

how to focus on what
truly matters



material minds

introduction

Deciding what **NOT** to do is as important as deciding what to do. That's true for companies, and its true for products. And it's true for managers.

The question then is what not to do. I'm sure you have heard the expression "Don't sweat the small stuff." Easy to say but the problem is that most people have no idea what the small stuff is. To really effect positive change in our lives, we need to reorganize the way we spend our time; based on the concept of importance - not urgency. The issue is trying to decide what is important. This course gives you the tools to help you decide.

materiality

One of Steve Job's greatest strengths was knowing how to focus. When he came back to Apple in 1997 as a consultant, he found a company that was severely unfocused. Apple had a dozen different versions of the Macintosh and each of the versions had a different confusing number ranging from 1400 to 9600. Even Jobs couldn't figure out how to recommend which versions one of his friends should buy. When he couldn't get simple answers as to why Apple was selling so many different products, he started slashing products and models. He got the company out of the printer business because they could not make money on such an undifferentiated product. He got them out of the server business and he eliminated the Newton, the personal digital assistant with handwriting recognition. Soon after his arrival, he had cut 70% of the products Apple was making while his predecessor had been trying to add more.

At one product session, Jobs had had enough and he grabbed a magic marker and drew a four square chart on a whiteboard. "Here's what we need," he stated. On top of the two columns he wrote Consumer and Pro. The two rows he labeled Desktop and Portable. Apples' new focused job was to make four products, one in each quadrant. This ability to focus saved Apple from extinction. "Deciding what **NOT** to do is as important as deciding what to do. That's true for companies, and its true for products." And it's true for managers.

The question then is what not to do. I'm sure you have heard the expression "Don't sweat the small stuff." Easy to say but the problem is that most people have no idea what the small stuff is. What is small and what is big? Steven Covey, in his book, First Things First, which many people consider to be the definitive work on Time Management, explains that most people are driven by the concept of urgency. To really effect positive change in our lives, we need to reorganize the way we spend our time; based on the concept of importance - not urgency.

To illustrate this concept, Covey presented the following grid to demonstrate the difference between importance and urgency.

	URGENT	NOT URGENT X
IMPORTANT	<ul style="list-style-type: none"> •crises •pressing problems •deadline-driven projects, meetings, preparations 	<ul style="list-style-type: none"> •preparation •prevention •values clarification •planning •relationship building •true recreation •empowerment
NOT IMPORTANT	<ul style="list-style-type: none"> •interruptions, some phone calls •some mail, some reports •some meetings •many proximate, pressing matters •many popular activities 	<ul style="list-style-type: none"> •trivia, busy work •some phone calls •time wasters •"escape" activities •irrelevant mail •excessive TV

The top left quadrant represents things that are both urgent and important. This is called "firefighting". These activities need to be dealt with immediately, and they're important.

The top right quadrant is for things that are important, but not urgent. While they are important these are the things that do not need to be done right now so they tend to get left out, we tend not to get to these things.

The bottom left quadrant is for distractions. They must be dealt with right now, but are not important. This quadrant is for unimportant phone calls, emails and the vast majority of things that happen on a daily basis in an office.

The final bottom right quadrant is for things that are neither urgent nor important. These are the true time wasters.

For most people, the problem is that they are continually doing the urgent stuff, at the expense of the important. Unfortunately it is very easy to understand what is urgent. It is often much more complex to understand what is important. In order to understand that concept a little better, I want to introduce the concept

of Materiality. This is a concept that is well understood in the worlds of law, finance and accounting but not so much in the general business world.

1. Materiality in Law

In law the term that is also used is "Relevant". Something is said to be relevant or material in our terms if it has some connection to a consequential fact that has bearing on the outcome of a case. In a legal case, the things that you must prove are those things that are relevant or material. You don't need to spend any time proving something that is irrelevant or immaterial. As an example, if someone is charged with theft, it is material if their fingerprints are on the gun left at the scene of the crime but it is entirely irrelevant to prove that they once read a book on crime.

2. Materiality in Finance

Information in Finance, is considered material if there is a substantial chance that a shareholder would consider the item important enough in deciding how to vote. This concept of materiality guides corporate disclosure. For instance, it would probably be considered very material to know that the Chief Executive Officer has just been charged with fraud in connection with his employment at a previous employer. It would be considered immaterial to know however that he has just filed for a divorce.

3. Materiality in Accounting

The concept of materiality guides much of what is presented in financial statements and in developing accounting procedures. Information is considered material if its omission or its misstatement could influence the decision that someone would make in buying or selling shares. This is very similar to the concept and how it is applied in finance. Accountants and auditors spend all sorts of time and effort to ensure that there are no Material errors in financial statements but you may be surprised to learn that they could care less about immaterial errors. For instance, if you are auditing and found out that a customer whose account represents 30% of accounts receivable just declared bankruptcy, you would consider that to be very material and you would adjust the accounting for that item and disclose it in notes to the financial statements. If on the other hand, an account that represents just 1% of the accounts receivable is probably

not material and you might not adjust for it or disclose it in financial statements.

