

# Management In Real Life

by Kevin Herring

Here we go again. Another diatribe about how the human resource department can become like other, *more successful*, overhead functions. ‘Kind of drives you crazy, doesn’t it?’

This past week I heard about how HR needs to show how managing people effectively saves money as if that should somehow grab the attention of a CEO concerned about declining market share, delays in new product development and persistent customer complaints. Interestingly, finance, IT and purchasing departments are used as examples of forward-thinking functions that have become *heroes*. Presumably, they have proven themselves critical assets of the business.

## Where have all the heroes gone?

While there may be a few *heroes* lurking about, instead of bold innovations I typically hear about controllers who refuse to share information about cash flow and other important financial data. Managers have to make budget decisions with no idea of their impact on the business and end up pleading with the controller for approval to spend the money they had budgeted for the year. But their pleas fall on deaf ears. The controller is concerned about cash flow, so the request sits on a desk for months while customer complaints pile up and employees leave out of frustration trying hard not to catch the heels of the customers heading the same direction.

IT, likewise, is hardly a model of success. Many IT departments have been outsourced entirely because they failed to make the business case that their expertise could improve marketplace competitiveness. The help desk may be great, but where is the expertise to recommend and bring in new technologies that will reduce wait time 40% and mix-ups by 60%?

Purchasing departments have become *supply chain management* experts. But they still demand employees use cumbersome forms and multiple signatures for simple purchases that will take three weeks to ship. In the meantime, a quick trip to Office Max could solve the problem and keep the business functioning efficiently. But doing so is considered an abominable sin.

### **An organization of problem solvers...**

Does HR *really* want to become more like these *heroes*? Jack Welch suggests that the way HR staff can become heroes is to become business people and do a better job of hiring, training, promoting, and reducing turnover. While these are certainly worthwhile goals, we have to wonder what happened to tackling problems like low productivity, excessive production costs, scrap, rework, mishandled customers, product defects, rising cycle times, decreasing margins and other critical outcomes.

Saying someone should become a business person while suggesting they get better at administrative functions seems contradictory. It also begs the question as to how relevant these functions really are. Who cares how efficient a training program is if it fails to improve the business in meaningful ways? Of what

significance is a 3% reduction in turnover when millions of dollars are being lost because the sales team can't execute to meet sales forecasts?

Administrators concern themselves with how to make their jobs easier by maintaining consistency and control, and by pleasing the boss. Business people are all about surviving in the marketplace. When we think like administrators, we sometimes focus on insignificant indicators of success that have minimal impact on the business. But when we think like business people we identify and resolve problems that have tremendous impact on marketplace competitiveness. Business people tackle the biggest problems first—the things that are hurting them most—not things they find easiest or most comfortable according to their experience.

### **Putting first things first...**

Forget about becoming great administrators. If a functional staff group wants to become a team of true heroes to the business, they must first become business people that look for ways to create big dollar value. Leveraging the right expertise to remove major barriers to competitiveness is how to do it—like using technology to increase operational efficiency, developing a learning solution that resolves a quality problem, redirecting work flow to remove a costly bottleneck, or pushing resources and decision making to core workers so they can provide instant and customized solutions to customers. And *that's* something that gets the attention of the CEO.

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**Trying it on for fit:** Make a list of initiatives your department has been involved in the past year and estimate the value of those contributions to the bottom line. Next, find out from operations what hurts them most in trying to

compete. Ask what impact those difficulties are having on the bottom line. Compare the two lists.

If your results show up considerably less than the costs of problems your operations are facing, your department is probably not yet in the hero category. If there is little or no gap between the results reported in each category, your department is probably generating big money results and qualifies for “hero” status.

Send an email and let me know what you learn from your experiences. I would love to hear from you!

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