
Micromanaging or Micro-Monitoring – Why One Works and the Other Doesn't

When you hear someone accused of micromanaging it almost always sounds like a bad thing – and, mostly, it is. What about delegating authority, responsibility and accountability - isn't that the way things should be? Well, yes and no.

Micromanaging

The problem always occurs when owners or other high level managers delegate responsibility without authority. Having to go to the boss for every decision and having your decisions second-guessed or overruled is how micromanagement got a bad rep. Mostly, these things occur in small, tightly-held, family businesses (like most furniture stores) where the family fortune is on the line every day. Owners really aren't comfortable giving up control of anything, so there really is no accountability outside their own, and this accounts for most of the stress and reduced quality-of-life of many small business owners – not to mention the employees subjected to this kind of organization.

Micromanagers leave little or nothing up to subordinate managers and attempt to direct all work initiatives. They expect everyone to think and act like them and are disappointed and even angered when they don't. Because micromanagers need to have complete control over everything processes are seldom documented and little is written down about how to do anything. The result of this under-documentation is often that more micromanagement is necessary, completing a destructive cycle. Micromanagers also tend to pick apart decisions made by subordinate managers, adding to the general feeling of frustration among them.

In micromanaged organizations, financial statements are usually not available to guide the managers because the owners tend to keep this information closed to anyone except, perhaps, a trusted bookkeeper or outside CPA. Often, this trusted associate acts the role of enabler in this kind of dysfunctional work environment. One result of this structure is that the owner's (micromanager's) frustration grows because without a connection to performance metrics to measure the results, subordinate managers often make poor decisions thereby reinforcing the micromanager's position.

Probably the most destructive outcome of micromanagement is that it stifles individual initiatives and innovation and fosters mediocrity, as employees buckle under to what the boss wants done no matter how ill conceived or counter-productive they might believe it to be. Quality managers and employees seek positions elsewhere and employee turnover is generally high.

Micro-Monitoring

Now, let's look at another possible scenario, one that uses basic business tools and concepts to improve financial performance and reduce personal stress throughout the organization. This organizational style uses metrics to monitor every important operational area and provides all managers with immediate feedback on how things are going. Here's what would be in place:

- Clearly designed financial statements, available monthly or on demand, that show the current condition and past operating profitability in sufficient detail for problem areas to be identified quickly and actions to be taken
- Goals for every operational area starting with sales revenue and going down the list of major expense and other income areas. In other words; an operating budget.
- An accountability chart (otherwise known as an organizational chart) tied to written job descriptions that are, in turn, tied to the financial statements and to the operational budget so each key executive knows exactly what's expected in terms of financial performance.
 - Lower level job descriptions are created in the same manner so that employees whose work directly affects or influences one or more line item on the financial statements are aware of the impact their work has on overall company performance
 - Process descriptions are written to ensure that things are being done right and to provide a source for employees to go to when training is required
- All key performance indicators (metrics) have been identified and a reporting system is in place to provide on-demand and automatic feedback to all managers all the time
- A corporate culture that values training, coaching and individual initiative and develops employees at all levels
- Strategic initiatives for improving the performance of all operational areas of your business including administration, operations and sales

- A management team performance review is held monthly immediately when the previous month's financials are prepared (on schedule) so any necessary steps can be taken to fix anything that is off track
 - Each department head reviews his or her area's results and explains all variances from budget
 - Action plans for dealing with issues are developed, responsibilities assigned, interim review schedule set, calendars updated
- Company performance appraisals, not just of people, but also of processes are held regularly and never missed and are based on the job description goals and financial performance requirements

This is what I mean by micro monitoring. Daily flash reporting on all key metrics is the way business managers in dynamic businesses like yours know what's going on "out there" and the organizational structure defined above is how you can maintain high levels of accountability for performance and ensure that the things that need to be done are being done according to plan.

What Are The Key Metrics?

Each store and company will have an unique set of important operational factors that require measurement and feedback on a daily, weekly, monthly or on-demand basis, but here are some that will be common to all retail furniture companies:

- Written sales for yesterday, MTD and YTD by location
- Written performance versus goal for any defined period, but always MTD
- Delivered sales for yesterday, MTD and YTD
- Delivered performance versus goal for any period, but always MTD
- Traffic counts for MTD, YTD versus plan.
- Close ratio for MTD, YTD for total store and by salesperson
- Average Sale for MTD, YTD for total store and by salesperson
- Revenue per UP for MTD, YTD for total store and by salesperson
- Actual written and delivered sales by salesperson versus goals
- Sales performance for fabric protection & other add-on sales versus goals
 - Available on demand sorted by salesperson
- Cash on hand
- Total inventory by category & location
- Total on order by category
- Current accounts payable (cash requirements)
- Total accounts receivable



Other important operational and budgetary metrics may be used by various department heads to help them guide their department's efforts and stay on budget, but the above list would aid any owner in understanding the operational effectiveness of the company on a daily basis. Storeowners and managers should establish a reporting system that provides all of the above information daily and/or on demand to ensure constant, effective feedback of operational results to the management team responsible for the profitability of the company.

When operating strategies are in place for all departments and accountability for performance has been established as shown above, this micro monitoring should be all an owner or business manager needs to keep the company on track toward its goals.