

PURVEYORS OF PROCESSES AND PROCEDURES

(OR, WHAT IS A MANAGEMENT GURU?)

“Nothing more completely baffles one who is full of trick and duplicity than straightforward and simple integrity in another. A knave would rather quarrel with a brother knave than with a fool, but he would rather avoid a quarrel with one honest man than with both. He can combat a fool by management and address, and he can conquer a knave by temptations. But the honest man is neither to be bamboozled nor bribed.”

(Charles Caleb Colton 1780 - 1832), English cleric, writer and wine merchant)

I chose the opening quotation from Charles Colton not because he was a cleric and therefore more likely to be open and honest and not because he was a wine merchant and I think that good red wine is also good for the system and the soul but primarily because he mentions the words management, knave and fool and also associates them with duplicity and I am of the opinion that many management consultants are people who come into an organization, ask lots of questions as to how it is run and who does what and then write lengthy reports, often including the words downsizing, delaying, re-engineering, internal market reforms and even resource re-allocation which they sell to directors and senior management as the way forward whilst filling their coffers.

Until the turn of the 20th century management, as a profession or career, did not really exist. The most efficient and effective, organizational structure around at the time was that of the military. Their command and control system was proven from centuries of training and conflict and honed to meet the ever-changing methods of warfare, strategy, logistics and tactics. Thus, most large organizations in the US, UK and Europe, such as the Transcontinental railway networks, banking institutions and large department stores, were structured, and manned, along military lines with pre-defined methods of communication, vertically and horizontally, between sections and divisions.

Orders and instructions were fed down from above and those lower down the chain were expected to comply. Ideas, if there were any, tended to come from the higher levels and only occasionally did it appear that those lower down the structure were encouraged to contribute or innovate in order to make the company more productive and competitive. However, whilst organization and administration was generally sound companies were, mostly, privately owned. Some companies took an interest in the welfare of their workers but the majority were controlled and managed for the benefit of the family.

Management has, during the last 50 years of the 20th century, through education and training and the introduction of more specialized areas of knowledge, become one of the largest growth areas in advanced industrial nations. This is especially so with the opening of 'Business or Management Schools' and the introduction of courses such as the Master of Business Administration (MBA). It is a service industry, and if it is to continue to grow, it depends, to a degree, on academics and theorists researching, reviewing and resurrecting old ideas or thinking up new ways of managing.

This is where the, sometimes self-styled, management gurus make their mark. They have the time to refer to previous work practices, because that is their background and training, think up new titles or acronyms to describe a work process or procedure and they use a captive audience, students, to bounce concepts off.

And, with the growth in business schools and academic qualifications came the growth of management consultants, more often than not associated with large accountancy companies, because they saw the opportunity to provide additional forms of advice, for example management and information technology (IT), to client companies and organizations. They appear to flourish basically because they rely on the general stupidity of those at the higher levels in companies, who have little or no idea what their company does or how their organization functions. Many of these ideas tend to be based solely on reducing overheads by outsourcing work, exporting or off-shoring jobs to developing countries where costs are cheaper and convincing people like politicians and senior businessmen that their enormous fees will lead to a saving in costs. Often it is far from the truth.

The result is that management consultancies are also responsible for the growth of some self-styled management gurus who appear to progress from University through post-degree courses and MBA programmes into management consultancies and then onto dreaming up new management fads and ideas. In other words they started their life in academia and have moved into an organization that follows the same path of research, investigate, analyze and write a report and sell it at great expense to unsuspecting directors. And who better to test the theories and ideas of management consultants than the captive companies of the accountancy firms?

The fact is that management consultancy is now a multi-billion pound business, or is it a confidence trick, in which, presumably, academically intelligent, sharp-suited characters charge considerable sums of money for spouting the latest management mantra and explaining what might appear to be a complex process, procedure or system by the use of colourful presentation slides designed to lull their audience to sleep.

Indeed, these management consultants are, allegedly, held in such high regard by the people who lead, organize, control and manage UK Plc to the extent that politicians are jumping on the bandwagon of employing consultants in major areas of government business and paying them large sums of money to produce different ways of producing policies. Meanwhile, government still employs tens of thousands of civil servants who were meant to be doing the job anyway.

Whatever the case, senior businessmen appear keen to spend large sums of money seeking advice as to how they might, could or should re-organize, re-engineer, downsize, delay or outsource the business for which they are paid large sums of money to manage. The result appears to be a merry-go-round of fashionable theories and jargon that stick around for a year or two until they are replaced by the next idea. It suggests, perhaps, either that senior businessmen are incompetent, they do not know their company or their business or they are incapable of logical, rational or common sense thought on how best to organize their company and their employees to best advantage.

