

Management and computers



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In my work with companies, I am often asked to help develop an organization structure. To be successful, I have to educate my clients so that they understand the difference between leaders and managers (not as easy as it seems). Then we need to work on how both can be more successful using their computers and the wealth of data that is stored in them.

The foundation of my management program is very simple. Managers get paid for one thing and one thing only: They get paid to move numbers. Leaders are rewarded for setting strategic directions that generate better than average returns.

The best leaders find the best numbers to be moved, decide on which direction to move them, how far to move them and in what period of time.

That is an MBA in a paragraph.

So what does it really mean? And how do I use it?

There is an old saying, "You can only manage what you can measure." The concept is simple: Anything that cannot be measured cannot be managed, because we have no way to know whether we are doing a good job or not. Poor managers will tell you, "What I do cannot be measured, but the results will speak for themselves." Do not believe it. In almost 40 years, I have not found one worthwhile goal that could not be measured. I am ready to be corrected, but am confident that there will be few, if any, contenders.

An easy example to consider is customer satisfaction. It is not on the balance sheet, it cannot be found on the profit and loss statement. Usually, it is not even tracked. So how can we measure something as vague as customer satisfaction?

This is where leadership comes in. Every company needs to be led. Good leaders have clear visions of where they want the organization to go. The best are able to reduce their vision to measurable goals. They can articulate what they expect in clearly defined terms that are easy to monitor.

For example, customer service might be measured by the number of referrals given to us by existing customers. The more satisfied our customers are, the more referrals they will give us. We might use surveys to find out what our customers think. Just be careful not to fool yourself. A poorly worded survey sent to the wrong group can make you feel as if the world is caving in around you. If you want to use a survey, get a professional group to administer it. Have them survey current and past customers. Make sure the survey is statistically accurate. Then you can learn a great deal about satisfaction.

There are many more ways to measure customer satisfaction. The thing to recognize is that it can be measured. Once we accept that anything important can be measured, coming up with the method is relatively easy.

Our leaders must establish the metrics to manage our processes, leading indicators and significant results. Strategic planning sessions often use brainstorming to find out what is important in predicting future success. Then the top management team can innovate and find a way to measure it.

Take your time and make sure you know how the measurement will work. Experiment and challenge your initial results. Having the right method is extremely important. If you cannot create an accurate measure, you can spend a great deal of time and energy moving in the wrong direction.

Before turning the goals over to managers to implement, it is important to identify two points: You must know where you are and where you want to go. Where you are is the baseline, the starting point. Once the baseline is established, you can determine where you want to be. If you are measuring errors in picking, you might want to reach zero -- just be careful that you do not pick an impossible target. That will discourage people, not energize them. Be realistic. Find the results for the best companies in your industry, in your geographic area or companies your size. It will be a good starting point.

Given the expected results, determine a timeframe to get there. Again, be realistic. Make sure you give the teams time, resources and support to meet the goals. Setting anyone up for failure will have a negative effect on the company as a whole.

Then share data with your managers. Show them all of the calculations that will be used to perform the measurements. Get their input and reactions. If they are comfortable with what you are asking, there is a greater potential for success.

Give managers access to all of the numbers necessary to understand and plan to reach the goal. This is where computers come in. Computers are great at keeping up with numbers. They can store great quantities of data and format them into useful information. This is what good managers live for -- an easy-to-use tool that tells them how well they are doing.

In most cases, I find that the data is hiding in the computer system, just waiting to be found. Corporate data is a much-underutilized asset. "Mine" the data. Know what you need to measure, determine how to measure it and publish the results on a regular basis. Give managers the leadership they need (measurable goals, a method of measuring, a starting point, an ending point and a timeframe) and watch the results improve.

Plan rewards for the teams and groups that reach their measurable goals in the requested time. Every success needs to be celebrated. Every publicized success will make the next one easier. The computer is an amazing -- but underutilized -- management tool. Exercise your leadership skills and get a better return on your technology investment.

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