

Ron Ashkenas

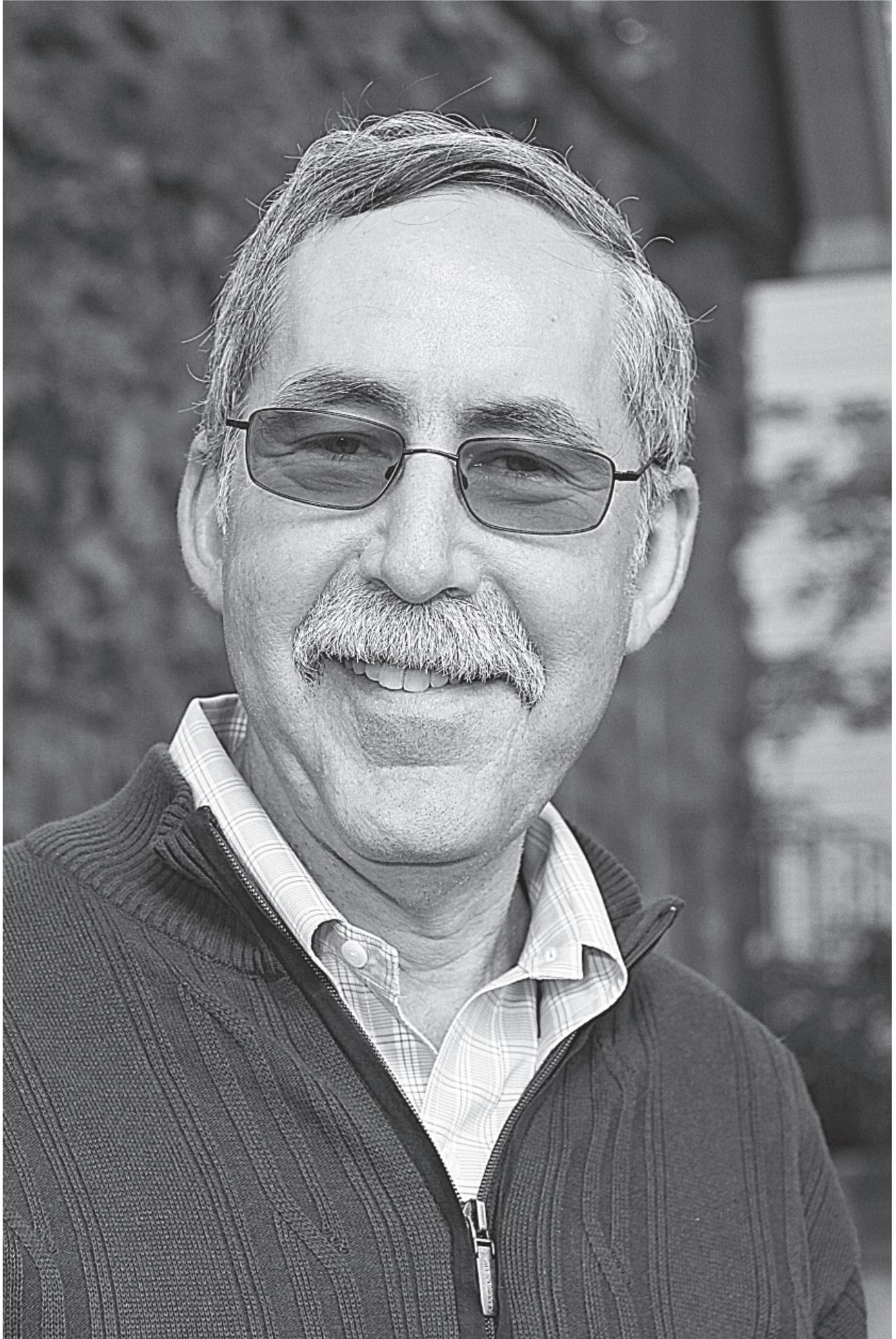
The art of keeping things simple

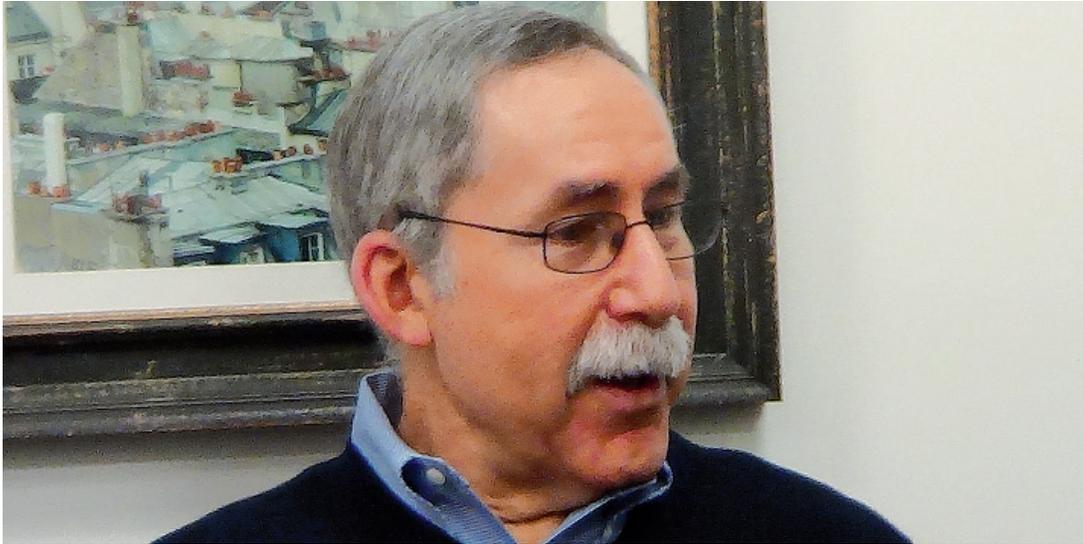
Everybody talks about simplifying organizations and processes. But actually, business life has become extremely complex during the last few years. New technologies are one of the reasons for this. But only because we forget to reflect and recharge, says Ron Ashkenas, expert in »simplicity.« And he adds that simplification needs to be built into the DNA of an organization to make it work.

Interview by Manfred Höfler

What do you – as one of the real experts in simplicity – observe in today's business world?

Ron Ashkenas: Thousands of years ago, Confucius reportedly said that »life is really simple, but we insist on making it complex.« That statement is as much true today as it was then. In other words, yes, business life can be extremely complex with all of the global competition, new technologies and faster pace. But each person has a choice about whether to get caught up in that complexity, or even compound it, or whether to cut through it and stay focused on the few most critical things. It's a matter of mindset. Some people are natural »simplifiers« and are able to navigate through the complexity around them while others are »complexifiers« and tend to exacerbate complexity and make it worse. The best leaders and the best organizations are those that make simplification a conscious choice and encourage what I call »simplicity-minded management.« ►





Today's choices can be overwhelming. That's when complexity becomes a burden.

What are the reasons for the complexity burden that we are faced with?

