

Holistic management offers companies a common-sense, systematic approach for **maximizing existing resources** and ensuring a sustainable future. *by Tim Solinger // photography by Ricardo Gómez Pérez*

the whole works

Jose Mosquera Alvarez,
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It's the holy grail of change management—a flexible, adaptable decision-making process that facilitates short- and long-term improvements while accounting for inevitable business changes. The holistic approach, enabled by strong project management, may be just what many global companies are seeking.

executive summary

- Holistic management is a framework for helping executives and managers make decisions that are sound from an environmental, social and financial standpoint and that can produce positive and sustainable change.
- Holistic management impacts several key business aspects, including prioritizing, identifying root or systemic causes of problems, productivity and cost control.
- Holistic management emphasizes the involvement of people at all levels of an organization to provide input and commitment that is critical to achieving lasting change.

In manufacturing and operations, holistic management focuses on the entire production process, including technology, procedures, processes and human resources. Essentially, project managers attempt to identify key variations that, when reduced, will provide the greatest increase in output and efficiency. This approach exists at the crossroads of management practice, with aspects derived from Six Sigma, Human Systems and Learning Organization five disciplines, Minimalist Manufacturing and the Theory of Constraints.

→ In general, holistic management enables individuals or organizations to make decisions simultaneously from a business, social and ecological standpoint—without neglecting ROI. Essentially, project managers deliver each piece to complete the whole picture.

People First

At the most fundamental level, successfully applying holistic management across an entire organization hinges on first developing a truly shared vision of what the company must achieve and what it will mean to employees when they do. When determining goals, executives must focus on the human element—working with employees at all levels to transform attitudes that will support and sustain new organizational directions as well as future project activity.

Carefully chosen leaders—read project managers—can facilitate transformation that can lay the groundwork for improved project processes. These leaders should meet regularly to analyze information, make decisions, implement action plans and monitor progress related to the specific objectives. Management must support change leaders by ensuring they have the necessary resources to properly direct their teams. This kind of visible commitment shows the workforce executives' serious commitment to the new vision.

To break through deeply rooted attitudes, companies frequently rely on internal training sessions. Workshops were key to gaining employee buy-in at the British American Tobacco (BAT) facility in Petaling Jaya, Malaysia, says Lim Suat Kim, head of manufacturing. "Some of the most significant work was done in workshops covering the softer issues, such as Visioning, Leading Change and Systems Thinking," she says. "These workshops, which were conducted for a large number of executives in BAT Malaysia operations, have helped us change our mindset, from seeing things independently to seeing them connected interdependently."

Jose Mosquera Alvarez, a primary manufacturing manager and project manager at a C.A. Cigarrera Bigott facility in Caracas, Venezuela, has seen firsthand how holistic management practices can transform employee attitudes and improve communication. Initially, his facility used traditional management approaches, which resulted in some short-term cost savings, but over time ended up being saddled by such problems as frequent maintenance cancellations and declining employee morale.

"We could not keep up with demand, and quality suffered," Mr. Mosquera says. "The mistake with our earlier efforts was to ignore the employee needs. Once time was spent understanding these, the employees stepped up, taking on more responsibility."

As part of the drive to improve operations using holistic management practices, management realized that employees must be involved, he says. "The union representatives were included in key meetings. HR joined many of our sessions, and we developed better relationships with marketing, manufacturing, production scheduling and other functions. For this to work, we needed to adopt a different mindset. We had to move from trying to look for blame to looking to understand."

Smarter, Not Harder

→ Once a company's efforts to re-energize and refocus its employees have gained sufficient momentum, executives and managers can focus on developing process improvements to strengthen project management efforts and the organization overall. This phase starts with studying organizational systems such as a company's management/organizational structure, its general culture, and its processes for dealing with customers, vendors, stockholders and the general public.

For example, a bottling plant may initiate an extensive diagnostic analysis project in which the bottling process is evaluated to identify major causes of inefficiency. This analysis can include statistical measurements, interviews with production and management personnel, and a review of existing bottling procedures. In addition, management may closely monitor behavior routines and key production variability over a specified period. These actions capture and record highly valuable, minute-to-minute data, along with the nature and frequency of interruptions and output variability.