In business too, the concept of materiality guides many decisions. You will spend a lot of time worrying about your largest client but not as much about your smallest client. While there are management books that think that you should treat all your clients equally, that just is never the case. It is foolhardy and a waste of resources to spend as much time on your largest client as your smallest one.

This concept of materiality is a prevalent one professionally but it has not always crept successfully into the hands of the people working in businesses. This may be due to the fact that ancient proverbs seem to go against the concept of materiality. In fact an old Scottish proverb advises people to "Take care of your pennies and your dollars will take care of themselves." When I'm teaching and dealing with this concept, I frequently ask students to tell me how much time they spend shoe shopping. (Please note that this is sexist as I'm primarily asking women this question.) Time and time again I hear that women can spend hours shoe shopping. When I ask the same question about cars or houses I find that in general people spend a lot more time shopping for shoes than they do shopping for a house.

Why would anyone spend more time shopping for shoes than shopping for a house? It seems counterintuitive doesn't it? Well sadly it's true and this concept applies to other things than shoes. In general people spend far too much time worrying about immaterial things than they do worrying about material things. Part of the reason for this is that this is what we are taught to do. Another is that people do not have the ability to tell the material apart from the immaterial.

When I started work as an accountant and auditor, Materiality was one of the first concepts that I learned. Being fundamentally a lazy person, I reveled in this concept and it has driven much of what I have done in my later life. While I can obsess from time to time on the small stuff, in business, I have learned to ignore it and this philosophy has been very effective for me. The first problem in applying this concept is to learn what is material and what is immaterial. When you have this figured out, it is easy knowing what to do and what not to do. You only do the material stuff.

quality cost and speed

What is Material to a Company?

Let's start first at the level of the company or organization for which you work. As in most cases of companies, each company has a competitor. The job of the leaders of the company (or at least one of the jobs) is to ensure that first, there is a market for whatever the company is providing and secondly that there is enough difference between the company and its competitors so that there is a reason to buy from one and not the other. This concept of competitive differentiation is very important. You might be someone who eats at restaurants (as most people do at some point in time) on a regular basis so you know that what you want one day is not the same as what you want the next day. For example, you might want beef. Well you could choose between Macdonald's where you could get a quarter pounder with cheese or you could go to Ruth's Chris Steakhouse where you could get a filet. They are both pieces of beef but in your mind they are worlds apart.

To look at how McDonalds is different there are three dimensions on which you have to look:

1. Quality

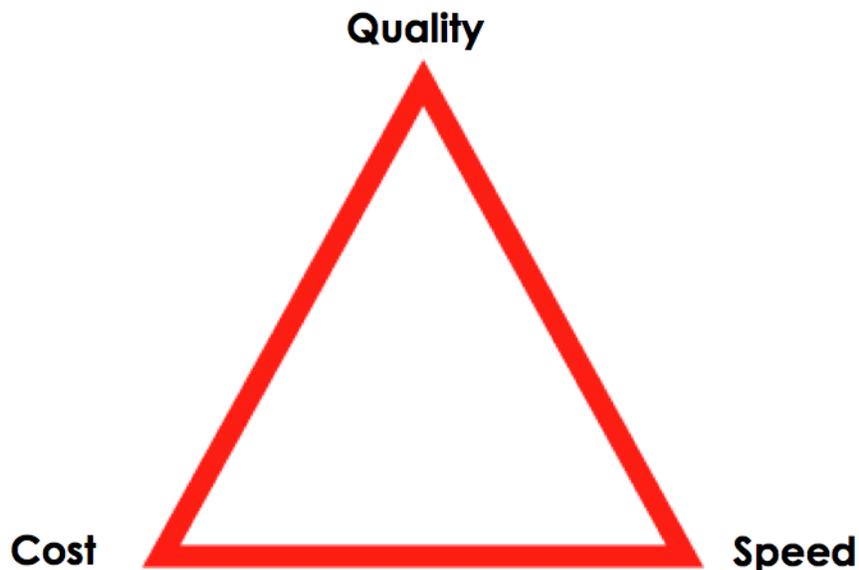
In terms of quality of food, there are major differences between the two. While they both have very consistent quality, which is one dimension, what you are eating and how it has been prepared are two very big differences. MacDonald's is serving you a low quality cut of beef, perhaps mixed with other ingredients. It is also serving this meal in the same way for all people across the world. Ruth's Chris is serving a high quality cut of beef prepared exactly as you like it.

2. Cost

Now, everything else being equal you would probably choose the Ruth's Chris beef over MacDonald's every time. Except this is where the next point of differentiation comes in. MacDonald's' Quarter Pounder is much less expensive than a filet at Ruth's Chris. They are both made from beef but the quality of the cut and the method of preparation make it much less expensive to prepare the MacDonald's meal than the other.

