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MAKING TIME MANAGEMENT THE ORGANIZATION'S PRIORITY

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To stop wasting a finite resource, companies should tackle time problems systematically rather than leave them to individuals.

http://www.mckinsey.com/insights/organization/making_time_management_the_organizations_priority

When a critical strategic initiative at a major multinational stalled recently, company leaders targeted a talented, up-and-coming executive to take over the project. There was just one problem: she was already working 18-hour days, five days a week. When the leaders put this to the CEO, he matter-of-factly remarked that by his count she still had “30 more hours Monday to Friday, plus 48 more on the weekend.”

Extreme as this case may seem, the perennial time-scarcity problem that underlies it has become more acute in recent years. The impact of always-on communications, the growing complexity of global organizations. For more on global organizational challenges, see Martin Dewhurst, Jonathan Harris, and Suzanne Heywood, “The global company’s challenge,” McKinsey Quarterly, June 2012; and Toby Gibbs, Suzanne Heywood, and Leigh Weiss, “Organizing for an emerging world,” McKinsey Quarterly, June 2012. and the pressures imposed by profound economic uncertainty have all added to a feeling among executives that there are simply not enough hours in the day to get things done.

Our research and experience suggest that leaders who are serious about addressing this challenge must stop thinking about time management as primarily an individual problem and start addressing it institutionally. Time management isn’t just a personal-productivity issue over which companies have no control; it has increasingly become an organizational issue whose root causes are deeply embedded in corporate structures and cultures.



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Fortunately, this also means that the problem can be tackled systematically. Senior teams can create time budgets and formal processes for allocating their time. Leaders can pay more attention to time when they address organizational-design matters such as spans of control, roles, and decision rights. Companies can ensure that individual leaders have the tools and incentives to manage their time effectively. And they can provide institutional support, including best-in-class administrative assistance—a frequent casualty of recent cost-cutting efforts.

Approaches like these aren't just valuable in their own right. They also represent powerful levers for executives faced with talent shortages, particularly if companies find their most skilled people so overloaded that they lack the capacity to lead crucial new programs. In this article, we'll explore institutional solutions—after first reviewing in more detail the nature of today's time-management challenge, including the results of a recent survey.

Time: The 'infinite' resource

When we asked nearly 1,500 executives across the globe. The online survey was in the field from November 8 to November 18, 2011, and garnered responses from 1,374 executives at the level of general manager or above. Respondents represent all regions, industries, company sizes, forms of ownership, and functional specialties. To adjust for differences in response rates, the data are weighted by the contribution of each respondent's nation to global GDP to tell us how they spent their time, we found that only 9 percent of the respondents deemed themselves "very satisfied" with their current allocation. Less than half were "somewhat satisfied," and about one-third were "actively dissatisfied." What's more, only 52 percent said that the way they spent their time largely matched their organizations' strategic priorities. Nearly half admitted that they were not concentrating sufficiently on guiding the strategic direction of the business. These last two data points suggest that time challenges are influencing the well-being of companies, not just individuals.

The survey results, while disquieting, are arguably a natural consequence of the fact that few organizations treat executive time as the finite and measurable resource it



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is. Consider the contrast with capital. Say that a company has \$2 billion of good capital-investment opportunities, all with positive net present value and reasonably quick payback, but just \$1 billion of capital readily available for investment. The only options are either to prioritize the most important possibilities and figure out which should be deferred or to find ways of raising more capital.

Leadership time, by contrast, too often gets treated as though it were limitless, with all good opportunities receiving high priority regardless of the leadership capacity to drive them forward. No wonder that so few leaders feel they are using their time well or that a segmentation analysis of the survey data revealed the existence not only of dissatisfied executives but of four distinct groups of dissatisfied executives—“online junkies,” “schmoozers,” “cheerleaders,” and “firefighters”—whose pain points, as we’ll see, reflect the ways organizations ignore time (for a full description of each group, see the narrated slideshow, “Time management: Four flavors of frustration”).

Time management: Four flavors of frustration

Aaron De Smet describes the four types of executives who are dissatisfied with their use of time.

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Few organizations treat executive time as the finite and measurable resource it is. In fact, a recent McKinsey survey of nearly 1,500 executives found that only 9 percent deemed themselves “very satisfied” with their current allocation of time; nearly a third were actively dissatisfied. The dissatisfied executives fall into four distinct types.

Select a type below to view data and hear commentary by Aaron De Smet, a principal in McKinsey’s Houston office.



