

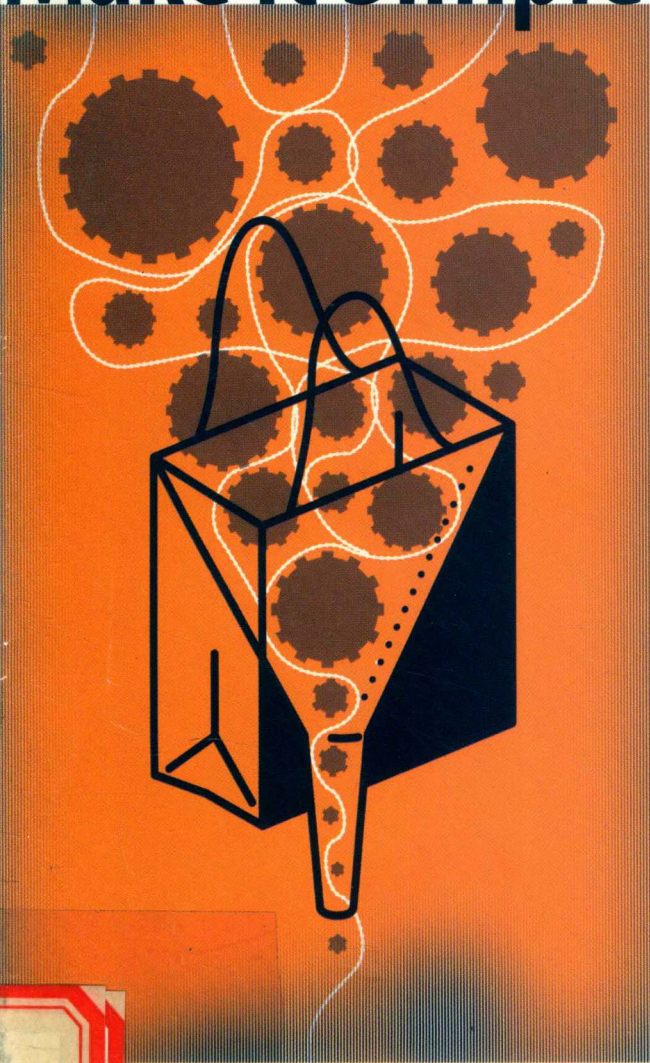
Harvard Business Review

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March 2005

Make It Simple



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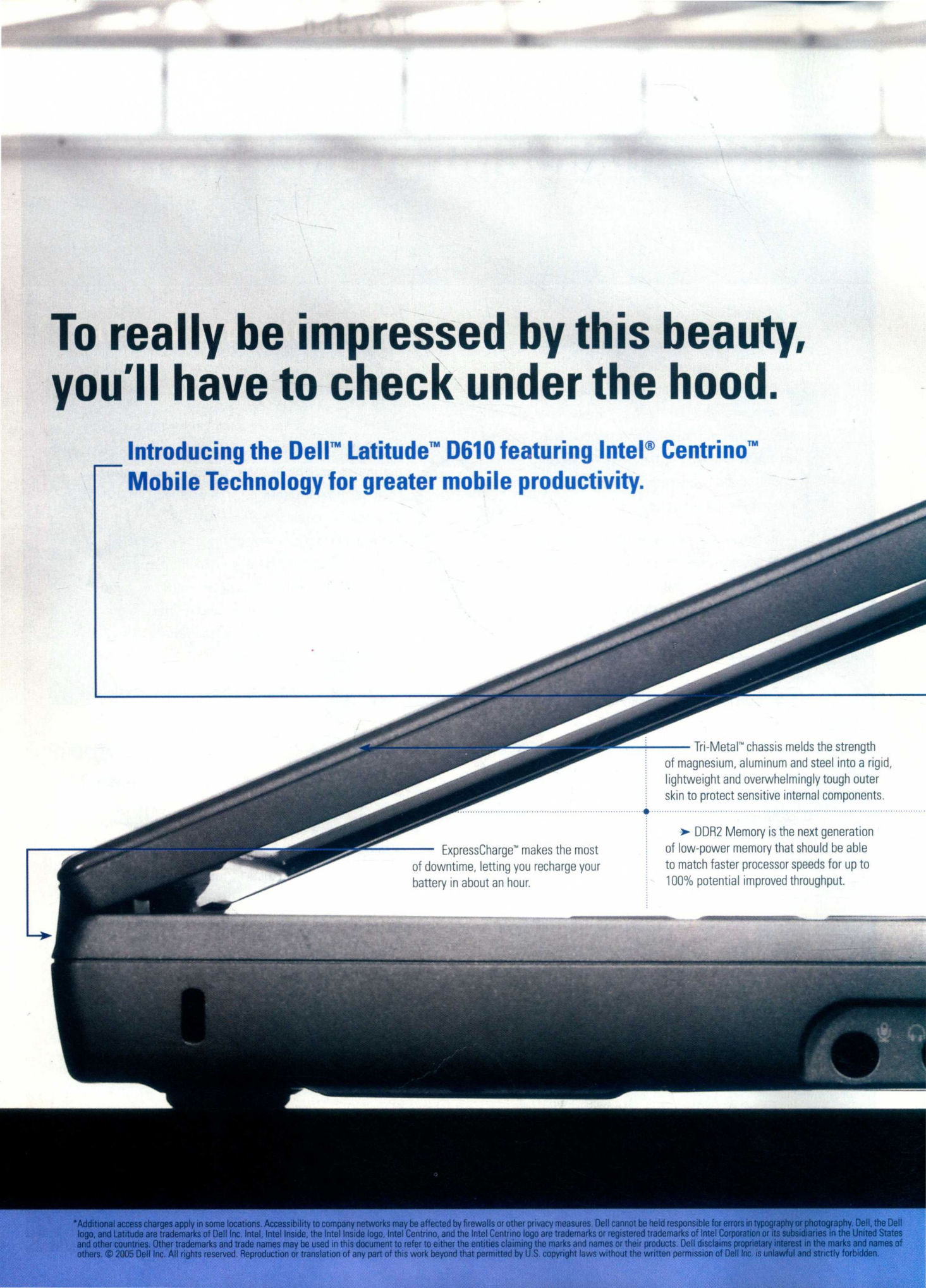
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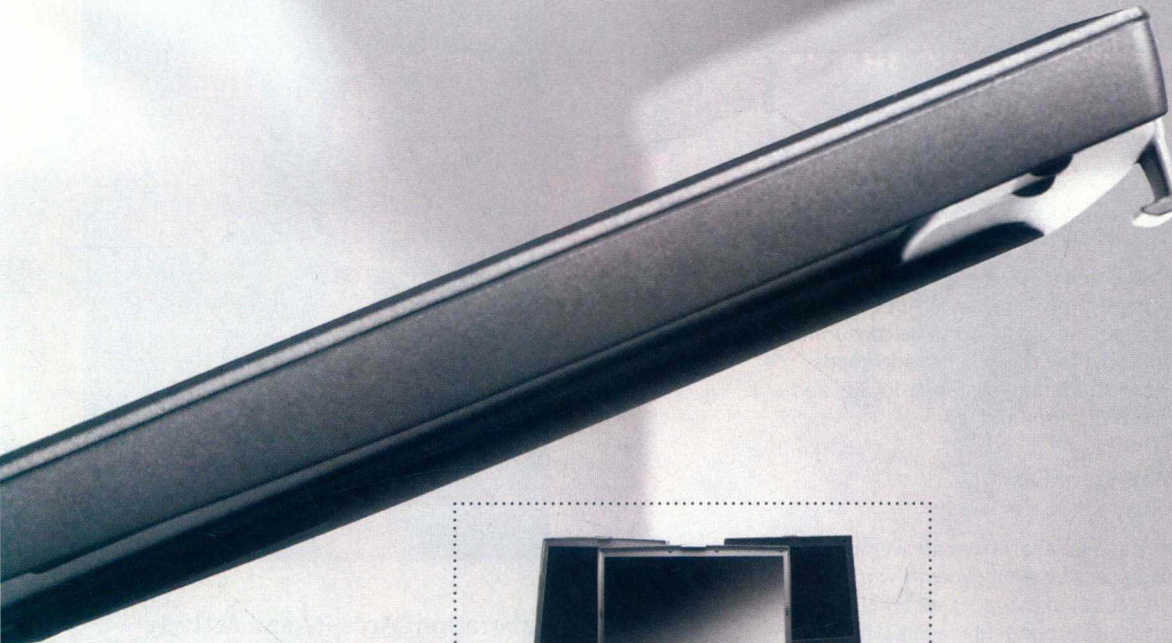


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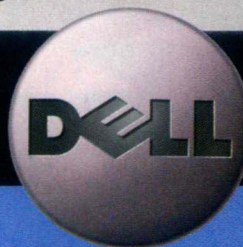
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March 2005

58 **Lean Consumption**

James P. Womack and Daniel T. Jones

Lean production squeezed inefficiency out of the manufacturing process. Now lean consumption aims to remove wasted time and hassle from the consuming process. By streamlining the way you provide goods and services, you can strengthen customer loyalty and save everyone a lot of time and money.

