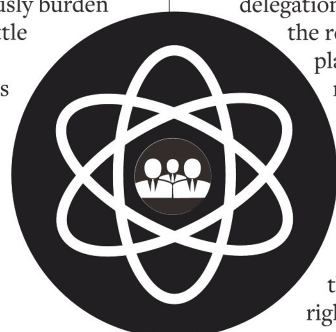
# Engineering your management processes

*Humatica explains how new science can shape leadership behaviour and increase value.*

Despite huge efforts to improve operational processes over the past 20 years, critically important management processes are left up to the discretion of each manager to define. Some are good, some are bad. There are no standards. But, management process effectiveness drives decision-quality and productivity in critical functions across a company.

According to Andros Payne, managing partner of Humatica, "typical symptoms of poor management processes include a large number of meetings that onerously burden the organisation, and provide little useful output." Simply having more meetings normally reduces the speed and quality of decision-making, and therefore operational performance.



As ad-hoc meetings are added, decisions are no longer taken at the right level in the organisation and lack the required expertise. Conversely, people with the right expertise disengage and upward delegate responsibility – a leader's worst nightmare. Without proper structure, adhoc meetings produce poor quality decisions. According to Payne, "meeting practices are rituals that define culture. The lack of agendas and failure to capture minutes, are symptoms of inefficiency. Decision rationale is lost, eliminating a means for holding people accountable."

Few firms or leaders anticipate new decision-process requirements with a change of control to private equity ownership. And, even fewer put outstanding management control processes in place to avoid the upward delegation trap which so often plagues the realisation of a full-potential plan. A well-orchestrated management rhythm or control cycle consists of a precisely designed hierarchy of meetings with clearly defined content and a carefully engineered rhythm. Properly architected meetings ensure that issues are discussed at the right level, and with the right competence and authority to make good decisions.

Outstanding management control cycles

> "
> **SIMPLY HAVING MORE MEETINGS NORMALLY REDUCES THE SPEED AND QUALITY OF DECISION-MAKING, AND THEREFORE OPERATIONAL PERFORMANCE**

are built on three principles. First, meetings are scoped such that attendees are accountable for the items discussed and resulting actions. Second, a good management rhythm only allows escalation of decisions for justified exceptions, when agreed actions are not delivering the expected results. Third, the control cycle rhythm of regular follow-up prevents issues from lingering or going undetected. Quick feedback loops validate actions and demonstrate control on issues before they are escalated.

According to Xavier Delhaise, Humatica operating partner, "anchoring new management processes to master an ambitious value creation plan is not easy. Managers need to un-learn bad practices they have carried throughout their careers.

"Yet, best practice management processes can be codified and transferred as rituals to shift management behaviour," Delhaise says.

For private equity-backed portfolio companies looking to accelerate sales and profit growth, optimising the management rhythm is a powerful lever to shift performance and anchor a sustainable competitive advantage; a portfolio company's unique ability to collectively make and execute better decisions faster than the competition.

Humatica has studied and catalogued best practice management processes in all functions over the past 12 years. Payne finally notes, "optimising the management rhythm is one way in which leadership behaviour can be improved to deliver higher performance during the investment cycle. And, the nice thing is that you don't have to change the leaders." ●