

7 DEADLY SINS OF MANAGEMENT™

Don't fall into temptation

Lethal practices identified by
Northern Ireland business leaders



The 7 Deadly Sins of Management™

Research Purpose

During 2006 The Management & Leadership Network, The Centre for Competitiveness, and The Centre for Innovation Management Europe engaged in research with leading business leaders in Northern Ireland. Our aim was to examine the collective experiences of these business executives to determine if there was a shared view on why organisations fail in Northern Ireland. It is now recognised from at least two comprehensive reviews - the CEML Report (2002) and the recently published Leitch Review of Skills (2006) that management is key to business success, and furthermore, that the UK suffers from a 'management and leadership deficit'. While there are many good examples of excellent companies run by very capable management teams across Northern Ireland our research and experience would support these general findings - and we simply don't have a critical mass of high performing firms.

"Leadership and management capability is a key determinant of business success"

Small Business Service proposals for the 2006 Pre Budget Report, Small Business Service, 2006

"... need for a significant and urgent effort to address a management & leadership deficit"

CEML Report and Government Response, 2002

Through structured in-depth interviews we were able to probe, question, interrogate and integrate a range of responses to a series of tough questions to respected leaders. The participants were selected on the basis of their track record, range of business experience, and their proactive engagement in the Northern Ireland business community. They have the t-shirt, the scars and the wisdom when it comes to local business leadership.

Research Objectives

To provide:

- A practical & grounded guide to leadership based on collective knowledge, experience, and insight from Northern Ireland's influential business leaders
- An increased focus on the critical success factors that will help managers in NI to ensure the prosperity of their business
- The impetus for a fresh approach to management & leadership development based on business needs and commercial realism
- A unique and pragmatic perspective of Northern Ireland business leadership as a foundation for further/wider research

Organisational Competencies

One of the first things the research identified was a set of organisational competencies - the absence of any one would negatively impact the company's performance and restrict its potential. The five key competencies in the diagram below were deemed to be crucial in determining organisational performance - positive if present and negative if missing or underachieved.

Culture and values in the workforce are like the glue that binds - if these are negative the result will be disastrous. Just as **like-mindedness, common**

purpose and **team working** were seen as essential to sustained success.

On the other hand a **lack of customer and market focus** creates a lack of understanding of what it takes to be successful coupled with neglect of innovation in product and service offerings.

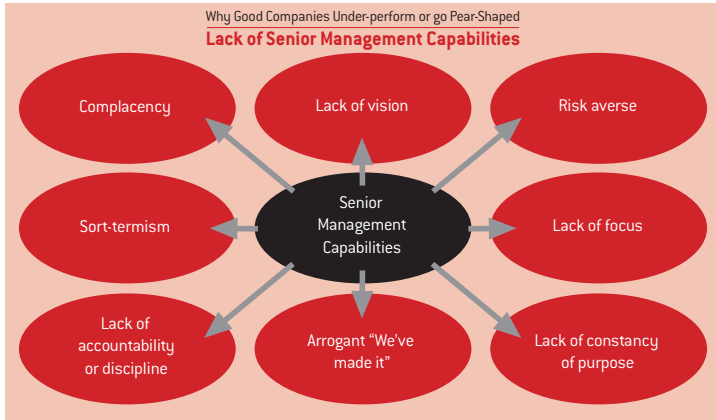
Global operating environments are becoming increasingly dynamic regardless of the nature or size of the business and as a consequence these competencies were seen as essential to superior business performance and growth.

While these are not revolutionary they represent critical obstacles in the pursuit of organisational success!



Senior Management Capabilities

When questioned on those 'specific management behaviours and practices which can contribute to good organisations under-performing or going pear-shaped', the following eight organisational competencies came to the surface as shown in the diagram below.



While these are not revolutionary they represent critical obstacles in the pursuit of organisational success!

- **Being risk averse** can stifle any organisation's chances of growing and succeeding.
- **Lack of focus** - Taking 'your eye off the ball', becoming distracted from the course, often diluting resources and failure to challenge the mainstream business model leads to underperformance. Without accountability or discipline you have at best - organised chaos - a very fluid environment in which it is difficult to stay on course.
- **"We've made it"** Complacency - firms that are arrogant in approach and who indicate that they know best will

underestimate their competitors or abuse their customers.

- **Short-termism** - Managing the business based upon short term measures only [e.g. sales reports/quarterly earnings]. Decisions will be made which can jeopardise the longer-term sustainability of the organisation. The 'quick fix' is no way to run a business.
- **Lack of vision** - Clarity of vision was seen as one of the most critical characteristics that leaders need. If this is missing or not part of the business process the ability to look ahead and plan for the future is lost.

Multi-dimensional Management Capabilities, Behaviours and Practices

In addition to those behaviours and practices mentioned earlier, there were a number of other research findings which tended to have multiple dimensions.