70 **What Great Managers Do**

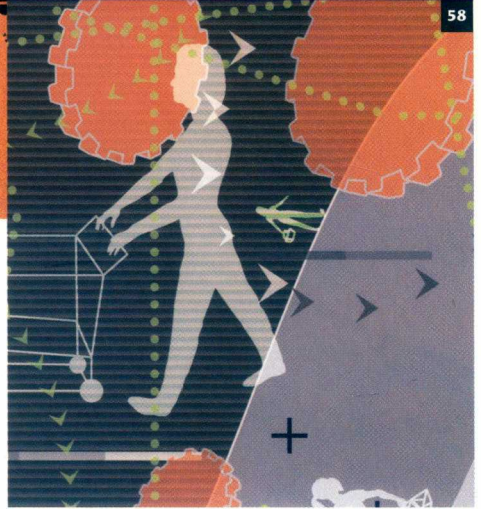
Marcus Buckingham

What sets a great manager apart from an average one? An average manager sees his employees as workers who fill roles; an exceptional manager sees them as individuals to build roles around. Managers who home in on a person's unique abilities can mine remarkable performance.

80 **MarketBusting: Strategies for Exceptional Business Growth**

Rita Gunther McGrath and Ian C. MacMillan

Surprise your rivals and delight your customers by reconfiguring your business's profit drivers. Indeed, changing your unit of business or radically changing your key metrics can be a powerful engine for growth, particularly for early movers.



92 **Want Collaboration? Accept – and Actively Manage – Conflict**

Jeff Weiss and Jonathan Hughes

Conflict is an inevitable part of every organization. By learning how to manage this important interpersonal dynamic, leaders can transform it from a major liability into a significant asset.

102 **THE HBR INTERVIEW** **Execution Without Excuses**

Michael Dell and Kevin Rollins

Interviewed by Thomas A. Stewart and Louise O'Brien

Down to their toenails, Dell's leaders know their business model works, so they expect a lot from their general managers. "Whenever we hear that a business might have to lose money for a while," says CEO Kevin Rollins, "we challenge the GM to figure out how to run the business better than anyone ever has and not lose money."

continued on page 6



A golfer wearing a white long-sleeved shirt, a dark vest, and a white cap is captured in the middle of a golf swing. He is positioned in the lower right quadrant of the frame, surrounded by a dense field of tall, golden-brown grasses that are blowing in the wind. The background is a lush green forest. The overall scene conveys a sense of focus and performance in a natural, somewhat challenging environment.

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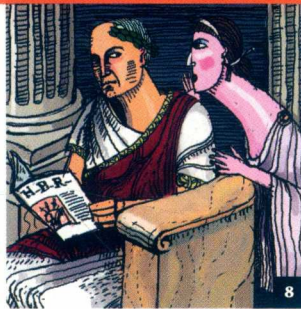
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March 2005

8 FROM THE EDITOR
The Ideas of March

No one has more to say about processes than James Womack and Daniel Jones. In these pages, we offer HBR readers an exclusive first look at their thinking on lean consumption—an idea whose impact is likely to be enormous.



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16 FORETHOUGHT

Customers will control your data...Oligonomy? What's that?...Your headquarters can be lean and powerful...Expand into Chinese markets...Why metaphors are bad for business...Why it's the wrong time to stop investing in low-wage markets...Where the jobs are going...Increasing threats to industry leaders... Where marketing is going...JetBlue's founder finds richness in the poor.



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31 HBR CASE STUDY
The Shakedown

Phil Bodrock

Pavlo Zhuk, the CEO of U.S.-based Customer Strategy Solutions, is facing a shakedown. Ukrainian tax officials claim that his software development center in Kiev owes the government a large amount of money. That shocks Zhuk, who knows he's done everything by the book. What should he do now?

