

# Bob Legge™

## Helping organizations maximize their return on people

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**"So much of what we call management consists of making it difficult for people to work."  
Peter Drucker**

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**Many companies have up to 25% of their workforce retiring within five years.** Younger employees are blocked from advancement, unclear about future opportunities, and feel stymied about career progression. What are you doing to plan for succession in these key jobs? What is this unrealized potential costing you in resources and productivity? Once the boomers start to retire, recruiting challenges will intensify. Here's what to do:

- Start now by doing a retirement risk analysis to understand your situation.
- Create a succession planning and leadership development process for key positions - including key mid-level positions.
- Act to retain and develop high performance/high potentials who are at most risk of jumping ship.

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**Performance management should be about getting better productivity for the dollars you are spending on people.** If your managers see performance management as chiefly filling out forms for HR, you're wasting their time, incurring costs, and not getting performance improvement. Here's how to turn it around:

- First, design a new, simple system with two objectives: To align effort throughout the company with your business goals, and to improve performance. Everything else is secondary.
- Begin implementation for 2009 with simple, clear performance plans.
- Train your managers in how to review progress with their people, and especially, how to coach employees to improve performance. Just a one percent improvement each week means a 68% improvement in one year.
- Focus end-of-year performance reviews on what went well and how the individual can improve. Leave out all the other stuff about generic skills.

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**Aircraft designers\* constantly work to reduce drag for better efficiency and reduced costs. We should do the same with organizations.** Most organizations I see are organized into functional areas (marketing, finance, operations, HR, etc.) Those functional organizations have their own leadership, structure, and plans. As a result, it's difficult to communicate, collaborate or make decisions across those lines. Many managers make it even worse by imposing rules about who can talk to whom, as well as requirements for reviews, approvals, and procedures. These only serve to delay decisions, create non-value tasks, and frustrate people who want to get things done. To reduce drag:

- Push decision-making and approvals as close to your customers as possible.
- Clarify roles and responsibilities and look for ways to use mechanisms other than structure to improve information flows and coordination. For example, many companies are now experimenting with social networks to enable much better collaboration on projects and key initiatives.

\* My son just received a Masters from M.I.T. in Aero Astro Engineering, although his focus is space craft.

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**When you've got committees instead of teams.** I have seen much confusion about committees vs. teams. Sometimes companies tell me that they want to improve teamwork, but what they have are committees, not teams. Many companies use the terms synonymously, but they are very different.

Committees are about governance, policy, and control, not performance. What you'll get with a committee is a hierarchy of roles, internal politics, procedures and bureaucracy. Discussions are controlled and dissent is suppressed. With a committee, each member may be assigned tasks to accomplish, and is invited to give an opinion on agenda items, but only one person, the chair, holds the power and makes the decisions. While committees are good for governance, they are very weak at creativity, innovation, or speed.

A team is made up of people working together to achieve an objective. There is usually a team leader, but his/her role is to facilitate, not preside. Teams encourage diverse thinking and debate to generate ideas, but when decisions are made, they work together to ensure successful implementation.

To improve governance, use committees. To improve performance, use teams.

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"Return on People" means getting the most out of your people and yourself. Most companies are missing out when it comes to realizing a high return on people -- they tap only a fraction of their performance potential. The opportunity is for greater profit per employee and significantly better business outcomes.

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