The Institute of Management Services is the primary body in the UK concerned with the promotion, practice and development of the range of methodologies and techniques for the improvement of productivity and quality, known collectively as ‘Management Services’. This embraces the disciplines of industrial engineering, work study, organisation and methods, systems analysis, and a wide range of management information and control techniques as illustrated in our Body of Knowledge.

The Institute acts as the qualifying body for the Management Services profession in the UK, focusing developments in practice and knowledge and acting as a forum for information exchange. This in turn enables our members who work under a variety of job titles across the whole of the UK economy, to make a more effective contribution to the wellbeing of their own organisation and to the nation’s economy as a whole.

In addition to creating and upholding professional standards for the practice of management services through the adoption of a code of ethics and the provision of a system of qualifying examinations, the Institute of Management Services collaborates with national and international professional bodies in similar fields.

The Institute is a member of, or represented on, a number of other bodies including the World Confederation of Productivity Science, the European Federation of Productivity Services, and the European Institute of Industrial Engineers.

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In my last Chairman’s column, I emphasised the implications that COVID-19 would have on our lives in general, and our working lives in particular. I also stated that research had shown (www.finder.com) that at the peak of the lockdown some 60% of the UK’s adult population were working from home. With the current upsurge in coronavirus cases and the Government’s recent advice to work from home where possible, it seems likely that this figure could be reached again.

I also mentioned that there had been significant productivity gains from working from home. However, the latest research has shown that after a sustained period of working from home, keeping remote teams engaged and productive becomes a problem. A new book created to help this, provides ‘simple tips virtually any organisation can adopt to bring that energy and focus back’ (https://bit.ly/38SGT5X).

At the Institute, your Council members have continued to work from home since the initial lockdown in March, with communications via email, teleconferencing and Zoom sessions. Indeed, on 25 September, 2020, we held our first ever virtual Annual General Meeting using Zoom. Not particularly ideal, but all that we could do under the circumstances. (The Institute is obliged to hold an AGM by company law). Anyway, after a slightly sticky start, all the business of the meeting was completed and everyone who participated agreed that the session had been worthwhile. (I had prepared a Chairman’s Annual Report for the AGM which is published on page 11 for your general information.)

One of the resolutions passed at the meeting was ‘To approve an amendment to clause 10 of the Institute’s Articles of Association to permit the holding of General Meetings using virtual/electronic formats’. Hopefully, by next year’s AGM, we will be back to some sort of normality and the pandemic will be nothing more than a distant memory.

One thing that the pandemic has forced us to do, however, is to take stock and to prioritise what is important in life. I mentioned in one of my previous columns, Maslow’s Hierarchy of Needs. No longer are we so concerned with the aspirations of Esteem Needs and Self Actualisation, but are now much more focused on Physiological, Safety and Social Needs. Mental health in particular is a key factor after such a long period of enforced ‘hibernation’. As social beings we need social interaction, companionship and belongingness.

Another outcome of the pandemic and the resultant lockdown, is the need to be inventive and innovative in how we do business. As the proverb goes, ‘necessity is the mother of invention’ and there have been many examples of this, working from home being one. Another, has been the upsurge in online shopping. Grocery shopping for example, has jumped by 117%; ‘the most dramatic change of shopping behaviour we’ve ever seen’ according to Charged, Retail Tech News (www.chargedretail.co.uk).

It is interesting to note the origin of the proverb – the first reference to it is in Plato’s Republic (375BC) which says, ‘our need will be the real creator’. However, in contrast to this, Alfred Whitehead in his address to the Mechanical Association (1917) argued that, ‘the basis for invention is science, and science is almost wholly the outgrowth of pleasurable intellectual curiosity’ and, in relation to the old proverb, he argued that ‘necessity is the mother of future dodges’ was nearer the truth. As productivity science practitioners we have all experienced both sides of this coin.

Obviously, we are heading towards a significant year of uncertainty with many unknowns. Will the COVID vaccine trials be successful and how quickly will it be distributed throughout the population? Will there be an outbreak of influenza and, if so, how will our NHS cope? What will be the outcome of the Brexit trade talks and who will be the winners and losers? There are also local elections due to take place in England next year and elections to the parliaments and assemblies in Scotland, Wales and London – what will be the outcome and how will these outcomes affect our lives?

So there are many uncertainties, and all plans will have to reflect this. Flexibility will be a key factor and leaving room for contingencies a must. At the Institute we will ensure that we are in a position to respond to these challenges and like all organisations in this new virtual world, we realise that connectivity is key!

Finally, I mentioned that we had held our first virtual AGM in September. We were advised, at one time, to prepare for a virtual Christmas. Fortunately, the Government has pulled out all the stops and will allow a five day respite period. They have also designated Santa a ‘key worker’ and he will be as productive as ever – albeit wearing PPE!

Have a great Christmas, take care and stay safe, and here’s hoping next year will be a lot less challenging.

Dr Andrew Muir
Chairman

One thing that the pandemic has forced us to do, is to take stock and to prioritise what is important in life.
The Institute’s CPD Programme

If Institute members are seeking to enhance their career prospects, they should consider continuing professional development (CPD) which is used by many professionals to develop new skills and knowledge throughout their career. CPD has become crucial in terms of career progression.

CPD is a proactive and conscious form of learning which uses various methods to help individuals either learn new skills or develop existing ones.

As the name suggests, it is an ongoing learning process. It is also a self-driven form of learning, with the individual deciding their own additional training needs. Participation in CPD offers numerous benefits to both the individual and their employer. For you as a professional, it helps to ensure your skills and knowledge are up to date, and the professional standard of your Institute registrations and qualifications are maintained. For your employer, it ensures that the company standards are both high and consistent.

Your employer will see that you are actively dedicated to the job role and value your commitment to the role. Whether you’re looking for a promotion, or you’re hoping to gain employment with a prestigious company, CPD can really help. It enables you to stand out from the crowd, with research showing that those who have undertaken CPD, have a significantly higher chance of gaining a promotion or moving on to a different area within their chosen field. Practically anything which can further your knowledge and skills is classed as CPD.

Details of the Institute’s continuing professional development (CPD) programme can be found on the website www.ims-productivity.com by clicking on the home page ‘Education’ tab then clicking on CPD tab on drop down menu.

Institute Notice

Institute members are advised that during the Coronavirus pandemic, the Institute has taken the decision to close its Lichfield office until the government advise it is safe to resume normal activities.

If required, members may still contact the Institute by either email at admin@ims-productivity.com or by telephone on 07917 031 866.

Overseas Award

Having won the Russell Currie Memorial Fund’s 2019 award for an overseas student’s achievements, Karthick Kamalakkanen enjoyed a virtual presentation of his certificate and silver plate in August.

Karthick is the son of the owner of many shoe factories in India which supply Danish shoe manufacturer ECCO Sko A/S. He had been invited by ECCO’s Global Production Consultant Alan Searle, to join their four week in-company course run in Indonesia by Scott-Grant in July 2019. 25 year old Karthick achieved an outstanding level on the course among delegates who had come from ECCO’s six manufacturing countries, with India the seventh. His results were also higher than any other overseas student taking the IMS Certificate course during 2019.

The presentation had originally been planned for July during another IMS Certificate training course to be delivered in Indonesia by Ian Winstanley from Scott-Grant, but the course was postponed because of the COVID restrictions. Instead, a virtual presentation via Zoom was held involving Karthick and his very proud father in India; ECCO’s Alan Searle in Portugal; Gary Smale, ECCO’s President Director in Indonesia; Principal Course Tutor Ian; and RCMF Trustee Richard Taylor in Manchester.

Scottish Region

Like every other part of the UK, Institute activities in the Scottish region have more or less come to a standstill. Having had a couple of sessions with the region Chairman, it is evident that it will be some time before we get back to anything that resembles normality. However, the Chairman has been doing some work on a local project and provided this quote that was issued by the project co-ordinator: ‘Words on paper provide the framework, but we need the inspiration, the leadership, the creativity and the commitment to turn them into actions.’

In other words, success is 10% inspiration and 90% perspiration!

Scottish Region Secretary
Virtual Solution for Rating professionals

For all productivity or work measurement analysts, it is critical that they undertake an annual rating ‘calibration’. This is important for the productivity profession, employers, employees and employee representatives.

The only Rating Clinics that are endorsed by the Institute of Management Services are those held by Scott-Grant using the BS 0-100 scale. An official card is issued to all who pass, which is valid for one year; this card is required by employers and many unions. For more than two years, Scott-Grant has been offering remotely managed Rating Clinics to customers in many countries including Belgium, Portugal, Indonesia, Thailand, China, Vietnam, Australia and New Zealand – in addition to in-company and open Rating Clinics held across the UK.

During 2020’s COVID restrictions, the ongoing need to renew the annual certification has been accommodated by running many remotely managed Rating Clinics across the UK as well as overseas. Using various virtual meeting software options, Scott-Grant instructors are able to continue to enable Rating Analysts ensure they maintain the highest professional standards and operate to appropriate levels of accuracy.

This isn’t just an ‘online test’. Remotely managed Rating Clinics offer the same levels of individual guidance with statistical and visual feedback by qualified instructors to ensure improvement. This allows the Analyst to correct any adverse trends and, if successful, be able to apply Performance Rating with consistency and accuracy for the following 12 months. The consequences of Analysts not operating at accurate and certified levels could have a significant and negative impact on business decisions, affecting organisations and their employees.

“We remind our delegates that there are many factors involved in Performance Rating, not simply speed. Dexterity, effective effort, consistency and evidence of rhythm are also taken into account”, said Mark Cooper, one of Scott-Grant’s instructors. “The remotely managed Clinics are a very successful option, although there isn’t the same popular exchange of experiences and ideas which happens during our open Clinics.”

Re-imagining the Future of Business beyond 2020

In October, key board leaders, industry professionals and policymakers from across the globe, deliberated on the implications of COVID-19 pandemic on the future of business, the future of boards and their transformational strategies in determining the course of organisations in the post-pandemic era at The Institute of Directors, India’s Annual ‘Directors’ Conclave’ 2020.

Attended by around 700 people, this two-day event, entitled ‘Re-imagining the Future of Business beyond 2020: A Strategic Foresight’, was designed to facilitate an exchange of ideas across sectors and geographies, by bringing together some of the worlds leading professionals and experts.

IMS President, Colin Coulson-Thomas, attended the event and gave several key presentations. He told delegates, “In rapidly changing situations and contexts, past assumptions, experiences and lessons may no longer be applicable. Directors and boards need to be future-ready. They should periodically and consciously review their aspirations, assumptions and priorities, their roles, memberships and practices and their relationships with management and stakeholders.

“Some directors may need to undergo a metamorphosis. To provide the board leadership many younger people long for, they may need to flip from reacting and hoping for the best to proactively making things happen. Returning to a pre-pandemic world may be neither desirable nor sustainable. To build back better, directors may have to accept and tolerate higher levels of risk. They may need to be less cautious and prudent, and more innovative and enterprising.”

Title: Storytelling With Data – Let’s Practice  
Author: Cole Nussbaumer Knaflic  
Publisher: John Wiley & Sons (2020)  
ISBN: 1119621496  
Pages: 448

The author describes the book as an immersive learning experience through which you can learn how to teach others to be powerful data storytellers. While *Storytelling with Data*, Cole’s first book, covered the theoretical side of communicating with data in an accessible way for beginning and seasoned professionals, this book invites you to put it all together and practice the concept of data stories. *Let’s Practice* will help you build confidence and credibility to create graphs and visualizations that make sense and weave them into action inspiring stories. Expanding upon the first book’s foundational lessons, *Let’s Practice* delivers fresh content, a plethora of new examples, and more than 100 hands-on exercises. Author and data storytelling expert, Cole Nussbaumer Knaflic, guides you along the path to hone core skills and help you become a well-practiced data communicator.

Each chapter includes exercises based upon real world examples for the reader to consider and solve, together with step-by-step illustrations and explanations. The reader is then encouraged through the use of thought-provoking questions to work individually and arrive at their own solutions.

The lessons and exercises found within this comprehensive guide will empower you to develop data storytelling skills and transition your work from acceptable to exceptional. By investing in these skills for ourselves and our teams, we can all tell inspiring and influential data stories.

Most books in this field see an author teaching/preaching their views. This book is different as it gets you involved in almost every page.

This book on data communication is about far more than ‘choose the right chart’. It also contains information and guidance on the fundamental purpose of annotation layers, layout considerations, insight delivery, and the multitude of other requirements for success. There are worked-through examples everywhere, as well as exercises for you to do.

Title: Work Together Anywhere – A handbook on working remotely  
Author: Lisette Sutherland & Kirsten Janene-Nelson  
Publisher: John Wiley & Sons (June 2020)  
Pages: 416

In today’s global economy, companies and organisations in all sectors have in recent year, been embracing the benefits of remote working. The concept of remote working has become essential for the survival of many organisations with the advent of COVID-19 and the need for homeworking. Lisette Sutherland, the author, is a public speaker, workshop leader and remote working champion. She is the director of Collaboration Superpowers, a company that helps people work together from anywhere through online and in-person workshops.

This book presents the reader with a comprehensive and thorough set of resources, fully suited to anyone interested in flexible collaboration for the modern online workspace. The information here is widely applicable to any industry, and every reader will find value, whether aspiring to work from home for the first time or already an experienced leader of dispersed teams.

The authors provide a host of new ideas and details of evidence-based research and pearls of wisdom from a broad range of practitioners. The detailed checklists and summaries make the book very readable and informative.

