In 1988, a systems developer and manufacturer of hardware for the international food processing sector entered the European export market without sufficiently robust products and squandered its capital base over the course of two years. After reassessing its direction and strategy, and implementing a range of changes to its operations, the company turned around these major losses to a profit in just one year.

How? The company reduced the range of products it offered, increased the completeness and robustness of each product left in its suite, and perhaps most significantly, improved the effectiveness and efficiency of its management team by introducing some simple analysis and decision making processes.

The effect of simplifying the decision making processes had a profound impact upon the management of each of the main areas of the business. Prior to the appointment of the new General Manager, there had been a culture of managers passing all the difficult decisions up to the top and then waiting for the answer to come back down. This had the effect of delaying and reducing the quality of the decisions.

The Managing Director (who was also the major shareholder) had too many decisions to oversee and insufficient time to handle them. Essentially, the growth of the company was being limited by the number of hours the MD could work. He was making nearly all of the important decisions and becoming quite stressed as a result.

The new General Manager did not accept the role of chief decision maker for the functional managers. He implemented a program to get all the functional managers to make decisions themselves. This was a situation that shocked a number of people.

Some of the managers had poor decision making abilities and so he decided to help them embrace a simple but consistent decision making framework which would allow them to assess the problem, formulate a range of options to fix it, and recommend which option should be adopted.

This produced a range of effects. The Product Development Manager did not like this new responsibility thrust upon him and decided to leave. He was replaced by his second in charge, who was happy to step up to the plate. Sales Management was reduced and the sales and service areas were restructured to provide a much better customer focus - the previous Service Manager was brought in to make customers feel loved. The Manufacturing Manager decided to leave, opening up the opportunity to introduce new methods into the production area. The total of these changes was the creation of a new set of people in vital positions, capable and confident to make decisions in their areas rather than handing the decisions up to the owner

From the customer and product viewpoints, the new General Manager developed a simple matrix to rate the "attractiveness" of each of the products and customers to the business. This tool allowed the management team to rate attractiveness in terms of factors like market demand, relative profit margin, level of competition, capability to service, and ability to innovate. The ratings were actually performed by the relevant managers and key staff, so they had ownership of the decision that some products should be discontinued while others should be simplified substantially. And it also became clear that some of the customers should be "fired" as they were too expensive to retain.

So by introducing *a simple decision making process and the simple rating of business attractiveness for managers and staff to be fully behind their decisions,* the company moved back into profit. It developed greater revenue and profits with fewer people.

The Tourist Attraction

The Supply Chain

The Internet Service Provider

The Poorly Performing Business Unit

The Furniture Manufacturer

The Intenational Minerals Processing Specialist