



NEWSLETTER

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www.caswellccc.com

DELEGATION AND DECENTRALIZATION

Delegation

One delegates to another so that one's area can do more. However, delegation carries with it actions that we don't like: We have to take the risk to trust that some new person will not screw up the assignment. We have to provide suitable training. We have to watch, agonizingly, as the new individual seems to take forever to accomplish a simple task. We have to allow mistakes to take place, so that the learning individual can truly absorb the mechanics of the task. That is, we have to invest our time and our patience in the new person. Yet, once that new individual masters the delegated task, we are relieved of one more job and can move onto to more challenging work, ourselves. Delegation means that instead of working alone, I can distribute my work among two or three other people and step up to the higher-level work that is anxiously calling my name.

Centralization

If we bring all the similar groups together under one roof, think of the duplication we will avoid and the costs we will save – so the saying goes. Thus, at first glance centralizing many like services under one umbrella should be a solution suggested by plain logic, if not ordained by Heaven itself. Economy of scale makes it beneficial to centralize. If the purchasing body of a large company can buy a monthly supply of copy paper from a single source, for all the company's divisions, the likelihood of negotiating a lower price is clearly available compared with each division of the company procuring its own paper from its own supplier. Therefore, it can be wise to centralize this part of purchasing. But beware; there is much more to the centralizing story than its surface appearance.

Centralization Gone Awry

Before us lie many examples of centralized systems that seemed wise at the outset – a way of combining services and costs. But after the dust had settled, there was no improvement in services, nor in costs. In fact, in many cases, just the opposite seems to have occurred.

One obvious example is the Russian Communist system – centralized planning, centralized commerce, centralized farming, centralized housing and centralized government. Every one of these top-down planned activities ended in disaster with the ultimate consequence of the citizenry rejecting the highly controlled system for a more democratic and more distributed approach. Canadians are astounded at the attempt to create Phoenix, a centralized pay system, for Government of Canada employees, which after a cost of \$1 billion will be tossed out to be replaced by another. (We hope officials will be sensible enough to create a pay system for each one or two departments and avoid trying to work around the 82,000 pay rules that a combined system demands.)

DELEGATION AND DECENTRALIZATION

Seminars

2018/2019:

- ▶ **Mid Aug.**
Webinar (TBA)
- ▶ **6-13 Sept.**
Practical MBA
Ottawa,
Canada
- ▶ **25 Sept.**
Cornwall, ON,
Canada
- ▶ **4 Dec.**
Guadalajara,
Mexico
- ▶ **Mid Jan.**
Guadalajara,
Mexico

Products of CCCC:

1. Read about the CCCC management methodology for **\$25** electronically or **\$250** with a set of 12 books (2,700 pages) in a hardboard case.

2. Learn about the CCCC management methodology by attending the week-long **Practical MBA**, **\$7,500**

3. Act on the first step of resolving your key issues with a tactical planning session by CCCC starting at approx. **\$8,000**.

4. Engage fully in the *Climb to Excellence* right from the start (3-year step-by-step program) guiding you to *Excellence*, **\$150,000** (\$4,200/mo.)

Reasons that Centralized Systems Fail

The human-behaviour sketch, below, helps explain the failure of centralization. It draws on the PAVF model (that hopefully, is familiar to many readers).

| | Short Term | Long Term |
|-----------|------------|-----------|
| Effective | P | V |
| Efficient | A | F |

First, we clarify that 'effective' means delivering the goods that someone wants in the way that he wants them. 'Efficient' means doing things with a minimum of wastage. Effectiveness must always precede efficiency because if her product doesn't work, efficiency has no meaning. Some reasons for centralization's failure are:

Removal of choice: People like to have options but more important, people like to feel they have control over their own affairs and choices of how to address those situations. Take away the ability to control and you take away a fundamental human behavioral driver (especially for A's). Sometimes people understand that they may not be able to control complex situations such as which aircraft will carry them to the next city, but they want to choose the airline itself as well as the date and time of travel. Human nature works against centralized planning unless the benefits of that planning are obvious to the participants (effective). Why? All of us have a basic need to be 'origins' in our lives rather than 'pawns'. It's important to experience a sense of autonomy, a feeling that we are the initiators of much of what we do. In fact, the particular choices we make can often be less significant than the act of choosing itself.

Inability to change quickly: All functioning systems thrive if they can respond to change (V). They fail if they are not responsive to change. The many years of corporations failing is that easy to explain. To be responsive to change, the systems must have continuous measurement and feedback systems that react to new information. Most centralized systems by their very nature take away that functionality; that is, they take away choice, flexibility and adaptability. They often fail to measure based on the success of whom they are serving (effectiveness), that is usually sacrificed to the more human-valued Goddess, 'efficiency'. Many centralized plans measure success based on values of the planners rather than clients' needs.

Denial of chaos: Those who appreciate chaos theory realize that chaos pits the wisdom of the masses (F) rather than the few, to end up with elegant and complete solutions. The chaos practice of thinking is about acting locally which has the collective actions of producing global behavior that achieves unanticipated higher levels of results.

Lust for power: Centralized planning often satisfies the controllers' and planners' inner lust for power (P). This may be due to their own inadequacies, their need for control or their egotistical sense that they know better than others what is good for them. That egotists and inadequate people thrive side-by-side in centralized planning posts is a dichotomy that psychologists must have fun explaining.

Decentralizing

Reflect on the fact that the personal computer (decentralized) replaced the mainframe computer (centralized) long ago. Actually, decentralization is nothing but delegation on a larger scale. We recommend that you start decentralizing your branch offices with these specific steps:

- Find a capable leader for the branch and let her lead her team.
- Decide, with the branch leader, what the branch's deliverables are to be and let that be the clear measure. Hopefully the leader will have defined those deliverables with his team.
- Do not give the leader any other task other than to lead the branch, otherwise a legitimate reason for failure to achieve would be created for her.
- Undo the tethers from the central body. Usually, the branch leader will know what lines should be cut, and thereafter would be handled by his branch. That is, he will question differences of operations from headquarters for: Advertising, Mode of communications, Choice of suppliers, Local priorities, Wages, Branch training, Managing events (planning, meetings), Prices, etc.

SUMMARY

Whether you are delegating a task to a new person or decentralizing a branch for the first time, you will be taking a large step towards maturity and expansion of the capability of your enterprise. Strategically balanced delegating or decentralizing offer the recipe for growth in a controllable way; it sets the enterprise on the path towards assured excellence. The power of decentralizing and delegating is that you are freeing up, trusting in, and drawing on, the most powerful resource of all – individuals' ingenuity and common desire to run things well.

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