

Management

Change the management culture

● Involve your employees in key decisions

BY RANDAL GODDEN

For many entrepreneurial or owner operator businesses, a big challenge is that the "boss" becomes patriarch, and "decider" in every decision.

As a consequence, people who are hired and stay with the business become comfortable with that management style. In fact, most decisions are delegated upwards.

In the early phases of the business this works admirably, but as the business grows and the style becomes entrenched, not only do decisions not get made at lower levels of management, but other managers do not take any responsibility.

What is perhaps even more detrimental is that they will not even acknowledge that there are problems or mistakes being made and that everything is not ideal.

In one such case in which we assisted, the owner and managing director realised that this style of management was inhibiting business growth and precluding him from a normal life.

In his early fifties, he recognised that he needed help to re-structure his management team, re-align roles and responsibilities and develop a culture of accountability.

The first step was to find some external help.

The owner joined a coaching and mentoring group of chief executive officers with a professional chairman, and laid bare the problem.

In analysing the business together, with both the chief executive officer group and his own management team, it became apparent that the business had moved significantly onto the aging side of the life cycle and was probably between the early bureaucracy and late bureaucracy stage.

Opening the problem up to discussion with his management team was a significant eye opener, as the whole team was aware of the problem but "waiting" for a solution.

While the change over the previous six months has not been easy, it has been incredibly successful.

The owner has moved from a state of utter despair to high motivation based on a complete new business strategy with clear management roles and responsibilities for the team.



Employees should also be involved in the company's decisions and responsibilities.

It has not been all plain-sailing however. As always there have been tough decisions to be made, but as each one is taken, the next becomes clearer as well as easier.

A major breakthrough was the recognition that a number of his key employees were excellent technicians or artisans but not managers. By applying their core skills and not focusing them on management responsibilities they became highly motivated and solid contributors.

This required a change in line management which was also a great success.

The other significant change was in measurement of the business.

Clear targets were agreed on for performance, both financial and non-financial, and the results measured and monitored in a timely way. While, initially, this produced some unpleasant surprises, it enabled the team to recognise problem areas and take

appropriate corrective action.

Part of this process was to more effectively manage working capital with both inventory and accounts receivable reduced dramatically.

The reduced inventory and focus on purchasing materials only as required, reduced material usage and improved profitability.

The overall shift in the business has been remarkable, and included a clear business strategy, a new and invigorated management team and renewed energy and vitality in the company.

Results have improved dramatically and, of course, the owner has a new lease on life as well as a new successful business.

Making changes of this magnitude are not easy, and require an absolute commitment to change as well as guidance along this unknown and sometimes tortuous path. In the first phase it is often difficult to see the benefits of the change as it usually

involves deterioration before the improvement starts to take effect. Those of us who play golf can relate this to taking a set of lessons from a professional. Initially our game goes backward before it improves.

A major step in the right direction is to take cognisance of where you are, and the gap that needs to be filled to get to where you would like to be. Then, develop a plan that will bridge the gap, engaging appropriate help to enable you to achieve the transition and ensure you do not fall back into old habits.

This particular client had the foresight to recognise his dilemma. He needed the benefit of an external perspective to help him to drive and accelerate the process as well as to build the compassion within the organisation to help people to change.

● Randal Godden is the chief executive officer of The Executive Caucus SA (TEC). For more information go to www.tec.co.za or call ☎ 011 447 6079.

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