SITUATION APPRAISAL

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SITUATION APPRAISAL, TOOL FOR EVALUATION

In the preceding chapters we have spoken of Problem Analysis, Decision Analysis, and Potential Problem (Opportunity) Analysis as discrete processes to be used one at a time, each sufficient unto itself. While this is accurate, the use of the processes from day to day does not consist of a blithe stroll from one to another as circumstances dictate. In actual practice, when faced with any situation, we may experience confusion and uncertainty over where to begin. We may struggle to recognize and break apart actions that overlap and are required to address the situation. At best, we may not be clear on which issues to address first or on how to manage a number of simultaneous activities efficiently.

Nearly every manager has entertained the fantasy of starting fresh. Fantasy indeed. Even on the first day in a new job, the manager is beset by issues that were chronic frustrations for the previous incumbent. Lying in wait for the new manager, in addition, are new issues to be understood, problems to be solved, and decisions to be made. All these are part of the job. They do not stand on ceremony. They move right in. Before the week is out, potential problems begin to suggest themselves. The opportunity to start fresh does not exist. Every manager must operate from a middle ground, surrounded by

the accumulated problems of the past, a profusion of demands of the moment, and the certainty that future threats and opportunities await and must not be ignored.

The three Rational Processes we have already described consist of *analytical techniques*. Their purpose is to resolve situations and issues. Situation Appraisal, by contrast, consists of *evaluative techniques* that lead to the proper selection and use of the analytical techniques. Situation Appraisal builds the framework for the daily use of Rational Process ideas. It enables managers to make the best possible use of the techniques of Problem Analysis, Decision Analysis, and Potential Problem (Opportunity) Analysis by showing them:

➢ Where to begin.

➢ How to recognize situations that require action.

➢ How to break apart issues that are overlapping and confusing.

➢ How to set priorities.

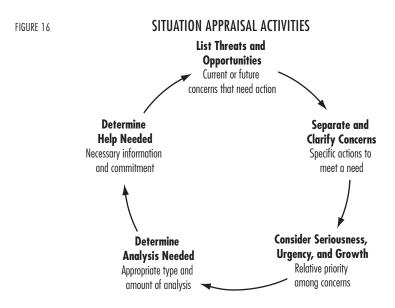➢ How to manage a number of simultaneous activities efficiently.

A manager who is skilled in the three basic Rational Processes works more efficiently than one who is unskilled in handling information about specific problems, decisions, and potential problems or opportunities. To be effective in the overall job of managing the daily disorderly flow of information, however, a manager must also be skilled in the process we call Situation Appraisal.

Managers lacking this skill cannot make frequent or productive use of the analytical Rational Processes because they are uncertain of how, when, or to what end the processes can be used. These managers tend to await the arrival of ready-made problems, decisions, and future-oriented concerns that fit the techniques they have learned. When that doesn't happen, they become frustrated. The situations that actually do land on their desks are invariably confusing, multifaceted, overlapping, and fragmentary. As a result, the managers fail to recognize the situations as subjects for Problem Analysis, Decision Analysis, or Potential Problem (Opportunity) Analysis. Frustration sets in, and the managers are apt to say, "I thought those ideas were great when I learned them, but I haven't used them nearly as much as I thought I would…."

There is nothing wrong with the spontaneous use of the individual Rational Processes. But the degree to which they are used on a continuing, systematic basis depends on the degree and frequency with which the manager uses the evaluative management techniques that are about to be presented.

SITUATION APPRAISAL TECHNIQUES

Situation Appraisal techniques enable the manager to increase competence in these activities:

➢ List threats and opportunities.

➢ Separate and clarify concerns.

➢ Consider seriousness, urgency, and growth.

➢ Determine analysis needed.

➢ Determine help needed.

FIGURE 16   **SITUATION APPRAISAL ACTIVITIES**

List Threats and Opportunities
Current or future
concerns that need action

Determine Help Needed
Necessary information
and commitment

Separate and Clarify Concerns
Specific actions to
meet a need

Determine Analysis Needed
Appropriate type and
amount of analysis

Consider Seriousness, Urgency, and Growth
Relative priority
among concerns

These activities, as shown in Figure 16, do not form a lockstep sequence. If we had all the information about every concern as soon as we recognized it, and no new concerns came up until we had resolved all of those on our list, this would be the logical sequence to follow. In reality, however, new information is constantly coming to light. No sooner do we start the analysis of our highest-priority concern, than someone rushes in to tell us that the problem has been solved or that someone has discovered that it is really two or three smaller problems. When this happens, a new list of concerns must be made, more separating questions asked, priorities reset. Each situation may demand a different order and combination of Situation Appraisal techniques.