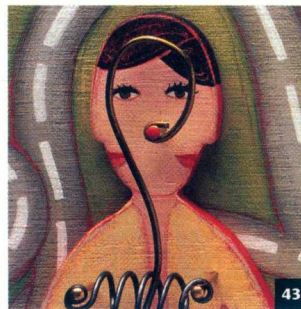


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43 BIG PICTURE
Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success

Sylvia Ann Hewlett and Carolyn Buck Luce

Whether they like it or not, many highly qualified, committed women need to step off the career fast track at some point. But it's not so easy for them to get back on. New survey data reveals for the first time the extent of the problem and what companies must do to reverse the brain drain.



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90 STRATEGIC HUMOR

124 BEST PRACTICE
A Practical Guide to Social Networks

Rob Cross, Jeanne Liedtka, and Leigh Weiss

When it comes to collaboration, more isn't always better. (Do you really want to add another meeting to your calendar?) But there's no denying that work has become a collaborative endeavor. Learn how to take a strategic view so you can build the right type of social network for the task at hand.

135 TOOL KIT
Inventory-Driven Costs

Gianpaolo Callioni, Xavier de Montgros, Regine Slagmulder, Luk N. Van Wassenhove, and Linda Wright

Traditional measures of inventory costs don't begin to track the real drivers of profitability for low-margin, short-lived products. If you can track the hidden costs, you'll find the optimal way to manage them. Here's how.

143 LETTERS TO THE EDITOR

Is anyone really 100% healthy and productive all the time? Before businesses can invest money to combat sick-time issues, a realistic baseline must be determined.

