

## **YES – BUT WHAT IS MANAGEMENT**

The other day, during a section meeting when various aspects of business practice, organization and administrative matters were being discussed, some junior members of the 'team' actually asked what is management. After some deliberation many of the ideas, comments and suggestions, apart from being both jocular and cynical but mainly the latter and with a hint of Dilbert, appeared to hinge around the suggestion that management is about measuring the level of profit achieved with the resources available, ongoing programmes of downsizing associated with change, and competition between various new teams.

Some indicated that management is about making sure that the group or section met the objectives in the organization by following agreed processes, practices and procedures and others suggested it was ensuring that we met the demands of our stakeholders. The follow-on discussion and questions all hinged around identifying precisely who the company's stakeholders were and whether there was any priority or pecking order.

At some stage of the discussion it was recommended we should refer to the definitions in the Concise Oxford dictionary or the Collins English dictionary, which suggest, among others, that management is either, "the process of managing", "managers or employers collectively", or, "the technique, practice, or science of managing or controlling". As a firm believer in the concept that management is a science and that leadership is an art the latter definition is, to me, the nearest that begins to indicate what management is about but it is not the full picture. I prefer the definition by the management thinker and guru, Peter F Drucker, who suggested that,

"So much of what we call management consists in making it difficult for people to work."

**(Peter F Drucker (1909 – 2005), Austrian-born US management thinker and guru)**

Strangely, there was no little or no mention of the primary resource in an organization, manpower, or of the need to motivate people to commit to the culture, ideals and corporate principles to ensure that the company remained profitable and able to trade, and, no mention was made of social, economic or ethical principles. Again, cynicism returned to the discussion and most of it centred on the fact that management structures had been severely flattened in the preceding decade and therefore opportunities for advancement or promotion had been curtailed. This was seen as a very negative factor and one of the reasons for increased de-motivation among many in the group and a good reason to consider alternative employment.

Further, pay rises in the company in previous years had not kept pace with the rate of inflation coupled with the fact that the cost of commuting to and from work, mainly by public transport systems, had increased above the rate of inflation and this also was cited as a demotivating factor. And, it was duly noted and widely commented on that, according to articles in the media and company reports, directors and other senior managers in UK Plc had, somehow, made sure that their pay rises were always well above the rate of inflation and usually included bonuses and share options that were not available to those lower down the corporate ladder. In fact, as the discussion progressed it became apparent that communication from top to bottom was virtually non-existent and a general feeling that the 'top floors' were not in the least interested.

That begs the question is that really showing leadership or is the objective of the boardroom and senior management about ensuring that they always do well from the business whilst those lower down the tree get much less. Again, I believe in the statement by Peter Drucker that,

“Management is doing things right; leadership is doing the right things.”

**(Peter F Drucker (1909 – 2005), Austrian-born US management thinker and guru)**

But, to return to the subject in hand, the subject of management and the need to define what management is about, the areas of management essential to learn management skills and to be able to manage resources and assets. I suggest that the following areas, in order of priority, combine to form the management equation:

- (i) People
- (ii) Communication
- (iii) Strategy
- (iv) Productivity
- (v) Efficiency
- (vi) Operations
- (vii) Change

Why don't we take a look at each area in turn to see how they might all come together? Despite the rhetoric of company reports and the cynical use of appropriate phrases people are the most important asset that any organization has for the simple reason that they manufacture the products, offer the services or simply produce the goods that customers want. Therefore, it is not simply a matter of recruiting and selecting people to fill positions and places within an organization, it is imperative to ensure that the right people are chosen based on knowledge, ability, skills and vocational experience and not just on academic qualifications.

We are all individuals but we all need to work together to achieve aims and objectives and to do that we must be able to communicate with colleagues. Also, it is paramount that leaders and managers not only have the knowledge and ability to determine strategy and policy and to set clear and unambiguous objectives but they must have the ability to communicate their plans to employees. Again, as Peter Drucker suggested,

“Management by objectives works, if you first think through your objectives. Ninety percent of the time you haven't.”

**(Peter F Drucker (1909 – 2005). Austrian-born US management thinker and guru)**

Being able to communicate is not simply a matter of writing and issuing orders, instructions and guidelines, it is about making sure that the message is fully understood by all those employees likely to be affected by a management decision or a change in emphasis, a change in culture or change in procedure. It is not enough to relay information on down through an organization, it is imperative to ensure that the message is accepted by people and any questions or anomalies ironed out. And, since we are given two ears, two eyes but only one mouth perhaps directors and managers need to learn to listen more?

Strategy is, yet again, another area of business and business language that has been adopted from the military. Strategy starts with an objective, or objectives, which remains constant over a given period of time; that a strategy, or plan, is the agreed method, or methods, of achieving the objective; and, that it is tactics or short-term measures that change, according to circumstances, to support the strategy in order to achieve the objective.

Directors and senior managers must have sufficient knowledge and understanding of their organization and area of business to be able to determine and define company strategy in terms of who, what, where, whither and when and be able to revisit and review objectives and policies in order to remain competitive and effective. This process is an organization-wide activity and should involve lower levels.

In today's consumer-driven and customer-focused global trading environment it is very difficult to gain and maintain an advantage over the competition without considerable effort, involvement and commitment of everyone in an organization. The process of maintaining momentum is the responsibility of all managers in learning and understanding how to motivate people to perform to the best of their ability without patronising or insulting their intelligence.

