

# Management Practices TO Business Success

**Prof KC Chan** and **Dr CM Tay** provide an insight into the Integrated Management System and describe the management practices that companies should adopt in their drive towards excellence.

**B**ased on a five-year study of winning firms that truly produce business results, a team of renowned researchers were able to identify the 'must have' management practices (Nohria, Joyce and Robertson, 2003). Four distinct primary management practices were highlighted. Further, the primary management practices need to be supplemented by two out of the four secondary management practices for business success, as listed in Figure 1.

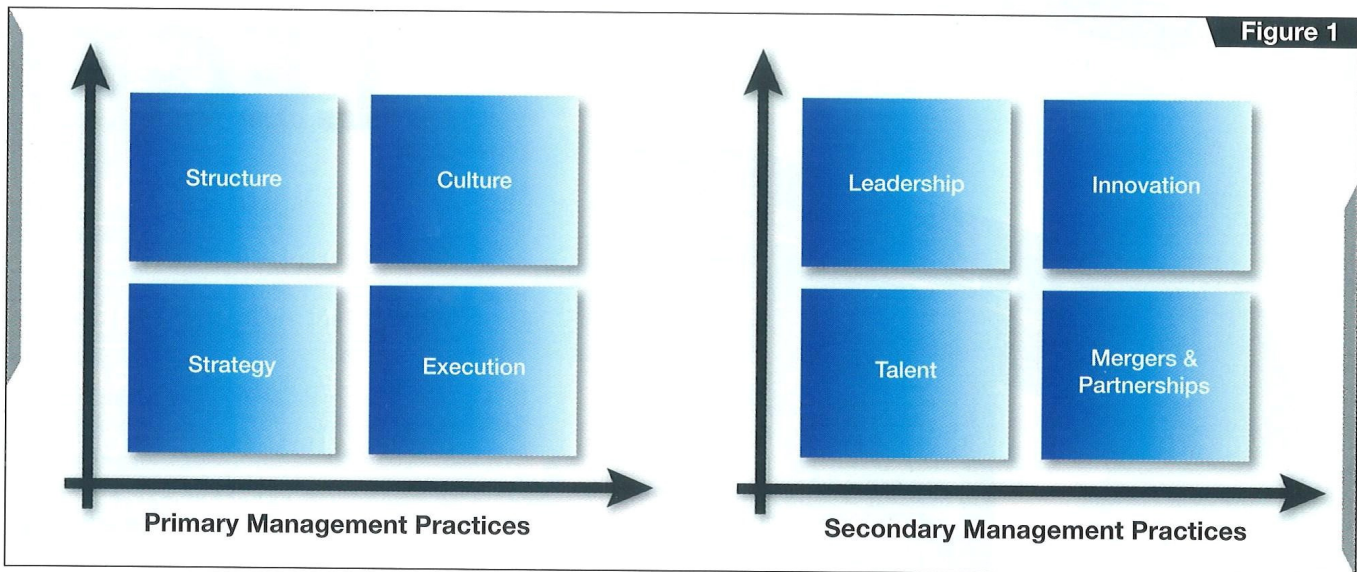
Besides identifying the 'Four Plus Two' management practices that can significantly affect an organisation's performance, the research also developed a list of behaviours that support excellence in each practice as highlighted below.

## Primary Management Practices Strategy

Whatever strategy is employed, whether it is low cost or product leadership, it will work if it is sharply defined, clearly communicated and well-understood by employees, customers, partners and investors.

- Build a strategy around a clear value of proposition for the customer.
- Develop strategy from 'outside in', based on what customers, partners, and investors have to say and how they behave.
- Continually fine-tune strategy based on changes in the market, eg: new technology, social trend, government regulations or competitor's breakaway product.

Figure 1



- Clearly communicate your strategy within the organisation and to clients and stakeholders.
- Keep focused. Grow your core business. Beware of the unfamiliar.

**Execution**

Develop and maintain flawless operational execution. You may not always bring delight to your customers, but never bring them dismay.

- Deliver products/services that consistently meet customers' expectations.
- Put decision-making authority close to the front-line to react quickly to changing market conditions.
- Constantly strive to eliminate all forms of excess and waste. Improve productivity at a rate that is roughly twice the industry average.

**Structure**

Managers spend hours agonising over how their organisations should be structured. Winners show that what really counts is whether structure reduces bureaucracy and simplifies work.

- Make your organisation easy to work in and work with.
- Promote cooperation and the exchange of information across the company.
- Put your best people closest to the action.
- Establish systems for seamless sharing of knowledge.