But just who are management consultants and academics to preach the gospels of best management practice when so many of them spend their time cloistered in academe and have little or no practical experience of implementing the ideas they put together? How many of them have spent much of their adult life researching one particular subject or another and not really interacting with other people? How many of them have actually had to work in a company as part of a team and accept direction and instruction? How many times during the past decade have we been introduced to a new management technique, fad or whim, mostly US imports, which were going to revolutionize the work place? Worse, how many have actually succeeded in making the workplace, the company or the organization more effective, more efficient, more productive or more competitive?

I have no doubt whatsoever some management consultants and business academics, if they search long and hard enough, will find examples of how one company succeeded, through downsizing, delayering, reengineering or outsourcing, to increase profit margins but they will not say at what price. But is that what management is simply about, increasing the 'bottom-line' and raising the value of shares? What about the people who work in the company and more especially the ones who lost their jobs; and, what about the culture and reputation of the company if it is seen as one that does not care about its employees or provides poor service or poor quality products?

All of these management programmes mentioned, bar none, appear designed either to reduce overheads by changing the organization through re-structuring and reducing the head count; for example, delayering to create flatter management structures and then downsizing to reduce the head count yet further. Or, alter the company culture by changing direction and focus through, for example, Business Process Re-engineering (BPR) and Rationalization programmes. Or, again, reducing overheads by changing reporting, pay and working conditions, for example, Performance Related Pay (PRP), Empowerment and, Upward Appraisals or 360 degree feedback. Or, simply designed to reduce overheads and increase profit margins through, for example, Downsizing, Outsourcing or Off-shoring.

The whole process of a new management fad usually starts with the germ of an idea that includes phraseology and an acronym. The importance of the idea cannot be overestimated. Without research, into management ideas that may not have been used for some time, and lateral thinking to draw together related areas of management principles there is no starting point. Writing and publishing a book on the subject is then following it up with a lecture tour to promote the theory expands the idea.

This procedure is, often, followed, after a short interval to allow the media to pick up on the idea and wax lyrical or is it eloquent on the subject and for other management consultants and management schools to jump on the bandwagon. These bigger organizations, employing younger thrusting consultants, are looking to make a fast buck by convincing senior management that a particular technique would work well in their organization. And, the 'wider' management consultants have found ways of stating the obvious whilst charging large sums of money for ideas and advice that may already be available within their employees in the company. I am reminded of the oft used joke about management consultant being the ones who come into an organization, ask if it a centralized or de-centralized organization and recommend the opposite or borrow your watch and then tell you what time it is.

And, how many of these processes have been successful? Unfortunately, and too often, many of the ideas simply do not work or, if they do, they have to be massaged during the process of implementation simply because they have not been thought through and very often they cause so much internal confusion that organizations are forced to revert to how they were before the management consultants came in. And, in the process of implementing one change or another, chaos reigns until problems with systems, organization and administration or procedures are ironed out. During this period of change profit margins drop because customers move to the competition and some organizations not only lose customers but also employees, because of frustration.

Most managers have now realized that change within organizations is inevitable and that companies must continually look for ways of improving processes and procedures in order to increase productivity and maintain competitiveness in the growing global economy. The root cause of the introduction of change is whether or not a new organization or structure, because reorganization is usually implemented as a way of reducing overheads, is actually in the best interests of customers and employees.

However, whilst change might be inevitable should we not, like purchasing a new car or any other product, test out any management theory first to see if it meets the particular demands of our company? Should we not check to test that it might just improve productivity or enable us to meet customer demands, or that it improves internal communications and does not impinge on staff morale and commitment? The real problem, for practising managers, is, without following the latest management mantra and jumping on the bandwagon of change by adopting the latest management fad, that of learning how to remove the wheat from the chaff and recognize what will work best in their own organization and what is best condemned to the waste paper basket.

Problem is that change can and does affect groups, sections or even divisions of individuals and change is not always introduced or implemented in the best interests of the employees but in the interests of senior managers and the 'bottom-line' and, by definition, shareholders.

Furthermore, changes do not always work and it must be recognized that change can also mean reverting to a previous command and control structure, organization or practice if and when a change is seen to be or is proven to be unworkable and not in the best interests of customers and other stakeholders. An associated problem is that few, if any, senior managers will hold their hand up and admit to making an organizational, procedural or strategic mistake because it will, invariably, affect their career and progress up the corporate ladder and because it takes a strong person of integrity to admit to making mistakes.

