

LEADERSHIP

Quality, Not Quantity, Of Management

In the highly demanding beginning years of the 21st century, many companies and business leaders have a new competitive leadership combination of passion, populism and disciplined responsibility. This quality of management has

In 50 Words Or Less

In this excerpt from their newest book, Armand and Donald Feigenbaum describe why today's leading companies find it important to emphasize the quality of management. The authors also explain what they believe are the three common characteristics of effective leaders: passion, populism and disciplined responsibility.

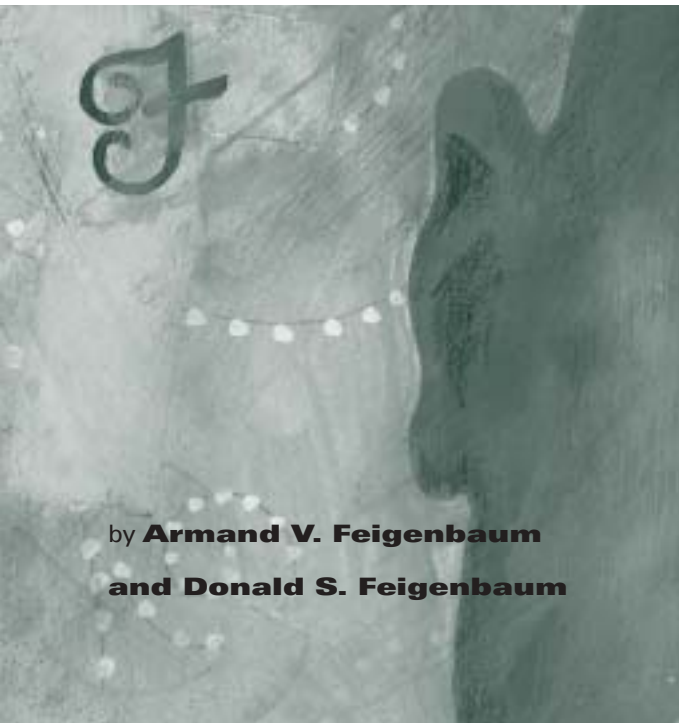
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become a common denominator even though these companies and leaders may differ in their histories, personalities, evolutions and markets.

Today's pacesetter companies do not view their strength in enabling growth in terms of the quantity of management of the hierarchical leadership of an earlier day. Instead, they emphasize the quality of management, which recognizes and is measured in terms of the leadership and networking capability for focusing a company's total resources on sustaining business growth. (See "Principal Management Capital Channels," p. 46)

These companies implement their results through effectiveness in developing and deploying management capital's intellectual, technical, human information and other resources in integrating a company's hard and soft assets. This takes place through the processes, tools and strategies that help each man and woman in the company think, learn, act and make decisions about how he or she individually and as part of a team can help provide the superior value for customers and, consequently, for investors that meets today's accelerating business demands.

The objective is not to increase the emphasis on additional managerial techniques, establish a few more high level management departments on the



by **Armand V. Feigenbaum**
and **Donald S. Feigenbaum**

company's organization chart or create a new systems bureaucracy. Instead, the objective is to create constant momentum for establishing and maintaining competitive leadership in all the principal management channels across the company's business value chain.

The ultimate goal is to deploy and integrate the company's full capabilities. These principal management channels facilitate a company's leadership effectiveness so the company can better use not only its financial and physical assets but particularly its human, technical, intellectual and informational resources for better planning, better care of the company's customers, and better creating, selling and delivering of the products and services for those customers.

Essentially, this quality of management leadership emphasis develops, implements and maintains systematic capabilities that establish, align and integrate a company's strategy, objectives, goals and measurements with its work, teamwork processes and execution tools. It is the attitude, process and management capital disciplines that create the structure and organization for this quality of management emphasis—not vice versa.

The management capital structure may vary among companies because it is determined by

each company's history, markets, personality and requirements.

Leadership Actions Sustain Company Growth

Inscriptions on university buildings state knowledge is power. However, business experience shows this is true only when there are leaders who understand a company's culture for sustaining growth is defined primarily by its actions for growth and for systematically identifying and removing the roadblocks to growth while it is also installing new drivers.

