

Leading through Delivery

**Organisations as Systems
Value Added Agenda: Output Analysis
Inputs - What's Needed ?
Transformational Analysis: Organising for Delivery
Communicating beyond the Boundaries
Marketing Leadership best Practices
The Ecological Organisation
Problem Solving: Analysis and creativity
Grinding Solutions Inc**



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1. What are your market dynamics globally today, and where are they going over the next several years?

2. What actions have your competitors taken in the last three years to upset those global dynamics?

3. What have you done in the last three years to affect those dynamics?

4. What are the most dangerous things your competitors could do in the next three years to upset those dynamics?

5. What are the most effective things you could do to bring your desired impact on these dynamics?

Jack Welch's Key Questions

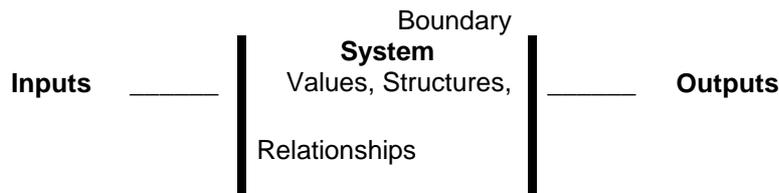
Organisations as Systems

Systems are interconnected processes with inputs and outputs. This means that they have boundaries. For example a country can be thought of as a system, its boundaries being its borders. Or human beings can be seen as systems that interact with the environment - the boundaries being the skin. It is important to clarify what the boundaries of systems are; some guidelines for doing this are:

- Exclude anything that doesn't affect the main purpose of the system
- Items that can be controlled by the system put inside the boundary
- Items which cannot be controlled by the system but which influence it, put outside

Systems can be `soft' (organic, feelings, fuzzy) or `hard' (mechanical, analytic, numerical). They can also be seen as `open' to the environment or `closed' (self contained).

People systems are purposeful. People can choose what goals they want and how they want to operate. If people are involved in a system then their roles should be included. e.g. Who owns the system or problem? By using systems maps the effects of change on the whole system can be gauged and controlled or allowed for instead of trusting to luck. The map of the system should therefore look like the following:



This type of analysis is very useful in organisations to understand the complex interactions that go on between the organisation and the world, and also within the organisation. Jobs can be thought of in systems terms also. i.e. What inputs does the job holder receive from the rest of the organisation? What outputs do they produce and for whom and to what level? What happens in the system; how does the `work' transform inputs to outputs?

Value Added Agenda: Output Analysis

What is the CORE Product or Service your Organisation delivers

Who buys this ?

Added Value Analysis

What Value Dimensions do the Customers care about ?

Operational Excellence of Delivery ?

Product Leadership ?

Customer Intimacy ?

How do you measure up against your competitors on each dimension ?

Inputs - What's Needed ?

What supplies and resources do you need to produce the desired outputs ?

Opportunities ?

Threats ?

Transformational Analysis

What needs to happen in the organisation in terms of structure, people, processes and systems to transform inputs to outputs ?

Key Business Processes

Organisation and skills

Management Systems

Information and IT

Rules and Norms

Communicating Beyond the Boundaries

How does the organisation communicate with its Market ?

What does it do well ?

What can it do better ?

Marketing Leadership Best Practices

In groups share the following stories:

