HBR.ORG
Harvard Business Review
MAY 2014
REPRINT R1405D

SPOTLIGHT ON LEADING THE FOCUSED ORGANIZATION

Your Scarcest Resource

Time is money, but few organizations treat it that way. ***by Michael Mankins, Chris Brahm, and Gregory Caimi***

Your Scarcest Resource

Time is money, but few organizations treat it that way.

by Michael Mankins, Chris Brahm, and Gregory Caimi

MOST COMPANIES HAVE elaborate procedures for managing capital. They require a compelling business case for any new investment. They set hurdle rates. They delegate authority carefully, prescribing spending limits for each level.

An organization's *time,* in contrast, goes largely unmanaged. Although phone calls, e-mails, instant messages, meetings, and teleconferences eat up hours in every executive's day, companies have few rules to govern those interactions. In fact, most

ARTWORK Mark Dorf
//_path/untitled 21, 2013
archival pigment print

Michael Mankins leads Bain's Organization practice in the Americas and is a partner in San Francisco. He is a coauthor of *Decide & Deliver: Five Steps to Breakthrough Performance in Your Organization* (Harvard Business Review Press, 2010).

Chris Brahm is a leader of Bain's Technology practice in the Americas and a partner in San Francisco.

Gregory Caimi is a partner in Bain's Technology and Organization practices based in San Francisco.

companies have no clear understanding of how their leaders and employees are spending their collective time. Not surprisingly, that time is often squandered—on long e-mail chains, needless conference calls, and countless unproductive meetings. This takes a heavy toll. Time devoted to internal meetings detracts from time spent with customers. Organizations become bloated, bureaucratic, and slow, and their financial performance suffers. Employees spend an ever-increasing number of hours away from their families and friends, with little to show for it.

Most advice about managing time focuses on individual actions. Coaches tell us to reassert control over our e-mail, be far more selective about which meetings we attend, and so on. Such recommendations are worthwhile, but executives often discover that their best intentions are overwhelmed by the demands and practices of their organizations. The e-mails and IMs keep coming. So do the meeting invitations. Ignore too many and you risk alienating your coworkers or your boss. And if this steady flood of interactions is how your company gets its work done, you have little choice in the matter: You have to plunge in and swim your way to the other side as best you can.

Some forward-thinking companies have taken a different approach entirely. They expect their leaders to treat time as a scarce resource and to invest it prudently. They bring as much discipline to their time budgets as to their capital budgets. These organizations have not only lowered their overhead expenses; they have liberated countless hours of previously unproductive time for executives and employees, fueling innovation and accelerating profitable growth.

By the Numbers: How Organizational Time Is Squandered

Andy Grove, the former CEO of Intel, once wrote, "Just as you would not permit a fellow employee to steal a piece of office equipment, you shouldn't let anyone walk away with the time of his fellow managers." Of course, such thievery happens often, unintentionally. Meetings creep onto the calendar with no clear plan or priority. Initiatives crop up, demanding management attention.

But companies now have time-management tools that weren't available in the past. With Microsoft Outlook, Google Calendar, iCal, and other scheduling and messaging applications, they can track where managers and employees are spending the organization's collective time and thus investing its resources. The calendar data show how many meetings are occurring each week, month, or year and what kind they are. They show how many people are attending, by level and function within the organization. They even permit the tracking of certain organizational behaviors, such as parallel processing and double booking, that occur before, during, and after meetings. Of course, a company scrutinizing such data needs strong safeguards to protect employee privacy; nobody wants the feeling that Big Brother is watching his every move. But this information can paint a vivid and revealing picture of an organization's time budget.

Bain & Company, using innovative people analytics tools from VoloMetrix (on whose board Chris Brahm sits), recently examined the time budgets of 17 large corporations. Here's what we discovered:

Companies are awash in e-communications. As the incremental cost of one-to-one and one-to-many communications has declined, the number of interactions has radically multiplied. Many executives now receive some 200 e-mails a day—more than 30,000 a year—and the increasing use of IM and crowdsourcing applications promises to compound the problem. (See the exhibit "The Dark Side of Metcalfe's Law.") If the trend is left unchecked, executives will soon be spending more than one day out of every week just managing electronic communications.