Motivation is another subject but it is very relevant to all other areas of management and unless companies employ different motivational techniques they will not succeed. Part of the process of achieving and maintaining competitive advantage comes from the overall productivity of an organization. There are, probably, ways of measuring many areas of business activity and producing reports but the most important area is resolving shortcomings by re-allocating assets as necessary. I suspect that Lee Iacocca, former chief executive, chairman and president at the Ford Motor company and the Chrysler motor company was partially correct to suggest that,

“Management is nothing more than motivating other people.”

**(Lee Iacocca (1924 - ). US Automobile President and CEO of Ford and Chrysler)**

Businesses that are successful often suggest that they can show improvements in various areas by measuring not only financial performance but also time taken to achieve certain projects or introduce new systems and procedures and, most importantly, being able to measure customer satisfaction. It is also possible, I expect, to be able to measure the efficiency and effectiveness of an organization but again it is not the measuring that is important, it is the ability to make and take decisions to rectify any shortcomings.

All companies have operational areas and they include, among others, manufacturing or production activity and sales. It is important to ensure that you have the optimum number of operators, production staff and sales staff to meet demands and to ensure that opportunities are not missed. It is the operations part of any business that contributes to the efficiency, effectiveness and competitiveness of a company and any operations strategy tends to be driven by the demands of customers.

It should not be based on the lowest quality and the lowest price in order to gain competitive advantage because that strategy will lead to failure, but, rather, it should be based on costs and events through quality management and quality control to ensure that things are done right the first time.

In any organization there is a constant process of interaction, discussion and disagreement between managers and employees. That is because management is, to a lesser or greater degree, about control depending on the company, the area of business or whether the culture of an organization is based on issuing orders and instructions or whether there is a more consensual style of management.

The management style employed depends, to some extent, on the type of business but also on the owners or the most senior managers. If their style is autocratic, arrogant, distant or uncommunicative then that attitude and approach will tend to permeate throughout the organization. Conversely, if it is participative, supportive and communicative then there is likely to be a more relaxed approach. This will also apply to the way in which change is introduced; the more successful companies will work to communicate ideas in order to take people with them.

Whether we like it or not people, by nature, are independent, do not like too much direction, particularly in knowledge-based organizations, and would prefer, much of the time, to be in control of what they do and how they do it. And, people tend to be even more reluctant to change when outside consultants are brought into the equation. Consultants spend some time asking people what they do and how they do it and then write an extensive and expensive report saying how things should operate and how change should be introduced, without risk to themselves of course.

Management, for me, translates as the optimum system of personnel structure that encourages and allows for organizing, administering, training, motivating, leading and communicating with people in any way that best meets the overall strategy and demands of an organization whilst taking into consideration the needs of the group and individuals, and recognizing and accepting social, ethical and moral values without compromising legal and regulatory conditions in order to achieve objectives.

There is no such thing as one size fits all and therefore there is no such thing as an absolute best system of management that can be applied to any and all organizations and companies. That is why it is imperative that senior managers in any organization design and produce the optimum management system and structure that best meets the needs and demands of each individual company and produces the solutions, effectiveness, efficiency, productivity and competitiveness of that organization whilst maintaining sound internal and external relationships for future success.

However, part of the process of maintaining momentum is through change and that often means the introduction of working practices or procedures that some may not like. But as I have said many times before change in itself is not progress; change is about knowing where you are and where you want to move to that should dictate any movement of structure and personnel. It is the ability to be flexible in changing production processes to meet a change in demands; the ability to invest in new products or services through research and development and be aware of market demands; and, it means being able to admit that a change was not successful and to be able to change tack and direction. Referring, again, to Peter Drucker, I suggest, perhaps, that,

“Everybody has accepted by now that change is unavoidable. But that still implies that change is like death and taxes it should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm.”

**(Peter F Drucker (1909 – 2005), Austrian-born US management thinker and guru)**

I would not dare to suggest that these are the only areas of management but much of what we do, what we say and how we say it and how we act depends on our ability to interact with colleagues, acquaintances and partners and that applies equally in business and in personal relationships. Our management style depends on our knowledge of an area of business, our understanding of an organization or operation, our ability to communicate ideas, policies and plans effectively and efficiently and our ability to motivate others to commit time and effort to achieve common objectives.

On reflection I suspect that much of what we do is about achieving a degree of consensus through persuasion, through logic, through understanding or, as a last resort, through diktat. If you, as a manager, do not, or simply cannot, treat people with a degree of respect, if you do not listen to what they have to say and if you have an abrasive or unfortunate style then how can you expect them to respond in a positive manner to what you require them to do? Yet again Peter Drucker had this point covered when he said,

“Management means, in the last analysis, the substitution of thought for brawn and muscle, of knowledge for folkways and superstition, and of cooperation for force. It means the substitution of responsibility for obedience to rank, and of authority of performance for the authority of rank.”

**(Peter F Drucker (1909 – 2005), Austrian-born US management thinker and guru)**

I wonder just how many managers there are in UK Plc who pay much attention to the more important areas of management, those of people, communication, strategy, motivation, efficiency and effectiveness as well as productivity and how many play the pretentious game of management by using management-speak and management fads in order to appear clever? It might be an interesting exercise, without making it obvious, to undertake in any organization and see just who measures up.

(2470 words including quotations)

**KENNETH ARMITAGE**

August 2003