

Wisdom from the great management thinkers relevant to young professionals

By David Parmenter

Contents

| | |
|--|----|
| Wisdom from the great management thinkers..... | 2 |
| Peter Drucker’s Lessons for Performance Management..... | 2 |
| Peter Drucker’s Lessons on Innovation..... | 6 |
| Jim Collins’s Lessons for Performance Management..... | 9 |
| Jim Collins’s Lessons for Innovation..... | 10 |
| Jack Welch’s Lessons for Performance Management..... | 11 |
| Jack Welch’s Lessons for Innovation..... | 12 |
| Gary Hamel’s Lessons for Performance Management. | 13 |
| Gary Hamel’s Lessons for Innovation. | 14 |
| Jeremy Hope’s Lessons for Performance Management. | 14 |
| Tom Peters’ Lessons for Performance Management..... | 16 |
| Tom Peters’ Lessons for Innovation..... | 17 |
| Incorporating the ideas of the great paradigm thinker’s checklist..... | 20 |
| Other Mini-Toolkits..... | 23 |
| Writer’s Biography..... | 24 |

Wisdom from the great management thinkers

Renowned leaders have a thirst for knowledge and are constantly looking at ways to improve their learning. Welch was an avid reader of the financial and management press and journals. He makes it very clear that it is a leader's role to be up to date. He went on to give this advice to leaders: "Read, read, read".

The father of management, Peter Drucker, sadly passed away in 1997. His work contains many gems that have been overlooked. Alongside Drucker, some brilliant writers like Jack Welch, Tom Peters & Robert Waterman, Gary Hamel and Jim Collins have now taken over the batten. The only problem is that many of us are too busy to read and absorb their work.

All leadership issues that a leader will ever face have been discussed in the following books. Become a disciple of their work and your leadership will flourish.

| Author | Book title |
|------------------------------|---|
| Elizabeth Haas Edersheim | The Definitive Drucker: Challenges for Tomorrow's Executives—Final Advice from the Father of Modern Management (New York: McGraw-Hill, 2006). |
| Jim Collins and Jerry Porras | Built to Last: Successful Habits of Visionary Companies, HarperBusiness 1994 |
| Jim Collins | Good to Great: Why Some Companies Make the Leap, and Others Don't (New York: HarperBusiness, 2001). How the Mighty Fall: And Why Some Companies Never Give In (New York: HarperCollins, 2009). |
| Jack Welch with Suzy Welch | "Winning" HarperBusiness 2005 |
| Gary Hamel | "The Future of Management" Harvard Business School Press 2007 |
| Jeremy Hope | <i>Reinventing the CFO</i> (Boston: Harvard Business School Press, 2006). |
| Jeremy Hope and Robin Fraser | Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap (Boston: Harvard Business School Press, 2003). |
| Tom Peters | Thriving on Chaos – Handbook for a Management Revolution, (Harper Perennial 1988) |

Peter Drucker's Lessons for Performance Management¹

Focus on your non-customers

Which of your non-customers should you be doing business with? (Desirable potential customers). Only Drucker could coin a phrase, "non-customers", yet it gets right to the heart of the fundamental issue. Every private sector government and not-for-profit

organisation is missing customers it should be servicing. This is particularly relevant in the government and not-for-profit sectors where members of the public, who should receive a service, are either unaware or too proud to ask for help. By constantly focusing on non-customers, an executive team can find these customers and look after their needs.

Action: Monitor weekly progress on selling to the top five non-customers you have identified.

Recruitment is a life-and-death decision

Drucker was adamant about the significance of recruiting the right staff.

Drucker talked about recruitment being a life-and-death decision. In other words, better to spend forty hours on a recruitment or promotion decision rather than spending four hundred hours sorting out the problem at the bottom of the cliff.

Drucker was very specific about rules over recruitment. You must know the job; you need to be well acquainted with the candidates in order to be familiar with their strengths and values. The potential recruit's values must be a good fit with the organisation. You can train as much as you like, but you will never be able to change values as they are part of a person's DNA.

