

The Goal of Management; from MBO to Deming to Project Management and Beyond

Remember **MBAware** in the 90's? Well, maybe you don't. How about management by objectives in the 50's, 60's and 70's? How about **Deming and quality circles**? What happened to those models for management and general productivity, and what does it have to do with project management today? The **MBO** model sort of came and then left, without leaving much of an overt or visible impression on most. It seemed to exit from the fore-front of management focus by the downsizing and work group turmoil and market downturn of the early 90's. Yes, every organization has to set goals, but organizational effectiveness was going to be accomplished by macro efforts such as down-sizing, not a style of managing, a way of organizing what topics and agenda to focus upon in a given day.

MBO History & Evolution:

1. **Management by Objectives (MBO) (It's in the goal)**
2. **Smart Goals (It's in the goal details)**
3. **Deming and Quality Improvement (It's in the product/process details)**
4. **Project Management... (It's in the schedule)**
5. **PST's GAPR Model**

With the upturn of the market and the start of the Internet gold rush, management by objectives slipped further into the past. The term "management" itself seemed to lose a sense of compelling interest. Riches were made based upon technology, upon acquisitions, upon something new, upon association with the WEB, not (for heaven's sake) management of work effectiveness.

The premise of this article is that **project management** is an evolution of MBO theory, and in need of evolution in specific directions itself... not necessarily more standardization. A second premise is that the previous models have all been eclipsed in history because their assumptions did not take into effect certain aspects in the workplace reality. The assumptions proved over time to be quite limiting, forcing the evolution of management models with a new or improved set of assumption modifiers. The third premise is that the current model of project management is also limited by its assumptions, with recommendations for needed change and expansion to the model.

In effect, all of the work models to be discussed emphasize a certain perspective as key to achieving a goal or objective. Project management integrates certain perspectives pushed to the center of workplace thinking, and then adds its own emphasis. **Each has a weakness in the assumptions that are included in their emphasis.** Let's start by reviewing some history, albeit in a summarized manner.

Goals

Humans seem to need goals to achieve extraordinary outcomes. The connection between goals and elevated performance has been in the literature as long as writing has been a part of civilization. In the last 50 years there have been more than 300 studies completed demonstrating repeated findings, or “basic truths” if you will, about humans and goals. Truths incorporated in repeated findings that:

1. People accomplish beyond their historical norm when they use goals.
2. People respond positively to stretch goals that they judge to be reasonable or attainable.
3. People stay attached to goals when leaders support a goal process by both modeling the goal related behavior and providing feedback relative to goal progress.

What hasn't been written as clearly is, “What happens when setting objectives or goals doesn't work?” What happens when its effect on organizing behavior and achieving results is relatively nil? Why are goals so significant for some and relatively unused and apparently unneeded by others, both in and out of work? In this white paper we will be using goals and objectives interchangeably. We will use the term of goal to generally describe a goal or objective for the purpose of describing in broad terms the process of defining some outcome to be accomplished that is not presently within reach.

Management by Objectives (MBO) (It's in the goal)

In the 60's, 70's and 80's it seemed like a good thing to manage work efforts by goals, hence the term “management by objectives.” The idea was to improve management and work productivity in general by being more defined about the intended outcomes

MBO principals contained many precursors to the basic building blocks used by current project management tenants. The basic MBO principles included:

1. Establish a set of top level strategic goals.
2. Create a cascade of organizational goals that are supported by lower level definitive objectives and action plans.
3. Develop an organizational role and mission statement, as well as specific objectives and action plans for each member, often in a manner that involved participative decision making.
4. Establish key results and/or performance standards for each objective.
5. Periodically measurement/assessment of the status or outcome of the goals.

The assumptive strength behind the MBO model, as commonly practiced, is the notion that if a desired outcome is defined as a goal and progress is measured towards reaching that goal, then the chances of reaching that outcome are enhanced. From a simplistic view, if you start out

with a goal in mind, you are more likely to reach it or conversely, “If you don’t know where you are going, you’ll probably get there.”

