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FOR STRATEGIC BUSINESS LEADERS

**DOES AUSTRALIA
REALLY NEED
MANUFACTURING?**

**THE CHANGING
CLIMATE OF RISK
INSURERS BATTEN
DOWN THE HATCHES**

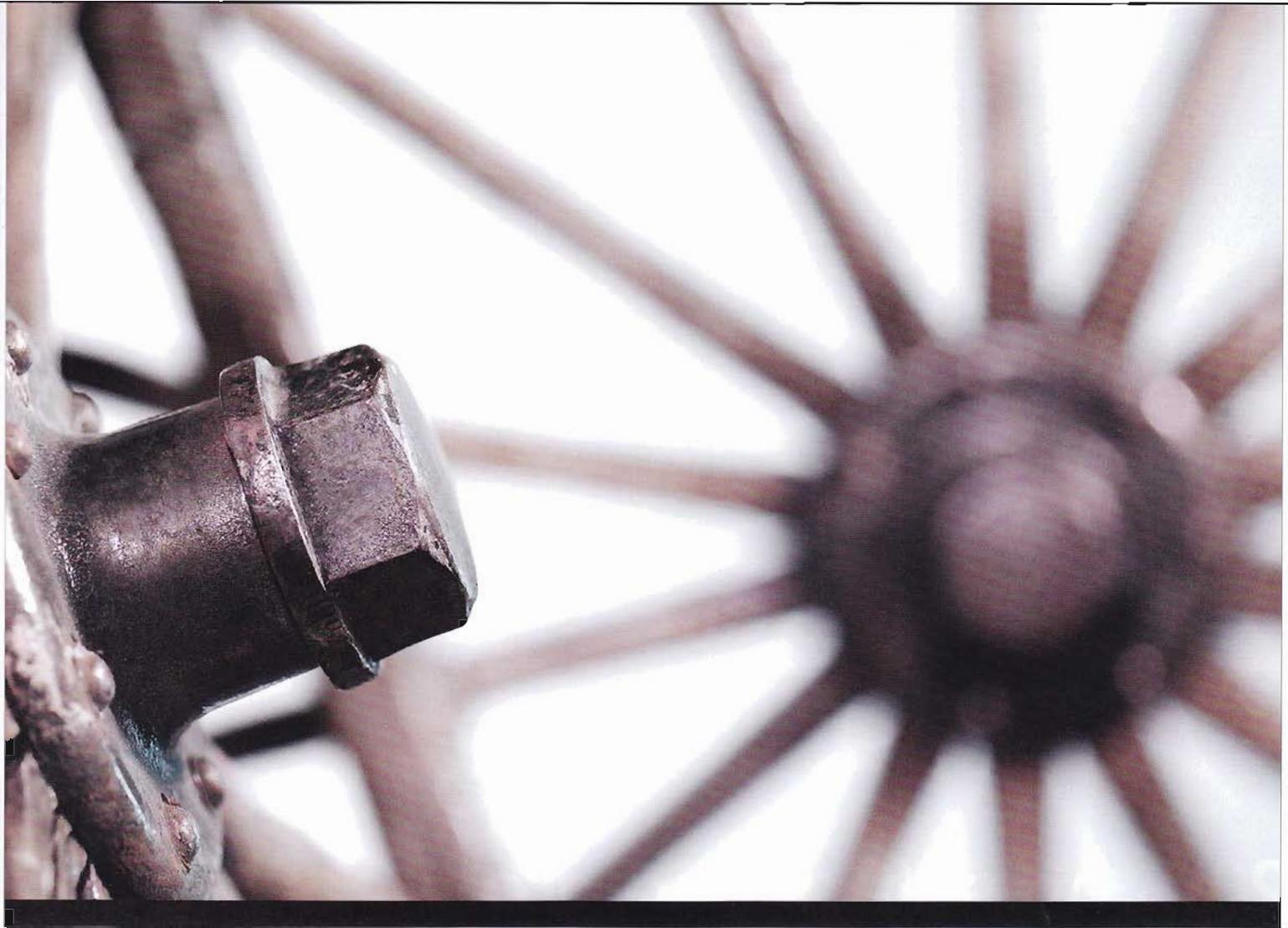
HARLEY-DAVIDSON'S

**PETER
NOCHAR**

**REVVING UP AN
AMERICAN ICON**

CPA
AUSTRALIA





STORY GRAHAM HAINES

The way of the wheel

Any growth, organic or systematic, must be carefully managed for there to be any real chance of goals being achieved and disasters avoided.

