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Are Top Managers spending their time on the right issues for growth and value creation?

By

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Growth is the only way to create value in the long term.

A company that does not grow by more than 7.5% per year (i.e., a doubling of revenue every 10 years) loses its attractiveness and independence in the long term.

Growth is a choice that requires us to focus our resources on priority issues. Top managers' time is one of the msot critical resources. Yet, it is rarely optimized. This requires a clear definition and aligment of the corporate's strategy, organization, and operating modes.

An observation: Top Managers are wasting their time

To grow, it is essential to make choices: choosing ambition, selecting playing fields, deciding business models, determining speed and scale, and setting organization and operating modes.

Top Managers play a critical role in these decisions. They therefore need to their time on these issues. However, our experience shows that the amount of time spent by Top Managers is not commensurate with their role.

There are three main reasons for this gap between the ideal target and reality.

Firstly, executive tend to spend more time on familiar subjects where they feel comfortable and can add value. This may be the case with a specific function, geography, or industry from which the manager comes. However, this may not necessarily be the priority for their role.

Secondly, they are more likely to interact with people they like than with those responsible for key issues. If talent management is critical for the company, the President should address it directly. If he is unwilling or unable to engage with the responsible talent manager, he should consider replacing him. Otherwise, he runs the risk of not spending the necessary time on this critical issue.

Finally, Top managers do not define with sufficient precision and rigor their role, contribution and priorities and how best to drive, monitor and manage them. This is a requirement that requires prioritization.

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Example of a CEO's time reallocation on main issues

	Before		After	
	In annual days	*In %*	*In annual days*	*In %*
Strategy / Priorities / Major Acquisitions	14	6%	30	14%
High-growth Markets	25	11%	35	16%
Mature Markets	40	18%	10	5%
Key Accounts / Market	12	5%	20	9%
Organization / Management / Talent	11	5%	20	10%
Budget & Finance	25	11%	15	7%
Management committees	30	14%	30	14%
Internal and external communications	42	19%	45	20%
Shareholders (Strategy Committee, Board of Directors, AGM)	21	10%	15	7%
Total	220	100%	220	100%

Misallocation of time by Top Managers

By definition, no two situations are the same. At the President level, the allocation of his time depends on the nature of the industry, the number of business units, the stage of development of the company and its business model, the nature of its shareholders…

However, our experience of analyzing the allocation of Top Managers' time shows that certain priorities are often neglected in favor of more minor issues.

Presidents often spend too much time on mature, low-growth businesses, on the Presidents' original areas of expertise, on various internal committees (finance, marketing, innovation, business reviews…)… Typically, a President's schedule is already 50% filled with these different committees by January 1st. The question then arises of how to reassess these Company Beats (the committees that structure interactions within the company) and the role the President should play in them.

Conversely, they are not investing enough in high-growth activities (which require investment and support to create a tipping point), customer meetings with clients (to maintain a strong connection with the voice of the market), and in talent management (especially in spending time with young high-potential individuals to prepare the board of tomorrow).

The role of the President of a large group is not that of a super-CEO who is continuously improving the management of the group. It is the role of an entrepreneur who regularly and fundamentally questions the main resource allocations, the business portfolio, and the existing organizations, to ensure that the company is in line with the economic and competitive context. The President must focus on this role.

Approach to time allocation by Top Managers

Like any resource allocation, top management time allocation requires a structured approach in six steps:

1. Analysis of time spent in the last year and how Committees function. This initial step provides an objective assessment beyond impressions and forms the basis for management's choice of resource allocation.

2. Definition of the main issues for the Group (or management entity). This involves clarifying the major priorities for the year and the critical changes to be successfully achieved, which will require focused time allocation.

3. Focus on key issues. This involves selecting the main issues at four main levels: corporate strategy and organization, presence and communication on major action themes, contribution to the various committees, and relations with shareholders.

4. Role and time allocation spent on the main issues. This step gives concrete expression to the new choices and directions compared to previous years. Out of the 220 working days of the year, it is necessary to define what and how these days will be dedicated to ensure the acceleration of the desired movements.

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It is necessary to allocate time according to priorities, delegate effectively to the appropriate level, and optimize the time spent in committees

KEY TAKEAWAYS

- Growth is the only way to create value in the long term.
- A company that does not grow by more than 7.5% per year (i.e., a doubling of revenue every 10 years) loses its attractiveness and independence in the long term.
- To grow, choices must be made: choices of ambition, choices of playing fields, choices of business models, choices of speed and scale, and choices of organization and operating modes.
- It is up to top managers to make these choices.
- To do so, they must allocate a critical corporate resource: their time.
- This requires a clear definition (and consistency) of the company's strategic priorities, its organization and operating modes and the application of this approach at all levels of the organization.
- This requires a complete review of accountability and decision-making processes.

5. Time allocation and utilization of time spent on various committees. A significant amount of management time is spent on various committees. It is necessary to review the objectives, duration, frequency, participants, and operational mode of these committees to ensure that they are effective and use resources appropriately in terms of number and level.

6. Implementation of the approach across the functions of the n-1 to ensure that uncovered functions are effectively managed by these managers. Finally, a last loop is essential to ensure that issues for which time has been reduced are not neglected. It is important to verify that their management is being hadled at the appropriate level within the organization. This commits n-1 employees to undertake the same approach.

What to conclude?

Long-term growth, the only lever for value creation, requires a choice of resource allocation. This includes management time.

To achieve this, it is necessary to define priorities and allocate time in a way that is consistent with these priorities, to ensure that the roles previously fulfilled are performed by employees, and to optimize the time spent by committees.

The complexity of this case lies in the need to align strategic priorities, clarify the organization (and operating methods), and position the company at the right level. This approach needs to be done annually so that any "drift" can be refocused and time can be adjusted to the year's priorities.

If the President is not actively involved, there will be no growth. The President must create breakthroughs, make investment decisions, and create the conditions for growth. Ultimately, this is what separates the winners from the losers.

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Strategia Partners *is an international strategy consulting firm based in Europe (Paris & Zurich), the United States (New York & Seattle) and China (Shanghai). It assists Boards, CEOs, Executive Committees of major European and North American groups in their growth strategy. His approach integrates 3 perspectives: strategic and financial performance, environmental performance and human performance.*

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