

Take care of the edges and the middle will take care of itself ...

Setting Context - The Big problem

The complex world of business as we understand it in the West today has been significantly influenced, if not wholly formed by a few key developments of the past;

- The step change from Homo Erectus to Homo Sapiens
- Religion
- The replacement of bartering with money / coinage
- The industrial revolution,
- Democracy as the primary political model and
- Keynesian Economics / capitalism.



Within the cultural framework formed by these major historical developments, the last 40 years of business best practice has consisted at any one time of a few major toolsets that have reached the tipping point to become the 'latest fad'.

- Lean (with all its historical iterations, QC | TQM | JIT | WCM | AGILE | OpEx etc.)
- Six Sigma – as an evolution of SPC (originally a tool within the TQM/WCM toolbox) &
- A few strategic, PM & quality models, like BSC, EFQM, ISO/QS/TS, 7S, PrinceII etc.

Regardless of the technical and **logic** (logos) these 'tools' promote and provide, a lack of ethics and empathy (Ethos / Pathos), especially in respect to Honesty, Respect and Trust (HRT for business©) substantially undermines organisational performance. This cultural position has had a global and profound effect on the quality of life experienced by millions of people, with the global economic crisis over the last few years bringing these deeper issues into sharp focus.

The irony is that within this 'logic-focused' culture, hell-bent on defining 'good' only through that which can be measured, we systematically fail to consider or understand these most important aspects of organisational performance, particularly, culture, sustainability, innovation and engagement ... with any degree of precision.

Adding a little detail to the 'History Jigsaw'



It is said that October 1910 saw Louis Brandeis, a 53 year old attorney request a meeting with F.W.Taylor, Frank and Lillian Gilbreth and other prominent industrial leaders (H. L. Gantt / M. L. Cooke) in a small New York apartment. He arranged the meeting to suggest he present Taylor's allegedly over-inflated claims about his successes using 'Time Study', as '**Scientific management**'. His motive? To offer an alternative to railroad price increases, in a rate case he was preparing for the Interstate Commerce Commission, to be heard in 1911¹.

So-called “best-practice” has been ‘moulded’ into marketing packages to satisfy such ulterior motives in various ways ever since.

Just like Brandeis presenting Taylors alleged false accounts of success as ‘Scientific Management’, it is also suggested that Six Sigma was a marketing exercise designed to satisfy the disclosure criteria relative to the Baldrige award.

Motorola were required to divulge their methods to win the award. Taking only an aspect of the ‘Shainin methods’, they had actually used to realize their extraordinary successes through the mid 80’s. It is claimed that a few people, including Mikel Harry and Keki Bhote, publicly promoted ‘Six Sigma’, to protect what Motorola felt was their proprietary information².

The last 25yrs has seen corporate group after corporate group pursue ‘Six Sigma’³ as a solution that was never the reason for Motorola’s 10:1 improvement success story realized in 1986.

Literally millions of people and thousands of companies have been impacted by such ‘ethical’ standards. However, across the ages, many names can be found that detail the need for ‘human factors’ to be considered in relation to organisational performance, and the profound impact such factors have.

In more recent times, extensive studies into 100’s of corporations over decades of performance have been carried out by people like John Kotter; John has detailed the enormous impact culture can have on organisational performance⁴.

Similar studies conducted by Jim Collins⁵ have detailed the sustainable benefits on performance from what has been defined as Level 5 leadership. These immense studies only add to the weight of historic and current opinion and findings.

Not so long ago, Lou Gerstner Chairman of the Board and CEO of IBM from 1993-2002 said...

“I came to see, in my time at IBM, that culture isn’t just one aspect of the game, it is the game. In the end, an organisation is nothing more than the collective capacity of its people to create value.”

The realization is this

... Organisations who put people (human factors) first, outperform those that don’t
... By 100’s if not 1000’s of percent... sustainably!

There is plenty of evidence to prove it, even where the prevailing cultural conceptions of ‘Good’ don’t allow much enthusiasm for the facts. Our application / use and over-reliance on measures often has a negative impact on the ‘culture’ of an organisation, which is at the real root of its performance. In often case, **people find innovative ways to perform *in spite* of the measures used to judge them, not because of them.**

This is of course a catastrophic summary. It only points loosely at few headline issues, from a few marvellous people.