The book is full of tips and information that will be hugely helpful to anyone about to embark on remote working, and is equally beneficial for those already working remotely.

The reader will find this book hugely useful and practical in terms of working with all people in all contexts. Whether you’re a worker in a corporate office or working from home, it will enable you to be a great worker, a team player and also productive.

Whilst not written with COVID-19 in mind, the book is certainly timely and appropriate, considering the enormous shift to home and remote working brought about by COVID-19.
Businesses seeking to survive the economic downturn caused by COVID-19, have been forced to research and implement innovative methods. One approach that has produced tangible results is that of outsourcing.

Outsourcing offers multiple benefits for companies looking to survive the current pandemic and beyond, grow their business offerings or by reducing costs. More organisations are turning towards outsourcing solutions.

According to Deloitte, outsourcing allows managers to focus on their core business functions. It is a fact that outsourcing gives a business access to a skilled talent pool not available within the business.

When businesses outsource their operational needs such as human resources to a specialist outsourcing partner, they gain access to labour relations experts who bring years of experience to complex issues. This leads to an increase in productivity and efficiency, thereby contributing to the organisation’s profitability.

London-based asset manager Schroders has permanently embraced flexible working across its business.

Schroders said that the move will allow employees to adopt working practices that ‘best meet client responsibilities, business requirements and their individual working patterns, while also ensuring that we still have face-to-face interaction to maintain our culture of collaboration, innovation and strong productivity’.

Schroders continues to see many benefits in people coming to the office, indicating that this will remain an important part of its approach to flexible working.

Emma Holden, Schroders’ Global Head of Human Resources, said, “Schroders embraced flexible working long before lockdown and the investments we have made in remote working technology over the years meant our business has not missed a beat since March.

“But in the space of a few months, we have made 20 years’ progress in attitudes towards flexible working, and we are going to continue with this momentum.

“We believe re-thinking the rulebook on flexibility will ultimately prove a huge shot in the arm for Schroders’ productivity in the long-term, while also highlighting Schroders as a forward-thinking employer of choice.”
Improved IT Systems Essential for Increased Productivity

A recent new poll, carried out by Censuswide, quizzed 1000 employees as well as 750 IT and HR leaders from across large organisations (employing at least 250 people) in the UK’s retail, financial services, insurance, utilities and public sectors, about IT and productivity.

An initial research project which took place in February 2020 was repeated in May 2020, to gauge how COVID-driven changes during lockdown have impacted HR, IT and staff perceptions, and plans around workforce productivity.

The poll revealed that two-thirds (66%) of IT decision-makers believe staff efficiency is currently restricted by the limitations of their IT systems – an increase from 58% pre-lockdown. In fact, 42% of HR leaders and 59% of IT leaders now believe their organisation will never see an increase in productivity without investment in better IT systems and adapting organisational culture.

Responding to the most recent poll, over half (56%) of employees surveyed agree that serious change still needs to happen for their employer to be set up in a way which allows them to be the most productive they can possibly be.

The research also found that employees became increasingly aware of the role technology played in boosting productivity during lockdown. In February, over a third (36%) of surveyed staff claimed that financial rewards were key to making them more productive or efficient in their role. Yet post-lockdown, this dropped to just one quarter (25%) of staff, with employees more likely to agree that technology is the most significant catalyst for greater productivity.

Use of AI to Improve the Efficiency of Agriculture

News channels report much about the risks posed by Artificial Intelligence (AI) but it can equally bring great benefits. Behind the scenes there is a quiet revolution underway as a new crop of start-ups are developing AI systems to tackle the greatest challenges facing humanity, from climate change to COVID-19.

One area that could benefit from AI is the agricultural sector, which employs over 25% of the world’s working population and is responsible for sustaining 7.5 billion people. Despite decades of efforts by governments and industry, more than a quarter of those people – a staggering 1.9 billion – remain moderately or severely food insecure.

It is believed that pioneering the use of AI in agriculture would help to feed the hungry while also saving the planet. Some agricultural AI start-ups are focused on the field, training powerful algorithms on vast new datasets to improve the efficiency and performance of traditional farms. The Prospera company based in Tel Aviv collects 50 million data points every day across 4700 fields, analysing them with AI to identify pest and disease outbreaks, and uncover new opportunities to increase yields, reduce pollution and eliminate waste.

Wondering how to reduce costs, increase capacity or improve response?

For help to address your productivity challenges, why not involve Scott-Grant. Our independent, objective and cost-effective help is valued in every business sector.

At Scott-Grant you’re at the home of knowledge and expertise in improving productivity.

Email us at productivity@scott-grant.co.uk
Find out more on www.scott-grant.co.uk
Reducing the world’s population of dairy cows would dramatically reduce the greenhouse gas emissions and the land demands of milk and dairy production.

Available data indicates that UK dairy cows are world class, producing over 200% more milk than the global average. Of the top milk producing nations, the UK’s 1.9 million cows are the second most productive in the world, producing 15 billion litres of milk every year.

If average world global production rates were to increase from the current 2500 litres per year to those seen in the UK, the global dairy herd could be reduced by up to 70%.

Dairy production differs greatly across the globe, influenced by cattle breeds, environmental constraints such as climate, socio-economics and culture. However, UK cows are showing that it is theoretically possible to produce the same amount of milk from just 83 million cows as opposed to the current 265 million. Such dramatic reductions would inevitably have an impact on dairy’s environmental impact, such as methane emissions and land use.

The UK climate allows for some of the most sustainable milk production in the world, as 60% of UK farmland is grassland – ideal for grazing cows. Plus, in the UK there is great focus on improving agricultural efficiencies and productivity. If this focus could be achieved globally, it would result in increased food production and reduce the impact dairy farming has on the environment.

Over the last 25 years, impressive production rates have contributed to the UK dairy herd shrinking by almost 30%, while UK production has increased by 4%.

World Bank report on climate change and agriculture

A recent World Bank report, Revising Public Agricultural Support to Mitigate Climate Change, finds that agriculture subsidies have the potential to address food security and mitigate the impacts of climate change.

Agriculture currently accounts for 25% of total global greenhouse gas (GHG) emissions, according to the Word Research Institute (WRI). However, by 2050, the WRI expects the global population to increase by 2.2 million people and researchers believe this will increase food production by 50%, driving up GHG emissions.

According to the World Bank report, a redirection of agriculture subsidies to support more research, innovation, and development, could curb global emissions while also feeding the world.

The report found that from 2014-2016, countries that produced two-thirds of the world’s food provided US $600 billion in agricultural financial support each year. Of this, only 5% went towards conservation efforts and only 6% supported research and technical assistance.

Opponents of agriculture subsidies argue that currently government support is geared towards excessive production of certain crops like corn, soybeans and wheat, with most of the money going towards large farms.

It is suggested that redirecting subsidies towards research and development will benefit small farmers and provide a more equitable distribution. The report suggests that governments should restructure subsidies to support efficient fertiliser use, reward conservation efforts, protect land from further clearing, and restore agricultural land no longer in use.

The full report can be seen at: https://bit.ly/2JPUoZU
Institute of Management Services

Annual General Meeting 25 September 2020
Chairman’s Annual Report.

This report provides a summary of the key events that have taken place during the last 12 months. I should add that it has been a particularly eventful and challenging 12 months for all of us on the Institute’s Council of Management.

At the 2019 October Council meeting following last year’s AGM, I was elected as your Chairman for the second time. The main reason for my election, was that the Institute was heading towards a year of transition and Council considered that my previous experience in the Chair (2011-2015) would be important during what was about to be a significant period of change.

The principal reason for this change was the pending retirement of Peter Grice, MD of CAATS (the Institute’s administrative provider) and the implications this would have for the Institute’s administrative support and the service provision to the membership.

Fortunately, Mrs Lynette Gill our administrative support at CAATS for more than 15 years, agreed to come to work for the Institute, which everyone was pleased about.

Transition and service continuity
There were obviously many issues that had to be addressed in terms of accommodation and the transfer of Lynette from
The Institute, like every other organisation in the country, has had to adapt and improvise how it operates.

Resignation of the company secretary

Unfortunately, during this period I received the resignation of our Company Secretary, Malcolm Towle, who had decided that he did not wish to undertake the role. He also wished to resign from Council. I accepted his resignation and thanked him for his contribution over the years.

Fortunately, David Blanchflower, who has considerable previous experience in that role, agreed to take over the position. His appointment was therefore put to, and agreed by, Council and he was appointed Interim Company Secretary.

Resignation of our admin manager

After only a few months in the new accommodation, I received a letter of resignation from Lynette. She had secured a similar position with another organisation but on a full-time basis. With some considerable regret, I accepted her resignation and wished her well for the future.

COVID-19 lockdown

Still reeling from the office move and the resignations, we were hit by the COVID-19 lockdown in the middle of March. This meant that in order to keep the Institute ticking over, arrangements had to be put in place to enable David, Richard and myself to work from home. This not only proved to be difficult, but again very time consuming. Nevertheless, thanks principally to David and Richard, we have managed to do this and, as far as I am aware, there have been no concerns expressed as to the lack of service provision.

The last six months

To say that the last six months have been challenging is an understatement. The Institute, like every other organisation in the country, has had to adapt and improvise how it operates. However, with a great deal of effort we have managed to keep it functioning fairly well and have even managed to progress a few initiatives.

Simon Tate has continued with the development of the new website along with Joanne Turner our web designer. We hope to be able to launch this fairly soon.

Our President, Colin Coulson-Thomas, has managed to keep the profile of the Institute at the fore, having participated in numerous webinars and podcasts during the lockdown.

Ian Bromley has assisted with several IT matters and agreed to host the virtual AGM using Zoom.

Our training provider Scott-Grant, has re-commenced IMS training courses, albeit on a limited basis. Nevertheless, the IMS has already received income from these and it is hoped that this will increase significantly as the lockdown restrictions are eased.

We are currently in the process of re-considering our office requirements and admin support. An outline specification for our office requirements has been agreed and I recently drafted a comprehensive job description and person specification for the admin post.

Conclusion

I cannot conclude this summary of activities without paying tribute to David and Richard. They have been the individuals on the ground who have made all this possible. I have, of course, contributed as much as I can, but remotely. The Institute will be forever indebted to these guys for their input.

Finally, can I take this opportunity to wish you all well for the future and to please continue to take care and stay safe.

Dr Andrew Muir
Chairman
COVID-19 lockdowns, local restrictions and consequential slowdowns and/or recessions, have resulted in new ways of working and operating and related changes to business models and priorities. Could they be a significant building block in efforts to improve productivity? Much will depend upon whether one is looking just at labour productivity, returns on technology investments or changing combinations of people and technology. Might consequential changes in behaviour and physical infrastructure also yield environmental benefits, reduce pressure on natural capital and lead to more balanced lifestyles and a better use of time?

There are both outputs and inputs/costs to measure and consider, and also contending factors to balance. For example, concerns about the loss of jobs and outputs in city centre business districts, as fewer people visit offices and nearby coffee shops, sandwich bars and other retail outlets, have to be balanced against the possibilities for more services to be provided closer to where people live and may now also work. Retail jobs may also be replaced by those in distribution and the support of people who are spending more time working in their homes.
Assessing differential impacts
Overall changes in productivity can conceal differing short- and longer-term impacts. Much will depend upon relative measured levels of productivity in activities that are allowed or enabled to continue, and those that are restricted or closed down by Government intervention. Should the adverse circumstances of a pandemic result in less efficient and productive players failing, average levels of productivity might increase. However, some restrictions imposed by Governments may apply to all sectors and be more neutral in their impacts.

Lockdowns could impact disproportionately upon either higher or lower productivity activities. Where highly productive sectors of the economy are closed down, overall productivity might fall. Conversely, it might rise if less productive areas are disproportionately prevented from operating. Labour productivity could rise or fall as people are laid off, depending upon whether outputs fall by a lower or higher proportion. One might expect the most productive and value adding allowable activities to be the last to be closed.

Assessments of productivity can depend upon assumptions made, for example, whether or not furloughed employees are included in output per person. In some contexts, output per hour measures could be problematic due to uncertainty as to hours worked in virtual settings, when the emphasis may be upon outputs delivered rather than inputs of time at a particular work location. Comparisons of pre- and post-COVID-19 outputs might also be complicated by a change of focus and priority. For example, a hospital might cancel routine and non-urgent operations in order to treat a smaller number of high-risk coronavirus patients.

Accounting for associated costs
There may be additional costs to consider. The expense of sanitising hands and work environments, and social distancing requirements might increase the cost of people relative to technology, especially where the capability and performance of the technology in question may be increasing exponentially. Unlike people whose hours of work may be limited by family, social, physical, welfare and/or legal requirements, particular digital and other technologies might be available 24/7 until maintenance is required or their replacement.

Social distancing requirements might mean that fewer people can be accommodated at a particular work or leisure location. Various options, from extending hours or introducing shifts, might allow greater utilisation of fewer items of equipment or offices, but much will depend upon health and safety considerations, the reactions of the people involved and the nature of the activity. Management decisions may be complicated by uncertainty concerning how long requirements and restrictions might last and expectations of future changes.

Might financial cost or expenditure measures replace per-person measures so that a fairer comparison can be made between people and technology? Public sector productivity assessments may need to take account of unusually high levels of expenditure and changes, whether increases or decreases, in levels of activity as a consequence of COVID-19. The speed with which measures and initiatives have been rolled out may have reduced the time for traditional value for money, productivity
and procurement practices. Some of the hastily introduced measures to address an unprecedented situation may not meet expectations.

