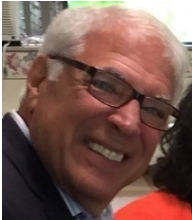


THE MACRIS GROUP

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From Dean's Desk:



Prologue

We interrupted our series of articles to introduce The Inner Circle. This issue returns us to the Ten Lessons Learned from Thirty-Five Years in Consulting written by Joe Bockerstette. Our February issue discussed the first two lessons learned –

1. Success depends far more on the client than the consultant.
2. Figuring out what's wrong isn't that hard.

This issue focuses on lessons:

3. Leaders don't know how work actually gets done.
4. Leaders and managers also don't understand process.
5. Companies measure what's easy, not what's important.

In addition, we are incorporating a column in UPDATE dedicated to case studies from The Inner Circle. While we will always respect the confidentiality of our relationships, we feel the sharing of the essence of some of our engagements to be illustrative of the issues confronting corporate leaders.



Lessons Learned for Better Leaders and Outcomes #2

A. C. Macris

Larry Reiter

Introduction

We continue our 2017 UPDATE series on an article/post we read delineating Ten Lessons Learned from Thirty-Five Years in Consulting written by Joe Bockerstette, a principal at Business Enterprise Mapping. We are addressing a few of Joe's lessons learned in our 2017 issues of UPDATE and expound on them based on our experiences. This issue focuses on lessons:

3. Leaders don't know how work actually gets done.
4. Leaders and managers also don't understand process.
5. Companies measure what's easy, not what's important.

3 – Leaders don't know how work actually gets done

In the early 2000s, we worked with a large telecommunications company in one of their specialized divisions. Part of our charge was to create a 360° instrument unique to their business unit. We did an extensive survey of competencies. Two of the competencies were Business Process and Business Knowledge. The 360 instrument is a valuable tool for leaders because their superiors, their peers and their subordinates assess them. Therefore, while Business Knowledge and Business Process were two of the key competencies, the actual day-to-day workings of the organization are difficult to get one's arms around. I had one CEO readily admit that he did not know what was happening at the working level of his organization. In another situation, a senior division leader who was

responsible for about 30% of the company's profit realized two months after the year's end that he missed the mark by 90%. Reasons for these missed marks and shortcomings are complex and we certainly don't want to trivialize them, but one of the reasons involves leaders diving too deep into what they perceive as important rather than realizing what's really important. There is a belief that pouring over spreadsheets reveals all about a project, until the old adage of garbage in = garbage out. The 90% shortfall, after a very intense team "Come to Jesus" meeting, resulted from some small targets being missed that were rolled over to the next reporting period with the anticipation that they would be completed. When they weren't and additional ones were added to the deficiency list, those were rolled over. It didn't take long before the project was in trouble. The Division head focused so much on computer screens, to an extent that he was completely out of touch with the work that was and was not getting done.

Then there is the mushroom syndrome, where the leaders is perceived as an obstacle to work progress such that those actually doing the work treat the leader like a mushroom by keeping him or her in the dark and feeding them what they want to hear. Again detaching the leader from the real work. These are few examples of how it can happen, and we believe all our readers know of many more examples. Fundamentally a leader must be tied in, not distracted, focused on the important things, and balance his or her priorities such that they remain close to the work of their people. The leader must

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have clear knowledge of how work is being done, challenge questionable activities but not get so involved that nothing happens without the leader's approval and hence the leader becomes an impediment to work getting done.

#4 – Leaders and managers also don't understand process

Processes are what make things happen in an organization. A process defines the steps necessary to achieve a result. It may be how items are procured or how an insurance claim is to be processed or how pipes are welded together. In other words, process defines how things get done. There are formal documented processes and there are informal, probably not written anywhere, processes. Both exist in every organization. Let's take a look at both and then examine how they work with – or against – each other.

Documented Processes: These are processes, where the organization develops steps specifying how something is supposed to be done. Some are detailed step-by-step instructions and some are more generalized giving, if you will, an outline of the steps. In some cases, an organization provides a policy document serving as a process document. The amount of detail in documented processes varies widely. The intent is to instruct/direct employees how to approach and accomplish a particular process. As we will discuss below, the intent may be good, but the execution, particularly over time, falls away from the documented process. Most large to medium companies, we have found, have documented processes. With smaller companies it varies.

Informal Processes: These are generally not recorded anywhere. They develop, over time, by the employees who do the work. Employees find how they can best achieve the final objective of the process and start using other ways to get the job done. Informal processes exist in companies of all sizes, and reflect the actual way things get done and results achieved. Are these informal processes effective? Generally yes, but they are often far from efficient. Just like legends handed down verbally, the informal processes are handed down to new employees and often get tweaked in the telling. It's like the party game of "whisper down the lane" where one person tells another and it continues on from person to person until the final person is told something that frequently varies widely from the original. Informal processes get things done but often not the best and most effective for the organization. Therefore, over time the informal processes change and evolve.

Documented and Informal Process Interaction: Even with formal documented processes, there will be informal processes employees use to do the actual work. As discussed in #3 above, in far too many situations leaders of organizations have no idea how things actually get done. Unless they were previously part of the actual process they may be familiar with a formal process but probably have no idea what the informal

processes are and how they are intertwined with the formal process. Our experience has been, when trying to help an organization improve their processes; the leaders of the organization only think they understand how the processes work. They may know how they should work, but are generally totally unaware of how things actually work.