00:00 00:00

Online junkie	Schmoozer	Cheerleader	Firefighter
▶	▶	▶	▶



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Initiative overload

The myth of infinite time is most painfully experienced through the proliferation of big strategic initiatives and special projects common to so many modern organizations. The result is initiative overload: projects get heaped on top of “day jobs,” with a variety of unintended consequences, including failed initiatives, missed opportunities, and leaders who don’t have time to engage the people whose cooperation and commitment they need. Organizations often get “change fatigue” and eventually lack energy for even the most basic and rewarding initiatives.

Many dissatisfied executives, particularly firefighters and online junkies, struggle to devote time and energy to the personal conversations and team interactions that drive successful initiatives. The online junkies spend the least time motivating employees or being with their direct reports, either one on one or in a group; face-to-face encounters take up less than 20 percent of their working day. The communication channels they most favor are e-mail, other forms of asynchronous messaging, and the telephone—all useful tools, but often inadequate substitutes for real conversations.

Muddling through

Another unintended consequence of our cavalier attitude toward this supposedly infinite resource is a lack of organizational time-management guidance for individual managers.

Imagine someone on day one of a new job: she’s been through the training and onboarding, arrives at the office, sits down at her desk, and then . . . ? What determines the things she does, her schedule, the decisions she gets involved with, where she goes, whom she talks with, the information she reviews (and for how long), and the meetings she attends? Nine out of ten times, we find, the top two drivers are e-mails that appear in the inbox and meeting invites, albeit sometimes in reverse order.

Diary analyses of how different people spend their time in the same role—sales rep, trader, store manager, regional vice president—often provoke astonishment at the



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sharply contrasting ways different individuals perform the same job. The not-so-good performers are often highly fragmented, spending time on the wrong things in the wrong places while ignoring tasks core to their strategic objectives.

Our survey suggests that a laissez-faire approach to time management is a challenge for all four types of dissatisfied executives, but particularly for the schmoozers (CEOs are well represented) and cheerleaders (often C-suite executives one level down). These individuals seem to be doing valuable things: schmoozers spend most of their time meeting face to face with important (often external) stakeholders, while cheerleaders spend over 20 percent of theirs (more than any other dissatisfied group) interacting with, encouraging, and motivating employees.

But consider the things these people are not doing. Cheerleaders spend less time than other executives with a company's external stakeholders. For schmoozers, more than 80 percent of interaction time takes place face to face or on the phone. They say they have difficulty connecting with a broad cross-section of the workforce or spending enough time thinking and strategizing. The same challenge confronts cheerleaders, who spend less than 10 percent of their time focused on long-term strategy. The bottom line: muddling through and devoting time to activities that seem important doesn't always cut it, even for a company's most senior leaders.

Sidebar

Drowning in managerial minutiae

When we arrived early one morning for a leadership meeting with the director of operations at a large manufacturing company, we found her staring in frustration at her laptop. "What are you working on?" we asked.

"I wouldn't say I'm working on anything," she said grumpily. "I'm approving things. Like this \$26 requisition for a set of business cards. I've got all these approvals that I need to approve backed up in the system. I swear I must spend 15 or 20 hours per month on this kind of nonsense. Approving this, managing that, signing off on time sheets, on sick leave, and on budget items in excruciating detail. Every time there is one of these efforts to cut costs in a function, work that had previously been done



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by a small group of clerks and administrators gets pushed out to executives and managers to do themselves, reducing the clerical department by five or six FTEs.¹ Full-time equivalents. If we could measure the time costs for senior managers, we'd see that they are much bigger than the cost savings—but it's easier to just shove the work onto someone else and declare victory than to do the really hard work of finding out how to get more efficient.”

Troublesome trade-offs

When new initiatives proliferate without explicit attention to the allocation of time and roles, organizations inadvertently make trade-offs that render their leaders less effective (see sidebar, “Drowning in managerial minutiae”).

Companies often exacerbate time problems through the blunt application of “delaying” principles. One organization we know applied “the rule of seven” (no more than seven direct reports for managers) to all parts of the organization. It forgot that different types of managerial work require varying amounts of time to oversee, manage, and apprentice people. In some cases (such as jobs involving highly complicated international tax work in finance organizations), a leader has the bandwidth for only two or three direct reports. In others (such as very simple call-center operations, where employees are well trained and largely self-managing), it is fine to have 20 or more.

