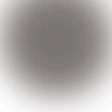




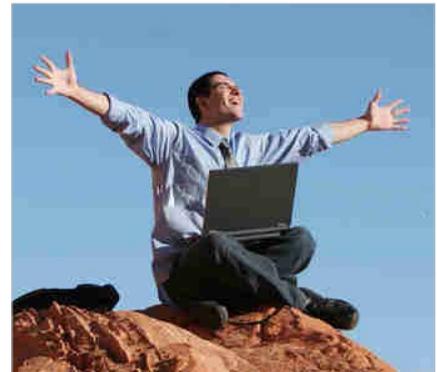
MANDAT  GR  WTH LETTER®

Growth Focus: Bottleneck

# CEO-Tip *of the Month*

by Guido Quelle

**“We’ve got a problem!”  
– There’s Always Only One  
Main Bottleneck**



“Boss, we’ve got a problem!” – How many times have you heard those words? Most likely – no matter what the number – too often.

How do you respond? Do you start looking for solutions right away? Careful! The first question is: Do “we” actually have a problem, or is it just an employee who has a problem and would like to involve us in it? So your first response should be along the lines of: “I see you have a problem. Now explain to me why it’s also important for me.”

As a rule, what follows is a whole series of explanations as to why a certain situation didn’t develop the way it was meant to, and that it’s hard to get to the bottom of the difficulties. All the talk is about problems, difficulties, and bottlenecks.

Let’s assume it’s not just the employee’s problem, but also affects you. If so, you need to identify where the main bottleneck is, to distinguish it from the various other potential stumbling blocks, and to clearly define it.

The key insight: There’s always only one main bottleneck

When trying to solve the problem, focus your attention on the most effective point: Where should you begin in order to fix that part of the problem that could then get the broken-down process up and running again, even if not yet perfectly smoothly? Where is the main limiting factor?

When it’s springtime and you connect a water hose to the outside water hydrant to water a tree and no water comes out of the sprayer head – what do you do? Buy a new sprayer head? Check the hose for holes? Granted, the sprayer head seems a little clogged and there are a few small holes in the hose, but you’d still think some water would come out, wouldn’t you? The two bends in the hose don’t seem to be the problem, either.

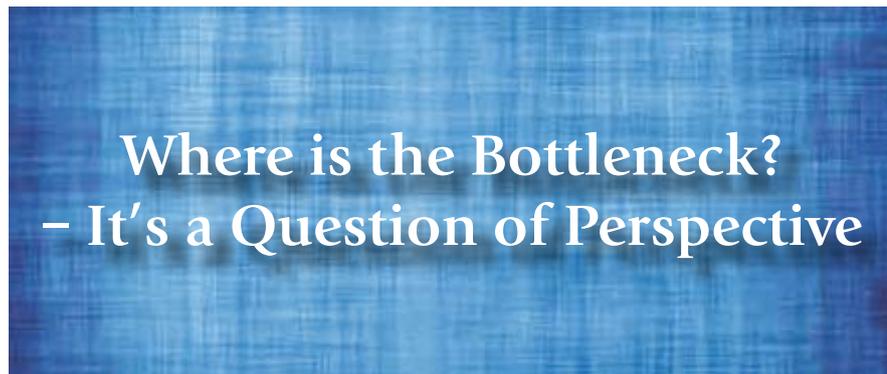
Most likely you’d then check the outside hydrant to make sure it was working. If you found out it wasn’t, you’d then go to the main water valve inside the house and make sure it was open. If there then still wasn’t any water, you’d most likely remember that you’d found a letter in your mailbox the day before, informing you that the water would be shut down for two hours today. So, now we’ve found the true bottleneck.

To build on this example: When you’re looking for solutions – with or without an employee – don’t search for them in the details. Instead, call things that are supposedly self-explanatory into question. Make sure you haven’t overlooked something important, so that you can quickly restore system performance. And never try to work on too many problems at once, because there is really ever only one main bottleneck at a time that needs to be remedied before you can move on to the next one.

So, if you project your employee’s problem (“Boss, we’ve got a problem!”) to the level of your whole company, you may very well find that there is a wholly different problem that you need to tackle at this level. If so, then send the employee in question (alone or with colleagues) to deal with their problem, while you concentrate on the true bottleneck.

