

Musings from



Musings from Gate 44 is a series of papers written from one of the most sacred reflective places in a consultant's life – the airport. As we depart our client's cities, we are often decompressing, celebrating, venting, strategizing and reflecting on behalf of those we serve. We're inviting you into our private thoughts about...you. "You" means those of you leading complex organizations trying to grow, change, improve and compete. These "musings" are stimulated by patterns we see over and over again as we work. Our hope is that letting you into our inner thoughts will help you grapple with the issues that frustrate your noblest aspirations and thwart what you seek to achieve. (We hope we'll also have a chance to laugh gently together at some of the silly things organizations can do.)

Priorititis

"Ah yes, a Mohito please," I said wryly as the stewardess feigned interest in my beverage choice. I was just settling down for a "comfy" coach class middle row seat on the only option left after my original flight was cancelled – the red eye back to SFO. It was either survive this flight home or see the rest of my week's schedule implode. Remember the days when a business trip sounded like fun? I don't.

Before diving into my plane-time reading, I caught myself recalling a familiar conversation I had just a few hours earlier with one of my clients. She was president of the largest business unit in a global consumer packaged good conglomerate. Her company was facing some serious marketplace challenges and she was concerned that her people were exhausted. "I worry that many of them are ready for a breather just when I'm about to ask them to strap on their packs and scale the next peak," she told me. While her people reported they were working flat out, she and her CEO believed there could be substantial improvements in productivity and execution. Neither of them was confident they could make that happen, though.

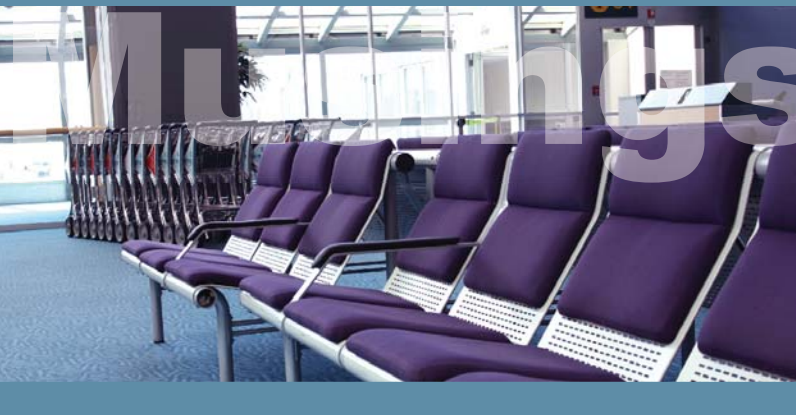
"My organization is sluggish and running out of gas right when we have to run faster." This is a common concern I have heard my clients express

in various ways, but they all lead back to a central theme – organization capacity. Clients will tell me that "we just have to work smarter" or "our people just need to get used to constant change" or "the dead wood in our organization is hurting us" or "we need better communicators on our team because we're not focused enough." While each of these challenges may have some unique features, I've come to recognize these phrases as possible indicators of a frequently misdiagnosed and potentially risky condition: **priorititis**. This is the term my colleagues and I use whenever we observe dozens of priorities and projects proliferating across the organization without sufficient coordination and control. Senior leaders often underestimate or even dismiss priorititis as a major barrier to building more capacity into the organization – and yet both the root causes and the remedies usually sit with these same leaders.

Priorititis. (*n*) When leaders in an organization set in motion more than a few key priorities, causing lack of focus. Common characteristics include attempting to drive more initiatives than the organization can effectively execute, exhausting all involved without visible payback, and incurring opportunity costs which frequently go unrecognized..

forward motion for leaders and organizations

PASSAGES



A simple test:

Do you think your organization might be suffering from priorititis? Try the following test to find out:

FIRST: List your understanding of the current top priorities for your business or unit. A rule of thumb: your risk of testing positive for priorititis begins to increase as you exceed three to five top priorities.

SECOND: Consider how well your list of the “top priorities” would match with the lists colleagues on your team would make if asked the same question. The greater the variance between your list and theirs, the more worried you should be.

THIRD: Take a look at the number of initiatives each of your direct reports (or the subordinates managed by your team) has underway. Go ask a few of them if you need a sampling. Wear your dark sunglasses if that helps. Note how many major initiatives are on their lists and how well these sync up with “three to five top priorities.” Look for both volume of initiatives and congruence with the few top priorities for the business. Diffusion of effort is what you are assessing.

FOURTH: Estimate how many major initiatives are going on two levels down from your team. (In larger organizations, things can get really interesting three levels down.) What qualifies as “major” you may ask? Let’s say it is any initiative outside of running the day to day business that requires significant investments of time, people, money and risk. Keep a special eye out for those stealthy initiatives – the ones launched with fanfare a while ago that have continued despite low value yield. Some of those can have very long tails.