3. Speed

The final aspect of differentiation for a company is in terms of speed. If you want a MacDonald's burger, there is probably one within a mile of you in every city in North America. Thus if you decided right now that you wanted a MacDonald's burger, it might take you all of ten minutes to drive there and within a total of 15 minutes you could be eating a Quarter Pounder at your table. Ruth's Chris on the other hand is a bit more complex. There are 115 locations in North America so presuming you are in a city that has one, it may take you 30 minutes to get there, another 10 to order and another 20 to get your meal. Thus you've had to wait an hour to get your filet if you can actually get a seat at the restaurant at that time.



While it may seem bizarrely simple, these three elements are the only three elements upon which companies compete with each other, Quality, Cost, and Speed. Try it out if you like. Look at any market with a number of competitors and try to figure out how they are competing with each other. You can also look historically to figure out how some companies were able to take over whole markets in the face of extreme competition.

Google's start up is a good case in point. When they started in the search engine business, there were lots of competitors, all offering a free service, equally accessible. Google competed on only one dimension, that of quality by producing a much more relevant search. When Henry Ford brought out the Model T, there were all sorts of car companies in existence. It was a crowded market. He attacked the Cost dimension by making the car affordable for everyone to own and repair. Perhaps they weren't the most elegant cars on the market but the much lower cost created a completely new position on the market. If you want to read more about this then the book "Blue Ocean Strategy" is an excellent reference.

Back to Materiality though. For a company, something is material if it impacts Quality Cost or Speed enough so that a customer will notice the difference. Let's say that MacDonald's raised their prices. There is a certain point in raising those prices where customers realize that they can get better quality than MacDonald's for the same price as the newly increased one. If the price difference is noticeable, customers will begin to switch unless you change the quality as well. Changing two of these things at the same time may put a company into an entirely different market space. For companies, materiality is defined as to whether a customer will notice a change in one of the three dimensions of quality cost and time.

The same dimensions of Quality Cost and Speed work for other types of organizations such as charities, government agencies, political parties etc.

What is Material for an Employee?

Each employee at a company has a job that is inextricably tied into his or her company's strategy. Thus there is a link between what the employee does and how the company is able to deliver on its promise of Quality Cost and Time. In this way, the three ways an employee can be measured are on Quality Cost and Speed. Now what is material for one employee will not be material for another. As one progresses up the hierarchy one will find that what is material for a Director will be immaterial for a Vice President. The key to successful career development is to find out what is successful in your role. Just like a company can look at Materiality vis a vis their competitors, so can any employee look at materiality in the context of their own job.

Let's say for example that you are a Manager of Events at a law firm and you are requested to write an annual report on your activities and it's due by next

Thursday. Now you can work incredibly hard at this report, putting in all sorts of analysis and spending all sorts of time to do the report. On the other hand, you could reduce the quality of the document perhaps by writing less or doing less analysis, get the work done in as little time as possible and hand the report in early.

The first time I saw this concept actually at work was in a software company that I was working at in the mid 1980s. An individual at the company (who happened to have an MBA) was requested to do an analysis and make a recommendation on which supplier the company should use to do hardware support for some computer hardware that they were reselling along with their software. A decision needed to be made fairly quickly as more and more units were out in the field and there were risks with clients if those units became inoperable. This individual decided to put a very thorough effort into the project. He worked hard day and night for many weeks, interviewing vendors, doing analysis and writing the report. In fact he took so long to do it that the President became very anxious as projected completion dates kept slipping and slipping. In the end the manager finished the report and it was beautiful indeed, 100 pages of recitation, analysis, graphs and charts and a full recommendation.

Now you might expect that given the effort that had been put into this project that someone would take the time to read the document. Unfortunately, it was much too long a document to read. After all, who has time to read a 100-page document, word by word? The most anyone could expect was that someone might scan the document in its entirety. In actual fact, the most that anyone did with the document was to quickly scan the executive summary to pick out the salient points and see if the recommendation made sense. All of that work and the recipient only scanned a small portion of the document.

Now you might think that the reason the President only scanned the document was that he was so impressed by all of the analysis that he relied completely on the writer's recommendation and so an in-depth examination was not necessary. In fact, all the President needed was a simple summary of the salient issues, an examination of the pros and cons of each and a recommendation. An incredible amount of unnecessary time went into the preparation of a document that was delivered late. This was a case of too much quality and a failure on timeliness and cost to prepare.

