

## **“Click-by-Click” Management Methods – Easy Access to Management Expert Knowledge Using Computer-based Tools and Templates**

### **Abstract**

A lack of methodical knowledge is the reason for failure in many management disciplines like Strategic Management, Project Management, Cost Management and others. One reason for this is that there are a lot of answers to the “WHY” (to use certain methods), but only rarely to the “HOW TO” (use the methods). A hands-on “operating manual” for these methods is missing. So the main problem in education/training as well as in the companies is the easy, structured access to methodical know-how in management topics to implement those methods in an efficient and professional way. This article shows how such an easy access to management methods can be offered by dividing them up into several phases, and every phase into several steps. Every step is supported by a variety of tools and templates, e.g. based on Microsoft Excel or Microsoft Word<sup>1</sup>. The approach is illustrated by a fully developed toolbox on Cost Management.

### **Keywords**

Management Methods, Consulting Methods, Strategic Management, Overhead Value Analysis

### **Current situation: lack of structured and easy access to expert management knowledge causes failure**

A lack of methodical knowledge is the reason for failure in many management disciplines like Strategic Management, Project Management, Cost Management and others. That can be proven by a couple of surveys.

As one example the “CHAOS Summary 2009” study (The Standish Group, 2009) reports an upward trend in IT project failure rates. The study shows “a marked decrease in project success rates, with 32% of all projects succeeding which are delivered on time, on budget, with required features and functions” according to Jim Johnson, chairman of The Standish Group, “44% were challenged which are late, over budget, and/or with less than the required features and functions and 24% failed which are cancelled prior to completion or delivered and never used.” These numbers represent “a downtick in the success rates from the previous study, as well as a significant increase in the number of failures”, says Jim Crear, Standish Group CIO, “They are low point in the last five study periods. This year's results represent the highest failure rate in over a decade.” Most of the project management success factors the study names require methodical knowledge in project management: Clear statement of requirements, proper planning, smaller project milestones and competent staff are four out of the top seven and count for about 40% of all mentioned success factors. So a main reason for failure in Project Management is the inappropriate application of Project Management methods.

The study “Rethinking Cost Structures” (KPMG International, 2007) throws a comparable light on cost saving projects. “On average companies are achieving only 59 per cent of

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<sup>1</sup> Microsoft Excel and Microsoft Word are registered trademarks of Microsoft Corporation

expected savings, and just eight per cent of businesses reach or exceed their targets for cost saving initiatives” the study says. It also shows that lack of methodical knowledge is one of the main reasons for failure. The main barrier to success are inadequate processes to drive cost savings, followed closely by the difficulty of measuring cost savings and the (unjustified) confidence in the organization to avoid costs wherever possible.

In strategic management the picture is the same as many studies show. So e.g. an Economist Intelligence Unit study reports that more than 80% of all companies suffer from poor implementation of new policies (Economist Intelligence Unit, 2010). Another study shows that organisations realise only around 60% of their strategy’s potential value because of failures in planning and execution (Economist Intelligence Unit, 2004).

There are a lot of methods in all of these areas. So the reason for failure is the inappropriate usage of existing methods. What is needed in management as well as in education is not the development of new methods, but the right usage – that means an easy and transparent access to these methods.

### **Method experts are not interested in sharing their knowledge**

The owners of methodical management knowledge seem not to be interested in sharing it. Many reports, articles and books discuss the barriers to sharing knowledge, e.g. McDermott and O’Dell (McDermott, 2001) or Mitchell (Mitchell, 2005). Mitchell says that “if the view of employees is that knowledge is power this will make sharing of knowledge ‘an unnatural act in most organisations’, and if knowledge is seen as a valuable resource then any situation that may allow knowledge to become public could be seen as threatening” – that means, sharing of knowledge eliminates personal advantages in climbing the job ladder.

One profession for which sharing of knowledge in management methods is crucial within their organisations is consultancy. Therefore, many big consulting firms have structured their knowledge in easy accessible methods. So the global consulting firm Capgemini has structured the methods in the “DELIVER” framework (e.g. Capgemini, 2012), the consulting division of global audit firm KPMG, KPMG Advisory, set up a methodical framework for business reengineering called “Business Performance Improvement” (e.g. KPMG Singapore, 2005). Also software vendors like SAP have bundled their methodical knowledge of how to reorganise a company by implementing Enterprise Resource Planning Software. E.g. the method used by SAP and their consultants is “Accelerated SAP” (SAP, 2000) or “Global ASAP” (SAP, 2006).

