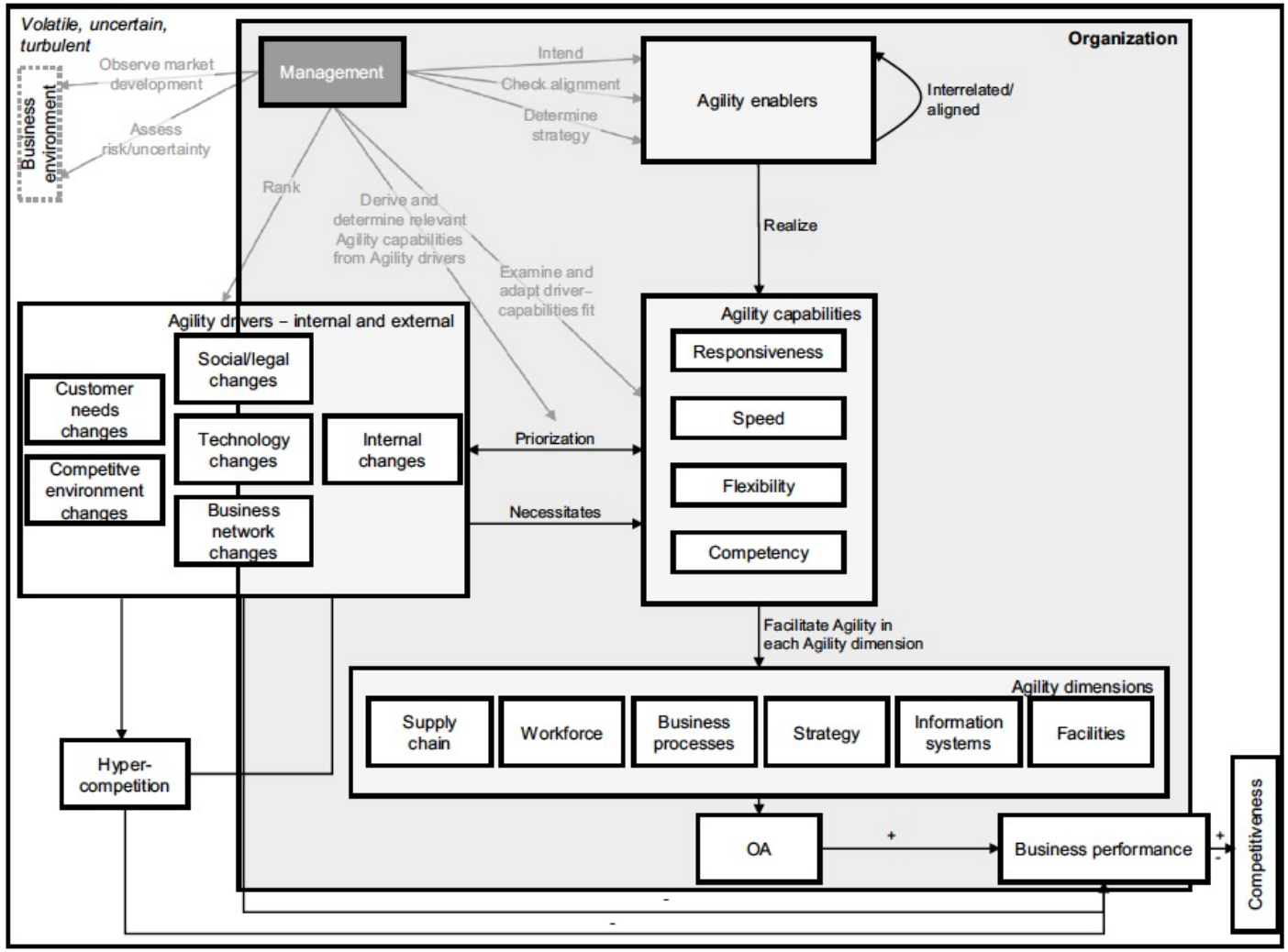
LEVERS FOR AGILITY

How the “levers of control” can enhance “agility”

THE STRUCTURE OF THE SEMINAR (AND THIS SLIDE DECK)

The reasons for managerial control, how control must adapt to new production contexts and environmental conditions	Slides 1 - 50

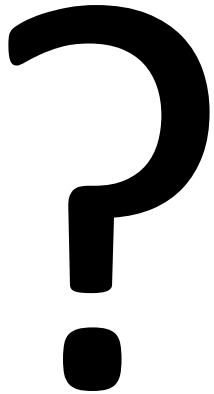
CONTROL SYSTEMS AS AGILITY ENABLERS



VARIUOS KINDS OF CONTROL

CONTROL

- MANAGEMENT CONTROL
- STRATEGIC CONTROL
- OPERATIONAL CONTROL
- INTERNAL CONTROL (AUDIT)
- QUALITY CONTROL (ASSURANCE)
- TASK CONTROL



TWO STARTING QUESTIONS?

- Do you like to be controlled?

- What role should control activity play with regard to variability in business processes? should it increase or decrease it?

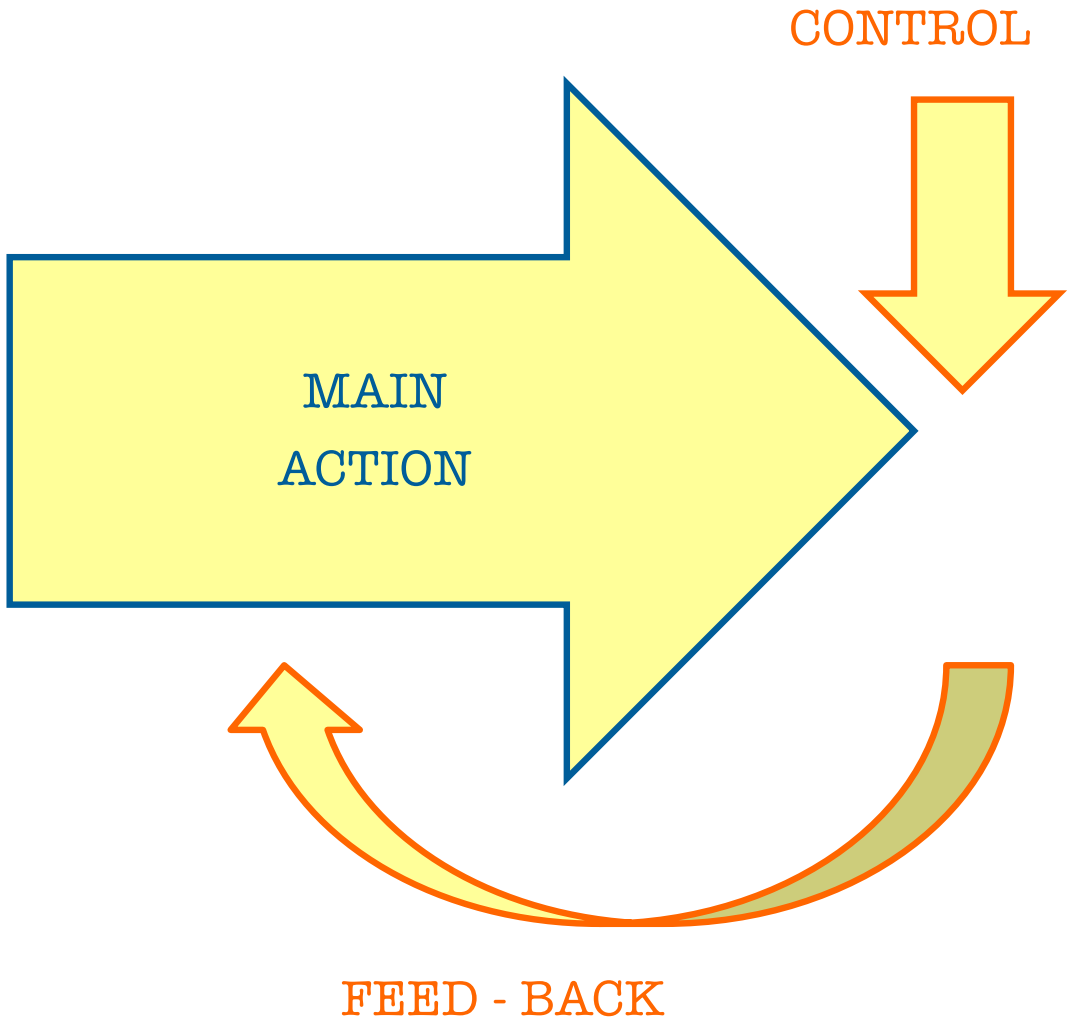
DO YOU LIKE TO BE CONTROLLED?