An example of good market leadership with reasons for success

An example when marketing did not succeed as well as hoped

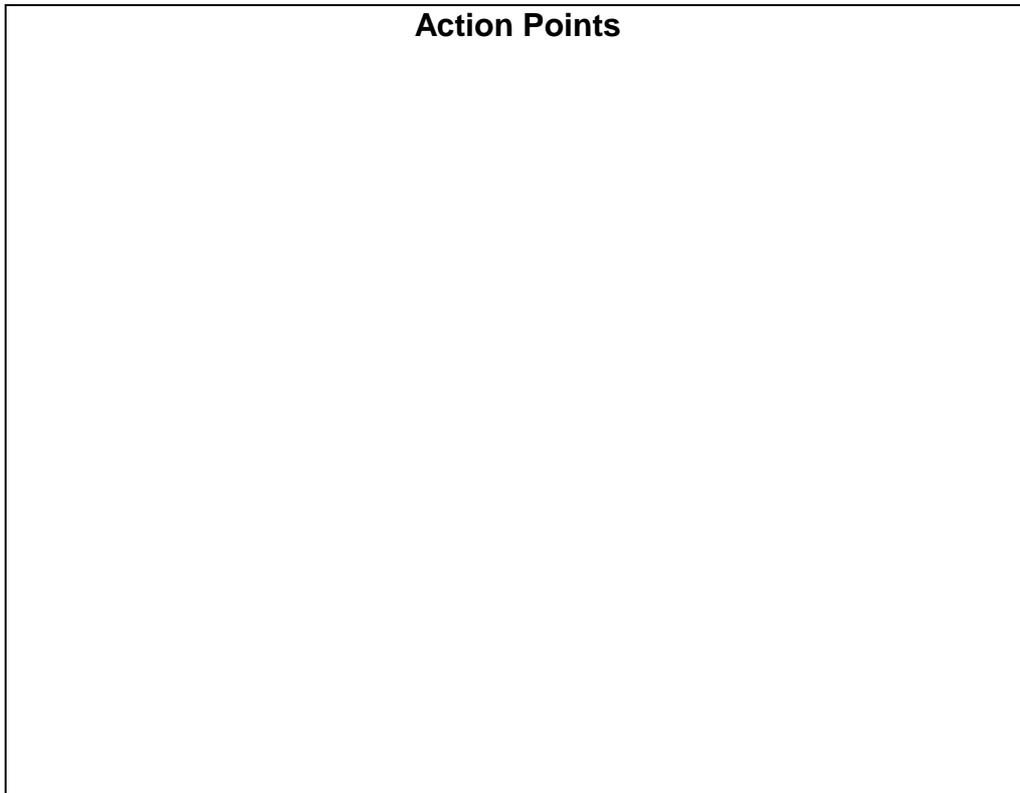
A vision of successful marketing approaches in the future - what this
Would involve in terms of all the elements of Input - Transformation -
Output and communication

What do you all have in common ?

What are the differences ?

How can you support and challenge each other ?

Action Points

A large empty rectangular box with a black border, intended for participants to write their action points. The text "Action Points" is centered at the top of the box.



The Ecological Organisation

The Organisation's Inner World

1. Whole Persons

- o Programmes for conscious personal development
- o Conscious balance of work and personal/social life
- o Alignment of individual needs and organisation's purpose
- o Fair and equitable reward systems
- o Accepted and understood decision-making processes
- o Supportive organisational culture/teams

2. Empowering Processes

- o Clear energy flows/Information systems
- o Interdependence and cooperation between different functions
- o Efficient and skilled production
- o Emphasis on quality
- o Skills development and worker empowerment

The Organisation's Outer World

1. Maintaining of positive, supportive relationships with

- o Customers/clients
- o Suppliers/Competitors
- o Public/Community
- o Owners/Shareholders
- o Government/Legal Authorities

