

Problem Solving is the Signal in the Noise of Management

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Abstract / Teaser:

Since the beginning of time, the ability to solve problems has been synonymous with competitive advantage.

Since the beginning of time, but most notably the start of the industrial revolution in capitalist societies, the ability to solve problems has been synonymous with competitive advantage. Whether an early assembly line producing guns for war, or a farmer improving the yield of his crops, people have sought new and better ways of conducting business and meeting customer needs. Tools and techniques developed in the 1800s are still around today, and problem-solvers often refer to lessons and quotations that go back much longer than that.

But it's interesting to note how history gets repackaged, and retold, in the present. Our understanding of history is often over-glamorized, over-hyped and over-simplified. For example, much of what we call Lean Manufacturing today didn't come from Toyota; it came from the US Government's Training Within Industry program that was designed to teach people (primarily women) to run factories during World War II. Many principles of standardized work can be traced back to Henry Ford's production lines, or even further back to gun and china (as in Wedgewood) manufacturers in the mid-1800s.

Today's Business Climate

In today's economic and business climate, the tenets and tools of innovation are emerging, or reemerging, because these skills are aligned with the terrible problem corporations face in trying to grow revenues—or in many cases trying to stem negative revenue growth. This new focus, in

turn, has caused ambiguity and controversy over how to manage, or more specifically, which management methods and tools should take precedence over which others.

A Business Week cover story in 2007, for example, pitted the drive for efficiency against the need for creativity at 3M Corporation (what company doesn't face this tension today?). The truth is that successful corporations today need to be great at both operational excellence and innovation at the same time. In fact, a successful, market-leading company has to be good or great at nearly everything, and no one program or set of expertise could ever accomplish that—so the game becomes one in which master strategists and operators must work together to configure the palette of tools and initiatives they need for the next two or so years.

At the stage we've reached with management, tools, programs and principles, the game now is to figure out what's next. Into what name or over-riding philosophy will the state-of-the-art tools congeal in this emerging economic era? Will there be another fancy name like Six Sigma, or a more straightforwardly named program like Lean? Will some moniker for structured innovation take the stage, or will some significant evolutionary hybridization take place whereby tools spanning different key disciplines come together under a name, for example, like total performance excellence?

As the multitude of possibilities suggests, the management space is in a state of chaos right now—a normal phenomenon during transition periods. We saw the same thing in the mid-90s, before Six Sigma emerged as the victor. The 70s and 80s were characterized by many programmatic monikers, from zero defects to quality circles, before TQM emerged the program of choice, at least in the quality or operational-excellence domain.

The Transition Period

This current transition period is coming pretty much right on schedule, or perhaps even a little sooner than might otherwise have been expected. Transition periods often coincide with other changes in the business environment, and who could argue that business (or the global economy) isn't experiencing radical change right now?

We can expect this transition to take some time, but we know it's underway because we know the macro-environment has changed radically, and we've seen a heightened degree of confusion, uncertainty and ambiguity amongst our clients. What isn't ambiguous is that clients, and the CEOs with whom we speak, agree that they need speed in business, some basic tools, an emphasis on more creative thinking, lower costs, and a big emphasis on results. There isn't too much interest in human capital development (unfortunately), as most companies are thinking about hiring people with the right skills in the first place, rather than investing in training them, only risking having to lay them off later.

In this environment, the normal mode of history repeated is for a consultant to work with a big-name company on designing and implementing some initiative that bears a name appropriate for the times. Remember Reengineering? That was timely because it came on the heels of the recession in the early 1990s. Improving quality might have been great in the 1980s, but with the wounds of recession fresh, the corporate mind was pliable to the idea of Reengineering, since it heavily emphasized technology-enabled cost-cutting.

On what do companies tend to spend when they're rising out of recession, after the payrolls have been reduced, when profits return, even if unemployment is still higher? They spend on technology, so Michael Hammer's 1993 book, *Reengineering the Corporation*—stocked with case studies from IBM, Ford, HP and others—dovetailed nicely at the right time to address the business zeitgeist of the time. A sizeable number of companies bought into *Reengineering* at the time, and new disciples were born, even if in many cases they were wielding certain old tools of process improvement.

Six Sigma vs. Innovation

Then the debates began to rage, inasmuch as the debates rage today about Six Sigma vs. Innovation. Those who purport new tool compilations, programs and monikers are considered heretics, to borrow a word from Art Kleiner, author of *The Age of Heretics*, a work that traces the many iterations and developments in the management field from 1945 to 2007 or so. In each and every case, Kleiner shows how the economic climate and mass business priorities of the day melted into some new management technique, which, by definition we might add, have in all cases been nothing more than gathering up what was already known and practiced into a neatly-named word—a sound byte that every CEO and COO could grasp, preach and deploy.