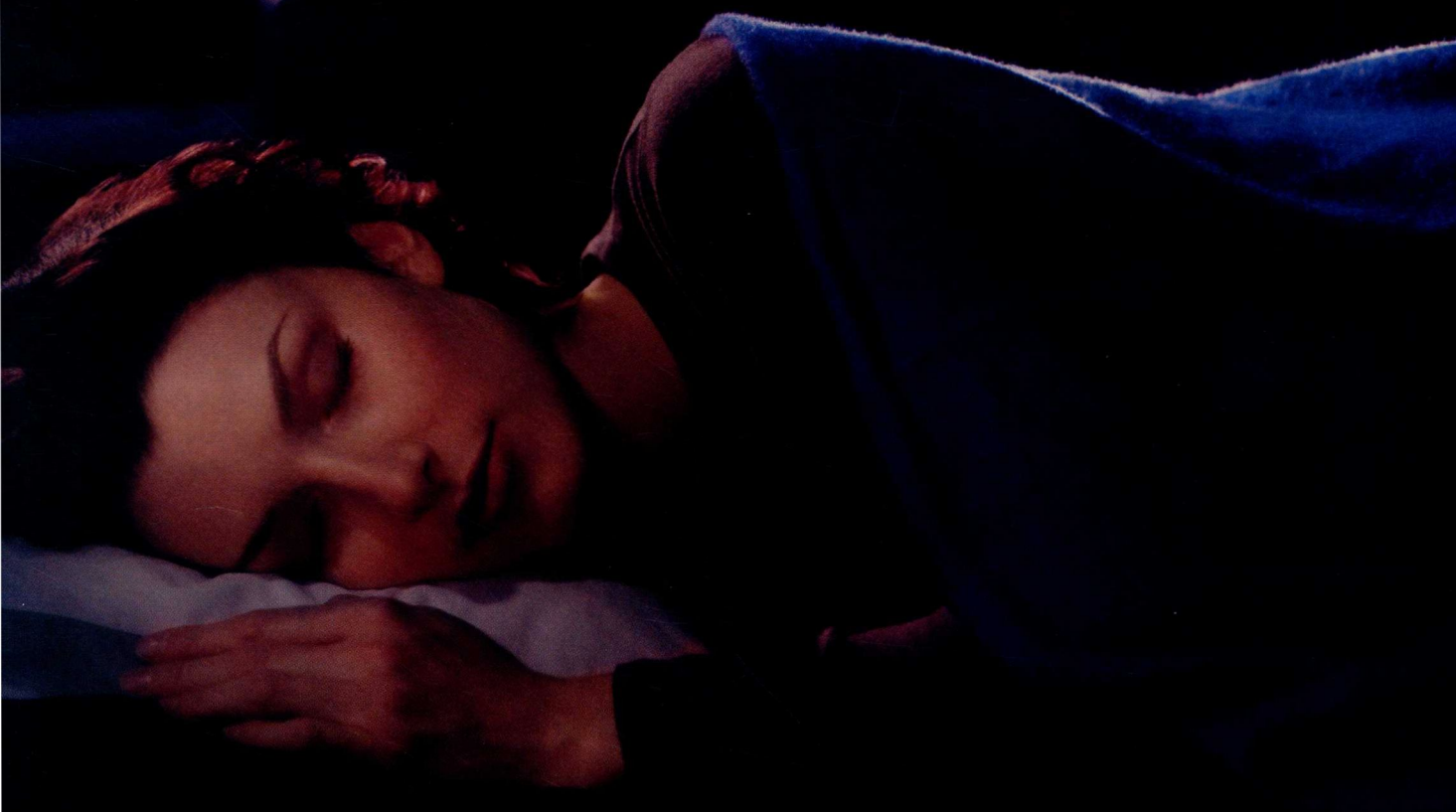
146 EXECUTIVE SUMMARIES

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The Snap Trap

Don Moyer

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The Ideas of March

ALMOST EVERY BUSINESS is like a woven fabric, its people the weavers. They begin by setting up a vertical warp of functions – procurement, manufacturing, distribution, sales, finance, and so on. Across them they weave processes, such as product development, order generation and fulfillment, and supply chain management.

Much of the progress in management in the last two decades has come from paying attention to the weft of processes. In that field, no one has had more to say than James Womack and Daniel Jones. Their 1990 book *The Machine That Changed the World* (cowritten with Daniel Roos) described the process-oriented principles of lean manufacturing that undergird Toyota's production system. Since then, the work of their Lean Enterprise Institute has deepened their understanding of lean production and extended its influence in business.

Get ready for the lean revolution, part deux.

"Consumption is a process, too," Womack said to me one evening at the Charles Hotel in Cambridge. As we consumed drinks, he and Jones outlined the thinking behind this month's lead article: The brainpower that businesses bring to bear to eliminate wasted assets, materials, and time in *production* should equally be deployed to improve the processes of *consumption* that customers follow. Like their earlier work, this is both a landmark synthesis of ideas whose implications haven't been fully understood and a breakthrough to new territory. Telling what lean consumption means, then showing the results at the handful of companies that have grasped its significance, Womack and Jones offer HBR readers an exclusive first look at an idea whose impact is likely to be enormous.

And what of the weavers, the people? I'd like to highlight a pair of important articles in this issue. One is Marcus Buckingham's "What Great Managers Do." Just as every one of us had a great teacher in school, so we've all had – or I hope will have – a great boss. Maybe she wasn't a great strategist, maybe he wasn't the most technically skilled – but he or she got better performance out of you than anyone ever had. You remember a boss like that with an emotion not unlike love. But how do great managers do it?




There's an enormous literature on managerial tasks like hiring, motivating, developing, and rewarding – and much discussion of the difference between management and leadership. But Buckingham – the former Gallup Organization researcher who is coauthor of *First, Break All the Rules* – takes a different tack, looking deeply into how great bosses interact with their direct reports. What he found is fascinating. Effective leaders, for the most part, capitalize on the dreams and

fears that people hold in common; many human resource policies similarly seek to establish common practices in the laudable pursuit of fairness. Great managers, though, seek out uniqueness. They figure out what *you* do well and what makes *you* tick. Rather than obscure differences, they develop them. It's a powerful insight; understanding it will make you better at both managing and leading.

"Off-Ramps and On-Ramps" by Sylvia Ann Hewlett and Carolyn Buck Luce shines the light of research onto a frustratingly intractable problem. Too many highly qualified women drop out of mainstream careers. If they take a break – to bear children, for example – they often find they cannot get back into the workforce even if they want to. ("It's the pause that represses," senior editor Julia Kirby says.) This article is the first fruit of a multiyear investigation of why talented women and minorities don't fully use the skills they have learned. (A longer research report is available at www.womenscareersreport.hbr.org.) The problem is no longer sexism among male executives – though that persists, of course. Working with survey data and detailed case studies of companies and industries, Hewlett and Buck Luce have identified structures and mechanisms that keep the hidden brain drain operating despite everyone's best intentions. They have also found companies that have made tremendous progress – and profited immensely – from fixing the problem.