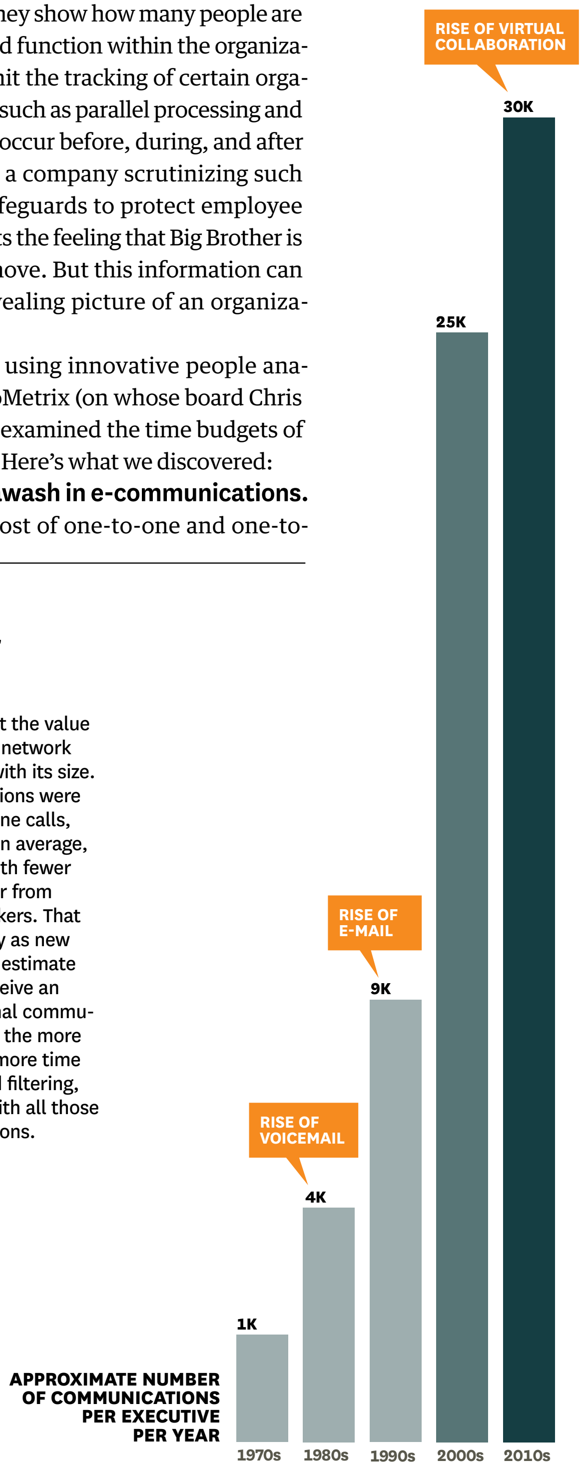
Meeting time has skyrocketed. Executives are also attending more meetings. That's partly because the cost of organizing them has dropped and partly because it's far easier than in the past for attendees to take part via telephone, videoconferencing, screen sharing, and the like. On average, senior executives devote more than two days every week to meetings involving three or more coworkers, and 15% of an organization's collective time is spent in meetings—a percentage that has increased every year since 2008. These gatherings proliferate: See the exhibit "Ripple Effects."

Real collaboration is limited. Although the number of one-to-one and one-to-many interactions has risen dramatically over the past two decades, up to 80% of the interactions we reviewed took place within departments, not between businesses, across functions, or between headquarters and other parts of the company. As for the interactions that did extend beyond an individual unit, analysis of their content suggests that many of them involved the wrong people or took place for the wrong reason—that is, they were primarily for sharing information rather than gathering input or brainstorming alternatives. In short, more time spent interacting has not produced significantly more collaboration outside organizational silos.

Dysfunctional meeting behavior is on the rise. At most of the organizations we examined, participants routinely sent e-mails during meetings. At one company, in 22% of meetings participants sent three or more e-mails, on average, for every 30 minutes of meeting time. Furthermore, executives commonly double-booked meetings and decided later which one they would actually attend. Dysfunctional behaviors like these create a vicious circle: Parallel processing and double booking limit the effectiveness of meeting time, so the organization sets up more meetings to get the work done. Those meetings prompt more dysfunctional behavior, and on and on.

The Dark Side of Metcalfe's Law

Metcalfe's Law states that the value of a telecommunications network increases exponentially with its size. In the 1970s communications were largely limited to telephone calls, telexes, and telegrams; on average, executives had to deal with fewer than 1,000 of them a year from people other than coworkers. That number rose dramatically as new technologies spread: We estimate that executives today receive an average of 30,000 external communications every year. And the more senior an executive, the more time subordinates must spend filtering, organizing, and coping with all those messages and conversations.



