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Industry Speaks

Designing a Scientific Management System for a Growing Science-Based Company

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Abstract

Each employee plays a critical role in supporting a company's long-term strategy. The challenge is how to create an employee-strategy integration. The Novus Management System, described herein, provides the tools to do so. From structuring the organization, to filling individual roles and to assigning key tasks, everything comes together to create an organization in which the right people are doing the right work at the right time. Requisite Organization principles—and by extension the NMS—help define what people are accountable for and what they have the authority to do; how teams should be assembled to perform most effectively; and how managers and subordinates are to work together to improve processes and achieve goals.

Keywords: human resource management, requisite organization, management system

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Introduction

I am often asked to define the Novus Management System (NMS). Very simply stated, it is a living set of principles that guide us in most effectively structuring, staffing and managing our organization.

Each Novus employee plays a critical role in supporting our long-term strategy. For that reason, it is essential that we help all employees to do their work as effectively as possible. The NMS gives us the tools to do so. From structuring our organization, to filling individual roles and to assigning key tasks, everything comes together to create an organization in which we have the right people doing the right work at the right time.



Requisite Organization principles—and by extension the NMS—help us define what people are accountable for and what they have the authority to do; how teams should be assembled to perform most effectively; and how managers and subordinates are to work together to improve processes and achieve goals.

But the NMS is not a set of policies and procedures that limit creativity. Quite the opposite, the NMS provides an approach to thinking about problems in a way that keeps us moving forward as an organization. At its core, the NMS is designed to help all employees bring their full capabilities to bear. And by doing so, each employee is best positioned to help Novus successfully implement its long-term strategy.

Sabrena M. Hamilton

Vice President, Global Human Resources

Supporting Novus's Long-Term Strategy

Novus International, Inc. wanted to create a system to manage its growth in a manner that was as disciplined as the methodical approach that its scientists employ to discover innovative nutritional solutions for the food and agriculture industry. The Novus Management System (NMS), based on Requisite Organization principles, has provided a scientific framework to guide that growth.

In 20 years, Novus has increased the size of its product portfolio from 1 to over 100, grown to more than 800 employees working in more than 90 countries, and now generates revenues approaching \$1 billion per year. The magnitude of that accomplishment is based on the many minute details carefully planned and integrated into the company's requisite structure.

Background

In 1991, Monsanto Company sold its Feed Ingredients division to Mitsui & Co., Ltd. and Nippon Soda Co., Ltd. The new company, Novus International, Inc., had only one product for the poultry industry, but great potential based on its deep roots in scientific research at Monsanto, which

began conducting livestock and poultry feed metabolism studies in the 1950s. The new owners gave senior management a free hand to re-invent the company—to transform a former division of a traditional chemical company into a dynamic engine that could generate a continuous stream of innovative, industry-leading solutions.

One of the new Chief Executive Officer's early activities was to attend a week-long seminar that featured Dr. Elliott Jaques, the originator of Requisite Organization. Requisite Organization is a set of management principles based on research done in 15 countries over a period of 55 years. Dr. Jaques defined the term "requisite" as "required by the natural order of things."

According to Requisite Organization principles, managers make decisions from a framework based on research-proven principles that enable employees to work effectively toward a common goal based on common values, standards and procedures. These principles ensure that the company functions in a consistent manner across all business units.

Senior management recognized the potentially powerful synergies between Requisite Organization and Novus. Both are based on scientific research focused on discovering innovative solutions that leverage the vast productivity that lies within the "natural order of things." Shortly after Novus was founded, senior managers began applying Requisite Organization principles as they created the NMS.

This system is designed to fully engage every employee, at every level, in moving the company's long-term strategy forward. It provides guidelines and processes to optimize the company for maximum productivity and effectiveness. Within this framework, all employees are empowered to contribute the creativity, skills and knowledge needed to sustain the continuous stream of innovation that gives Novus its competitive edge.

Trust, Clarity and Open Communication

Open, two-way communication is a Requisite Organization principle that Novus embedded into its management system, with trust and clarity as related requisite principles. The system requires managers to clearly define the tasks they assign in specific terms, according to the standard of "QQTR"—Quantity, Quality, Time and Resources.

- Quantity: The measurable output expected from an assigned task must be specified precisely
- Quality: Parameters that define the expected quality of output
- Time: The explicitly stated time limit within which the task must be completed
- Resources: The resources (financial, material, technical or human) that are available for the task

These guidelines ensure that managers define their expectations at a level of detail that eliminates question or confusion.

“QQTR helps establish the two most important tenets of Requisite Organization: trust and clarity. Everyone has confidence and trust in the process because they understand exactly how things are going to happen,” said Tricia Beal, Communications Director.

The successful completion of the company’s global intranet project, NovusConnect, in only one year is an example of how requisite task assignment can greatly improve a team’s effectiveness. “We built this corporate infrastructure within a very compressed schedule. At many companies, it would have taken at least 18 months to successfully complete a project of this magnitude,” Beal said.

