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Accelerating the rate of change when management gears slip and strategic plans collect dust…

By Harry Gray and Chad Greenway

Most middle-market companies can benefit from better "command and control" techniques. Even when good things are underway, managed by good people, under good leadership, things tend to fall through the cracks. This is what corporate performance is all about—piercing growth envelops and accelerating the rate of change through excellence in execution.

When activity is high, productivity can be low; this irony exacerbates in both high-growth and troubled environments. When corporate managers are involved in transformation projects and running the day-to-day business, investors have to assume that some of these managers are better than others and some functional areas will require a longer period of time to show improvement in the financial metrics by which they are measured. Given these realities, we believe most organizations can benefit from the deployment of a universal mechanism to drive change, as well as a CEO-level standard monitoring tool. In the trenches, we have been successful facilitating both objectives through the use of two "command and control" tools--a "POAM" and an anticipatory CEO-level dashboard.

A POAM, or "Plan of Action and Milestones", is a command and control tool used to tackle projects and major events. A POAM is a coordination tool for senior leaders to ensure momentum, avoid surprise, communicate progress 360 degrees, and accomplish major developments and transformations. A POAM embodies a "virtual war room" to drive change and govern a detailed, chronological plan that identifies all actions necessary to complete a given project, with inter-dependencies, major milestones/decisions required to transition to next milestone identified, due dates, etc. More than anything, a POAM holds the responsible manager accountable for action and process ownership against a strict, milestones program—it mitigates slippage and drives the implementation of plans. A POAM is particularly useful for advancing the goal in a rapidly changing environment, especially when a high number of managers are pursuing localized initiatives that ultimately feed strategic goals. It is particularly effective when management is fragmented, yet individual managers are accountable for action and own the results of an initiative. Equally important, a POAM enables the entire team to understand the granularity of change in other departments, the burden on shared resources, and timing of impact for unaffiliated efforts.

Although POAMs were originated by the military, they dovetail exceedingly well with corporate environments and have been used successfully at a number of companies. Proper deployment of a POAM can be much like having an empowered COO execute time-sensitive global agendas, but without the payroll burden—it gives both the CEO and CFO more "command and control" and can make a good leader a better manager. In both operational and portfolio company management roles, we have found that POAMs accelerate the rate of change of execution, streamline world-wide communications against progress reporting, streamline the inefficient process of follow-up, channel the CEO to primary organization needs, and establish a measurement standard for the capabilities of the accountable managers.

We are also advocates of deploying a CEO-level dashboard with select KPIs that provide a holistic and balanced view of the business, to include business perspectives (customer, financial, process and development), cost, and productivity. At first, building a robust dashboard and KPI system is as much art as science; yet, caution must be taken not to select the wrong KPIs (as well as too many or too few), which can result in counterproductive behavior and sub-optimized results. As a practical matter, we have found that a full balanced scorecard can be overkill in a middle-market company, while a smart CEO-level dashboard, together with a POAM, will drive and monitor progress extremely well. It is important, however, to focus mostly on "operating metrics" (vs. "financial" metrics) for continuous measurement; after all, even if the finance department produces timely financial performance data, too often the information tends to be after-the-fact. In the end, the most valuable byproduct of these two tools is the improved communication at the board / investor level.