This notebook encapsulates the management science of Organizational Efficiency Engineering (OEE). It summarizes situs management applications found in the Senior Manager's Toolbox and introduces organizational tools yet to be published.

The Senior Manager's Toolbox is a copyrighted work addressing the application of this management science to the efforts of a single senior manager. This covers a major portion of the larger science.

A four-day seminar is available for Situs Manager development. It addresses all of the major elements of situs management.

Day 1: (All managers) Situs Management Basics

Day 2: (All managers) Work Efficiency in the Situs Environment

Day 3: (Middle & Upper level managers) Management Assignment Strategy

Day 4: Self-Management for the Situs Manager.

To get more information, or arrange for seminars, contact the Management Upgrade shop at 410-573-0371 or write to:

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Edgewater MD 21037-1374

Table of Subjects

by Subject Area

Traditional Principles of Efficiency

General Efficiency Rules:

- ❑ A fair day's pay for a fair day's work.
- ❑ A task is assigned only once, and only to one person.
- ❑ A task is assigned only to the one who performs it.
- ❑ Authority and responsibility are assigned together.

Process Efficiency Rules:

- ❑ Eliminate unnecessary or unproductive efforts.
- ❑ Use mechanical support for simple and routine tasks.
- ❑ Simplify all work tasks that remain.
- ❑ Balance the workload among available workers.

Efficiency Rules for Manager Support:

- ❑ Design the workplace to accomplish the performance.
- ❑ Provide appropriate tools, jigs and fixtures.
- ❑ Provide an environment supporting work performance.
- ❑ Design the work process for the worker to use.
- ❑ Train workers to perform work efficiently.
- ❑ Plan rest periods to keep workers effective.
- ❑ Define successful performance for workers.

Traditional efficiency principles apply to all work performance, whether by workers or by managers.

Principles for Management Efficiency

General Management Efficiency Rules:

- The one who receives work is the one who assures pay.
- Level work within management teams.
- Manage performance by setting product requirements.
- Manage costs by controlling resource expenditures.
- Authorize support receivers to manage suppliers.
- There is only one central vision and purpose.
- Task managers to perform management work.
- Management has higher priority than supervision.

Rules for Efficient Assignment of Work:

- Assign work as responsibility for a productive result.
- Assign responsibility only to those who will perform.
- Assign work by a product or token that you receive.
- Define success and failure for every task you assign.
- Dedicate resources by task to assure performance.

Policies Promoting Management Efficiency:

- Forbid serial reassignment of work you assign.
- Implement the Exception Management Rule Part II.
- Only the senior manager sets priorities.
- Only the senior manager dedicates resources.

Managerial Inefficiency Flags

Managerial efficiency results from application of the science of senior management to the operation of a management system. Inefficiency is the result of a failure to manage above the management system, or the use of inefficient management practices.

- Managers with fewer than ten subordinates.
- Resources used to manage secretaries and clerks.
- Support requirements for supporting support groups.
- Support liaison or workers in supported groups.
- Serial assignments through managerial authorities.
- Managers questioning their success as managers.
- Internal customers made equal to external customers.
- Equality among managers in an authority layer.
- Support managers made equal to production managers.
- Support groups answering to support groups.
- Support groups answering to higher support managers.
- Separate groups sharing single product responsibility.
- Groups without any product supporting performance.
- Perks provided to subordinate managers.
- Assignments without clear priority distinctions.
- Passing administrative assignments to subordinates.
- Resources owned by subordinate managers.

Definitions of Management

Traditional Management is gaining performance through the efforts of others.

- Someone who has a performance requirement.
- A Performance Requirement to be met.
- Others who will accomplish the performance.

Organizational Management is gaining performance through the efforts of groups.

- Someone who has a performance requirement.
- A performance requirement to be met.
- Subordinate groups who will perform the work.

A **Performance Group** is made up of workers headed by a traditional manager.

A **Management Group** is one or more management and support workers headed by a traditional manager. A manager or staffer can be a group of one person.

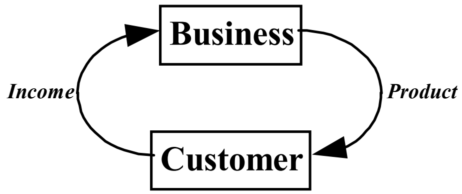
A **Management System** is a collection of management groups for the purpose of fulfilling a requirement through those who will perform.

Product and Performance

A **product** is the value that an organization produces for delivery to customers.

A **Product** is what is to be gained by a manager through the efforts of people or groups that are directed to perform.

Products are identified by their relation to income.



The Pairing Principle
Every functional customer will be paired with one or more products. Every product will be delivered to one or more customers.

Customers ultimately determine the value of products by what they are willing to return as income for the business.

Situs and Product
In the situs model, the definition of product is set by the situs manager as a part of establishing the central value that brings the organization to a productive focus.