THE ENVIRONMENTAL forces impacting on accounting practices today are having unexpected effects on the way they grow.

For instance, the traditional mainstay of a practice is tax and regulatory compliance, but many clients regard these services as “grudge” purchases. They use them only because they have to. As a consequence, clients are price-conscious and this makes the provision of such services highly competitive. They also take up a disproportionate amount of practice time.

To address this, many practices offer management accounting services where the quality of the service is more highly differentiated

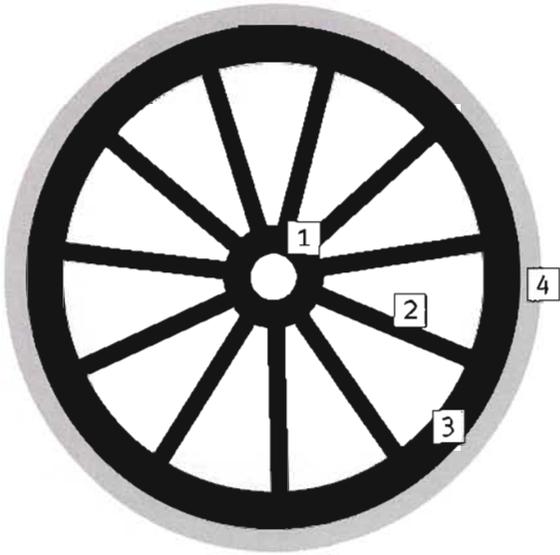
and therefore not as price-sensitive. It enables practices to form stronger ties with their most important clients and helps to pull through other services.

As practices experience organic growth and grow through acquisition and mergers, they become more complex with more staff and a greater need for systems and processes to handle everything from client acquisition to internal communications.

If a practice provides other companies with a suite of services, odds are that the companies it services are substantially bigger in terms of employee numbers and operational complexity. Clearly,

The Wagon Wheel Way Operating System

THE PLANNING PHASE – BUILDING THE WAGON WHEEL



1 THE HUB
"This is what we are going to do"

2 THE SPOKES
Link the hub to the support and enabling functions

3 THE WHEEL RIM
Represents "this is how we are going to do it" – the support functions

4 THE METAL BAND
Represents the resources required for execution – the enabling functions

The Wagon Wheel Way

We start with the planning phase, which is akin to building the wagon wheel (see above).

Once the wagon wheel has been constructed, the next phase is to operate it – or in this context, implement the plan.

Five requirements for effective execution have been identified. They are in order – Organisational alignment, Management of Change, Leadership, Teams and Teamwork and Employee Engagement, which I call the OMELETTE factors. The 14 barriers that relate to implementation are arranged in the same order as these five factors.

There is a sixth requirement for effective execution that applies to all five of them – communication. It's the central nervous system of any organisation. Damage it and paralysis is the result. In the wagon wheel model, it's the grease on the axle that keeps the wheel of implementation rolling with a minimum of friction.

Wagon wheels require maintenance if they are to continue to operate effectively throughout their design life. Plans are no different. Progress towards objectives set out in the plan need to be monitored and measured and the currency of the plan maintained.

Finally, events sometimes occur that strike at the very hub of the plan. In these circumstances, the only option is to revise it. The wheel has turned full circle.

Because the Wagon Wheel Way covers the complete operational cycle, it is analogous to a computer's operating system.

Accounting packages, strategic planning, leadership or teamwork programs – these are the application software. You can see immediately where each program fits in regard to its position on the operating system.

"My observation is that the world is awash with information on what to do and how to do it, but the hard part – actually putting it into practice – has been largely neglected."

Organisational pace notes

If the Wagon Wheel Way can be likened to a PC operating system, the list of barriers may be regarded as organisational pace notes. For those not familiar with pace notes, go to YouTube and key in "Rally Legend Ari Vatanen Dear God" and watch the video.