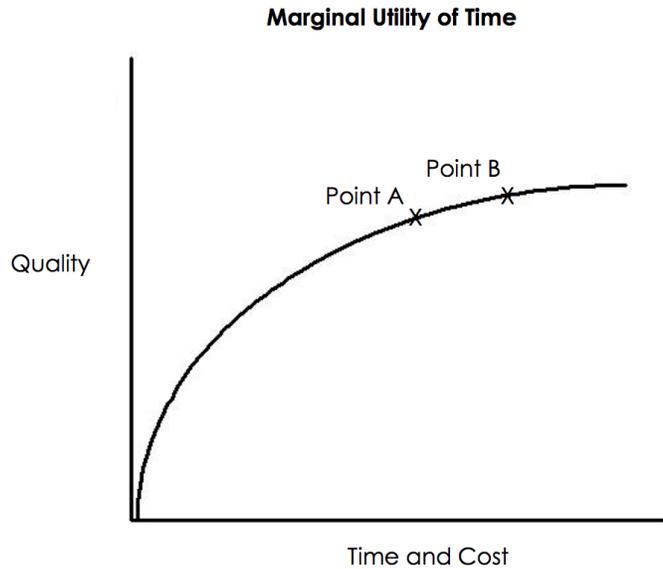
Thus everything that you do should be viewed in the context of the expectations that others have for you in your job. You need to ask yourself the following questions for everything you do:

- 1. What is the minimum quality that will meet the recipient's needs?**
- 2. How can I spend as little money as possible on what I am doing?**
- 3. How can I ensure that I get this done quickly?**

Having answered these questions then you can make a plan for getting your work done with the least amount of muss and fuss as possible. With that plan in hand then all you need to do to really impress someone is to notch up the quality by one degree in order to impress the recipient.

What is really interesting is that beyond a certain degree of quality, people cannot really judge the quality of what you do. For instance, if you are writing an email, you can take all sorts of time to get your thoughts properly lined up, your grammar perfect, your wording elegant, or you can reply without quite as much effort. At the same time you could reply quickly or very slowly. I guarantee that people will think more highly of you if you respond quickly without quite as much attention to the elegance of your prose.

Let's look at the following graph showing the marginal utility of time. You really need to burn this graph in your mind. What the graph is trying to show is that there is a diminishing return to spending more time on something. You get to a certain point in quality with a certain amount of time. Spending more time on something does not increase the quality appreciably. Let's say that you are at point A on the curve. That point took seven units of time to reach and resulted in you being at eight units in quality. You could spend a further 3 units of time to get to point B at which time you would have only increased quality by two units. In fact beyond that point, there is almost no reason to spend any time, as you will not increase quality at all, in any way.



The Effects of the Technology Revolution

The problem we have as a result of the technology revolution is that we have lost the concept of quality just when the volume of work has ratcheted up. Before the tech revolution, there was only so much data available to analyze, there were only so many letters to answer. Work went on at a much slower pace. The pace has now increased and it is now possible to make everything look and sound perfect. In the Industrial world you would have been lucky to get any information around which you could do a reasonable amount of analysis. Nowadays, not only do you have a vast trove of data of your own to analyze, but you also have the net ready to dish up a plethora of data.

Let's say thirty years ago, you wanted to do an analysis, report and presentation on your competitors. You would have talked to all of your sales agents and collected data from them on who they were seeing in the marketplace, what customers were saying, what deals they were winning and losing. Now, you might have a proposal management system that would enable you to see in detail which bids your competitors were winning and which ones they were losing against you. You could also purchase a competitive report from someone like Gartner. You could augment that report with information you find on the net. In fact, the net could allow you to find out all about all sorts of quasi competitors against whom you rarely do business. At what point do you stop and say ENOUGH. At what point do you have enough information to make a decision?

Once you decide that you have enough information to make a decision, you now have to prepare a report. While many years ago, you might have used your secretary to help you; you're now on your own. You need to turn your analysis into a written document now without any help. Not only that, because you have excel, you'll have to do a lot more numerical analysis than you ever did before. That analysis cannot live on its own though as you'll need to make all sorts of pretty graphs in beautiful colors just to make the report look good.

Having written the report you'll then need to turn it into a presentation. In the past you could have prepared a few acetate-based overheads with minimal text and a few graphs. Now you have PowerPoint and many other resources to help you. You'll need to worry about content, presentation, color, graphics, pictures and things you never had to worry about before just so that your presentation is of the same quality as your written report.

Where do you stop?

Not only is it difficult to know where to stop, technology has now made it possible for your boss to be a micromanager. Because of email, your boss can ask to be copied on every one of your emails, can ask to see advance versions of reports, advance versions of presentations. Your boss can be a royal pain in the neck; wordsmithing and changing everything you do, asking for revision after revision.