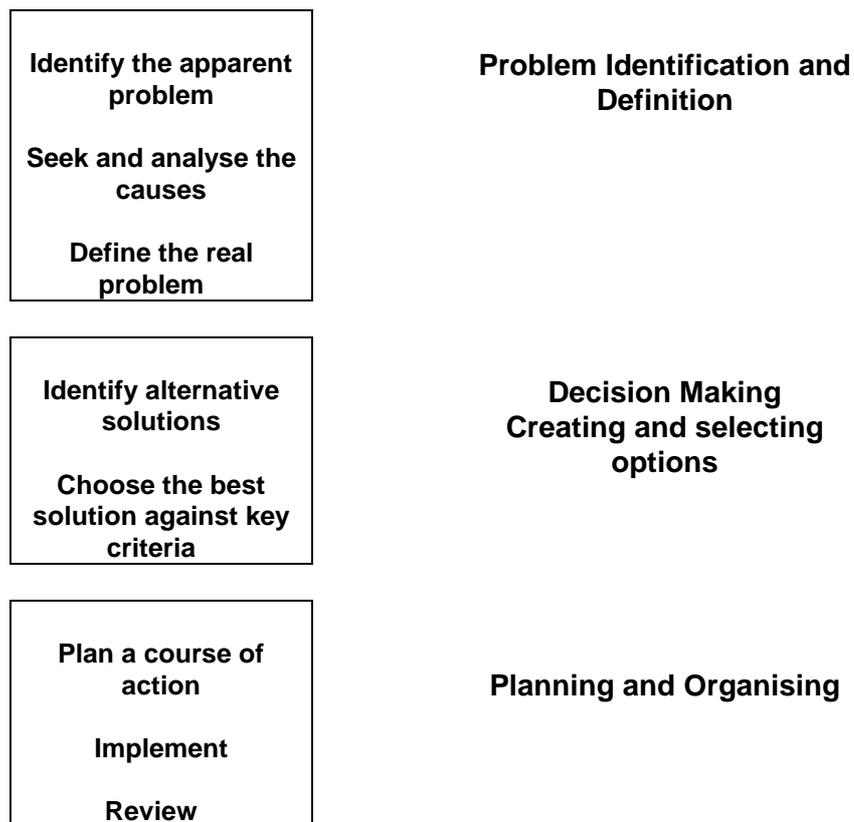
2. Relationship with the Environment

- o Minimisation of use of resources
- o Focus on energy saving/pollutant reduction
- o Enhancement of environment not depletion
- o Value added/wealth (in all aspects) creation
- o Focus on meeting needs not creating wants

How well does your organisation do ?

Problem-Solving: Analysis and Creativity

In focusing on delivery it is critical that analysis and problem solving is of the highest standards to ensure that what is needed by the market is delivered. The process of applying critical analysis to issues is as follows:



Problem identification and definition

The first stage in the effective management of tasks is problem identification and definition. Before a manager can 'do' anything he or she must first consider what it is that needs to be done. Problem identification and definition can be divided into three steps:

- 1) Identify the apparent problem
- 2) Seek and analyse the cause

3) Define the real problem

Identify the apparent problem

Very often there is no clearly defined problem to which the manager can come up with solutions. Most problems are messy, ill-defined and hard to spot with no one willing to take responsibility for them. The task of identification and definition is a key skill for any manager but one that is often seen as an impediment to the real business of solutions - taking action and doing things, instead of thinking. There are of course problems that do present themselves as clear cut - but often this means that the implications beyond the immediate situation have not been thought through. Identifying and defining problems uses two key skills: **creativity** and **critical thinking**. These two skills are used to transform a messy, ambiguous, vague problem into a more clear-cut analytical framework.

Values and context

Fuzzy problems involve looking at values and context. Values are about all the biases, viewpoints and frames of reference that we, as individuals, bring to a particular issue. It is fairly obvious to any good manager that different individuals will tend to look upon a whole range of problems from a consistent standpoint which, for ease, can be labelled their values. Some people will have values which in management terms orient them towards the task, others towards people. It would also be surprising if the roles and functions of people did not have a large influence - sales being biased towards expansion and growth regardless of the issue, for example. In more general terms a number of psychological tests will pick up and help individuals understand their own biases.

Context is the whole range of background variables which again influence the problem although they may only do this very indirectly. Here are all the many assumptions and company parameters. For example, a key contextual factor which most managers would take into account, even if not clarified, would be the overall company purpose and objectives. Linking into this would be the type of people in the organisation, the role of the department, the environment both internally and externally. Most problems can be seen as subsets of larger problems:

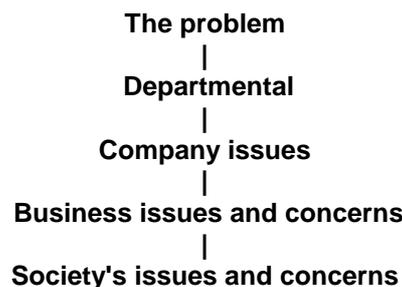


Figure 1. Problem Context

Of course, it would be extremely time wasting to re-examine all these deep contextual issues every time a decision is needed on whether to have a cup of tea or coffee, so usually the context is taken for granted in the form of assumptions. However the more senior managers become, the more important the context becomes. Directors, for example, need to be far more aware of the role of their company in relation to society's issues and concerns than, say, a

production manager. Sometimes in problem identification there is a need to re-examine basic issues (growth, company purpose etc..) and this possibility should be allowed for.

