

Closing the Hidden Gaps in Organisations

This article describes how a tool developed by Four Groups, 4G can be seen as a foundation or bridge which links typically hidden organisational gaps and issues. By systematically understanding and addressing intangible and 'people based factors', it is possible to close these gaps, make more informed decisions and enhance the chances of a predictable and successful outcome to management initiatives.

Management initiatives

When considering the factors that drive an organisation's success, the combination of its values (both financial and people based¹), processes and resources² go a long way to explaining variance and contrasts in outcome. Put another way, the ability to successfully manage and lead an organisation's values, processes and resources plays a critical role in realising specific objectives. Table 1 illustrates these ideas.

Through the examples above, it is easy to see how much of an impact management initiatives have on an organisation's values, processes and resources. By extension, there exists a large number of management tools³ which aim to deliver and help implement the various objectives detailed above. Generally speaking, such tools attempt to measure and quantify aspects of an organisation for the express purpose of making it easier to effectively manage. To this end, the remainder of the article explores some of these management tools, their impact on values, processes and

Initiative	Impact on Values, Processes and Resources (VPR)
Change initiatives	Depending on scope, all components of VPR are impacted. It should also be noted that changing the values of an organisation is harder than the processes, which is equally harder to change than the resources
Growth through acquisition	Merging with another firm or organisation is likely to require the full integration and understanding of values, processes and resources, the exception being the partial divestiture of acquired assets
Innovation and new market offerings	Processes and resources are nearly always impacted by new innovations, the more significant the innovation, the more likely it will impact on values in the shape of a revised business and/or revenue model
Organic growth	Assuming a constant business model, optimised organic growth requires the alignment of all of the VPR components
Outsourcing	Outsourcing tends to focus heavily on processes and resources, generally leaving values intact
Reducing costs and restructuring	At a minimum, cost reduction and efficiency drives will impact resources and to a lesser extent processes. More dramatic measures are likely to impact values
The competitive landscape	Depending on the nature of competitive forces, any response is likely to encompass elements of values, processes and resources

resources and the gaps and silos they create. The article then goes on to illustrate how, via 4G, it is possible to close these gaps, helping an organisation achieve its goals more efficiently and consistently in the process.

Values

The majority of management tools deal with tangible inputs. Put another way, 'what gets measured, gets managed'. Further to this, management tools tend to focus on one aspect of an organisation's values, processes and resources,

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rather than looking at all three together. For example, Strategy and Financial Planning tends to focus on financial values, leadership and wider macro issues and only as a consequence of that do they impact other parts of the organisation's processes and resources. To be successful however, Strategy and Financial Planning needs to be consistent and aligned with the underlying culture and values of the organisation, along with its processes and available resources. This example and the gap between strategy and its implementation is explored in greater detail by Kaplan and Norton who write about the 'Office of Strategy Management'⁴.

Processes

Popular tools such as Total Quality Management (TQM) and Six Sigma tend to focus on processes such as workflow and operations, requiring the gathering of large amounts of tangible and verifiable data in order to optimise performance. This focus, particularly with regards to Six Sigma, leads to understandable criticism. Six Sigma has been criticised by commentators who note that it can stifle creativity, radical thinking and innovation⁵. By extension, this focus on 'process perfection' is

often to the detriment of values and/or resources. Rather like squeezing a balloon, putting pressure or focusing on one specific area is likely to see other areas expand and get out of control.

Resources

The same principles apply to resource focused approaches such as Competency Frameworks and Talent Management for example. These activities tend to focus on human resources, skills and behaviours and place less emphasis on the wider organisational perspective such as how individuals interface with processes, financial and cultural values, key relationships and the nature and quality of communication between teams and departments.

Organisational gaps

The point of highlighting values, process and resources is two-fold. Firstly, organisations can and do successfully implement change programs, new initiatives and targeted strategies with the help of management tools. However, these tools can overlook key aspects of organisational behaviour. This is particularly so with regards to intangible and interlinked elements

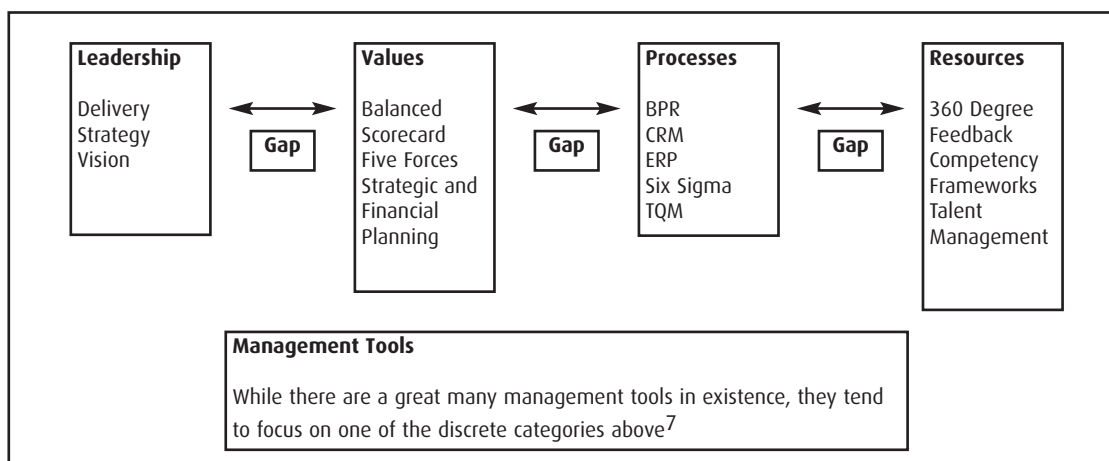
such as behaviours, relationships and culture. On the one hand, these intangible factors often support and ensure the success of a particular initiative, while on the other, ignoring them is often the cause of greater problems further down the line.