Full Engagement at All Levels

Every task performed by every employee is linked to the company’s long-term strategy and Critical Success Factors through a chain of three-year objectives, short-term goals and key accountabilities. At the top level, the company has three fundamental aspects of business focus and culture:

- Long-Term Strategy: “To responsibly grow revenues and profits by leveraging and expanding our investments in innovation and people; optimizing our operations and portfolio of products and customers; and improving the organization’s business processes.”
- Critical Success Factors: Growth, Profitability, People and Reputation.
- Novus Integrity System: A framework to reinforce the company’s basic commitment to conduct its business in an ethical manner, in compliance with corporate policies and all applicable U.S. and international laws.

Novus’s senior managers develop between 20 and 30 three-year objectives in support of the company’s four Critical Success Factors—about four-to-six objectives for each Critical Success Factor. They then assemble teams to develop short-term goals based on these objectives. These short-term goals, typically 12-to-18 months in duration, are assigned to a manager who is accountable for that goal. The selection of this manager is, in effect, the first step in initiating a plan to implement that goal.

Novus managers identify the key accountabilities required to support the short-term goals. They assign these accountabilities in a process that starts at the highest level of the organization and cascades throughout the entire company. This process ensures that the right people are assigned to do the right work at the right time, and that they have the clarity of purpose to move forward. Scott Hine, Executive Director, Strategic Initiatives, was the manager accountable for a three-year objective to increase the profitability of a major product line. “The clarity we had was a great advantage. It made it possible for us to move forward purposefully, without any in-fighting or turf battles, without distraction or delay,” Hine said. “We took the shortest, most direct route to our objective. As a result, we achieved the cost savings goal we targeted and made substantial progress in support of one of our Critical Success Factors.”

Structure

The NMS establishes six levels of work across the company worldwide. Only four levels of work separate the Chief Executive Officer at Role Level VI from an individual contributor at Role Level I. In accordance with Requisite principles:

- These levels are ranked according to the complexity, degree of responsibility and magnitude of the challenge required.
- A role's level of work is determined by the length of time required by its longest task. The longer the time required by a role's longest task, the higher that role is ranked.
- The roles of manager and subordinate should be placed close enough to enable clear communication, but far enough apart so the manager can add value to the subordinate's work.

A Level I position, for example, would follow a clearly defined pathway, with a time span that lasts no more than three months. A Level IV director would develop solutions to business challenges that may take two-to-five years to implement.

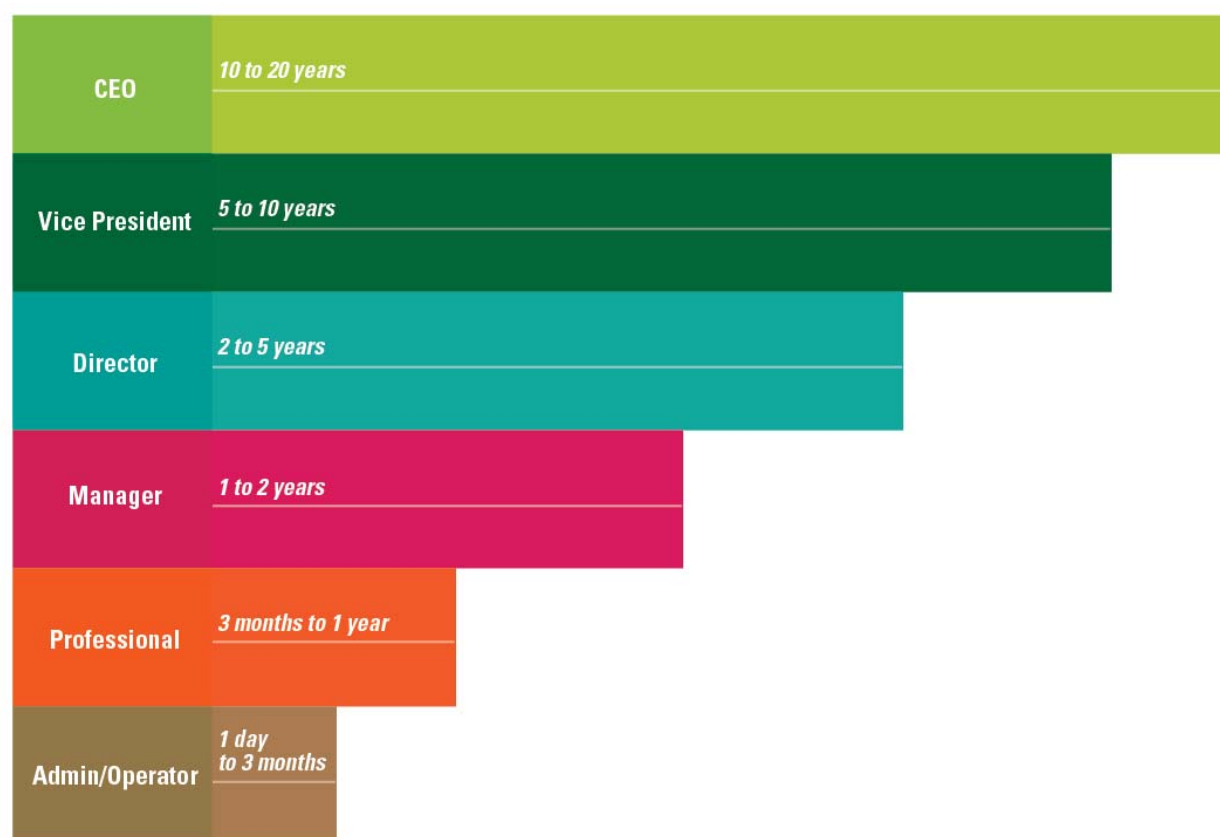


Figure 1. Level of work (expressed in time span) for each of the Novus role levels.