While the average span of control might still work out at seven, applying simple rules in an overly simplistic way can be costly: managers with too few direct reports often micromanage them or initiate unnecessary meetings, reports, or projects that make the organization more complex. Conversely, when managers don't have enough time to supervise their people, they tend to manage by exception (acting only where there's a significant deviation from what's planned) and often end up constantly firefighting.

We saw these dynamics most at work among our survey's firefighters. General managers accounted for the largest number of people in this category, which is characterized by the amount of time those in it spend alone in their offices,



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micromanaging and responding to supposed emergencies via e-mail and telephone (40 percent, as opposed to 13 percent for the schmoozers). Such executives also complained about focusing largely on short-term issues and near-term operational decisions and having little time to set strategy and organizational direction.

Respecting time

The deep organizational roots of these time challenges help explain their persistence despite several decades of research, training, and popular self-help books, all building on Peter Drucker's famous dictum: "Time is the scarcest resource, and unless it is managed nothing else can be managed."³ 3. See Peter Drucker, *The Effective Executive*, first edition, New York, NY: Harper & Row, 1967.

So where should leaders hoping to make real progress for their organizations—and themselves—start the journey? We don't believe there's one particular breakdown of time that works for all executives. But the responses of the relatively small group of satisfied executives in our survey (fewer than one in ten) provide some useful clues to what works.

Overall, the key seems to be balance (exhibit). On average, executives in the satisfied group spend 34 percent of their time interacting with external stakeholders (including boards, customers, and investors), 39 percent in internal meetings (evenly split between one on ones with direct reports, leadership-team gatherings, and other meetings with employees), and 24 percent working alone.⁴ 4. About 3 percent said "other."