The internal value of the product is set by the situs manager as a local decision, but the value for generating income is determined by interaction with customers.

Internal Products

Internal Products are the value that one part of an organization produces for consumption by other parts of the same organization.

Internal products earn no income for the business. The value of internal products is determined by their impact on the efforts that do produce income.

Management and management system efforts produce only internal products.

Internal Product Value is determined by an ability to fill the support requirements of other groups.

Those who receive the product determine its value; there is no intrinsic value in what is produced. A support service has value only as others make use of that service in their productive processes.

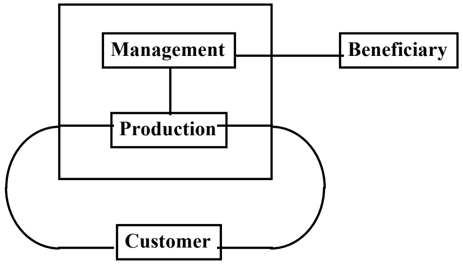
As internal support products have no intrinsic value, supporting internal support groups generates no value. Real value is derived only from selling productive group outputs.

Efficiency of internal support is not effected by increases to the quality of support provided to other support efforts, only to the quality of support provided to productive efforts.

The value generated by a group receiving support is rarely impacted by the quality of the support it receives, but only by the use to which its own products are put by those who receive the group's products.

Customers and Beneficiaries

Customers are those who receive product, and return value for what they receive. Delivery of product to business customers generates business income.



Beneficiaries receive outputs without returning any value. Delivery of product to beneficiaries generates no business income.

Line Processes produce products for customers. The value of internal product depends on the value from line processes.

Effective performance of line process is of higher priority than effective performance of either management or support.

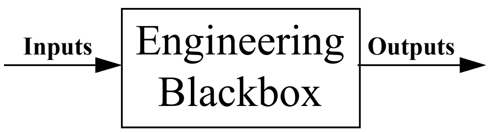
Support Processes produce internal products that support the line processes.

Other Outputs may be produced for the benefit of third parties to the business. These include regulatory agencies, and social or political interests found in the business environment.

Engineer Blackbox

The Engineer Blackbox is a functional model. It contains an unspecified process that converts valuable inputs into valuable outputs.

Where you know the process inputs and outputs, you have a functional definition of the conversion process within the box.



Where you know the relationship between inputs and outputs, you don't need to know the conversion process to understand the function.

Blackbox Models present the operation of a system by interaction between engineering blackboxes. It identifies functional interactions and hides conversion processes.

The blackbox model operates without knowing any details of processes that take place within the blackboxes.

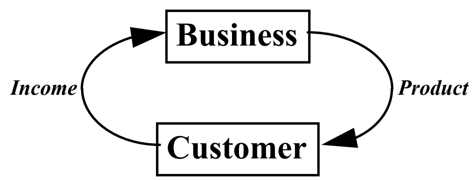
Blackbox modeling simplifies functional definition of both processes and operations. It supports the identification of functional problems, and the finding of functional solutions.

The Business Blackbox

The business blackbox functions to convert business income into products for customers.

The **Success or Failure** of a business venture is determined by the relationship between its income and its products.

The **Efficiency of a Process** is defined by the relation between the value of its products, and the value of its income.



To assure the success of a business venture, the Situs Manager must manage its income and its product.

Cinderella Situations

The situation:
In the fairytale, Cinderella had been properly left by a father who cared deeply for her, in the charge of a stepmother, who had her own family interests. She misused Cinderella in caring for her previous children, defeating the father's interest by the way she used the authority entrusted to her.

A cinderella situation occurs in business where someone is in charge of a function, but has other greater responsibilities; so that they take from the one to support the other.

This might occur when an accountant is placed in charge of bill collection. The professional accounting duties will come first, and the bill collection will be handled as convenient time and resources come available.

The Solution:
The Cinderella situation is resolved in the fairytale when someone who cares very deeply for Cinderella, someone superior to the authority that misuses her, steps in and takes her away from the inferior authority.

In business management, it is much the same. The authority that needs performance steps in and rescues what is assigned from the one who is more interested in other performances.

The business manager might, for example, step in and take personal charge of the collection process, taking it out of the hands of the accountant.

Assignment Cascade

The situation:
Consider the manager who divides a task among subordinates. He tells each what they must do for their individual part of the effort. These subordinates, knowing only what they have been told, can then divide their part among their subordinates. These inferior managers have even less knowledge of what they are to accomplish.

Yet each assignee receives a specific assignment, and is assured that their part is important. They make decisions based upon this. They accordingly make decisions on an inappropriate priority for the work to be accomplished.

Example:
The top manager wants to examine movement to a new production facility, and assigns the establishment of utility costs at the new plant to his administrative officer. That officer knows current plant costs, and assigns finding the new cost to an administrative assistant.

