

Six Simple Rules

How to Manage Complexity Without Getting Complicated



Based on *Six Simple Rules: How to Manage Complexity Without Getting Complicated* by Yves MORIEUX and Peter TOLLMAN (Harvard Business Press, March 2014).

Leaders are creating organizational mazes in their attempts to tackle ever-increasing levels of complexity (volatility, conflicting goals, disruptive technologies, and so on). As well as impeding the ability to innovate, managerial labyrinths demotivate workers. Yves Morieux and Peter Tollman from the Boston Consulting Group argue that managers can avert this downward spiral by following “six simple rules” that are designed to increase individual autonomy while simultaneously fostering collaboration in favor of the collective.

ities *per se* as the complications that arise from the escalation in new organizational procedures to try to manage that complexity. If you want to regain some simplicity, Morieux and Tollman advocate following six rules designed to promote a healthy balance between individual freedom and collaboration.

MANAGING COMPLEXITY BY GOING BACK TO BASICS

Do you spend more time providing feedback and in pointless meetings than managing your team and creating value? Do you work in an environment that, to manage complexity, has over-complicated your organization? If so, you're not alone! According to the Boston Consulting Group, business complexity has increased six-fold since 1995. And, all the while, the degree of complexity within companies (the number of structures, control processes, steering committees and reporting systems) has increased by a factor of thirty-five! The problem is not so much external complex-

According to Morieux and Tollman, not a day goes by without further evidence emerging that “hard” and “soft” management approaches (see below) are incapable and ineffective at managing the current complexities of the business world and instead demotivate and disengage workforces. The authors suggest that applying a concept of “smart simplicity” — a system of simple rules designed to leverage individual and collective intelligence — can break this cycle.

MEMO

- **Traditional management styles** are less and less suited to dealing with the complexity and volatility of most business environments today.
- **Reducing complexity** requires fostering a work environment that is characterized simultaneously by both autonomy and cooperation, in which people are mutually dependent on each other for success.
- **To implement the simple rules that help organizations to run more smoothly**, leaders must understand how their workforce is interdependent and remove barriers to collaboration.

■ The failure of conventional management methods

A “hard” management approach is based on the belief that structures, processes and systems have a direct and predictable impact on performance. As a result, the human factor – the weakest and most unreliable link in a company – must be controlled by a proliferation of rules and financial incentives. A “soft” approach, on the other hand, relies on people-centered practices, with performance seen as the product of good human relations and a certain level of wellbeing. The authors believe that these two approaches, which are seemingly opposite, are actually based on the same desire to control individuals. Furthermore, the most pernicious approach combines the two: the hard method defines new organizational structures for meeting new demands, while the soft approach defines the behavior necessary for integration.

■ Smart simplicity: a combination of autonomy and corporation

The concept of smart simplicity proposed by Morieux and Tollman suggests that behaviors are rational tactics used by individuals in response to particular contexts. The most effective way of changing behaviors, therefore, is to modify the context. Confronted by the complexity of the business world, the most successful companies put their trust in the intelligence and ingenuity of their employees by enhancing their autonomy and room for maneuver. And, as no single individual can solve such complex problems on their own, cooperation between otherwise autonomous individuals becomes the key factor in performance.

ENCOURAGING AUTONOMY

The first three rules establish the necessary conditions (maneuver room, power and the resources of cooperation) for employees to make better use of their intelligence and energy.

■ Rule No. 1: Understand what people do

The authors argue that most leaders do not know what the people who work for them actually do, and yet: “The performance of an organization is nothing more than the combined effect of indi-

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vidual behaviors, actions, decisions and interactions.” The first rule, therefore, is to undertake a concrete analysis of the work environment: the real goals that employees are trying to achieve, or problems they have to solve, together with their resources and constraints. It is vital to understand how these behaviors are structured to produce results and the “adjustment costs” that we all pay when cooperating with others (the time required to find support, how it is seen by managers, and so on). The aim is to detect anomalies, especially barriers to cooperation.

■ Rule No. 2: Strengthen the role of “integrators”

Instead of resorting to a battery of control and coordination procedures, the authors advocate identifying employees within operational teams who can act as “integrators.” In other words, individuals who can facilitate interactions and help colleagues collaborate. Some people are more able to achieve this because they have a personal interest in encouraging others to cooperate and the power to influence them. And, as the authors point out, “Although you do not have to be a manager to be an integrator, the role should lie at the heart of the managerial function.” The task for leaders is not only to identify integrators but also to reinforce the integration role of managers by giving managers greater autonomy and urging them to rely on sound judgment rather than indicators. The reason for this is quite simple: cooperation is a combination of individual efforts that it is difficult to measure. ...

