



## **Looking for Leverage in all the Wrong Places**

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Experience shows that if you focus on the right target, it's possible to leverage a huge improvement in performance with a relatively small amount of effort. What makes this possible is the influence that such a "leverage point" can have on the system as a whole. The hard part is finding the right target, especially in complex and turbulent environments where everything feels like things are swirling in all directions at once.

Most managers don't bother to make the effort. They choose to focus instead on fighting the fires caused by the systems breaking down around them. Although they can take some satisfaction from their accomplishments at the end of the day, their heroic actions typically don't result in any lasting improvement, leaving them trapped in a vicious cycle of chronic fires and worn-out fire fighters.

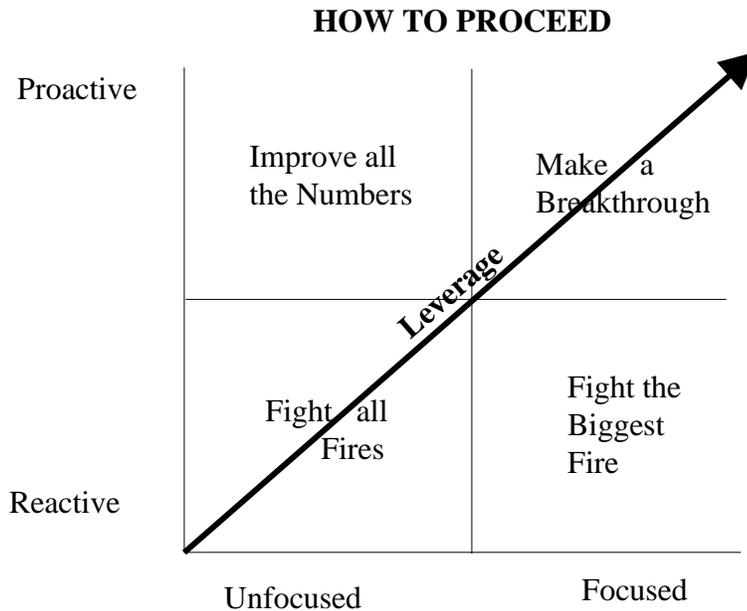
The only way to break this cycle is to address what's causing the fires in the first place. Since it's impossible to focus on all the causes at once, it makes the most sense to focus where the least effort will make the biggest difference – where there is the greatest leverage.

But how do we figure out where that is? Leverage points are not always obvious, and they're often not where we expect to find them.

### **Initial Choice**

Managers who go looking for leverage points have to make two initial choices. The first is whether to respond to events or to shape them – to be reactive or

proactive. The second is whether to focus on many different things at once or just a few key things.



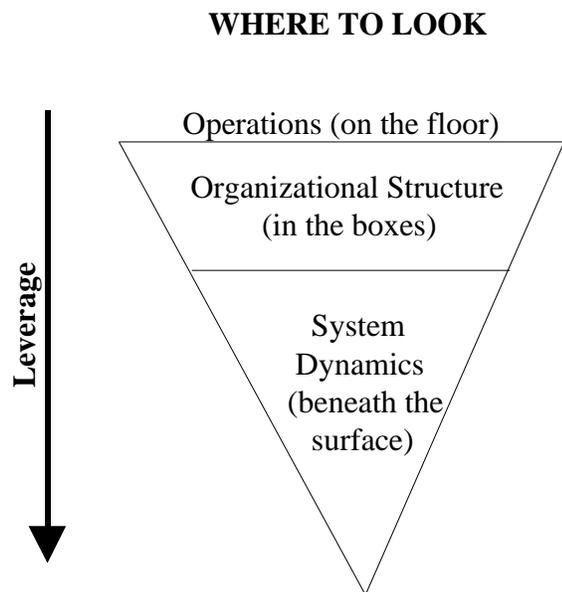
The good news is that this is a decision that managers have complete control over. The bad news is that most managers decide to spend most of their time where there is the least leverage -- fighting fires. Occasionally, a crisis will motivate managers to focus on fighting the biggest fire. But the success is usually short lived, and the most common outcome is simply a return to the status quo.

### **Focused Few**

When managers do choose to be proactive, most believe that they can make the biggest difference by focusing on many problems at once. They assume that each problem represents an opportunity for improving performance, and that the more problems they can address, the more performance will improve, and that the harder they work on them, the faster performance will improve. The symptoms of this approach are long laundry lists of action items, and pressure to make improvements in all of them all the time.