Creativity

There are generally seen to be two forms of creativity. These have been defined as Adaptive and Innovative. Adaptive are those who use their creativity to come up with multiple options and factors working within a given framework. For example, given a limited set of resources within a clear overall framework, how many potential ways of reaching a particular goal are there? The Adaptive form of creativity then comes into its own.

The Innovative form of creativity on the other hand consists of taking a radical look at the framework itself and modifying this. An example of this would be asking the question 'What is employment?' and redefining employment as being engaged in any work activity, not just paid; in other words looking at and re-examining basic assumptions. A useful alternative phrase for this process is 'reframing' - that is, changing the framework of our thoughts in the way we look at things.

Neither form of creativity is superior to the other but, again, individuals have a bias towards one or other of these forms. It has been suggested that everyone is creative but that numerous barriers prevent these skills being fully used: being scared of making mistakes, trying to conform, trying to be right, being too serious or pompous, trying too hard, not playing enough. By using creativity appropriately, when some of the above barriers have been overcome, then the problem-solving cycle can be fully effective.

Innovative creativity can be used in problem identification to re-examine assumptions, values and context. The problem can be looked at from different angles. It can be redefined in new and radical ways. One useful aid to this process is the Why-Why? diagram.



Figure 2. Why? - Why?

This also brings in the point that in any problem there are different levels at which it can be defined and tackled. The level at which this is taken should be one at which the problem is clearly stated in such a way that the cause and effect chain is obvious to all, and that it comes to a focus.

Adaptive creativity is used most positively in problem definition by generating a list of possible factors that may affect the problem. Brainstorming is probably the most widely known technique for generating ideas. The key rule for the creative part is to use absolutely no evaluation, judgement or criticism. People bounce ideas off each other, throw them all up on a chart, using each other's ideas to lead on to new chains of thought. At this stage the focus would be causes of the problem. After this part, critical thinking is used to identify the key causes of the problem.

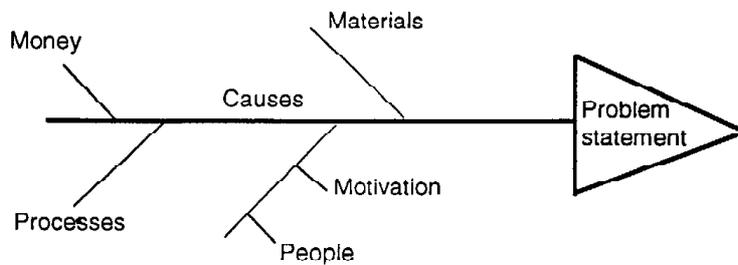
Seek and analyse the cause

Critical thinking is used to judge what the key decisive factors are that affect a problem and to see whether it needs to be redefined. Data and facts need to be collected, if not done so already, to help in this clarification. There are several techniques that are used at this stage to help organise data and ideas so that critical judgements can be made more easily. The techniques are used to organise data visually to help assimilation and any visual presentations such as pie charts, histograms, graphs or flow charts should be used wherever possible. Two of the key techniques are:

- Fishbone diagrams (Ishikawa)
- Forcefield analysis

Fishbone diagram (cause and effect)

After collection of factors and data, three or four key areas into which they can be placed are



identified. These will vary but often key groupings used are:

People · Processes · Materials · Money

Figure 3. Fishbone Diagram

Force field analysis

Force field analysis, developed by Kurt Lewin, is used to describe a situation in terms of a balance between two sets of forces - helping and hindering. For example: helping forces for low morale could be pay and conditions, hindering forces could be poor supervision etc.. Situations can be represented graphically as shown below.