Ignoring the philosophers across the ages for now, we must acknowledge that many others have provided insights, including, but not limited to, Trait Theory, Lewin Lippitt & White, Maslow's Hierarchy of Needs, McGregor's X,Y theory, Blake & Mouton's managerial grid, Hersey & Blanchard's situational leadership, Fiedler's contingency theory, Adair's Action Centred Leadership, Herzberg's motivators and Hygiene factors, Toynbee's Challenge-Response theory, Adam Smith "The wealth of nations", Likert, Agyris, Hofstede, Dr. Russ Ackoff, Stafford Beer, Nadler and Tushmans congruence model and of course the Toyota Way (as a philosophy) and the resultant TPS (Toyota production system) delivered to us by Taiichi Ohno and Shigeo Shingo ... which goes a little way to name a further few.

All of these great minds have contributed to the thinking behind the evolutions and progress of the past. Unfortunately, most have also been reduced and misrepresented to suit the ulterior motives of others and undermined by the psychologically ignorant application and over-reliance on measures.

Measures pre-determined as 'Good' from *within* a Keynesian Economics model, ignorant of the negative impact 'control' exercised over people through the technological mass-distribution of measures and targets can have on those people and thus organisational performance.

This has remained an unfortunate but consistent part of 'business' from government to gutter for too long. Even our primary school teachers now demonstrate a fear of authority and targets when reacting to Ofsted visits, deeply imprinting subsequent generations through emotional reactions to stress.

It's at this depth we need to consider change.

KAIZEN 改善

Under social pressure to conform to 'tangible' / 'logical' norms, we fail to consciously acknowledge this repeated return to deeper issues from so many great Eastern and Western minds across the ages.

We do this at the expense of long term effectiveness and in favour of the logic, tools, measures, short-term, quick fix and quick returns based approach to business popularized over the last few decades from within this Keynesian economic fiscal philosophy...

Similar to the way Brandeis presented us with 'Scientific Management' and Mikel Harry presented us with Six Sigma, while we blissfully ignored effectiveness in favour of proposed efficiency without hard evidence, we've also ignored the mistranslation of the word Kaizen 改善 (Japanese) .. Gai shan (Chinese) .. Ge Sun (Korean) .. and the deeper, cultural and psychological aspects of change it represents; we have done this in favour of the popular and simple, 'easy and convenient to believe' account we've been presented with^x.

As Einstein so aptly said,

**"I wouldn't give a penny for simplicity on this side of complexity,
but I'd give my life for simplicity on the other side."**

Kaizen doesn't in fact, mean, 'Continuous Improvement' and never did.

This is just a convenient 'reductionist' western translation of a much deeper set of principles that exists within the cultural DNA of the East. When considering Kaizen, we might consider the Shinto religion, incorporating Buddhism, Confucianism, Taoism and great works like the iChing, Sun Tzu's Art of War and Miyamoto Musashi's Book of Five Rings (Go Rin No Sho), The Theory of BA (Nonaka / Taguchi) and the *Oyabun-Kobun* relationship (Master-Apprentice / Parent-Child) which understands experiential learning over time.

Considering this rich history, Kaizen is better considered as;

“On-going Goodness / benefit for all, no one-person gaining at another's expense.”

Which is much more aligned to 'Human Factors' as Robert Owen, Lillian Gilbreth, George Elton Mayo et al would have defined them.

This philosophy incorporates a host of historical wisdom now being proven scientifically to offer psychological and neurological benefit.

Conclusion

Providing leaders already have the right mindset, the *common* mindset / worldview about 'What works' in practice, which often undermines organisational performance, sustainability, engagement and other such popularised buzzwords, *can* be addressed and improved.

The measures we currently make through our technology are largely inaccurate & out of step with reality as experienced by the vast majority subjected to their use. About the only place they are considered to make sense is in the board-room and even here people are often lost, confused and expend a lot of effort convincing themselves that the methods and approach they use, gets the best results when it doesn't.

Targets are predominantly based on an opinion or 'best-guess' (Forecasting) from a sales director, hoping he/she can read the markets and predict the future based on the past and the promises made by customer representatives, full of their own hopes and aspirations and wanting to please.

Our technological systems (ERP / MIS) cannot consider 'human bias' and the need to be socially accepted. They thus remain ignorant of intangible costs, mopped up by variance and accruals and other such mathematical models, used to justify inaccuracies in practice.

All of this undermines confidence in the workforce and we drive people to act in defence of themselves, working to rule, seeing high attrition rates, people opposing change etc.... yet this level of performance is a product of the systems we have come to socially consider 'acceptable'.

Until such a time as leaders and leadership teams make the mental shift and become open to the possibility of a completely new approach, to see things from a different context and dip a toe into the water of a deeper approach, regardless of the technological capacity to measure and / or predict, we will continue to realise **Einstein's definition of madness**;

“To do the same thing and expect a different result”.