Unfortunately, this approach only works in simple systems in stable environments, which is rarely the case in organizations these days. In complex, turbulent, and unstable systems, change is not a linear or additive process. Working on lots of problems at once doesn't add up to a breakthrough, no matter how this effort is organized and no matter how hard you work on them. It only produces more complexity to manage, and often more turmoil in unstable systems, while dissipating the energy needed to produce lasting change.

Achieving a breakthrough under the conditions prevailing in most organizations these days requires sustained focus on a few key levers for improvement. But where do we look for them?



Not surprisingly, front-line managers tend to look for leverage in day-to-day operations. They seek breakthroughs by reengineering the equipment, the people, or the processes. Other managers tend to look for leverage in the organizational structure. They seek breakthroughs by reengineering the organizational chart, the performance measures, or the meeting schedule.

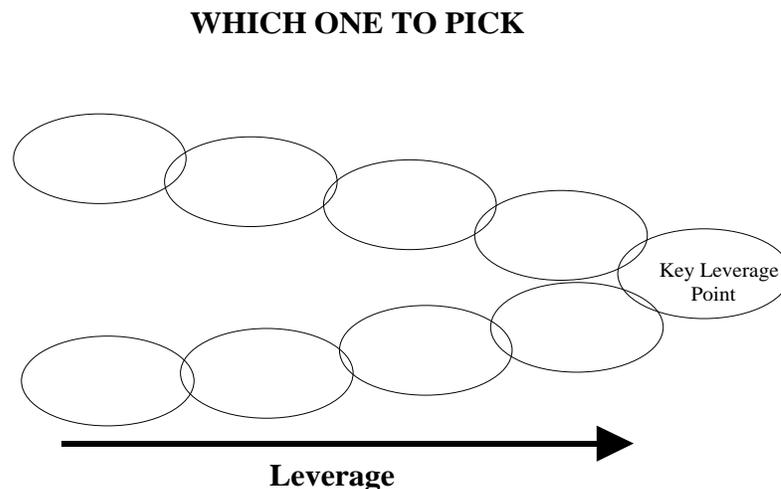
Unfortunately, these conventional levers only have a limited impact, and are difficult to sustain. Often, when front-line managers don't get the results they expect from equipment, people, or process changes, they tend to launch another

round of changes, hoping that the results will be different. Similarly, when managers off the floor don't get the results they expect from one reorganization, they often launch another. The resulting churn is destabilizing and tends to keep the whole system off balance, making it hard to sustain effort and attention on more important issues long enough to make a lasting difference.

## Key Link

The more important issues lie at a deeper level, embedded in operational design, cultural norms, and strategic assumptions. Changes at this systems level can lead to significant improvements at all levels of the organization.

At any particular time in any given system, there is a key leverage point that managers can focus on to move the whole system forward. Identifying that leverage point requires an intimate understanding of the dynamics within the system. People who have worked in a particular system for a while can often



“read” those dynamics and quickly identify where the key link is, using some simple analytical tools and a bit of intuition. Some common and effective tools are value stream maps, causal loop diagrams, and A3 diagrams. When it comes to operational issues, it's critical to involve the front-line people who work in those systems in this process, since they are the ones who know first-hand how those systems really work, not how they are supposed to work.

People new to a system, or further removed from the actual work, are less likely to know what to focus on and will need to resort to a bit of trial and error, or employ more sophisticated analytical techniques, such as computer simulation modeling, especially if the system is very complex.

Once managers get a handle on where the leverage is in the system, the key to success is not letting go, despite the turbulence and the fires breaking out around them. Achieving a breakthrough requires sustained attention and effort, and disciplined execution. Over time, if managers have grabbed the right link in the chain and pulled on it long enough and hard enough, the turbulence in the system will begin to subside. That will make it easier to go after the next leverage point.

It is important to always be looking for the next leverage point. Because organizational systems are dynamic and always changing, often as a result of breakthroughs achieved by proactive managers, the leverage in the system is always shifting. Continuing to focus on the same issue for too long can actually end up throwing the system back out of balance, touching off a new round of fires to fight. There is an art to figuring out how long to stay focused on a particular issue before moving on to the next one. That ability only comes with experience.

The irony of looking for leverage in all the wrong places is that it actually makes it more difficult to manage the growing complexity most organizations are experiencing these days. Much of the turbulence and the fires that managers spend so much of their time reacting to are the result of their own well-intended, but misguided, actions. Looking for leverage in the right places in the right ways is a simpler path to success.