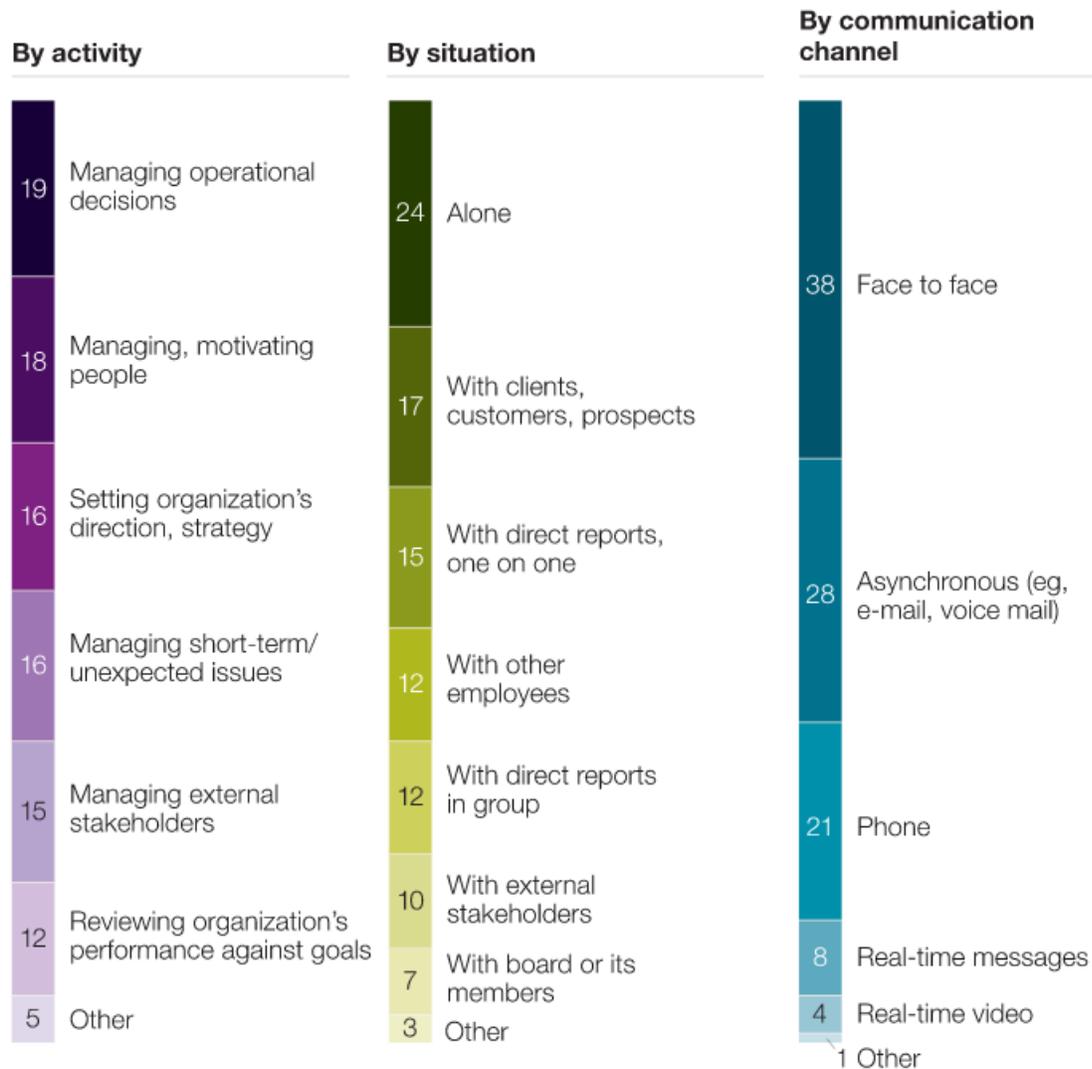


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How satisfied executives spend their time.

Time allocation by highly satisfied group¹ (n = 124 executives), %



¹Survey data are weighted by contribution of each respondent's nation to global GDP to adjust for differences in response rates.

Source: Nov 2011 McKinsey survey of 1,374 executives at the level of general manager or above, representing all regions, industries, company sizes, forms of ownership, and functional specialties



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Of the time executives in the satisfied group spend interacting with others (externally and internally), 40 percent involves face-to-face meetings, 25 percent video- or teleconferences, and around 10 percent some other form of real-time communication. Less than a third involves e-mail or other asynchronous communications, such as voice mail.

The satisfied executives identified four key activities that take up (in roughly equal proportions) two-thirds of their time: making key business or operational decisions, managing and motivating people, setting direction and strategy, and managing external stakeholders. None of these, interestingly, is the sort of transactional and administrative activity their dissatisfied counterparts cited as a major time sink.

In our experience, all of those dissatisfied leaders stand to benefit from the remedies described below. That said, just as the principles of a good diet plan are suitable for all unhealthy eaters but the application of those principles may vary, depending on individual vices (desserts for some, between-meal snacks for others), so too these remedies will play out differently, depending on which time problems are most prevalent in a given organization.

1. Have a ‘time leadership’ budget—and a proper process for allocating it

Rather than add haphazardly to projects and initiatives, companies should routinely analyze how much leadership attention, guidance, and intervention each of them will need. What is the oversight required? What level of focus should the top team or the steering committee provide? In other words, how much leadership capacity does the company really have to “finance” its great ideas?

Establishing a time budget for priority initiatives might sound radical, but it’s the best way to move toward the goal of treating leadership capacity as companies treat financial capital and to stop financing new initiatives when the human capital runs out. One large health system we know has established a formal governance committee, with a remit to oversee the time budget, for enterprise-wide initiatives. The committee approves and monitors all of them, including demands on the



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system's leadership capacity. Initial proposals must include time commitments required from the leadership and an explicit demonstration that each leader has the required capacity. If not, the system takes deliberate steps to lighten that leader's other responsibilities.

2. Think about time when you introduce organizational change

Companies typically look at managerial spans of control from a structural point of view: the broader they are, the fewer managers and the lower the overhead they need. Augmenting that structural frame of reference with the time required to achieve goals is critical to the long-term success of any organizational change. The hours needed to manage, lead, or supervise an employee represent a real constraint that, if unmanaged, can make structures unstable or ineffective.

Getting this right is a delicate balancing act. Excessively lean organizations leave managers overwhelmed with more direct reports than they can manage productively. Yet delayering can be a time saver because it strips out redundant managerial roles that add complexity and unnecessary tasks. One major health-products company we know recently made dramatic progress toward eliminating unnecessary work and taming a notorious "meeting culture" just by restructuring its finance organization, which had twice as many managers as its peers did.

Likewise, when another company—this one in the technology sector—reset its internal governance structures, it saved more than 4,000 person-hours of executive time annually while enhancing its strategic focus, increasing its accountability, and speeding up decision making. In particular, the company revamped complex decision-making structures involving multiple boards and committees that typically included the same people and had similar agendas and unnecessarily detailed discussions.



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3. Ensure that individuals routinely measure and manage their time

At one leading professional-services firm, a recent analysis revealed that the senior partners were spending a disproportionate amount of time on current engagements, to the exclusion of equally important strategic priorities, such as external networking, internal coaching, and building expertise. Today individual partners have a data-backed baseline as a starting point to measure how well their time allocation meets their individual strategic objectives.

