PROBLEMS - NO LONGER MANAGEABLE?

Text: Jens Werner, Pictures: Adobe Stock

At least since the beginning of the millennium, a dangerous, inexorably advancing trend can be observed in a huge amount of Western corporates. Increasingly, these companies are no longer able to describe their internal problems nor to name their origin and effects. And those who are no longer able to solve internal problems will eventually also no longer be able to do so for their customers. Here, too, tendencies in this direction are already discernible.

We live in a time of more. More uncertainty. More global market insecurities. More concerns about technology and data. And more pressure to act faster, more decisively, and more purposefully. The pace of this change will not slow, and tomorrow's problems will not become less complex. Being able to solve problems will therefore become an increasingly important success factor in a disruptive business world.

Indeed, the main purpose of founding and/or managing a company is to solve problems of people and their environment; but how can companies in the future identify and thus seriously and unerringly address urgent problems of their targeted customers in relation to the increasingly rapid changes in the environment, when they are today often not even able to effectively and satisfactorily solve their own internal problems?

Recognize challenges immediately, react quickly and find a suitable solution: This is exactly the "practical" mindset that is essential for companies in this regard. During the past two decades, however, it has been observed that these competencies seem to be "lost" or "dysfunctional" in many traditional companies and are not primarily present in startups.

But aren't we fooling ourselves a bit? Particularly in medium-sized companies up to globally operating, interconnected corporations, events and training sessions have been and

continue to be held on a regular basis, continuous improvement programs have been implemented, and problems have been addressed all the way up to the carpet floor – in some cases since decades. Different methods and tools for this have been developed and intensified since the 1960s; these are constantly being adapted and individualized to the new global businesses and their requirements.

Despite all these measures, what is going so wrong that problems can no longer be identified and/or named? That serious failures continue to be introduced in day-to-day business and by managing projects? And that the overall situation in many companies tends to worsen from year to year? Over the past 20 years, we have observed a number of developments that increasingly stand in the way of effective and efficient solution finding. In the following, we will discuss some of the causes and their fatal effects, which companies must counteract immediately in order not to endanger their future.

Disclaimer: The backing practical examples in this compilation are not complete or detailed in depth, which is also not desired. Rather, they are intended to stimulate reflection and thus already inspire problem-solving during the discussion of this businessexcellence.eu Insights.

Lack of communication. This is one of the most serious mistakes that happens again and again, e.g. during a necessary restructuring. If the purpose, the benefits and the effects as well as the affected areas are not or not sufficiently communicated to the workforce (but also to other stakeholders such as suppliers and customers), the project is as good as lost. What follows in most cases is sitting out, perplexity and disunity.

Culture of failure. Although there is increasing talk about an open culture of failure in

companies, this remains a sensitive topic. Frequently, one sees more of a tendency to hide, often in conjunction with quick fixes. These can rapidly develop into larger or permanent problems because help was not sought in an early stage. Other phenomena include "dressing up" or "dressing down" when reporting to the next level up – e.g. to tease out a time period for improvement. This results in the recipient being kept in the dark about the facts and, when in question, not being able to provide a solution/help. Likewise, competition or rejection between departments or organizations – so that in extreme cases one has no point of

contact for the error, can be observed. Lack of open cooperation with suppliers or the customer is also a frequent factor for poor problem solving.

Outsourcing. In principle, there is nothing to be said against keeping and promoting core competencies within the company, while outsourcing activities that do not belong to them to specialists. Production, construction and administration: There are many ways to free up your teams with third-party services (e.g., tax accounting, travel booking and expense reporting, semi-finished product manufactur-

ing) and keep them focused on their core business, which improves problem solving. But watch out: If you want to outsource project and construction services core tasks or hand them over to temporary teams, it's like open-heart surgery: High risk. The in-house expertise and problem-solving skills acquired in a project are irretrievably lost when the team is re-staffed with external members or disbanded after the project. In addition, contractors do not work for your company. They exchange their time and ex-pertise for your cash for a limited period of time. They are not going to deal with your cor-porates internal problems.

Meetings and reporting. Have companies ever thought about why today in the digital age people are sitting in more meetings than 20 years ago? And that despite all the addi-tional meetings, it seems that more and extra reporting is required on basically "every sin-gle" project step? Preferably in a 10-minute one-to-one briefing in the morning; just be-fore the big meeting in the afternoon? It's easy to overdo things: Employees often don't have time to do their daily work satisfactorily anymore; when are they supposed to take care of problems?

This phenomenon is quite often observed in companies struggling with yearly declining profit margins or a "black zero", or where the order situation has been stagnant for a long time. Combined with many levels of hierarchy, the workday becomes a raison d'être. Or pre-vious downsizing phases have made the workday so overloaded that there is a high need for coordination because the organiza-tion and processes have not been adapted ac-cordingly (business as usual).

Knowledge Management / Performance Measurement. This process is closely related to the previous section "Reporting". Metadata everywhere: A collection frenzy has broken out in many organizations in these days, and companies are literally overflowing with petabytes being created and collected in clouds and on their own servers. But nothing is being done with it. Or at least not much. It starts with the fact that e.g. the authors/con-tact persons are not identifiable and the cre-ation date can only be guessed (we had this company logo on that report back in 1995, didn't we?).

The quality of the data generated, the system-atics and the provision are often subject to optimization, as well as being untraceable and thus unusable for problem solving. This is also increasingly true for KPIs and other opera-tional data. Either no measurements are made at all and in the other cases where mea-surements are made, it could not be derived exactly which insights can/must be drawn from the figures and so too from the devia-tions or - even more astonishing - why some-thing is measured at all.