We think it's become time to anticipate management-methodology gridlock, as philosophies, systems, methods and tools proliferate and even compete. Just 20 years ago, corporations were not filled with people from dozens of different schools of thought and practice. Today you have severely converging paradigms. Within the finance function, you have the debate about efficient markets and behavioral influences on the market, and debates about how even to value a company. Then you have the strategy brethren across the hall equating value-creation with portfolio configuration, and debates about how to do that and with what tools. Let's not then forget that the strategy folks and the finance folks, as closely related as they are, don't necessarily agree with each other or work from the same set of assumptions or toolkits.

It was undeniably heresy when Six Sigma's self-proclaimed founder, Dr. Mikel Harry, criticized the old-guard TQM folks of not having any sense or sensibility about what really drives a corporation: the bottom line. It was heresy when Harry suggested that fixing quality problems and defects is not an altruistic pursuit, and that satisfying customers can only be done at a certain cost, not at any cost. The debates also raged when the quality community noticed that 80 percent of Six Sigma's substance was, in fact, really just TQM. Of course we know that even TQM wasn't TQM; TQM is just a promotional name for a certain set of 50- to 100-year-old tools and management methods.

We think there is a serious fatigue with management initiatives in general at this point in corporate history. Every new initiative requires a cultural transformation, a "change in the way we do business." This has created initiative burnout, but even more significantly, it has bred too much conflict and warring factions inside companies, and the result is too many tactics and politics and not enough problems solved.

If I'm a CEO, I want my people arguing about which businesses to be in and why, or about why I should build my organic-growth capability instead of placing too much emphasis on M&As. If I'm a COO, I want the same debates going on around how to become more efficient, or how to

manage inventories better, or how to balance different performance goals such that no one is too terribly sub-optimized. What I don't want is bickering, stonewalling and debate about why Six Sigma is better than Lean or why I should use one innovation method over another. We've reached a time in management life when the last generation of change agents become the great resisters to change even more than once in their careers. (To read more about this phenomenon, see the article, [When Change Agents Become Resistant to Change](#) [2]).

When you've reached this point, it's time to ask if there might be a penultimate competency—one that can keep you out of the constant cultural shifts and changes, and the proprietary programs, and even such sweeping corporate movements as TQM, Lean and Six Sigma. Then, by keeping out of these gearshifts and gyrations, you can achieve a cultural sweet spot whereby people simply know the best approach to take for any given problem at any given time.

But to reach this state, you need a mentally strong workforce that can wield any number of tools in any number of ways, even drawing from across different fields and disciplines. You need flexible, smart and insightful problem-solvers—if for no other reason than that continuing to chase the management moniker of the day only fool you and your people into thinking that, somehow, the program and its tools have power in-and-of-themselves, divorced from skilled analysis and thinking.

The world is only becoming more globalized, uncertain and complex, necessitating that our ability to solve problems commensurately improves. Think about a billion people in China, India, Brazil and other countries who were not part of the world's problem-solving population just 15 years ago. Think about the incredible pace of technological empowerment as Moore's law continues to prove itself decade after decade, unabated. Think about the problems you face everyday that only a few years ago hadn't even been conceived.

There's nothing we do in life—or in business—that can't be reduced to one form or another of problem solving. Every other skill (or corporate program) we learn can be viewed through the lens of problem-solving. Therefore, if we focus on acquiring and even glorifying problem-solving skills, all other skills and management monikers become some derivative of our efforts. This, in turn, shuts down the senseless debates and eases the burnout that happens after program A gives way to program B before A is even deemed successful in any formidable, widely-accepted way.

So we started this piece with the assertion that the ability to solve problems is synonymous with corporate success, and that this core truth has stood the test of time. It's a hard point to argue. It's also hard to argue that some companies are better than others at building a robust and lasting problem-solving capability in the workforce, and that this capability trumps all others.

In other words, don't give me a Lean expert, an expert in Hoshin Planning or an expert in a certain innovation methodology. Instead give me someone who is intimately familiar with all the tools and techniques in these fields so that person can apply them in a very customized way over time to inherently different problems I know I'm facing now and will face in the future—no matter what the consultants or business community tells me I should be doing (and calling it) at the time.

Then, when the world is transitioning from one economic era to the next, or when the corporate

priorities change, you won't have to retool your workforce and set their minds for them in some new way or direction. You'll just have to get used to having competitors and the business community characterize you as one forward-thinking organization that can do just about anything, regardless of the economic weather and the latest studies telling you the answer is this or that program.

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