The trap of complexity

The Boston Consulting Group has created an index for measuring business complexity, i.e. the number of procedures, vertical layers, interface structures and coordination functions that are set up to manage complexity. Based on this index, managers in the top 20% of the most complicated organizations spend over 40% of their time writing progress reports (charts and tables, reviews, etc.), and between 30% and 60% in coordination meetings. The authors call this type of activity “work to work”, and they hold it responsible for turning management into an abstract entity and distancing it from its true task. The results can be perverse. As little time is left over to spend with teams, the risk increases that poor initiatives will be taken. The biggest danger, however, is that managers become demotivated from the combined effects of an increased workload and the feeling that they are wasting time on activities with no added value.

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■ Rule No. 3: Increase the total amount of power

Developing employee autonomy means strengthening their power, defined by Morieux and Tollman as “the ability to influence the results of others”. The authors contend that this power enables people to interpret rules and use their discernment and intelligence rather than simply following processes. The more power employees have, the more they can make the right decisions and the more the company gains in agility. The challenge for leaders is this: not to settle for merely reshuffling the cards of power but to actually increase the overall amount of power available by extending collaboration. They might, for example, invite an individual or team to take on a challenge where the outcome will also depend on the involvement of other people.

STRENGTHENING COLLABORATION

The rules below ensure that the potential created by the three first rules is used properly for the benefit of the company.

■ Rule No. 4: Increase reciprocity

Reciprocity means that individuals or teams acknowledge that they have a mutual interest in cooperating, and that the success of one depends on the success of all. How can you encourage reciprocity? By raising the profile of interdependence, say the authors, so that everyone recognizes that he or she needs collaboration. The technique consists of setting employees “three-dimensional” goals: not just collective and individual but also “overlap” objectives (which are harder to measure) that are connected to the way they contribute to the performance of others. There are three mechanisms that can strengthen this reciprocity: eliminating internal monopolies that distort cooperation, reducing resources to encourage sharing, and providing an opportunity for everyone to be a member of several interaction networks.

■ Rule No. 5: Visualize the future

This rule consists of boosting the causal link between the present and future. In organizations that have become complicated and blurred, employees no longer feel connected to the consequences

of their actions. The authors recommend four ways to solve this problem:

1. Tighten feedback loops so that employees interact more frequently with colleagues whose work is impacted by their actions.
2. When adopting a project approach, bring the end point forward and focus on short projects to ensure that participants feel involved.
3. Tie futures together by, for example, coupling short-term requirements with long-term goals.
4. Make employees take on the role of the colleagues who have to assume the consequences of their work, even if only temporarily.

■ Rule No. 6: Reward those who cooperate

Sometimes the nature of work means that feedback can only be given indirectly through processes of evaluation. When this is the case, the authors suggest reframing the issue by looking beyond the usual criteria and focusing on the attitude of corporation. “Leaders should not penalize failure itself”, they argue, “but the failure to help or seek help.” Similarly, they recommend that people who cooperate positively should be rewarded, including for solving problems that lie outside their remit. The authors add that an organization is much more resilient when actors recognize that it is in their personal interests to assist others and to be transparent. They suggest altering the terms of managerial dialogue to ask the right questions: How have the results been achieved? Who helped to achieve them? How did everyone contribute to the effectiveness of others?

These six simple rules enable leaders to simplify the work environment of their teams. They have three major advantages: problems are depersonalized and are separate from the psychology of the players; this type of change is neither threatening nor anxiety-provoking, because everyone knows that it tackles the real problems; and it is a “pre-sold” plan since the solutions proposed include the conditions for success. When employees discover how cooperation can improve their performance, they develop creative solutions together to meet the complex challenges faced by the company. ■

Cooperation via experimentation

When a certain car manufacturer had to meet a new performance target to extend its warranty period to five years, it responded by changing the way its engineers work. When designing a new vehicle, engineers had to take into account the constraints of the service people who have to repair them. To ensure that cooperation (which was originally poor) becomes automatic, some of the engineers were assigned to the after-sales garages following the launch of the model they had designed. They were put in temporary charge of the warranty budget for the car. When they understood that they had to be personally accountable for the consequences of their decisions, they started to work differently. The manufacturer’s productivity increased by 20% as a result and the company succeeded in making its extended warranty the cornerstone of its publicity campaign.