

Big C's – Consensus, Committees and Complacency

This is the first in a series of articles on the subject of Corporate Psychology. The articles will deal with the intricacies and problems of how a company works internally and in the market. What are the things that make a company successful, what are the obstacles on the road to success and how does the proverbial spanner end up in the works. This article deals with some aspects of that last part, things that make a well-oiled machine stutter.

The first in a series of articles on corporate psychology

Consensus, committees and complacency, are among the things that can be enemies of corporate success. They are often found when hitherto successful organisations find themselves in rough waters

Consensus and Committees – Partners in Crime

The first two often come together. Some companies adopt a consensus style decision-making process over a period of time due to various reasons.

Consensus is often required if there are several fractions with different ideas in a company. People hence get together to take decisions often in laborious meetings with many participants and thus committees are born. The results of such a decision making process can be described with the old proverb: A camel is a horse designed by a committee. You don't get very far doing business this way. An appalling example is German politics, necessary decisions are not being taken or if taken are customized to cater to the taste of several groups that in some cases present opposing interests. The common phrase once another camel is born is: Everybody can live with that solution.

The more venomous rationale for committees and the pursuit of perceived shared happiness among the committee members is the way companies conduct failure analysis. Errors, mistakes, oversights, wrong decisions and many other things can cause business endeavours to fail. The logical step is to analyse the process and the decisions that caused the problem. Often, however corporate politics do require a scapegoat much quicker than a rational analysis, which often is deemed superfluous once the question of responsibility is clarified. Failure analysis under the motto: Let's not look for the problem but for somebody to blame. If that is the way things are done in a company, the best way, especially for middle management is to take decisions in packs. That has a nice side effect as well; one does not have to go for lunch alone.

And then there is the concept of forced consensus, which is more an anti-matter to consensus; it is absence of dissent. This often occurs when senior management is involved in the decision-making process or the business endeavour at issue. The committee members display consensus because everybody knows that Mr. Big does not like dissent. Great leaders that start to believe in their own propaganda stop being great. Everybody knows that, but who will be the first one to step up and speak out? Supporting the group's subservience may get one additional point in Mr. Big's secret register of individual achievements, but it will not prevent the company from taking the wrong turn at the wrong time. This is very often the reason why companies pursue projects or products that are plain failures. Sometimes they are threatening the survival of the whole company, but the emergency brake is in most cases only used when the management changes. There are adages that should be considered in such circumstances: Never throw good money after bad money (German) or as taught in West Point: Never reinforce failure.

Corporate Complacency

Another thing is when corporate complacency comes into the picture. Big egos built up over years of spectacular business success can be the breeding ground of complacency in even the most hugely successful of companies. The blinds at corporate headquarters are down for years because success is luminous enough and the ever-changing light of reality was disturbing the display and spoiling the mood. Staff in such a situation are not grudgingly accepting the orders coming from the top, no they are quite happy because for years things went well and why would that all of a sudden change. Well, try to look out of the window. Complacency of this kind is a problem. Companies need to adapt to a changing business environment. Innovation and reorganization are constantly required, but they are hard work. And why are they necessary if everything went so well for years? They are because like in nature only the most adaptive species survives in the end.

Innovation and reorganization are constantly required, but they are hard work

There are many more problems that affect companies and a lot of them are "homemade". Even factors that can apparently be attributed to market conditions and sudden changes in the market would not have an adverse impact, if the internal problems had not affected the manoeuvrability of the corporation.

Change in managerial attitudes can be obtained through training programs but analysis is the first step. For further reading on the subject see : "Why Great Leaders Don't Take Yes for an Answer: Managing for Conflict and Consensus" – Prentice Hall, 2005 by Michael Roberto, professor of business administration at Harvard Business School.

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