change as the question: *What should we stop doing? Stop doing the wrong things!* This is the best way to change an organisation and it is also the way that encounters least resistance.

But the most important thing is that the question on detoxification almost always leads to the *real core of the matter,* to the question *Why do we do anything at all? What is the purpose of this administrative process, this meeting, this form and so on?* In doing this we inevitably come to the basic purpose of an organisation.

The Path to Personal Effectiveness

The method of systematic abandonment is, at the same time, the easiest and fastest way in which managers and their subordinates can achieve personal effectiveness. Effective managers set aside one day each year to consider thoroughly and conscientiously the question *What should I stop doing – because is has outlived its use, because I have outgrown it, because I want to develop in another direction, because there are other and better methods, because there is something more important to do, because I am older now and must set other priorities, and so on?*
They then begin to systematically work on these things. They change the allocation of time in their schedule; they utilise their time in a different way; they begin to restructure their field of activities – *they throw out the dead weight.* And thus they create space for the new things, which they need if they are to succeed.

At the same time, these managers urge their *subordinates* to apply the same methods. Particularly when they agree upon objectives with their subordinates, they are not satisfied with only a list of goals

for the coming year. They demand another list *too*, which mentions all the things that are to be *abandoned*, to be *stopped* in the coming year.

An advice in Conclusion

Because this tool cannot be used every day, it is easily overlooked and forgotten.
Therefore effective managers fall back on a *little trick* that ensures *implementation*: in their schedules they enter the date on which they wish to use this tool with or without their subordinates. Even if they have to postpone the date, they do not let it disappear altogether form their schedule.

SUMMARY MANAGERIAL EFFECTIVENESS
TOUCHSTONE OF PROFESSIONALISM

The mainstay of an organisation's competence is its mastery of the tools discussed here. These form the touchstone of the *craftsman like* side of a manager's professionalism.

The tools and their professional utilisation build the bridges between efficiency and effectiveness. Principles and tasks determine what the "right things" are; the tools are the requirement for "doing them correctly".

Will computers bring about a change in their importance? Yes and no. The existing effects of information technology have brought about far *fewer* changes in the work of managers than was generally predicted thirty to forty years ago. According to the prognosis, a veritable revolution should have taken place.
This did not happen, or at least only to a marginal extent. IT has brought about a far greater change in the way *job-related tasks* are carried out. A revolution can indeed be observed in this area. Without IT, a company's functions would not be possible today – neither research and development nor construction, design, production, logistics and marketing. The administration of practically every organisation cannot be managed without computers, and their use has in some ways, completely changed the way these tasks are carried out.

This is not the case for management tasks. Managers who can handle computers competently are not necessarily more effective than others. If they are, it is not because they use a computer but because they have understood quickly and thoroughly that a computerised organisation requires better, more precise and more professional management. The information, service and knowledge society that is emerging from the foundation of technology, science and education cannot tolerate any dilettantism in management.
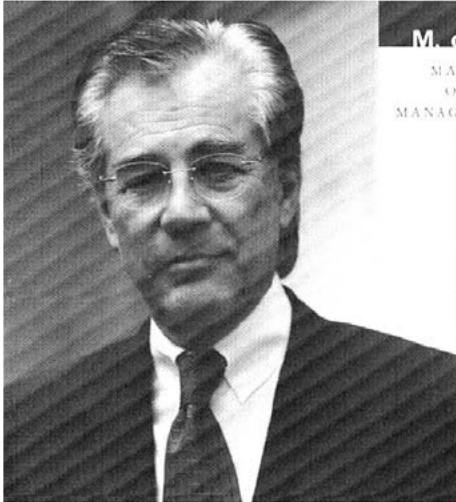
Without a mastery of these tools there can be no productivity or profitability, useful teamwork or innovation, change management or utilisation of opportunities. Professionalism in the use of management tools is the lever that allows increasingly bigger, more difficult and more complex tasks to be carried out. It is the only way in which stress can be kept under control despite continuously increasing strain.

But even more important is the fact that, in the unanimous opinion of experts people require a certain amount of stress to remain healthy; there is such a thing as positive stress, Eustress as it is called by the stress researcher Hans Selye. Mastery of the "craft" is one of the requirements for experiencing positive stress. Whether we have to or want to perform without the necessary equipment, we experience stress in the negative sense – distress, torture. But anyone who can nonchalantly answer the often asked question, "Are you under stress?" with, "Stress? I have a lot to do but I am not under stress …" is always a person with great professionalism, someone who "masters his or her craft". This mastery is one of the most important bases for self-assurance and personal sovereignty. As mentioned in the principle of focusing on results, it is a source of pleasure, not in work but in personal effectiveness. We undertake to do something or there is a task to be done, and we do it because we can.

Herein lies what could be called the actual secret of those managers who can cope with tasks that often appear to be superhuman and still manage to remain human themselves.

MANAGERIAL EFFECTIVENESS
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Prof. Fredmund Malik is a top management consultant employed by many European companies. He is also much in demand as a management educator and author and is a successful entrepreneur. Fredmund Malik has been the President of the Board of Directors at the Management Centre St. Gallen since 1984. He is a lecturer in corporate management at the University of St. Gallen and the University of Economics in Vienna.
His education and experience represent a rare combination of science and practice.

Thousands of managers from all kinds of organisations have learnt about the essential aspects of management through his seminars, lectures and writings. His international experience, the practical value of his teachings and his engrossing lectures has contributed to his unique success. Fredmund Malik is the author of numerous publications, among them the M.o.M Malik *on Management Letters*. He writes regularly for leading newspapers and magazines in the German-speaking countries.