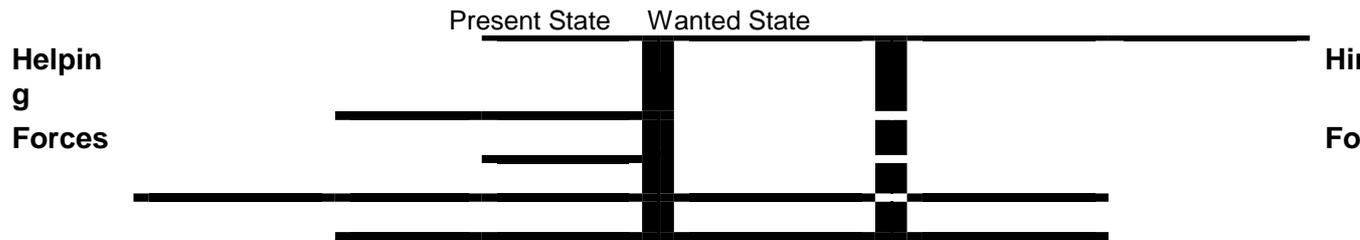


Figure 4. Force Field Analysis

First, the forces on both sides must be identified. Then they must be weighted in terms of the amount of force they exert. You can bring about change in two ways: by increasing the forces helping change or by reducing the forces resisting change. The most effective way is to weaken the resisting forces. The procedure is as follows:

1. Choose a particular problem that you feel is worthwhile working on. .
2. Define in terms of (a) the present situation and (b) the situation you would like to see when it is solved.
3. Make a list of forces impacting on the situation. These can be people, money,time, external factors - anything that could hinder or help you to make a change. When identifying forces, it is helpful to be specific and to draw a force field diagram.
4. On a force field diagram draw the forces with the arrow signifying its strength of each (the longer, the stronger).
5. For each hindering force list the actions you could take that could possibly reduce or eliminate the force.
6. For each helping force, list the actions you could take that could possibly increase the force.
7. Determine the most promising steps you could take towards solving the problem and identify the resources available to help you.

Affinity diagram

An affinity diagram can be used to uncover the various aspects of a particular issue. It is particularly useful when issues are large and complex or when a significant breakthrough is needed. Examples might include the need to identify expectations of specific customers and

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customer segments, or to isolate the issues involved in implementing a new IT system. The steps involved are:

1. Generate - using brainstorming techniques - a full list of all the issues involved in the situation selected (e.g. all issues relating to closer collaboration between a company's sales branches).
2. Write each issue on a card, Post-It or even magnetic hexagon. Each issue should have a noun and a verb (e.g. 'documentation gets lost').
3. Place all cards, Post-Its etc.. on a flat surface so each member of the group can see easily.
4. Move the cards around until there is agreement about the clusters. Each cluster forms a grouping with similarity of meaning.
5. Label the clusters by giving each a 'header' note that captures the central theme in no more than five words (e.g. 'lost documentation').
6. Consolidate the result onto a flipchart or large sheet of paper so the overall problem can be seen.

Problem definition

Clear problem definitions are brief and to the point. They are specific and concrete. They say what the problem is without implying a particular solution in the definition. They are also understandable to all those involved.

Linked to the one-line problem definition should be a list of criteria which give guidelines and parameters defining acceptable ranges of solutions. These will emerge from the analysis. E.g.

Problem Definition	Fall in sales in last period
Criteria	Must Sales up to budget targets by next period
	Would be nice: Recover lost sales from this period

Finally the whole question of problem ownership emerges. There needs to be a clear definition of the boundaries of ownership. It is all too easy to get drawn into solving other people's problems and neglecting the ones which are your own. This is where the area of prioritising and delegation comes in. Once the problem is identified and defined - who owns it and needs to take responsibility for it?

Decision Making: Creating and Selecting Options

Problem identification and definition, together with prioritising, delegating and participation, can be regarded as the 'analysis' stage of task management. It is only after the analysis has been completed that decisions can be made.

The decision-making process itself involves creating and selecting options. It is about identifying alternative solutions to the problems and then selecting the best solution against desired objectives or key criteria. How a manager manages the decision-making process has a significant influence on the climate of his or her work unit.