**Culture**

Corporate culture advocates sometimes argue that if you can make the work fun, all else will follow. The research results suggested that holding high expectations about performance matters a lot more.

- Inspire all managers to do their best.
- Empower employees to make independent decisions and to find ways to improve operations.

- Reward achievement with pay based on performance, but the performance bar should be raised each time it has been surpassed.
- Give out psychological rewards, in addition to financial ones.
- Create a challenging and satisfying work environment.
- Establish and abide by clear company values.

**Secondary Management Practices**

**Talent**

Winners hold on to and develop talented employees.

- Fill mid- and high-level jobs with outstanding and talented individuals.
- Create and maintain top-of-the-line training and development programmes.
- Intrigue and challenge your best performers.
- Keep senior management actively involved in the selection and development of people.

**Mergers & Partnerships**

Internally generated growth is essential. But winners are the ones who can also master mergers and acquisitions.

- Enter new businesses that leverage existing customer relationships and complement core strengths.
- Move into new businesses that make the best use of both partners' talents.
- Develop a system for identifying, screening and closing deals.

**Leadership**

The right choice of capable executives can raise performance significantly.

- Closely link the leadership team's pay to its performance.
- Encourage management to strengthen its connections with people at all levels of the organisation.

- Inspire management to hone its capacity to spot opportunities and problems early.
- Appoint a Board of Directors with members who possess a substantial stake in the company's success.

**Innovation**

An agile firm is able to turn out innovative products/services and anticipate disruptive events in industry.

- Relentlessly pursue disruptive technologies to develop innovative new products/services.
- Cannibalise existing products/services.
- Apply new technologies to enhance all operating processes.

**Road Map Connecting Management Practices**

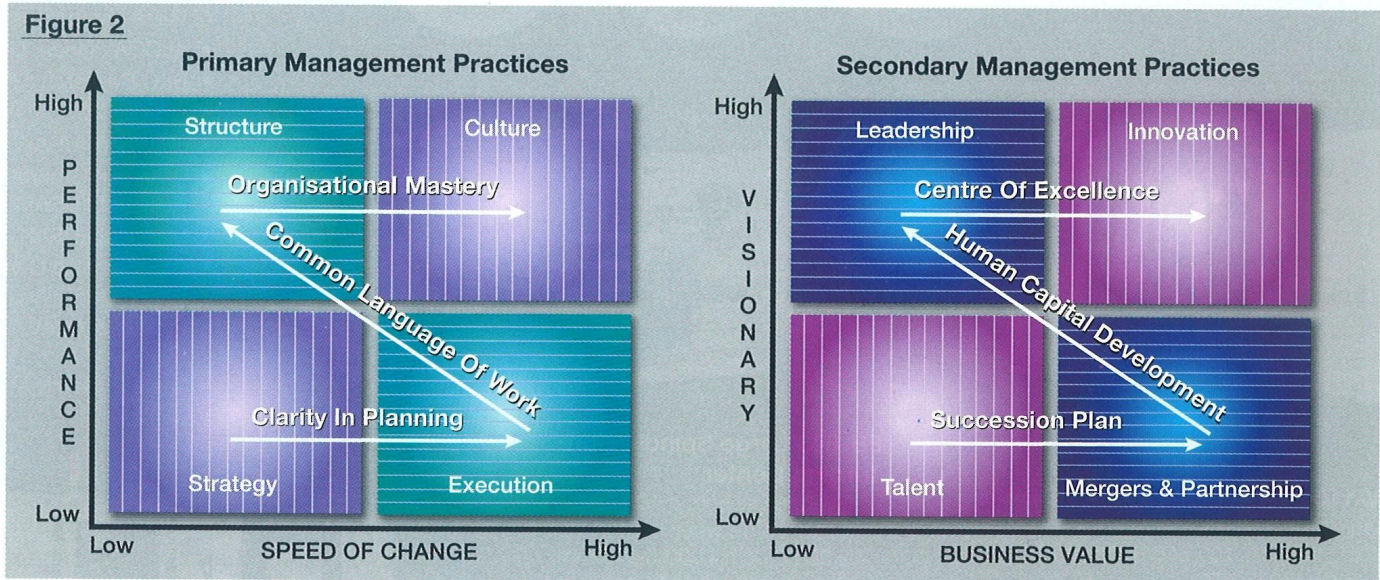
The research by Nohria, et al does not provide the missing link that connects one set of management practices to the other. Integration of these world-class management practices can be carried out through the Integrated Project Management (IPM) perspective, as can be seen in Figure 2.

connected to the *structure* of the organisation through a common language of work, ie: IPM.