The key takeaway here is that you need to understand what is material and what is immaterial in what you do so that you don't waste any time and money doing things that are immaterial.

speed over quality

Quality Versus Cost Versus Speed

In addition to evaluating materiality in everything you do, you must also determine whether you should be spending your time delivering Quality, low Cost or Speed. The old adage in any product or service environment is that you can have two but not three of the above. If you want something fast and cheap, quality will have to suffer. If you want it fast with quality then you're going to pay a lot for that choice. The trick in delivering to clients and to delivering, as a manager is to try and balance these three in such a way as none of them suffers.



www.onextrapixel.com/2010/09/07/web-project-weighing-cost-vs-speed-vs-quality/

The Cost Perspective

Of the three, Quality, Cost, and Time, Cost is probably the one that is most understood from a business perspective. An organization can tally up all of the costs of personnel, supplies, rent, equipment etc. and use one of a number of accounting methods to come up with a cost. From a personal perspective, that is more difficult. If you are working on a project where you have to deliver a very well defined piece of software by a certain date, then your dimensions of quality and speed are known. What about costs though? If you are the only one doing the work, then you are the only cost. Since you are not an hourly employee and you are paid for results and not time, then what are the costs? Are there more costs if you work 200 hours on a project than if you work only 100 hours. Unfortunately there are no extra costs. Since your costs over time are fixed and not variable, the project costs the same to the company if in the fixed delivery timeframe, you put in 200 hours or 100 hours.

And that is one of the reasons that many managers are overwhelmed today, for a company, there are no more costs if a manager is working 10 hours a day than if she is working only 8 hours. If in fact you think that you could actually get more done in 10 hours than eight, then there is an incentive for the company to work you for ten hours a day as you'll produce more. In fact, given that cost remains fixed within certain limits, a company does not have to consider that it can only have two out of three of quality, cost, and speed. Because your time expands at no extra cost, all the company needs to do is to squeeze its employees and in that way be able to meet all of a customer's needs.

In your own work, and pretending that it is not worthwhile for a company to squeeze you for extra time, you can face the same issue of deliverables. Let's say that you need to complete a report by a certain time. You know the deadline date and there is no way you want to miss that given the potential consequences, then what do you do? Do you work incredibly long hours in order to make the quality of the report superb or do you work a bit less and be ready to suffer the consequences of reduced quality. Unfortunately today, more people are choosing to work the extra time in order to deliver on perceived levels of quality that working to a less exacting self-imposed standard.

A Brief History of Quality

As a nation and especially at work, we have become obsessed with Quality. We talk about product quality, quality of life, and quality time with kids. In fact quality seems to be the benchmark against which everything is measured. It is our obsession about quality that became one of the reasons we have become overworked. Our emphasis on quality is threatening our own quality of life.

To understand where our current attitudes about quality come from, we don't have to go back very far to the war between Japan and the US over supremacy in the automotive market. When Japanese cars first hit the US, they were not noted for quality but over time the Japanese concentrated on quality to such an extent that they surpassed the US automotive industry in quality terms and drove huge gains in market share as a result. Even today, when the US has caught up with the Japanese in quality terms, there still remains a perception that Japanese cars are of higher quality. One of the most influential people in Japan in driving quality was W. Edwards Deming, ironically, an American. He was brought over to Japan by the US Department of the Army in 1947 to assist in getting ready for the 1951 Japanese census. His emphasis on quality control techniques so impressed the Japanese that he was in high demand there as a consultant and it was only much later in life that his teachings came to be adopted in the US.

One story about the Ford Motor Company illustrates the different attitudes to quality between the two countries. At one point in time, Ford was manufacturing one particular model in two different countries at the same time. The only difference between cars that came out of Japan versus the US was that the cars that emanated from Japan came with a transmission that had been wholly made in Japan. The designs for the two transmissions were exactly the same but they were made in different countries. The managers at Ford became puzzled when customers were asking to purchase the Japanese version of the car and were willing to wait for the Japanese version rather than purchase the version made in the US. It all came down to the transmissions so the US engineers decided to take apart the two transmissions to try to understand what the difference was. While the American transmission parts were all within the specified limits of tolerance, the Japanese parts were virtually identical one to the other. The parts being made in Japan were subject to less failure because they were virtually identical and that level of quality reduced failure.

What Deming had determined was that increasing quality did not increase costs as most people expected, it actually decreased costs. Deming taught that by implementing appropriate management practices, organizations could increase quality and at the same time reduce costs. This reduction in costs could be achieved by reducing waste, rework, staff attrition and litigation while increasing customer loyalty. This work brought a whole new perspective to industry about failure. Previously failure had been tolerated as part of the manufacturing process but Deming's work changed attitudes about failure worldwide.

These attitudes about quality produced whole systems designed to engineer quality in and failure out of American industry. One business management strategy that was designed to improve the quality of outputs was that of Six Sigma. It was developed by Motorola in the US in the 1970s as a response to problems that Motorola was having at the time. Through time, the company discovered the connection between increasing quality and decreasing costs in the production process. Just as Deming had determined, Six Sigma was reducing costs, as costs for repair or control sank. This strategy is now widely used by companies throughout the world to improve the quality of outputs by identifying and removing the causes of defects. It uses a set of quality management methods, including statistical methods, and creates a special infrastructure of people within the organization to implement and monitor results.

