

MANAGING UNCERTAINTY – TOOLS OR TECHNIQUES?

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Uncertainty is a human trait, it is all around us and we cannot make it go away. However, we can create organisations designed to reduce internal uncertainty and improve our responsiveness to external uncertainty. As managers we will tend to look for tools to do this, however, I will argue that the subject is all about management technique.

TOOLS VERSUS TECHNIQUE

We are immersed in market forces, encouraging us to buy the latest better widget. A violin player will be much better with a new better violin; at every grand prix each Formula 1 team rolls out their car with the latest modifications. The tools to do the job get ever better. To be the best you **MUST** have the very latest kit. In certain respects it is true, but have we become seduced by technology, to the exclusion of technique?



In any given situation, doing something is a mix of tools and technique. To a good typist a word processor will be a better set of tools than an old electric typewriter, but if you cannot type you won't do well on either.

Business is about profitably supplying products that customers want. Supplying products profitably is a mixture of tools and technique. **Tools** – the equipment, the tangible elements bought to do things with. **Technique** – the human interactions to get things done.

Doesn't our pursuit of the quick fix mean that we look at tools before we ever consider technique? Why? because tools are sexier, much easier to justify in a corporate world happy to buy things, rather than spend money on techniques. After all, we think of 'technique' training as a management core competence, so that spending money on technique could be seen as an admittance of management failure.

It is only when looking where the tools are minimal, that technique can be put in a more balanced perspective. A golfer, having paid the money for the 'right' golf clubs faces an endless pursuit of the ideal swing, putting action and the lowest handicap. No one raises an eyebrow at him spending money on professional help to improve his technique. For him it becomes an endless pursuit of mastery of technique.

TECHNIQUE TO LIMIT UNCERTAINTY

A project of great uncertainty was putting a man on the moon. It was easy to be seduced by the glorious tools, the launch vehicle, the command module and lunar module, but what

about the use of technique to minimise the risk of failure? Examples include the effort put into training the astronauts, the simulators, the hours of practice, endless 'what if' scenarios developed and tested until the uncertainty was reduced as far as humanly possible.

For Apollo 13, a huge amount of uncertainty was introduced when an oxygen tank exploded on the command module. Rather than firefight a solution the engineers and technicians were put together to deduce a workable solution, with an astronaut practicing solutions until he knew they worked. Only then were the crew informed what they had to do.

Tools certainly, but it needed people working together who had trained together and could get the best out of seemingly impossible circumstances without being cluttered by departmental walls, role constraints or a poor sense of purpose.

TWO KINDS OF UNCERTAINTY

Consider two kinds of uncertainty, internal and external. The **internal** uncertainty of whether work will be done at the right time, to the right cost at the right quality: 'doing things right'. The **external** world uncertainty of market place vagaries, variation of customer demand, changing competitive forces and political pressures variously challenge an organisation into 'doing the right things'.

DOING THE RIGHT THINGS

The management task, the 'doers' in the organisation actually look to you to do this job well, their security relies on it. A regular review of business strategy, not just to produce an annual business plan with numbers headquarters will accept, is vital to make the organisation responsive and agile through reducing lead times. Time out with the top team considering the internal and external world as it impacts their areas is vital to redirect the business and create the framework for the 'doing things right' aspects of the business. This work has to be a series of non-threatening interactions where people can fully participate to produce real consensus. The worst teamwork in the business is regularly in the top team.

DOING THINGS RIGHT

The 'doers' supply products and services through operating the designated processes to profitably satisfy customer requirements. These elements of producing the things right, at the right time, and the right cost should operate like clockwork. With each element of the process operating effectively and each person participating to the full, the management team can concentrate on developing strategies that can respond to

the marketplace uncertainty. If you and your management team are permanently firefighting to get your 'doers' to do things right, you are fighting the wrong battles. This is the part of the business where there should be least uncertainty.