Idea in Brief

THE PROBLEM

Executives often discover that their best time-management intentions are overwhelmed by the demands and practices of the organization.

THE SOLUTION

Some companies have taken a new approach. They treat time as a scarce resource and bring as much discipline to their time budgets as to their capital budgets.

THE DETAILS

The new approach follows eight practices:

- Setting selective agendas
- Using a zero-based time budget
- Requiring a business case for each initiative
- Simplifying the organization
- Delegating authority for time investments
- Standardizing the decision process
- Making time discipline organization-wide
- Using feedback to manage organizational load

These practices enable companies to curb time pressure on executives, lower costs, and boost productivity.

Formal controls are rare. At most companies no real costs are associated with requesting coworkers' time. If you want a meeting, your assistant merely sends out a meeting request or finds and fills an opening in the team's calendar. If you identify a problem in need of fixing, you convene a task force to study it and, most likely, launch an initiative to address it. Such demands on the organization's time typically undergo no review and require no formal approval.

There are few consequences. In a recent Bain survey, senior executives rated more than half the meetings they attended as "ineffective" or "very ineffective." Yet few organizations have established mechanisms for assessing the productivity of individual gatherings, not to mention clear penalties for unproductive sessions or rewards for particularly valuable ones.

It's hard to know exactly how much of this squandered time could be rescued. But our data suggest that most companies have an opportunity to liberate at least 20% of their collective hours by bringing greater discipline to time management.

Eight Practices for Managing Organizational Time

A handful of companies have learned how to attack this problem directly. They create formal budgets to manage organizational time as the scarce resource it is. They purposefully curb demands on executive time. And they push their people to improve the productivity of meetings and other forms of collaboration. We find that the following eight practices pay big dividends:

Make the agenda clear and selective. One hallmark of great leaders is their ability to separate the urgent from the merely important. They know that everyone must share an understanding of which activities are critical to success. We advocate broadening that understanding to include time priorities. Not only should people be crystal clear about how to spend any extra time they may find in their day, but they should know what they can safely postpone or ignore.

Perhaps no other executive managed organizational time more effectively than the late Steve Jobs. Focus was a key to Apple's success. Each year Jobs took Apple's top 100 executives off-site for a planning retreat and pushed them to identify the company's leading 10 priorities for the coming year. Members of the group competed intensely to get their ideas on the short list. Then Jobs liked to take a marker and cross out the bottom seven. "We can only do three," he would announce. His gesture made it clear to everyone present what the company would and would not take on. Jobs cut through the noise and enabled Apple to invest the time of its top talent strategically, without dilution or waste. This dramatically accelerated the pace of innovation at the company and helped it become one of the largest in the world by market capitalization.

