

UPWARD ASSESSMENTS AND OTHER MANAGEMENT FADS

How many times during the past decade have we been introduced to a new management technique that was going to revolutionize the work place by changing the management structure or change the company culture by changing focus and direction? Some of these fads are designed to change pay and conditions by concentrating on individual performance rather than on teamwork. Most appear designed to increase profit margins by reducing overheads and all of them, mostly, have gradually disappeared as the next fad enters the station.

The whole process usually starts with a self-styled management guru, academic or consultant, often than not American, who dreams up the idea and the phraseology, publishes a book and is then invited on lecture tours to promote his or her theory. This is followed, after a short interval to allow the catch-phrase or acronym to be published in the media and be recognised by other management theorists and management schools, by thrusting management consultants who are always looking for another way to make a fast buck by convincing senior management, after a slick and glossy presentation, that this technique would work well in their company. Once the 'buzz-word' or 'catchphrase' has reached the ears, and minds, of the proletariat it is embraced for as long as the fever persists which can be anything up to 2 years and whether market conditions are on an upward swing or the downward spiral.

Articles, in *The Economist* and *The Times*, which originated in *The American Business Week* magazine, show it has long been common practice for management consultancies to make large-scale purchases of books, written by their staff, to hand to clients and contacts. However, some of these companies have, allegedly, gone even further and bought up thousands of copies of their consultant's book in order to manipulate the best seller lists and promote their particular idea. And worse, those companies, by that I mean senior managers, who do not embrace the latest concept are seen as being out of touch or even wandering in the wilderness of management speak.

First came Just-In-Time (JIT) technique. This process is designed to reduce the amount of raw material or items held in store for use on production lines. The concept is that by demanding deliveries of components to meet work schedules reduces the amount of capital tied up in stock and, in theory, leads to a greater turnover. That may be true but it also leads to increased transportation costs and puts more pressure on the smaller companies at the bottom of the chain.

Besides, what happens if the primary supplier is unable to meet the contract for whatever reason? This system might be acceptable to a manufacturer with long-lead times but it is not much use to an organization providing real-time services and, not much use to a major manufacturer with a very rapid product turnover. Besides, it must be recognized that a sharp downturn in demand will lead to an increase in manufactured stock until the economic condition regenerates.

Next came along a change in title from Personnel Department to Human Resource Management (HRM). New terminology designed, apparently, to ensure that the best possible use is being made of all employees, and that they remain totally flexible and prepared to accept any changes in working conditions and practices. A change in title did not make those involved in personnel, training and recruitment matters perform any better and people should not be treated as a resource much like a desk, a chair or even a desktop PC. In my view, it is better to stick to personnel department to avoid confusion.

The next process was Total Quality Management (TQM) a concept which, like most others, is open to interpretation. The fundamental principle of TQM is that everyone in any organization is both responsible and accountable to others within the company to ensure that internal and external demands are met as quickly as possible. It is based on the assumption that employees are essential to the efficiency and success of an organization. That seems eminently sensible but is that all or am I missing something?

By far the most damaging programmes, in my view, are Delaying and Downsizing. These processes are designed to achieve a 'flat management structure' on the pretext that they speed up the decision-making process and make companies more responsive to meeting the demands of customers. This is achieved by getting rid of layers of middle management and reducing the size of the workforce. Downsizing and de-layering are based on the principle that workers are both flexible and expendable. It is, therefore, not concomitant with total quality management (TQM).

Close on the heels of downsizing and delaying came the management theory of Business Process Re-engineering (BPR). This programme suggests companies can change tack by re-engineering themselves into another area of business. It is now estimated that despite American industry spending US\$50 billion a year on business process re-engineering, more than 75% of re-engineered companies have failed.

