MCE BUSINESS RESOURCES

How to Achieve Goals Through Involving Others

BY Renee Fellman

Whether a company's goal is to increase sales, decrease costs, improve efficiency, launch a new product or service, solve a particular problem, or select, implement, or improve a system, involving key personnel in planning and implementation can dramatically enhance the likelihood of achieving the best possible outcome.

There is a frequently used saying that "a camel is a horse designed by a committee." To achieve the goals listed above, managers must avoid the potential pitfalls of what is essentially a committee process. To that end, what attributes must the manager leading the process possess? What are the necessary steps to take? Finally, why does involving others provide the optimal results?

ESSENTIAL MANAGEMENT ATTRIBUTES

The manager-leader must genuinely desire input, communicate that desire effectively, include the right people, establish appropriate boundaries, and convene only necessary, appropriate, productive meetings. Managers who lead the process must truly believe that they are not omniscient, they do not have every skill, sometimes they may actually be wrong, and sometimes other people really do have better skills and ideas. Otherwise, participants will feel like their ideas do not matter and mistrust the request for input. That mistrust, and a fear of rejection, may make participants refrain from joining in wholeheartedly and suggesting valuable ideas.

Managers must ask themselves, "What skills, knowledge, and personality attributes in addition to mine are essential to explore possibilities productively and define a practical, actionable plan?" Without this question, they may fail to open the planning process to people who have those important characteristics. In addition, unless managers include people from all affected departments, the plans created may be unrealistic, unachievable, and ineffective.

Ideally, although a business should not be a dictatorship, for
a variety of reasons it also cannot be a democracy in which everyone gets to vote and the majority prevails. The leader needs to articulate clearly any boundaries or limitations that exist and have the courage to sometimes say "no."

This article was originally published in the MCE Quarterly!

GETTING INPUT FROM THE RIGHT PEOPLE

Companies need good, competent people not only because their employees must have the right skills but also because these people want to work with other good people. The leader must accurately identify the skills and expertise required because the better the people participating in the planning process, the better the outcome will be.

Depending on the company, the issue, and the process, it may be helpful to obtain input as events unfold—through digital surveys, small group meetings, or individual conversations—from stakeholders across the company who might have valuable knowledge, opinions, and ideas. Surprising information and remarkable ideas often pop up.

DEFINING THE PROCESS

To achieve business goals, managers should follow these steps. First, describe the challenge in broad strokes—for example, "Our goal is to increase the profitability of the company, business unit, product line, or department."

Second, break the topic into pieces and seek input from participants about which pieces are most promising. For those pieces, list possible actions, decide which ones should have highest priority, compile data needed for decision making, and develop specific plans for each of those priorities.

Third, once the plan has been clearly defined, describe in writing the underlying assumptions used and prepare a chart that identifies key tasks to be done, by what dates, by which people, and the expected financial outcome for each action.

Fourth, based on the above, prepare detailed financial projections that clearly identify and incorporate both the assumptions used and the task lists. These projections can then be used to prepare sensitivity analyses that reflect the impacts if base assumptions are not realized. To illustrate, "If we can go to market by this date, our bottom line will be $X; if by a later date, it will be $Y. If we sell 20% less or 20% more than our base assumption, the resulting bottom lines will be $X or $Y. If our material or transportation costs increase by a particular percent, the bottom line will be $Z," etc.

Finally, after reviewing the sensitivity analyses, decide upon and publish in one document the plan, task list, and projections the group believes to be most reliable.

The following is a simplified description of how the process might proceed.

SELECTING THE PATH

In this hypothetical example, the entity is a manufacturing company that sells products to consumers both online and in retail stores, and its goal is to boost profitability in the near term. The two primary paths to increasing profitability are increasing revenue and decreasing costs.

Because this business is already operating in a highly cost-effective manner, management has decided that finding ways to increase revenue is the path to explore in depth. The leader convenes the team and solicits ideas from attendees about the best way to accomplish that expeditiously.