**Embracing virtual operation**
Virtual teams and responsive network organisations have operated since the dawn of the internet age (Coulson-Thomas, 1992). Why have they not been more widely and quickly adopted? Have habit, innate conservatism and the start-up and adjustment effort required to effectively change deterred people and organisations from being more flexible in terms of where, when and how people work and with whom? Given the wide range of tasks that many people are involved with and their differing circumstances, why have so many organisations persisted for so long with standard ways of working at particular fixed locations?

Given the steady fall in the cost of digital technologies, their democratisation and their expanding capabilities, in many cases at an exponential rate, one could argue that now is an opportune moment for laggards to embrace them and virtual operation. In response to a global pandemic, Government intervention has forced people and organisations to change. They have often been relatively quick to react. Many homes harbour mobile and other technologies that match or exceed those available at some places of work. However, the availability of technology is not always matched by understanding of how to use it safely. Guidance may be required to prevent the misuse of widely available tools (Moyce, 2020).

Mobile technologies enable people to communicate, interact, and work and learn, as and when required 24/7, including when on the move. Time saved from commuting journeys with their traffic jams and/or crowded public transport can be used for working and living. Some homeworkers find they have more time to think and quietly reflect. They may also be able to do this in locations that are more conducive to thought and creativity. They may have greater freedom to select those with whom they interact. Avoiding start and end of day journeys to a workplace can open up new opportunities to contact people in a wider range of time zones.

**Assessing Financial Consequences of Virtual Operation**
A MORI survey of individuals working from home during lockdown and undertaken on behalf of Deloitte (2020) found that 38% reported a negative impact of lockdown on their wellbeing, but 55% of the workers reported that their colleagues were just as, if not more, productive than before. Reactions to COVID-19 can also give rise to better resource utilisation. For example, the majority of cars are parked for most of the time. Their reduced use for journeys to and from work and/or their greater shared use when safe, could allow resources involved in their manufacture and maintenance to be used more productively. Virtual operation could yield a reduction in vehicle and related costs for some people and organisations.

Direct labour costs can be very different from total employment costs when the expense of premises and facilities are taken into account. Office costs can mount up when local authority rates, utility bills and the cost of meeting legal and regulatory requirements, and support services from switchboard operators to cleaners are taken into account. They may be largely unaffected when just a few people occasionally work remotely. If people work from home, or another more local location, for only a small part of the time, the potential for reducing building and infrastructure costs may be limited. One might also see greater investment in work related technology and infrastructure, as facilities are required in more than one location and there is greater use of mobile and portable technologies. However, when significant numbers begin to work virtually and hot desk when attending particular meetings, it may be possible to rationalise an office estate and secure significant savings.

**Ensuring all costs are included**
When changes of business model or working practices occur assessments need to make sure that some areas of cost are not overlooked, such as the cost of disruption, the cost of setting up new arrangements and any opportunity costs that arise. A switch to virtual operation or from physical retailing to online shopping with fulfilment from a centralised warehouse could result in a significant productivity gain in relation to the people involved. However, overall before and after financial comparisons could depend upon set up, roll out and/or expansion costs, crawl out

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Individuals can have different implications than a voluntary choice by an employer. Imposed full-time homeworking can support virtual collaboration and joint working on shared documents and collective tasks. The potential of any way of working can depend upon whether it is voluntary, temporary and variable or imposed, permanent and fixed.

**Consequences of new ways of working**

People vary in the extent to which they are self-motivated, inwardly directed and able to work on their own in a different context. Some may benefit from the presence of supervisors and colleagues, and be easily distracted in different circumstances. Their supervisors might worry that some teleworkers may opt to use any efficiency gains to free up more time for non-work related activities, rather than maintain or improve quality or increase output. Perhaps they might be inclined to rush through their work responsibilities as quickly as possible, rather than think or go the extra mile. Such thoughts can unsettle managers who are used to greater control. A lack of trust may spur a drive to monitor work-related activities.

Isolation at home can prevent the physical interaction that is often conducive to creativity. On the other hand, some people might use distance from supervision, their greater freedom to think for themselves and an opportunity to access a wider range of digital contacts to reflect, question and challenge. Not all workplaces are hives of creative interaction, productive meetings, active sharing and collective learning. A growing range of tools can support virtual collaboration and joint working on shared documents and collective tasks. The potential of any way of working can depend upon the context, and the people and personalities involved.

Enforced homeworking due to a lockdown can yield immediate benefits, such as time saved from commuting journeys and fewer interruptions from colleagues (Gascoigne, 2020). Some teleworkers become very productive and crack on through their routine work and backlogs. They may have to take care to avoid over-working and might need to consciously try and achieve a better work-life balance. Imposed full-time homeworking can have different implications than a voluntary choice by an individual according to task or role, and as and when desired and appropriate, raising practical issues. Childcare and home schooling were particular problems for many people during the initial enforced UK lockdown.

**Allowing time for changed arrangements to settle**

Over time, some people begin to miss physical interaction with others and the sharing of experience, knowledge and understanding, that can be more stimulating than working alone and more conducive to innovation. Depending on personal circumstances, working from home for any length of time can also result in adverse reaction from other family members who find themselves unable to use space and facilities that were previously more available. Teleworkers may start to feel distanced from colleagues and cut off from the office grapevine. They might think they are ‘out of sight and out of mind’, lost within a larger team, and at risk of missing career and development opportunities (Gascoigne, 2020).

Virtual operation is easier for some activities, tasks and roles than it is for others. Certain personal services, such as hair dressing require the physical interaction of individuals. Virtual dentistry beyond the giving of advice in areas such as hygiene may be problematic, but many interactions between doctors and patients are now by telephone and video link, as the use of various forms of telemedicine spreads. Embracing digital technologies, greater automation or a different business model, can increase the range of what could become a virtual activity and so hopefully increase flexibility and resilience.

Steps such as providing alternative ways of collaborating, sharing and interacting, being visible and having access to support services and opportunities, can be taken to address particular problems of teleworking. Practical advice could be given on different aspects of working at home and other locations. Thought could be given to how policies and support may need to change when restrictions ease. Should people be given more
flexibility in terms of where, when and with whom they can and should work, depending upon task, individual preferences and team requirements? When groups and communities are involved there is some evidence that co-workers operating from home can negatively impact upon team performance (Van der Lippe and Lippenyi, 2020).

Ensuring balanced assessment

Whether or not new patterns of work introduced in response to COVID-19 will result in significant changes in productivity, and operating and overhead costs will depend upon the extent to which they continue and result in sustained improvement and/or innovation, and/or people and organisations revert to previous practices. In time, the initial attraction of working from home may wear off. In the absence of lockdown and other restrictions, this may lead to a return to traditional patterns of work. In certain organisations, activities and locations, might enthusiasm for virtual and teleworking wax and wane in a succession of waves?

COVID-19 and some reactions to it, have complicated the assessment of productivity and especially its financial implications, depending upon the approaches and techniques that are used. There may also be trade-offs to consider, for example as a result of a desire for greater flexibility, resilience and/or social distancing. Hitherto, many organisations may have had greater discretion to introduce changes. As a consequence of COVID-19, social distancing requirements, and imposed lockdown and other restrictions are forcing changes of working practices. These might have implications for others and beyond the people directly affected.

Overall, the global pandemic has highlighted many issues with widely used methods of assessing output and performance. It has led to a period of instability in various indicators as a consequence of economic slowdown and recession, followed by partial recovery and further waves of disruption and accompanying higher levels of unemployment. Non-traded outputs such as people voluntarily helping their neighbours, or those shielding, are rarely considered.

Embracing wider considerations

Externalities, whether of costs or benefits, are taken into account in some major projects and certain public policy decisions. However, they are not included in many corporate assessments. Might the pandemic, which has made more people aware of externalities, result in significant changes? During severe lockdowns, environmental improvements were noted in areas such as traffic fumes, but these can be reversed. For example, advice against the use of public transport might cause a longer-term increase in car journeys for certain purposes.

The nature and make up of some categories of externality are changing. For example, the global pandemic and related changing patterns of consumption, living and working, have also affected the content and distribution of rubbish and waste. Packaging associated with online shopping and home deliveries, might now be more evident in some residential areas. Specific COVID-19 waste includes used face-masks and personal protective equipment. These need to be disposed of responsibly if they are not to pollute beaches and the world’s oceans.

Corporate and broader measures of productivity and performance often include outputs that are undesirable, for example because their production involves the use of fossil fuels that contribute to global warming. The costs of some raw materials and natural capital of which there is a diminishing supply, fall short of their replacement costs. Raising productivity and economic recovery might increase the environmental and health damage caused by some outputs. Responsible leaders ensure assessments reflect externalities, natural capital, environmental and social considerations, as well as sustainable development goals.

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About the Author

Professor Colin Coulson-Thomas is President of the Institute of Management Services and an experienced chairman, consultant and vision holder of successful transformation programmes. He holds a portfolio of international leadership roles and has advised directors and boards in over 40 countries. Details of his most recent books and reports can be found on: http://www.policypublications.com/
Many business executives are now considering their future people practices, after being forced to adapt to unexpected organisational challenges brought on by the Coronavirus pandemic.

In this two-part article, I propose a solution that has been developed and proven effective through a large-scale, long-term, transdisciplinary research and development effort named the Humaneering Technology Initiative (HTI). HTI’s mission during the past 20 years has been to establish a formal, universally applied human science for increasing the capability, productivity, and satisfaction of people performing all kinds of work (see Figure 1).

Just as engineering informs and guides application of the physical sciences, humaneering is intended to inform and guide application of the human sciences. Humaneering will provide management with a new and more sophisticated means for maximising the performance of individuals and organisations and optimising overall business performance (see Figure 2).

Humaneering’s ‘Loveable Jobs’ protocol has proved itself effective in grounding individuals and organisations with the needed direction, empowerment, inspiration, and support, to replace many of yesterday’s ‘command and control’ practices, which the pandemic has proven to be both unadaptable and suppressive, literally robbing organisations of their employees’ best work.

Damn pandemic

Virtually every working person in our global society has been affected by the coronavirus pandemic, and managers and executives have been under enormous pressure to instantly adapt their organisations and management methods to a new reality.

Amidst the disruption, we should acknowledge that some executives have said publicly they were pleasantly surprised by the many young people in their organisations who stepped forward to provide leadership during this time. Furthermore, these same executives were amazed to see their organisation’s productivity increase because of the changes, despite having to abandon longstanding management practices rendered unusable when employees worked from home.

Notably, the practices that could not be sustained with employees working from home emphasised ‘employee control’ over ‘maximum performance’ (eg, visual oversight, hours worked, behaviour judgments, task metrics). This implies that these practices were not only unnecessary, but they were also barriers standing in the way of increasing workforce performance and productivity.

Aren’t the days gone when executives can get away with using personally preferred yet obviously dysfunctional practices? If employees who have enjoyed the experience of no commute and working from home do not remind extra-busy executives what has been learned, a dynamic marketplace and hungry competitors will.

Managing tomorrow’s workforce

Managing remote- or flexible-working employees will require new management methods that enhance and not reduce workforce performance, while simultaneously assuring that employees are connected, supported, engaged, and accountable.

To simultaneously control and enhance worker performance, management will be faced with first making sense of the evolution in human work (eg, why the shift to knowledge...
Figure 1: Humaneering is a science-based and application-proven technology for optimising human work systems, and is a powerful tool for improving human work productivity.

Figure 2: Humaneering closes the science-practice gap on the human side of business operations, simplifying the management of human work and increasing the yield on human capital.

MODERN MANAGEMENT (1880-?)
Based on advances in engineering & military science

Physical Nature
Physical Sciences
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Optimising just the physical side of business operations

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Physical Nature
Physical Sciences
Engineering
Optimising complete business operations

Human Nature
Human Sciences
Humaneering

work), understanding the relevant science that explains people and their human nature (eg, why workers do what they do), and discovering new management methods that maximise the economic value creation of knowledge workers (eg, loveable jobs), while achieving both strategic and operational enterprise objectives.

Close analysis reveals yesterday’s workforce management practices to be little more than a patchwork of century-old factory labour management methods, partially updated from time-to-time with supplier-driven fads (aka, ‘best practices’). Continuing to use these methods without questioning their purpose, their impact on today’s workforce, and their resulting business impact seems foolish, if not negligent, and could easily threaten even brilliant business plans that are dependent on people.

Stakeholders typically expect continually improving results, which will inevitably require a higher level of workforce-management sophistication that more closely matches the
Close analysis reveals yesterday’s workforce management practices to be little more than a patchwork of century-old factory labour management methods, partially updated from time to time with supplier-driven fads (aka, ‘best practices’).

Complexity of organisations both today and in the years ahead. This can be achieved ultimately by replacing today’s crude management practices with a comprehensive system of science-based, application-validated workforce management practices.

It is true that relatively few organisations have seriously questioned the current patchwork of management practices and fully assessed their impact on workforce performance. Why? When I ask, by far the most common explanations are, you guessed it, ‘We’ve always done it this way’ and ‘Because that’s what’s taught by business schools’.

The first reason requires no explanation, and is a clear path to sub-optimal performance, if not failure, in tomorrow’s increasingly dynamic marketplace. The second reason might seem plausible, yet rests on a misunderstanding about what is taught at business schools.

