Study Notes 14: Course Completion

Since the text ends and the course comes to a close with a discussion of the management function of controlling, it is tempting to think of controlling as the manager's bottom line. It is especially tempting when people abbreviate the management process—as they often mistakenly do—in terms of simply commanding and controlling. Although that mind-set may have had some currency in another era, such thinking is outdated. Refer back to the opening lesson and look at the first chapter of the Daft and Marcic text, and you will see the management functions are arrayed in an ongoing, circular pattern. Planning flows into organizing, organizing into leading, and leading into controlling, but the process does not stop with controlling. Rather than being linear, the process is ongoing and circular, and, as a result, controlling flows into planning.

One of the biggest problems associated with thinking and behaving as if controlling was the bottom line is this: Managers implement and enforce policies as if they were ends in and of themselves; but policies are not ends, they are means to an end. Although policies are valuable in terms of establishing guidelines, delineating boundaries, and setting limits—and thereby facilitating control—it is important to remember that policies always serve and are subordinate to a higher purpose. Policies are intended to help managers achieve the mission, purpose, and goals of the organization. Moreover, policies serve and are subordinate to the organization's overarching principles and values.

Here's an example to illustrate the fallacy of relying too heavily on policies in lieu of purpose and mission, principles and values (i.e., an example of what can happen when control is treated as an end in and of itself rather than as a means to an end). When I worked as a manager in a large multinational organization I was responsible for a number of employees who traveled extensively. The organization had policies in place to reimburse employees for their meals, lodging, and related expenses. Like most companies, the amount reimbursed depended upon the territory in which the employees were traveling. Employees traveling to East Coast cities such as Boston and New York were eligible for more expense reimbursement than employees traveling to lower-cost areas.

In an attempt to control expenses absolutely, the policy differentiated between lodging and meals; that is, a certain amount was designated for daily lodging expenses and another amount was reserved for daily meal expenses. The reimbursement policy was intended to maintain the organization's purpose and mission, principles and values. In other words, the policy was intended to facilitate the organization's need for extensive travel, which was related to the organization's purpose and mission. The policy was also intended to ensure that employees were treated fairly and equitably, which was related to the organization's overarching principles and values.

Generally speaking, the policy did what it was intended to do, but there were times when it produced anxiety or consternation. Here's an example: From time to time employees stayed with family and friends and didn't have any lodging expenses. Since their lodging was provided without charge, they took their family and friends out for dinner—as thanks for hosting them—and claimed the total amount for meals. Although the cost of buying dinner for a friend or family member resulted in the employee exceeding the daily meal allowance, the fact that there was no cost for lodging resulted in an overall expense report that was below what would otherwise have been approved. In other words, the employee actually saved the company money. I typically approved these expense reports in light of the savings the organization gained and in light of the fact that the actions were in concert with the organization's overall purpose and mission, principles and values.

As you have probably guessed by now, the folks in the accounting department didn't agree. They would focus on the overcharge in the meals column of the expense report, while ignoring the lack of charge in the lodging column, and reject the whole expense report. I would go to bat for the employee, explain the overall savings, and further explain how everything fit within the organization's overarching purpose and mission, principles and values. The folks in the accounting department would respond with dumbfounded looks, sometimes mumble the word "overarching" under their breaths, and explain in strictly mathematical terms the difference between what was allotted for meals versus what was spent. I would repeat my argument, sometimes re-emphasizing the word "overarching" in an attempt to be clever, and they would respond in unsmiling and still more mathematically controlling terms. We would usually go back and forth at least a half-dozen times until they would invariably remind me that I was asking for an exception to the policy, note that exceptions were the antithesis of control, maybe mention something about the downfall of the Roman Empire, and warn me about dangerous precedents. Then I would say—half in jest but half seriously—"What if I just lie to you about all of this? How about if I redo this expense report and put the meal overage into the lodging column?" Their response, "Oh, that would be just fine. Do that." Ugh! This is the stuff that keeps Scott Adams in business drawing *Dilbert* cartoons.

Although organizations are getting better, they have historically made it difficult for employees to be honest. In the past, when companies had separate policies (controls) for vacation, holidays, and sick time, employees found it difficult to get time off to attend to their children's illness or medical appointments, to say nothing of a child's important soccer game. Traditionally, if employees called in because of a child's illness, they were reminded of their company obligations. As a result, employees who needed time to address family issues quickly learned to fake illnesses with a lot of coughing and wheezing when they called in. Today, most organizations lump everything together in terms of personal time off (PTO), so there is less reason to call in with fake illnesses.

Here's what one of my favorite managers, Ricardo Semler, CEO of Semco, says about an over reliance on controls:

> In their quest for law, order, stability, and predictability, corporations make rules for every conceivable contingency. Policy manuals are created with the idea that, if a company puts everything in writing, it will be more rational and objective; with the idea that standardizing methods and conduct will guide new employees and ensure the entire company has a single, cohesive image. And so it became accepted that large organizations could not function without hundreds or thousands or tens of thousand of rules. Sounds sensible, right? It works fine for an army or a prison system, but not for a business, and certainly not for a business that wants people to think, innovate, and act as human beings whenever possible. All those rules cause employees to forget that a company needs to be creative and adaptive to survive. Rules slow it down. (1993, p. 96)

That excerpt is from Ricardo Semler's first book *Maverick: The Success Story Behind the World's Most Unusual Workplace*. Semler's second account of his extremely successful organization is *The Seven-Day Weekend: Changing the Way Work Works* (2003). Semler has very few rules. The rules he does have are limited to policies such as this: Everyone must take a vacation every year, and employees can't call into work while they are on vacation. In response to my above-mentioned example, Semler would say, "If you can't trust employees to be responsible for their expenses, you probably can't trust them to do your organization's bidding, and you shouldn't have them working for you."