**Structure** exists in two main types, ie: the formal organisational structure and the project structure. The project structure and the common language of work (IPM technology) will enhance the discipline of getting things done systematically. As such, the corporate goal of improving the organisational capability to perform arising from the ability to execute (effectiveness) and the speed of execution (efficiency) will be reinforced.

The structure of the organisation is connected to the *culture* of the organisation to perform through an organisational mastery of IPM. When the organisational mastery is both effective and efficient, the organisation's ability to perform is high.

**Culture** of a high performance organisation is the result of its people's ability to change to stay ahead of the competition. IPM is the training ground for leadership skills. Complex projects will reveal who has the required people skills, process skills and technological skills to



**Strategy** must be converted into tactically viable, financially sensible and strategically acceptable projects which make a contribution to the business success of the firm, ie: from Knowledge Advantage into Action Advantage. Strategy is connected to the ability for *execution* through clarity in planning. With effective and efficient planning, the speed of change is high.

**Execution** uses the IPM total solution methodology (Preconditioning, Preplanning, Planning, Managing Transition and Innovating Continuously) to minimise risk of project failure. For successful execution of strategy, it is essential to pass through the rigorous phases of creating awareness, developing alignment, engaging action, ensuring adoption and enhancing assurance – targeting at the end-users' organisational behaviour. Execution is

accomplish the project with the specified resources, within the stipulated scope and on the set schedule.

The performance culture can be measured by its ability to be better, faster and cheaper than the competitors to attain the business results of increased revenue growth, profitability and liquidity. After all, the mere existence of an organisation is to make a profit. Hence, all key projects should make a significant contribution to the business value of the organisation. Projects are investments.

**Talent** is to be exploited because talented people need challenging projects and reward schemes to drive them. The main idea is to expose the talented to different projects, yet minimise the risk of project failure. Also, those involved in projects that succeed

and exceed expectations will receive just rewards. More importantly, the right team attitude will be instilled, resulting in good team performance. Talent is connected to fruitful *mergers and partnerships* through succession planning.

**Mergers and Partnerships** cover an area where IPM can make a significant contribution. The integration of different corporate cultures between two or more organisations requires transition management for effective change. This change management project needs IPM to ensure clarity in execution.

Such a project will lead to many sub-projects which will only bear fruit if they are effectively coordinated and efficiently connected, thereby achieving coherence in the strategic integration of mergers and partnerships. Mergers and partnerships are connected to developing the quality of *leadership* through human capital development. A merger and partnership initiative will have a high value-addedness to the business when it is backed by an effective and efficient succession plan.

**Leadership** is developed in the course of running small, medium, as well as complex projects. Leadership is about change, and change begins with the leader. Therefore, IPM is most effective for reinforcing leadership skills because projects are cross-functional in nature. It will demand even more extensive leadership quality if the project involves multi-cultural and cross-national dimensions. Leadership is connected to innovation through the Centre of Business Excellence for successful implementation of strategy.

**Innovation** is the ultimate competitive advantage. In today's turbulent business environment, innovation should lead to faster delivery, better quality and lower cost, made possible with the advent of new technologies. Management of technologies through IPM is not the means to an end. It is like building a road on a fast track basis so that the driver of a high-performance car can display its prowess.

Organisations that do not believe in innovation face the peril of extinction. When the Centre of Business Excellence for the successful execution of strategy is both effective and efficient, vision is realised.

### Insights Into The Road Map Of Success

The threads that hold the primary and secondary practices are guiding principles of the road map to business success. Like driving a car, the road map provides the direction. Using the principles of best practices, the driver will reach the destination safely and timely.

The rationale and common sense governing the threads (or principles) that lead from one management practice to the next are as follows:

*Strategy must be converted into projects for successful execution.* Clarity in planning is of paramount importance to enable smooth execution of tasks as each process owner is well defined.

*The discipline of getting things done effectively and efficiently.* Execution requires a common language in projects that are cross-functional in nature. For example, English is the common language for communication while accounting is the common language for doing business.

*Organisation structure follows strategy.* Therefore, in order to attain organisational capability to perform well, the performance culture warrants the organisational mastery of specific skills which permeate the whole organisation for the development of distinct competence. This distinct competence is the ability to execute, and the speed of execution.