The basic techniques for each activity are described below. Following the descriptions are examples of the techniques in practice. They show how skillful managers use the techniques under everyday conditions.

LIST THREATS AND OPPORTUNITIES

A concern is any situation that causes an individual to feel a need to act. A perceived threat or opportunity tells the individual to do something within his or her responsibilities and sphere of influence.

Where do these concerns come from? Sometimes both the source and the mandate for action are very clear. Managers may have been assigned specific tasks. A routine report is due at the end of the month. An employee's performance has become unsatisfactory. A project is going to miss its deadline.

Such concerns are straightforward; something needs to be done and they are the people responsible for doing it. But the most efficient managers do not spend their days responding only to obvious mandates. They search out situations that require action and for which they can take some degree of responsibility. They do this not because they have time on their hands and enjoy troubleshooting for its own sake, but because they have no time to waste on troublesome situations that need never have occurred.

We realize that surveying the work environment for all the concerns that require action is no small task. Many managers have found that it helps to break the search into four activities:

➢ List current deviations, threats, and opportunities.

➢ Review progress against goals.

➢ Look ahead for surprises (within the organization and in the external environment).

➢ Search for improvement.

Although it is most effective to focus a Situation Appraisal on a single subject or time frame, one or more of the activities might still be applied. For example, rather than survey the entire work environment, the manager might limit the appraisal to an important client or to production on a single shift.

At times, we will want to go through all four activities—at an annual planning session, for example. At other times, we might find it more appropriate to limit ourselves to one or two of them (for example, to plan the week's work on Monday morning, we would only go through the first activity; the second activity, reviewing progress against goals, might happen monthly).

In some organizations, Situation Appraisal techniques serve as an outline for routine meetings, helping to coordinate the team's resources and efforts to resolve important matters. Each kind of issue is considered in turn: chronic situations, inadequately handled situations, and unexplored situations.

To help us identify concerns, we list threats and opportunities by asking specific questions, such as:

➢ Where are we not meeting standards?

➢ What problems from the last six months remain unsolved?

➢ What recommendations are we currently working on or will be coming up in the near future?

➢ What decisions need to be made now?

➢ What decisions are being made now and will have to be implemented when a choice is made?

➢ What major projects, systems, or plans are about to be implemented?

➢ What changes are anticipated?

➢ What opportunities exist?

➢ What bothers us about…?

These questions are starting points for discussion. Their eventual product will be a list of problems, decisions, and future-oriented concerns that deserve consideration.

When a manager uses Situation Appraisal on an individual basis, this step may consist only of a mental review of current concerns. A few notes or a list of concerns may be jotted down. But whether one manager is making a quick mental tally, or a team is listing concerns on an easel, the process is the same. By beginning this way, we move toward eventual identification and assignment of concerns that can be resolved through partial or full use of one of the three analytical Rational Processes. At this point, we make no identification of which analytical process applies. Before we can make such identifications, we must examine each concern to determine whether it is, in fact, a single concern or a composite of two or more concerns. If it is a composite, we must isolate and examine each concern on its own merits. Once we have made all these determinations, the next step is to arrange the complete list of concerns in a realistic and useful order of priority.

SEPARATE AND CLARIFY CONCERNS

A combination of *concerns* presenting themselves as one *situation* cannot be dealt with effectively. Most issues and concerns that have earned our attention are more complex than they first appear to be. But even if the concern turns out to be simple, it is still useful to examine whether it should be broken down. This exploratory process ensures that we take the information-gathering steps necessary for the evaluation of all concerns, simple or complex. At the same time, the status of a concern will be understood in the same way by everyone involved. It is unlikely that employing the separation step of Situation Appraisal will be a waste of time.

We asked questions in the initial identification stage of the process to list situations that require action. We now ask more questions

in order to break apart any situation that consists of two or more components:

➢ Do we think one action will really resolve this concern?

➢ Are we talking about one thing or several things?

➢ Do we agree on the reason for our concern?

➢ What evidence do we have that says this is a concern?

➢ What do we mean by…?

➢ What is actually happening in this situation? Anything else?

➢ What do we see, hear, feel, smell, or taste that tells us we must take action?

➢ What actions are suggested by this concern?

➢ What is there about the way we handled this situation that should be improved?

➢ What is really troubling us about this situation?

Like the identifying questions, these separating questions are starting points for thinking about and discussing our concerns. Some of the questions may seem to overlap, but each represents a slightly different angle for viewing a concern. Taken together, these questions get beneath the superficial description of a situation to elicit hard data. They shift the emphasis from opinion to verifiable information.