The assistant, who has only vague understanding of the purpose of his effort, contacts the local utility company for an estimate, based on the new plant requirement.

The utility company, supposing this to be a new facility that will require expansion of their hardware, derives a price that assumes payment of the expansion.

The Solution:
The solution to assignment cascade is to assign by product, giving a responsible officer full authority over sufficient resources to do the assignment, and full responsibility for the end product of the effort.

Serial Management

What is it?
Good management requires that any work task be assigned only once, and to the person who is responsible to perform it. Serial management occurs where a manager receives an assignment to manage a performance, and gives his or her subordinate manager the same assignment.

Serial management is a violation of the common sense rule that we are to assign work only once, and only to the one who will perform.

Example:
The senior manager assigns a technical report responsibility to a deputy. The deputy assigns responsibility to a division chief. The division chief assigns it to his branch chief. The branch chief assigns it to an engineer for accomplishment. All these managers retain responsibility to receive and review the work.

The work is performed only once, but that work effort is managed by four different managers, one after another. It would be more efficient to have the managers form a four-man team to manage the one-engineer effort.

Solving Serial Management:
The solution to serial management is to address management as work, and to assign performance to a specific manager.

Part of the solution is on the assignor to seek out the one who will perform the management, and to make the assignment directly there. The other part of the solution is to forbid any reassignment of assigned management responsibilities.

Delegation Fever

The Situation:
Under part one of the exception management rule, it is common to judge the quality of a management effort by the ability to delegate work requirements to subordinates. The more complete the delegation, the higher the regard in which the manager is held.

The indicated problem is found in the inappropriate delegation of work to subordinates, defeating the purpose for having a manager in the position.

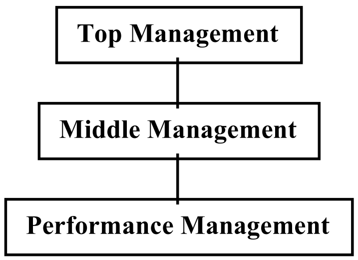
The Solution:
The solution requires a change in attitude. The more of a position's management work can be delegated, the less need there is for any person to perform the management. If all work can be delegated, there is no need for any manager at all. The position can and should be eliminated.

Solving delegation fever is fairly direct. It is beaten with an effective policy that requires the performance of management by managers. The policy must require managers to perform any and all management work that is assigned to them for performance. They can delegate only that work assigned that is beyond their capability.

The second part of solution is to assume responsibility for managing over any management work that is assigned. This assures that the assigned manager is personally held responsible for gaining results.

The Traditional Business Model

The traditional business model is based on authority and has no fixed functional relations between its parts.



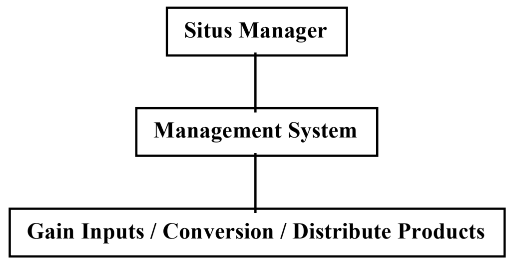
There is no functional distinction between upper and middle management. They consume time and effort of managers, and assure the effective use of business resources within assigned authority areas

Supervision of resources is not functionally distinguished from gaining product through the efforts of others.

Productivity is managed as an authority area, and responsibility is shared among all those in authority over productive performances. Costs are also managed by authority area.

The Situs Model

The Situs model is based on the vertical distribution of business functions. It supports the management of both performance and cost through individual assignment of performance responsibilities.



The **Situs Manager** establishes the central vision of the business, both giving it a focus and determining what the business effort is to accomplish.

The **Management System** is the means by which the senior manager accomplishes his or her vision through those who do the productive work.

The **Production Area** contains those who receive and convert input materials into products for distribution to customers. This area generates value through performing the productive process envisioned.

Functions of Vertical Divisions

The traditional management system distributes most work by vertical delegation of authority, and serial reassignment of responsibilities to subordinates.

The situs model supports efficiency within management by systematic vertical division of management performance areas. Each vertical division performs its own part of the larger management effort.

Situs Manager: the senior manager in charge of a management situs is the one who exercises the traditional authority of a business owner

- ❑ Define the product of the business effort.
- ❑ Define the product of subordinate groups.
- ❑ Communicate value to all subordinate parts.
- ❑ Resource the performance of work.

Management System: everyone in the business effort except the situs manager and line function employees.

- ❑ Operate the management system.
- ❑ Implement situs manager directives.
- ❑ Support the productive process.
- ❑ Maintain and supervise the resource base.

Line Functions: those through whom the senior manager gains performance.

- ❑ Receive business inputs that become products.
- ❑ Convert inputs into products.
- ❑ Distribute products to customers.
- ❑ Receive payment for distributed products.