The Need For Speed

The problem with Deming's work and that of Six Sigma is that it has made the business world so focused on quality that it is not recognizing that in the knowledge economy, people are more focused on speed than they are on quality. In fact society is undergoing one of its interesting shifts in emphasis. Up until the seventies, the industrial economy was all about cost reduction. This shifted in the seventies to one of emphasizing quality. We are now shifting to an emphasis on speed. A few cases in point:

1. Twitter and Wikipedia

Gone are the days when people wanted a complete analysis of news along with it and were willing to wait for credible sources to digest and analyze the daily events. With the advent of the Internet, we moved to the need for quick reporting and sites like Google news came to be relied upon for quick assembly of reporting on multiple sources. Then came Twitter. With the advent of Twitter, we moved from quality reporting to speed. What matters is how quickly people know what is going on, not their depth of understanding. The first person to report the attack on Osama Bin Laden became a hero even though he didn't know what he was reporting on. The speedy, up to the second reports from people on the street are now trumping professional journalists who are turning to twitter for their own sources of breaking news. Wikipedia is the beneficiary of this shift in emphasis from quality to speed as in its infancy, many people derided its quality but over time they have come to tolerate questions about credibility in favor of the speed of accessibility and quantity of information.

2. Hospital Wait Times

For many years, people were willing to wait for high quality hospital service but lately, the waiting time issue has begun to dominate the press. Speed of service is something that people can measure and since they can't easily measure the quality of outcomes they are emphasizing speed. This change is another that has been driven by the internet as people can now go online in an attempt to diagnose their own ailments so their attitude is "Why should I wait so long for someone to confirm that which I have been able to diagnose myself in little time."

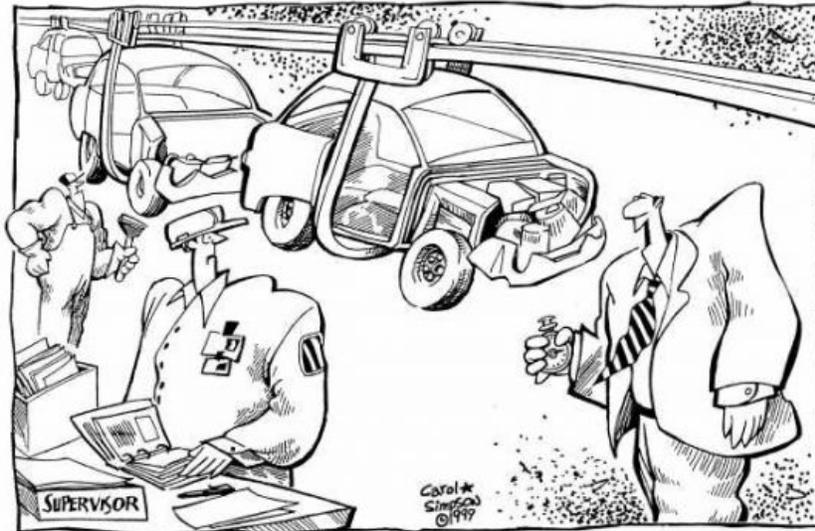
3. Texting

A whole new way of spelling is being developed in order to satisfy individual's need for speed. "You are Great" become "U R GR8" thus saving the texter volumes of time and creating a whole new form of the language at the same time. We now longer care about the quality neither of the prose, nor about even the spelling and grammar and would much prefer to get something back quickly that get it back slowly but perfect.

We have literally become speed freaks. The Internet has been able to deliver such incredible changes in speed of delivery that it is influencing our whole method of thinking. At the same time though, we are still wrapped up in the business world with an emphasis on quality over speed and a commensurate conflict between what to do. Should I do a thorough job or a quick one? Think to the required level of response to emails. In the days of letters, it was OK to wait two weeks to get a response. Now, one can get queries if an email was not answered within 10 minutes.

The Conflict

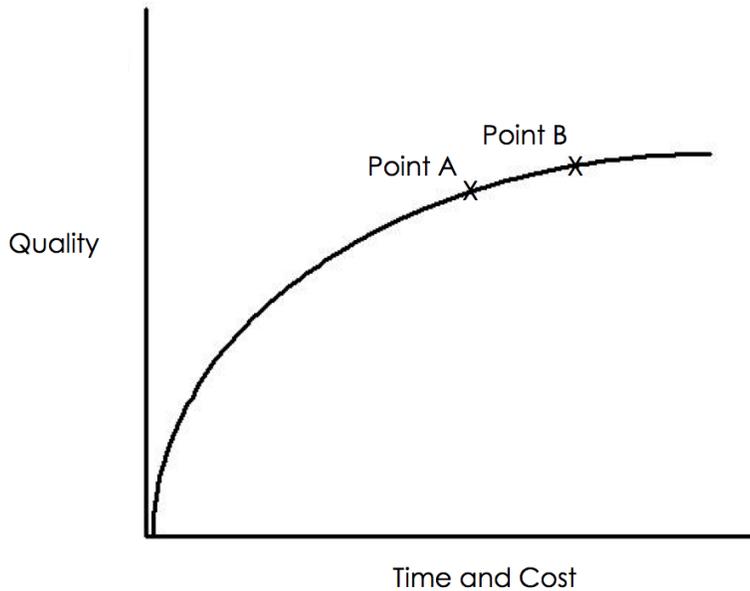
So what is a manager to do? Concentrate on cost, drive higher levels of quality or ensure a speedy delivery? Let's take it as a given today that cost is always now something that managers should strive to reduce. This is true in corporations where cost is a tangible method of differentiation as well as in government and charities. Because of this accent on costs, it is one variable that really can never be left out of the mix. If it is true that you can have only two of the three, Quality, Cost, and Speed and we have determined that you must have low costs at all times then there is a remaining conflict between Quality and Speed.



