De-Stress to Deliver

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Introduction

Many organisations have achieved significant financial and operational results by aligning their functions to the principles of Theory of Constraints (TOC). Interestingly, behind these numbers also run untold stories of transformation of work lives of managers. These stories are about how stress and disharmony among managers receded, and eventually, disappeared; relationships between people, departments and business partnerships became imbued with harmony!   So all-pervasive was the influence of these solutions that some managers pronounced these implementations akin to an intervention by the human resource department!

So, how was it that a business solution also became a panacea for organisational stress and disharmony? How could a change in shop floor material management, or a distribution methodology or a new way of managing projects impact work lives?
To answer the question we need to understand sources of stress and disharmony in work places.

Corporate Stress, an Epidemic?

Corporate life is stressful. The stress of meeting targets, dealing with conflicts, and politicking is not just inevitable, but also grows disproportionately as one climbs the corporate ladder. According to the Gallup Studies, workplace stress is a growing epidemic, costing over billions of dollars each year in lost productivity, sick time and job turnover. It affects people at every level—87% of workers worldwide say they are not engaged at work. And as per a Harvard Medical School survey, 96% of senior leaders feel burnt out!

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Stress in work life eventually has two major negative outcomes

- Deterioration of one's personal life
- Deterioration of mental and physical health

It is widely agreed that the first can be solved with what's referred to as "work-life balance". While companies claim to offer their employees many techniques for enabling this balance, when performance numbers are off -target and time is running out, the advocated "balance" gets shortchanged. So, in reality, the so-called "balancing act" usually, means compromise on one need in the service of another. Unfortunately, compromises do the exact opposite – they misbalance!

Similarly, stress-related health issues are dealt with at an individual level. Usually, advocated solutions involve some form of mental disassociation, turning inward and ceasing to worry about work-related issues. Mindfulness meditation, guided imagery, after-office yoga sessions, self-hypnosis etc. are in vogue. These approaches too are at best, a compromise since they promote disengagement from work. Moreover, these solutions only address symptoms of stress and ignore its etiology –quality of work itself! Hence, these remedies work exactly like any symptomatic treatments– the effect lasts only as long as the dosage continues!

The reason we balk at addressing the root of work-related stress is because we have developed a firmly held belief that stress is a necessary evil and that it is the price one has to pay for outstanding performance!

This false viewpoint has prevented us from asking a few fundamental questions

- Why should work places be so full of stress and disharmony?
- Why can't work itself be enjoyable and satisfying?
- Why aren't Mondays mornings as exciting as Friday evenings?
- Why is the dream of an early retirement such a big deal?

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Source of Stress

One of the prime reasons for stress is a strong feeling of lack of control – i.e., an individual wants a particular result but feels helpless when it comes to achieving it. In today's organisations, a vast majority of managers tend to feel this "lack of control". This is predominantly because of the prevailing methods of evaluating organisational performance.

In most organisations, managers are individually held accountable for business outcomes. They are compelled to commit to ambitious targets in the planning phase and are then expected to deliver exactly or better than what they promised. The core belief of corporate morality is that non-adherence to targets is a failure. Careers, bonuses, and credibility are linked to how well one meets commitments.

This way of managing is evident in all aspects, be it people management, project management or material management. In majority of environments, even core business processes are based on making monthly, quarterly or annual forecasts, converting them to single data point commitment and checking variance against them to draw conclusions.

However, in execution, many other factors (not envisaged in planning) come into play, which lie outside the locus of control of individual managers. External uncertainties, collaboration (or the lack of it) from others affect target achievements. For example, sales targets of a territory are affected by changing local conditions and also by the level of support provided by operations. Similarly, if you examine large infrastructure projects, project delivery performance is affected by a multitude of variables including level of collaboration of customers and vendors and even by the vagary of weather.

It is evident that managers can never be in full control to impact their initial commitments especially in environments where external variability and dependence on others' collaboration is high. Hence, regardless of how high they are in the hierarchy, it is not uncommon for managers to find themselves in situations where they perceive that they are being unfairly blamed for negative variance in performance. It is therefore not surprising that attempts to fix individual accountability in environments of high dependency and uncertainty only create a fertile breeding ground for stress.