FIFTH: Once you’ve completed your informal inventory, see if you can estimate in some way the level of effort required to manage and resource all of these initiatives effectively. A gut check level of precision is OK for now. Finally add in the level of effort required to run the business well day to day. Now you can answer the big question: is your organization’s capacity sufficient to both run the business and manage all of these initiatives well?

If you are like many organizations, you will likely discover three important patterns in this exercise. First, you may have too little agreement among top leadership as to what your key priorities are and/or you have too many “top priorities” to begin with. Second, you have so many initiatives running concurrently, that you can not manage them all effectively, nor do you have sufficient capacity to do something new/different. Finally, when you add in the demands of running the day to day business, you’ve potentially exceeded your organization’s capacity to manage and execute all of this well. If you find you’re suffering from priorititis, then it is likely that your organization is so taxed that it simply won’t respond like you want it to. It should come as no surprise that you can’t move any faster when you try to step on the gas pedal – your engine is already “red-lining.”

At this point, you may also be pondering the ROI question: “Do we really know the level of investment and the actual return we are getting for all this effort?” For most, the answer ranges from “not really sure” to “no clue.”

Before you brace yourself in anticipation of a magic bullet pitch (there isn’t one), let me tell you a quick story about Sandy, one of my former CEO clients. This will serve as a simple illustration of two things I want to suggest. Towards the end of an intense two day work session with a team tasked with managing a major organizational redesign, Sandy flipped through the thick PowerPoint slide deck he was asked to review and said, “Let me do a quick calculation to see how much meeting time we just signed my senior team up for over the next quarter for this redesign effort.” After some quick figuring, he estimated that the design team had added an average of over five hours of additional meetings per week to each of his senior leader’s calendars. Sandy pointed out that was on top of the existing five hours of meeting time already booked just to run the business. He looked up at the team and said, “Come up with a different process.” Good call Sandy!

The key point is this: If you are worried that your capacity to execute the next important thing is low, then take a hard look at demand vs. capacity (i.e. your list of initiatives vs. the requirements for solid execution). Consider beginning the hard work of narrowing down

priorities to a vital few and stopping initiatives that probably won’t contribute enough to warrant continued investment. Underneath a few of the big rocks that you turn over in the process, you just might find that additional capacity you were looking for. The good news is there are some strategies that can help. Let’s take a look at some of the ways priorititis manifests itself and then we’ll suggest some pragmatic ways to cope.

The Prioritization Knowing-Doing Gap

Every leader around the world would probably agree that establishing clear priorities for an organization is an important component of good leadership and that if you take on too many priorities you run the risk of poor execution. Nothing new there. Especially in complex, fast-paced, matrixed organizations, experience suggests that sustained focus on anything strategic that entails more than a vital few major priorities is virtually impossible to maintain (e.g., GE under Welch, Unilever post-2001 going from 1,600 brands to 400, etc.). We would also venture to guess that 80% to 90% of most organizations today have more major initiatives at play than they can truly manage well. It is not unusual for companies to have portfolios of 20 to 40 major initiatives under way (“Managing for Improved Corporate Performance” by Lowell Bryant and Ron Hulme, *McKinsey Quarterly* 3, October 2003), making it difficult for employees to comprehend what the key priorities behind those initiatives are. These myriad initiatives are a constant drain on the organization’s key resource for doing things – people’s time, energy and good will. If you ever have seen all the lights of the Los Angeles basin late at night (over 18 million people last time I checked) from a plane or from the Griffith Park Observatory and wondered how many of those burning lights are actually necessary and how much electricity is being used up by them that could be used for something more important later on – then you get the basic idea.

Here are some observations from our client work that may help explain the great gulf between commonly accepted management wisdom about priorities and actual practice:

Starting is Easier Than Stopping

It’s a lot easier to start initiatives than it is to stop them. It is also easier to launch them and just hope they deliver than it is to evaluate their investment/return profile periodically, and force yourself to pull the plug in favor of alternate initiatives with better prospects. In fact, it’s a hallmark of some leaders to crank up lots of initiatives to show they mean business, and then to move on to the next job well before any of those initiatives show results, positive or negative. Pick your favorites – lean manufacturing, right sizing, customer relationship management, outsourcing, ERP, culture change – these things can take on a life of their own without adult supervision.