Ron Ashkenas: I'm not sure that complexity is really a burden – it's just a reality. Today, we live in a global environment with technology and tools that have given us many more choices and opportunities. In many ways, these are wonderful developments. We can collaborate with people around the world, get exposed to some of the best thinkers at the touch of a button, do a multitude of tasks with mobile devices, and take advantage of opportunities that people would not have imagined twenty years ago. And I'm just scratching the surface of what's possible. At the same time, however, all of this choice and opportunity can be overwhelming. How do we decide? How do we spend our time? How many »friends« can I have in my network? In addition, there is an expectation that we have to make these decisions quickly. Not only is all the information at our fingertips; it's constantly changing and being refreshed, and the web of communications is continually growing. So the pressure increases to stay in touch, respond to requests, read new information, and stay connected. We end up with no down time, no time to stop and reflect and recharge. And that's when complexity becomes a burden. This is the downside of all the amazing developments that we now take for granted.

Besides the influence from environmental changes, which of the factors are homemade by leaders, consultants and internal experts?

Ron Ashkenas: From our research and consulting, we have seen four areas where leaders and other experts create additional and often unnecessary complexity, which makes it even harder for people to get things done.

The first area is organizational structure. Sometimes leaders have too many layers, redundant units, unnecessary legal entities, unclear lines of authority, overly complex matrices and things like that. And then leaders compound the problem by constantly reorganizing in the hope of finding the »perfect« structure. The reality is that no organizational design can ever be perfect, but there is no reason to make it feel like a maze. You ought to be able to look at the structure of an organization and understand, more or less, how things work.