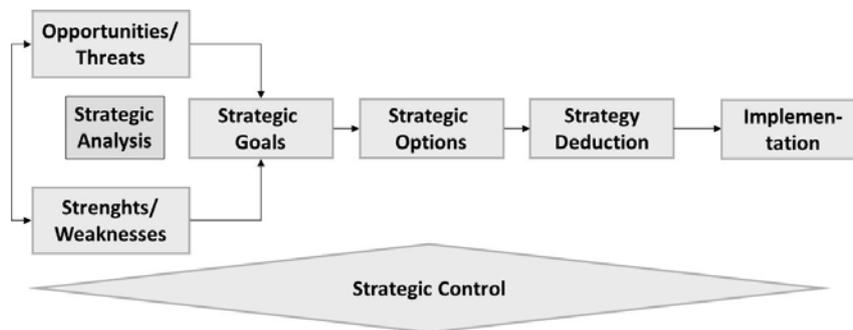
The main characteristic of these consulting methods is the structure. These methods are web-based – that means accessible by a web browser – and divided up into several phases. They often come with a couple of supporting documents like Microsoft Excel sheets, Microsoft Word templates and others.

But consultancies also have no interest in giving their methodical knowledge away to their customers, because they only earn money when selling well trained own stuff (the consultants), but not methodical knowledge.

Management science and corresponding literature on the other hand offer structured approaches for Strategic Management, Project Management, and Cost Management etc. – at least on a high level.

In Strategic Management the following sequence can be derived from several approaches described in literature (e.g. Prasad, 2009).

**Figure 1: Strategic Management Process**



Also in Cost Management an approach for the Overhead Value Analysis has been set up (e.g. van Assen, 2009), that can be visualized as follows:

**Figure 2: The Overhead Value Analysis Process**



And in Project Management structured approaches are very common (e.g. Panneerselvam and Senthilkumar, 2009). Here a common structure looks like the following figure.

**Figure 3: The Project Management Process**



So literature offers an answer to the WHY certain methods should be applied and why they should be structured in a certain way, but not in detail to the HOW TO use these methods. A hands-on “operating manual” for these methods is missing. E.g. in strategic management in the above mentioned model the reader is told to perform a SWOT analysis, but is not told in detail how to identify the strengths of a company or the threats in the markets. E.g. in cost management the literature says that customers of internal services should be asked about the value added by these services, but offers only very little support neither in how to set up a corresponding questionnaire nor in how a corresponding MS-Excel or MS-Word template should look like.

In higher education the teachers try to cure this deficit of missing hands-on instructions by using case studies or by using management simulation games. In the exams the student has to

achieve a knowledge transfer to the given exercises of the exam. And in the companies the managers have to achieve this knowledge transfer to their real-world problems. Nevertheless, in both cases reasonable doubts remain whether the methods are used in an appropriate way.

So the main problem in education/training as well as in the companies is the missing easy, structured access to methodical know-how in management topics. This hands-on access and the support by templates and tools would ensure a usage of those methods in an efficient and professional way.

### **Characteristics of easy accessible methods**

It has been shown in the previous chapters that there are ways to structure management methods at least on a high level. And it has been shown that there are ways to give hands-on instructions and an easy access to use these methods in a professional way. The consulting firms use such a structured access, but only offer that to their own stuff.

The objective of the approach presented here is to show how management methods – in Strategic Management, Project Management, Cost Management (e.g. Overhead Value Analysis) and others – can be structured transparently and to develop an intuitive, hands-on access to them. The deliverable of this approach then is an “operating manual” for the professional usage of a particular method.

A first step is to identify the To-Be characteristics of such a hands-on approach. From the above shown and from the author’s professional experience gained in several global consulting firms the following characteristics of such an “operating manual” for a particular method (e.g. for the Overhead Value Analysis) can be derived:

1. Structure a whole method into several phases to get an overall process for the application of a method.
2. Divide each phase up into several steps to add more detail to the approach.
3. Describe in detail how to proceed in each step.
4. Implement the method in a web-based “click-by-click” way that offers an easy access to the phases and steps of the method.
5. Develop Microsoft Excel, Microsoft Word etc. tools (e.g. cost analysis schemes) and templates (e.g. a template for a project charter) to support a particular step in the method and to give hands-on help to the user. Link them to the corresponding steps of the method.

The first step can be done by using the models offered in literature. The next steps require expert knowledge. The issue here is to find an expert being able and being willing to provide the expert knowledge needed for detailing the method.