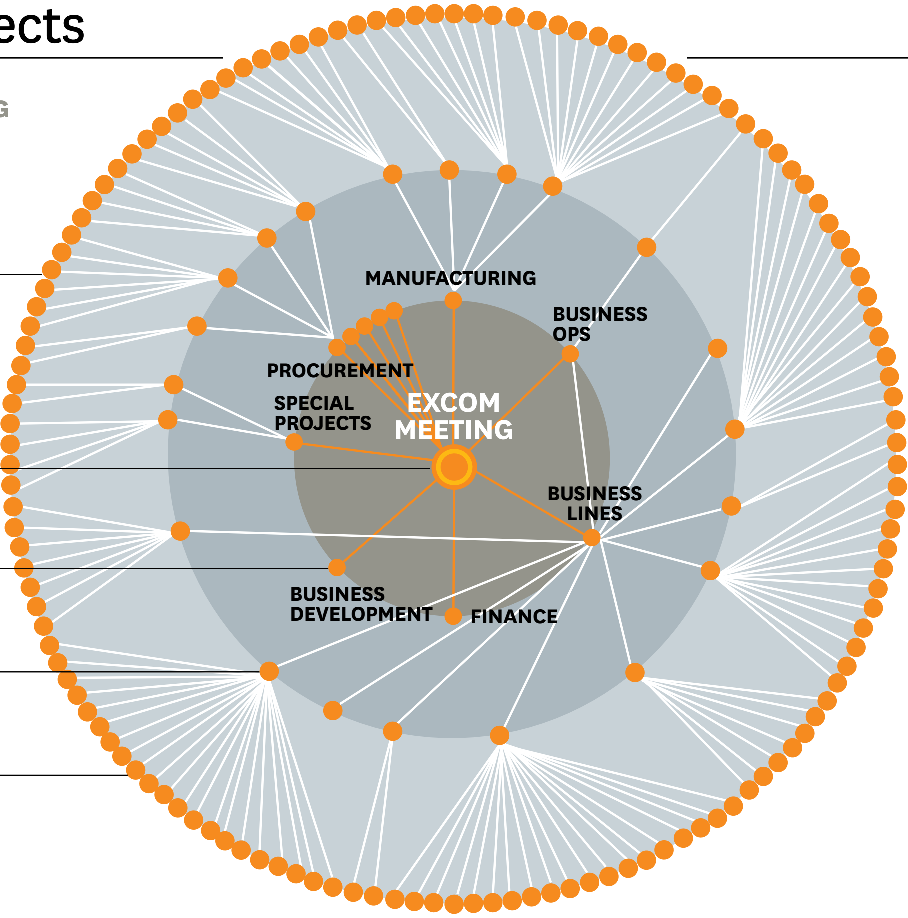
Create a zero-based time budget. Increasing workforce productivity requires that every organizational asset be carefully managed. Accordingly, many companies develop their operating and capital budgets from scratch each year, rather than taking the previous year's budget as a starting point. The best companies have zero-based time budgets as well. Their mind-set is: We will invest no additional organizational time in meetings; we will "fund" all new meetings through "withdrawals" from our existing meeting "bank."

Take Ford Motor Company. When Alan Mulally became Ford's CEO, in 2006, he discovered that the company's most senior executives spent a lot of time in meetings. In fact, the top 35 executives assembled every month for what they called "meetings week"—five days devoted to discussing auto programs and

Ripple Effects

THE TRUE COST OF AN EXCOM MEETING

EACH DOT REPRESENTS ONE MEETING



ONE WEEKLY MEETING ACCOUNTS FOR **7,000** HOURS A YEAR

UNIT MEETINGS **20,000** HOURS A YEAR

TEAM MEETINGS **63,000** HOURS A YEAR

PREPARATORY MEETINGS **210,000** HOURS A YEAR

ANNUAL TOTAL **300,000** HOURS

A single meeting at the top can consume significant organizational time and money. At one company we worked with recently, the senior leadership team reviewed performance across the business in weekly meetings that directly consumed 7,000 person hours a year. In anticipation of those meetings, each excom member met with his or her unit—consuming an additional 20,000 hours a year. The units, in turn, looked to their teams to generate and cross-check critical information, usually in meetings, which ate up another 63,000 hours a year.

Preparatory meetings consumed a further 210,000 hours, bringing the total time accounted for by weekly excom meetings to 300,000 hours a year—which doesn't even include data collection and related work time.

reviewing performance. The direct and indirect costs of these sessions were significant—far more than the company could afford at the time.

In late 2006 Mulally asked his team to ruthlessly assess the efficiency and effectiveness of the company's regular meetings. It quickly eliminated all unnecessary ones and shortened those that were unduly long, which forced people to maximize output per minute of meeting time. The team also became much more selective about requests for new meetings. Although individual managers at Ford are not required to eliminate one meeting before another can be scheduled, the company's executives treat organizational time as fixed.

The centerpiece of Ford's approach is a weekly session called the Business Plan Review (BPR), which has replaced meetings week. It brings together the company's most senior executives in a focused four- to five-hour session each week to set strategy and review performance. Content for the session is standardized, reducing the extensive prep time previously required. The implementation of the BPR liberated thousands of hours at Ford, enabling the company to lower overhead costs at a time when rivals were seeking a government bailout. It also improved the quality and pace of decision making at the company, accelerating Ford's turnaround.

Require business cases for all new projects. Companies often fall victim to "initiative creep," as seemingly sensible projects are added incrementally. Few if any of them are ever formally terminated. When Gary Goldberg became CEO at Newmont Mining, in March 2013, 87 initiatives were under way across the company, each demanding the time and attention of one or more members of Newmont's executive leadership team (ELT). Many of those initiatives, including efforts to improve mine safety or increase operational efficiency, were valuable. Others were more questionable in terms of Newmont's return on investment.