*"You haven't had a serious accident in 8 months,
so I know the employees could be working faster."*

The problem that many people are having now at work is that there is a conflict occurring between the need for quality and the need for speed. You can't really have both in the knowledge economy. You can have quality but you'll have to wait for it or you can have something quickly but you'll have to tolerate reductions in output quality. We are not talking here about the manufacturing economy but the knowledge economy. In the manufacturing economy, quality still matters but in the knowledge economy, quality doesn't really matter as much. How, for example, can you measure the quality of a proposal? There is a certain amount of information that needs to be included in a sales proposal but beyond getting the facts down, there isn't much that can be added. You could choose to work 60 hours to do a bang up job of the proposal or you can spend an hour to do it. How do you know what is the right amount of effort. To answer that issue, we need to go back to a chart that we used to discuss materiality.

Marginal Utility of Time



On this chart, is it worth going from point A to point B in quality terms when the time expended looks to be much greater than the increase in quality. Much of employees' problems today are that they are presuming they need to be at the point B in terms of quality and the amount of work that needs to be completed is swamping them. They arrive at these concepts of required quality because of the industrial economy for whom quality is job one. But how do you really measure quality in the knowledge economy. A salesperson either gets a sale or not and it is more likely to do with the underlying product and the relationship that the salesperson has with the prospect than the quality of the proposal. In that case, why waste time improving the quality of the proposal. Quality cannot be measured in a proposal and in fact it can't be measured in a report, an email, a meeting or anything else in the knowledge economy. There are no statistical techniques for measuring quality because one cannot define failure.

The major difference in this regard is that in an industrial economy, increasing quality actually reduces costs. In a knowledge economy however, increasing quality increases costs. This fundamental difference is what needs to be recognized in moving away from concentrating on quality to concentrating on speed. Take for example a typical manufacturing environment, making gears. As you increase quality, or the degree of precision to which a gear is machined, you will reduce the number of defective parts shipped and therefore returned and the number of ones that fail in production and must be replaced. This will in return increase customer loyalty and thus reduce the customer churn rate and

thereby lower marketing costs. If you were a textbook producer however, how would you measure quality? If you spend more time on a particular chapter, will it make the book better? Does spending more time mean writing with better prose. After all, you can write and rewrite and rewrite until the cows come home and you don't necessarily have a better product. Since conceivably no amount of work is ever enough, when do you stop in adding quality. If however you are trying to get to market with a new text book for a new type of software then speed to market is much more important than getting the prose perfect. Adding quality in terms of prose will add to costs in the long run, never reduce them.

In an industrial economy, increasing quality reduces costs. This is not the case in a knowledge economy.

focus on what matters

Resolving the Conflict

There really is no satisfactory resolution between the need for quality and the need for speed, only a dissatisfactory reduction in one in favor of the other. However from a management point of view there is one essential decision that needs to be made. A company that is attempting to emphasize quality over speed and thus overworking its people needs to add more people. (Unless of course it is content with overworking everyone in return for higher short-term profit.) If it really is true that a company can't overwork its people in the long run then the answer for any overworked employee is to reduce quality. The employee must assume that the company doesn't want him to work excessive hours and that working those hours must not be the right thing to do. Then the conclusion follows quickly that reducing quality is the only thing that will improve speed.

Various authors from Cicero to Mark Twain to Hemingway have all been given credit for the famous quotation: "If I had more time, I would have written you a shorter letter." This is the essence of the dilemma facing every manager, particularly in the knowledge economy.

Understand your Priorities

The first thing you need to do for your organization, your department and for your job is to understand what your priorities are. Are you trying to have the highest quality product on the market in which case the cost of it and the speed of delivery won't matter much? The decision as to this priority should guide the decisions you will make on your job, as you will inevitably favor doing something more slowly to ensure higher quality.

