

Management Summaries

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How the Corporate pursuit of "Operational Excellence" is thwarted by the leaders' behaviour

Graham Wilson

While American businesses have been engaged in hot pursuit of operational excellence for the last few years, a new survey conducted by global staffing firm Randstad clearly indicates most companies, both large and small, have yet to hit that target.

In its 2005 Employee Review, Randstad - in partnership with Harris Interactive - talked to more than 3,000 employers and employees around the US this summer. And while respondents from both groups said they valued operational excellence as a key measure of business success, their views differed significantly on the factors that determine what defines operational excellence.

Both groups agreed that two primary strategies support companies in their quest to be the best: improving customer service and reducing costs.

And there the differences began, with employers valuing customer service over cost reduction whereas employees interestingly ranked cost reduction over service.

"The survey also indicated that employees look to their employers for strong leadership and the ability to put the right people with the right skills to work," Stef Witteveen, Chief Executive Officer of Randstad's US operations, commented. "These traits have a huge impact on employee morale and turnover -- the softer side of the workplace."

Both groups agreed when asked if they believe their organization can actually achieve operational excellence. While 75 percent of employees and a whopping 87 percent of employers agree operational excellence is an important goal, only 32 percent of employees and 44 percent of employers actually believe their own company has the ability to achieve it!

What's Stopping Them?

Both employees and employers clearly signal that 'lack of strong leadership' is the primary barrier to turning their organization into a stellar performer, while the employee group rates 'poor communication from top management' a close second. Employers believe they are leading by example and holding employees accountable for their work, yet results from the employees indicate otherwise; only 55 percent of employees say their managers set an example or practice accountability and just 52 percent say their employers promote an atmosphere of openness and trust.

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Morale hits a new low

As a result, for the first time since Randstad began tracking employment trends with its first Employee Review in 1999, survey data around employee morale dropped significantly this year, after holding steady for the last five years.

In Randstad's 2004 survey, 70 percent of employers said morale at their company was 'good' to 'excellent,' yet this year, only 55 percent gave the same rating.

The good news in this drop is the suggestion that employers are finally taking a more 'real world' view of their workforce. Yet the gap in communication and leadership at many organizations indicates there is still a fair amount of ground to be covered to achieve peace, harmony and operational excellence in the American workplace.

Employees are working hard and consider themselves committed to their jobs, yet they have reservations about their company's goals and leadership. Many say they are loyal to the company but do not believe that loyalty is reciprocal. And, in an uncertain economy, many fear for their job's security.

The silver lining

Employees and employers do agree on how operational excellence can become more than corporate lingo:

- Strong leadership builds trust and morale
- Employing the right people with the right skills ensures high job performance and job commitment
- High morale and low turnover are stimulated by strong employee-oriented development programmes and effective communications