**Business schools**

Perhaps you too have graduated from business school. If so, then you will be familiar with what is taught – an interdependent and sometimes conflicting selection of management ideas, popular concepts, academic theories, business practices, and interesting anecdotes. This structure and content flows directly from the compilation or ‘scrapbook’ method for creating management textbooks.

Someone who has not graduated from business school might reasonably imagine that business school professors design and develop effective methods for managing, and then teach students precisely how to lead and manage business organisations. They might even blame business schools for management practices like annual employee evaluations, minimising worker compensation, offshoring work, withholding development support, distrust, impersonal treatment, and others.

But that is not how it works. Most business school faculty research consists of surveys or analyses of how organisations and managers currently operate. From this research, the most popular findings are then compiled into textbooks, liberally augmented with anecdotal stories taken from the business press. Graduate texts, in particular, will additionally explain some widely accepted theories that could effectively guide management practices yet are more often ignored or forgotten when graduates become managers.

In effect, business schools just reinforce today’s outdated management practices by preparing new business school graduates to expect these same practices when joining an organisation. So, you tell me, who is teaching who?

**Necessity is the mother of invention**

Do not think that I am being critical, because that is neither my attitude nor my intention. I too graduated from a highly regarded business school, and consider my investment very worthwhile, notwithstanding the fact that they did not teach me (or anyone else) how to manage people or organisations.

On a bright note, as necessity is often the mother of invention, it is this collective failure of business schools to comprehensively apply the relevant science disciplines to design and develop more effective management methods, that drives the independent Humaneering Technology Initiative to do so. HTI is a not-for-profit global public service organisation to which thousands of managers, business school faculty, and human science
professionals, including myself, have volunteered time and knowledge during the past 20 years.

The potential of a ‘humaneering’ technology was conceived in the late 1930s by Joseph Tiffin, a renowned Industrial Psychology professor at Purdue University. However, humaneering’s institutional development did not begin in earnest until 2001.

Now, every few years, upon completion of another development cycle, a new version of humaneering protocols are released and made freely available to interested organisations for evaluation and application. Typically, these HTI-supported tests and applications range from pilot testing people-problem solutions to the organisation-wide transformation of people-dependent operations within major organisations worldwide.

HTI’s goal for humaneering is to provide definitive guidance for achieving superior workforce performance to organisation executives, workforce managers, individual workers, organisation professionals, management systems suppliers and other stakeholders. Distinguishing humaneering from current methods, this guidance is grounded in science and first principles, field tested in a wide range of people dependent operations, proven effective and sustainable at scale, and continually refined and updated based on emerging developments in science and feedback from existing applications.

Not the first workplace love affair

The following true story illustrates how one senior executive discovered the power of ‘loveable jobs’. You can discover it here with much less drama.

First, I should point out that for a job to be genuinely ‘loveable’ in the eyes of employees (and their managers), it need not offer free lunches nor free dry cleaning, nor a playful office nor an admired employer, nor get-rich-quick incentives nor never-before-heard-of benefits, nor fewer work hours nor above-market pay. Moreover, HTI’s research demonstrates that such creative jobsite ‘extras’ frequently attract people who are measurably less concerned with doing superior work and creating above average economic value for their employer.

That said, most people are, at first, surprised to learn what makes a job ‘loveable’. Yet once they think about it, they say it not only makes sense, but it also ‘feels’ right. Furthermore, they readily yearn for such a job and confess that the changes would surely increase their current performance. Likewise, research shows that most organisation roles or positions, if experienced as loveable jobs by incumbent workers, will yield new, much higher levels of performance and productivity.

What can I do?

In early 2016, I received an email from the CHRO (Chief Human Resources Officer) of a multinational company who wanted to discuss HTI’s assistance. A few months prior, her division hired a new CEO from outside the organisation, and, in a recent discussion, he made it clear that her job was in jeopardy if she could not show him how her HR group could directly contribute to increased operational performance and employee productivity.

She had just learned of the Humaneering Technology Initiative (HTI), a new CEO from outside the organisation, and, in a recent discussion, he made it clear that her job was in jeopardy if she could not show him how her HR group could directly contribute to increased operational performance and employee productivity.

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Figure 3

List of Opportunities and Challenges Compiled from Employee Comments During Assessment Tour

(in no particular order)

1. We should bid enough work to keep everyone busy.
2. There are better ways to manage people than billable hours.
3. Give HR a heart. I don’t need them to remind me that I’m a nobody.
4. I can do more work, but it’s given to the manager’s friends to keep their billable hours high.
5. Our office is old and worn, and I’m embarrassed when my clients meet us there.
6. We’re way underpaid compared to what our competitors are paying recent graduates.
7. HR doesn’t even try to help employees. They just recite their policies.
8. Our manager cannot get his boss’ support to buy us the resources we need to do good work.
9. Management says our people are important, but don’t hesitate to lay us off if we lose a bid.
10. Get rid of the time stamps. We’re not factory workers.
11. When we get really talented people, it’s not long before they leave for a better opportunity.
12. I want to work hard and do everything I can to make our firm successful, but it’s challenging emotionally when it’s so clear that management doesn’t reciprocate and work hard to support us.
13. Why do other firms have all these perks like free food, day care, and creative offices and we don’t even have free coffee?
14. You can’t get a fair annual review if your manager doesn’t acknowledge your contribution.
15. Nobody seems to know what’s going on. We’re always the last to find out.
16. How can I be responsible when HR keeps hiring the cheapest people they find?
17. Why am I the only woman in my section with about 90 engineers? Every time we hire a woman, they run her off. I’m still here only because I’m stubborn and refuse to let them get to me.
18. I wish someone would tell me what my job is. I rarely get to do any real engineering.
19. It’s impossible to get recognised for your work. The managers claim, and get, all the credit.
20. Does it make sense to you that I should have to pay personally for courses I need to take in order to perform my job?
21. The top reason we lose work is consistently because we do not show much creativity in the projects we propose. And every time we try to be more creative, the manager or his boss shuts us down.
22. Why do I?
and opportunities he compiled during his introductory tour of the division and asked her for another meeting in 30 days to learn what she would propose to do about them (see Figure 3, page 21).

**First, try what you know**

As she prepared for the second presentation, she turned to her usual HR consultants and academic gurus. They expressed understanding and confidence, and provided her with ample data as they guided her to show how she and her great people had already proven their success in improving organisational metrics like employee engagement, employee experience, involuntary turnover, absenteeism, time to hire, and so on.

About one-third of the way through this presentation he motioned to stop her, saying, “Thank you, that’s enough. I can see that I have not been clear enough communicating what I will need from you if we are to achieve our mission.”

“I need you solve problems and cultivate opportunities like the ones on the list I gave you and, I want to know first if you are up to the challenge.

“For example, let’s take this first item. ‘We should bid enough work to keep everyone busy.’ What’s this about? Did we promise this person full-time work? Why are we not bidding more work?” Though she did not know how to respond, he continued without giving her much of an opportunity to speak.

“What about this next one?”

He continued down the list, asking why the concern existed and what she planned to do to resolve it. He further explained that such a list of concerns, while previously dismissed as idle complaints by unappreciative employees, can no longer be tolerated, because each one leads to one or more employees performing below their potential.

He further explained that, in years past when people performed mostly standardised ‘task’ work and were closely supervised, employees could still be compelled to do their work. Now, our engineers perform mostly ‘knowledge’ work like design and problem solving, and beyond their professional engineering standards must be trusted to do their best work. Any unresolved issues or negative feelings generate reciprocal barriers, both conscious and unconscious, that reduce their willingness to do their best.

“Are you following me? This list should not exist. And the minute it does, I will expect you and your people to resolve any such issues, so the employee involved feels great about the outcome.

“Many people speak very highly about you, and I’m confident you can be the person I need to have in your job. But I need you to show me that we are on the same wavelength. What do you say we have this meeting again in 30 days when you are more prepared?”

**All hands on deck**

Upon returning to her office, she reviewed the list again and tried to imagine how she could deal with what she considered common situations in any large organisations.

At a virtual loss for ideas, she summoned her best and brightest staff members from within the HR group to drop what they were doing for a two-day, off-site response-planning meeting. Among those invited, she included two internal OD (organisational development) consultants, who were recently transferred in from another division of the company and asked them as a team to quickly design and actively facilitate the meeting.

*In part II, which will be published in the Spring 2021 Journal, Dr James Pepitone concludes by explaining how to make your people love their jobs.*

**Footnote**

Various milestones in the development and application testing of humaneering technology have been shared in the pages of Management Services Journal during the past seven years. HTI’s ‘Loveable Jobs’ programme is a similar development that will be introduced in early 2021, along with the limited open release of Humaneering, Version 4.0 (beta).

**About the Author**

Dr James (Jim) Pepitone is Director of Technology Transfer for the Humaneering Technology Initiative (HTI). His career includes industry positions as VP of Sales for a division of Automation Industries (now Honeywell) and General Manager for Cybertek Computer Products, both public companies, and continued as a management consultant. Jim’s education includes a BBA in Industrial Management and MBA from the University of Texas at Austin, and an MS in Organization Development and Ed. D in Organization Design from Pepperdine University in California. He can be contacted at james.pepitone@humaneeringtech.com

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In a recent issue of *The Sunday Times*, economics writer David Smith said one of the topics he is ‘asked about a lot’ is productivity (Smith, 2020). Then, hinting at Schumpeter’s ‘Gale’, he ponders, ‘is the Coronavirus crisis unleashing the ‘creative destruction’ that will propel us out of more than a decade of productivity stagnation?’ Later he asks ‘whether productivity gains will result from changes in working practices?’

It is clear now that navigating the future economic terrain will be like crawling blindfold across the sastrugi or penitentes of a polar landscape while struggling to maintain a reasonable sense of your intended direction, but tinkering about with ‘productivity coaching’ or culture-change programmes won’t do it. To quote Professor John Seddon:

‘Culture change is probably the most absurd of all the ideas in the people management lexicon. People’s behaviour is governed by the system, so when you change the system the culture changes (for free)’ (Seddon, 2014: 104);
...but we can go back further on this so-called ‘productivity coaching’, quoting Seddon again as he cites Herzberg (1968):

“You cannot ‘motivate’ someone. Fred Herzberg has had his article repeated four times, to my knowledge, in the Harvard Business review. It is entitled: “One more time, how do you motivate employees?” and the essence of what he says is you can’t. You can provide conditions in which they are more likely to be motivated or de-motivated, but it is a conceit to believe that managers can motivate people’ (Seddon, 2003:68).

And nor will a simple reversion to tried-and-tested (and failed) cost-cutting exercises do it either. Thirty-four years ago, in his HBR article ‘The productivity paradox’, Wickham Skinner (1986: 56) wrote:

‘...the least powerful way to bolster competitive advantage is to focus on conventional productivity and cost-cutting approaches.’

...and:

‘Most of the productivity-focused programs I have seen blithely assume that competitive position lost on grounds of higher cost is best recovered by installing cost-reduction programs. This logic is tempting but wrong.’

And he was right. As Seddon (articles and books passim) has repeatedly asserted (sic) ‘Manage by focusing on costs alone and your costs will go up.’

‘And all of this is invisible to managers who have designed the system. They imagine as they drive down transaction costs that they are driving down their true costs. If only they knew.’

(https://vanguard-method.net/july-2008/#4)

If you think ‘technology’ is the answer to drive change, just think: Ofqual’s exam-results algorithm, the on/off COVID-19 App or the government’s new careers guidance website and so on.

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...and it is this ‘thinking’ that needs to change.

All this takes me back to 2007 when I had started reading a new book by Russ Ackoff, Herbert Addison and Sally Bib, entitled, Management f-LAWS: How organisations really work. A bit like Robert Townsend’s gem, Up the Organization (and Further Up the Organization), it was written so that it didn’t matter where you started. There is a total of 81 ‘f-LAWS’ – or ‘flaws’, to you and me – and I started by simply highlighting a few (19, actually) to pitch in at. The second of these – f-LAW no. 3 (p. 5) – stated:

‘You rarely improve an organisation as a whole by improving the performance of one of its parts.’

Thinking back now, I did this, I guess, because Ackoff was a systems thinker, and back then in the university I kept urging the Masters’ students (all working managers) that that’s what they (and we also) should aim to be, too. What struck me, though, was not the Ackoff/Addison input, but Sally Bib’s response (p. 6; on the right-hand page, and it’s the same all through the book), so I’m repeating it here:
Another take on this is that the performance of the organisation as a whole can be improved if there is improvement in a critical mass. If there are numbers of influential people in the organisation who are improving their ways of working this network can have a powerful effect on the organisation as a whole. It depends who these people are and what they do.

That’s why, in theory, change can come from other places than the top. But it takes a canny group of people to realise that.

I’ll leave it to you, today’s reader, to pick out the key words, phrases and resonances in that, but for me, ‘It depends who these people are and what they do,’ was one. And these people might well be your front-line, and what they do is work hard to deliver on your behalf, despite the systems obstacles they face on a daily basis.

I would encourage you to try and find a copy of this book somewhere and read it, but other f-LAWS that looked interesting to me at the time (and still do) were:

12. An organisation’s planning horizon is the same as its CEO’s retirement horizon.
19. The only thing more difficult than starting something new in an organisation is stopping something old.
23. Business schools are as difficult to change as cemeteries, and for the same reasons.
38. Administration, management and leadership are not the same thing.
43. The less managers expect of their subordinates, the less they get.
50. The sine qua non of leadership is talent, and talent cannot be taught.
51. Managers who don’t know how to measure what they want settle for wanting what they can measure.