Identify Alternative Solutions

Creating a range of options is the first step in decision making and here the creativity techniques already described can be used effectively. Ideas can be combined, refined and played with. The more possibilities the better. A good option to consider is doing nothing or 'going with the flow'. Certainly it is more economical to incorporate existing factors than to change things completely. Other methods include the use of dictionaries or books (opening them at random and building on words or phrases that appear) also using lists of adjectives or adverbs together with different objects: round, soft, yellow, with windows, doors etc.. This uses the technique known as morphological analysis

	Windows	Doors	Tables	Chairs
Round	Portholes			
Soft	Soft glass ?	Rubber	Blow-up	Beanbags
Red	Tinted glass			

Figure 5. Morphological Analysis as an aid to Creativity.

By taking some of the above ideas it is possible to brainstorm them further. Some rules of brainstorming are:

- Absolutely no criticism (in phase 1).
- Encourage ideas (the more the better).
- Have lots of people, non-experts.
- Have lots of space to put up ideas.
- Build and add to ideas

In the above example, brainstorming could produce a list of ideas for uses of round soft tables, for example:

Round soft tables could be used:

- On ships · On picnics · To hold cutlery · In tents · On aeroplanes · In tanks
- In nursery schools · In cars · At the bottom of the sea

Phase 2 is to use critical analysis to see what is feasible. For example small round soft rubber tables might be of benefit in nursery schools. The point initially is to encourage speculation and fresh thinking.

Choose 'best' solution against key criteria

In deciding which of the options to implement reference has to be made back to the 'must' and 'desirable' objectives. The option selected has to meet all the must objectives and as many of the desirable as possible. Effective decisions in managerial terms are a function of Quality (how right technically the decision has to be) and Acceptance (how willing people are to go along with the option). From these considerations a list of Criteria can be developed and each option evaluated against all the criteria. For example suppose you wanted to get from Birmingham to Edinburgh: a list of options and criteria could be developed and then entered on a matrix such as that in Figure 6

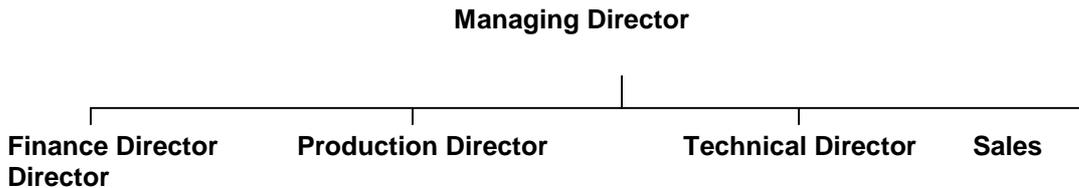
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Options	Car	Coach	Rail	Plane	Horse
Criteria					
Speed					
Cost					
Ease					
Convenience					
Timing					
Risk					

Other aspects to consider in decision making are the effects of the option on other people, departments etc.. The selected option may well cause problems for others which will then have to be dealt with. Splitting complex decisions down into a set of very small, simple yes/no decisions can help to reduce the expertise needed - hence the use of flow charts and decision trees.

Grinding Solutions

Grinding Solutions is a small firm specialising in the complex technology of grinding materials of all kinds to powder and then distributing the powder in a controlled manner into various combinations of finished materials. Applications are many and varied, ranging from food manufacture to paint combination to waste disposal. The company's turnover is not large, about £15m in 2004. It employs about 95 people in all. The organisational chart is as follows:



There is no personnel function as such. Each director takes care of the staff working for him or her with the MD taking responsibility for wage negotiations. Relations between the Directors are not at their best. The Sales Director has always felt that the Managing Director has no understanding of what Sales is about and feels frustrated at the lack of vision and drive from the MD. For example the Sales Director has been convinced that there is a considerable potential for a market to be opened up in the developing countries of Africa. The MD, however, is unconvinced and is demanding market research and figures to prove this and is also worried about problems of foreign exchange.

The Technical Director is brilliant at introducing new concepts and is often called upon to deliver papers on some of the advances that are being made at Grinding Solutions. However, the Technical Director's people skills are zero and seems to spend his/her time ignoring the needs of those who work for him/her or attacking members of other departments.

