

2002 HANDBOOK OF BUSINESS STRATEGY

*A Comprehensive Resource Guide
to Strategic Management: From
Long-Range Planning to
Tactical Business Development*

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Office of the Chairman • 11620 Wilshire Blvd., Suite 450
Los Angeles, California 90026
Tel: (310) 231-2602 • Fax: (310) 231-2601

E-mail: drmmmann@bluemarblecorp.com
Website: www.bluemarblecorp.com

Executive-Level Mapping Technology

BY MICHAEL MANN

Technology-based mapping processes can help CEOs interpret and identify problems as well as articulate solutions.

As enterprises grow, so does the complexity of their processes, making it difficult for the CEO to get an accurate and current picture of the operations. Surprising as it might be, CEOs often do not know how and with whom to communicate in order to get the information they need to implement their strategies and ensure sound and consistent corporate governance.

Consider the following scenarios:

1. A company is going through a dramatic transition in its marketplace. Rapid changes in technology and market require an acceleration of new product development and launch.

2. Two aerospace giants merge. The economy is in a down turn, and the merged organization cuts back, casting off or retiring dozens of executives and other personnel throughout the organization.

These are the types of situations companies face every day around the globe, and they present tough challenges to CEOs. Traditional approaches to corporate governance cannot provide top management with the information to ascertain, develop, and effectively manage the necessary changes.

CEOs must have quick access to the information needed to make better decisions and chart their companies' future courses. They also need a mechanism for ensuring that employees will translate the strategies they envision into practice. Fortunately, advances in management technology can now provide CEOs with the tools to produce three-dimensional maps of organizational processes that can help them visualize and address the fundamental elements of corporate governance. Using the right technology, executives can develop a clear

understanding of communication channels, decision mechanisms and business processes and can better visualize how members of the organization fit into company processes.

Technology has improved productivity in almost every area of business, from the factory floor to finance, customer relations, and human resources. All these areas fall under the CEO's purview, but technology has not played a significant part in addressing the unique responsibilities of the CEO—in other words, corporate design and governance. Until recently, CEOs operated much the way they have for more than a century. However, due to the increased complexity of business processes and operations and the need to access more information faster, the means and methods to carry out the CEO's role have changed. In order to stay ahead, the critical questions to answer are:

- How do CEOs and their top management teams make sure they understand what is going on in the organization?
- How do they design an organization that is consistent with their strategy?
- What tools can they use to implement tactics and track the company's progress toward goals?
- How can they capture the information necessary to manage their organizations and keep them moving forward?

The Corporate Past

The trials and tribulations of corporate growth are not new. In 66 A.D., Gaius Petronus stated, "We trained hard, but it seemed that every time we were beginning to form into teams we would be reorganized. I was to learn later in life that we tend to meet any new situa-

tion by reorganizing, and what a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization.” Two thousand years later, this quote is still relevant to business.

In the traditional factory environment, the CEO might go down to the factory floor and ask assembly line workers a valid question: What should change in order for you to do your individual jobs more effectively?

While the workers could provide the information sought, their horizon of expertise extends only one or two stages from the assembly line. At best, the question serves as a spot check and doesn't provide a complete picture.

Similarly, CEOs would gather groups of workers for meetings to address how the company as a whole needed to change. The employees were often willing to offer suggestions but, again, the scope was way beyond their individual areas of expertise. Managers either asked the right questions and got incomplete information or asked the wrong questions and got responses that were speculative, at best. Other times, managers and executives asked the right questions, but had problems collecting, validating, and integrating the data from the answers in order to form a complete and accurate picture of the enterprise.

Technology has significantly reduced businesses' need for time and manpower, other factors to consider in management data collection and interpretation. “Using traditional methods, the speed of getting data and information was certainly slower,” says Judith Bork, president of Country Home Bakers. “In the past, the ability to manipulate certain kinds of data was inefficient or difficult, if not impossible, to do. There was a lot more to keep track of, so it was more costly in terms of people power. There was also a certain level of inaccuracy, because the more people involved, the greater change there was for error.”

Enter Technology

Technology has affected almost every area of enterprise, and the result has been tremendous strides in productivity. As computers proliferated, they became key tools management

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used to increase productivity. However, until recently, technology's application to corporate design and governance was limited to primarily academic investigations by sociologists and behavioral anthropologists who used computer-supported tools to analyze the social networks within the company. Looking at how people communicate is adequate for trying to understand the social network, but it is not enough for understanding the task-intensive business environment. The traditional tools and methodologies they used proved insufficient, and all too often counterproductive for understanding and managing the complex, multidimensional arena of corporate governance.

Other useful technologies proliferated that were efficient for planning and tracking workflow and creating swim-lane charts, but they lacked the ability to account for the critical influence of people on the corresponding processes. They did not provide a mechanism for proactive management. Without the human element, the image of the corporate structure and processes is incomplete. It is critical to understand how decision makers get their information and employees ultimately translate decisions into practice. The issue is not congruence of data, but of perceptions.

People operate on perceptions, and, as a consequence, it is vital that the individual perceptions mirror the actual practices and objectives of the enterprise. This is necessary in order to conduct operations effectively and efficiently and meet strategic objectives.

The Squeaky Wheel Syndrome

The typical procedure for an organization is to first uncover a problem and then put a great