And let's face it: the Personal Appraisal Mea-sures introduced as talent development have obviously created in several corporates more of an atmosphere of competition among em-ployees that is more likely to lead to burnout and less likely to contribute to an open culture of failure.

Micromanagement. Here, the boss still does his own thinking. Not. On the contrary, such an attitude restricts employees. Creativity is blocked and responsibility is taken away.

A team or department leader has the impor-tant task of coaching, enabling and empower-ing his or her employees, providing them with tools and methods for their work, and collabo-rating with the other departments and organi-zations in the company to remove obstacles.

There is enough to handle in this area and not every step and every task of the employees has to be audited.

Organizational structure. Organizations in the growth phase are traditionally often set up according to the sequence of processes to-gether with their support functions. This will over a long period of time and growth evolve into separate task areas that will gradually es-tablish themselves as independent "little gar-dens" with a fence around each one. This structure, also known as the "silo mentality", has outgrown internal "customers and suppli-ers", each of which is on top measured individ-ually now (KPI & Co.). As a result, cross-func-tional thinking is usually overridden. So it hap-pens that, e.g., a production might be trimmed on lean measures almost to the point of inabil-ity to act, but in the design department still highly complex products with tens of variants are planned. So, when was the last time your engineers were on the shop-floor to ex-change ideas with production?

Another observation shows that in many com-panies - from our experience often in the me-chanical and plant engineering sector - indi-viduals from outside the industry are increas-ingly being appointed to middle and upper management functions and to supervisory boards. On the one hand, this can promote di-versity and problems can be solved with an-other eye view. On the other hand, this is often limited by the distance from customers and markets and the lack of experience with the products / services / manufacturing pro-cesses. Also, the focus on management teams, which are composed of a predomi-nantly technical or commercial background, all too often leads to a one-sided technical or monetary approach for finding solutions.

Top management. CEOs and board members today are increasingly "alongside" rather than "in" the company; they focus more on in-vestors than on operations or customers. Of-ten, internal links are handicapped by an im-pressive armada of consultants, and reporting is reduced mainly to financials. Therefore, CEOs and BoDs: roll up your sleeves and get

back to the grassroots of the business. Only if senior management cares and actively supports, the changes will be accepted at the working levels.

Improving culture and organization. Finally, we need to talk about money. And about resources. And most importantly: time. Lots and lots of time. The best way to do that is to ask these questions and highlight some thoughts:

We often see people working on a problem in meetings. Sometimes interdisciplinary, sometimes with suppliers and customers. Sometimes there are a lot of people. Solutions are found. The project can go on. What did it all cost in the end? How much time and resources did it take to find that solution? Did the solution just save the project from chaos or did it result in a product or service being fundamentally rethought and improved?

Was the solution-finding process systematic, with data collected and compared with the previous situation? Did the problem occur only once or repeatedly? Were the colleagues from e.g. Singapore able to support the colleagues from Switzerland with a solution that had already been worked out?

Have you implemented an effective system for improvement suggestions throughout the organization? This is not just a mailbox that is emptied every six months, and at the end of the year management awards prizes to the two best ideas.

Are colleagues trained theoretically, or are they introduced to problem solving in their field, and across disciplines?

Are the solutions being sought by the employees in addition to the day-to-day business, or does the company follow the rule of "2 dedicated cross-functional experts for problem solving per 130...150 employees"? If you have 1500 employees, at least 20 of them are engaged in solving problems and implementing continuous improvement measures. And these are not the quality managers who are responsible for ISO9001 compliance, of course. However, managers and specialists from the departments must always be released to help with finding solutions. The specialist departments must be actively involved in the process of developing effective solutions.

Many companies are - rightly - proud of their responsiveness and ability to generate pragmatic solutions. This is sometimes essential in sales, service and project business. But these are often just quick fixes. It often seems that at some point companies consist of nothing but quick-fixes.

Does the company have an active innovation management? Ideas are the central starting point for improvements of all kinds. Successful companies invest 12...20% of profit in innovation. That's a lot of money, but it makes them even more successful afterwards.

If you want to save 1 million in currency units or to increase in margin through improvements, you will have to invest up to 300000 in currency units to achieve a lasting effect.

When it comes to timelines, you should always plan for the long term. When organizations need to be restructured or products redesigned to eliminate a problem, it can take months to implement and establish. Sometimes even years. A complete transformation or product redesign can easily take up to 3...5 years, depending on the complexity of the organization or product.

It is relatively easy to trace: The solution to a functioning problem-solving culture is complex and interdisciplinary, especially when the corporate culture and structure has grown over a long period of time or, in the case of start-ups, is not sufficiently managed and constantly adjusted in an early phase. Often, one only becomes aware of one's inadequacies when external factors that aggressively threaten earnings have a massive impact on the company's success.

Work through the individual points in the Insight again for reflection: If your company now finds itself in one situation or another, or if it is not clear in what state the problem-solving capacity and / or competence even is, we advise not to immediately turn everything upside down. Sometimes it is helpful to bring in external experts to untie this "Gordian knot".

The businessexcellence.eu team has been specialized for more than 10 years in more than 35 projects to question, reflect and raise the problem solving of internal and external (innovation management, market expansion) problem solving measures in (often globally operating) organizations with 250...27000 employees to a new level.

Our businessexcellence.eu strategy workshop People Change Impact gives you and your team important insights, not in theory, but based on your specific needs. In this workshop, you will get a compact overview of the central fields of action for the problem-solving strategy in your company and the development of the necessary maximum of two to three breakthrough projects.

The bottom line? We cannot produce at low cost in Europe. Today, we can only survive in global competition through innovation and high-tech. To be able to focus on solving the today's and tomorrow's problems of the customers, companies must be able to solve their own problems effectively. Good luck in these endeavors! be