The MD is good on detail but sometimes seems to get sidetracked in terms of priorities. She/He spent a lot of time recently looking at a possible new layout for the assembly plant, which the Production Director was angry about as she/he considered it to be their job.

The Finance Director has only been with the company for two months and is still in the adjustment phase, trying to understand the particular intricacies of this company's accounting systems.

All in all, then, a reasonably typical Board.

The previous year, Grinding Solutions launched their most versatile product aimed at the Agricultural market - the PT 121 Grinder-Sorter. This has the latest microelectronic scanners and is able to cope with grain products over a wide range of conditions - wet, dry, small sizes, large sizes. It is sold at a premium over the competitors of about £100. Sales are mainly through the 35 distributors upon which the 8 sales people call.

Initial profits with the PT 121 Grinder-Sorter were as hoped for, but there seems to have been a falling of sales and hence a loss in the last six months. The managing Director has called a meeting of the senior managers and wants you all to try to determine exactly what is causing the problem and what the most useful course of action would be.

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To: Directors
From: Managing Director
Subject PT121 Sales and Profitability

I am extremely concerned at the lack of sales on the PT121. Why is this happening? What are you doing to improve things?

I will see you later.

Figures are given below. They are not good

Month	Number Sold	Gross Sales £	Direct Cost £	Profit/Loss £	Quarterly
1	37	22200	27773	-5573	
2	64	38400	31013	7387	
3	79	47400	32813	14587	16401
4	77	46200	32573	13627	
5	60	36000	30533	5467	
6	48	28800	29093	-293	18801
7	41	24600	26587	-1987	
8	32	19200	25506	-6306	
9	17	10200	23706	-13506	-21799
10	33	19800	25626	-5826	
11	23	13800	24426	-10626	
12	21	12600	24186	-11586	-28038

As one of the senior managers getting ready for the meeting you have been thinking about the problems associated with the PT 121 Grinder-Sorter. As usual it is difficult to pick on any one overwhelming focus for concern. There seem to be a variety of problems, some of which you suspect have arisen because of lack of communication in the top team. Their meetings are poor; there is no attempt at keeping to the agenda and certainly no allocation of responsibilities or actions agreed upon.

There are also some not-so-hidden agendas between the Directors. For example, the Production Director is at odds with the Technical Director over the manufacturing process. In his/her view the technical aspects of the PT 121 have taken priority over efficient production. She/He feels that he should have had more time to design the assembly line and that some of the quality control procedures are redundant. In fact, she/he has been complaining that time is being wasted by their staff. He/She calculates that the shop floor could produce up to 175 units a month for the same fixed costs. Actual production was 90 units per month for the first 8 periods that the PT Grinder-Sorter was on the market. The recent periods have seen a fall in production:

Month	Production Units
1 - 8	90 per month
9	80
10	80
11	50
12	50

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The shop floor workers are none too happy either. The Production Director is upset because she/he feels that the Managing Director, who is conducting current wage negotiations, is out of touch with the production department staff. The MD has insisted that there be some changes in working practices to allow for part of the increase. One of these changes, in the Production Director's view quite an inappropriate one, is the removal of the tea-trolley and the range of home made snacks that come with it. Now the workers have to make do with vending machines and, worse, there is no universal tea break. People have tea as and when the machines become slack. There is no opportunity for people to get together in the cafeteria for 15 minutes to have a joke and relax. Besides the social aspect they often used to exchange the odd bit of information about the practicalities of the production line, which used to save repetition of mistakes. However, the Managing Director in the Production Director's view seems to have exchanged a common sense approach for an efficiency expert's dubious opinion. The staff now spend a lot of their time complaining about management who don't understand the practicalities of life.

The shop floor personnel are also upset at what they see as the constant changes in the production of the P'T I 21. In the words of the shop steward: "My members are highly skilled staff; they see the interference of the Technical Director and the Managing Director as a vote of no confidence in them. Feelings are running high and the recent cuts in production on the PT 121 mean they are concerned about their jobs. There is no way that redundancies can be allowed. I only wish that the managers knew how to manage instead of interfering with us. They are forcing us into considering industrial action". As mentioned before the situation is not helped by the interest that the Managing Director is showing in the factory assembly layout.