But MBO theory didn’t survive very actively in the work arena. Why? One weakness was its assumption that correcting the traditionally broad or vague state of goals would lead to performance improvement. Goals were accurately noted to regularly get stated and stored in a bound annual volume somewhere and only occasionally used as a measurement or reference device. An effort was made to shore up this weakness with a focusing upon the goal definition process, which became popularly known as the acronym SMART. To put it briefly, don’t just manage by objectives; manage by “smart” goals or smart objectives.

Smart Goals (It’s in the goal details)

The SMART goal era of the 80’s and 90’s provided some helpful criteria about what makes goals more or less effective in shaping behavior. By definition, a goal that doesn’t shape behavior is ineffective. The theory went on to suggest that SMART parameters were good predictors of influential or effective goals. As an example, goals that were not specific or measurable were less likely to shape behavior than those that were high in these characteristics. Using a play on words, you were smart to include these characteristics in your goal and objective definition. SMART stood for the characteristics of: Specific, Measurable, Actionable, Reasonable and Time-bound.

One of the almost palpable impressions of SMART goals is that they are pointed; they have an edge, often a sense of energy created by the specificity, the time limits and the measurement. Non-SMART goals seem flat in comparison (ie. Improve productivity); bureaucratic, like one more strategic plan that’s going nowhere. While the enhancement to goal definition was a helpful direction, it did not address fundamental weaknesses in this model.

What were the weaknesses in the MBO assumptive base that forecast its demise in the work reality?

1. It emphasized the setting of goals over the working of a plan. Do you remember when it was in vogue to “visualize” your goal daily... as if that was going to make it come to pass?

2. It underemphasized the importance of the environment or context in which the goals were set. That context included everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders. As an example of the influence of management buy-in as a contextual influencer, in a 1991 comprehensive review of thirty years of research on the impact of Management by Objectives, Robert Rodgers and John Hunter concluded that companies whose CEOs demonstrated high commitment to MBO showed, on average, a 56% gain in productivity. Companies with CEOs who showed low commitment only saw a 6% gain in productivity.

3. It didn't address the importance of successfully responding to obstacles and constraints as essential to reaching a goal. The model didn't adequately cope with the obstacles of:

- Defects in resources, planning and methodology,
- The increasing burden of managing the information organization challenge,
- The impact of a rapidly changing environment, which could alter the landscape enough to make yesterday's goals and action plans irrelevant to the present.

Deming and Quality Improvement (It's in the product/process details)

At roughly the same time, there was an emerging model that addressed some of what the MBO model didn't. In the face of increasing change, information demands, distance from vendors and increase in breadth of competition, Deming suggested that goals are achieved by persistent, attentive measurement of the details and quality improvement. Identify and remove the defects, the issues, the obstacles, one at a time... and ultimately the objective will be achieved. He built a model around the importance of successfully responding to goal quality issues.

Deming's model also addressed the environment and context - in a manner. Essentially it created a team environment (Quality Circles) at the mid-management level and below, to protect and nurture the (goal) effort. This also allowed upper management to support without participating and yet avoid the de-motivating impact of not-walking the talk or modeling the desired group behavior that harpooned the MBO model. Deming's model provided two vehicles for addressing the complexity of work.

1. A singular or galvanizing focus of pursuing goals through achieving zero defects.
2. A structure for creating and following a series of best practices or task lists to ensure the optimal achievement (highest quality) of each objective

The weaknesses in this model, which continues to evolve indicated as exemplified by the Six Sigma effort, include:

1. Under estimating other (market) impact and feedback sources in the environment, with the presumption that removing defects and improving quality (making it the best) would be the determining factor in reaching a business objective.

2. De-emphasizing the value of non-metric feedback loops when attempting to achieve something new, as contrasted with optimizing the existing.