Executives are usually surprised to see the output from time-analysis exercises, for it generally reveals how little of their activity is aligned with the company's stated priorities. If intimacy with customers is a goal, for example, how much time are the organization's leaders devoting to activities that encourage it? Most can't answer this question: they can tell you the portion of the budget that's dedicated to the organization's priorities but usually not how much time the leadership devotes to them. Once leaders start tracking the hours, even informally, they often find that they devote a shockingly low percentage of their overall time to these priorities.

Of course, if you measure and manage something, it becomes a priority regardless of its importance. At one industrial company, a frontline supervisor spent almost all his time firefighting and doing unproductive administrative work, though his real value was managing, coaching, and developing people on the shop floor. The reason for the misallocation was that shop-floor time was neither structured nor measured—no one minded if he didn't show up—but he got into trouble by not attending meetings and producing reports. The same issue exists for senior executives: if their formal and informal incentives don't map closely to strategic priorities, their time will naturally be misallocated.

The inclusion in performance reviews of explicit, time-related metrics or targets, such as time spent with frontline employees (for a plant manager) or networking (for senior partners at a professional-services firm), is a powerful means of changing behavior. So is friendly competition among team members and verbal recognition of people who spend their time wisely. And consider borrowing a page from lean



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manufacturing, which emphasizes “standard work” as a way to reduce variability. We’ve seen companies define, measure, and reward leader-standard work, including easy-to-overlook priorities from “walking the halls” to spending time with critical stakeholders.

4. Refine the master calendar

To create time and space for critical priorities, business leaders must first of all be clear about what they and their teams will stop doing. Organizationally, that might mean reviewing calendars and meeting schedules to make an honest assessment of which meetings support strategic goals, as opposed to update meetings slotted into the agenda out of habit or in deference to corporate tradition.

While many large companies create a master calendar for key meetings involving members of the senior team, few take the next step and use that calendar as a tool to root out corporate time wasting. There are exceptions, though: one global manufacturer, for example, avoids the duplication of travel time by always arranging key visits with foreign customers to coincide with quarterly business meetings held overseas.

In our experience, companies can make even more progress by identifying which meetings are for information only (reporting), for cross-unit collaboration (problem solving and coordination at the interfaces), for managing performance (course-correcting actions must be adopted at such meetings, or they are really just for reporting), or for making decisions (meetings where everything is approved 99 percent of the time don’t count, since they too are really for reporting). Executives at the highest-performing organizations we’ve seen typically spend at least 50 percent of their time in decision meetings and less than 10 percent in reporting or information meetings. But most companies allocate their leadership time in exactly the reverse order, often without knowing it: the way people spend their time can be taken for granted, like furniture that nobody notices anymore.



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5. Provide high-quality administrative support

One of the biggest differences we saw in the survey involved the quality of support. Of those who deemed themselves effective time managers, 85 percent reported that they received strong support in scheduling and allocating time. Only 7 percent of ineffective time allocators said the same.

The most effective support we've seen is provided by a global chemical company, where the CEO's administrative assistant takes it upon herself to ensure that the organization's strategic objectives are reflected in the way she allocates the time of the CEO and the top team to specific issues and stakeholders. She regularly checks to ensure that calendared time matches the stated priorities. If it doesn't, during priority-setting meetings (every two weeks) she'll highlight gaps by asking questions such as, "We haven't been to Latin America yet this year—is that an issue? Do you need to schedule a visit before the end of the year?" Or, "Are these the right things to focus on? Since you're already going to Eastern Europe, what else should we schedule while you're out there? Do we need to clear the decks to make more time for strategic priorities?"

In addition, the CEO's administrative assistant "owns" the master calendar for corporate officers and uses it to ensure that the executive team meets on important topics, avoids redundant meetings, and capitalizes on occasions when key leaders are in the same place. Finally, to give senior leaders time to reflect on the big picture, she creates "quiet zones" of minimal activity two or three days ahead of significant events, such as quarterly earnings reports, strategy reviews with business units, and board meetings. Such approaches, which make the executives' allocation of time dramatically more effective, underscore the importance of not being "penny-wise and pound-foolish" in providing administrative support.

The time pressures on senior leaders are intensifying, and the vast majority of them are frustrated by the difficulty of responding effectively. While executives cannot easily combat the external forces at work, they can treat time as a precious and increasingly scarce resource and tackle the institutional barriers to managing it well. The starting point is to get clear on organizational priorities—and to approach the



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challenge of aligning them with the way executives spend their time as a systemic organizational problem, not merely a personal one.

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