Strategies to deal with both kinds of uncertainty ultimately depend on people. The quality of their work will wholly depend on the quality of the human interactions that pervade the organisation. Quality of human interactions affects performance of everyone at all levels. A senior manager is just as likely to deal poorly with uncertainty as a 'doer' in assembly or the accounts department. To manage uncertainty requires an organisation to have human interactions of a high quality; a quality that is rarely even measured.

HUMAN INTERACTIONS

The world of work has changed dramatically but it is where human beings use tools to do things for profit, the core of any organisation. However, the way the human interactions are organised remains largely unchanged. We evolve tools at an incredible pace but do little to evolve the effectiveness of human interactions.

Managing uncertainty parallels well with golf, tools are needed but the answers lie in the mastery of technique. In this case the mastery of human interactions.

It is human interactions that get the right things done correctly; that can create a climate of trust where the right things can be thought about. Hence, the better we manage human interactions in the business the better we will manage uncertainty. Surely as managers, we are all good at managing organisations or our part of them? How do we know we are good, or excellent or average? Through an appraisal process? How good at human interactions is the guy judging you?

Let me suggest that managers are not good at managing human interactions for at least three reasons; firstly very little awareness of the problem as an issue, secondly little or unfocussed training and thirdly it is difficult.

Whilst there are a thousand and one easier things to do, why get into something difficult? However by looking at world-class organisations it is possible to understand how they have gone a long way to respecting the human interactions and have designed their organisations accordingly.

Human interactions can be considered at three levels, person-to-person, group or team level and organisational.

PERSON TO PERSON

People have needs, they are not robots, but do we often deal with them as if they were?

Does the following apply to the 'doers' in your organisation? 'Just take your brain out as you come through the door into work, you'll not need it here?' If it does, and it's true for many businesses so you're not alone, then it simply disregards key elements of human behaviour. As humans we seek meaningful work and want to do a good job, including being able to influence things that seem to be wrong around us. If there are no mechanisms to satisfy those desires then people will become disinterested and apathetic. No amount of exhortations to produce 'right first time' or cut costs will have any impact, if the 'doers' have no mechanism to influence things that matter to them. By respecting innate human behaviour, designing the organisation to involve people in the things that impact on them before they happen, giving people the opportunity to improve what is wrong around them, can begin to create a culture of continuous improvement. This respects human needs through involvement.

GROUP OR TEAM

Studies show that people operate best in groups of between 5 and 9. Organisations should be specifically designed to acknowledge this fact of human behaviour. Supervisors with larger groups cannot work with them as a team. The larger group will fragment into ad hoc smaller groups, natural team leaders will emerge and the supervisor's ability to lead the team will disappear. He will not effectively manage his patch and people will become disconnected from the task in hand.

By respecting that human beings operate in social groups, use the knowledge to design your organisation to be effective and hence responsive.

ORGANISATIONAL

If a business was comprised of 5-9 people they would be a natural team, the business would thrive and grow. However, as the business expanded more people would be added, communications would get more difficult, more people would be added to improve communications, specialist general managers would be added to manage areas of the business and before you knew what had happened the original team would not be able to recognise what the organisation had become. The original sense of purpose would be lost. Departments would have created their own rules and sense of purpose. A typical organisation of today in fact.

Without clear direction human beings will create their own.

The top team needs to produce a clear sense of purpose that the rest of the organisation can empathise with and translate into meaningful measures for each 'doing' group. The organisation should then be designed to respond to the business processes in co-located groups. They will have a 'department' organisational home that manages their deployment to the business process groups, but their leader will be the leader of the co-located team.

MANAGING UNCERTAINTY

Managing uncertainty is an area of business where we cannot look to tools to help, they don't exist, so most organisations ignore the threat until things are so bad they have to redesign or downsize the organisation to suit the new conditions. Changes made reacting to circumstances are rarely well made. The art of managing uncertainty is to master human interactions to produce an agile, lean organisation that can take uncertainty in its stride.

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Peter was Director of Supply at Rolls-Royce and Bentley Motor Cars so he was responsible for implementing lean change inside the company but more particularly in the supplier base, through the Partnership for Perfection programme.