The second area is product proliferation. Most organizations tend to add products and services, and various customizations of old products or services – but never take any away. So we end up with long lists of products or services, all of which need to be supported, administered, produced, etc. – even though only a small subset of them are actually highly valued by the majority of customers. In many cases, custom-

ers also want less choice rather than more – they want to be helped to make the best choice quickly and easily rather than having to wade through dozens of options. Think about going shopping – do you really want to compare ten to 15 types of orange juice, or do you just want a few different choices?

The third source of complexity is process evolution. As we know, most work gets done through processes that cut across multiple functions or areas of expertise. In manufacturing, we have worked hard over the years using lean tools to control the variations. But in most other parts of the organization, processes evolve that are not well-controlled and end up with endless variations, unnecessary paperwork, decision-loops, long time frames, redundant steps and lots of non-value added activities. You could probably make a long list of these types of processes in most organizations such as budgeting, strategic planning, succession planning, new product developments and launches, operational reviews and many more.

The last and most profound cause of unnecessary complexity is managerial behavior itself. Most managers develop habits and patterns about how they manage, how they give assignments, how they run meetings, how much information they request, how they make decisions, how they communicate, etc. When they don't step back periodically and examine those practices, it creates massive complexity for others. An example we are all familiar with is meetings: How often have you been to a meeting that had no agenda, no clear purpose, ran over time, had no documented next steps and afterwards, you and others said that it was a »waste of time«? Unfortunately, we all can recount plenty of experiences like that.

Do you see any patterns behind these developments? What are the underlying factors?

Ron Ashkenas: As one of my clients once said: »Running an organization would be easy if there weren't any people involved.« The underlying factor in all of these is that organizations are composed of hundreds or thousands of people, all of whom have their own habits, patterns, strengths, and weaknesses and when combined, you end up with lots of behaviors that are overly complex, or not value-added, or unproductive. The job of the manager at all levels is to constantly re-examine his or her own patterns and those of his or

her team and try to keep things as simple and focused as possible. It's not a one-time effort, but something that has to happen continuously.

How is it then that some organizations have managed to keep it simple?

Ron Ashkenas: Any organization that is going through lots of change is prone to increasing complexity and these days, that means just about everyone. But particularly companies where the industry is changing or consolidating and the past business models and ways of being successful may not work anymore need to focus on simplification. The organizations that do manage to keep things simple have leaders that realize how important this is and stay focused on it. In particular, they don't get locked into one way of doing things, but are open to periodically reexamining their value proposition, product portfolio, processes and management patterns. GE has been doing this for 25 years. It's not easy but it's necessary.

How would you describe your concept of simplicity in the challenging world of the 21st century?

Ron Ashkenas: I have used the word »focus« a number of times. One of the keys to simplicity is focus on having a clear business model, a few key priorities, and the persistence to stay with it even while adjusting to changes in the environment. It's a tough balancing act, but effective companies keep their eyes on the few key things that are necessary to win and don't get distracted by everything else.

What can organizations do to get unstuck and lower the complexity burden? What are key interventions required to foster simplicity?

Ron Ashkenas: From my experience, reducing complexity is not a solo activity. It requires engaging people at multiple levels, inside and outside the organization, to identify and tackle complexity reduction opportunities. It also requires managers to admit that they are the cause of the complexity, at least partially. If they don't take responsibility, they won't feel like they can do anything about it.

In terms of specific interventions, there is no magic bullet. For cross-organizational or cross-functional ►

»Life is really simple but we insist on making it complex.«

Confucius

opportunities, the GE Work-Out methodology can be very useful, since it brings together the people who are closest to the work to solve problems and then forces rapid decisions on what to do. For example, one company used Work-Out to streamline its new product introduction process which was taking too long and causing lots of frustration. By getting everyone together and making fast decisions about how to do it differently, they were able to take a considerable amount of time out of the process and get new products into the marketplace faster.

Another intervention is what we call »Rapid Results«. This involves challenging a small team to achieve a specific simplicity-related business goal in 100 days or less. To do this, the team is empowered to quickly experiment with different ways to get things done in order to achieve the goal and then works with management on how to scale their experiment more broadly. An insurance team, for example, focused on streamlining an overly complex application process for new customers in one region, with the goal of increasing new sales by ten percent in 100 days. Based on what they learned and achieved from this rapid results project, the company expanded the process to other types of insurance and to other regions. leading to an overall increase in new sales.

