



THE SIMPLICITY THEORY



Kate Tojeiro says cut the cr.. but not people.

Many business leaders today would admit that their revenues over the last three years have either declined, remained stagnant, or not grown to the levels they had forecast. Yet, of those I have spoken to over the last 12 months, the majority have admitted that their companies have done little else but cut costs and reduce staff.

Running a tight ship is essential in these difficult economic times, but not to the point where defensive strategies impede revenue generation and ultimately weaken the company.

The war cry that is filtered down from above - "We grow or we die" - creates a negative situation which reduces the motivation, energy and morale of the very people who can lead the company out of its doldrums. If they are worried about the company and the future of their jobs, they become paralysed by fear. By keeping them focused on the positive and proactive issues within the company, morale and the health of the organisation can be maintained.

One area which management might concentrate on, particularly when business is slow, is to improve - or change - the operations of the business. In times of substantial growth and exceptional market opportunities, business leaders tend to lose sight of the simplicity and create significantly more complex organisations. This complexity is often brought about by the development of multilayered structures in the belief that it is the best way to handle the management responsibilities required in a rapidly developing company.

In its 15 year study of companies in the US and Europe, management consultants Boston Consulting Group found that the volume of procedures, vertical layers, interface structures, coordination bodies and decisions approvals needed, had increased by as much as 300 percent. Furthermore, they found that managers would spend 40 percent of their time writing reports and up to 60 percent of it in coordination meetings. Little wonder that these people felt they could never get any real work done! >

“How can something so simple be so difficult” is an oft used expression in an oft challenging tone. Complexity often results from not really understanding what’s going on.

Managers develop processes that are designed to help their organisations scale up, plan and control corporate performance. However, as seen in the Boston Consulting Group study, they can quickly get out of control.

While few will doubt the importance of technology and the role it has played in developing our world, George Davies, chief executive of software supplier MooD International, succinctly put it when he said: “Technology has created complexity, we have a duty to cut through to what is actually important and relevant in achieving the goal.”

Tablet PCs are a great product example. The defining qualities are about ease and simplicity. We can read emails, the newspapers, or search the web. We could also make a movie of our journey to work, edit it and add a sound track – if we chose to! They are simple and intuitive, yet let’s make no mistake, they are also incredibly complex pieces of technology.

Consider this concept with management and leadership. Do we ponder or even think about simplicity just for a moment? Humans are intuitive and often very simply led, yet they can also be a complex mix of talent, skills and emotions. Those corporations that are powering ahead are the ones that have stripped away complexity in their organisations to make space for simplicity. It’s a balance, and making things simple often means removing something that is complex and this often lies within the operations of the company. It can be difficult, but it’s not insurmountable.

The hackneyed expression “Keep it Simple, Stupid” (KISS) means using simplicity to develop clarity, and with clarity comes greater understanding and thus progress and growth. This is, I believe, where leaders need to up their game. Organisations need rigour, standards and cross-checks in their systems and processes, but they also need room for discretion, innovation, creativity and empathy - that very real human element which makes the most tremendous difference in successful companies.

Mike Wheatley, a turnaround specialist, says that more often than not one of the first things he does when coming on board with a new company is to find the organisation’s value proposition*. This means cutting through layers of complex jargon and processes used by the management team to describe the business in the mistaken belief that complexity equates to value, and then finding the main customer benefit and expressing it in words of one syllable. For him, the acid test is whether or not his 80 year old mother can understand it. If she can then the company’s sales prospects most certainly can.

So, what is required for managers to turn their companies around? A good starting point is radical simplification. Removing unnecessary complexity is not



impossible, it just takes a bit of hard work, thought and attention in real terms — real time and real language which is clear, accessible and direct. It is imperative to listen to all stakeholders, both internally and externally, to understand what’s relevant and what’s not.

By being a great editor in meetings and strategy sessions, you can remove the jargon, clutter and other debris so that you can focus on what’s important. Also, use your instincts. If you think something is wrong or overly complex, it probably is.

Matsushita Konosuke, founder of the giant electronics company Panasonic always maintained that leaders in any field should have a clear vision of what they want to do, and only then approach others for support or opinions. A leader who serves as a firmly fixed axis can most effectively mobilize others and maximise the results of what they do.

“ Don't forget to celebrate along the way at each little milestone reached ”



Matsushita Konosuke, founder of Panasonic

There is nothing like an economic collapse to get people confused about what the company's mission is. They believe that everything changes in turmoil and that the new mission is to reduce cost. That should be a tactic, not the company's mission, and when people are frightened, they want direction. By defining (or re-defining) the company mission and ensuring that the message is clearly understood, people will link their daily activities to the company's broader purpose.

Equally important, don't forget to celebrate along the way at each little milestone reached. By demonstrating to the staff that progress is being made, irrespective of how big or small that progress may be or the form of the progress, it is something positive that everyone can hold onto.

*Definition of "Value Proposition" according to Investopedia:

'A business or marketing statement that summarises why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings.' ■

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