The co-driver reads out the pace notes in sync with the position of the car on the special stage, so the driver is told in advance of what lies ahead: the direction and severity of corners; the length of straights; where the road goes after blind crests; and changes to the road surface. Forewarned, the driver can maintain a much faster pace than would otherwise have been the case.

“Deciding what to do is often the easy part; the hard part is making it happen. More plans fail because of an inability to execute than because of management’s inability to plan.”

the more effectively a practice is run, the sounder the advice it can give to clients on how to run theirs.

Deciding what to do is often the easy part; the hard part is making it happen. More plans fail because of an inability to execute than because of management’s inability to plan.

There are four basic reasons why the execution of plans fails to live up to the planners’ expectations. First, planning and execution are seen as two entirely separate activities, but the seeds of success or failure to execute are sown the moment planners sit down to plan.

Second, planners spend a disproportionate amount of time deciding what they are going to do rather than dividing their time equally between that and planning how they are going to do it. The third reason is a consequence of the first two. Too few people are involved in the “how” process – assessing a plan’s feasibility and its impact on organisational resources. Fourth, there is no specific list of barriers to execution and neither is there a model against which each barrier can be indexed.

I felt that if the fourth issue could be tackled successfully, it would provide solutions to the first three as well. So I started to compile a list of barriers to execution. In the end, it numbered 36 and was divided into four categories: those relating to planning (13); those relating to execution (14); those relating to monitoring, measuring and adapting (6); and those relating to revising the plan (3). The next step was to develop a managerial framework that matched this list of barriers. The model had to meet the following criteria.

- It had to be universal in its application – applicable to any type of organisation.
- It had to separate – but demonstrate the connection between – “this is what we are going to do” and “this is how we are going to do it”.
- It had to demonstrate the interdependency within and between the three major components of planning, execution, and monitoring, measuring and adapting.
- It had to be simple, memorable, dynamic and practical.

The solution was to equate planning, execution, monitoring, measuring, adapting and revising to the construction, operation, maintenance and rebuilding of a simple wagon wheel. >



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When the list of barriers is matched to a specific position on the operating system, they perform the same role as pace notes. They warn management of potential barriers so action can be taken to avoid them before they hinder the execution of the plan. As a consequence, the pace and quality of execution quickens.

Just as pace notes must be read out in the correct sequence, so the order in which the barriers occur is critical. For example, Barrier No. 6 reads – “the planners failed to integrate the plan with the current circumstances facing the organisation”. It is the last barrier linked to the construction of the hub of the plan (see item 1 opposite – “This is what we are going to do”).

If you are planning the strategic direction of your own practice – or perhaps more critically, helping a client plan theirs – the first priority is to consider ways of improving the existing business before branching out in new directions. Unless this is done, the plan is just a list of future initiatives that will soon be overtaken by current issues. Implementation very quickly slows to a standstill.

Similarly, barriers 17 to 20 forewarn of the issues that arise when management of change is poorly handled. However, these barriers cannot be successfully tackled until barriers one to 16 have been addressed – the 13 barriers associated with planning plus the three that are linked to organisational alignment.

My observation is that the world is awash with information on what to do and how to do it, but the hard part – actually putting it

into practice – has been largely neglected. Certainly there is a plethora of discrete programs on specific topics that invariably present themselves as the magic bullet to organisational performance, but they only work when other conditions are satisfied and only provide part of the answer.

Really effective implementation – or “execution to die for” – only occurs when a set of organisational pace notes is matched to a program that integrates all aspects of execution in a single model.

Thirty-six barriers to execution may seem rather daunting, particularly when you have to address them one-by-one in sequence. The good news is that if you overcome the barriers at planning, the rest become progressively smaller. The key to great execution is organisational alignment, which may be defined as follows:

- Everyone knows where the organisation is now
- Everyone knows the destination and the journey
- Everyone knows their role in getting there.

Unlock this barrier and you are well on your way to achieving “execution to die for” for you – and your clients. ■

■ Graham Haines is the author of *Execution to Die For – the Manager's Guide to Making It Happen*. The book details the 36 barriers to execution and explains how they may be overcome. It is available from Amazon, Australian Institute of Management bookshops and from the author's website, www.planstoreality.com.au.



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