However, you cannot treat people with contempt by hiring and firing them at will whilst paying Chief Executives and other directors ridiculous bonuses for reducing the head count, and artificially increasing the share price and the bottom line profit values. Nor will you succeed if you persist in paying fallen Chairmen, CEO's and other directors large pay-offs whilst making hundreds if not thousands of employees redundant because of the failings of the senior management. That is a sure-fire way of increasing frustration, demotivating people and making the market uncertain as to how far your reputation and stock will fall.

Many companies, those more in-tune with the market and their employees, have now realised that they have gone too far with delaying and downsizing programmes but others are only just introducing such programmes or are persisting with them as a means of reducing overheads. They have done this in concert with another management fad, empowerment, again simply as a means of removing levels of responsibility and accountability by shifting them downwards without paying extra to those with the added tasks. By removing layers of middle managers not only have career development opportunities disappeared so has personal contacts with customers and irreplaceable experience and, of course, a very important incentive for people to progress.

According to a survey by Roffey Park Management Institute, the more enlightened companies, there does not appear to be too many in UK Plc, are now re-introducing layers of middle managers not only to meet the demands of customers but also to meet the demands of the organization. One can only hope that, eventually, companies will see the folly of these programmes and re-introduce clear hierarchical command and control structures.

Next off the management production line came Outsourcing. This idea is based on contracting out jobs, that were once done by people employed by the organization but which no longer form part of the company's core business, to other companies to manage and control. Basically the only reason for outsourcing any area of a business to a sub-contractor is to save money. You can only do that by driving down the cost of the contract

and the contractor can only provide the supposed same level of service either by paying people less or by using fewer people.

However, outsourcing can lead to a loss of control. Quality and standards of service cannot be guaranteed and information about customers can be passed, deliberately or accidentally, to competitors. You do not know if you are getting the best service unless you constantly monitor and check performance and progress and that takes time, manpower and effort and therefore costs. Annual costs often tend to increase at a greater proportion than one's own staff and it is possible to become too dependent on one supplier. More importantly, it leads to a further reduction in employee morale and commitment.

Worse, it has been shown that outsourcing primary information and communication systems, that is your telecommunications and information technology department services including databases is not always successful. This is because the company to whom the contract is awarded either does not have the technological ability or practical experience or, the right staff. And, given that we are now in an information age and that our information technology systems and databases are of paramount importance does it really make sense to outsource your IT equipment and services? Information is at the core of most businesses and there are many possible threats to information and telecommunication networks and systems and therefore it is essential to retain control of primary operating areas in house.

Next on the management consultant, business school and business guru treadmill came Empowerment. Another process designed to improve decision-making whereby responsible and accountable decisions, once taken by managers or people with higher levels of experience and the pay to boot, is passed down the structure to people doing the job closest to customers. This process implies that greater independence is given to individuals to achieve objectives or goals and demands good internal and external communications. Unfortunately a wrong word, the wrong approach, the wrong attitude or misunderstood communication can lead to a loss of contract. And, empowerment, when not explained clearly or handled properly, can lead to disillusionment and demotivation.

Empowerment also pre-supposes that if and when mistakes are made, and customers and contracts are lost, that those responsible for making the decision are held to be both responsible and accountable. However, it is not much use when the loss of a contract leads to bankruptcy and the loss of tens or hundreds of jobs. You do not have to look very far, merchant banks and financial institutions spring to mind, to see what happens when checks and balances, which include experienced middle managers, are removed.

Empowerment can only function where there are good internal and external communications. Unfortunately most senior managers do not keep staff informed of corporate strategy and decision-making and middle managers tend to keep information to themselves as part of the control process. In my view, this process is little more than a barrel-load of tripe.

The next fad, to emerge from the US, was Upward Appraisals, sometimes referred to as 360 degree or even 540-degree feedback. Apart from direction, administration, and pay and records, it is usual to assess employees on their performance and to discuss and clarify promotion prospects, opportunities, general welfare and training courses.

