Reports not action

Consider how much management time in organisations is given over to the production of monthly reports. In one organisation each branch consumed six man-days writing their report. These were six man-days that could have been used productively in the business. This view was put to the operations director. 'Oh no', he said, 'you don't understand. Monthly reports are very important. They tell me what's going on in the business.' Wrong. Monthly reports were telling him what people wanted to tell him about what was going on in the business.

People are not inclined to pass on bad news in their monthly reports. Mistakes or failures get hidden; people at the top are not in full possession of the facts. Consequently they risk making decisions on inadequate information. It is likely that less learning and improvement will take place in this situation and problems will certainly be created if senior managers act without a good knowledge of the current state of the business.

Reports encourage everybody to 'look up' all the time rather than out to the customer.

A maintenance organisation was obliged to report the number of average breakdowns per month to its European HQ. For years it had done so by taking branch averages, averaging those out to produce regional averages and then doing the same again to produce the UK figure. In the course of a programmes change it was pointed out to them that an average of an average is a meaningless number (ask a statistician to explain this to you if you need to). As they were already committed to drop reports which were consuming management's time, this was an easy choice to make - but they kept sending a number into headquarters for a while. After all, they didn't want to be the first to stop presenting reports, and, in any case, it would do no harm as they'd been sending meaningless information for years!

One February, in the course of an organisation analysis, I found myself sitting with a Finance Director. Among other things, he told me that they had a significant problem with monies owed to them by customers who had yet to be billed. In fact, there was £1.2 million in cash which should have been collected from customers but was still outstanding because billing had not proceeded. He said that he had first become aware of the problem in November and that he assigned a subordinate, Mark, to the task of investigating it. When I asked what progress had been made he admitted that he did not yet know. I left the interview with the extraordinary feeling that if the sum involved was £1.2 million last November and in February he still didn't know what was happening, there might be something worth finding out.

The following day I called Mark. He told me that the problem lay in the procedures between operations and sales. When I asked when he had become aware of this he replied that the nature of the problem had been understood by early December. I enquired as to what he was expected to do about it and was given the answer that when he had time he was going to write a report for submission to his boss.

Three whole months had gone by since the problem was first identified. There were people in the organisation who understood the problem, but the unwritten rule was that no action could be taken until a report had been submitted.

If you owned a large country estate and wanted a croquet lawn you would probably instruct your estate manager. He, in turn, would tell the head gardener, the head gardener would tell the lawn superintendent, and the lawn superintendent would, in turn, instruct the boy. If you wanted to know how your croquet lawn was progressing, what would you do? In all probability you would take a look the next time you were passing that way. Why don't we do this in organisations? In a typical organisation we would ask the hierarchy for reports about how things were going and, of course, we would hear only what they thought we wanted to hear.