The approach is illustrated in the following chapter by a fully developed toolbox on Cost Management on the basis of the Overhead Value Analysis. The whole method is also available as eBook (Augenstein, 2012) or as web-based click-by-click application ([www.conmethos.com](http://www.conmethos.com)).

## Sample implementation: Cost Management Toolbox on basis of the “Overhead Value Analysis”

Corporate Overhead Value Analysis (OVA) was first used extensively in the 1980s by the consulting firm McKinsey. In many companies of all sizes, this method has been proven to be particularly suitable for identifying and implementing cost-cutting measures. In the meantime, the OVA is reflected in a number of relevant literature (Van Assen, 2009).

As the name implies, the overhead costs of a company – typically general and administrative cost – are put to the test. The analysis has a view on the value that is delivered by the output of the overhead costs – e.g. by the generation of a report. The value is measured by asking the recipients what the benefits are. Based on this analysis cost cutting measures are derived.

In the following paragraphs the 5 steps shown above are conducted and illustrated for a Cost Management Toolbox that is based on the Overhead Value Analysis.

1. *Structure a whole method into several phases to get an overall process for the application of a method.*

For this first step the structure of the method offered by literature can be used. As shown above this structure can be look like Figure 2.



2. *Divide each phase up into several steps to add more detail to the approach.*

In some pieces of literature structures can be found going also into this second level of detail. But according to the author’s experience this second step can often only be achieved by using expert knowledge. In this case the author’s knowledge resulting from various consulting projects has been integrated into the method development.

In this approach the structure on the second level looks like this:

1. Initialisation:
  - 1.1. Overview
  - 1.2. Change Management
2. As-Is Analysis:
  - 2.1. Overview
  - 2.2. Questionnaire
  - 2.3. Service Recipient
  - 2.4. Business Processes
  - 2.5. Final Presentation
3. Critical Review:
  - 3.1. Overview
  - 3.2. Options for Action
  - 3.3. Approach
  - 3.4. Service Recipients
  - 3.5. Basics
  - 3.6. Task Execution

- 3.7. Business Processes
- 3.8. Quick Analysis
- 3.9. Quick Wins
- 3.10. Final Presentation

- 4. Concept Development:
  - 4.1. Overview
  - 4.2. Measure Description
  - 4.3. Evaluation / Prioritisation
  - 4.4. Concepts
  - 4.5. Final Presentation

## 5. Implementation

## 6. Control

### *3. Describe in detail how to proceed in each step.*

Now every step of the method has to be detailed. That means an “operating instruction” of how to work out the deliverables of the particular step has to be developed. Below as an example is a detailed description of step 3.2. “Options for Action” in the “Critical Review” phase. In this step the options for optimisation of an activity in the overhead of a company are listed and described.

**Figure 4: Detailed description of step 3.2. “Options for Action”**

Optimisation measures make use of the following options for action (shown here with examples from accounting):