There is also a problem with the sales force. Over the years sales staff turnover has been at the industry norm; now however, more sales people are leaving to join competitors. Last year six sales staff went in all. One of them in the exit interview complained that they were being expected to sell the PT 121 Grinder-Sorter without adequate training. She remarked on the complexity of microelectronics and the wide range of control settings needed to make the full use of its potential. 'No-one,' she complained, 'has thought about clear instructions for the layperson, let alone us. Why didn't the Sales Director get us a product training course?' 'The details alone took me days to understand. And for what? A miserable £20 incentive for selling each unit'? That's just stupid.'

There have also been complaints from distributors about the lack of help they were getting from the sales force. 'Two distributors actually cancelled their contracts because they were so upset by the poor margin, as they saw it, on the unit. One of the distributors in East Anglia complained directly to the Managing Director that Grinding Solutions seemed not to have thought of the distributors' needs. He indicated that a rival, the more specialist FarmMix, gave a lot more than the miserable 15% offered by Grinding Solutions. He also said some customers felt that the Grinder-Sorter was over priced at £600. FarmMix offered a fairly similar product for £100 less, even though it was definitely not as versatile. Maybe the customers didn't understand the extra benefits they would get for the additional £ 100.

This would fit in with the complaints about the adjustments needed to use the microelectronic scanners to their fullest capacity. This unit seems to be breaking down very frequently, although the problem appears to be confined to a small number of customers and distributors. The trouble it causes seems to be out of all proportion to the numbers involved. It's the old 80-20 rule again. The product development department under the Technical Director insists that there is nothing wrong with the scanners and that they are not being adjusted properly when in use. One of the engineers said quite strongly that it was like giving Jaguar to someone who didn't understand that oil was needed and then complained if the car broke down. In his opinion the customers who were complaining should be charged call-out rates to fix the Grinder-Sorter

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instead of offering free service under the warranty. He went on to say that the field service engineers had so much work to do that they couldn't waste their time dealing with irate customers; their job was to fix machines as quickly as possible and then move on to the next site.

Production costs are another source of concern. The purchasing department has warned that the sheet steel used in the PT I 21 is going up by 4% next month. It is suggested that savings may be made on the bearings used. By going to a less rigorous quality specification, which might be acceptable to the technical department, about £7 per unit would be saved.

To make life even more difficult there may be a strike at the company, which supplies the present bearings. The strike may be a long one and Purchasing are recommending stocking up on bearings or going to an alternative supplier. The Finance Director, however, in the short time she/he has been here, has already pointed out that the company carries too much inventory. In her view there is about £20,000 too much. Given the present interest rates. Not to mention storage and handling costs, the company could probably save at least £3,000 a year by reducing the inventory.

The Technical Director's chief product engineer has been studying the costs associated with the PT I 21 Grinder Sorter. She/He thinks that production costs could be cut by 20% if the following were done:

1. Combine the two processes used to stamp the shell and top cover into one process. Savings on waste: 15%
2. Use cheaper alloy in the gears. Savings: 10% of costs.

The Sales Director's team want to increase advertising to promote the Grinder-Sorter even more. Direct mailing. Local radio spots, a mention on Tomorrow's World etc. They want to increase their budget by 4% but are running into conflict with the Managing Director who is not convinced. She/He is insisting on more market research and positioning of the product - sorting out the distributors, getting more promotional material etc.

Everyone has different views on what is best. The picture isn't all doom either. One of the sales reps. Mary Brown has sold five Grinder-Sorters this month and can't understand why other reps aren't doing as well.

Task

Part One

Individually, identify what the issues are in your assigned role as a Board member

Then together with others taking the same role work as a team to:

- Agree on the problem
- Develop solutions

Ensure all team members are clear about the outcomes.

Part Two

You take part in the board meeting requested by the MD. With the solutions developed earlier you will contribute to the meeting and arrive at:

- A consensus on the problems facing the company

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Agree a solution

Agree next steps to be followed including milestones, objectives and monitoring

Be prepared to present your conclusions