TWO DIFFERENT MEANINGS OF THE TERM

CONTROL

- POST ACTION CONTROL (FEED BACK)
- CONTROLLER AS A THIRD PART ("GUARDIAN")
- SANCTIONS

EX POST CONTROL



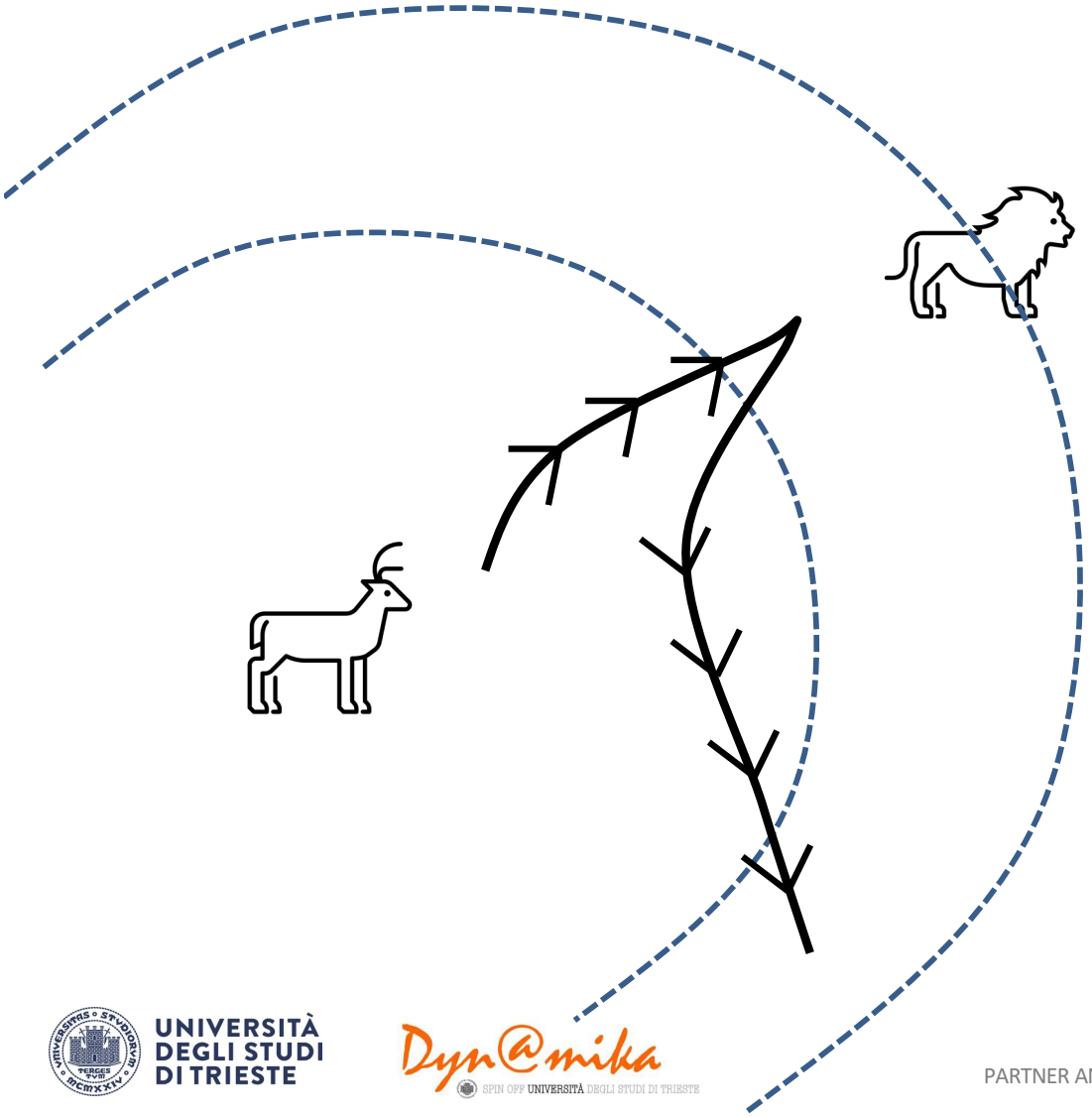
DO YOU LIKE TO BE CONTROLLED?

SECOND POSSIBLE MEANING

CONTROL

- PREVENTIVE AND CONCURRENT CONTROL
- SELF CONTROL
- REWARDS

CONTROL AS A NATURAL NEED



SELF-CONTROL IN SPORT PERFORMANCE

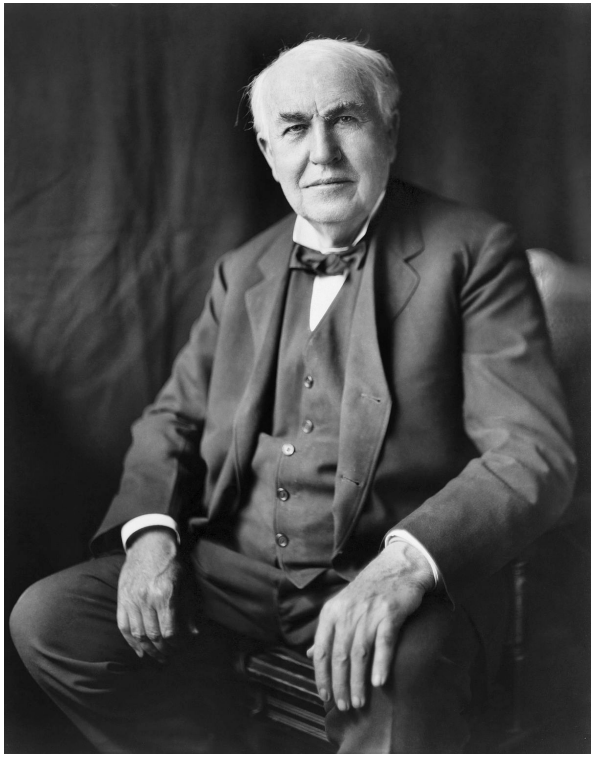
Self-control refers to the ability to regulate and manage one's own behaviour, emotions, and impulses in order to achieve a desired goal or outcome. It involves making conscious decisions to resist immediate temptations or impulses in favour of longer-term objectives or values. Self-control is crucial in various aspects of life, such as personal development, relationships, and achieving success in different endeavours.

https://www.elliotsmithsportpsychology.com/post/understanding-self-control-in-sport-performance

GREATNESS ISN'T EASY TO ACHIEVE

If you really want to be great at something, you have to truly care about it. **If you want to be great in a particular area, you have to obsess over it**. **A lot of people say they want to be great, but they're not willing to make the sacrifices necessary to achieve greatness.** They have other concerns, and they spread themselves out. ... **Greatness isn't easy to achieve. It requires a lot of time, a lot of sacrifices. It requires a lot of tough choices.** It requires your loved ones to sacrifice, too. So you have to have an understanding circle of family and friends. People don't always understand just how much effort from how many people goes into one person chasing a dream to be great. There's a fine balance between obsessing about your craft and being there for your family. It's akin to walking a tightrope. Your legs are shaky, and you're trying to find your center. Whenever you lean too far in one direction, you correct your course and end up over leaning in the other direction. So you correct by leaning the other way again. That's the dance. **You can't achieve greatness by walking a straight line.**

THE IMPORTANCE OF SELF-DISCIPLINE



Genius is one percent inspiration and ninety nine percent perspiration

Thomas Alva Edison

TWO DIFFERENT MEANINGS OF THE TERM

CONTROL

- POST ACTION CONTROL (FEED BACK)
- CONTROLLER AS A THIRD PART ("GUARDIAN")
- SANCTIONS

- PREVENTIVE AND CONCURRENT CONTROL
- SELF CONTROL
- REWARDS

BOTH ARE NEEDED!

MANAGEMENT INVOLVES DIRECTING THE ACTIVITIES OF OTHERS

A dual sets of **control mechanisms** Is needed

The first is designed to **guard against undesirable behavior.** It aims, therefore, to **avoid that wrong or dangerous actions are carried out.** It performs the same functions of **"brakes"** in a car: it blocks actions, avoids collisions.

The second set of control mechanisms is used in order to **encourage desirable behavior,** to **motivate people** to perform better than average, to induce them, if possible, to **go above and beyond their duties and abilities**. The aim of this different group of control mechanisms, therefore, is to "provide energy to the system". The analogy, here, is clearly with the **"accelerator"** (throttle) of the car.

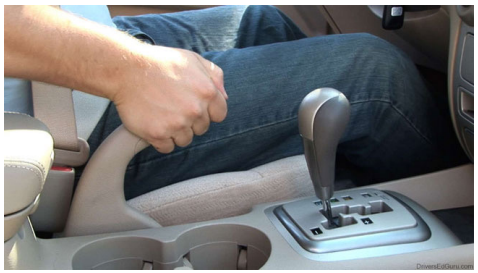
MANAGEMENT INVOLVES DIRECTING THE ACTIVITIES OF OTHERS

A dual sets of
control mechanisms
Is needed

LIMITS AGAINST UNDESIRABLE BEHAVIOR

The "Administration" responsibility centre may not, in the coming year, exceed the following values for any single cost item