To gain control over initiative creep, Goldberg insisted that leaders develop formal business cases for all the company's ongoing and proposed projects. Before investing any time in one of them, the ELT had to review the case and approve the effort. Each case had to specify the precise economic benefit the initiative would deliver and also its total cost—including the time of executive leaders. Every initiative was required to have an executive sponsor, who was accountable for managing its progress and keeping it on budget.

These requirements had the desired effect. Many of the projects that had been under way when Goldberg took over were discontinued because no business cases were presented for them. Others were not approved. After less than three months, Newmont had scaled back the number of initiatives by a third and refocused its collective time on improving safety and operational efficiency.

Simplify the organization. The more management layers between the CEO and the frontline worker, the slower the information flows and decision making. All managers know this, even if many fail to act on their understanding.

What they often don't realize is that every additional supervisor adds costs well beyond his or her salary. Supervisors schedule meetings; those meetings require content that some people must generate and others must review; and each meeting typically spawns even more meetings. We have found that on average, adding a manager to an organization creates about 1.5 full-time-equivalent employees' worth of new work—that is, his own plus 50% of another employee's—and every additional senior vice president creates more than 2.6. The "caravan" of resources accompanying a manager or a senior executive, which may include an executive assistant or a chief of staff, adds further work and costs. (See the exhibit "The True Cost of Your Next Manager.") As the work piles up, time grows ever shorter.

Given the direct and indirect costs of most supervisors, one way to improve organizational efficiency is to simplify, starting at the top. In 2010 the University of California at Berkeley was facing tremendous financial pressure: The state legislature had cut $150 million from Berkeley's budget in response to a mounting deficit. To safeguard the funds needed to preserve the university's reputation for excellence in teaching, research, and access, the administration had to find ways to streamline its cost structure.

In the summer of that year, Robert Birgeneau, then the university's chancellor, launched what was known as Operational Excellence. The program's objective was to dramatically improve the efficiency and effectiveness of the HR, finance, IT, and general administrative support provided to Berkeley's 14 colleges and more than 100 departments. By standardizing and simplifying work by function and sharing management across those units, Operational Excellence removed hundreds of unnecessary supervisors and freed up an enormous amount of organizational time. The restructuring and simplification has saved the university some $120 million annually while enabling Berkeley to deliver more with less.

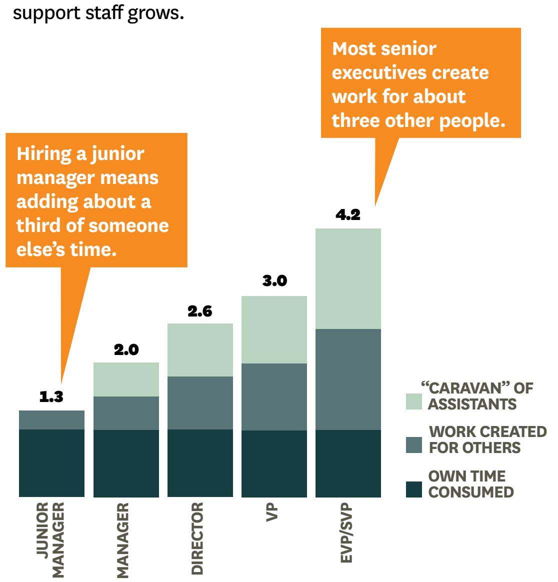
Clearly delegate authority for time investments. Most companies place few restrictions on who can organize a meeting. Decisions regarding how long the session should be, who should attend, and even whether participants must attend in person are frequently left up to low-level employees. The result: Costly meetings are scheduled without scrutiny.

For example, leaders at one large manufacturing company recently discovered that a regularly scheduled 90-minute meeting of midlevel managers cost more than $15 million annually. When asked "Who is responsible for approving this meeting?" the managers were at a loss. "No one," they replied. "Tom's assistant just schedules it and the team attends." In effect, a junior VP's administrative assistant was permitted to invest $15 million without supervisor approval. No such thing would ever happen with the company's financial capital.

At another manufacturing company we worked with recently, the leadership team took two simple steps to rein in unproductive meeting time. First, it

The True Cost of Your Next Manager

Every individual manager gets e-mail and meeting support from subordinates whose time should be factored into his or her job. As managers move up the hierarchy, their need for support staff grows.