# Strategy & Leadership

by Guido Quelle



In every company there is one chief developmental bottleneck, which we refer to as the “main bottleneck.” If we concentrate our energies on this point, we can do away with the bottleneck and ... discover another one. Note, though, that bottlenecks don’t have to be something negative; instead we understand them as aspects in the development of a company that prevent it from being more successful than it currently is.

That being said, let’s take a look at a fictional company: Sample Company Inc. is a household appliance manufacturer and internationally active. At a recent weekly management meeting, the following exchange took place:

CEO: “In the Senior Management, we’ve identified three main bottlenecks: Our products aren’t sufficiently up-to-date, our customers are complaining about the lack of availability of our more attractive products, and in our new business area “lawn and garden equipment” we don’t have enough Sales staff to effectively bring our new, long-awaited products to market. Any suggestions?”

Head of Product Development: “Working together with Marketing we conducted a customer survey, which showed that our products are up-to-date. The problem is that Sales isn’t coming up with any good arguments to set our products apart from the competition and instead always pushes for new products.”

Head of Sales: “... because all of our other products are far too expensive! Maybe you should think about that once in a while.”

Head of Controlling: “Sales never sticks to the list prices anyway, which makes the products’ profitability a very close thing.”

Head of Marketing: “And those lower prices are hurting our brand.”

Head of Sales: “Finding market prices isn’t exactly your strong suit – not that it ever was.”

Head of Logistics: “I’d like to come back to the claim that our products aren’t available. Our warehouse uses the capacity planning schedules we get from Sales; after all, we don’t want to tie up huge amounts of capital.”

Head of Sales: “Sure, it’s just a shame you never have anything we need in stock.”

Head of Logistics: “Maybe your planning is just bad.”

Head of Controlling: “That brings us to another topic: We’re in for an unpleasant surprise when we run the update.”

CEO: "An unpleasant surprise?"

Head of Controlling: "Yes, it looks like the planning is built on a bed of sand, as we found out after further talks with the external sales force."

CEO: "What? Why didn't anyone tell me before?"

Head of Controlling: "We already told the CSO and the CFO."

CEO: "But not me."

The CSO (Chief Sales Officer) enters the room, mumbles something that sounds like "Sorry, traffic jam" and then asks: "What did you supposedly tell me?"

Head of Sales: "That our planning apparently isn't valid."

CSO: "Yes, that's a complicated matter..."

CEO: "... that we don't have any time for right now, gentlemen. Could HR please tell us something about how the recruiting for lawn and garden equipment sales is going?"

Head of HR: "Of course. We'd be much farther along if we didn't constantly have to discuss internal candidates with the Works Council. We all know we just don't have enough suitable candidates among our current staff. But it's a political issue, partly because there have recently been arguments between the Senior Management and the Works Council."

CEO: "Don't dredge up that old story again."

Head of HR: "The fact is that we can't just magically conjure up new candidates. Did Sales ever bother to read the job description?"

CSO: "The job description? That's HR work! And no, I never even received a draft version."

Head of Sales: "Yes, you did; I mailed it to you."

Head of Controlling: "I'd like to know what additional personnel costs you've planned; after all, we have a tight budget this year. Let's take a look at the current figures..."

(He turns on a digital projector, we see an Excel sheet projected on the wall) "...our sales volume has clearly declined over the last month, for all product ranges."

Head of Sales: "I don't know those figures; we used others from our Sales controlling that I'd be happy to show you. Besides, we received plenty of orders in the last month."

We can now take our leave of the meeting, which will continue in similar form for another two hours, and take a bird's eye view of it: Did they manage to solve a single problem? Of course not. What happened instead? Everyone did their best to engage in "window dressing." And there's no reason to believe that, if we'd watched the meeting through to its end, the various points discussed would have been summarized and used to find potential solutions.

If we assume there is ever only one main bottleneck at a time, then it makes good sense that the same applies at the corporate, divisional or department level. In other words, there's one main corporate bottleneck, one main Sales bottleneck, one main Marketing bottleneck, etc.

In our example, what is the main bottleneck at the corporate level? Regardless of the content-related aspect, here the working methods are the problem. The CEO has to hold the reins tighter, while his staff need to address individual aspects much more concretely. It also clearly has to do with responsibility. Though it's true that some of the topics addressed at the meeting are very important, the company as a whole won't succeed in making any headway on them unless it decides to take on responsibility for doing so.

### **Rule of thumb:**

If you're trying to find the main bottleneck, always start by taking a step back from the company's operations. Always look for the cause; don't settle for looking at the level of effects.

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