Post recession, it's very likely the world will be plagued with those who want to jump on the next 'make a quick buck bandwagon' just as they did with Knowledge Management, Lean, Six Sigma, Time and Motion Study etc.

It's very likely this next fad, if allowed to evolve, will be a superficial and 'ulterior motives driven' set of tools that change little if anything, promoted under the banner of 'Culture change'.

Many HRD's in corporate groups are already being given budgets to buy in consulting support for 'Culture Change Projects!' These will inevitably be delivered by the same consultants that have been providing the support that has detracted from organisational cultural performance over the last 30-40 years. The irony is 1st class.

The danger is this next generation of 'Best Practice' will be pushed and purchased by those educated in a 'measurement only' culture *by* those who believe a measurement-only culture is 'Good' for outcomes. This social treadmill will ensure the market remains focused on financial returns as a driver, rather than as an outcome. With this mindset / worldview and philosophy, they will continue to try to fix a problem from the inside, which requires an outside view and outside action.

An Analogy

It's like trying to stop a house that's built on sand from subsiding by polishing and replacing the ornaments on the mantelpiece – they keep shifting and getting covered in dust, you fully understand the problem from your internal perspective and you develop perfectly logical methods to cope, methods you can measure for efficiency, in time cost and quality. You can even track annual trends in your performance, to identify if Mantelpiece polishing and ornament replacement rates are going up or down, so you know if you need to recruit more ornament polishers or replacers but the problem needs fixing from the outside before your whole house collapses around you.

The problem isn't that we measure. Of course we need logical measures, but we also need to be aware of the impact of emotion (and the relationship between them) if we are to generate conditions in which we strike a balance and get the best from our organisations. The problem is that we're fixated on measures and logic and we currently ignore the emotional aspects of organisational performance and the relationship / balance between the two sides of the same coin.

After we fix the subsidence and build our house on such new, solid (balanced) foundations, those measures will show improvement we couldn't previously perceive (as reported by Kotter and Heskett et al), but the measures we currently fixate on won't identify the real problem or change the foundations on their own.

To re-frame the context around this problem, the Ornament Polishing Person and the Ornament Replacement Person and those they report to, will have to let go of their current comfort zones, around their current beliefs and worldview, step outside the house and see the bigger picture.

The change required is a change in beliefs and thoughts and this is a depth of change we fail to address through tools and techniques focused on operations, policy, process and procedure.

If the analogy is lost, and needs spelling out, it means business leaders need to re-frame their beliefs about what works and what doesn't if anything is to fundamentally change. Our [global] house, built on sand as it is, has partially collapsed and threatens to completely collapse [EuroZone et al].

If we're not too careful and fail to 'step-outside' to take in a broader view, we'll start to build it back up, from the inside, on the same sand.

Performance improvement in organisations, through 'Culture change' requires this broader view'. It's really a social issue (parenting / education) and thus a political and organisational issue (leading).

We *have* to understand the common denominators that underpin them all if we are to contextualise 'what works'.

Honesty, Respect, Trust, emotionally mature psychological positioning of self in life, to benefit others etc., are all part of this social trilogy – Process-People and the Neuro-psycho-cultural relationship between them.

HRT is a proprietary model created by D R Bovis

David is available for public speaking, lecturing and leadership development / consulting projects.

Call him today on 07793276015 for an informal and 'in-confidence' conversation about your leadership development and organisational performance needs.

Notes:

1. <http://www.answers.com/topic/scientific-management>
 2. http://www.gems-europe.com/get_file/display_gems_document/356
 3. http://demingcollaboration.com/?page_id=2396
 4. <http://www.pcchange.co.uk/Why.html>
 5. <http://www.jimcollins.com/search-results.html?cx=002799923458309121383%3Afo7-jpzdzfu&cof=FORID%3A11%3BNB%3A1&ie=UTF-8&q=level+5+leadership&sa=Search>
 6. http://en.wikipedia.org/wiki/Learned_helplessness
 7. Watch the MD from the case study company speak about the changes on video here <http://www.pcchange.co.uk/Testimonials.html>
- X. The Darker Side of Lean:
http://astro.temple.edu/~rmudambi/Teaching/BA951/Week_04/Toyota-Darker-Side-Mehri.pdf
- A. http://en.wikipedia.org/wiki/Drive_theory / <http://hbswk.hbs.edu/item/2543.html>
- B. [http://en.wikipedia.org/wiki/John_Fiske_\(media_scholar\)](http://en.wikipedia.org/wiki/John_Fiske_(media_scholar))