To achieve this most basic of management functions, and communicate changes in policy or plans, most companies operate a system of downward appraisal where line managers, and sometimes supervisors, conduct an annual or bi-annual interview and produce a written report on each member of staff. These appraisals are often used not only

as a means of selection for promotion but, increasingly, as a system for awarding bonuses, in some cases annual pay rises, when used in conjunction with performance-related pay schemes. The weakness of this system is that it provides lots of opportunity for senior managers to remove people under them who might be critical or even show more gumption and ability.

Some companies have now introduced a formal system of 'upward appraisal' where subordinate staff is allowed to comment on the attitude, approach and performance of their line managers. The system is designed to encourage criticism of superiors but the occupational psychologists in the personnel department covertly control the paperwork. In my view, not only is it dangerous to allow written and verbal criticism to undermine the position, morale, self-confidence and responsibility of line managers but unacceptable to allow personnel departments to control written material.

Upward assessments or 360-degree feedback may work in the US where individualism is the primary order or where there is a more casual approach to the concept of management. It is unlikely to work in the established and stratified societies in Germany, France and the United Kingdom; will not work particularly well in the structured and ordered society of Japan; and, forget about such programmes in Middle East countries, China or Russia. Therefore, there can never be established global management theories and practices simply because of considerable differences in both culture and society. The idea that 'one-size-fits-all' is ludicrous in the extreme.

Now, according to recent reports, Time Management, which has lain dormant for a few years, is the latest hunting cry. The fundamental idea is that managers become more organized by prioritising their areas of responsibility and accountability by keeping a full record of how and where their time is spent. That is fine provided those areas remain constant but, in the fluid, flexible, delayed, downsized, outsourced, upwardly appraised and re-engineered company of the late 20th and early 21st centuries areas of responsibility tend to change with every re-organization and every re-structuring programme. And, do not forget that re-structuring and re-organizing programmes affect employees because one end-result is that they have new managers and supervisors who are tasked with writing assessment reports.

So, if areas of responsibility change regularly then priorities must change regularly. Therefore, it seems likely that managers will spend even longer periods of time re-organizing their day, filling in paper or electronic time sheets, desk diaries, electronic organizers or straight into their PC's. And, staff will be spending longer and longer completing time management forms to show how their time is used. Is this really efficient?

The latest concept, abstract idea, fad or peculiar notion, call it what you will, is Knowledge Management, for those in the know KM. Knowledge, we are advised, is now the most important asset that any organization has; it is something that a company must concentrate on and market as a strength because it is something that gives them a competitive edge. Knowledge, according to the concise oxford dictionary (COD) defines, among others, as, "a person's range of information" or, "familiarity gained by experience"; in other words, the use to which we, you and I, put our understanding and experiences, knowledge and training, to fulfil the requirements of life and work.

In other words, knowledge is something personal; it is something we try to gain through effort, through study, through work experience and through reasoning and thought. Management, meanwhile, defines as, "conduct, control, contrive to or take charge of (person, animal or thing)".

Knowledge is something we all, you and I use to deal with problems, to design new products, to purchase items or equipment we believe we require for particular tasks and knowledge is what we use to do our jobs; and it is something that we share with colleagues. Knowledge is what many of your customers are buying, especially in the consultancy fields, and they rely on your employees to be trained to the highest level to deal with their requirements and problems and find solutions.

It is not organizations that create knowledge it is individuals; therefore individuals own knowledge. Knowledge is not something a company can have any claim over, and, when employees leave an organization they take their knowledge with them. In my view this process is designed to encourage individuals to commit their views, thoughts, ideas and knowledge of systems, processes and procedures to paper, or rather to disk, so that it can be stored, and owned, by companies. I suspect that Knowledge Management, just like many of the other fads, will gradually disappear from the scene to be replaced, in time, by yet another 'bright' idea that causes a flurry of interest and activity and gently peters out into nothingness.

The only course of action open to companies is to provide the means, the circumstances and the conditions to encourage people, whilst heavily involved in their day to day operational activities to not only give off their best but to think about how products, services or systems can be improved. Think of ways and means of remunerating them for effort - that is what motivation is all about.