And so on...

You might possibly smile at number ‘23’: was I perhaps thinking about my own organisation? Well, before you get too smug, change that wording slightly to, ‘My own organisation/thinking is as difficult to change... etc’?

So, let’s get back to this ‘virus’ theme, the 1980s, and to the fact that this need to fundamentally rethink things is nothing new. In his influential article, ‘The Germ theory of Management’ (1989), Myron Tribus wrote, ‘The enterprises which continue to be managed the old way are going to disappear.’ And, frankly, I suggest that if you continue to manage in your old way, so might yours? The ‘germ’ (or ‘virus’) that Tribus was talking about was ‘variability’ within the system, and he was calling upon a range of brains that, between them, provided much of the bedrock on which many post WW2 national and industrial recoveries were founded:

Just as Lister understood the broader significance of Pasteur’s work in the field of medicine, so it was that Dr W Edwards Deming understood the significance of Shewhart’s work to the general theory of management. Deming was not alone. There were other pioneers, such as Homer Sarasohn and J M Juran who also saw the broader implications of Shewhart’s work.

Clearly, navigating the future economic terrain will be like crawling blindfold across the sastrugi or penitentes of a polar landscape while struggling to maintain a reasonable sense of your intended direction.
to management. These men realised that the key to better management was the study of whereby things get done. If you remove the sources of variability from any process, you make it more predictable and therefore more controllable. You can schedule activities closer together and eliminate waste and delay. The key is the elimination of the virus of variability. The key lies in the improvement of process capability (Tribus, 1989: 4).

For example, one temptation when times are hard – and for many they won’t get harder than they are now – is to go for ‘economies of scale’. Bad move! Don’t be tempted. There’s plenty of evidence to say this would only bring more problems, for example:

Spoke in the wheel of Southwest One
Southwest One is a classic example of what the regime wants – centralised call-handling for citizens of the South West. The good news is the local MP has put a large spoke in its wheel (see: https://bit.ly/2lQG6Af). As the MP says in his speech, there are already expensive disasters that ought to cause local politicians to hold back from this madness. But then the regime is telling them factories are good for you. (NB for more on this see https://vanguard-method.net/july-2008/#4.)

Think rather about the concept of ‘flow’, the way things move (or possibly don’t) through your organisation’s systems, its processes, and think instead about ‘economies of flow’. This is where that reduction in variability comes in, as Tribus says:

‘As we reduce the virus of variability, we find savings in our time and money we never knew were there, savings which our methods of accounting hide so cleverly we think that waste is ‘normal’.

The possible reluctance, fear even, of changing your thinking in what appears a radical way can stem from the oft-held belief that ‘quality’ costs more; that making things – products or services – work better (or the way they should) will inevitably lead to raised costs. Wrong. The counterintuitive truth is that costs will fall. And this is why you need to be brave, and go to those places of transaction and see it for yourself. As Seddon (2014: 150) says:

‘You can only absorb counterintuitive truths by studying and seeing them yourself. If you are told counterintuitive truths the kneejerk reaction is rejection (of course standardised work is more efficient... it’s obvious, the alternative is anarchy).’

Once again, there’s nothing new here, it just needs you to take that first step towards that game-changing switch in your belief system. When John Krafcik wrote his seminal article, ‘Triumph of the Lean Production System’ 32 years ago, he was the first to coin the term ‘lean’ in this context (ie that of clean ‘flow’). Since then it’s fallen out of favour following its abuse and synonymisation with ‘mean’, which it certainly didn’t. Nonetheless the original concept remains entirely valid, and if you are even slightly curious, read also, The Machine that Changed the World: The Story of Lean Production (Womack, et al, 1990), you won’t regret it. In Krafcik’s article he reinforced this counterintuitive link between higher quality/reliability with lower costs from:

‘...the belief that quality should be achieved within the process, not within a rectification area’ (Krafcik, 1988: 45).

adding:

‘That there is a strong correlation between quality and productivity should not come as a surprise. The quality gurus of industry – Juran, Deming, Crosby, and others – have all espoused the ‘Quality Is Free’ doctrine, the view that productivity tends to increase with improved quality because of reduced rework efforts, more attention to process controls, less inspection requirements, and the like’.

As Tribus emphasises about the ‘virus’:

‘When managers spend large amounts of money to get around the effects of variability, instead of learning how to reduce it, we call their approach a ‘technology fix’. If you learn how to control variability and make your processes immune to it, while your competitor spends millions of dollars on a completely automated process with complex controls designed to control variation, it is clear you will be able to undercut your competitor’s prices.’

In service organisations, rather than trying to ‘control’ variation, re-design your systems to absorb it within the ‘Value Demand’, and resist the temptations offered by the IT snake-oil salesmen to categorise your frontline responses: Press ‘1’ for this; ‘2’ for that; ‘3’ for the other etc up to ‘27’. And get rid of your ‘chatbots’. Instead, allow your frontline people to actually talk to your customers, to listen to them and to properly understand

The things that relentlessly foul up your productivity, and thence your ‘culture’, will very probably be the system conditions (sometimes also called ‘business rules’) that are designed and imposed by management.
their individual needs. Then, build the required variety into your systems so that those front-line people are enabled and are trained well enough to solve these customers’ problems on their initial call. No rework, lower end-to-end costs, satisfied customers.

Remember, even the government is now thinking that consulting regional mayors could be a good idea, because they might just have a better understanding of the needs of their local communities during this COVID crisis.

To repeat, turning first to ‘technology’ (IT) is unlikely to be the solution. As Seddon frequently asserts, ‘Improve first, then ‘pull’ IT’, if further improvement can then (and only then) be gained.

Final Thoughts
So, in conclusion therefore, just how ‘canny’ are you prepared to be? Are you brave enough to consider changing the way you think?

Remember what Henry Ford said – ‘If you always do what you’ve always done, you’ll always get what you’ve always got.’ It follows therefore, that if you always think the way you’ve always thought, you’ll always do what you’ve always done.

However, whilst there is no doubt that the ‘COVID-19’ pandemic (Corona Virus Disease-2019) has wrought havoc on the UK economic landscape, and in some form or other it’s here to stay, we can either moan about it or get stuck in and learn how we live with it while grabbing whatever ‘innovation’ opportunities might unexpectedly be presented.

No-one said it was going to be easy, but hopefully you can see that the roots of some of those possible opportunities have been lurking around in the academic undergrowth for a long time; it’s just that, well, they might seem a bit counterintuitive, especially if some of that innovation might actually lie in the way you think?

Undoubtedly, though, a good place to start would be by you – ie the most senior person/people in your particular organisation – embarking on a highly revelatory, normative experience of seeing your own business/service as your customers see it, by closely following a representative sample of your own incoming ‘demand’ from receipt to conclusion – case, by case, by case – and seeing just how much (or more probably, how little?) of it gets through to first-time customer satisfaction without encountering the sastrugi and penitentes that your own ‘management conditions’ – your system(s) – have placed in the path of those conscientious workers trying against the odds to deliver it.

You could well be both shocked and energised to do something about it, and to start making the changes that only you can make to reduce that virus of variability.

Then your workers will see that you are genuinely interested in how ‘the work works’ for them, plus that, at last, you are actually listening (and seeing) what they’ve been trying to tell you for ages.

Then your productivity will go up, your costs (mostly waste) will fall dramatically, morale will rocket, profits will rise, and (most importantly) customer satisfaction will reach levels that no amount of top-down, arbitrarily-set targets could ever have delivered.

For references please email Editor, Mel Armstrong, imsjournal011@gmail.com

The government is now thinking that consulting regional mayors could be a good idea, because they might just have a better understanding of the needs of their local communities.

About the Author
Dr John Chamberlin (74) is a retired senior lecturer and pracademic, with 15 years’ experience in academia in the Midlands. For the previous 34 years John was in the telecommunications industry (BT), the final decade of which saw him as a senior manager with a large external workforce and commensurate budget covering the East Midlands. John took early retirement in 1996, but within a year of this he had signed on for a full-time MBA at a local university. Coming out with one of only two Distinctions, and the only ‘Masters’ Level Prize for Outstanding Performance’ in 1997, he was immediately taken on as a part-time lecturer. Early in 2009 he was awarded a PhD after a 4-year study of the implementation of Business Process Reengineering (BPR) within two local authorities. He retired from lecturing in 2012, but retains a keen interest in, management, leadership and systems thinking.
This two part feature analyses eBay’s disastrous foray into China. In part I, published in the summer issue, the authors, Dr David Parker, Dr George Downie and Yinuo Song, discussed the company’s initial expansion across the Western world into the East. In part II, they explore the potential of China and how eBay got it wrong.

Potential of China
In the same month as it withdrew from Japan, eBay decided to establish a bridgehead into another Asian powerhouse, one with even more potential: China – a country with its population of internet users that had been forecast to surpass 100 million by 2005. Victor Khoo, owner of the Chinese internet portal Sohu stated at the time that, “if eBay wants to be a global consumer site, it needs China”. eBay’s CEO Meg Whitman told Wall Street analysts that China remained a “must win” and was “likely to be the defining measure of business success on the Net”, even as “a bunch of small competitors are nipping” from behind. She was also quoted as saying that “10 to 15 years from now, I think China can be eBay’s largest market on a global basis as we build up both local and export trade... We think China has
Consolidation and rationalisation

Acquisition of EachNet in China, required it to comply with eBay’s global strategy and well-defined systems. eBay recruited the US-educated James Zheng to align the company to its worldwide vision and business structure. An executive from the well-performing eBay Germany was also transferred to become eBay China’s Chief Operating Officer. To facilitate further integration of eBay China into the global operation, eBay established a regional headquarters known as eBay Asia. This allowed eBay to run the Chinese site all the way back in San Jose, California. All decision-making regarding eBay’s Chinese operation was thus centralised to the US headquarters. Already, it appeared that some of the painful lessons of the Japanese debacle had not been learned.

Having a central decision-making process kept the global eBay operation uniform and organised, but prevented it from being sensitive to local needs. Features that local users requested to be added to the website would take an unnecessarily lengthy time to be implemented. An insider remarked that decisions that were made in nine weeks at the old EachNet, would take nine months after the eBay takeover.

The other impact of standardisation was that eBay China had to follow the maintenance schedule of eBay’s headquarters in Silicon Valley. This unfortunately meant that the website went under maintenance during Friday afternoon in China – the busiest timeslots.

Yet another unfortunate consequence of the global brand was that Chinese customers confused eBay China’s payment portal, An Fu Tong, with PayPal. An Fu Tong, or Secure Pay, was developed specifically for use in China, but customers associated eBay with PayPal so much so that they frequently encountered trouble with payment, simply because eBay made available two different payment systems. The imposition of foreign rather than local executives exacerbated the situation, so this confusion remained largely unresolved.

Jack Ma, the creator and CEO of leading Chinese internet company Alibaba.com, recognised the commercial threat of eBay. Ma is a businessman of legendary status in China and a symbol of rags-to-riches – from an ordinary English teacher to becoming one of the pioneers of the internet.

Ma discovered the internet by chance in 1995, when he visited the US, and was immediately taken by its potential. At a time when the online market in China was immature, Ma founded the first Chinese internet company, China Pages. In 1999, amidst the implosion of the dot-com industry, Ma launched his business-to-business website Alibaba.com, which soon became one of the biggest internet companies in China.

Concerned that eBay’s entry into China would take away Alibaba’s customers, as a defence strategy, Ma collaborated...
with Softbank and established a subsidiary C2C platform. Ma picked the ideal partner, as it was Softbank who had partnered with Yahoo in Japan and effectively caused eBay’s ignominious departure from the market. The resultant partnership developed the website Taobao (that translates to ‘digging for treasure’) costing $56 million. The linkage between Alibaba and Taobao remained secretive at first while Alibaba poured funds into Taobao to provide its services free of charge. The aim was not to achieve a profit but to weaken eBay as a competitor.

Differentiation the key to success
As with the Japanese situation, Taobao’s ‘free-of-charges’ for sellers undermined the largely inflexible eBay business model. eBay’s senior vice-president and managing director for Asia Pacific, Jay Lee, admitted, “It’s very hard to compete with ‘free’”. In an eye-catching strategic move, Taobao, backed by Alibaba, offered the first 10,000 registered sellers a complimentary period of three years without selling fees. It then extended this offer to all users indefinitely. To show determination and commitment to users of the site, Taobao famously announced that it would not earn any profits in the first three years. Ma believed that it was more important to first defeat eBay and set up a robust and loyal user base, before rolling out any changes to its business model.

eBay needed to out manoeuvre the competition and corner the market through its own deep pockets and international reach. The US headquarters implemented a marketing campaign designed to attract customers’ attention and thwart competitors, especially Taobao.

Once again, hubris and a lack of solid market intelligence increased psychic distance and undermined the approach. eBay failed to realise that, unlike in the US and Europe, most small-business owners and individuals in China were getting their information from the television and print media rather than the internet. It spared no expense in signing exclusive advertising rights with all major internet portals in China such as Sina, Sohu and Netease with the intention to cut off ways of advertising for Taobao. It also heralded its arrival by placing ads on buses, taxis, transportation platforms, elevators and public places. eBay was failing in terms of three of the four Ps of marketing: the product was good, but their strategy on price, promotion and place was all at sea.

Taobao understood marketing channel management. Their focus on appropriate media led Jack Ma to comment, “they [eBay] have deep pockets, but we cut a hole in their pocket”. Alexa, an internet traffic monitor, ranked Taobao 8th and eBay 13th in usage at the time.