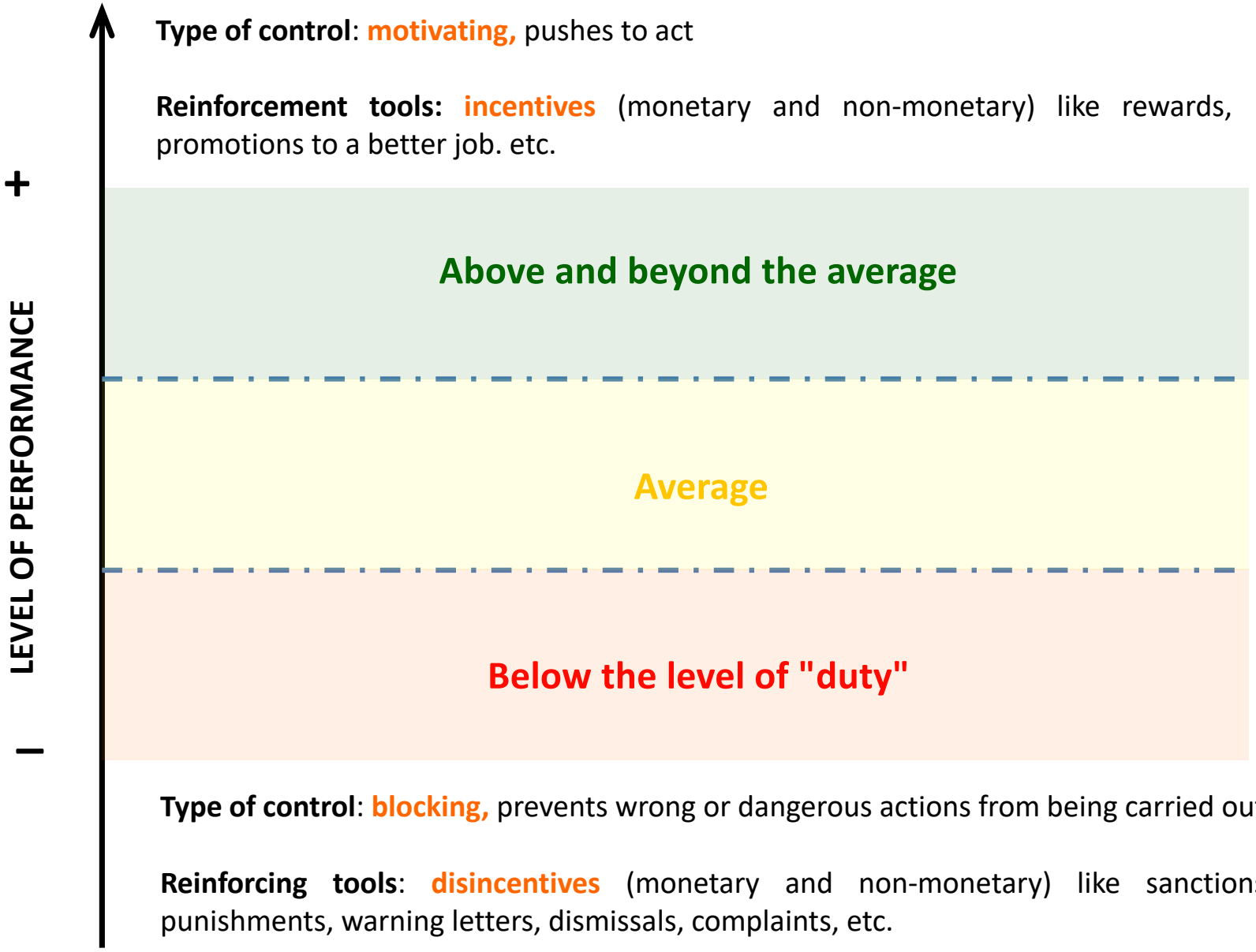
- consultancy costs $250,000
- training expenses $120,000
- travel and transfers $80,000



INCENTIVE TO CARRY OUT DESIRED ACTIONS

The manager of the “Painting” centre will receive a bonus if the average cost per square centimetre painted is less than $ 2.15

DIFFERENT TYPES OF CONTROLS FOR DIFFERENT REASONS



Type of control: **motivating,** pushes to act

Reinforcement tools: **incentives** (monetary and non-monetary) like rewards, promotions to a better job. etc.

Type of control: **blocking,** prevents wrong or dangerous actions from being carried out

Reinforcing tools: **disincentives** (monetary and non-monetary) like sanctions, punishments, warning letters, dismissals, complaints, etc.

WHY ARE CONTROLS NEEDED?

If all personnel always did what was best for the organization, control - and even management - would not be needed. But, obviously individuals are sometimes **unable or unwilling** to act in the organization's best interest, and a set of controls must be implemented to guard against undesirable behavior and to encourage desirable actions.

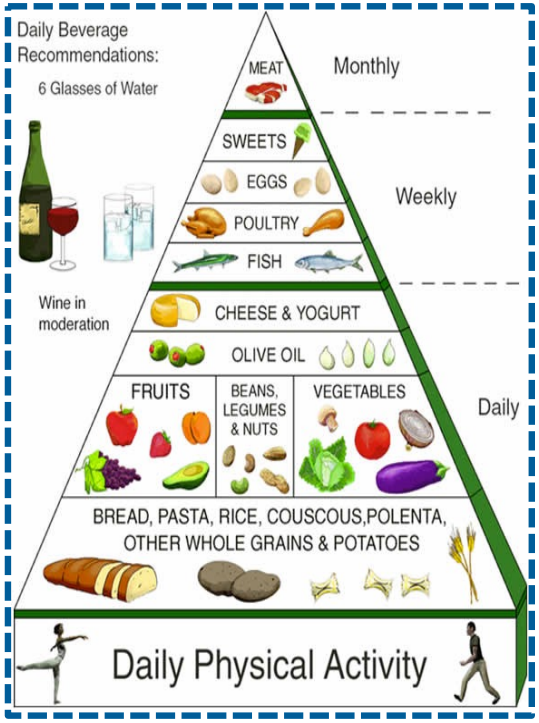
Personal limitations. **People do not always understand what is expected of them nor how they can best perform their jobs, as they may lack some requisite ability, training, or information.** In addition. human beings have a number of innate perceptual and cognitive biases, such as an inability to process new information optimally or to make consistent decisions and these biases can reduce organizational effectiveness. Some of these personal limitations are correctable or avoidable but for others. controls are required to guard against their deleterious effects.

Lack of goal congruence. **Even if employees are properly equipped to perform a job well. some choose not to do so. because individual goals and organizational goals may not coincide perfectly**. In other words. there is a lack of goal congruence. Steps must often be taken either to increase goal congruence or to prevent employees from acting in their own interest where goal incongruence exists.

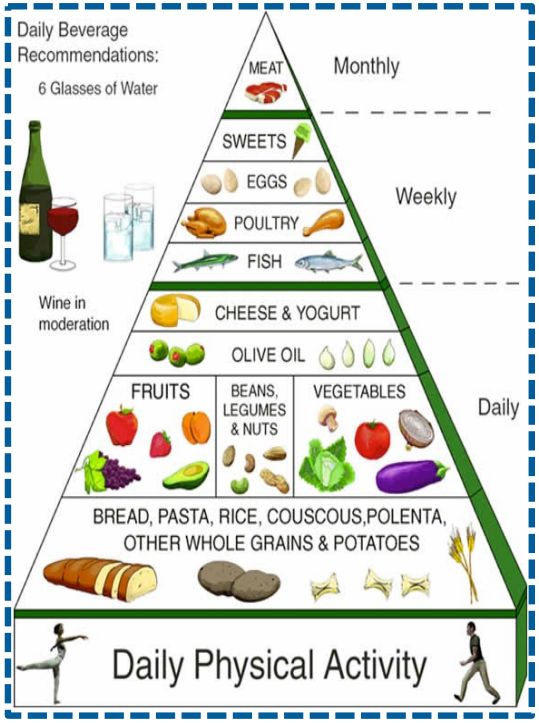
SOURCE: Kenneth A. Marchant, The control Function of Management, Sloan Management Review, Summer 82, (43-55)

I. TO ACQUIRE INFORMATION

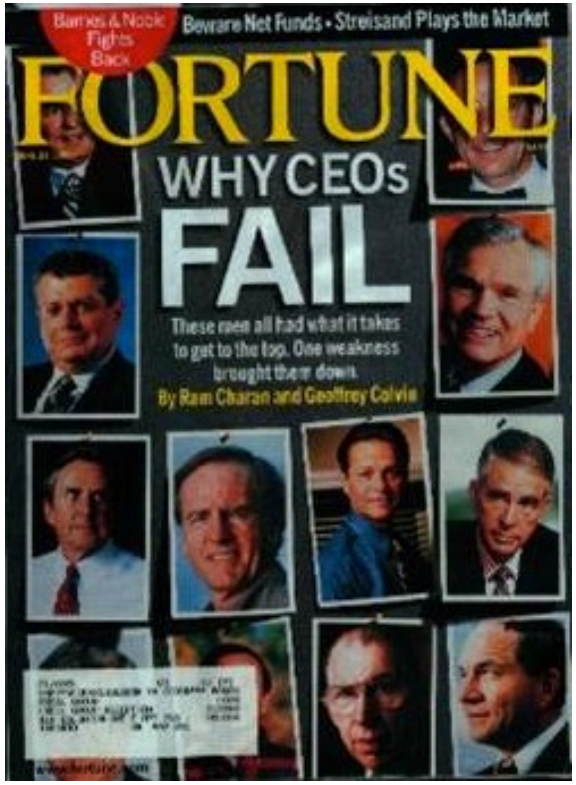
II. TO MAKE DECISIONS



III. TO PUT (THE DECISONS TAKEN) IN PRACTICE



“WHY CEOs FAIL”

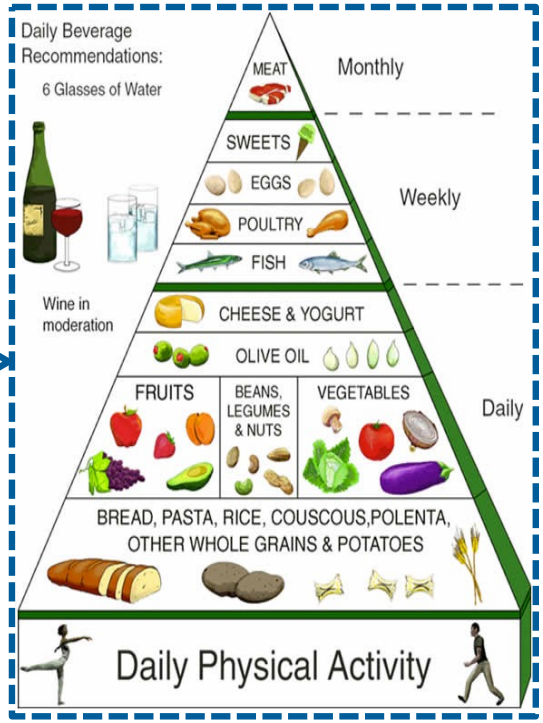


It's bad execution. As simple as that: not getting things done, being indecisive, not delivering on commitments.
We base our conclusions on careful study of several dozen CEO failures we've observed over the decades--through our respective work as a consultant to major corporations and a journalist covering them. The results are beyond doubt.

