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Stop Remote Control Manufacturing Management!

By

Alan Dunn, President, GDI Consulting & Training Company, 2015

The process of running a modern manufacturing company has changed dramatically since 1980. Gone are the days when senior executives could hone their management skills through effective delegation of the planning, controlling, staffing, organizing, controlling and directing efforts normally associated with management. Senior executives today must drop into a lower level of detail in order to understand the complexities of their rapidly changing environments.

The *"good ole boy"* style of senior management must end if today's senior managers are to understand how new technologies, management techniques and operation processes converge. And if they don't understand how these new ideas work in real life, they will never know how to lead or direct others to implement the ideas. The old school of multiple layers of management with the most senior executive running the company as if the organization were made up of *"remote control servo devices,"* is history. Senior Executives must *"get around"* their organization in a daily, routine manner.

Though it is impossible to provide a specific prescription which will guarantee success, it seems reasonable that the following items, if followed religiously, will bring success to the modern manufacturing executive. These new roles and tasks include:

1. **Eliminate unnecessary layers of management.** All organizations with excessive layers of management have excessive filtering of information; both on the way up and on the way down the organizational communications ladder. Crises discovered at the bottom of the organization end up being unimportant in their interpretation at the top. Likewise, major strategic directions given by the executives end up being little more than discussion points lower in the organization structure. Eliminate layers of management and you will reduce information filtering.

2. **Stop the rapid promotion of high potential young workers within narrow disciplines.** Instead, *"spiral"* your high potential young employees to the top. Recruits should work through all elements of the company, spiraling their way to the top, gaining not only company knowledge, but also business breadth and experience. Eliminate rapid promotion

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within narrow disciplines and you will eliminate probably one of the largest headaches of senior management… parochial departmental politics!

3. **Implement formal and recurring training programs.** Though all executives should understand that training alone does not provide the skills of leadership, it does help to improve one's understanding of the job at hand. Gone are the days when we can hire an individual, regardless of previous experience and education, and expect them to carry out their job duties within the cultural constraints of the company.

   We have always believed in preventive maintenance of equipment. We should now believe in preventive maintenance of people. Establishing a formal training organization which concentrates on the human development process is no different than establishing a preventive maintenance program or a quality assurance department. This new training department, which all progressive firms must implement, will be an investment, not an expense.

4. **Executives must begin measuring results of tangible and intangible management actions.** We must begin measuring certain management processes so we can eliminate the underlying conditions, which ruin future performance results. Instead of just measuring things like liquidity, inventory turns and working capital turns, executives should also begin measuring things such as *"idea turn-around"* and *"decision turn-around."* How long does it take an idea generated at the bottom of your organization to move to the top, have a decision rendered and move back to the bottom? How long does it take executives to make decisions once an acceptable amount of data is available? If we wish to improve the underlying management process, we must begin to monitor it.

5. **Senior management must work to get rid of *"elitist"* attitudes.** There is no such thing as a market driven company. There is equally no such thing as a finance, R&D or operations driven company. It is concern for the shareholders, which must ultimately drive all companies. As in any competitive sport endeavor, winning is the goal. One may have a strategy of passing, over that of running or punting… but the goal does not change. Likewise, in manufacturing companies, the goal should be to provide shareholder value. The strategy may be heavily oriented towards marketing or perhaps even productive operations on the shop floor. Either way, the strategy is simply a series of management efforts, which focus on achieving the goal. Saying that marketing is more important is tantamount to leaving money on the manufacturing table.

6. **Leaders must force the organization to stop trying to implement every new system, gadget, and technology!** Recognize that it is impossible to keep up with technological advancements and (professed) new management techniques. Spend some time evaluating what works best for your company and stick with it for a while.

   Companies are saturated with attempts to implement all new technological devices and *"systems."* Seldom does this support the concept of shareholder value even though it creates excitement and *"oohs-ahs"* among the employees. Stop wasting stockholders' money on excessive use of technologies.

7. **Executives must force the mastery of the business fundamentals in all departments.** Trying to implement new technological solutions is almost always a waste of money if the underlying fundamentals are not in place. For example, many companies have failed miserably at the use of computer systems… because they never established internal disciplines focusing on the quality of input data. Nothing is more fundamental to interpretation of computer reports then the accuracy of input data. Yet, most companies put little effort into this, even though they put great effort into the spending of money on technological solutions… which can never work without first mastering of the fundamentals.