“Requisite is about having the right people do the right work at the right time. It’s the natural order of how things work,” said Sabrena Hamilton, Vice President, Global Human Resources. “Requisite Organization is hierarchical. People know where their roles fit in the organization. They know what work is expected, and what authority they have to execute that work.”

Staffing

Having the right people in the right roles is key to the success of a knowledge-based company like Novus. In a requisitely structured organization, staffing and hiring decisions are made according to clearly defined criteria within a precisely defined process.

Every position has a Key Accountabilities Document (KAD) that links that role to the chain of short-term goals, three-year objectives, Critical Success Factors and long-term strategy. That document also defines a standard that hiring managers use to assess a job candidate’s ability to perform the work of that role.

As would be expected, Novus gives important consideration to a candidate’s knowledge and experience. But like the QQTR process that clearly defines expectations for a specific task, the KAD brings specificity and clarity to a range of factors that affect a candidate’s ability to perform work at the level the role demands. Just as complexity is a key factor in determining a role’s placement in the organization, Complexity of Information Processing—the mental activity required to do the work of a role—is an important consideration in determining a candidate’s suitability for a particular role.

Another consideration within the requisite hiring process is: How highly does the candidate value the work? A top-performing sales professional, for example, might value interacting with customers more highly than administrative tasks; that employee would be more highly motivated to work directly with customers than in a management position. This aspect of the interview process is not left to the manager’s discretion on an ad hoc basis.

“We look for a long-term staffing solution, not a quick fix for a given project. We see the positive results of this approach in employee morale and job satisfaction,” said Maria Burt, Human Resources Manager and Recruiter.

Authority and Accountability

It is characteristic of the Requisite organization that everything is articulated clearly and precisely, even matters that other organizations might regard as being self-evident. The value in articulating the “obvious,” however, is that not everything is in fact obvious to everyone—and there is some risk in leaving basic assumptions unspoken.

The NMS clearly articulates the fundamental proposition that managers are accountable for their own output as well as the output and behavior of their subordinates. Managers have the authority to veto the appointment of a subordinate, initiate the removal of a person from a role, assign tasks to a subordinate and evaluate a subordinate’s effectiveness.

Subordinates also have clearly defined accountabilities and authority. The NMS requires subordinates to bring their full capability to work every day, to continue to develop their

professional knowledge and skills and to provide their managers with timely feedback. The manager-subordinate relationship at Novus is a two-way working relationship. Employees are able to work at their full capabilities when they work with their managers in an environment of trust.

In this environment, Novus does not evaluate employees on the basis of an annual performance appraisal that is the norm at many companies. Strictly speaking, an annual performance appraisal is not necessary when continuous and open communication is routine for managers and subordinates. Instead, Novus integrates a Personal Effectiveness Appraisal (PEA) into the on-going, two-way communication between Manager and Subordinate. Managers assess employees' effectiveness in terms of their specific accountabilities rather than in terms of performance as defined in quantitative terms dependent upon various factors external to the employee's role. The formal annual PEA meeting is an opportunity to summarize conclusions drawn from previous discussions—without any surprises for the employee.

Training and Development

As an organization designed to optimize employee engagement at all levels, Novus understands the importance of training and development. As a Requisite organization, Novus has a system to ensure that all employees regularly receive the training and education they need to move forward with their careers as the company moves forward with its long-term strategy. Training is available in four major categories:



Figure 2. The Novus Learning System offers four categories of training and development

Courses are offered as instructor-led workshops; as e-learning, through the Novus Online Learning System; and through blended learning, which combines e-learning and instructor-led workshops. Employees have every opportunity to better prepare themselves for the challenges they face in a dynamic, competitive global market. Dan Meagher, Vice President of Sales, credits the effectiveness of the training system with the company's success in fully integrating a new product line with its own sales into the sales organization in only four months.

Conclusion

The NMS has fine-tuned the company's corporate culture to unleash employee commitment and creativity at every level, and to direct that energy in a highly focused manner towards clearly defined corporate goals.

In the past 20 years, the company has methodically leveraged its core expertise in nutritional research to expand from one product for the poultry industry to more than 100 products for poultry, beef, dairy, pork, aquaculture, feed quality, companion animals and people. This innovation and agility would not be possible without a corporate culture that combines entrepreneurial thinking with organized structure and a motivating corporate Vision: to help feed the world affordable, wholesome food and achieve a higher quality of life.

For the complete story, download: Novus Requisite Organization at Novus International, Inc. at: www.novusint.com/NMS

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