SCHIZOPHRENIC ORGANIZATIONS

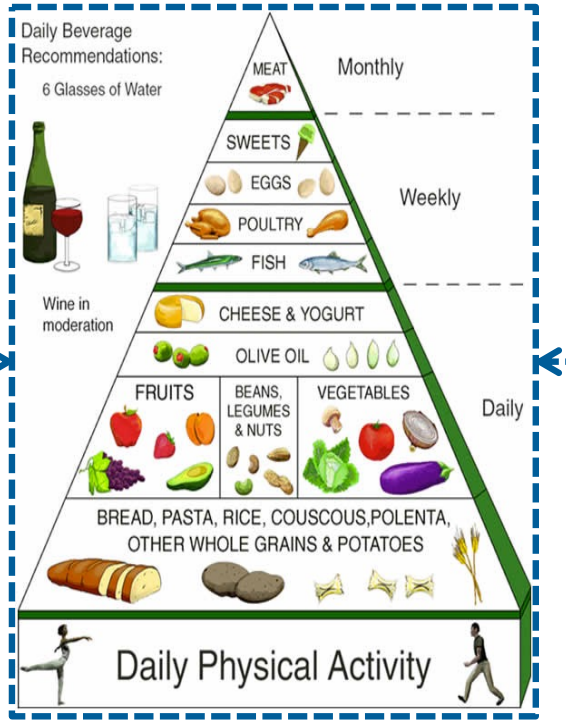
ALIGNMENT

MENTAL MODEL



MENTAL MODEL

CONTROL



MENTAL MODEL

CONTROL

BACK TO THE ORIGINS

Robert Anthony is unanimously recognized as the originator of the whole idea of Management Control. He did more than anyone else to introduce a conceptual structure to this new discipline, derived from Accounting.

In his 1965 masterpiece *Planning and Control Systems: A Framework for Analysis*, published in 1965, Anthony defined management control as "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives".

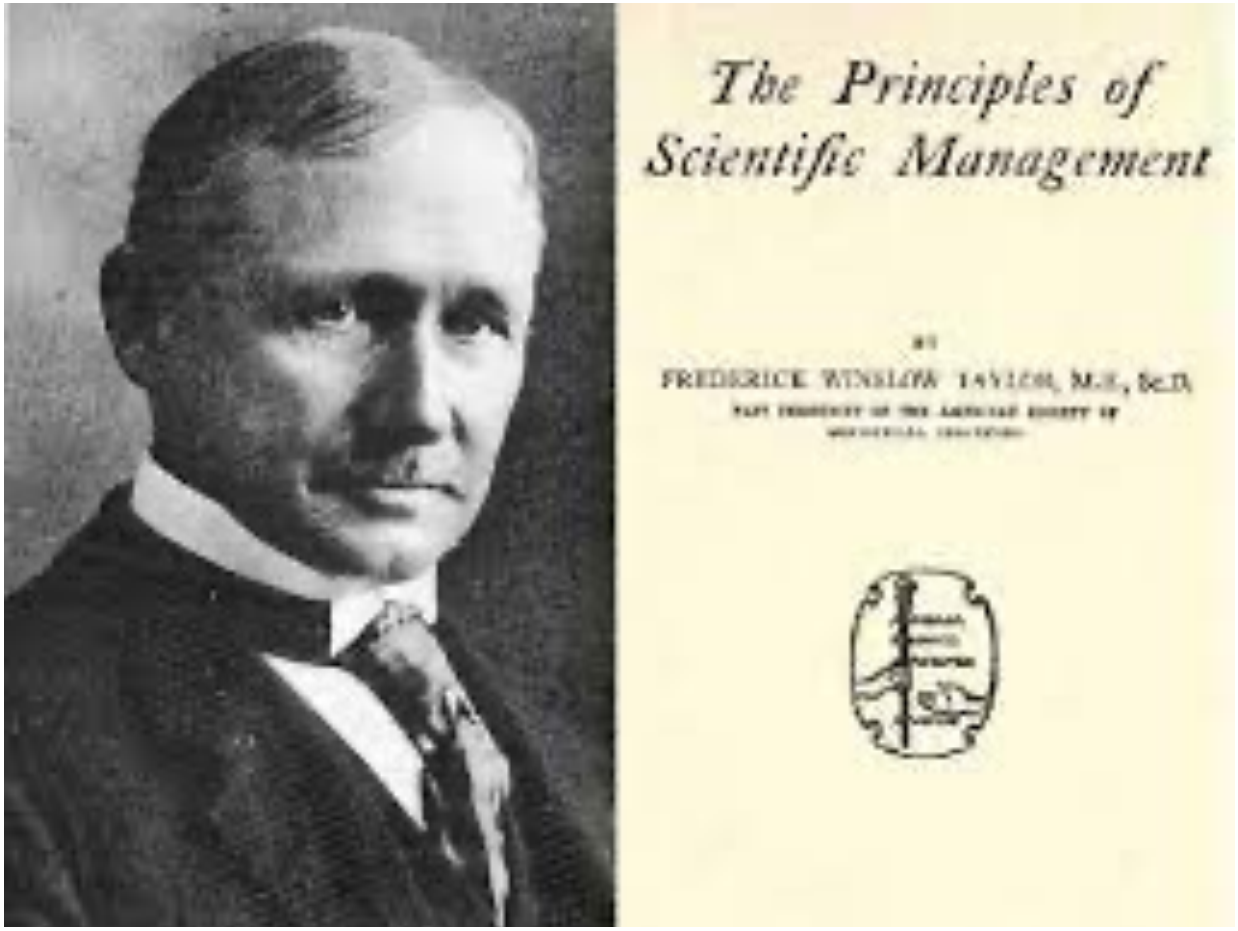
Subsequently he adjusted it in the following way: "Management control is the process by which managers influence other members of the organization to implement the organization's strategies", Robert Antony, *Planning and control systems: a framework for analysis,* 1988.