As both MBO and Quality circles began to fade, the power of personal computers, spreadsheets and computerized schedules were rapidly expanded. It set the environment for an emerging demand to manage the complex in an increasingly organized manner. The achievement of

increasingly complex goals nurtured the developing model of project management with an emphasis upon the specification, scheduling and deployment of resources as the chief predictor for work success and outcome delivery.

Project Management... (It's in the schedule)

Drawing upon the influence of MBO theory (set clear objectives, build an action plan, and measure progress) and Deming's work (optimize processes and products by identifying and practicing listed best practices behaviors), emerged the project management movement. In effect saying,

1. Yes set clear objectives, and get key stakeholder buy-in and definition for the participant through explicit requirement setting
2. Yes, put together a series of best practices action steps in the form of a work breakdown structure.
3. But, what primarily helps people achieve their objective, is the planning, securing, scheduled deployment of resources and the completion of tasks.

Baking a Cake from a Historical Management Perspective

Yes, I know this review is very simplistic and full of omissions and arguable errors in emphasis and coverage given its simplicity. But, bear with me as I would like to make it even simpler and more concrete. If you represented the three models discussed as various perspectives on what will most influence the success of achieving a goal of baking a cake, it might look like this:

- 1, The **MBO** model would emphasize setting a goal of baking a cake with as much specificity as possible as to the nature of the cake, and the timing and metrics relative to setting up the kitchen and the desired conducting cake baking activities.
2. The **Quality** model would add to that perspective by clarifying that you are never going to bake a cake unless you ensure that your equipment is functioning correctly, there are no bugs in the flour, the milk is of good quality, etc, otherwise all the goal setting and action planning will be severely compromised. Furthermore, you are not going to turn cake baking into an efficient production without measuring and optimizing each step and process involved.
3. The **Project Management** model would lightly address the two above and in effect state the best predictor of baking a cake is your ability to obtain the right ingredients and effectively complete the tasks of measuring, combining and heating the ingredients per the recipe (work breakdown structure). Incorrect combinations or measurement of ingredients (resource allocation and task completion) is the most significant contributor to overall success, regardless

of whether or not this has been your specific goal, and regardless of whether or not you have made sure all ingredients and equipment meet quality specifications.

The combination of all three models seem to fit the linear environment of cake baking very well, even when done on a high volume manufacturing model. However,

- What if most work goals impacting you, and specifically management, don't fit the cake model?
- What if they don't include repeating a known recipe for success?
- What if it involves making sure you don't practice what you did last year?
- What if the kitchen (business) environment is not stable and the sequence is not a known linear formula?
- What if?

It is the author's premise that, in fact, today's business and management environment is exactly that – a non-linear, sometimes chaotic, only roughly predictable experience. Today's business environment needs current management methodology to adapt and create a better fit than it does, at present, using the current project management model.

PST's GAPR model; a Needed Evolvement on the MBO to PM history (It's a basketball game, not a cake bake)

Remember our premises? In short,

1. Management models for the past 50 years, really 100 years, have been eclipsed in history because their assumptions did not take into effect certain aspects in the workplace reality.
2. The current model of project management is also limited by its apriori assumptions of emphasizing resource scheduling and task management.
3. Project management is an evolution of MBO theory and in need of evolvement itself.

It is our assertion that as the work environment becomes less linear, less predictable, the present project management model becomes increasingly less effective and hence, the large proportion of project outcomes that are unsuccessfully achieved given today's model.

For the sake of simplicity, as the business and work environment becomes more like a basketball game and less like cake baking, the more the model needs to evolve – quickly. **Business is like basketball**, where the environment is subject to fast swings, sudden shifts, turn-overs, misses and success. Where time and resources are limited and where planning is a necessary but limited tool; resulting in the increasing need for emphasizing coordination, playing heads-up, capitalizing on the emerging, brief opportunity and making adjustments.

The basketball model is full of implications, but most of all it suggests that a methodology that over-emphasizes resource scheduling and completing tasks will be bulky and slow in responding to change requirements.

