

Managing for growth: a paradigm for the new millennium

Prepare to meet tomorrow's challenges by planning today

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From the mid-1980s through the early 1990s, there was a "quality revolution" in the U.S. hydrocarbon processing industries (HPI). At the same time, the "downsizing, rightsizing" phenomena was beginning. The downsizing and reorganizations continued through the mid-1990s. Now and into the next millennium, GROWTH is the trend. However, inflated headcounts and extra staff will not return.

How to manage for growth without adding overhead or increasing the number of employees to pre-1990 levels is now the issue. In addition, unemployment rate in the U.S. is low, with some regions of the country at essentially full employment. Thus, with growth occurring in many industry segments, finding and keeping qualified employees becomes another issue for managers.

FORMULA FOR GROWTH

Today, the paradigm of the industry is two-edged: managing for growth and meeting stringent external requirements (i.e., QS-9000, ISO-9000, ISO-14000, EPA, ADA, et al.) without increasing overhead. Managers who have not dealt with rapid growth during their management career are facing this challenge. This article is not about the leadership principles involved. It presents information that will be useful to managers dealing with these issues for the first time in their careers or for the first time in many years. The formula for managed growth in today's business environment is explained.

(Meeting external requirements + implementing internal systems) × Using technology effectively = Managing for growth.

The above formula recognizes that both external factors and internal systems are being affected in a growth environment; while technology enters the equation as a multiplier of efforts to manage growth without increasing overhead.

MEETING EXTERNAL REQUIREMENTS

Do not forget the lessons of the mid-1980s. If managers become careless with defining requirements and satisfying customers, then there is a risk of returning to higher costs and lower quality. The low cost, high-quality producers will carefully identify and define external requirements. This includes customer requirements and regulatory compliance issues. So, what's different?

External factors are changing rapidly and becoming more complex.

Today, customer requirements and expectations include speed, "turn around time," long-term contracts with no price increases, quality, dependability, reliability (uninterrupted supplies), cost, quality system requirements (ISO, QS) and building new relationships.

Regulatory compliance is requiring more labor hours and technical support. For example, in the past decade, consider how regulatory compliance has affected your business. New controls on emissions, new permitting requirements, ADA compliance, underground storage tank regulations (UST 98), etc. What is your plan to deal with this ever increasing array of regulatory concerns? Are your managers aware of their role in meeting these different requirements?

Even with all the external business factors, directors and shareholders expect a quick, high return on investment. What a challenge for the manager. Profit and productivity continue to be vital to every business. Cost and competition increasingly drive internal business decisions.

If the past few years are any indicator of future years, the change rate in customer requirements and regulatory requirements will continue to accelerate. How can managers deal with these issues? Use a project and process approach, involve people at all levels in the organization, use the tools of continuous improvement and develop an action plan.

A project and process approach involves using team skills to develop specific documentation around these particular external factors. This involves writing down what is to be done and how to get it done. Fig. 1 is a worksheet that can assist.

A decade ago, many com-

Process analysis worksheet	
Process: _____	Date: _____
Suppliers (List) →	← Customers (List)
1) What is the work to be done? (Develop simple flow chart)	
2) How is the work being done? (Process steps, problem areas and procedures)	3) How is the work being managed? (Responsibility, accountability, expectations and communications)
4) How well is the work being done? (Cost, speed or quality issues; key indicators)	5) How can we do the work better? (Continuous improvement)
Process analysis team: _____	

Fig. 1. Process analysis worksheet.

Delegating—effective delegation includes defining work expectations for employees, communicating them to employees, understanding responsibilities and authority, knowing how and when to delegate and using delegation as a tool for getting the work done by different people in the organization.

Controlling—recently, some managers have said that controlling the work really is no longer a management function. Well, if management is not responsible, who is? As Dr. W. Edwards Deming said, “Management is responsible for the system.” However, what is different today is how management controls the work: for example, process documentation, policies/procedures, identifying and measuring key indicators, the corrective and preventive action system; and following up on the “work to be done.”

Using the action plan mentioned above, a management review process can be used to control the work to be done in meeting external requirements. Therefore, it is really a systematic approach to the work processes in business, NOT “telling and monitoring” as some have defined the management function of controlling the work.

In the past decade or so, many companies have tried the latest fads in management, the “flavor of the month” process, etc. They are realizing that implementing effective internal systems for the next millennium will require progressively using fundamental management principles as outlined above. Really, these are just the “old” five functions of management adapted to the business environment of the late 1990s.

The coming years will require all management skills to meet the challenges of managing for growth. If you have not been trained in these skills, get busy and learn. A good place to start is reviewing the “Management Guidelines” articles in *HP* over the past few years. Another good start is to list training needs and find online training to meet those needs. The key is to identify needs, develop a plan and get started. Otherwise, you will miss out on the many growth opportunities that will be available.

TECHNOLOGY—THE MULTIPLIER

With so many external requirements, complex internal business systems and rapid change, it is almost impossible to be competitive without effectively using technology. Appropriately used, tech-

nology can multiply team efforts to improve productivity. When improperly used, technology can hinder productivity. For example, one client changed to a new computer system and lost valuable information needed by field personnel to service customers. This could have been prevented by involving the field personnel in the development of the new system parameters.

Effective use of technology can help process more information, analyze problems and data, determine optimum operating parameters, monitor and control processes and provide the means for online training at a very low cost.

However, for technology to be the multiplier, it should be used as a tool to do the work as opposed to a system that “stands alone.” What does this mean? Well, use the tools available, but do not become so enamored with complex technology that it goes unused because people are afraid. Also, do not forget the basics of your business because technology solutions are available.

Six tips for using technology as the multiplier: 1) define specific applications for your business; 2) involve the appropriate people in the definition and selection process; 3) use the simplest appli-

cations that yield the benefits you need; 4) customize for your business, do not force your business to fit an “off-the-shelf” package; 5) include technology in operating budgets and plans; 6) train people to use the tools that are available.

When properly applied, the multiplying factor will help you manage for growth. Without it, you will be left behind by the competition. ■



The author

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