IMPRINTING EFFECT

ORGANIZATION AS MACHINES

FORD'S MOVING ASSEMBLY LINE

FREDERICK TAYLOR AND SCIENTIFIC MANAGEMENT

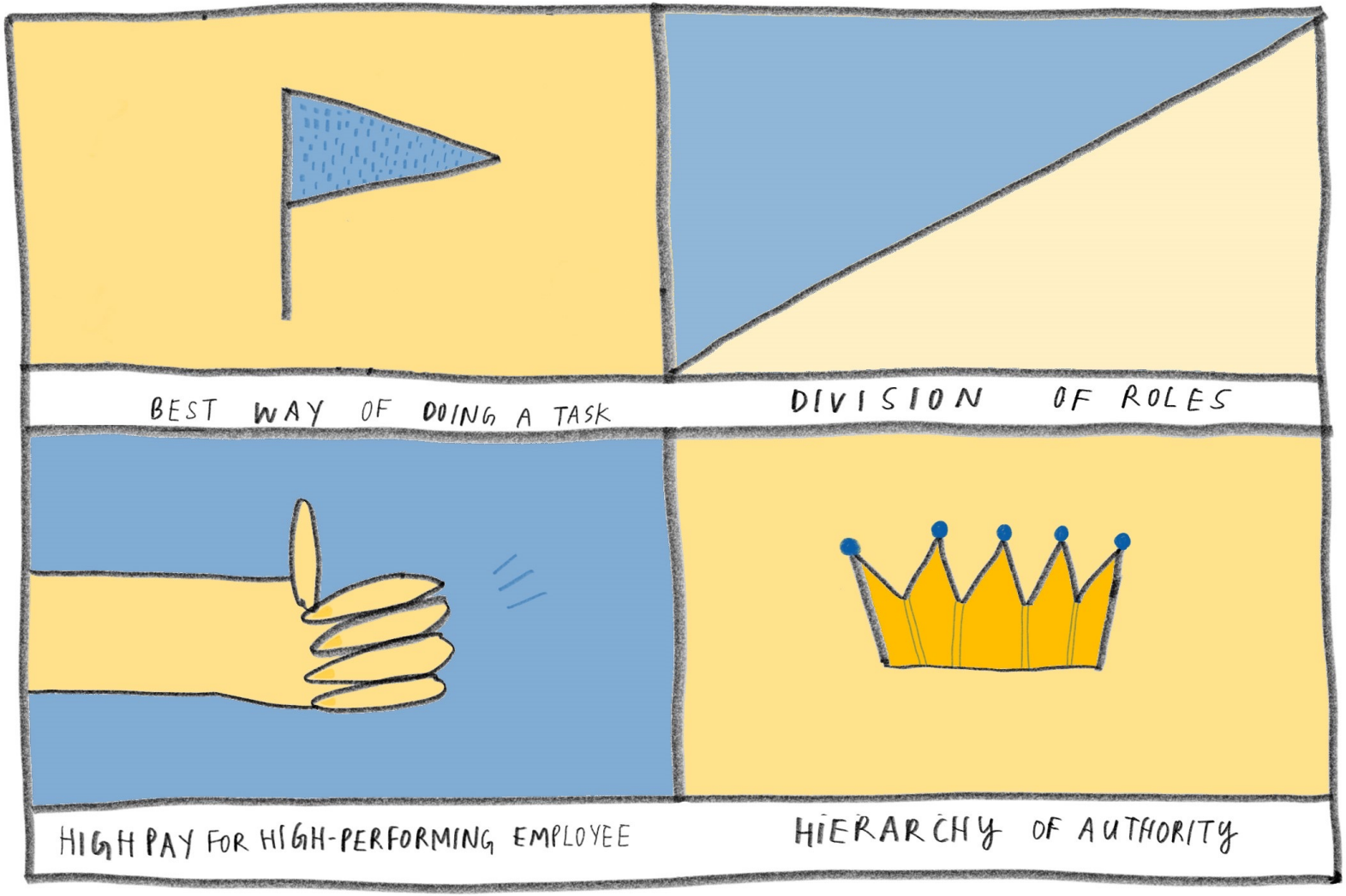


FOUR PRINCIPLES OF SCIENTIFIC MANAGEMENT

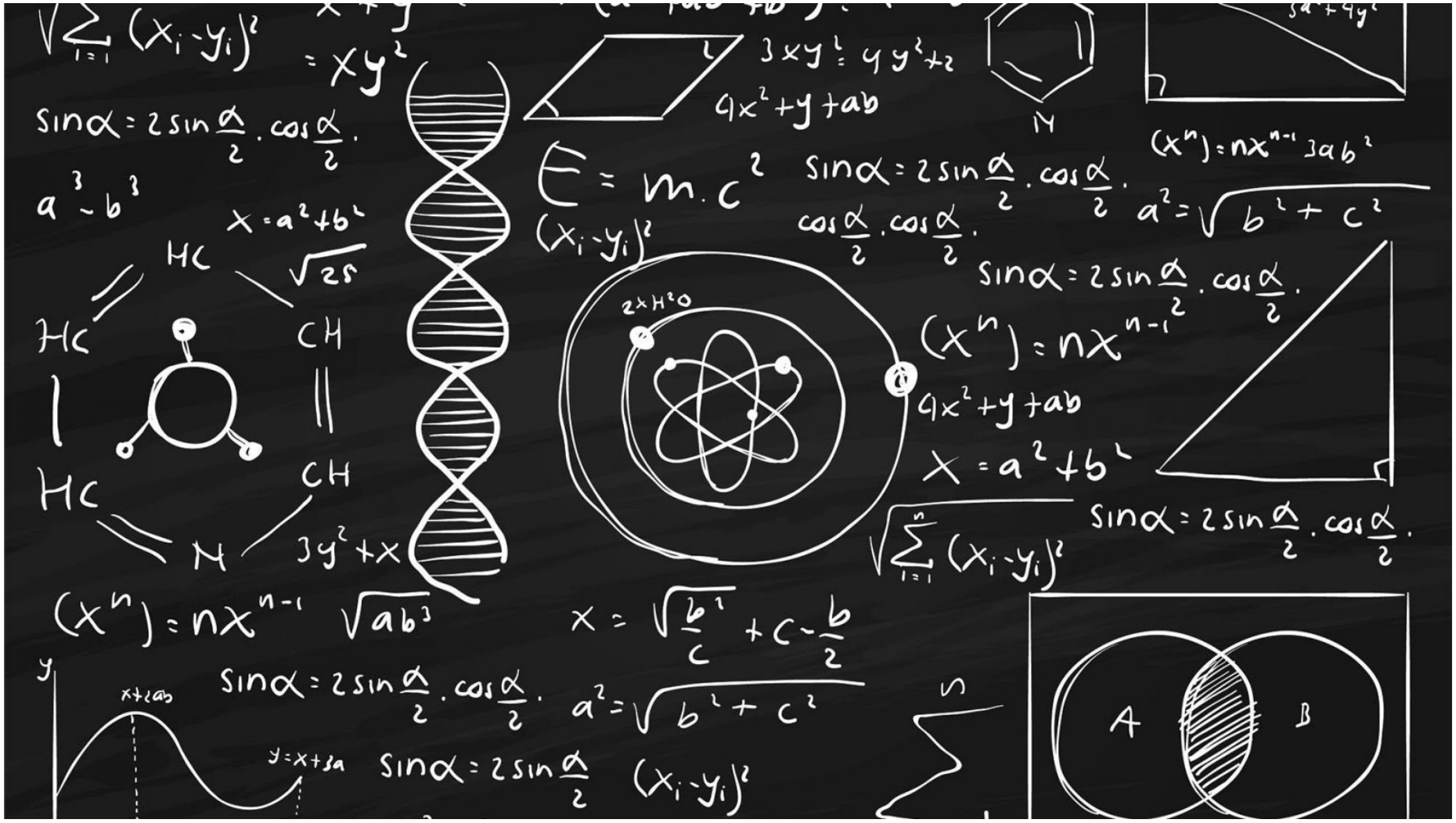
Taylor's four principles are as follows:

- Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.
- Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency.
- Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working.
- Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

FOUR PRINCIPLES OF SCIENTIFIC MANAGEMENT



EMPHASIS ON SCIENCE



STRATEGOS

DISTINCTION BETWEEN WORKERS AND MANAGERS

Taylorism also cemented the distinction between "workers" and "managers." In scientific management, workers were no longer responsible for selecting tools, devising methods, setting schedules, or resolving disputes. In Taylor's view, the average employee was too thick-headed for such work. In a particularly feculent passage, Taylor portrayed the typical steelworker as "so stupid that the term 'percentage' has no meaning to him." Accordingly, it was necessary not only to standardize work, but to strip it of anything requiring judgment. On this point Taylor was adamant: "It is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced cooperation that this faster work can be assured." And who was to do the enforcing? Managers, of course.

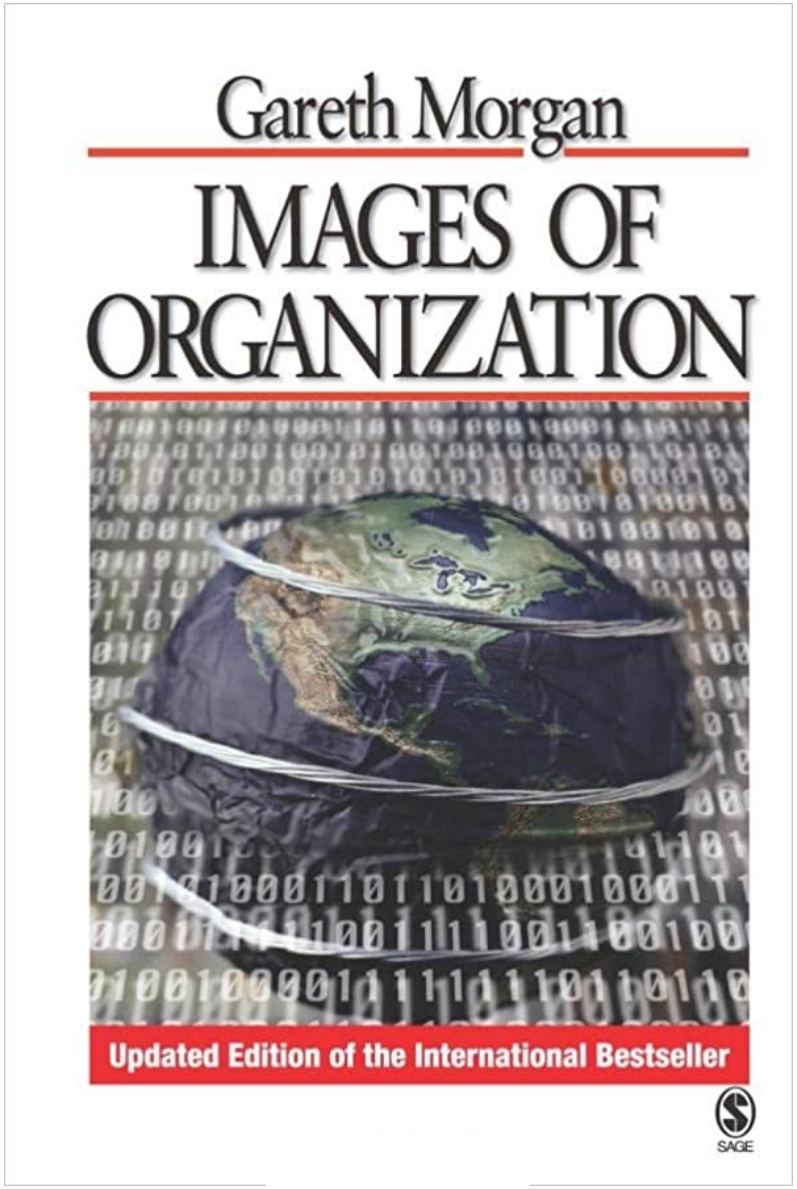
Excerpt From: Gary Hamel. "Humanocracy." iBooks.