Project Management needs to embrace a broader, multiple focused approach. Think of it as a three legged stool. Here are a few suggestions characterized as a **GAPR three legged stool** (1. Goals, 2. Action Plan, 3. Results), representing an evolved model for managing projects, people and ultimately goals.



1st Leg – Goals

First of all, goals work. Given the choice, organizing work around goals... versus almost anything else (ex. tasks, deadlines, crisis, meeting job requirements, looking good, you name it) improves performance. But goal management really embodies a number of important functions, all of which are essential:

1. Setting goals as specific outcomes, with defined requirements
2. Scheduling and planning,
3. Securing support/resources on all fronts

A second part about what works, is both simplifying and addressing the functional characteristics of goals as they provide a foundational, if not directing, role in the greater project management process. At PST, we have moved to a **DORIP** model (our term, although not nearly as intelligent sounding or well put together as the word SMART). It simply stands for critical working features of goals as they impact the worker, the customer and the project plan.

Our findings suggest that a goal isn't really a goal until it has some form of definition and metrics. Otherwise, it is just a vague sense of expecting something better. Consequently, definitions and measurement becomes the first of several steps in constructing a valid plan for reaching a goal. Here's what the letters stand for and why we emphasize these perspectives:

DO – Goals or objectives ultimately need to be articulated as a Defined Outcome. Anything less and goals become vague and don't have much motivational power to them, as defined before. Goals need definition and a sense of outcome to drive the following steps of working a plan and course correcting based upon feedback into effective action.

R – Requirements are an essential characteristic to define in creating specificity and collaborative usefulness in treating goals as defined outcomes. If a goal is a defined outcome, then what are the requirements it is supposed to meet? Requirements add to goal definition, while shaping methodology and creating a set of boundaries for the development of an action

plan. (Example: generate those sales using the existing product version, but with new customers, and with the existing sales staff.) Secondly, requirements ensure that when you deliver on the goal, the results, the outcome, will be satisfying to the customer. Actually, all goals operate with a set of requirements, and what we find is that it is very important in the process of setting goals to explicitly state the goal requirements.

I – Issues and constraints represent the conditions, the challenges; the hurdles that stand in the way of completing a project as simply a walk in the park. Defining and planning around the issues and constraints is the single best precursor we know of to building an accurate action plan or work breakdown structure to follow. If requirements provide a context for customer satisfaction, issues and obstacle definition provides the reality base for the work breakdown structure/action plan and the scheduling of resources. Issues and obstacles describe the environment in which a goal will be achieved and mandate that the ensuing action plan address them as a reality check.

P – The ability to achieve goals is directly tied to the proposed (project) plan. Goals look like unsupported aspirations when they aren't attached to a plan. They simply don't have legs. If you have goals but no plan or measurement ... you're dreaming. In fact, if people aren't working a plan, they're probably spending time putting out fires. Fire-fighting is not correlated strongly with reaching goals. Really effectively working a plan means it impacts your priorities and decisions daily in a way that pushes you closer and closer to the goal - not just finishing a list of task or completing empty checkboxes.

2nd Leg – Working the Action Plan

Like the old Koan “What is the sound of one hand clapping,” goals are only half of what's needed. As a construct and practice, they only represent part of the equation. In a similar fashion, attempting to complete a project based upon setting resources and creating a schedule needs something more, otherwise it also is about as effective as one hand clapping. Actually, it is worse than that. Working on goals without the support of an accurate, realistic, informed action plan ultimately leads to poor results, disillusionment and playing it safe. It leads to a work environment where goals are aspirations that are under-resourced by the lack of a valid set of steps to reach them; best intentions that have all the inspirational power of a New Year's resolution come Valentine's Day. Managing by the “one handed” approach is not conducive to success.