List Making is Easier Than Triage

Most people have absolutely no problem thinking up long “to do” lists. Picture all the issues to address in your various BUs, things that would optimize your company’s supply chain, responses to your Voice of the Customer surveys, redesigning your finance function, launching that new push into China – the possibilities are endless. What’s really hard is to have a disciplined way of assessing value, risk and capabilities on a semi-regular basis and then make the hard trade-off decisions. The emergency room of your local hospital is a great place to be curious about a strong triage discipline.

The Vital Few

Because it is so rare, I have come to greatly respect the ability of effective leaders who distill down very complex situations into just a few clear and compelling priorities that are meaningful to customers and to everyone in the organization. When done well, these “vital few” help energize people and focus the energies of the organization. It takes hard work and tremendous insight to be able to identify those three to five priorities that galvanize the whole enterprise around a viable future.

Consistency is hard

It is very difficult to apply a few disciplined practices around launching, funding, monitoring and stopping initiatives. It is even harder to do that in a reasonable way that doesn’t create the need for a whole extra program management office that spits out yet more to-do lists. Don’t underestimate the task of achieving balance between consistently applied simple business decision rules and staying flexible enough to respond to new opportunities. Many senior teams just don’t have the energy and insights to get there, resorting to hope in their financial systems for lack of better alternatives. It’s probably easier for many organizations to have



discipline around doing fewer things exceptionally well than it is to build sophisticated processes and MIS machinery to manage a cast of thousands.

Obscurity

Too many initiatives operating without sufficient management visibility and control can create a drain on resources that is hard to detect. While Senior Teams believe it's the role of their direct reports to keep on top of the details, the organization is actually consuming substantial resources that detract from strategic reserves – it's just happening several layers below where senior leadership directly experiences it. Then, when the CEO steps on the proverbial gas pedal, anticipating that “snap your head back feeling” from the acceleration, it just isn't there. I spoke recently to the head of the project management office at a client company. Her CEO was frustrated at the lack of progress in adopting a new go to market model in the sales organization. She was aware of a large number of initiatives – over 50 – throughout the organization

that were both not on the CEO's radar screen but consuming all the bandwidth three levels down. She shuddered as she confessed that she wasn't aware of everything that was going on – like an iceberg, most of what was happening was out of senior executives' sight and therefore challenging to regulate.

Sawdust vs. Furniture

For all the activity going on, visible or not, are there any tangible results? With the lack of visibility and transparency about expected versus actual returns, you have the potential to hemorrhage energy and effort out of sight and out of reach of senior management. When should the plug be pulled on an initiative that was a good idea but is now falling too far behind expectations? What initiatives actually delivered on the expected return? Which ones didn't and why not? These are all easy questions to ask, but they're very hard for senior executives to answer. The real solution is probably in generating fewer priorities and initiatives at the beginning of the pipeline vs. launching a bunch of them and chasing after them for results later on – or losing sight of them altogether.

Compounded Challenges of the Matrixed Organization

And finally, if keeping priorities to a vital few is important for simpler organization structures and where most people have one boss, think of how the problem grows exponentially in a matrixed organization. In situations

An Example of the Knowing-Doing Gap: Budgets Looking for Strategies

In many of our client organizations, the budgeting and the strategy processes are not sufficiently linked. Addressing this is a prime opportunity to stop the madness. People need a very clear connection between the vital few priorities, what they are held accountable for and where and how much money/effort they should spend. Some years ago, at a Fortune 100 Financial Services firm, I was asked to sit in on a senior team meeting for the unveiling of the major new strategy created by a few designated members of the team and a well respected strategy consulting firm. Since I was seeing the new strategy for the first time, at some point I innocently asked when their budgeting process occurs. I was informed that it had just been completed two months earlier. I further inquired as to whether they planned to redo the budget to reflect the new strategic imperatives. I was told that this would happen next year and in the meantime the new strategy would be implemented with the old budget. Right! The point is that even in brand name companies, the basic linkages between strategy (priorities) processes and budgeting (other priorities) processes are not always sufficiently linked. The strategy-budgeting link can be a good place to make rapid progress in addressing priorititis.



where you have customer segments/brands overlaid with functional units overlaid with regional management and corporate centers of excellence, setting simple and clear priorities is all the more crucial. GE's now famous "be number one or number two in your business" mantra is one example of the power of simple goals that help focus a very complex organization. Put another way, if you have two bosses, and their respective goals and priorities either don't complement or connect well, then you are in for a rough ride.

Rites of Passage: A Few Ways to Cure or Prevent Priorititis

Here are a few suggestions for addressing your company's version of priorititis – or better still avoiding this pernicious malady from the outset:

Know What's Going On

If you feel really uncomfortable with your grasp of how many priorities are driving how many initiatives, what the yield rates on major initiatives are or how aligned leaders in the organization are around the priorities, then do some sort of audit to find out. Don't make an industry out of it, but do it well enough so you get some basic facts and figures that you feel comfortable with. If this takes more than a couple of months, you're working too hard at it or going for too much precision.