Armed with such information, management and high-performance or process-improvement project teams can pinpoint the causes of lost production and then devise and implement new procedures to improve efficiency. Once the root causes of poor performance and inefficiency—not symptoms—are identified, workers are asked to help define and redesign processes. "Management must not force employees to gravitate or choose the best process but to advocate the acceptance of a process that everyone feels comfortable with," says Stephen Hardy, president of HMC, Alpharetta, Ga., USA. "Over time, employees will then move to the best process."

At the BAT Malaysia facility, managers now are prioritizing better, and the net effect is that more work is getting done using the same resources. Initially, they were trying to work on too many things at the same time, Ms. Suat Kim says. "Implementing holistic management helped us to quickly see the negative impact that the interdependence of narrowly focused departmental actions was having on the company as a whole," she says. "We also realized that we were trying to work on too many things, leading to some bad multitasking."

Now shop floor personnel don't have to fight the fires, freeing up managers to work on high-value projects. They now have time to look at trends finding and resolving systemic issues. "In this way, holistic management has been a very effective philosophy because people have more time to think, they



Interface's manufacturing processes involve patented technology that reduces the amount of yarn needed to make carpet and reduces the amount of yarn waste that results from manufacturing.

lasting improvement

Since 1994, Interface, an Atlanta, Ga., USA-based worldwide carpeting manufacturer, has looked at how it can reduce its impact on the environment, and how it can influence other companies to do the same.

Chairman Ray Anderson set an ambitious goal: Interface must be a sustainable company by 2020. "This means we will no longer take any raw materials from the earth, and we will not return any harmful waste to the earth," he says. "It's a long journey from here to there, but we make strides each day."

Not surprisingly, Interface's drive toward sustainability has positively impacted its bottom line, according to Joyce LaValle, senior vice president of human services. "We have documented more than \$235 million in cost savings since 1995 that can be attributed to reducing raw materials, reducing waste, energy cost savings and making our processes more efficient overall," she says.

Branding efforts, including those for the Entropy product line, also have benefited. "Entropy was our first non-directional carpet tile—it was designed to be installed in any direction on the floor without regard for pattern or color," Ms. LaValle says. "This reduces waste during installation of the product since the tiles can go anywhere, not just in a set pattern. Customers responded to this product in a very positive way—Entropy became our fastest selling product in the shortest period of time."

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Head of Manufacturing, British American Tobacco (BAT),
Petaling Jaya, Malaysia



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Martin Thomas,
Supply Chain Director, Coors Brewers,
Burton-on-Trent, Staffordshire, U.K.

feel more in control, and they move away from being victims to where they can use their own creativity,” she says. “We have also found there is more collaboration between departments and functions and that these interactions have led to major projects with significant savings.”

BAT has seen strong results across a number of performance indicators. “We have improved output per person by 27 percent,” Ms. Suat Kim says. “We have made significant reductions in waste, and, by being more organized, we need fewer changes to our plans.” She adds that her company has been able to reduce inventories by more than 50 percent in the last two years while improving on-time delivery performance from below 80 percent to 99–100 percent during the past year.

Implementation and Results

According to Delaine Campbell, CEO at the PMPGroup LLC in Alexandria, Va., USA, holistic management, especially at an implementation or project level, involves two distinct processes: the pre-project phase to determine the full impact of the project on the community, people, employees and company, followed by consideration and action during the execution phase. She adds that proper implementation requires constant consideration, monitoring and modification of all components.

With such written procedures, communication boards, logbooks and formalized control checks, variability in performance can be reduced dramatically. As a result, management can devote itself to further continuous improvement projects to achieve even greater gains in productivity.

→ Sometimes new processes require new ways of relating between employees or between employees

and management. “Managers had to stop themselves from encouraging upward delegation,” Mr. Mosquera says. “In the past, managers were [consulted with] by employees before any ‘out of the ordinary’ action was taken, even when they knew the best course of action. With the new philosophy, managers answer these questions with questions such as, ‘What do you think we should do?’ or ‘How would you do it?’”