MANAGING THE PROBLEM OF INABILITY

3S

- **SIMPLIFICATION**
- **STANDARDIZATION**
- **SPECIALIZATION**

IMAGE OF AN ORGANIZATION



ORGANIZATIONAL METAPHORS

EVOLUTION OF A CONCEPT

Organisation as machine

Characterised by order, efficiency, inputs and outputs, standardisation, ...

The machine metaphor assumes that employees behave more as inanimate cogs and gears than intelligent, thinking, and flexible individuals. This mechanical perspective tends to focus on organisational efficiency and standardisation by breaking down complex organisation systems into discrete parts whose response to change may be predicted.

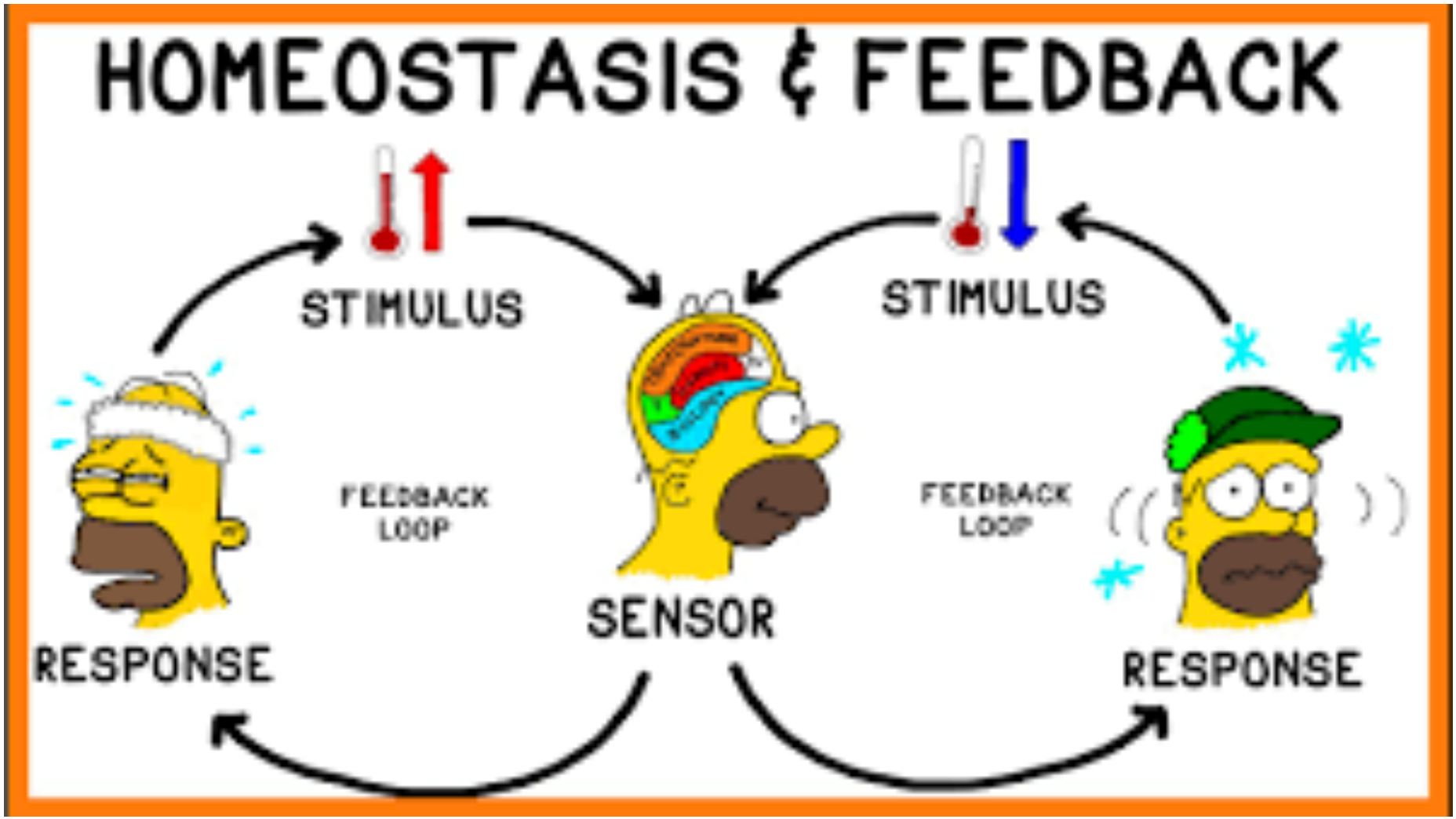
Change is best achieved through a planned approach managed by those in formal roles of authority.

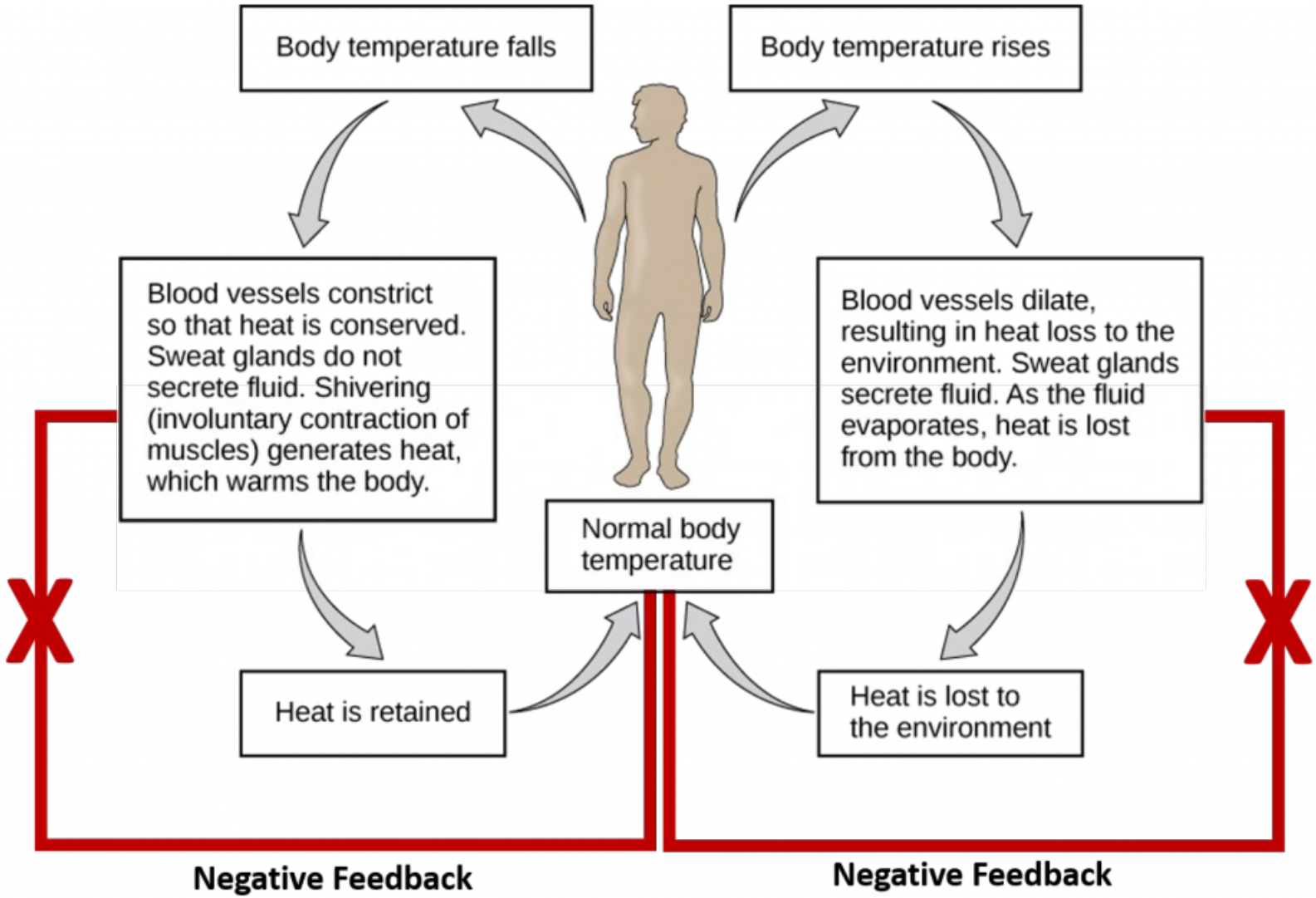
Organisation as organism

Characterised by living systems, adaptation, life cycles, homeostasis, ...

