Matching management tools and techniques with management challenges

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n a recent *Strategy & Leadership* article, Russell Ackoff stated that "leaders can be made more effective by learning about the management tools and techniques available to them and how to use them"[1]. This seems like sound wisdom, but how does it play out in practice? Do managers apply the right tools, given the business challenges that they face? This article compares the results of two research projects on Irish business practices conducted during late 2002 and early 2003 to see how the usage of these management tools and techniques relates to the real challenges that managers face. The first of these projects was a survey of usage, satisfaction and attitudes towards a set of some 31 management tools and techniques (MT&Ts). The second project, also a survey, sought to identify the top management, marketplace and personal challenges faced by managers. The comparison is undertaken in order to understand how management tools and techniques are adopted and then applied with a view to meeting these challenges.

Management Tools and Techniques: A Study in the Irish Context [2] was published in late November 2002. The report aimed to assist the understanding of the use of management tools and techniques in Ireland, and to inform management practice by reporting on:

the extent to which tools and techniques are used by organizations operating in Ireland;

how these organizations use them;

how satisfied managers are with the impact that they have made with these tools; and

management attitudes toward management tools and techniques.

Our survey methodology consisted of focus groups with practicing managers and a questionnaire that was disseminated through "gatekeepers" in selected organizations. The survey found that the most used tools overall were: key performance indicators, performance management, and strategic planning. Least used overall was mass customization. Satisfaction was highest with key performance indicators and supply chain integration, and lowest with enterprise resource planning systems. Usage rates are ranked on Exhibit 1 and satisfaction rates are ranked on Exhibit 2.

Attitudes to management tools and techniques in general appear to be positive amongst Irish managers. While it is not really a blanket endorsement, the statement presented in the survey "Top management support is vital to the success of MT&Ts" received the strongest average rate of agreement amongst respondents. As additional evidence of support, or at least
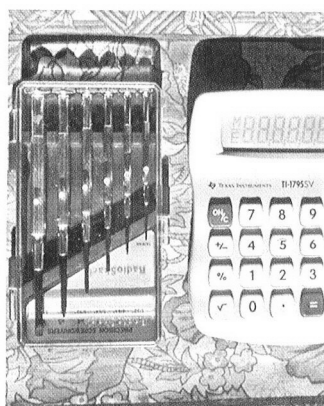
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Exhibit 1

Management tool/technique	Ranking	Percentage of respondents who indicate they currently use the management tool/technique
Strategic planning	1	66.7
Performance management	1	66.7
Key performance indicators	1	66.7
Cross-functional teams	4	64.1
Management by objectives	4	64.1
Intranets	6	61.5
Customer relationship management	7	56.4
Strategic alliances	7	56.4
Outsourcing	7	56.4
Mission and vision statements	10	53.8
Share options/employee share ownership plans	11	51.3
Focus on core competencies	12	48.7
Risk management	13	46.2
Pay-for-performance	14	43.6
Benchmarking	15	41.0
Knowledge management	15	41.0
Activity based costing	17	38.5
Balanced scorecard	17	38.5
Competency-based interviewing	19	33.3
Business process re-engineering	19	33.3
Enterprise resource planning systems	19	33.3
Supply chain integration	19	33.3
Product lifecycle analysis	23	30.8
Total quality management	23	30.8
Cycle time reduction	25	28.2
Economic value added	26	23.1
Culture/climate surveys	26	23.1
Peer evaluation/360 degree feedback	26	23.1
Business excellence/EFQM	29	20.5
World class manufacturing	29	20.5
Mass customization	31	17.9

acceptance, the statement ''Generally we have not found MT&Ts to be helpful'' received the lowest average rate of agreement.

The *Top Challenges for Managers* project[3] aimed to uncover the major business, marketplace and personal challenges that managers in Ireland believed that they were currently facing. A survey questionnaire was completed by 135 managers and this was complemented by personal interviews and focus groups.

The need to reduce costs and maintain or increase profits was established as the key business challenges facing respondents. Managing change and retaining customers and key staff members also emerged as business priorities. The most powerful marketplace challenges for organizations were defined as addressing the slowdown in the global economy, changes in the intensity of competition, and downward pressure on prices. The most significant personal challenge facing managers was identified as ''achieving a work-life balance''. Interestingly, these challenges appeared to be generally uniform across sector, management level, organization size, presence of a union, and ownership status. Rankings under each of the management, marketplace and personal challenges are reported in Exhibit 3.