The quality of leadership and management passion, populism and disciplined responsibility is crucial to the effectiveness of the management capital discipline found in pacesetter companies. This quality must be pervasive throughout the systematic analysis, planning and construction components of the management capital discipline to achieve the desired business results.

Passion

Passion is found in leadership that recognizes the pursuit of excellence is the most powerful emotional motivator in any organization. Passionate leaders have a bias for action in implementing this ethic throughout the organization.

This ethic and approach define the basic competitive values of an organization. For example, "human resources" means the development of individual opportunity and responsibility as well as team actions instead of the traditional definition pertaining to employee benefit plans and training programs. Similarly, goals are to be met; they are not just best efforts.

E-business and the internet mean a business model and a way of managing, not just the application of technology. Planning means being fact based. There is always a plan B. What one measures correctly, one can accomplish correctly. Innovation and imagination are encouraged, and careers are not penalized if the risks taken do not always succeed. Implementation is the basic common denominator, and the concrete business results are the indicator of the organization's performance.

Passionate leadership also recognizes a company's business performance changes and improves only when the behavior of managers and employees changes and improves in terms of its leadership with

Principal Management Capital Channels

Business experience has identified 12 key channels of management capital in pacesetter companies:

1. New product/service development and introduction for product leadership through more rapid and economical development and introduction of successful new products and services.
2. Marketing effectiveness for market leadership and top-line growth through effective market development and customer relationship management.
3. Business expansion and globalization for creating value by leveraging resources and capabilities across international business boundaries.
4. Total quality for product, process and service excellence to assure complete customer satisfaction, profitability and top-line growth.
5. Management measurement for managing performance and improvement via key operating measurements.
6. Partnership and alliance development for competitive leadership through the effective development of production and strategically effective business relationships.
7. Operations effectiveness for operating cost leadership, performance excellence and integrated management of operating activities.
8. Supply management for effective management of all supply relationships to increase effectiveness and reduce costs and delivery cycle time.
9. Human resources effectiveness for encouraging the integration of the individual knowledge, skills and attitudes development, commitment and effectiveness of all personnel.
10. Integrated business information management for improved availability and integrity of the information required to manage the business.
11. Financial operations effectiveness for leadership in financial operations to support and assure growth, profitability and complete customer satisfaction.
12. Asset management for managing the effective acquisition, utilization and disposition of necessary assets and infrastructure.

A company's effectiveness in these key channels—and their coincidence with the company's opportunity areas—is a key to its competitive strength. This effectiveness goes far beyond the application of information technology, which is of course critically important. These management channels provide the platforms for delivering leading-edge technology results, which otherwise are too often delayed, reduced or not realized at all because of disconnects from the business operations.

Effectiveness is generated in these channels by means of competitive leadership in the systems and end-to-end processes, tools, resources and strategies that create the basic learning framework and motivational strength. This helps and encourages each person in the organization, both individually and in teams, to think, act and make decisions about how to provide superior performance.

The effectiveness generated in these channels is also the means by which the company's leadership implements actions for serving the company's customers, investors and employees by delivering consistently improved and fully responsible business value and has the measurements to indicate it is doing so.



respect to customers, markets and profitability. Passionate leaders understand the organization's culture for improvement is the collective result of the organization's actions and can be affected only by the constant hands-on improvement of those actions. In other words, passionate leaders do not delay in taking action and do not waste time simply making speeches that create fireworks displays instead of process improvements.

Passionate leadership has a sureness and lightness of touch that recognizes good management, and the management capital that implements it work best when one scarcely knows they are there. It gives reality to a modernized version of the traditional Oriental principle that goes something like this:

A weak leader is someone from whom employees turn away.

A strong leader is someone whom employees turn toward.

A great leader is someone who causes employees to say, "We did it ourselves."

Populism

The populist aspect of this leadership and management quality emphasizes throughout the company's workplaces what the failed management practices of the past overlooked or even purged: the fundamental competitive business strength that comes from fully utilizing the organizationwide knowledge, skills and attitudes about the freedom to innovate and solve problems cooperatively and the value of teamwork the majority of people who work already bring to their jobs because of the basic traditions of democratic life. Its hallmark is to return the fizz—the enthusiasm—to working in the organization, in contrast to the apathetic environment that continues to dominate in some companies.