But just who wins and who loses in this maelstrom of management muddle? Certainly the academics who conduct research and produce a report maintain or even gain status; the management guru or writer who picks up on the research and produces a book on the subject gains considerably; and, management consultants, trainers and business schools will, probably, rake in a healthy profit from their involvement.

However, once the fad or idiosyncrasy falls from grace and the idea is abandoned they become much like rats leaving a sinking ship. And the losers? Well, certainly the company that continually jumps on the latest management bandwagon is likely to suffer if and when the company culture and its reputation fall into disrepute and when the share value decreases; and, of course all the employees who are then likely to suffer the consequences of the lack of promotion and the opportunity to progress through the company, maybe even reductions in pay and, of course, redundancies. At the end of the day people are still the most important resource in any organization. They will, usually, work for any company provided they believe they are doing a worthwhile job, provided they are valued, provided you keep them informed and provided their pay and conditions are acceptable. However, if you pull them, push them, stretch them, ignore their ideas or wishes and take them for granted too often then they will take their knowledge and skills elsewhere.

Management ideas and management theory is fine in principle, however, there is no such thing as one size fits all and all organizations are different. It is not a case of ignoring good ideas, although I suspect some are long in the tooth and not open to new suggestions, but rather more a case of too many directors and managers implementing too many management ideas too quickly and too often for them to be of any good effect. The fact that one management fad or another might have been successful in turning around one company, although I doubt that notion, does not mean it will be successful across the board.

Therefore, it is imperative to take the time to assess the plethora of management ideas that come out of management schools, consultants and gurus and adapt or adopt

them to suit the demands of your organization or totally disregard them entirely. You must learn to sift the good points from the bad and implement only those that are more likely to benefit your company and, just as importantly, your employees. And, to condemn ineffective and unsuitable management practices to the waste-paper basket. Besides, the more effective and efficient organizations learn to understand the strengths and weaknesses of their own organization, learn when to invest more or change direction, and have little time for unnecessary management fads.

Nowadays we are encouraged to make greater use of Information Technology (IT) systems. PC's, e-mail systems, personal organizers, Laptops (those machines which make the odd pinging noise and irritate other people on the train going home), videoconferencing and cellular telephones and pagers (those other things which make loud warbling noises and irritate people on the train going home) in order to save time.

However, an Institute of Management survey found that whilst some items of technology, like mobile phones and faxes are useful many tend to increase stress levels because they make people more accessible for longer periods of time. Is that really the way to proceed? Already people in delayed and downsized companies often have to work longer and harder such that there is an increasing imbalance between personal and private life and work. This does little to re-enforce the importance of the family and family life and does not help relationships, but then that is not a management problem is it?

I think that what management lecturers, academics, consultants, other theorists and management writers, where most of the management fads come from, all seem to churn out yards of books and papers and it is a profitable area of business appear to forget is that there is no such theory as 'best management practice'. Best practice only becomes so when someone has taken a management idea or a theoretical paper, possibly massaged it to best meet the demands of their organization, and then put it into practice and been successful. Only then does it become best management. And, it must be successful not just for the company but for all the stakeholders, owners, shareholders, employees and suppliers, who have a vested interest in that company or organization. As the management writer and thinker, Peter F Drucker, suggested,

"Most of what we call management consists of making it difficult for people to get their work done."

(Peter F Drucker (1909 – 2005) Austrian-born US management writer and thinker)

For myself I prefer the maxim KISS – Keep it simple stupid! But as far as management principles and management fads are concerned I wonder what will come next? Perhaps the simple vertically integrated hierarchical pyramid structure with specialist areas covering operations, engineering, personnel, marketing, sales and general administration and with appropriate levels of management with responsibility and accountability? Management gurus, management schools and management consultants have developed an uncanny knack of re-inventing the wheel.

(3510 words)

KENNETH P ARMITAGE

(1997 - Updated September 2001)