

Business Excellence and People Management

If you are not familiar with the Business Excellence Model (BEM), you will be in the near future. British and European Governments are committed to encouraging organisations to use it. The SME sector is to be encouraged to use the BEM by Business Links and TECs - the Government has already set targets to get the ball rolling and the BEM is central to the 'Best Value' programme in Local Government. Whatever you think or believe about excellence, quality, models and fads, this one is definitely coming.

People management - how an organisation releases the full potential of its people

There is little doubt that people *are* an organisation's greatest asset, but so many organisations whose managers espouse this idea do things which only serve to undermine their people's ability to contribute. Consider the following true story:

David moved from the North to Milton Keynes to find a job. After a short time he was delighted to be offered a position with a financial services company. He spoke enthusiastically about his future, the company he was joining had made it clear they were very keen on excellence in customer service and they believed that was only achieved through having excellently trained staff. True to their word the company sent David on training courses as soon as he arrived. First he was given a week of training in customer care, then two weeks training in how to do his job. At the end of his first three weeks in employment he was even more enthusiastic; he was sold on his company, he couldn't wait to get started.

Then the start of his demoralisation began. At first it was small things: on the day of his arrival at his desk there was no 'log-on' number to enable him to start work and his supervisor was not expecting him. It didn't matter too much to David. He was asked to sit next to 'Nellie' to see how the work was done. He noticed that Nellie didn't do what he had been trained to do. That, he decided, was also not too much of a problem and he was prepared to ignore Nellie's talk about the training department being out of touch.

The first thing that really bothered David was Nellie's insistence that he stopped asking so many questions. He discovered that she regarded him as being in the way. If Nellie spent time explaining what she was doing, she would get less work done and that would mean she might fail to meet her daily target.

As the weeks went past he discovered for himself the terror of the daily targets. If you didn't make the target you were paid attention to; the supervisor would take you into her office to discuss - as she saw it - your problem. David learned that the only way to survive was to 'cheat'. If you had work to do which was complicated or for any reason took more time and hence meant you could fail to meet your target, you would do anything you could to avoid failing. So like his colleagues, David learned to pass work to other sections (as it counted as 'work out') or do just part of what the customer wanted and send it out, knowing that the customer would call back.

It's no fun working in such an environment and because they share the experience, people tend to stick together. At lunch times David's team would swap stories of how they beat the system and how they got through meetings with the supervisor. Senior management noticed morale was bad and put on courses designed to inject enthusiasm. People were pleased to go to the courses, after all a day on a 'People make the difference' course is a lot better than another day of grind. Even if the people who run the course have no idea, and show no interest in, what stops them giving good service to customers.

David left. The turnover of staff in this organisation is high. Think of the costs of working this way.

There is a plausible logic to management's thinking: Set service standards or performance targets, monitor performance against them and take corrective action. Regular readers of this column will know that management's error is ignorance of variation. Are all client needs the same? Are all products the same? How many things happened in the day that prevented people getting on with their work, and how predictable were these? If managers had known something about the impact of variation on performance they could have created a better dialogue with the workers about what impacts performance.

When data about peoples' performance are plotted over time in a control chart, managers discover how much variation in performance is attributable to service agents and how much is inherent in their system. The data are central to sensible discussions about what accounts for performance. Knowing how much variation there is between service agents focuses discussion on method, skills, knowledge etc. Knowing how much variation is attributable to the system focuses discussion on how the interdependencies in the organisation create work, for example customers calling back, bills being wrong or not easily understood and so on. In simple terms, failure of the organisation's parts to work together causes waste. In every case I have worked in, the variation attributable to the system far exceeded the variation attributable to service agents.

And that's management's job - act on the system. If the major causes of variation are reduced, performance improves rapidly.

Standards are a roadblock to improvement

How many organisations use work standards? Too many. Are the managers aware of the impact of standards on morale? Rarely. Instead most the managers repeat the mantra that standards are necessary for maintaining and improving performance. They compound their felony by appraising people's performance - it makes for winners and losers, the major causes of variation being in the system. The consequence is demoralisation of the workforce.

The official guidance to using the Business Excellence Model encourages the setting of targets and giving staff performance appraisals. Any manager who has even a basic understanding of the theory of variation will know that the whole idea of performance appraisal is flawed. In many organisations you find performance appraisal doing enormous harm to morale (and thus, paradoxically, performance). Of course people want to know where they stand and they want to know how to get on; but any appraisal system which rates, ranks or makes awards is, in my experience, ignorant of the impact of variation on performance and hence is counter-productive.

The better focus for an appraisal system is appraising the system - *how and how well does the work work here?*

In interpreting the Business Excellence Model, the primary focus for 'people management' should be - do we give the people meaningful work to do? Are they clear about their purpose? Do they have measures in their hands that tell them how well they are doing in respect of purpose? Do these measures tell them the extent of variation between people and the amount of variation caused by the system? Are they free to experiment with method in order to learn how to reduce variation and thus improve performance? Do their managers focus on removing the larger 'system' causes of variation? When you can say yes to all of these questions, you will have an organisation that is continually improving. You will have a free brain with every pair of hands, management and staff. And when you've got that, many of the normal 'people problems' go away.

Here's another way to look at it: Empowerment is a pre-occupation of traditionally minded managers. They have designed organisations that disempower people, they notice their people are unhappy, want them to contribute more and so send them on empowerment training. Of course people return to a system which disempowers them...

By contrast, when you re-design the system, people contribute. Sometimes the change in people's level of contribution is incredible. In today's marketplace, having everybody's brain at work is essential. It gives organisations the flexibility they need to continually learn and improve. But re-designing the system starts with changing the way managers think.