Most companies place few restrictions on who can organize a meeting. The result: Costly meetings are scheduled without scrutiny.

reduced the default meeting length from 60 minutes to 30 minutes. Second, it established a guideline limiting meetings to seven or fewer participants. Any meeting exceeding 90 minutes or including more than seven people had to be approved by the supervisor of the convener's supervisor (two levels up). This cut the organizational time budget dramatically—by the equivalent of 200 full-time employees over a six-month period.

Standardize the decision process. At many companies, decision rights and processes are so ill defined that the organization devotes more time to managing the matrix than to decision making and execution. In such cases, establishing an organization-wide approach to decision making can greatly improve efficiency and rescue time for other purposes.

Woodside, Australia's largest independent oil and gas company, is illustrative. The company had been operating with a matrix structure for a number of years. Although the matrix was designed to foster greater collaboration across the company, decision authority and accountability were murky. As a result, the time spent coordinating across functions and business units was rising steeply, adding costs. In 2012 Woodside's leadership explicitly defined a set of operating principles that spelled out responsibilities, authority, and accountability for the business units, the functions, and the corporate center. A broad training program helped ensure that the company's top leaders understood the new principles and the implications for their units. A small network of navigators was established to help remove roadblocks and accelerate decision making across the company.

The impact of these changes has been profound. Given clarity on who is accountable for important decisions, executives at Woodside have streamlined how those decisions are made. A significant portion of the resulting saved time is now spent on efforts to improve execution and identify new growth opportunities.

Establish organization-wide time discipline. No company can eliminate all meetings—they are essential for fostering collaboration and making critical decisions. But most companies can dramatically improve the quality of the meetings they do hold by establishing a few simple norms:

- *Agendas with clear objectives.* At Intel all meetings start with a clear purpose: to inform about topic A, discuss topic B, and decide topic C. As simple as that may sound, the procedure focuses attendees on accomplishing the specified objectives.
- *Advance preparation.* At Ford, all materials for weekly Business Plan Reviews must be distributed in advance so that participants can review them before the meetings. That greatly reduces the time devoted to information sharing during BPRs.
- *On-time start.* Beginning each hour-long meeting only five minutes late costs a company 8% of its meeting time. Most management teams wouldn't tolerate 8% waste in any other area of responsibility.
- *Early ending, particularly if the meeting is going nowhere.* Steve Jobs used to "call an audible" when the productivity of a meeting at Apple started to decline or participants were unprepared. Some people considered his style abrupt, but he prevented the waste of time and money when sessions were unlikely to produce the desired outcome.

Provide feedback to manage organizational load. It's said that we can't manage what we don't measure. Yet few organizations routinely track the critical variables affecting human productivity, such as meeting time, meeting attendance, and e-mail volume. Without such monitoring, it is hard to manage those factors—or even to know the magnitude of your organization's productivity problem. And without a baseline measure of productivity, it is impossible to set targets for improvement.

Many executives already review how much time they spend with various constituencies and on various issues, using just their own calendars. A few companies, including Seagate and Boeing, are experimenting with giving their executives feedback on the "load" they are putting on the organization in terms of meetings, e-mails, IMs, and so forth. At Seagate some senior managers participated in a program in which they routinely received reports quantifying their individual loads along with the average load generated by other executives at their level and in their function. This information, combined with guidelines from the top, encouraged them to modify their behavior.

TIME IS AN ORGANIZATION'S SCARCEST—and most often squandered—resource. No amount of money can buy a 25-hour day or reclaim an hour lost in an unproductive meeting. To get the most out of your employees, you must treat their time as precious, creating disciplined time budgets and investing effort to generate the greatest possible value for your company.

HBR Reprint R1405D

join.me Helps Save Your Scarcest Resource

Manage your organization's time with **join.me** by LogMeIn. Unlike traditional web conferencing and meeting tools, **join.me** starts up to five times faster because there are no downloads for participants. It's also incredibly easy to use, which means meetings begin on time, every time, saving you time. It's why **join.me** is the fastest growing online meeting app, used by more than a million new users every month.

About join.me

Built for today's fast-paced, highly mobile workplace, **join.me** is the instant online meeting app that makes collaborating easier than ever. Powerful yet simple for anyone to use, **join.me** is great for ad-hoc meetings, formal presentations and anytime you need to share ideas and get work done. To start you own free trial, visit http://join.me.

Sponsored by join me by LogMeIn