

Making the best of what you have – it's your choice

Given the current economic conditions, doing everything possible to engage the full potential of the knowledge, skills and capability existing in your business and getting the maximum output from invested capital makes better sense than the risk of damaging the business culture and future business performance e.g. by cost cutting.

In a recent industry presentation a manager from a Victorian Toyota company related the story of a recent site visit by a group of business improvement enthusiasts who after visiting his plant exclaimed it was the best they had seen and gave it a 97% rating.

Not long after, Toyota Corporation gave the same operation a 25% rating.

This provides an example of the difference in thinking and expectations – or is it just a lack of understanding of the potential we have in Australia?

Do Australian managers know how to identify and achieve their potential and do they know how to destroy the inherent mediocrity in their business?

In a recent survey in the USA by the Association of Manufacturing Excellence (AME) regarding management's knowledge and understanding of business improvement approaches such as Lean and Six Sigma - 40% said they had no idea, 40% said they had some awareness but weren't applying them to their business, 17% said they were applying some of the ideas / tools and 3% said they were achieving business transformations.

In Australia, there may in fact be a greater awareness as a result of Government initiatives and awareness campaigns as well as business improvement industry initiatives. It is doubtful however that the application and transformation numbers would be much different.

The writer and others have pondered and queried this situation, particularly given the results demonstrated by such companies as Toyota, Tesco and now the few Australian companies who understand and are on the journey.

Cutting costs is not the real answer

To some business leaders, cutting costs is the answer. The companies that seek to reduce cost through rationalisation and restructuring / reorganisation – other words for “less heads” and reduced cost – clearly demonstrate they just don't get it, and foster fear and mediocrity.

In considering this proposition of the need for awareness of mediocrity it is worth understanding where value is created and delivered in an organisation. Clearly the above management behaviour has little or nothing to do with appreciating the value of the workplace (office, factory, distribution, hospital ward, customer service) and yet it's in the workplace where the value is created and delivered to the customer.

The knowledge and skills of value creation and delivery of an organisation's value proposition is therefore with the people – the people in the workplace.

This raises some interesting questions:

Should you get rid of this knowledge and value creation skill as a result of cost cutting or do you assist your people to become better at what they do and have them assist you improve the performance of the organisation?

How do you replace or obtain the unique knowledge and experience when you downsize or restructure?

Should you spend more time understanding how and where value is created and delivered?

And when you look at your 5, 10 & 15 year history have you really succeeded in developing the underlying sustainable core business capability and performance that resulted in profitable growth?

Do your customers really prefer dealing with you?

People Engagement

Good organisations have good people relationships but so few actually engage their people in the business – there is a huge difference between a good culture and an engaged culture.

A recent Gallup Australia study found 20 per cent of employees were "actively disengaged" at work, costing Australia's economy about \$31.5 billion a year.

Only 18 per cent of Australians are engaged at work, giving their employers a competitive advantage with productivity, profitability and customer service.

Employees who are actively disengaged are less productive, profitable, loyal, less likely to provide excellent customer service and are often disruptive.

They often reveal their negative attitudes.

Gallup Australia managing consultant Dr Anita Pugliese said the onus rested with each manager to create engagement at work.

"We have consistently found people tend to join organisations but they leave poor managers," Dr Pugliese said.

"Great managers are those with the highest performing work groups, address employees' core needs, select for talent rather than skills or experience and focus on employee strengths."

Managers therefore create the culture of an organisation. It is their values, behaviour, and engagement and performance recognition that delivers the message “this is the way we do things around here”.

People don't watch a manager's mouth, they watch their feet – it's the way managers behave, every time, which determines the culture.

Challenging Mediocrity

Good leaders understand that the greatest power you have is that power you give away.

How much are you prepared to give your people so they can do a good job every time – and continue to make it better? And help the company to move from mediocrity to good, then great.

Managers have to understand and accept the responsibility and accountability for developing the systems that support and enhance their peoples' capability and skills to contribute to an organisation's performance. This means they have to provide the processes, training, resources, coaching and opportunity for the people to create and deliver value to the customer.

It is often said - “People offer us their time – it's up to us to stop wasting their time and lives”.

For many managers this is a totally different way of thinking. It goes against the traditional Western business view of a manager that is supported by traditional educational training and work experience.

Benchmarking your organisation against accepted mediocrity also doesn't make sense. Managers need to understand what business excellence really is and understand what great companies do and think.

Understand what your business would look like if you could eliminate all the non-value activity, from the point of view of the customer, and use this vision as your benchmark.

The reality of accepting mediocrity in Australia is that it will destroy your business. External pressures from the market, local or global competition, or slowly declining returns will catch up with you. You have a clear alternative – **decide not to accept mediocrity, learn to understand the true potential of your business, engage your leadership team and employees in a journey of ongoing improvement in the value delivered to customers, and thrive.**

If you want to learn more about the steps and methodologies of seeing and understanding your true business potential contact Andrew Stewart, Intelog Business Performance Group, 03 9550 0855 or andrew@intelog.com.au