Many change processes aim to improve efficiency and reduce complexity but create even more complexity. Why is that?

Ron Ashkenas: Many companies tend to take out costs – meaning people – without thinking about how to take out the work that those people were doing. The result

is that fewer people end up just working harder and harder. Obviously, this is neither sustainable nor a good way to win the hearts and minds of employees. The better approach is to work with the remaining employees to rethink their work patterns and processes and come up with new and more streamlined ways of getting things done.

What is the role of top and middle managers in handling processes towards simplicity?

Ron Ashkenas: Top leaders have to set the tone for the organization and make simplification a business goal and a priority and not just a nice statement on a laminated card that people carry in their pockets. Top leaders also need to model simplification in their own behaviors, their requests for information, the kinds of meetings they run, the way they give assignments and establish priorities, etc. Top managers also have to make simplification something that will be rewarded, which will motivate middle managers to work on their own simplification opportunities. In other words, simplification needs to be built into the DNA of the organization and not just be a one-time campaign.

Can you give us a practical example from your experience where a company transformed from over-complexity to simplicity? What were the key success factors for these changes?

Ron Ashkenas: There was a food packaging company that had grown through numerous acquisitions and found that it had many brands, many processes, lots of different units and a tremendous amount of complexity

that was causing it to have high costs, low innovation and poor service – not a good combination. The CEO then spent several years focusing on simplification as a way of bringing the company to much greater profitability. This involved shedding – selling – unproductive brands, refocusing the organization structure on a few different categories of customers and developing common and more streamlined processes for just about everything. The key to success, however, was not just the CEO's commitment and focus, but also the fact that he engaged thousands of employees in various projects, Work-Outs and communication forums to make the transformation successful.

Do you have any recommendations for leaders to simplify their own professional life and become role models in their company?

Ron Ashkenas: Every leader – in fact every person – needs to figure out what's really important in their professional and personal lives and then manage their time to fit these priorities. All too often I have seen managers who talk a good game about the importance of customers or their own families but then don't actually spend time on these areas. One of the exercises I often suggest to clients is to take the »calendar test,« which involves analyzing the amount of time spent in various categories. Then see whether this time allocation matches your strategic and personal priorities. It's amazing how often managers – even very senior managers – don't realize how they are actually spending their time.

Can you share personal experience with simplicity?

Ron Ashkenas: Just like anyone, I struggle with having too many choices and getting into old habits that may no longer be appropriate. I like to say »yes« to everything, especially projects or trips that sound really interesting. So my biggest challenge is saying »no« to opportunities or passing these opportunities on to colleagues to avoid getting over-loaded. Since my inclination is to avoid these choices, I have asked my partners to challenge me about how I spend my time and they have been very helpful – even if I'm not always happy with their input. It's not easy being simple; otherwise, everyone would do it. ●



Ron Ashkenas ist Senior Partner bei Schaffer Consulting und ein international anerkannter Experte und Vortragender für Organisationsveränderungen und Simplification. Er unterstützt führende Unternehmen bei der Verbesserung ihrer Unternehmensleitung und arbeitet mit Vorständen und Managern an der Ausweitung Ihrer Führungskapazität. Zu seinen Kunden zählen unter anderem Cisco System, The World Bank, Johnson & Johnson, Pfizer und Zurich Financial Services. Ron ist (Co-)Autor von über 100 Artikeln und fünf Büchern und war Teil des Teams, das gemeinsam mit dem damaligen CEO Jack Welch den GE Work-Out Ansatz für eine schnellere, einfachere und agilere Organisation ausarbeitete.

Buchtipps

»The GE Work-Out« von Ron Ashkenas, Dave Ulrich, Steve Kerr (McGraw-Hill Book, 2002).

»Rapid Results!: How 100-Day Projects Build the Capacity for Large-Scale Change« von Ron Ashkenas und Robert H. Schaffer (Jossey-Bass, 2007).

»Simply Effective: How to Cut Through Complexity in Your Organization and Get Things Done« von Ron Ashkenas (Harvard Business Review Press, 2009).