



WHEN LESS IS MORE AT YOUR ORGANIZATION

COMPANIES SHOULD THINK TWICE BEFORE ADDING MORE AND MORE PROCEDURES

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Every business wants to improve employee productivity: that's certain. What is less clear is how often management practices are examined in order to achieve that improvement, and simultaneously reduce complexity. Reviewing or fully implementing existing management practices rather than simply adding new practices certainly is the way to go.

The context: a collapse in productivity growth, disengaged employees and too much complexity

The [Conference Board](#) indicates that there has been a “dramatic decline” in productivity growth according to its total factor productivity (TFP) measure, which takes into account the effects of improvements in efficiency, technology, and innovation. Global TFP growth collapsed from an average of 1.3% in 1999-2006 to just 0.3% in the 2007-2014 period.

This collapse was exacerbated by the 2008-2009 recession but the roots of the global productivity challenge are deeper and more varied; it is also worth noting that the slowdown has accelerated in many economies, including the United States, in more recent years.

According to [Gallup Daily tracking](#), 32% of employees in the US are engaged; that is, they are involved in, enthusiastic about and committed to their work. Worldwide, this falls to 13% – meaning that only a very small proportion of employees are working at their full productive capacity.

In addition to these factors, many companies are facing a significant increase in the complexity of their processes and management systems. This is set to increase, with 57% of the respondents to IBM's Essential CIO Survey expecting even more complexity to arise in the next five years.

The solution: high-quality management practices

A robust [Management Matters](#) study of companies' management practices found a clear link between the quality of the implementation of those practices and the business's performance. The findings suggest that it is possible for organizations to achieve dramatic performance improvements by adopting good practices and deeply embedding them within the company.

Let's look at performance management as an example. Organizations can undertake different levels of performance tracking, from ad-hoc to continuous tracking. When will the full benefits be achieved? Clearly the better a practice is adopted and embedded in terms of usage, the higher the performance of the company.

This leaves us with two options: adopt and fully embed the usage within the organization, or stop the practice. Simply adding another practice on top of existing processes is the worst outcome, as it can easily lead to more work – that is, more hours with little benefit, thus lowering productivity – and higher levels of disengagement from employees, who will be required to input more data, map another process or fill out more reports. In such scenarios it is far from rare for employees to think “I have seen this sort of thing before; if I keep my head down it will pass”.

A proliferation of management practices in the past 30 years has led to a large number of practices being adopted across organizations without rethinking the ones already in place. Leaders should ask themselves whether their company is fully utilizing and benefiting from their existing management practices, and where they can ensure full adoption to realize those benefits. Business leadership is not about leaving a mark by saying: “I introduced XYZ practice” but about making sure that practices are used to their full potential. This includes looking at what practices can be stopped in order to liberate time, create slack and provide room for creative thought in order to increase employee engagement and fully harness their potential.

So, the first step for managers should be to identify which out-of-date management practices the organization is still using. Does an organization need to employ Lean, Six Sigma, TPM, PDSA, and Kaizen all in parallel – or can it just focus on one and do it well? Does the business need a yearly review of every business unit or can it customize strategic reviews according to the market and internal management changes? Does the organization need to run employee engagement surveys yearly when there are limited follow-up actions happening? These are just a few examples of where a review of existing practices may lead to a substantial review which can increase productivity, create slack, more engagement and potentially reduce complexity in due course.

[Bettina Buechel](#) is Professor of Strategy and Organization at IMD.

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