There is, then, no substitute for creating and working an accurate plan. The easier it is to display the work-breakdown structure of the plan, the important best practices, the check-off lists, the better this leg works. Why? At PST we stress that “*follow-up creates follow-through.*” Having a visible plan supports both follow-up and follow-through. Visibility and fighting for attention is key in this area, as for both management and direct reports, “working the plan” gets easily crowded out by the challenge of managing the incoming, daily rush of demands, to-

dos, emails and crises. It's exemplified in that nagging thought, "Now what's the objective and plan we are supposed to be working on today?"

But, as is so well pointed out in the 5th Discipline, there's so much we don't and can't know when starting a project to achieve a goal. Consequently, it is imperative that the plan be both realistic and flexible... because parts of it will be wrong, you just aren't sure which steps are wrong until the plan is being worked. As we move to the 3rd leg of the stool, you'll find that what's really important is that people are on track and have an easy way to document their follow through.

3rd Leg – Results

No matter how good your plan is, how well crafted the schedule, the work environment has enough volatility, unknowns and unforeseen, that most plans will need to be approached with an interactive-construction perspective. You can't foresee what you don't know and, when not repeating the past, you can't know everything. Since success in today's business environment is less and less dependent upon repeating the past, albeit more efficiently or productively, obtaining and responding to feedback about the impact of current plan implementation is absolutely critical.

Consequently tracking and responding to "results" is key. Put more graphically, a plan without follow-up and feedback is worse than lifeless, it is a resource consuming pastime we are all too familiar with at work. Here are some process characteristics we find consistently true for high performing teams and individuals, and lacking in the average organization:

1. Document and respond to results

Follow through is critical, but feedback is a priceless scarcity. It isn't enough to do well, you have to document. Information that can't easily be converted into action and track-ability is absolutely a burden to work with. Consequently, documentation is only of value to the extent it leverages information and expertise in a way that gets reviewed and used by others. Results without documentation (what worked, what happened, what didn't work, what's next) represent a huge missed opportunity in leveraging information for repeatable success across the organization.

If this makes sense to you, you will also see why the current project management feedback loops in the simple metric forms of % complete, budget #s and expected days until completion are far too limited. In fact, worse than that, they can be used to protect against or delay course correction rather than evoke it. It takes an information-rich feedback loop, not single measurements, to make effective plan changes. Lots of "what's happening, why, what ifs, what's possible, potential options, results," etc. You can't pre-know or plan for everything, but you can create and reinforce a coordinated response to project management by emphasizing and responding to feedback loops from those implementing the "plan."

2. Respond to results and recognize high performance

Follow-up creates follow-through. Reaching project objectives, especially stretch goals, is regularly an effort of high performance. Without supplying the reinforcement that recognition in all of its varying forms provides, high performance inevitably becomes a declining (limited to crises and the need for heroics) phenomenon. Goal and project management is also recognition management. It's that simple. If you don't pay attention to providing recognition for high performance, plan on trying to reach those goals with the much less effective option of pressure and all of the accompanying problems.

Where does all this take us? What does work? What is a model that is relevant today and can use some of the business experience and transitions encountered over the past 50 years? Put another way, "What does project management need to expand to include – especially as it becomes an effective management model?"

What really works is to organize management in general and project management in particular around the three key structures which we refer to as **GAPR**. In short, to adopt a management process and secondly to support it with the needed technology. Let's go over both briefly.

1. The GAPR management process (a three-legged stool which will result in predictable floor impact when any one of the legs is missing).

1. Set and manage **Goals**, (plan, resource, schedule)
2. Create, work and document to an **Action Plan** (create, follow and document the progress and process of implementing the plan)
3. Document, review, respond to and recognize **Results**. Set up feedback loops and regularly respond (gather and respond to feedback on the results and status of implementing the plan with needed course corrections). From a recognition perspective, as the "One Minute Manager" suggested, catch people doing the right things and recognize them for it.

2. Support the GAPR management process with technology. This is not a process to be managed with paper and pencil, spreadsheets, to-do lists and/or email. Nor is it a process that is adeptly handled with the traditional project management software.

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White paper prepared by Rodney Brim, Ph.D.
CEO, Performance Solutions Technology, LLC
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