These included:

- **Not being close enough to the dynamics of the business** and therefore not taking time to learn about and understand your customers, your staff, markets or how products or services should evolve.
- **Too close to the business.** On the flip side some leaders engage in exhibiting a "macho", "hands-on" image in their organisation - purporting to know as much about the business as any staff member. This often results in leaders becoming too tactical and over burdened. Managers working "in" the business, but not "on" the business, tend to have too much focus on processes and not enough on desired outcomes.
- **Lack of personal engagement by leaders** carrying with it characteristics such as being insular, unapproachable and inaccessible. This displays a lack of respect for staff and helps to create an "us" versus "them" culture with limited commitment to performance.
- **Too much emphasis on just the numbers** and not the underlying issues driving those numbers. This can lead to a blame culture, the environment can become somewhat mechanistic in nature, and there is often little patience

exhibited. Once again emphasis is placed on short-term activity.

- **Leaders must be role models** for an organisation. Their words and actions must match. It does not take long for staff to recognise a mismatch and create attitudes such as "Why should I do it if he's not doing it and he's the boss!" Being an inappropriate role model can also signal management's unwillingness to learn. Some managers can be inflexible, dogmatic in their approach and at times authoritarian. Or they may just exhibit a lack of passion for the business - conveying instead that they are just in a "caretaker" role until something better comes along. Inappropriate role models often refuse to take ownership or responsibility for their actions or decisions

"Leaders are better role models when they learn than when they teach"

Eleanor Roosevelt

Where Organisations are Perceived to Have the Greatest Difficulty

As part of this research, executives were asked to comment on their perceptions of how organisations in general performed in a number of key areas. Participants identified five key areas in most need of improvement.

These were:

- **Leaders being visionary/aligning their organisations around the vision**
- **Creating and maintaining competitive advantage**
- **Agility**
- **Renewal (adaptation to change; continuous improvement; innovation)**
- **Creating and delivering value**



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A process of prioritisation by each of the interviewees concluded with the top seven most serious practices and behaviours of leaders which would cause a good company to under-perform or go pear-shaped. These are, in ranked order,

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1. **Lack of vision** (No desired future state identified to be working towards)
2. **Lack of focus** (Lack of focus on the areas of the business which add most value)
3. **Inappropriate role model** (not leading by example - actions not matching words, not open to learning, not taking ownership)
4. **Not close enough to the business** (lack of understanding of markets, customers, staff or product evolution)
5. **Lack of accountability or discipline** (no action for non-performance, chaotic /fire-fighting environment, too fluid)
6. **Lack of constancy of purpose** (Not staying the course because of the distractions or opportunities which causes the “eye to be taken off the ball”)
7. **Too much focus on the numbers** (short-termism, lack of patience, mechanistic environment, blame culture)

Teamwork, Boards and Relationships with Stakeholders

In addition to establishing the 7 Deadly Sins of management each business leader was asked to provide their opinion as to whether Teamwork (at the executive level), Boards and Relationships with Stakeholders could act to prevent good companies from under-performing or contribute to them doing so. A few of the top-line comments provided by the participants in these areas are noted below:

Teamwork

- “There needs to be more ‘joined up’ thinking among the senior management team. Not ‘yes men’ - rather some creative friction”
- “Embracing change and other points of view is an attitude essential to enabling the full value of teamwork to be realised”
- “Communication, coordination and collaboration are the keys to success in teamwork”

Boards

“Where boards are active and do the right things, they are an asset. Their effectiveness is in direct proportion to their willingness to act”. The ‘right things’ were perceived as:

- Testing the organisation’s strategy
- Providing leadership to underpin the company’s success
- Acting as a stabilising force to keep the company from running off track
- Asking the right questions
- Providing objectivity and neutrality
- Ensuring good governance of the organisation and that business is carried out ethically

- Helping a good CEO and balance against a bad one
- One respondent stated that “Too often Boards tend to focus on the financial results and the consequences on the shareholder. If they drive this perspective too hard, problems can and will occur”

Relationships with Stakeholders

- It was unanimous that excellent relationships with key stakeholders were critical to success. One respondent stated that “Companies cant live as an island”
- Relationships should strive to be symbiotic and constructive
- Some thought that it was not appropriate to prioritise between stakeholders as they are all essential in one way or another to making the business successful
- Most participants agreed that the expectations of the various stakeholders must be properly balanced

A Few Quotable Quotes

We have listed a few of the many gems which came from the interviews with Northern Ireland business leaders.

“5 year plans are like belly buttons - everyone has one, they just don’t know why”

“Leadership is like a tea bag - you never know how strong it is until you put it in hot water”

“Boards are a lot like advertising, we know 50% is effective, we just don’t know which 50%”

“Survival does not go to the strongest, but to those who adapt best”



Conclusion

The added value of this research project is that it reflects the real experiences and perspectives of business leaders in NI. Too often we hear that business theories - predominantly from the US or Europe 'don't apply to us' - however the reality is that good management and leadership theories simply reflect good practice. Examining the outputs of this research suggests that:

- 1. There are key management and leadership practices that support and drive business success**
- 2. The absence, or poor application, of any of these practices result in underperformance and possible business failure.**
- 3. An approach to management and leadership development based upon a much more practical foundation formed from gathering the collective knowledge and wisdom of key business leaders could have a much more powerful impact and one which is tied much more closely to true business needs.**

If you require further assistance on how to avoid these pitfalls or find a way out of them.

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Interested in finding out more about the 'Seven Deadly Sins' research?

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