The organism metaphor focuses on the organisation as a dynamic and adaptive system - one that might change its form to reflect its environment. The systemic inter-relationships between the many parts of the organisation need to be appreciated in order to understand the implications of changing any one part.

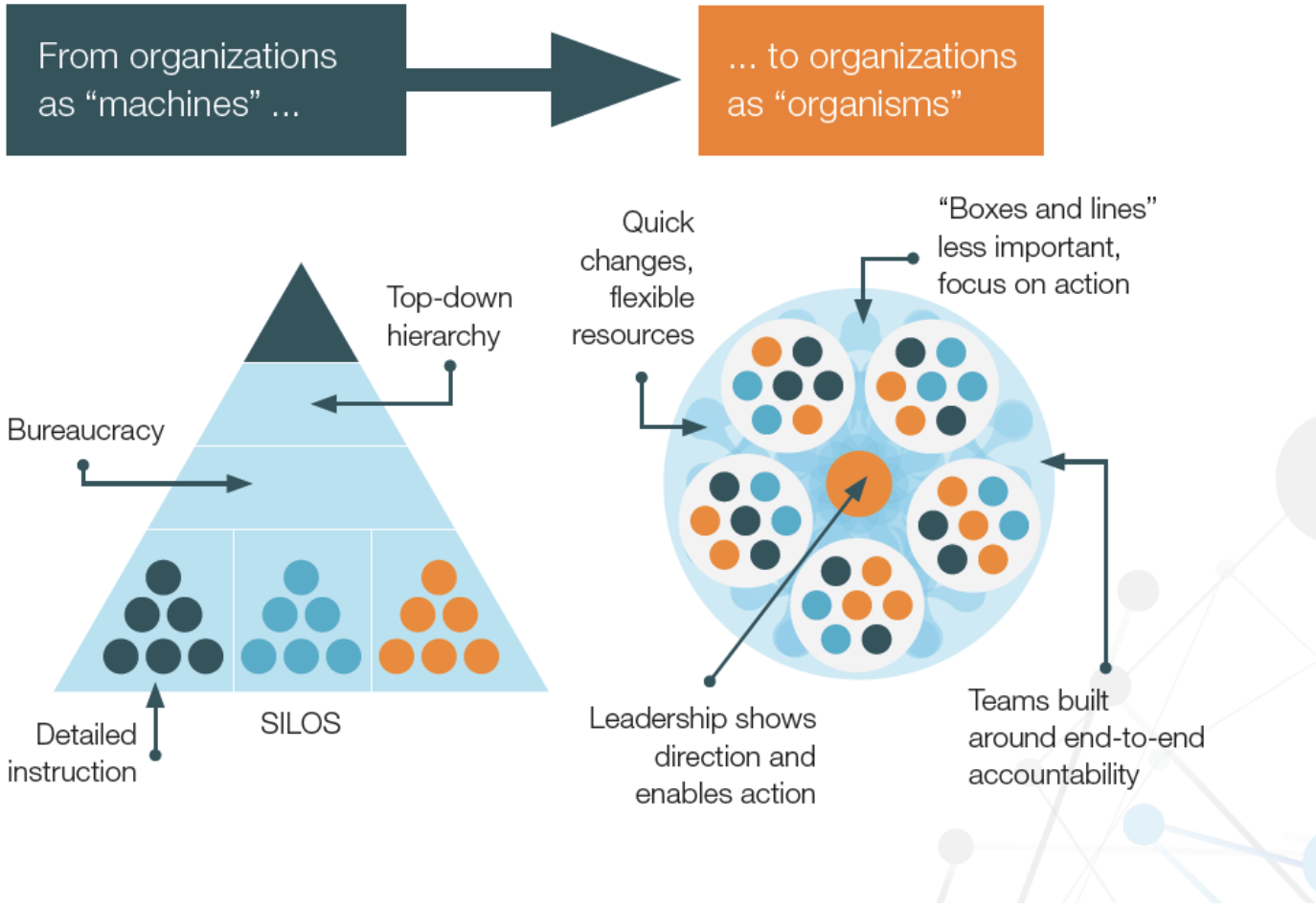
Change is best achieved through appreciating the systemic and dynamic inter-relationships between various elements.


HOMEOSTASIS & FEEDBACK
STIMULUS
STIMULUS
FEEDBACK LOOP
FEEDBACK LOOP
SENSOR
RESPONSE
RESPONSE


Body temperature falls
Body temperature rises
Blood vessels constrict so that heat is conserved. Sweat glands do not secrete fluid. Shivering (involuntary contraction of muscles) generates heat, which warms the body.
Blood vessels dilate, resulting in heat loss to the environment. Sweat glands secrete fluid. As the fluid evaporates, heat is lost from the body.
Normal body temperature
Heat is retained
Heat is lost to the environment
Negative Feedback
Negative Feedback

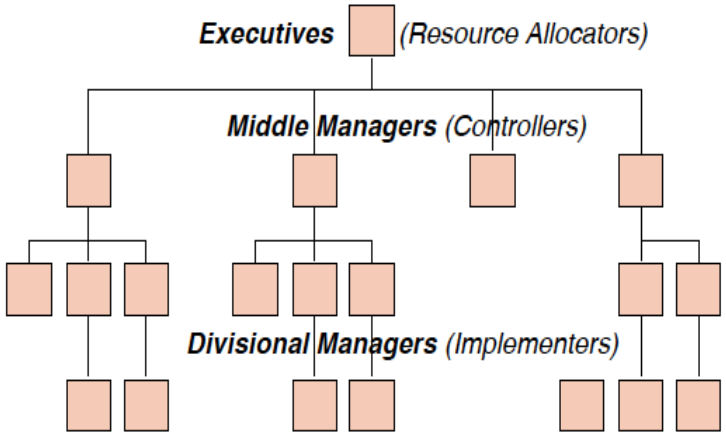
FROM «MACHINES» TO «ORGANISMS»

Rather than organization as machine, the agile organization is a living organism.



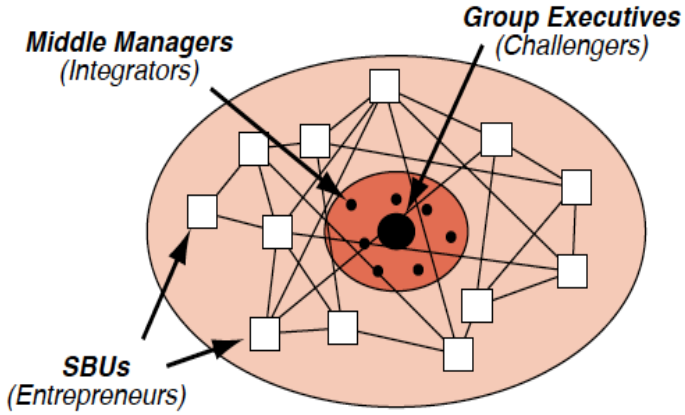
NEW ROLES

The multidivisional M-form model



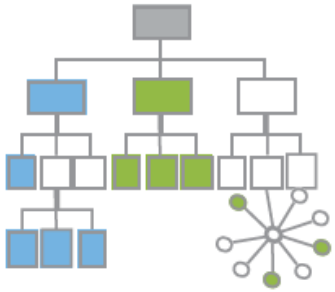
CULTURE: Command, control, contract and compliance