While attempting to separate concerns, individuals may pick up the phone to check facts or verify assumptions. When a team is using these separating questions, we often find that two or three people discover that they have different information and, therefore, different viewpoints about the same situation. Without the separating questions it is entirely possible for people to sit through a meeting in the mistaken certainty that their individual, disparate assessments of a situation represent the understanding of the group at large.

Spend some time ensuring that a concern which appears to be singular is really singular and that everyone participating in its evaluation and eventual resolution understands it in the same way. We have found this exercise always saves time and produces better results.

CONSIDER SERIOUSNESS, URGENCY, AND GROWTH

Only after we have separated complex concerns into their components can we set useful, sensible priorities. In the expanded list of concerns that results from separation, each discrete issue we extract from undifferentiated "basket concerns" can be seen to have its own unique features and claims to priority. For example, a concern is originally phrased as: "Need to hire additional account managers in the Midwestern and Western regions." It is subsequently separated into its components: "Need to hire additional account managers in the Midwestern region" and "Need to hire additional account managers in the Western region." Now we may see whether the priority of one may be significantly different from the priority of the other. This is an important point because it represents one of the recurring pitfalls of priority setting. Concerns must be broken down into their component parts in order to set sensible priorities.

We must also have an organized, systematic way of determining what those priorities ought to be. As managers, we may agree on the wisdom of organized, systematic setting of priorities, but, in practice, this activity remains frustrating and difficult for a great many of us.

"What is the most important thing to do first?" is not a useful question to ask when setting priority. When you ask ten managers to define "important," you learn why. One will laugh and say, "My manager said do *that*… so *that* is most important!" Another will think about it for a while and then say, "The situation that will have the most serious impact on operations if you *don't* deal with it—that's the most important, the one you deal with first." Both answers are fair enough in their way, since they represent disparate but perfectly valid objectives.

A practical and systematic process for determining importance is to consider each concern in terms of the three dimensions listed below. This process can be used in any situation, against any content, and by an individual or a group in pursuit of a common goal:

➢ How *serious* is the current impact on people, safety, cost, productivity, customers, reputation, etc.?

➢ How *urgent* is it to keep the concern from becoming difficult, expensive, or impossible to resolve?

➢ What evidence is there that the seriousness will *grow*?

On the basis of one or all of these dimensions, we can judge that one concern is *relatively* more important than another and should therefore be considered first. Or, we can judge that one concern is *relatively* less important and should be considered later.

When a manager works alone to set priorities, the concerns are usually limited enough in number to be bounced off one another rather quickly in terms of these three dimensions. But when a team sets priorities based on an extensive list of concerns, they should c*ut away the concerns that rank low in all three dimensions and designate them for further consideration at an appropriate time in the future.*

A typical large-scale use of Situation Appraisal occurs when a team of managers is considering a great many issues. In such a case, it is essential for the team to identify the few *critical concerns* first. It is within this critical minority that the team must initially determine what the priorities are. When numerous concerns have emerged following separation, we do *not* ask, "How do all the concerns stand, each compared with the others, on the basis of their relative seriousness, urgency, and probable future growth?" This process would be a gigantic waste of time. Anyone who tried to tackle all the concerns at the same time would have no time left to resolve any of the concerns.

An experienced managerial team making an orderly evaluation of the concerns can usually pick out the top five in a relatively short time. Discussion of the three dimensions of seriousness, urgency, and probable future growth would then be confined to assessing those five critical concerns. This does not mean that the other concerns disappear. They are simply set aside until an appropriate future time. Nothing is missed or lost, but no time is wasted working on concerns that are of low priority in all three dimensions today. They may be dealt with safely next week or next month. Alternatively, individuals or teams can be assigned to resolve groups of related concerns.

Why does the setting of priorities seem so straightforward when we read about it, and become so difficult when we try to do it? Managers usually do an unsatisfactory job of setting priorities because they approach each issue as it comes along, on the merits presented

by the narrow context of the issue itself. Even if they sense that priorities should be set on the basis of relative criteria, it doesn't seem to work out that way in practice. Internal rules for determining what is important are very gradually developed over a long period of time. We work on one concern even though we *know* we should be working on something else that may have more serious effects, that may be more urgent, or that may be getting out of hand. Why do we do it?

Because of our backgrounds, abilities, and technical expertise, each of us has certain *kinds* of concerns that give off high-priority signals regardless of their relative fit in our daily roster of concerns. Management activities *we enjoy most* make stronger bids for our attention than they may deserve. Concerns that reflect the demands of *demanding people* carry weight that may be totally out of proportion to their importance. They assume high priority because of the annoyance inherent in dealing with demanding people. Everyone's ability to set and abide by reasonable, rational priorities is eroded by these and many other natural human factors.