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Stress Amplifiers: Skew in Efforts

Stress levels go up many folds close to evaluation periods. Since meeting commitments, come what may, is upheld as the most-desired virtue according to a tacit corporate moral code, managers try desperately to catch up just before their reviews. For example, people exert themselves to complete remaining work on a project close to the deadline or fulfill sales or production targets by the month end/quarter end/year end. Hence, end of reporting periods are usually associated with massive skew in efforts. Many consumer goods companies suffer from month-end skew in shipping because they do more than 40% of the month's dispatches in the last week. It is also not uncommon for EPC companies to do more than 40% of the year's billing in the last quarter, with a lion's share of it in the last month! Working through nights towards the due date to somehow release software is also ubiquitous to the software industry.

This skew creates an abnormal situation

- Capacity becomes a bottleneck. Not enough is available to flush out everything that is remaining
- Since remaining time is less, there is no room for anything to go wrong

Since stakes are high, in these circumstances compromises are bound to happen. People even find inventive ways to somehow meet the numbers. For example, if inventory figures are to be questioned at the month end for target non-adherence, people find ingenious ways to somehow drain inventory on the last days, creating problems for either production or sales department in the forthcoming week of the following month! Hence, in their struggle to meet their commitments by improving one parameter eventually backfires and negatively affects some other business parameter leading to stress to some other manager/s. This way, managers tend to create more and more stress for each other.

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A Stress-Free Environment

One of the conditions for a stress-free environment is to have a culture where every manager, regardless of his place in the organization perceives a sense of empowerment.

This may sound like a management cliché´.

However, it implies that every manager should directly control all enablers that impact the outcome for which he would be held accountable. On the face of it, the suggestion sounds agreeable. But this could mean taking ridiculous steps like asking the production manager or a logistics manager to report to a sales representative because sales can be impacted by decisions of the production manager. Clearly, it is not possible for all mangers in a company to be given authority over everything and everyone that may have a bearing on his ability to meet targets. It would be like asking everyone to be CEO!!

Therefore, the only way to have a fully empowered environment is to have the following necessary conditions

1   Managers, regardless of organisation structure, collaborate without conflicts, in any time horizon, while pursuing better performance for the entire organization
2   There is adequate protection, or buffers, to meet ambitious commitments despite uncertainties
3   The allocated buffers themselves ,do not make the system inefficient

An application of the principles of Theory of Constraints can ensure that the above three conditions are met. That is why, an execution of what looks essentially like a remedy for operational issues, helped bring about an environment of harmony in companies that adopted TOC. The implementation accomplished this by securing the following:

- Retention of only System-wide goals, at an aggregate level while all managers give up local "targets".
- Removal of "local" buffers (associated with the dismantled "local targets") and their replacement by shared buffers for system-wide goals.

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- Daily visibility to every manager, at every level, on the impact his actions and that of others on the common system-wide buffers.
- Establishment of a system where there is daily reconciliation of work and inventory across entire value chain to account for variability and consequently set right priorities and trigger immediate corrective actions. (As opposed to the traditional system of monthly planning, once in a month reconciliation and variance analysis to fix accountability)

The daily visibility of common buffers and its impact on the systemic goals brings about an environment of group accountability, self-organization and dynamic collaboration, which is typically seen only in team sports.

Many organisations have gathered the courage to dismantle the source of stress – "estimate-commitment-variance analysis" style of management – from their core operations and have moved on to daily "pull solutions" of Theory of Constraints. These companies have not only developed unique operational capabilities in their industry, but have also got rid the chronically stressful month-end skews. One of them even makes time for a fun cricket match involving all key operations and sales managers in the last week of March, a period when most of the corporate world is known to be mired in sleepless nights to meet numbers for their financial year end. These organisations have demonstrated that one needs to actually de-stress to deliver!

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