The conversation might sound like this:

Leader: "What opportunities do we have to increase revenue?"

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Responses might include: "Sell more of Product A, B, or C," "Modify Product A to make it more attractive to customers," "Raise prices or decrease prices," "Secure shelf space in additional retail entities," "Make it easier to buy products through the website," or "Have specials on old or slow-moving inventory."

Next, the group explores which of the suggestions is likely to provide the greatest return. Choosing the best option or combination of options requires them to examine what is needed and consider internal and external factors. If marketing says, "We can sell this much more of Product A," production might say, "I wish we could produce that quantity, but we simply do not have the capacity. We could, however, produce at least this much more of Product B. Can you sell that?"

If marketing says, "Yes, we can do that," and the team concurs with the leader that selling more of Product B is the most promising strategy, the next step is for the team to list the critical components needed to develop and implement detailed plans, identify who will be responsible for collecting and producing each piece of information, and specify dates when those pieces will be available. The team must decide what assets will be needed, what needs to be done when and by whom, and what the attendant costs are.

At this point, subgroups, each with a clearly identified leader, are formed to gather information and recommend action plans to the group as a whole on a designated date or dates. Leaders and participants in these subcommittees may choose to solicit input from those who report to them. On the marketing front, there are multiple facets to consider and decisions to make. To establish a realistic sales target, marketing needs to quantify the extent of realistic customer demand. Is demand seasonal? Should prices be increased, decreased, or maintained as is? What steps need to be taken to increase both in-store and online revenues? What actions

does marketing need to complete and by what dates to ensure the proposed target is reached?

Other departments have equally compelling considerations, such as how much lead time production and logistics need, when product needs to be ready to ship, and whether procurement can definitely obtain parts and supplies at necessary times and with locked-in pricing. Other factors to consider are the activity timetable and the cost to execute those plans.

To maximize the likelihood of arriving at the best possible plan as facts are gathered and ideas are generated, each team must consider the most cost-effective way of performing each task and reduce friction at every level of the process. All teams and sub-teams need to ask themselves, "Are we making it as easy as possible for customers to decide to buy our products, and have we created processes that will make it as easy as possible for our vendors and our own personnel to fulfill their responsibilities successfully?"

Although every issue has a financial impact and the finance department's input needs to be carefully solicited and considered throughout the process, participants must thoughtfully weigh the possible effects of any financial observations and recommendations.

DEFINING, DOCUMENTING, AND ADOPTING THE PLAN

The next step, based on the information obtained, analyses performed, and decisions made, is to define specific targets and timetables for all aspects of the plan. During this stage, targets are set for sales, production, and costs, and tasks are identified and memorialized in an exhibit that clearly shows which manager is responsible for completing which task by what specific date.

At this point, finance has the information needed to prepare detailed financial projections that include a verbal description of the plan's underlying assumptions and the numbers that are expected to result from the clearly established timeline and tasks.

Before final plan adoption, managers need to run sensitivity analyses on the projection model and make those analyses available to the planning team to help them assess the ramifications if scenarios do not play out as anticipated.

Involving the right people at the right time provides optimal outcomes for three reasons. First, the plans that emerge from this process tend to be remarkably realistic because key managers have been intimately involved in their creation. Participating management team members have heard about the processes, opportunities, challenges, and constraints of functional areas other than their own and have considered the impacts of various actions on all facets of the organization.

Second, the process establishes accountability because there is literally an exhibit that shows who is responsible for completing which task by what date, and there are financial projections that specify the expected financial and operational outcomes. In addition, peer pressure is in play. All managers have made commitments, in the presence of their peers, to complete particular actions with particular results.

Last, but definitely not least, managers have participated in plan creation. It is not a plan with targets created by and foisted upon them by the CEO or CFO. It is their plan, so they are fully invested in and committed to reaching and exceeding their goals. AQ

Renee Fellman has served as interim CEO for 20 companies and as an outside consultant to 21.

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