However, there are no quick and easy solutions for all the problems that arise in the day-to-day management of any company organization. Senior managers would do better simply walking around their organization, looking and talking to middle managers and people on the shop floor because that is where many ideas, which may simplify or improve internal and external processes and procedures, originate. If companies were to implement every management fad the result would be total chaos and eventually lead to a collapse in business confidence. In fact, come to think of it, it is quite possible that all those management fads of the last two decades might be at the heart of why some countries are not productive or competitive.

Others, mostly academics, will, undoubtedly, suggest that without people with the time to think there wouldn't be any new ideas and, therefore, no progress. But that begs the question is change always progress? Busy managers appear to have neither the time nor the effort nor the inclination to stand back and take a fresh look at the way their organization performs and thus, it is left to academics and management consultants. But just how much of this radical thinking is original? Do we not spend half our time re-inventing the wheel and many 'new ideas' take their turn to come around? As Benjamin Franklin observed,

"All human situations have their inconveniences. We feel those of the present but neither see nor feel those of the future; and, hence we often make troublesome changes without amendment, and frequently for the worse."

(Benjamin Franklin (1706 – 1790), US Diplomat, politician, author and physicist)

I think it would be very useful, for academics in general and for business, if some of those academics and consultants actually spent some time actually working for a company learning how to deal with people, learning to understand how it functions and appreciating the importance of people and common sense when it comes to management theory and management practice.

Management is not about products, plant and profit. First and foremost management, by definition, is about people. It is about making the best use of people's talents, ability and resources to give off their best. It is about adapting technology to best meet the demands of individual organizations. Change is about providing training on new equipment, systems and procedures to improve services or products and possibly increasing productivity or competitiveness in the process. Change is, importantly, about meeting customer demands; and, it is about adapting to changing circumstances and making progress. As Bertrand Russell suggested,

"Change is one thing, progress is another. "Change" is scientific, "progress" is ethical; change is indubitable, whereas progress is a matter of controversy."

(Bertrand Russell (1872 – 1970), British philosopher and mathematician)

I suspect that the majority of people will have endured some form of change and probably more than once in the last decade and one wonders where or perhaps if it will stop. For the optimist change presents an opportunity that will, necessarily, lead to something better and for the pessimist, perhaps, change is a threat and will only make things worse. In that respect I tend to agree with John Kenneth Galbraith, who suggested that,

"Under capitalism, man exploits man. Under communism, it's just the opposite."

(J K Galbraith (1908 - 2005), Canadian-born US economist and administrator)

However, when asked to name a management guru some enlightened people mention W Edwards Deming who, through his 14 points and total quality management programme, helped to resurrect the decimated Japanese industrial base after the Second World War. Others will, undoubtedly, mention Peter Drucker who has written many books on management theory and management practice and is seen to apply a degree of common sense to management ideas.

Some may mention Tom Peters, or his associate Robert Waterman, primarily because of their book 'In Search of Excellence', published in the 1980's that included the 7 'S's for organization. Some may mention Michael Porter, of the 5 forces, from Harvard University or Henry Mintzberg, of the 5 P's for strategy, from McGill University; others Rosabeth Moss Kantor from Harvard University; most, hopefully, will have heard of Peter Drucker; and, others Charles Handy. Many will not have heard of Abraham Maslow and his hierarchy of needs, or Douglas McGregor and his Theory 'X' and Theory 'Y' concept of individuals at work or, Frederick Herzberg and his Hygiene and Motivation theory. And, I suspect few will have read some of the sayings of the Chinese warlord Sun Tzu or the analects of Confucius.

Whatever, the next 'big idea' is, probably, already taking shape in a computer somewhere and an introduction and title has been thought out. I wonder how long it will be before the simple vertically integrated hierarchical management structure, with defined areas of responsibility and accountability, terms of reference and an organizational diagram, will be back in vogue?

Mine is, perhaps, a slightly jaundiced view of management theory, management consultants and academics, management practice and management procedures because I have seen the results of their advice; and, if reports in the media on how management consultants perform for politicians and businesses are anything to go by then I remain convinced that they are purveyors of processes and procedures and not people who operate in the best interests of companies and organizations.

I am still of the opinion that management should be about applying common sense and best practice in our daily dealings with other human beings in our own company and in other organizations and with those who seek our advice, support, products or services.

Perhaps, on reflection, we need academics, consultants and management gurus to dream up new ideas on management theory if only so that we can assess their effectiveness before implementation because, as so many insist, change, although not often for the better, is here to stay.

(3080 words including quotation)

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