8. **Executives must become their *"own person."*** Madison Avenue techniques have been applied to the selling of technology and management direction so much that executives now respond to glamorized hypes in books, literature and from technology sales people much the way children respond to Saturday morning TV commercials. Executives must learn to determine the difference between potential benefits of new initiatives and just the *"oohs-ahs"* of the initiatives. To do this, an executive will have to go back to the first item on this list - and drop down to an additional level of detail so as not to get tricked by the internal special interest groups.

9. **Finally, executives must work to establish a culture which sustains itself.** It is true that the term *"corporate culture"* has been overused in the last several decades. Yet, the establishment of a business culture which carries on the goals and desires of the CEO cannot be overlooked or discounted. It is the corporate culture which constantly tests the ethics, morality, and legality of decisions at all levels of the organization. Because a CEO's life within an organization is relatively short, some legacy must (and should) be left. This legacy is normally a *"corporate culture."*

   A firm-but-fair executive can leave behind an organization that stresses straight talk between employees and managers and fairness between all. A CEO who is of the *"decisionless"* type can leave behind an organization that finds it's difficult to make tough decisions when they need to be made. A 10:00 am-until-3:00 PM senior executive can leave behind a lethargic organization that finds it impossible to make any important decisions in anything close to a timely manner.

The point about corporate culture is a straightforward one. It is the corporate culture that ends up being the corporate institution or corporate religion. And as many rising executives have discovered, it is tough to change old institutions… good or bad.

For example, many rising stars have been frustrated when they present their ideas. Often, they are greeted with a co-worker or a superior commenting, *"but we have never done it that way before…"* Though the rising star gets frustrated at these comments, he or she must recognize that the superior just described an *institution*. Institutions are hard to change. And since we cannot change this fact, we should try to create positive institutions, which are hard to change in the future.

If leaders believe decisions should be made more rapidly and communicated more thoroughly, then leaders must begin to establish the management procedures and processes which will result in the institutionalizing of the new decision making process. Just think, if a new and untrained employee wanted to change something good to something bad and was prohibited because, *"it has never been done that way (bad)…"* then, the institution turns into a positive one which keeps the rising stars from violating principles of good management and decision making.

Though much can be written (and indeed, has been written) about all the possible techniques for managerial improvement, these items are certainly very important. Though they deal at a high level, they are essential to the modern CEO's mentality. Consider these… master these… practice these… and all other ideas from all other books and all other sources will be easy to implement.

1. **Eliminate** levels of management, and the ideas you read in the management books will implement faster than you could ever believe.
2. **Train** your people in a formal manner, and new management cultures will more easily establish themselves and be more easily sustainable over the long haul.
3. **Concentrate** on the fundamentals, and you may even discover you don't need to spend money on all of the technology.

Get back to the business of running a business, eliminate parochial politics and build a shareholder-oriented company.

About the Author

Alan G. Dunn is currently President of GDI Consulting & Training Company and founder of the Manufacturing Executive Institute (MEI). He is also the creator and lead-instructor of the 18-month Next Generation Global Supply Chain Leadership Development Program at the California Institute of Technology's (Caltech) Center for Technology & Management Education (CTME), where he has taught since 1984. Mr. Dunn also serves on the University of California at Riverside's (UCR) Advisory Board for Transformative Leadership in Disruptive Times.

Mr. Dunn specializes in supply chain management, strategic planning, manufacturing management, operations management, leadership development, cost management and business finance.

Previously, Mr. Dunn was a Vice President at Gemini Management Consulting and a Partner at Coopers & Lybrand. In both positions, he led large technical manufacturing teams through innovative productivity enhancement projects. Mr. Dunn has participated in >188 significant manufacturing and distribution projects inside >118 companies. He has worked in 24 countries and across most manufacturing sectors.

Over his 40-year career in global supply chain consulting, Mr. Dunn has served on the Boards of Directors of numerous public, private and non-profit companies. He is the recipient of the National Association of Corporate Directors (NACD) prestigious *"Director of the Year"* award in 2007.

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