In contrast to eBay China’s confusing payment systems, Taobao also understood Chinese payment system preferences. They knew that the Chinese consumers were more likely to use their cell phones than computers in the early-to-mid 2000s, and thus offered mobile transaction portals. Ma developed an individual payment system for Taobao named AliPay, which was a mobile-based, user-friendly app.

Another example of cultural insensitivity and thus a significant weakness of eBay’s auction model in China was that the process required customers to bid (a process not familiar to most people), whereas Taobao’s used a fixed-price. This also impacted on eBay’s previously beneficial customer safety systems; another problem with the unfamiliar auction methodology was getting buyers to honour their bids and sellers to have faith in the system.

Unlike other, more sophisticated markets, China’s social norms and online laws were not robust. The founder of EachNet.com, Bo Shao, observed that: “in the US if you place a bid, it’s a contract and by law you need to fulfil that bid if you win the auction. That’s very clear. People would be afraid of getting sued if they did not abide by that contract. In China people don’t care. ‘I place a bid, I don’t want it anymore, tough luck’.”

According to a China Internet Network Information Centre survey of 2008, almost 14% of online buyers in China never received the items they paid for through online auctions. Consequently, the number of product listings on eBay dropped significantly as the total amount of site users decreased. “Many power sellers left eBay to go to Taobao”, Yun Wang, one of the last remaining power sellers of eBay said. Clearly, the writing was on the wall for eBay. According to a survey conducted by the Beijing-based iResearch Consulting Group, eBay had a customer satisfaction level of 62%, while Taobao had 77%.

Counterfeit Products
Adding to eBay China’s list of troubles was the problem of counterfeit merchandise being sold on its platform. China was known for its proliferation of, and demand for, counterfeit products of popular brands. eBay’s expansion into China opened up a legal can of worms due to its global operations.

Many Chinese sellers were aware of the various eBay sites around the world where they could list their counterfeit products on and sell to the rest of the world for lower prices than those charged for genuine products. Courts in China were reluctant to pin the blame on the auction website when counterfeit products were sold, on the basis that websites could not monitor every transaction. Overseas however, courts cracked down on intellectual property theft. For example, in 2006,

“10 to 15 years from now, I think China can be eBay’s largest market on a global basis as we build up the local trade and the export trade... We think China has tremendous long-term potential and we want to do everything we can to maintain our number one position.” Meg Whitman, former CEO eBay Incorporated.
Table 1 Quarterly Movements of Net Revenues (in $ millions)
Source: eBay Annual Report, 2017

<table>
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<tr>
<th>Quarter Ended</th>
<th>Mar 31</th>
<th>Jun 30</th>
<th>Sep 30</th>
<th>Dec 31</th>
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<td></td>
<td></td>
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<tr>
<td>Net Revenues</td>
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<td>$2,110</td>
<td>$2,099</td>
<td>$2,322</td>
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<td>Percentage Change from Prior Quarter</td>
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<td>2%</td>
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<td>11%</td>
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<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>$2,230</td>
<td>$2,217</td>
<td>$2,395</td>
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<tr>
<td>Percentage Change from Prior Quarter</td>
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<td>4%</td>
<td>-1%</td>
<td>8%</td>
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<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues</td>
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<td>$2,328</td>
<td>$2,409</td>
<td>$2,613</td>
</tr>
<tr>
<td>Percentage Change from Prior Quarter</td>
<td>-7%</td>
<td>5%</td>
<td>4%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Fig. 4

Fig. 5 eBay EachNet and Taobao’s Market Share.  
[Source: iResearch Consulting Group]
Tiffany and Co sued eBay in the US as it claimed that more than 80% of its brand-name products sold on eBay were counterfeits; the case progressed for six years (culminating in an out of court settlement).

As such, Taobao and other fully Chinese-owned websites in China had a comparatively easier time dealing with the counterfeiting problem, while eBay in general faced a massive headache by continuing to operate in China and linking eBay China to the rest of its platforms.

**Final countdown**
eBay banked on the expectation that Taobao would not be able to maintain their free selling-cost for long. Alas, early in 2007, eBay pulled out from the online Chinese market. It merged with Tom Online, an online services provider, in a joint venture that ended in yet another defeat for US technological giants in China.

eBay tried its best to make the merger seem like a strategic move and not an exit, but it was clear to outsiders, that eBay had permanently lost its foothold in the online shopping market in China. The final measures stood at 60% of market share for Taobao, and only 29% for eBay.

**Discussion and reflection**
eBay’s attempt to establish itself in China can be regarded as one of international business’ prominent failures. The company had enjoyed great success in their expansion outside of the US until they reached the Middle Kingdom. Oft-cited reasons for eBay China’s downfall include the misunderstanding of local culture and being too slow in to adapt. Having a successful brand and business model in some parts of the world does not translate to overall success in all international markets.

John Donahoe, CEO of eBay from 2008 to 2015 was quoted as saying, “We treat each market a little bit differently. They’re all connected in a common technology platform, but balancing that local ownership, while also being part of a global technology platform, clearly, that was not reflected in the strategic implementation of the business plan. A lack of market intelligence, local knowledge, empathy with the predominant business culture and a failure to accept that, even for disruptors in a market, strategy must adhere to the three basic tennets noted earlier: it must be feasible, suitable and acceptable.

In 2010, eBay tried re-entering the Chinese market with a different strategy. Instead of focusing on the C2C market, eBay found and focused on an opportunity lying beyond the expertise
of Taobao and other Chinese rivals – the market of legitimate Chinese retailers looking to export their products to the rest of the world.

This move played to the strengths of eBay, as it had an influential international presence and global reach when compared to the domestic-focused Taobao. eBay clearly learned from its earlier flawed strategy. It has partnered with the US Postal Service and China Post in order to facilitate for Chinese exporters the tracking of deliveries and free shipping, while setting up approval procedures to sell on eBay. These changes saw China becoming eBay’s fifth-largest market in 2013, with the total value of transactions reaching $4 billion. However, this amount paled in comparison to Taobao, who had a $61 billion worth of transactions through its domestic platform. A bitter-sweet lesson for eBay.

In 2017, eBay was ranked 55 on the Forbes World’s Most Valuable Brands list. According to eBay’s 2017 annual financial report, the company boasted an impressive array of statistics. As of year ended 31 December 2017, it had 170 million active buyers and $24.4 billion in total transactions closed.

eBay might be regarded as ‘that auction website that sells everything’, but it is an inspiring success story within the tech industry, having survived both tumultuous periods of the dot-com boom and bust in the past and the recent major setbacks in China, and yet still having the ability to consistently return profits. In 2018, eBay was reported to have a market value of over $40 billion.

What is unclear, however, where should it be venturing next? Notwithstanding the positive figures, the growth of competitors and ‘arch disruptors’ such as Amazon is narrowing the field of extant opportunities: it is perhaps time for eBay to change the lens through which it views strategic opportunities in the search for ‘clear blue water’ (See Figure 6 for comparative evaluation)

The corporate mission of eBay was ‘to provide a global trading platform where practically anyone can trade practically anything’. This mission directly applied to global expansion for business growth. The company strategically expanded its operations through the acquisitions of related online technology firms on a multinational level to seek sustainable competitive advantage and intensified opportunities for further increases in sales. Similarly, this mission provided a basis for the company’s stated vision, which was ‘to be the world’s favourite destination for discovering great value and unique selection’. The vision implied that the company saw itself as the top player in the industry.

To achieve this mission, it will have to continually deal with direct competition from such companies as Amazon, eBid, Bonanza et al.

Its overall aim was to grow the gross merchandise volume and net revenue from the auction marketplace. Therefore, user growth, accounts activation, and boosting of transactional activities were heavily focused upon. It continues to succeed in this effort, but many investors point to the declining ability to generate free cash flow regardless of increasing net revenues.

The success of eBay has often been attributed to the way it has handled public reputation and customer relations, also its wide variety of products for sale, and the simple-to-use interface. These features continue to be seen in today’s eBay, allowing it hold onto its spot as the foremost online auction website. If it is to continue to succeed however, it must evolve, consider things not only from a customer perspective but also in a customer context. The concept of psychic distance and the related notion of psychic income (Greenhut, M L & Mai, C C): the intangible benefit derived from using or buying a specific brand, eg a feeling of satisfaction, safety or kudos, need to be incorporated into the value propositions that it offers to its customers in the future.

References


About the Authors

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Yinuo Song is a postgraduate research student at The University of Queensland Business School.
Let’s get practical

**Bonus Payments**

Using performance levels as a base line to pay a bonus is a wide and interesting subject and a real ‘hot potato’ because it affects people’s earnings and that is always an emotive subject.

**To clarify**

We are often asked for some guidance and sources on pay and performance lines for bonus schemes. Let’s step back first and look at a bit of history. Over 50 years ago ‘financial incentives’ were becoming common; they were usually related to formally measured time standards, all intended to improve productivity and for a few years in the 1970s, there were also some restrictions on pay increases unless they were linked to increased productivity.

The concept of a ‘day rate’ as BS75 performance was generally seen as a working performance level which could be improved on, if financial incentives were in place. Typically, a 20 to 35% improvement was possible from a day rate with a suitable financial incentive in place. BS75 + 33% = BS100 (Standard Performance).

There were so many variations on this theme, such as the starting point for bonus, the bonus graph, whether it needed a cut off and how much money you could earn. And often BS100 would pay a bonus of about 33% on the day rates in place (BS75).

Let’s fast forward now to the present day following many employment changes, when we find that many businesses expect and achieve better performances than BS75 in organised repetitive tasks, which are ‘measured, targeted and managed performances’ without any financial incentives in place.

From Scott-Grant’s Rating Guide: BS75 – the operator is working at a very deliberate speed, neither briskly nor with much effort and displaying little dexterity and rhythm. Description: very ordinary, Speed: slow and steady Effective Effort: not good, Dexterity: passable

Let’s consider a well organised business in 2020 and ask if you could expect levels of only BS75 performance to be achieved? We would argue definitely not. It’s possibly harder to work at BS75 than it is at BS90 or BS100 because BS75 is contained and with little natural flow or rhythm.

As to the norms in well run establishments, with and without financial incentives, working agreements between employers and unions often have performance management thresholds below which employees are coached to improve, or ultimately more formal processes are put in place, requiring improvement. And often they are at BS85 or BS90 – so 85 or 90 is seen as a baseline and quite possibly no financial incentive would be in place below that level.

Performances must be understood with transparent calculations

Performances can be calculated in different ways, which isn’t necessarily wrong as long as there is consistency and everyone understands precisely how it was calculated and how it will be interpreted.

Businesses can use the normal Standard Minute Value (SMV), including Rest Allowances to cover paid breaks, which are included in performance calculations. Others convert SMVs (or Basic + Contingency Allowance time + Basic Personal needs) to
hourly targets. So, performances are then calculated for time on measured work (excluding break times).

This approach must be explained and demonstrated as having made sufficient allowance for breaks, rest, fatigue etc. The Rest Allowance (Relaxation Factor) within SMVs must also be taken into account and this is applied at a Performance level of BS100.

Let’s say 12% RA is added to Basic Time. Earning 60 Standard Minutes in 1 hour = BS100 performance.

If you take out the 12% (60 ÷ 1.12) you have 53.6 Basic Minutes (check 53.6 mins + 12% RA = 60 SMs).

But 53.6 Basic Minutes earned in one hour is only 89.3%. This is telling you that if someone only achieves a BS89 performance against a true SMV that includes RA, the individual has barely generated a performance to cover their Rest Allowance. How about that!

With our considerable experience we would need real conviction and have specific circumstances to start a bonus payment graph much below BS85 (possibly BS80). And this difference of 80-85 may be as much about prevailing circumstances, possibly inhibiting individual performances, rather than a lack of individual effort.

For financial Incentives to succeed you need an organised environment, the ready availability of work to allow people to apply themselves across a shift, good organisation and fair allocation of work, with immediate access to information and equipment. You also need good line balancing, so that work can flow and with a meaningful performance calculation and communication processes.

Systems relying on average times, in areas of volatile mix and work content, can become a disincentive if effort isn’t resulting in performance. Well structured payment lines to reward and motivate in sensible increments – that’s the Holy Grail.

Believe it or not, there are payment lines which start too low, to the extent that some people are therefore restricting their efforts to avoid earning any bonus as it may then impact on their family benefits. This makes a low bonus start point a financial disincentive!

**In summary**

The structuring of bonus payments is quite a complex subject requiring sound information and careful judgement. A lot of people juggle information and not everyone sufficiently understands what is involved. Done well, it can be very good; when it’s not done well it can be a major distraction.

If you have good measured standards, ready availability of work and effective management systems in place, why would you want a bonus to start at BS75? With no financial incentive you should be able to expect at least BS85.

Financial incentives don’t cover for ‘not so good’ management; conversely it requires pretty good management to organise and manage the circumstances. And for good performances (financial incentive or not) you must have real control to match attendance hours to work content. If you’re not careful you can have too many hours, not enough work and performances will be stifled even if people are prepared to work harder and better. Of course, if you have slightly slack time values for whatever reason, performances may be easier to achieve and may influence a bonus start point.

If there’s anything in this article you’d like to discuss, simply email your query to productivity@scott-grant.co.uk and a qualified and experienced analyst will respond.
A Question of Control

Should the government stake in business be radically changed to cope with the current turbulent environment of the UK economy? Asks Dr David Floyd, University of Lincoln.