Look in the Mirror

A lot of the priorititis we see emanates from how clearly the top executive team sets direction, communicates it to others and executes on it. How solid is the shared understanding across the top team on the enterprises' top priorities – not just the words but the trade-offs, the challenges and the commitment needed to achieve them? How well do leaders three levels down from you know about your priorities? Do they experience the top team driving the business in a manner consistent with those priorities over time? Does the top team allocate key resources (mindshare, money, people) consistent with those priorities? If these are issues, lean into these hard first.

Make Sure Your Steering Works

Do the hard work of aligning the budgeting and performance management systems to the vital few priorities. Do the even harder work of having the systems be somewhat dynamic so that as conditions change, the top team and the organization can respond appropriately.

Focus on the Vital Few

Do the courageously hard work of defining the three to five things everyone in the organization should be focused on. Make sure everyone in the top three levels of leadership is fluent in the "vital few." Make the time to do the kind of work and have the quality of dialogue needed to achieve shared understanding and the requisite discipline to stick with it. Work hard to apply the principle of doing a few things really well vs. trying to do too much. Do only as many things as you and your team can manage really well.

Understand the Value of Slack

Take a page out of Mother Nature's book on healthy systems – be they organisms or whole ecosystems. Healthy systems are ones that can respond to changing conditions. And to respond, they must have some reserves of energy and capacity (aka "slack") available. Remember that managing the day-to-day business well is legitimate hard work. Protect your organization's slack like you would any other vital asset. Get all your leaders in the habit of asking: "If we want to start doing a new thing, then what will we stop doing to create the capacity we need?" While not always "THE" right approach, this is usually a great question to ask. Apply it across the whole organization.



Borrow Liberally from Other Disciplines

Beg, borrow or steal techniques from other disciplines that may provide simple and effective ways to start/stop and monitor initiatives. A good example I've already alluded to is Emergency Rooms' use of triage – the appropriation of limited vital medical resources based on needs of patients and bounded by the resources available. The idea is to treat those patients in most need of treatment and who are able to benefit most first, sorting them by a few (usually three) clear categories. Triage is already being applied regularly in IT systems development – requirements and design options are triaged to avoid wasting effort on ideas that will obviously never succeed. The benefit of applying this approach to help manage a portfolio of initiatives and prioritizing those most likely to generate efficient returns, is potentially substantial.

Get Off the Merry-Go-Round

Stop initiatives that have not or are unlikely to deliver what they said they would in the time they said. Start applying some discipline around starting major projects – either through budgeting mechanisms, project management gating techniques or other approaches.

Beware of Silver Bullets

Some consulting firms sell “project management offices” to large companies who end up spending millions of dollars and man-hours only to find themselves worse off over time. Far from being a silver bullet, a PMO can be just one more major initiative stirring up dust without creating increased capacity within the organization. The other silver bullet is MIS solutions and project management software. Like PMOs, these have their place and can be helpful in the right setting. The underlying problem is that none of these “solutions” address the root causes of priorititis. An old Sufi tale helps illustrate the point:

There once was a man who stopped to have his lunch on a lovely river bank. Suddenly, he saw a tiny baby floating in the water. Horrified, he dove in to save the child. Just as he was about to step out of the water, he spotted a second baby in the river, and then yet another. Soon he was frantically thrashing to and fro saving two and three babies at a time, then diving in to rescue others. Another traveler passing by said, “Good Sir, you may not know but around the bend upstream is a bridge. On that bridge there stands a man who is busy throwing babies into the river.”

Stopping the source of the problem would naturally be best, but how is the man saving babies in this story going to stop this situation by himself? Without someone to take charge and stop the madness on the bridge, there is no reasonable solution at hand. Without senior leadership slowing down the flow of activity and focusing efforts on a few things, you have lots of people doing diving saves all over the organization, yet for all the activity there may be less progress being made than you want. This story really captures everything I've tried to convey here: you need to gain an understanding of everything in your pipeline, and focus on only sending down stream the things that will really move your business forward without overwhelming your organization. This is not easy – but it is critically important if you're going to have the capacity to leap forward when you need to.

I just heard the announcement that they are closing the door of the plane, so I have to shut down my laptop. I hope I've given you some things to think about as you grapple with setting and managing priorities in your organization. At the very least, think about the concept of the “vital few” to support doing a few things well, protect some spare capacity as a vital asset, and decide what to stop doing before agreeing to add new priorities and initiatives.

If you want to hear more, or you know of a best practice you want to share, drop me a line at ron@passagesconsulting.com

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Notes



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