Monitoring procedures and corrective actions are two key project management elements that also are critical to a holistic management approach. Corrective action often is tied to an individual’s defined level of authority and responsibility. For example, some actions can be initiated by individual employees who have authority to act alone, such as manufacturing line operators in certain defined situations. Others may require group communication and decision-making. All corrective action generally requires documentation to properly record and “close out” the incident.

Improvements may lead to rapid results, but the techniques must be easily demonstrable and verifiable, says Martin Thomas, a supply chain director for Coors Brewers in Burton-on-Trent, Staffordshire, U.K. “We found that the holistic management diagnostic approach helps us identify our failings right away and even predict the level

three steps

The three major steps involved in holistic management at both the project and organizational level are:

1 Develop a shared vision for the organization or project, and focus on the supporting human elements. Knowing where to lead is not enough; executives, project managers and other company leaders must develop the supporting attitudes, beliefs, assumptions, and the quality of thinking and interaction required to get there.

2 Design new processes. Leaders must study existing processes and systems to identify problematic trends and patterns—especially those issues that will increase output and efficiency. The holistic approach emphasizes the root cause—not the symptom.

3 Implement the new processes and monitor performance. Leaders must clearly see what’s working and what’s not to ensure lasting, sustainable change.



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—Jose Mosquera Alvarez

of improvement, whereas with other approaches it seems more hit or miss.”

Mr. Thomas points to the use of holistic management at a Birmingham, U.K., brewery where capacity utilization of two bottling lines initially was poor. “The situation was characterized by unpredictable output of multiple SKUs, high re-work and breakdown maintenance,” he says. “The coefficient variation (COV) was initially around 45 percent. A lack of process knowledge and misaligned incentives were compounded by impatient management.”

Mr. Thomas says a holistic “bottom-up” approach involving the workforce allowed the designated project team to build process knowledge and helped establish consistent operating procedures. Process variation was characterized and reduced, and a “product wheel” was introduced to streamline production scheduling and achieve a fit with wider supply chain inventory requirements.

After six months, the results were striking. Mr. Thomas says bottling line output increased by 30 percent, and COV was reduced by 50 percent. In addition, capital investment needs were reduced and customer service increased significantly.

A Sustainable Future

To achieve lasting, sustainable change, Carlos Carles, director and vice president-leader of operations management for Arthur D. Little’s Latin America practice, emphasizes that a company’s leaders must consider people throughout an

organization, in addition to such elements as technology, resources and culture. “Only by taking into account all the components in the system is it possible to obtain sustainable results,” he says. “In most companies, as we go in to diagnose the situation, we find that all the managers think they do listen to the people, but this is very seldom the truth.”

Holistic management makes it possible to obtain the commitment from people at all levels of the organization, which is, in the long run, the only way to obtain long-lasting results. According to Mr. Hardy, executives and project managers alike must

resist the attraction of short-term quick fixes. “These solutions end up providing the long-term results that they were trying to achieve in the first place,” he says, stressing that the simplest and most in-

tuitively attractive solutions usually are the best.

Results speak for themselves: Mr. Carles witnessed great improvement during a six-month project for a bottling company after the introduction of holistic management practices. “The efficiency of one line improved by 39 percent and another line by 27 percent. Waste went down from 5.02 to 0.097 percent of standard and stock-outs went down from 9 to 1 percent,” he says.

Small companies stand to benefit as well. Stephen Byrne, a director at DIFFUSION, a global brand strategy and communications company based in Sydney, Australia, says he is finding that smaller organizations have a lot more regard for looking at themselves holistically.

“Part of this is a purely functional response, but this is coupled with a desire to operate differently than large organizations, embracing innovation, research and development, and ideation processes more fully,” Mr. Byrne says. “Often, large organizations have forgotten how to take risks, demonstrate real leadership, embrace the community in which they function and demonstrate whole of life care for employees.” **PM**

Tim Solinger is a Stevens Point, Wis., USA-based freelance business writer specializing in environmental, health and safety issues affecting industry. His articles have appeared in *Corporate Report Wisconsin, Compliance, Industrial Hygiene News, Environmental Regulatory Advisor* and *Workers’ Comp Cost Control Report*.