Populist leadership is demonstrated by a deep confidence in the capabilities of people throughout the company to bring about these improvements when employees are provided with the organization, flexibility and appropriate support to make improvements. Populist leaders understand this is a key to the management capital attitude and is essential in providing the foundation for profitable business growth.

They create openness, trust and communication

throughout the company (and up and down the hierarchy) to establish an environment for what might be thought of as individual improvement entrepreneurship in the company. Populist leaders

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encourage people to develop their own forms of teamwork and their personal ownership of competitive improvement.

There is always a better way, and the people who are closest to the work and operations are the ones who are most likely to discover and implement that better way. Any improvement in work and jobs throughout an organization—even if it's only a small percentage of improvement—compounds at a remarkable rate, and it can create a competitive leadership difference.

Disciplined Responsibility

The disciplined responsibility aspect of this leadership and management quality occurs when managers recognize no improvement can be made unless there is a relentless emphasis on creating, measuring, maintaining and systematically structuring a company's focus on its financial, intellectual, human, informational, technological and other tangible and intangible capacities and resource strengths.

Discipline provides the basis for constantly accelerating value for customers, investors, employees, the environment and the public. Disciplined leadership emphasizes the development of the totality of the company's resources, and it is supported by the management capital attitude for sustaining sound business growth and continuously creating the

management innovations that help drive and escalate that growth.

Disciplined responsibility is essential to the character, positioning and overview of corporate governance. Taken together, these factors equate to leadership whose disciplined responsibility develops and structures the foundation of the passion and populism to create value for customers and other stakeholders. A fundamental dimension of this disciplined responsibility lies in focusing on the importance of implementing, maintaining and emphasizing the systematic capabilities that establish, align, balance and integrate a company's strategies, objectives, goals and measurements throughout its management capital channels and its work and teamwork processes.

Disciplined responsibility is the foundation of the leadership that establishes an organization's balanced, integrated and prioritized actions throughout the full scope of its business opportunities and requirements. It emphasizes the passion and populism for assuring the organization's value creation capability through the following strengths:

- Companywide understanding of the company's vision and the management and leadership values for achieving sustained growth.
- Clearly defined goals, including value added expectations for both measured business financial and business quality measures.
- Strategies people throughout the entire organization can play a major role in developing and that are discussed and communicated as broadly as possible to develop organization-wide learning.
- The planning of integration on a company-wide basis, with focused objectives that are directly connected with the strategies.
- Full alignment of these operating plans and measurements with the company's business, financial and quality goals.
- Effective relationship of measurements—financial, operating and others—to each other and the company's strategies and plans.
- Criteria and mechanisms for performance management in line with plans, together with alignment with the plan Bs to allow an effective approach to surprises and unexpected situations.
- Emphasis on timely integration of joint ventures, mergers, divestitures and acquisitions

with operating and business plans and performance management.

- Systematic asset management, including financial capital allocation and asset portfolio structuring, in accordance with financial business and operating plans.
- Proactive management handles for leading operations through basic performance indicators, specialized plans and clear action mechanisms.
- Steps for recruiting, evaluating, training and encouraging the development of the people who are the keys to the company's growth.
- Specifically defined actions to identify and eliminate the business disconnects that stand in the way of achieving these results, as well as increasingly improved measurement of the return on investment performance of the company's management capital, in terms of sales revenue, capacity enhancement and cost reduction.
- The foundation for continually morphing—developing and transforming the effectiveness of the company's management approach with management leadership and innovation—and positioning the company for the business demands of the 21st century throughout the key management capital channels through which the business's results are driven and sustained.

ARMAND V. FEIGENBAUM is the president of General Systems Inc. in Pittsfield, MA. He earned a doctorate from the Massachusetts Institute of Technology in Cambridge, MA, and is a Fellow of ASQ. Feigenbaum is the author of Total Quality Control, published by McGraw-Hill.

DONALD S. FEIGENBAUM is chief operating officer and executive vice president of General Systems Inc. in Pittsfield, MA. He earned a doctorate from Union College in Schenectady, NY, and is a Fellow of ASQ.

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