Secondly, managers use different tools for different jobs. Whilst this allows managers to choose the right tool for the job, it is worth remembering that management tools tend to focus on a single element of values, processes or resources. By extension, such tools generally fail to acknowledge the other two components of the VPR view, leaving these untouched and creating gaps or silos between different parts of the organisation.

The diagram below illustrates this idea and in particular how management tools tend to focus on a single aspect of the VPR perspective, rather than linking them together in a unified manner, creating organisational gaps or silos in the process⁶.

Closing the gaps

As the saying goes, 'management problems are people problems'. While



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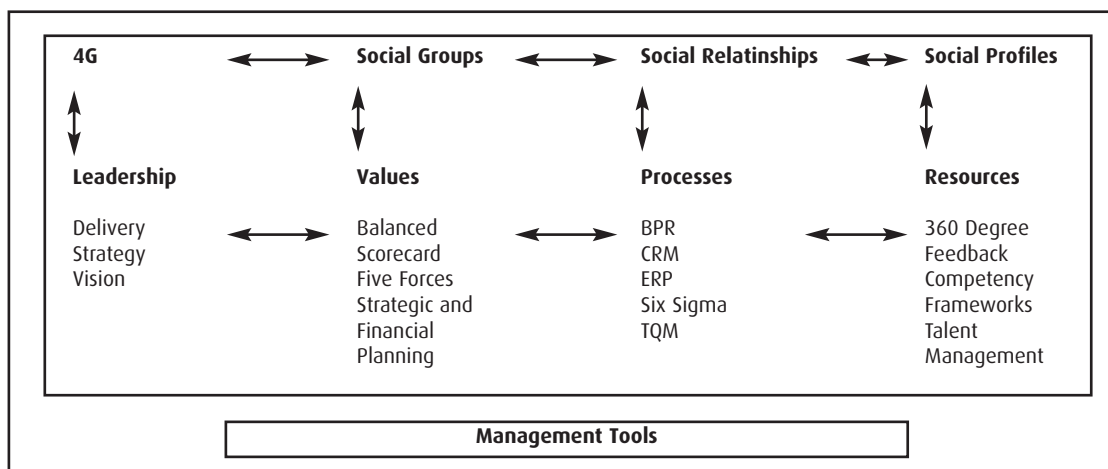
business tools have their advantages, many problems or the failure of management initiatives often come from the hidden gaps that exist between values, processes and resources. Such gaps or silos then tend to show up as 'people issues', for example poor communication, frustrating relationships or unwanted and unpredictable behaviours.

To close these gaps and resolve these intangible issues, Four Groups have created a methodology called 4G. 4G lets managers predict, optimise and link behaviours, relationships and cultures together with greater confidence and accuracy. By addressing intangible 'people issues' in a systematic manner, managers can exert greater influence over the productivity and effectiveness of individuals and groups. The linking of intangible variables to tangible tools and initiatives then goes a long way to closing the organisational gaps already mentioned. Table 2 illustrates this idea and shows how elements of 4G then

4G Component	Aspect of an Organisation it Assists	Impacts to VPR
Social Profiles	Better understand individual behaviours Develop and enhance people's potential Know how people react to and deal with change	Resources
Social Relationships	Improve communications & group dynamics Increase process efficiency Predict and optimise relationships and workflow	Processes
Social Groups	Align financial and human values Manage culture in line with objectives Optimise organisational design	Values

link back to values, processes and resources.

Building on table 2, the second diagram shows how 4G links values, processes and resources together, removing organisational gaps and silos in the process.



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Conclusion

In conclusion, 4G complements other management initiatives and tools because it provides tangible information about aspects of the organisation which are by nature hard to quantify and manage during periods of change. By providing this information in a replicable and systematic form, managers can implement initiatives which take account of and ultimately resolve the problems generated by organisational silos and the inevitable gaps that exist between values, processes and resources.

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Footnotes and references

1. The contrast between financial and people based values is explored in more depth in this article

<http://tinyurl.com/6xhvse>

2. For more information on values, processes and resources, see Christensen's Innovator's Dilemma

<http://tinyurl.com/69qm3v>

3. While it is beyond the scope of this article to offer a comprehensive review of all management tools, further information on this can be found in the 'Managing Intangibles' article at

<http://tinyurl.com/5s6jb9>

4. <http://tinyurl.com/67ce6k>

5. <http://tinyurl.com/5hmesm>

6. Further to the examples in the diagram, it is possible to further segment management tools around functional disciplines such as strategy, sales and marketing, operations, manufacturing and HR, amongst others.

7. More information and extensive examples of various management tools and their discrete focus can be found at

<http://tinyurl.com/5g2yx9>