Understand your Role

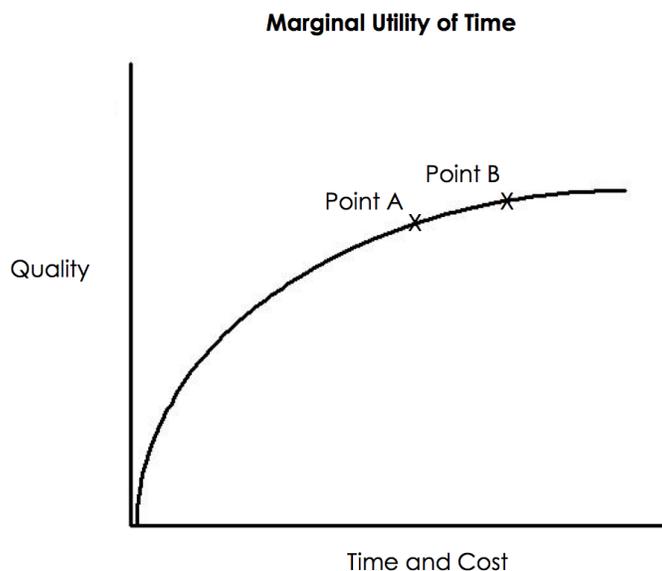
Understanding your role and in particular how your role relates to others on your team or in your organization can allow you to determine when you are doing someone else's job or going beyond the expectations of your role to do more than is actually required. While doing more may result in faster advancement in an organization, it can also mean doing more than you have time to do and sacrificing other important responsibilities.

Figure out what you Impact

You have to know whether or not your work is having an impact. In order to do that you should ask others you work with and who are affected by your work, what it means to them. If you are writing a report, what parts of the report are they reading, what [parts are important? What parts do they use to make a decision? If you find that there are things that you are doing that do not have any impact then experiment with getting rid of them or spending less time on them.

The Eighty Twenty Rule

When you're undertaking a project, never forget the 80/20 Rule. Twenty percent of the effort will get you 80% of the results. This can be best remembered with this chart.



As you are working on a project, take note of the progress you are making. The time to stop is when you are making less and less progress as time goes on.

Don't get bogged down in Detail

Detail is the enemy of effectiveness. You need just enough detail to make your case or complete your task but not so much that you get bogged down in the detail. Using the concept of Materiality to evaluate detail is very effective. Ask yourself what the implications are if something is different by a certain percentage. Will it matter if a number is different by 5%? Will it matter if the formatting is not absolutely perfect?

Good Enough Move on

The expression “Good Enough, Move On” has even been given an acronym, GEMO, in management literature. GEMO serves as an excellent reminder of why you need to say ‘Enough’ at some point in time in every project. The earlier you say ‘Enough’ the better off you may be in the long run. Particularly if you reach that point early in completing some task and ask the person who will be reviewing your work whether it actually is enough.

Evaluate Risks

In using all these time saving techniques, you need to ask yourself constantly, what is the risk of reduced quality. That risk depends on how material the difference to quality is. If you get to the point when you think that the risk is not worth it then you need to continue to focus on quality.

The Don't Do List

This brings us to the Don't Do List. If you believe that what you don't do is just as important as what you actually do, then you need a mechanism for figuring out what not to do. There are really only two rules to follow in figuring out what not to do:

1. **Don't do anything that is immaterial to your job.**
2. **Don't sacrifice speed for quality**

Is Speed to Market No Longer an Advantage?

Josh Duncan

Mike Cohn has posted an interesting question over on the [Agile DZone blog](#) on the topic of speed and competitive advantage. So are we nearing the end of an era where time is a competitive advantage? According to Mike, it's quite possible.

Mike's idea is that if you look at the past few decades, sources of competitive advantage for businesses used to be based on features like price and quality; today, these are not a sustainable competitive edge, rather, they are not assumed by the marketplace. For example, cars, computers, and other manufactured goods can have the lowest prices or the highest quality. However, these appealing features only go so far and aren't primary reasons for

purchase anymore.

Mike continues on the topic of speed,

“But I do wonder whether time is running out on time as a competitive advantage. If agile and other innovations lead us to a world where all companies can deliver new products and services equally quickly, companies will need to find newer ways to differentiate themselves.”

It is an interesting thought to consider. What happens when all businesses have the ability to rapidly deploy new products and services? If there isn't something special about the product, how long will it be before a competitor has an identical offering?

I think that Mike is pointed in the right direction. Speed, just like quality and price, will not be enough for companies to differentiate themselves in the long run. What will most likely matter is what they do with the ability to move fast.

Will they use it to develop new offerings? Respond to competitors? [Will they fail bigger, cheaper?](#) The real question is how businesses will take respond to this newfound agility to gain an advantage.

In the near term, especially when it comes to supporting these new products and services with agile IT, there is still lots of work to be done before time to market is ubiquitous. With virtualization, cloud computing, automated provisioning, and other new technologies, [IT is making strides](#) but the stakes are high. Perhaps the era of time is coming to an end, but when one era ends, another begins.

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