One aspect of recruitment Drucker strongly advocated is that it is imperative to perform detailed reference checks to really ascertain the candidate's values. Obviously, this means tracking back to previous companies rather than relying on the referees listed on the curriculum vitae.

Drucker liked things in threes. He recommended shortlisting three candidates to ensure you have a choice. He would strongly advise this selection process to avoid making a decision where there was only one satisfactory candidate.

Drucker was adamant that you never worried about weaknesses. He pointed out that many famous leaders had appointed staff with known weaknesses because their strengths fit the job so well.

Action: Whenever you are recruiting, realise that this is one of the most important things you ever do and thus allow other fires to burn themselves out and concentrate on a well-orchestrated interview process.

Generate three protégés for each senior position

Drucker was firm in his belief that a leader's role was largely to prepare the organisation for life without them. He thought it was a failure if the next CEO had to be sourced from outside. Drucker pointed out the advantages of continuity, culture and acceptance. Naturally, the two in-house candidates who were not successful were expected to move to CEO positions elsewhere as they were primed for this role. The creation of CEOs has been a feature of good to great companies in Jim Collin's bookⁱⁱ and can be seen in companies such as Toyota and GEC.

Action: The status of succession planning for all key positions should be monitored on a quarterly basis. Following Drucker, any shortage from the three protégés for each senior position should be reported as an exception once a month.

Have an outside-in focus to your business

See the operation from your key customers' and non-customers' perspectives.

Throughout his writings, Drucker emphasised the importance of the outside/in perspective. Recently a television reality programme has replicated this concept with the "CEO

undercover” series. Drucker pointed out the importance of the CEO being the outside-in champion. One great CEO I have met takes the executive team for a one-week exercise per year where the existing staff show them the ropes. His executive teams have run the “Happy Road” employment centre, a betting agency, an income support centre and a tourist information centre. The importance of seeing the processes is akin to Toyota’s “use visual controls so no problems are hidden”.

The executive team, who are duty bound to undertake mundane tasks, ask the staff, “Why am I having to copy this out three times?”, “Why have I got to have a hard copy when I have an electronic copy?”, “Why do I have to enter so much detail in the database?” The staff replied, “These are the procedures that you approved!”

On returning from this week the executive team are refreshed, are a tighter knit group whose priorities have changed completely. Now they focus on initiatives that are more focused on the customer, ones that will help the staff at the workplace service their clients better.

Action: Plan for a week ‘outside-in’ visit to a branch accompanied by all your senior management team. Yes, I did say all!

Collaborate with other organisations, even your competitors

“Your back room is someone’s front room.” In other words, if others can do a job better than you can, contract out to them.

Drucker saw the importance of knowing what you were best at. Focusing as Jim Collins would say on your Hedgehog. The area of your business which you are truly passionate about; you can be the world’s best and there is an economic engine that will reward you.

He saw business as a “Lego” construction, where you could bolt together services provided either in-house or externally. He was referring to the fact that it was now easier than ever before to amalgamate different services from different entities and market it seamlessly to the customer as one entity. Businesses should be full of activities (pieces of the business) performed by third parties.

He stated that there was not competition but just better solutions. Drucker saw collaboration as the key to operating in this world, even with an organisation that you previously saw as a competitor. Jack Welch turned General Electric (GE) into a powerhouse by striving to focus on what GE was good at, subcontracting to competitors rather than diverting energy to be good at everything, a task that is impossible to achieve.

In the government and not for profit agencies, collaboration has the same barriers as in the private sector. Egos and past institutional memories seem to prohibit staff from striking effective alliances with other organisations that can perform the service better and cheaper. As Drucker put it “Your back room is somebody’s front room”. He even went on to say that an organisation could achieve almost all functions from collaboration. **Drucker saw only marketing and innovation that have been sacrosanct in-house activities.**

Action: Set out at least three alliances that have been mooted where activities can be done by a third party for the business and monitor progress on a weekly basis until alliances are functioning.

Management versus Leadership

Management is ensuring that staff are doing *things right* and leadership is ensuring that staff are *doing the right thing*.