Existing formal processes, in place for a long time, may change due to short-term circumstances adding steps added along the way as work-arounds for specific issues. As a rule, additional steps aren't eliminated when the short-term situation goes away, and too frequently, the process becomes so cumbersome and unworkable, employees develop their own informal processes to keep the wheels moving. We have seen cases where the informal process is completely different from the formal process, but since the end results are there, the organizational leaders may be blissfully ignorant of how those results are achieved. Interestingly, when one analyzes the flow of how the process actually works and factors in the informal processes, the actual process flow is indistinguishable from the formal process flow.

Processes are critical to accomplishing work with proper results. However, without periodic process review, including those who actually work the process, the process will become bloated and inefficient, to the point that, if the employees do not develop informal processes, work might not get done. Why are process reviews not conducted more frequently? A big factor is the leaders and managers not understanding the process and not asking the employees, who are using the process, for feedback and recommendations. A process review is not rocket science, but the leaders of the organization have to recognize the need and want to see improvements and it takes a little work.

#5 – Companies measure what's easy, not what's important

Assessment as a proactive tool illustrates how an organization can preempt problems. It becomes the age-old issue of don't ask the question if you are not ready for the answer. Assessment tools exist to respond to issues/challenges affecting the health of an organization; and typically, an independent assessment yields the most valuable perspectives. So once issues are identified and corrective measures taken, how does an organization know if the desired result was achieved? This is where measurement comes into play. Key Performance Measures are important to the success of any organization. If the right performance measures are not identified and used, significant consequences result.

Too frequently determining what and how to measure is not afforded the thought it needs. Determining what to measure and how to measure it takes work. Unfortunately, the old accounting joke of "figures don't lie but liars figure" can be applied to performance measures. It is relatively easy to identify some measures, but those measures may not really tell how a

process or organization is performing. A measure of “how many widgets produced per hour” may not really tell much about the effectiveness of an organization or a process. Good measurement takes thought and goes into more depth. Frequently a series of more detailed measures reveals the truth.

“Assessment is a necessary element of ensuring an organization is functioning effectively. The design of an integrated assessment methodology/plan is essential to appropriate follow up action and improvement. Assessments designed and conducted in an improper context can yield inappropriate findings and information, which typically lead to inappropriate action.”

Our experience demonstrates that the necessary drilling down into an issue is the usually deferred over the choice of a more expeditious slice off the top; then measuring the result of whatever initiative is determined to address this rather superficial issue.

Conclusion

The interesting contrast is when leaders know how work gets done, when they understand Business Process and when they measure the right things not the easy ones; these organizations become successful and as Jim Collins says in his book *Good to Great*:

All good-to-great companies begin the process of finding a path to greatness by confronting the brutal facts of their current reality.

When you start with an honest and diligent effort to determine the truth of your situation, the right decisions often become self-evident.

A primary task in taking a company from good-to-great is to create a culture wherein people have a tremendous opportunity to be heard and ultimately, for the truth to be heard.

Again we see that Joe Bockerstette’s Lessons Learned are in fact right on target with our experiences and provide lessons that should be studied by leaders who want to be truly effective.

Inner Circle Case Study

When we began developing our thoughts regarding the Inner Circle, we based our focus on the fact that living at the top of an organization is a lonely place to be. The biggest leadership challenge to Executives and CEOs is getting honest, truthful, candid, objective, qualified inputs and feedback, in a non-threatening context, to help in sorting out issues, ideas and problems and strategies. The concept behind the Inner Circle is to support CEOs and Senior Executives, as they wish, in a confidential, safe environment; offering a wealth of experience, knowledge and integrity. We envision the Inner Circle as a resource to CEOs and Senior

Executives; a deviation from conventional consulting and executive support. We do not believe in conventional marketing or promoting of our services. We anticipate executives will realize the benefit and bring their issues and concerns to us. We believe we should share examples of selected engagements, respecting our commitment to confidentiality. This Case Study is such an example.

A few months ago, a CEO, whom we had known, approached one of our principals in the Inner Circle. This CEO asked to spend a few days with him. Because they had known each other fairly well, he agreed, unsure of a specific reason for the visit.

As part of our inner workings, we discuss such requests to ensure we professionally respond as and pro-spend. We conference sort out expected issues based on what we know about the CEO, as well as methods to employ during the engagement, and/or cues to be aware of that might change our approach. In this particular case, we agreed that listening would be the primary technique. Listening is one of the most important communication methods. Keen listening skills afford insights as well as time to assimilate the message received in order to provide valuable insights. In many cases, just having someone trusted listen is beneficial.



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Since the overall engagement was loosely structured, the first day was rather touristy, sightseeing, etc. Consistent with our listening strategy, day two purposely remained open and unplanned, to develop as the CEO desired. The weekend as a whole was relaxing and enjoyable for both, and the outcome, we believe, was as the CEO desired. As we recapped the engagement we felt the CEO needed to get away, needed time for some head clearing in a different environment with a trusted person, who is uninvolved in the CEO’s day-to-day work; but knowledgeable and considered a colleague.

This demonstrates that the Inner Circle is more than discussing work related issues, but also an opportunity to reduce stress, enjoy time away from the daily grind, and an overall head clearing experience in a safe environment where issues can be raised as necessary.

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