Thomas A. Stewart



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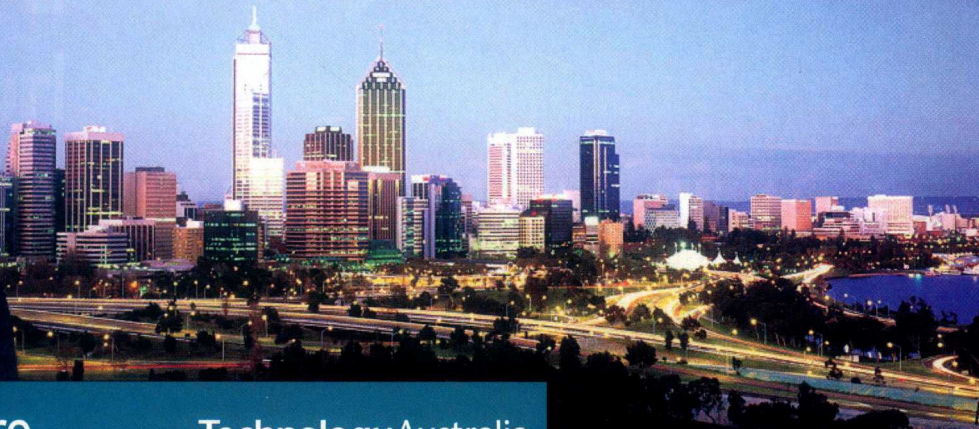
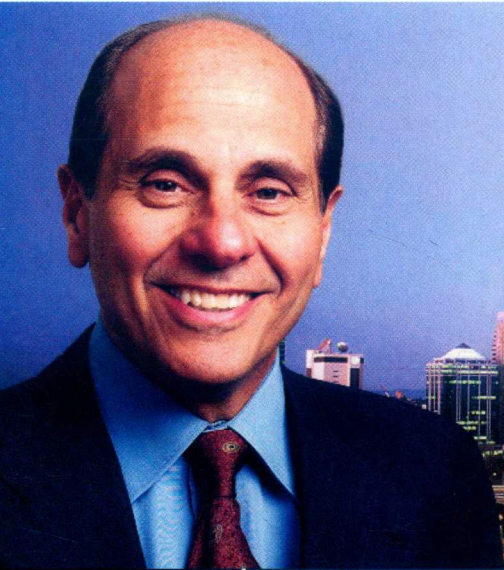
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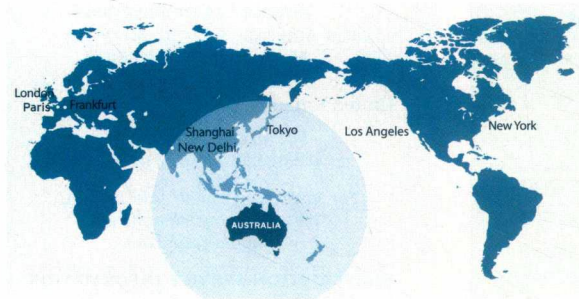
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1890

1900

Daimler introduces the first Mercedes

1910

First multivalve engine

1920

First supercharged engine

Daimler and Benz merge to form Daimler-Benz

1930

First independent suspension

First diesel-powered car

1940

1950

First "crumple zone" patent

The Gullwing introduced

1960

1970

An early patent for the air bag

1980

First pop-up rollover bar

1990

Electronic Stability Program first introduced

The CLK introduced

2000

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A survey of ideas, trends, people, and practices on the business horizon.

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GRIST

Sorting Data to Suit Yourself

by DAVID WEINBERGER

The Bettmann Archive of 11 million photographs is kept secure in a limestone quarry 220 feet below the earth. The front room—a painted cavern—holds a couple of offices, scanning equipment, and, most important, the card catalog. In the back room, filing cabinets filled with photos stretch to the vanishing point.

The Bettmann's layout embodies the two basic orders of organization that have dominated our thinking for thousands of years. The back room represents *first-order* organization: the sorting and

arrangement of objects themselves. The front room represents *second-order* organization: information about information (metadata), which is sorted in a different way. We encounter this dual structure in libraries, warehouses—even when catalog shopping. In the physical realm, it works. But as we digitize the world's information, a third order of organization is emerging that's undoing many of our old assumptions.

In the digital age, we are coming to realize how much of what we do is shaped