*Talents must be identified, nurtured and maintained.* With an effective and efficient succession planning programme in place, the merger and partnership initiative will ensure success because there is a talented pool of high performers to replace the non-performing ones arising from the merger and partnership programme.

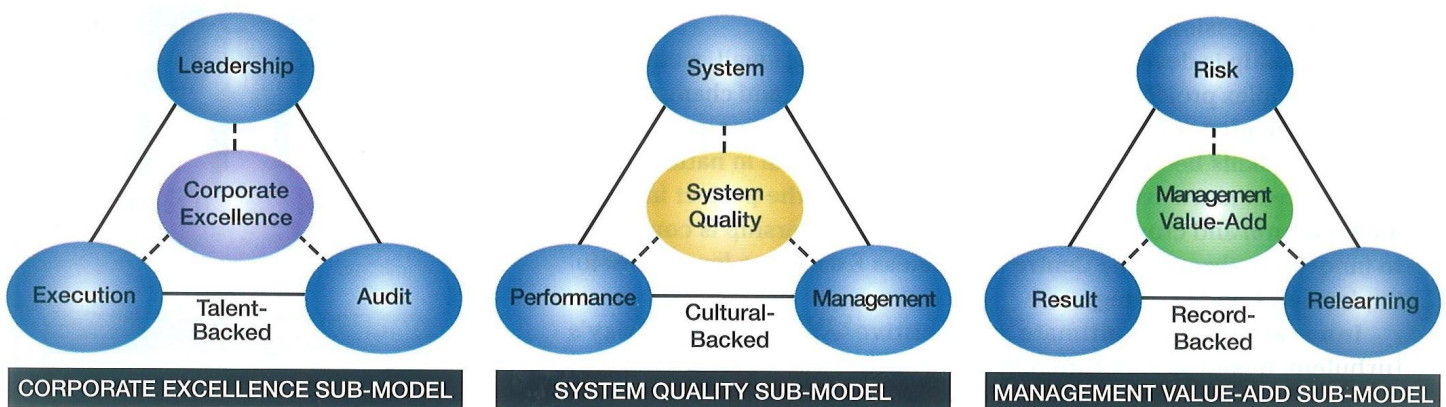
*To stay competitive, it is imperative to develop these executives to be real leaders.* Visionary leadership cannot be developed overnight. Hence, a human capital development programme must be in place to ensure that the continual improvement of visionary leadership skills is enriched for this pool of talented executives.

structure and culture or a culture-based system and talent for management. There is an additional performance standard arm for management to ensure result by performance.

The management value-add sub-model covers the two management practices for business success, ie: innovation and mergers and partnerships by relearning for continual improvement. There is an additional management expectation of risk prevention and result control and correction for ensured result by performance.

To assure business success from the operational perspective, an organisation must:

**Figure 3: INTEGRATED MANAGEMENT SYSTEM MODEL**



*Visionary leaders should focus on innovation to grow the market with its products/services.* Thus, the Centre of Business Excellence enables and ensures that all strategies are executed successfully to reap the business success by being faster, better and cheaper than the competition.

**An Application Model – The Integrated Management System**

To engage the ‘Four Plus Two’ management practice into action, there is a need for an Integrated Management System (IMS). An organisation has three levels of operation, ie: corporate level, system level and management level, over and above the work level for assured performance.

The IMS model breaks down the three levels into corporate excellence, system quality and management value-add sub-models as illustrated in Figure 3.

The corporate excellence sub-model covers the two management practices for business success, ie: leadership and execution. There is an additional audit arm to ensure execution (by system or projects) in line with the leadership direction.

The system quality sub-model covers the three management practices for business success, ie: strategy,

1. Set up a culture-based IMS based on risk prevention that encompasses policy (strategy), procedures (structure & methods) and programme (timeline for achievement).
2. Confirm the required performance standard for achievement.
3. Commit to proactive management control and correction (with talents) to ensure execution (to IMS or by IPM) to achieve results by performance standards.
4. Commit to proactive management relearning by IPM with innovation or mergers & partnerships.
5. Engage in performance audit for management-value-add to meet the leadership, system and risk requirements.
6. Carry on with management value-add for better leadership, system and risk prevention.
7. Carry on with IPM for continual improvement in leadership, system & risk prevention, as well as execution, performance & result and audit, management & relearning.

IMS ensures no re-invention of the wheel. Whilst IPM expedites continual improvement in daily routines and special projects, constant response to change must be a cultural dimension of the organisation in the competitive marketplace today. The two-pronged approach, ie: IMS and IPM, provides both the map and the routes to navigate with good management practices. 