There has been a lot of interest in the part played by government in business even prior to the pandemic. The China trade war for example has had implications for the Chinese firm Huawei not just in America but in a number of other western states. Indeed government ownership and regulation is also having an influence on the type of Brexit deal to be struck between the United Kingdom and the European Union. The focus here in this article is to look at the justification today of moving towards the increased level of involvement of government in business.

Many arguments have been put forward for increasing the control of government or moving to full government ownership. One of the main economic benefits is that of size and economies of scale. Production costs can be reduced through specialisation and input costs can be reduced by bulk buying, according to Adam Smith. Further benefits include having the finances available in order to fund innovation and large new projects. There are also reductions in transport costs by being able to produce all goods on one site and work with key members of staff in one place. Large firms can also borrow more at lower rates of interest.

In view of the pandemic today there are social and economic factors that need to be considered. There is a trade off between health and wealth. Government intervention to protect health can help create more growth and prosperity in the longer-term and needs to be taken into account, indeed
Many arguments have been put forward for increasing the control of government or moving to full government ownership.

Some of the increased interest in government intervention may only be considered for the short-term. If a country is in poor health, there are less people working and paying taxes. In addition, there is a degree of externality involved in health and disease, where one person’s health can have an influence on another; an additional cost that has to be taken into account. At the same time there is a balance to be achieved in maintaining the economy and employment, and focus on other diseases, as well as on the mental wellbeing of people. There has also been a variation of results shown by the different levels of lockdown and the speed at which the pandemic was initially tackled. There are also variations in the prevalence depending on the demographics of particular countries.

Looking beyond the short-term

For the above reasons, the government has implemented a furlough scheme to protect jobs, particularly those that are viable in the longer-term. This action is only a short-term measure where up to 80% of a salary was paid for by the government though on a sliding scale. This helps act as automatic stabiliser to make sure spending does not collapse. The scheme was replaced in October 2020 and the new scheme is less generous, with government support in terms of payment of two thirds of a worker’s salary if the firm was forced to close due to a lockdown. At the time of writing, plans for reducing furlough have been delayed until March 2021. There are also more generous schemes offered in regions experiencing more intense lockdowns. There have also been loans, tax deductions, and rent deferments and reductions, to try to help the self-employed. The sectors most affected by the lockdowns have included hospitality, where more than 500,000 workers were initially laid off. However, the government has no intention to make this a permanent arrangement and it is only linked to the length of the pandemic. There was also a help to eat out scheme where the government paid up to 50% of the bill in cafés, restaurants and pubs. Firms have also had increased costs to make sure business is COVID safe. The demographics of workers showed young people were particularly affected in the hospitality sector according to the Confederation of British Industry. In addition, temporary staff and often older workers have not had their contracts renewed. The government has also taken a stake in rail in the short-term.

There has been a recovery in retail sales of late; retail sales in August 2020 were 4% higher than in February according to the Sunday Times 4 October 2020. Some of this was pent up demand and there has been an increase in house prices. However, a second wave of the virus shows the uncertain nature of business activity and further support maybe required. Indeed, in France and Germany, the government has shown willingness to continue support for well over a year. Some sectors have done well in recent times, particularly retail, online activity and technology, as well as supermarkets. There have also been more job opportunities in healthcare including the hiring of 15,000 additional nurses.

As well as the there being a requirement for more government involvement in the labour market and business in the short-term due to the pandemic, there are specific industries looking for more long-term government support. Some sectors that are known as the strategic sectors feel they have additional arguments for achieving more government support both in the long- and short-term.

For example, the aeronautical sector, the steel and automobile industries, require large sums of investment in order to keep up to date with new technologies. Tata steel for example, is making a £654m loss according to The Sunday Times 13 September 2020. The Cardiff steel maker Celsa, has already been given £30m and could end up being part owned by the state, and is to focus more on creating a zero carbon future. The Prime Minister is also embarking on a policy of levelling up and trying to help more manufacturing businesses in the north that have been suffering from de-industrialisation for a number of decades. There is a risk if the money targeted is wasted and does not result in economies of scale and efficiency. There is also a risk of little incentive to improve and diseconomies of scale, if money is injected without being dependent on positive outcomes in terms of improved efficiencies. The government in the past lost a lot of money by investing into companies including Rover cars, which eventually had to close and be partly sold off due to its loss making activity despite government support.

The UK government is also taking a greater role in the following – housing, broadband, low carbon and general training, in order to create up to a million jobs as we move forward into the future. Government is encouraging the banks to lend more to those with lower levels of deposit for first time buyers. This is easier today as the government still owns part of RBS which has recently been renamed NatWest. There may be some risk of a potential crash if lending is increased too easily and quickly. Fiscal policy is becoming more important in government policy, as well as lower taxes in some areas. Tax increases are being delayed until after the pandemic. There are limitations to monetary policy due to interest rates already being so low, see Sloman 2020.

International implications

The issue of government support is concerning government also on the international political economy level. Indeed, part of the Brexit agreement depends on the regulation adopted by government in terms of state aid and industry ownership. Access to the Single European Market has often been given by the European Union to countries that are willing to open up industries and services to competition amongst EU member countries. There is uncertainty here even at a very late stage which shows the degree of a mixed approach to government
There has been a recovery in retail sales of late; retail sales in August 2020 were 4% higher than in February according to the Sunday Times 4 October 2020.

Ownership of industry at present. Also related to Brexit is the fact that some sectors in the UK would suffer in a no deal situation where tariffs are increased, and this would then require potential further compensation to be necessary from government. In this context, the car industry and agricultural sector are more at risk from potential increases in tariff from the European Union. In the short-term some sectors may require further support for a time period where the UK begins to craft its own new international trade policy.

Further issues of government ownership and liberalisation of industry has been questioned for the UK and other countries in the West in the context of the US-China trade dispute. The Chinese firm Huawei has been forced to reduce its presence in the UK telecoms sector and the new establishment of 5G technology. Indeed, this is a contrast to the more open trade policies being adopted towards China from the former Cameron government. Supply chains are very much being questioned today during a period of deglobalisation and uncertainty. Furthermore, today’s environment has led to more restrictions on travel and these may not be only temporary for the UK particularly at a time of leaving the European Union. It is more likely that there will be an increased role for government in business in order to help secure supply chains and deal with restrictions on both movements of people and goods. There is little evidence so far that the direction is going to change though historians have shown that the world has gone through waves and pauses in the globalisation process and more globalisation may return in the long run (see Jones 2008).

It has been shown that there are many forces now at play which are changing the role of government with business. Health issues, global politics and economic issues all have a part to play in explaining this move towards increased involvement from the state. In addition, there may be other forces at play. History, for example, has shown that there may be an expectation by the population to have greater support from the government during times of crisis, such as wars or pandemics. Politicians may feel a need to provide more at these times and for many years after a crisis, as the population may feel a collective effort and support from others is needed in order to persevere, particularly in times of difficulty as has been shown also in times gone by. Huge events tend to change people greatly and politicians need to recognise this in order to win the support and trust of the people.
The issue of government support is concerning government also on the international political economy level.

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About the Author
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Back in 1995, I wrote a short book on the subject of ‘business process reengineering’. Recently, I was motivated to return to this topic, having reviewed the book by Dumas et al, (2018). Whilst I agree with many of the book’s sentiments, I do have one or two issues with business reengineering which I would like to share. In this context, the following article examines the model of business reengineering and its evolution as a management philosophy. Within the narrative, an exploration of business reengineering strengths and weaknesses as a methodology for innovation and change are discussed. The narrative also investigates reasons why business reengineering is now considered to be a restrictive management practice whose philosophy has come under immense criticism by both practitioners and management scholars alike.

Introduction
In the early 1970s, there was an explosion of investment in what was then state-of-art systems technology. However, systems such as materials requirements planning (MRP) and enterprise resource planning (ERP) were developed for large sized manufacturing industries. They were expensive mainframe systems with
In essence, technology during the 1970s and 1980s was seen as a panacea for solving many of the issues related to poor productivity and rising costs. Generic applications and restricted functionality that required a significant amount of software support to couple them to the organisation's business processes. What came into view in many enterprises was a disparate number of systems which rarely met user requirements and were out of sync with the needs of the business, which consumed considerable amounts of direct and indirect costs and contributed to lost productivity.

Experiences of implementing technology tended to reinforce some people's suspicions of technology as a useful enabling agent, if not the main reason, for lost productivity and poor efficiency within many industries. In essence, technology during the 1970s and 1980s was seen as a panacea for solving many of the issues related to poor productivity and rising costs. As a solution to falling productivity and increasing labour costs, a new philosophy emerged; business reengineering (BR) also referred to as business process reengineering (BPR). Whereas MRP and ERP systems were configured into existing processes and systems, BR started with the firm's current product portfolio and asked how you would provide these products if you were to start from scratch? A simple enough question, that presented a whole new impetus for management and business change.

In the 1990s, BR was seen as a major innovation by many corporate CEOs. Popularised by Mike Hammer and Jimmy Champy in their book Reengineering the Corporation, a best seller in 1993, the book became a template for other authors and researchers to discuss its philosophy and management practice (McManus: 1997a). Hammer and Champy's philosophy was to challenge conventional wisdom of how organisations were structured and why processes were organised the way they were. These questions were the drivers to their original definition:

'Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, and service and speed (p.32).'

The words rethinking and radical imply a paradigm shift, a movement away from conventional ways of doing things; basically, finding a new vision for the future of the business, which embraces change at both strategic and operational levels. Essentially, reengineering encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organisational dimensions (Davenport: 1993).

During the mid 90s, the philosophy of business reengineering was taken up by a significant number of multinational corporations and the methods for applying it were developed very quickly by large consultancies, such as KPMG and McKinsey and Co. The idea was that consultancies would teach the methodology to companies and those companies would implement it themselves. This would involve the business and its managers taking ownership for its transition and execution. The characteristics of reengineering embodied within Hammer and Champy's philosophy, highlights the need to organise around outcomes, not tasks, and capture information once and at the source.

These characteristics highlight an important association between the reengineering process, and information technology through systems such as ERP, Workflow and Big Data, which are quite widespread and universal in many 21st century businesses. Business reengineering fell out of favour towards the end of 2000, and for some organisations it became a white elephant, never repaying the initial investment or return on capital. Nevertheless, there is anecdotal evidence to suggest that business reengineering may be making a return, particularly in countries with high concentrations of labour and goods manufacturing, such as Africa, India and South Korea.

Business reengineering its attraction and flaws

Twenty five years ago, business reengineering (often used interchangeably with business process reengineering (BPR), was in many respects ahead of the curve. During its early evolution, BR was lauded as a cure for falling productivity and increased business costs. Earl (1994) argued that there are generally two viewpoints on BR: protagonists convinced that it was a new approach to improving business performance and cynics who felt they have seen it all before in different guises (for instance the unintended consequences of neo-Taylorism in the 1920s). Sceptics of BR are drawn to its many publicised failures, for instance the project undertaken by US telecommunications company (TELECO), which faced a number of challenges which were never fully resolved.

The scholar Morgan (2005) indicates the reason why many BR ventures never get beyond the internal efficiency stage of process improvement, is because the company does not spend the necessary time and effort in working with its customers to develop competitive advantage for both parties. In the case
of TELECO (Sarker and Lee: 2015) issues consisted of a lack of detailed knowledge about functional areas, hidden agendas of top management, lack of knowledge of computer-based tools, and lack of communication.

Attempting any BR programme requires a complete understanding of what you are trying to achieve. This means aligning BR with the mission and objectives of the business. What is inferred here is strategic alignment to the business long-term operational and investment plans. Research by McManus (1997a) and Botten and McManus (1999) suggests that organisations undertake major change projects in order to gain or maintain competitive advantage in their markets. Emphasis in this context is deliberate in order to counter internal and external competitive threats. One of the problems is that BR projects are not an easy sell and tend to require significant investment. Holland and Kumar (1995) for instance suggest 60 to 80% of change initiatives were considered unsuccessful during the early 1990s.

In earlier studies, Hall et al (1994) define two factors or determinants of successful BR projects. These are ‘breadth and depth’ and are considered critical in translating short-term, narrow focus processes improvements into long-term profits. These depth levers identified by Hall et al, include roles and responsibilities; measurements and incentives; organisational structure; information technology; shared values; and skills. Hammer and Champy’s advice regarding organising around outcomes, not tasks, is rational. In this context, the business process to be redesigned must be broadly based on cost and or customer value in order to improve performance across the entire business.

Before embarking on any sort of BR project, it is important to obtain buy-in from the executive. Like any major project, change programmes can produce results only if they have the support of the board, and the executive are prepared to invest their time and energy. Without leadership from senior management, the political disruptions that ensue can derail the project. This is supported by Kotter (1995) and McManus (1997a) who identified a number of markers associated with failed BR projects, such as failing to sell the vision, failing to understand the complexity and risks involved, and failing to secure stakeholder support for the initiative.

It is important to make the distinction between those who provide strategic leadership to the initiative and those who manage the initiative at an operational level. Senior management’s role is to lead the initiative, but not to manage it. It is important to distinguish between these roles, where leading means facilitating, promoting and sponsoring, and the vision; and managing means planning, controlling and directing the project. This includes developing the methodology, selecting the right team, planning and executing the implementation, managing and communicating the risks.