The timing of the ''challenges'' survey must be borne in mind when considering how the challenges relate to management tools and techniques. The global downturn affected the Irish economy badly, in that Ireland was at that time ''coming down'' from the heady days of its

Management tool/technique	Ranking	Average satisfaction score
Key performance indicators	1	4.5
Supply chain integration	1	4.5
Share options/employee share ownership plans	3	4.4
Pay for performance	3	4.4
World class manufacturing	3	4.4
Management by objectives	6	4.3
Intranet	6	4.3
Focus on core competencies	6	4.3
Balanced scorecard	6	4.3
Competency-based interviewing	6	4.3
Cross functional teams	11	4.2
Customer relationship management	11	4.2
Outsourcing	11	4.2
Product lifecycle analysis	11	4.2
Total quality management	11	4.2
Economic value added	11	4.2
Peer evaluation/360 degree feedback	11	4.2
Mass customization	11	4.2
Strategic planning	19	4.1
Strategic alliances	19	4.1
Risk management	19	4.1
Benchmarking	19	4.1
Knowledge management	19	4.1
Business process re-engineering	19	4.1
Cycle time reduction	19	4.1
Culture/climate surveys	19	4.1
Performance management	27	4.0
Mission and vision statements	28	3.8
Business excellence/EFQM	29	3.7
Activity based costing	30	3.6
Enterprise resource planning systems	31	3.5

Ranking	Management challenge	Marketplace challenge	Personal challenge
1	Reducing costs	Slowdown in the global economy	Achieving a work/life balance
2	Maintaining/increasing profits	Changes in type/level of competition	Meeting targets
3	Managing change	Downward pressure on prices	Managing staff
4	Customer retention	Governance/regulation	Coping with heavy workloads
5	Attracting and retaining key staff	Industry consolidation	Company restructuring
6	Engaging employees in company's vision/values	Changing technology	Designing new strategies
7	Launching new tech initiatives	Reduction in public expenditure	Personal development
8	Increasing innovation	Stakeholder relations	Time management
9	Investment/capital allocation decisions	Impact of the Internet/e-commerce	Dealing with the culture in the organization
10	Receiving payment from customers	Globalization	Stress management
11	Overcoming organizational bureaucracy	–	Exhibiting leadership qualities
12	Managing mergers/acquisitions/alliances	–	Getting "buy-in" from senior colleagues
13	Access to/cost of capital	–	Controlling costs
14	Industrial relations issues	–	Coping with change
15	Managing suppliers	–	Customer management
16	Avoiding litigation	–	Building working relationships with colleagues
17	–	–	Adapting to new technologies

"Celtic Tiger" era and the economy was overheating. In early 2003, Ireland's annual rate of inflation had risen as high as 5.1 percent. In January, Ireland's rate of price increase was three and a half times that of its main trading partner, the UK. This resulted in a managerial focus on cost-reduction across all business sectors. Contrary to what might be expected, cost-related management tools and techniques did not rate highly in the rankings (see Exhibits 1 and 2). In fact, "activity-based costing" was ranked 17th in terms of usage and second last in terms of satisfaction.

Russell Ackoff's original point [1] that leaders can become more effective through learning how to use management tools and techniques is salient and we add that the selection and implementation of these tools/techniques should more directly address the key challenges which leaders face on a management level. The second and third highest ranking personal challenges were recorded as "meeting targets" and "managing staff" and the high usage rankings received by "performance management" and "key performance indicators", "cross-functional teams" and "management by objectives" indicate that some of the available tools and techniques are utilized in this regard. This supports the finding arising from the rigorous international survey of management tools and techniques conducted by Bain & Co.[4] that the "choice of tools shows a clear bias toward growth over cost cutting". Although "performance management" receives a generally high average satisfaction score (4), it is ranked 27th in terms of satisfaction. This raises questions about how a firm's usage of a particular management tool or technique meets the needs of its senior and middle managers.

Although the research studies briefly described in this chapter utilized two different survey approaches (organizational and individual) it is interesting to compare two distinct sets of findings with a view to refining our view of linkages between the two. These research projects, though they were not designed to complement each other, make it apparent that research should be done on the rationales and reasons behind an organization's strategic choice of particular management tools and techniques. Ackoff's point – "leaders can be made more effective by learning about the management tools and techniques available to them and how to use them" – is especially valid if it is understood to mean that managers need to know how to match the appropriate tool with their organizational need.

1. Ackoff, R.L. (2003), "The opportunity quest separates real leaders from managers", *Strategy and Leadership*, Vol. 31 No. 5, pp. 39-40.

2. Cullen, J., Mangan, J. and Dwyer, G. (2002), *Management Tools & Techniques: A Study in the Irish Context*, Irish Management Institute, Centre for Management Research, Dublin.

3. O'Connor, M. (2003), *Top Challenges for Managers*, Irish Management Institute, Centre for Management Research, Dublin.

4. Rigby, D. (2003), "Management tools survey 2003: usage up as companies strive to make headway in tough times", *Strategy and Leadership*, Vol. 31 No. 5, pp. 4-11.

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