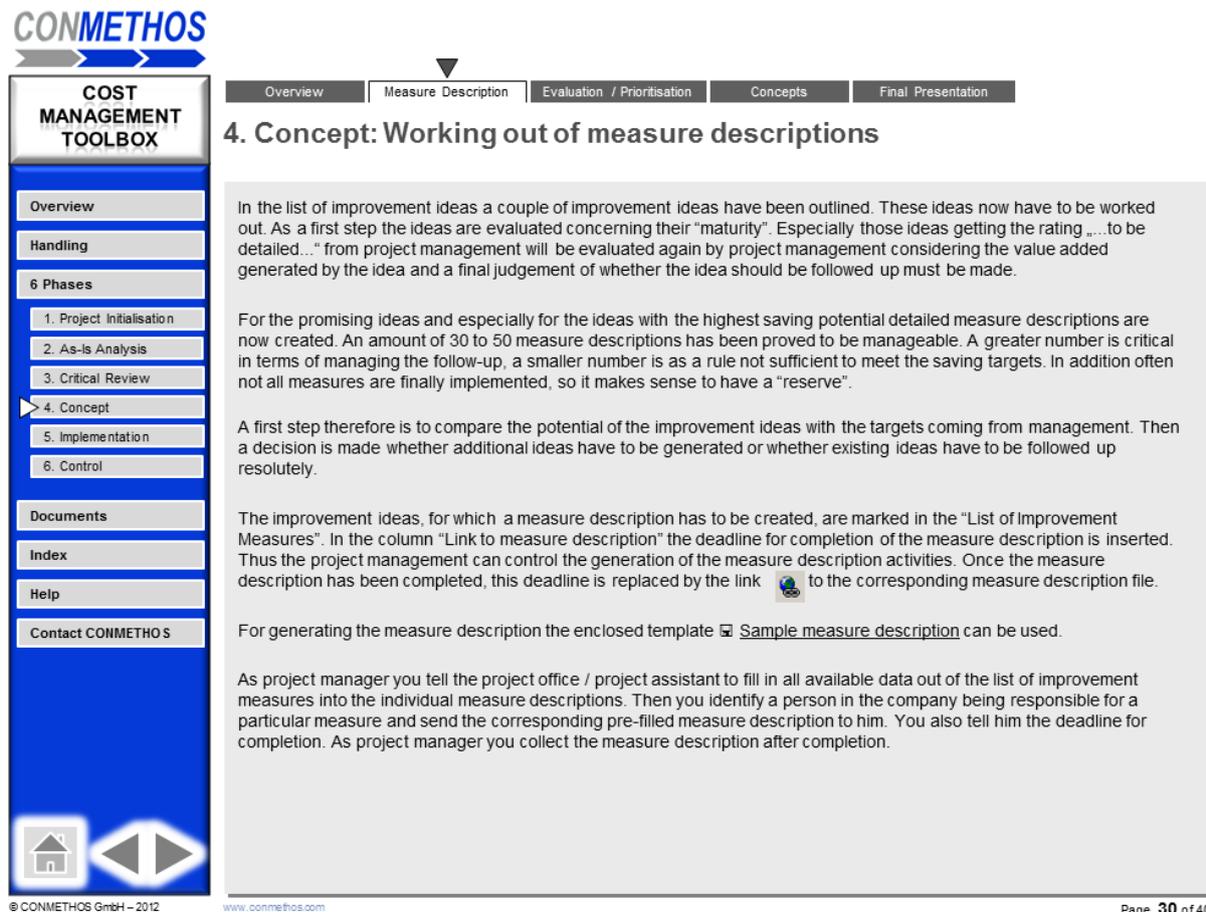
- A centralisation of tasks (also raises the level of service and quality), e.g.
  - ◆ Grouping of tasks for different units of a group /company in one unit - for example in a shared service center
  - ◆ Centralisation of IT support across multiple departments in a support unit (“Competence Center”)
- Task shifting/ outsourcing of tasks e.g.
  - ◆ Inventory of fixed assets by the receiving department, not by accounting
  - ◆ Outsourcing of invoice recording to an external (in this case specialised) business partner
  - ◆ Outsourcing of the entire accounting department
- Automation of tasks, e.g.
  - ◆ Automated comparison goods receipt / invoice receipt and - if data match - further automated processing to outgoing payments
  - ◆ Automated assessment and booking of an asset acquisition based on the goods / invoice receipt
- Elimination of tasks, e.g.
  - ◆ Elimination of the internal matching of invoices with missing information, instead returning to suppliers with the request to supplement the missing information
  - ◆ Elimination of unnecessary reports from General Ledger for Management Reporting
- Simplification of tasks, e.g.
  - ◆ Sample testing in invoice verification for invoice amounts less than a “minimum threshold” (caution: obey “Generally Accepted Accounting Principles” and do not endanger auditor’s acceptance!)
  - ◆ Sample inventory (based on statistical methods)

These options for action you need for the following steps in the analysis phase – not only for the analysis of individual tasks, but also for the entire business processes. These options will give you advice for the development of optimisation potential.

4. *Implement the method in a web-based “click-by-click” way that offers an easy access to the phases and steps of the method.*

Easy accessible information nowadays is made-up in a web-based way. Users get used to click on a buzzword to get some detail information or to navigate through hypertext documents or websites using menu and control bars. These features must also be included in an approach that offers easy access to management methods. Below this functionality is illustrated for the Cost Management Toolbox.

**Figure 5: A screen in the Cost Management Toolbox**



The cost management toolbox can be easily handled by using buttons and links. The main menu bar on the left allows a direct access to the particular phases of the toolbox. Where you are at the moment is indicated to you by a white arrow.

In the particular phases a phase-specific menu bar appears at the upper side of the screen. Using this menu bar you have access to the steps of a phase. The actual step is shown to you by a grey arrow. The corresponding button's surface is white.