The success of BR stands and falls with the people in the organisation. It is therefore imperative to understand and anticipate individuals’ expectations, emotions, and behaviour. This includes managing fear and resistance to change. Some experts argue that these aspects are the ones most frequently

Attempting any BR programme requires a complete understanding of what you are trying to achieve. This means aligning BR with the mission and objectives of the business.
neglected by management and the ones that contribute significantly to failure (or success). Getting the right people involved is seen as a contributory factor to success. BR requires people with creativity and tenacity to get things done. In deciding who should be on the team, the manager should ask a simple question: ‘What will be the nature of their contribution?’ Not all team members will contribute an equal amount of work or even possess the same desire to participate.

Some scholars argue that one of the major problems that contribute to the failure of BR projects is a lack of tools for evaluating the effects of designed solutions before implementation (Irani: 2005). The purpose of using BR tools is to capture information once and at the source, and to analyse the data and information into logical data sets for codification. The manual analysis of business processes can be complex and time consuming, and interpretation can also be contentious (different people see things differently). The advantage of using BR tools is that all processes can be measured end-to-end and compared to a process architecture from which a logical design may be produced. This helps in understanding the big picture and assists in facilitating the management of people’s expectations (McManus: 1997b). Whilst time has eroded the direct purchase cost of many BR tools, the support and licensing costs may well still be an issue for some organisations. It is therefore imperative that a full cost benefit analysis is undertaken before acquiring BR tools.

Managing the elements of business reengineering
Since the publication of Reengineering the Corporation (1993) the dynamic nature of the business and industrial landscape, is much changed. European economies are more reliant on smaller firms and professional and business service industries which account for more than half of GDP in many developed economies. The importance of continuous improvement and productivity gains in the process of market innovation are identified as key elements to economic progress. If this is the case, why has there been a declining growth rates in productivity and innovation. Even though there has been significant investment in productivity-enhancing technologies, UK productivity1 still continues to decline. Past and recent debates (Baily: 1986, Barnett et al: 2014), and related research (Syverson: 2011), on productivity decline, focuses on measurement difficulties and in particular, the possibility that current methods for measuring productivity do not fully capture recent advances in business processes, innovation and technology. One of the reasons is that is that it takes time for new technologies to diffuse, and for management and co-workers to adapt to new business processes.

A key word in Hammer and Champy’s definition is ‘processes’; business processes are defined simply as a collection of activities that take one or more kinds of input and create an output that is of value to a customer. However, the customer of a process is not necessarily a customer of the company. The customer may be inside the company, as it is, for instance, for the acquisition of materials or purchasing process, which supplies materials to a company’s manufacturing operations (Hammer and Champy: p39). Defining ‘customer value’ is not a straightforward task and different industries have assorted metrics for its application and use. If this seems apparent, it needs to be clarified, because too many companies think that they know what customer value is, whereas their activities do not bring them near to the real comprehension of the customer’s needs.

Many businesses engaged in service provision are dependent on transient and fickle customers who are becoming more and more demanding, and who want ever-increasing levels of quality and service at lower costs (Slater: 1997). So the firms are expected to increase the value of their customers if they want to exist in the market. From a BR perspective, value may be derived from an analysis of the business ‘value chains’2 and the ‘core processes’ which underpin them. Core processes are central to business functioning; they are typically primary value adding activities and relate directly to external customers. Therefore, the company adds value based on the degree to which the process input and outputs fulfil its requirements. From a reengineering perspective, creating added value is dependent upon operational excellence, which in essence, is the methodical and fact-based approach to business growth. Thomas Davenport recommends a stepped approach to process change to allow for breakpoints in the decision-making process.

Even though each of the steps is presented as linear, a central principle of the method is that it is based on an iterative approach (1993: p200). At any stage, it is permissible to revert to a previous stage for further refinement before reaching the final step (McManus: 1997a). The transition between step five and step six carry considerable risk. As mentioned earlier, one of the principal reasons for ‘BR failure’ is that organisations simply underestimate the extent to which they should change and re engineer the existing business processes to accommodate their vision.

Footnotes
1. Productivity is simply the rate of conversion of inputs to outputs. Productivity increases if the same quantity of inputs: land, labour, and capital produces more output.
2. Michael Porter emphasised the idea of a value chain. In essence, a value chain is a collection of all the processes that an organisation uses to generate a product or service that is valued by a specific group of customers.

Read part II of this article in the Spring 2021 Journal. A full list of references will be published in the Spring Journal or email Editor, Mel Armstrong, imsjournal011@gmail.com.

About the Author
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John McManus is a strategist, researcher, author, advisor, speaker and teacher. Throughout his academic career and writings, he has brought strategy concepts to bear on many of the most demanding problems facing emerging economies, including global and national competition and firm strategy. Dr McManus research is widely cited and his articles have received international recognition and awards.

How to Build Superior Team Performance

2020 is almost over for those of us who lead and manage organisations, and we will shortly be thinking of how we can rebuild a resilient business in the years ahead. As we recover from the current crisis, we each have to make tough decisions based on minimal information. To build a resilient culture, we need to think about how better to enable your people to work together. Philip Atkinson believes that team building has a positive and long-lasting effect on the Culture and performance of an organisation. In this two article series, he explores two basic processes for significant team-building and suggests that this is a powerful way to deal with the challenges of change that we face beyond 2021.
We owe our success to the people we employ, but are we getting the most from them whilst also helping them achieve their maximum potential?

One of the most neglected aspects of organisational development in any organisation is the building of a strong team culture. There are enormous opportunities for leveraging team culture in driving performance, often overlooked because of inadequate funding, low investment of resources, lack of time and sometimes because of a lack of commitment to people development, and demonstrating how organisations can be steered using the strategies and practice leads to unbelievable performance within a team and between work teams.

We owe our success to the people we employ, but are we getting the most from them whilst also helping them achieve their maximum potential? Our view is that team building is critical even if you work alone as a specialist or expert in your field. Even as a technical expert, you have to rely on others (internal customers and suppliers) to achieve the end product of your labours.

This view is based on the premise that individual achievement is usually pretty dependent on working well with others. If this is the case, why don’t more organisations invest time in building an influential team working culture?

Team building, is it neglected or overlooked?
It’s challenging to know the difference between neglect and indifference and, it is when things are going wrong that many organisations consider the whole issue of team building and development. So, there’s never a better time than right now. Currently, building teams does not occupy a lot of time in organisations’ training and learning budgets. Team building may be considered a ‘nice to have’ activity but an unnecessary soft skill requiring learning and development. In reality, most people, when they start working in a business of any size, will be rewarded for their administrative, procedural, technological and task-driven skills, rather than their team working skills.

There is a trade-off between the two, but if any L&D (learning and development) activity is undertaken, it tends to be focused on task-driven skills. Although team development is always an important component, you will not find it as a central theme on induction or orientation programmes offered by most businesses. Building a strong and positive team culture is achieved when things radically need improving or where there is a severe lack of team cohesion, impacting performance.

Building a team culture is too important a topic to be left to chance. Yet, few organisations consider it as a significant driver, thrust and theme in the development of the performance of their organisation.

Never enough time
Is there ever enough time to balance task vs team development? Many L&D and training budgets are geared to enable people to rise quickly up the learning curve and develop their technical capability to complete a variety of tasks efficiently and effectively. There appears to be never enough time to start creating and building cohesive teams that can produce outstanding performance.

Team building is not an automatic managerial gift
Working with others and getting the best out of relationships is taken for granted, and seen as an unconscious and automatic skill possessed by the average manager, but nothing is further from the truth. Team cohesion and focus on performance is central to whether or not we achieve objectives.

Poor team working
A major element of many ‘organisational’ reviews undertaken by organisations measures the relative health of the ability to work with or despite negative relationships in and between specific functional teams.

We are sure you have witnessed dysfunctional teams in action and the impact this has on performance. It does not just affect business results, but can create a ‘negative’ culture where norms and standards are ill-defined, or worse still, defined by groups or teams more in tune with meeting their individual or collective needs rather than organisational objectives.

What are effective teams and how do they differ from groups?
Team leaders should know that developing the synergy of their whole team is critical if they want to achieve outstanding results. When we look at team building, we ask ‘is the team a natural work team or a group of individuals who have been brought together to work on a project, which..."
will eventually be disbanded when the project is completed? It’s important to know the difference. Task-based teams work with each other on a semi-permanent basis and are natural workgroups. Project-based groups may be brought together for that short project, and members can easily be dispersed back to their functional responsibilities when the project is completed.

You will need different strategies to develop each ‘team’ or ‘group’ depending on their role, the degree of permanency in that role, and whether they are tasked to work with the project and install or implement it. The term ‘team’ will relate more to a natural work team, and ‘group’ will refer to a typical problem solving or data gathering group who have been selected especially and are involved in working on special or ‘one-off’ projects.

To focus on how to get the best out of ‘teams’ and ‘groups’, we will focus on two key issues:

1. Team maturity and
2. Team composition.

We find that these two issues are central to building effective teams and improving performance. Most organisations neglect to maximise the return from adopting learning from both approaches.

**Team maturity and team composition**

Most of us work in teams and depend on each other and the team to do our jobs and achieve results. In an effective team, there should be a high degree of interdependence between team members. That being our aim, it makes good sense to look at team maturity and the dynamics that can arise as it matures, and how this can aid you in improving performance.

**Four stages of team maturity**

Let’s discuss team maturity and, most importantly, the role you can take in shaping the building of an effective team. This will include you and your colleagues regulating, training, coaching and developing teams and their members. In management, it is straightforward to focus on the task, rather than how the task is completed, and maybe neglect some of the most critical issues and stages of team development, and suffer the negative consequences of not dealing with issues.
when you could have done so. There will be things happening in the team that you may not be consciously aware of, but we will explore these behaviours as we work through the four stages of development. This methodology is applied to a variety of organisations and businesses. There are four stages to team maturity, and they are easy to remember – ‘Forming, Storming, Norming and Performing’.

**Individual commitment – there’s no ‘I’ in team**

Not everyone will focus on being a great team member, simply because their preference is not to be a team player. It may be that their personality type prefers to work alone, or may not enjoy collaborating with others and having to adapt to their work style. Although you can accommodate people’s individual preferences, your role as a manager is to build a highly functioning team. Perhaps one element of making things clear is defining standards, so although one person may prefer to work alone, the task and the organisation requires people to become strong team members, not team busters.

**Training in team dynamics**

You must be alert to these different personality types and how their influence can be counter to desired group performance. We wrongly make assumptions that all strive to be team players and operate as a cohesive team. Sometimes the efforts of the team are just not realised because the team leader has not taken charge and shaped and built that Team.

A major factor could be that the team leader or manager has had little or no training in the team and group dynamics. If this is the case and shared across the organisation, you have a problem, because you will be failing to build the synergies which cohesive teams can impart to the wider organisation.

**Assessing team effectiveness**

There are various tools for analysing team performance. We are going to use the four stage Tuckman model, which suggests that when effective teams are initially created, they should normally progress through four distinct phases leading to team maturity and effectiveness. Before we explain how this happens, there may be a ‘wake-up call’ here.

In reality, many teams or groups do not successfully progress through all the phases to become what we call a true ‘high performing team’. Instead, they are often only partially effective in achieving their objectives. Most people and managers focus on ‘task’ rather than ‘how’ the task is completed. If you are going to embark as coach or trainer in team development, then you will have the responsibility as team leader or manager to shape that process.

**Team development is not an accident**

This is not a natural process, so you cannot leave the team to develop themselves accidentally. It is a process which has to be guided and facilitated by the team manager. Very few teams have the correct amount of direction and guidance, simply because too many staff are focused on task completion rather than the process. These skills are not equally and fairly distributed throughout the natural ‘management’ population.

If you doubt this, consider how much energy and time your organisation has invested in developing strong, cohesive teams. Okay, it may have devoted resources to CRM, IT skills and specific job-related knowledge, but compare this with the commitment to actual team development. Often, this variety of development is an afterthought. Yet, if completed, could have a massive impact on business performance.

What should be the goal is the knowledge that an effective team has strong positive norms that drive it and its members onwards to achieve outstanding results. So, what do you need to know to develop effective teams? A good start is diagnosing how well a team is performing – so let’s start by focusing on typical team issues.

**Diagnosis: Typical team issues to address**

- How would you assess team focus and direction?
- What are the benefits that will accrue if you can build the maturity of your team to improve communication, interaction and working across boundaries with other teams?
- Are you willing to undertake a ‘team dynamics’ audit to improve team performance?
- Do you find that you need to work on building both team cohesion and productivity?
- Would you like to know how to get the best out of your key teams?
- Would you be willing to refresh a failing or a toxic group of individuals to build a strong, high-performance team?
- Do you understand the enormous benefits of using team psychometrics and developing a plan for improvement?
- How would you like to improve, build trust in, and between, your key teams?

*In the next article which will be published in the Spring 2021 issue of the Journal, Philip concludes this two part feature by detailing the four stages of team development.*

**About the Author**

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 25 years, he has been engaged as a consultant, supporting organisations in strategic development, leadership, organisational design, post-acquisition integration, Lean six-sigma, quality management and Culture change. He has partnered with a variety of blue-chip companies in industries ranging from pharmaceutical to genetics, the automotive industry to finance and banking and from NHS bodies to Local Authorities and the Third Sector. He regularly presents at conferences and workshop sessions and has written seven books on change management. His articles, books and blog can be accessed on www.philipatkinson.com www.NFP-Excellence.org Philip is a Director of Philip Atkinson & Co. Ltd Tel: 0131 346 1276 M: 07779 799286. He can be contacted at philip@philipatkinson.com
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