The network N-form model



CULTURE: Responsibility, enterprise, trust and loyalty

DIFFERENT LEVELS OF AGILITY



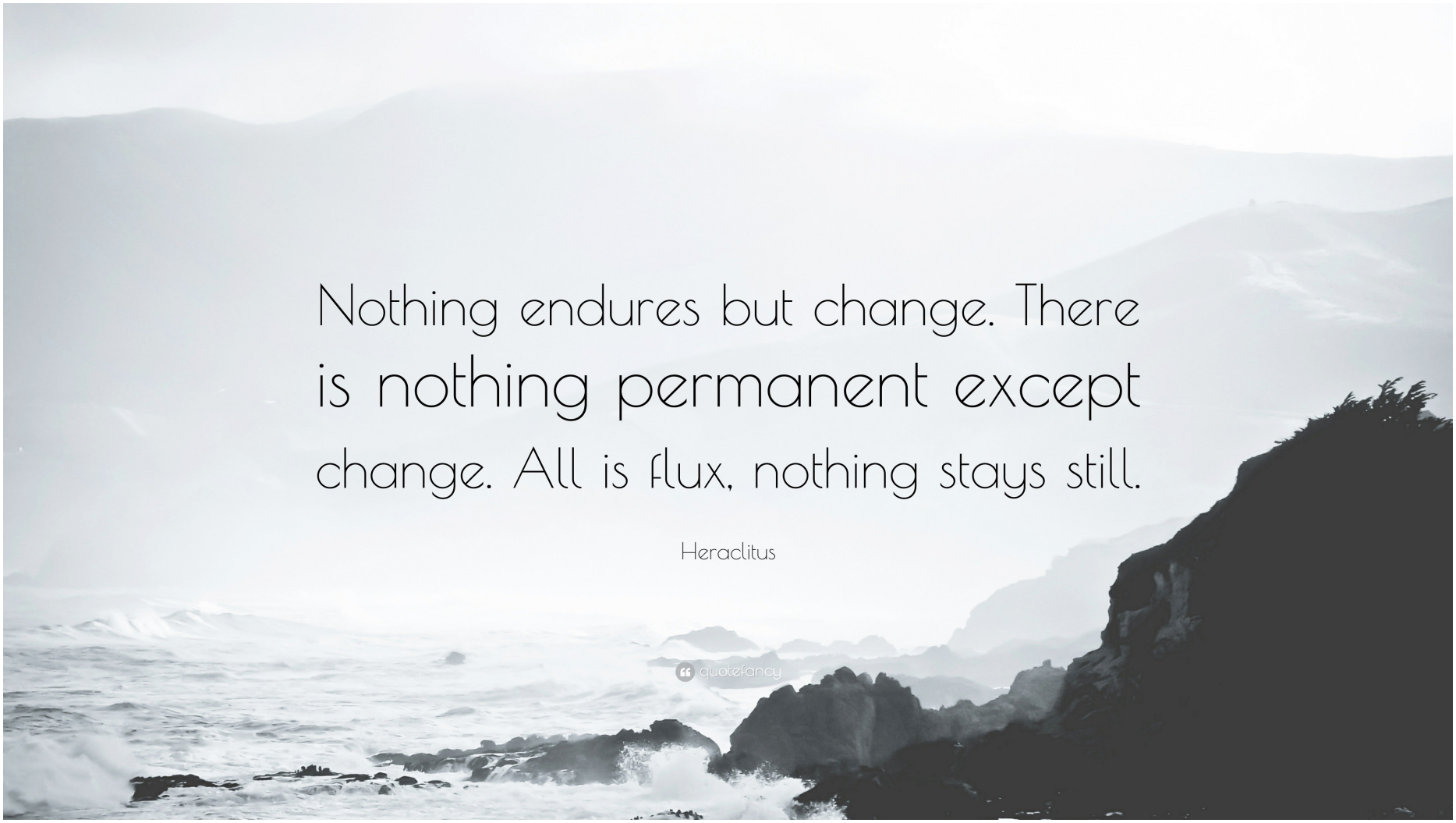
Project-based cross functional teams & experimentation hubs

Customer mission-based teams supported by core functions

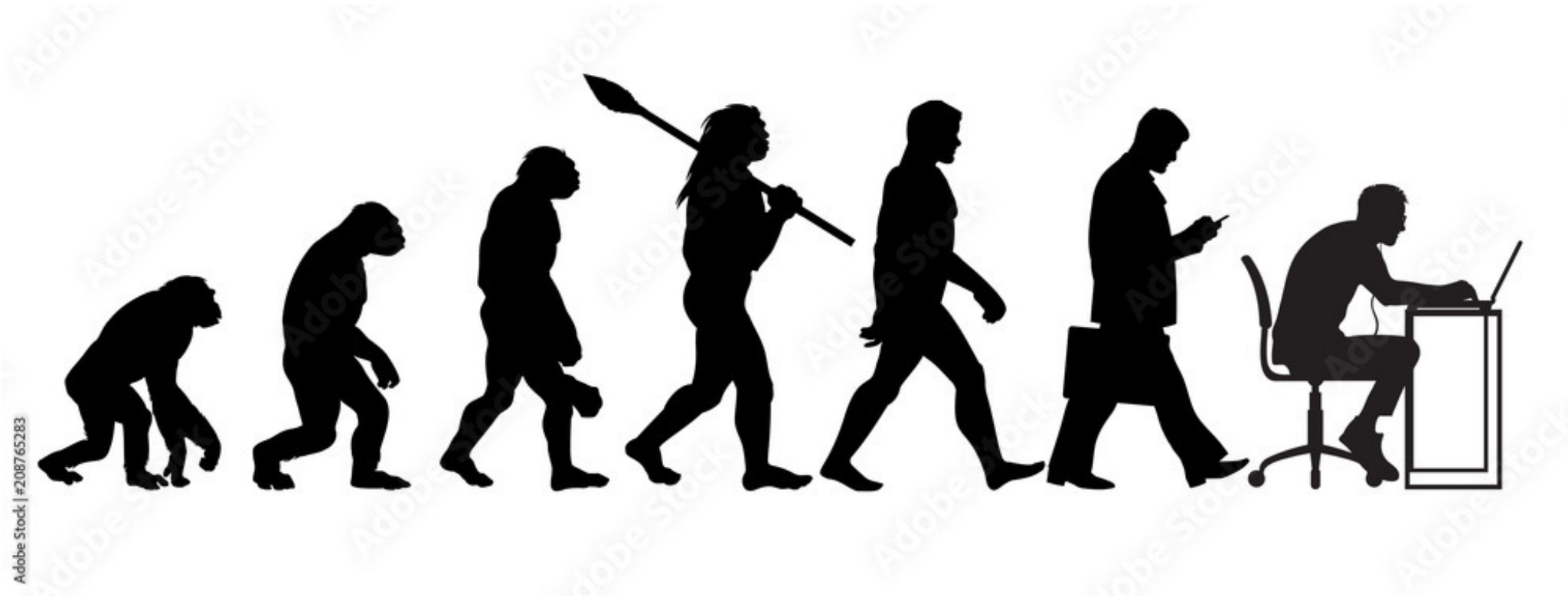
Autonomous, customer-focused teams

INCREASING ADAPTABILITY

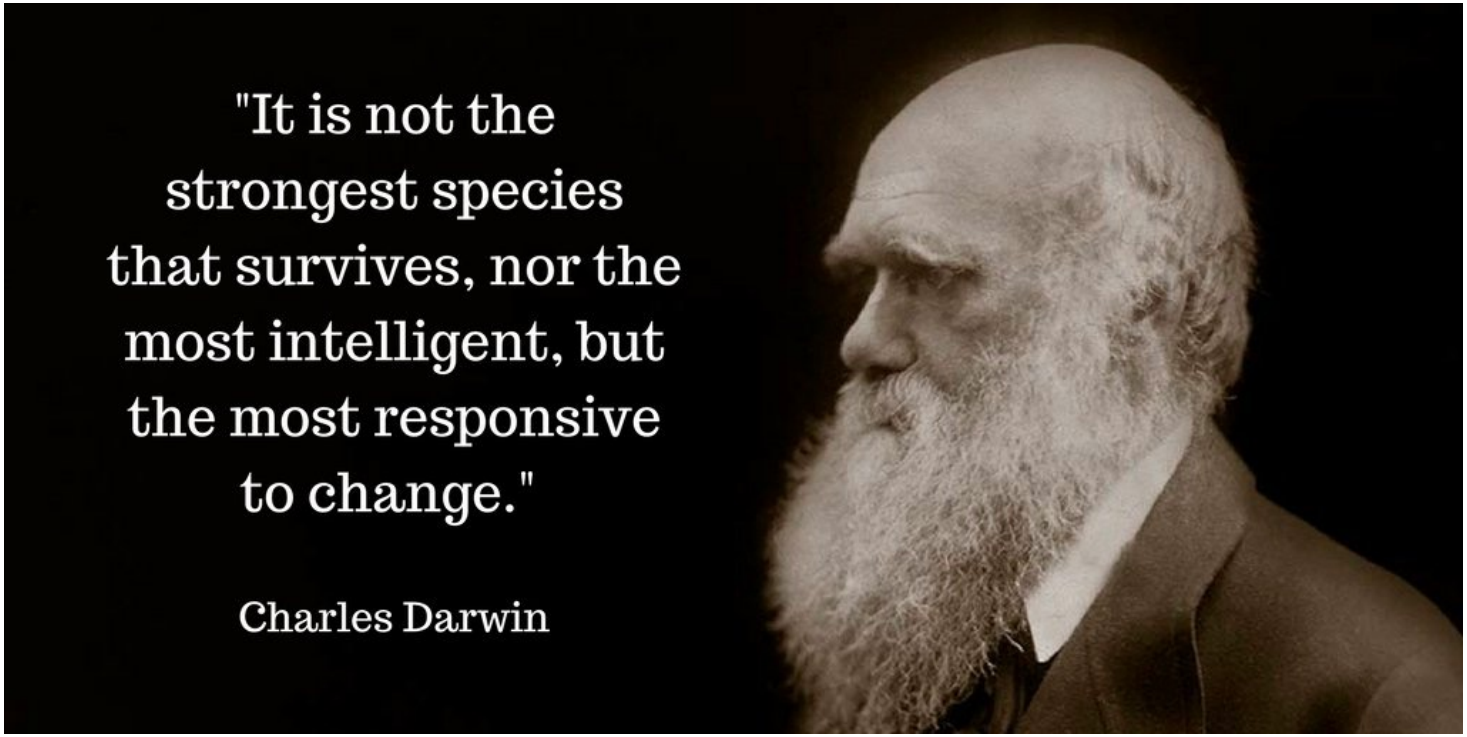
HERACLITUS


Nothing endures but change. There is nothing permanent except change. All is flux, nothing stays still.
Heraclitus
quotefancy

EVOLUTIONARY CAPACITY



THE IMPORTANCE OF FLEXIBILITY



"Amazon is not too big to fail. . . . In fact, I predict one day Amazon will fail. Amazon will go bankrupt. If you look at large companies, their lifespans tend to be thirty-plus years, not a hundred-plus years."

"If we start to focus on ourselves, instead of focusing on our customers, that will be the beginning of the end. We have to try and delay that day for as long as possible."