Below the main menu bar navigation buttons are located: a “Home” button, a “Previous Page” and a “Next Page” button. The previous shown page or the next shown page can be reached by ALT+left-key and ALT+right-key. With the ESCape key you exit the application. Where you currently are in the toolbox, you can also see at the page counter at the lower right side of the screen. In the individual phases links to other pages of the method appear (e.g. a link to the page “Documents”). Links are blue in colour and underlined.

This application was developed with Microsoft™ Powerpoint and Adobe Acrobat™.

5. *Develop Microsoft Excel, Microsoft Word etc. tools (e.g. cost analysis schemes) and templates (e.g. a template for a project charter) to support a particular step in the method and to give hands-on help to the user. Link them to the corresponding steps of the method.*

Every step of the Cost Management Toolbox provides the user with files that contain templates for deliverables, examples or documents to control project success. These files are indicated by a disk symbol and a following link to the corresponding file, e.g. link to a template for a project charter. In the example below when the link “Project\_Charter\_Example” is clicked on a template in MS-Word format opens that can be edited by the user.

**Figure 6: A link to a corresponding template (here: project charter)**

The screenshot shows the CONMETHOS Cost Management Toolbox interface. On the left is a navigation menu with sections: Overview, Handling, 6 Phases (1. Project Initialisation, 2. As-Is Analysis, 3. Critical Review, 4. Concept, 5. Implementation, 6. Control), Documents, Index, Help, and Contact CONMETHOS. The main content area is titled '1. Project Initialisation: Overview' and contains text about project success factors, a link to 'Project Charter' (Project\_Charter\_Example), and sections for 'Project Roles and Committees' and 'Project Planning'. A table titled 'Project Charter' is displayed on the right, showing details for a project at SampleComp Ltd. in the Finance department.

Theme	Description	Responsible / date
<b>Project title</b>	<i>Cost cutting overhead</i>	
<b>Priority</b>	High	
<b>Starting position</b>	Costs in the areas of administration have risen in the last five years by 25% finance, controlling, personnel and purchasing - with revenue growth of 18%.	
<b>Objective</b>	The costs in these areas should be significantly reduced. For this purpose, the creation of performance in these areas should be made transparent. The method used is the overhead cost analysis. The "Cost Management Toolbox" of CONMETHOS GmbH shall apply.	
<b>Expected results</b>	Naming of services that are created in these areas and analysis of the related costs; identification of potential for optimization to reduce costs; → 30% cost reduction in the areas referred to in a time horizon of three years; the costs referred to in the cost center reports of the areas are based on	
<b>Required input</b>	<ul style="list-style-type: none"> <li>Resources need naming</li> <li>Coordination of project planning management</li> <li>Setting up a project server and play on the CONMETHOS tool</li> </ul>	Head / 31.12.12 Dr. Kaufmann / 13.08.12 Head / 13.08.12
<b>Milestones</b>	<ul style="list-style-type: none"> <li>Project initialization is complete</li> <li>Completion is recording</li> <li>Final analysis</li> <li>Final design</li> <li>Implementation planning</li> <li>Setting up implementation controlling</li> </ul>	Head / 31.08.12 Head / 30.09.12 Head / 12.10.12 Head / 05.11.12 Head / 16.11.12 Head / 30.11.12
<b>Result documents and reporting</b>	Each milestone, a final presentation is created and presented to the Steering Committee	Head
<b>Resource planning</b>	Project Sponsor: Merchant (F) Steering Committee: Chief (Chairman) Merchant (F) Head (IT) Project Manager: Head (IT) Subproject manager finance: Ms. Mark (F) Subproject manager controlling: Show (C) Subproject manager staff: Ms. Human (HR) Subproject manager purchasing: Buyer (P)	

In the Cost Management Toolbox 40 Word, Excel and Powerpoint documents are linked to the steps of the method.

## **Conclusion: “Click-by-click” management methods offer high potential for management and education**

The presented approach offers a high potential for the hands-on and professional application of management methods. Managers as well as students can benefit from the easy access to these methods through “click-by-click” procedures. Easy access to these methods is also achieved by structuring the methods into several phases and every phase into several steps. Thus the barriers for professional application of management methods can be removed.

The proof to be practical has been shown by transferring this approach to the Overhead Value Analysis, a method for Cost Management projects.

However, the approach needs experts willing to externalise their knowledge about management methods. And it needs some effort in guiding these method experts to structure their knowledge and to prepare the content in a “click-by-click” approach. The set-up of a publishing-company-like infrastructure with a pool of professional authors, lecturers, publishers and corresponding distribution channels might be reasonable.

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