In the midst of so many demands on our time, it requires real discipline to set priorities on the basis of relative seriousness, urgency, and probable future growth. It requires even more discipline to abide by these priorities, given the eroding influence of the many issues around us. But the results are worth the discipline. Nothing brings home the wisdom of setting rational priorities better than the effects of its absence: *What is more obvious than the order in which things should have been done?*

DETERMINE ANALYSIS NEEDED

While listing threats and opportunities, separating and clarifying concerns, and setting priorities, we focused on *what* needs to be dealt with. In this step of Situation Appraisal—determining the type and amount of analysis to be used—we focus on *how* these concerns may best be resolved, who will handle them, and the kinds of answers we need.

We asked questions that would isolate situations of concern that are causing us to feel a need for action. In the separation step we clarified these concerns, breaking them down into components as

necessary. In setting priorities we focused on concerns that had the greatest seriousness, urgency, and probable future growth viewed from the perspective of the overall number of situations requiring action.

Of these remaining high-priority concerns, some are easy to identify as subjects for partial or full Problem Analysis, Decision Analysis, or Potential Problem (Opportunity) Analysis. But it is not always so cut and dried. To ensure that we choose the correct technique or combination of techniques, we must ask a few questions about each of these concerns:

➢ Does the situation require explanation? Is there a deviation between expected and actual performance? Is the deviation of unknown cause? Would knowing the true cause help us take more effective action? If there is a deviation *and* it is of unknown cause *and* we need to know cause, we can use the techniques of *Problem Analysis.*

➢ Does a choice have to be made? Is there a dilemma around the best action to take? Do objectives need to be set in order to undertake some activity? If so, we can use the techniques of *Decision Analysis.*

➢ Has a decision been made that has not yet been implemented, and is it necessary to act now to avoid possible future trouble? Does a plan need to be made to safeguard some decision or future activity? Would we see value if a plan or decision was implemented better than expected? If so, we can use the techniques of *Potential Problem (Opportunity) Analysis.*

The *kind* of answer we need determines the choice of Rational Process. *How much* of an answer we need determines whether we will use all of a process or only part of it. We may, for example, understand the cause of superior performance in one sales district of a manufacturing company. Yet it may be useful to draw up a specification, comparing that sales district with all others. In this way, we may gain a more precise understanding of the factors that set that district apart. This situation requires only a partial use of Problem Analysis.

The partial use of Decision Analysis is extremely common. Suppose that the need to hire a manager for a new position has been iden-

tified as a high-priority concern. At this time, weeks before candidates have been selected for interview, the company sets precise objectives for the new position. Later, when candidates are available for interview, those objectives will be ready to use as criteria in the selection process. This sequence provides time for review and refinement of objectives by those most concerned with the new position and with the new manager, as well as the impact of both on the operation. It is far more efficient to undertake this partial use of Decision Analysis early in the hiring process than to postpone full-scale Decision Analysis until the need to make a choice has become imminent.

Partial use of Potential Problem (Opportunity) Analysis techniques is called for when it is suspected that a competitor may be about to launch a new product. Responding to a faint rumor with full use of the process, complete with preventive and contingent actions, may amount to overkill. In the event that the possibility becomes a probability, however, a review of potential problems becomes very useful. If, or when, it seems worthwhile to complete the process, the groundwork will already have been laid, and all necessary information will be available.

Time pressure can also cause us to shorten the process. Problems that are urgent are best handled by quickly comparing a few IS and IS NOTs to search for distinctions. Decisions that must be made quickly will benefit from identifying a few key objectives and obvious risks.

What is important is that we have identified and initiated specific Rational Process techniques that are relevant to resolving concerns. The point is not to divide concerns among three boxes for subsequent full application of Problem Analysis, Decision Analysis, or Potential Problem (Opportunity) Analysis. The point is to use those *ideas* from each technique that are most suitable and time efficient for resolving concerns.

Once we have identified the techniques we will use to resolve each concern, we may well have the ultimate in TO DO lists! We will have identified the situations that require action, broken them down into components as necessary, established priorities, and identified the techniques we will use to resolve them.

The usefulness of Situation Appraisal, however, does not rest entirely on making all information visible. More often than not, the greatest benefits of the process accrue from the simple habit of stopping to assess the situation. *First*, consciously adhere to the discipline of listing threats and opportunities. *Second*, separate the concerns into manageable components. *Third*, set priorities. *Fourth*, and finally, plan for resolution of concerns that have the highest relative priority.

DETERMINE HELP NEEDED

Most concerns require help from others to be resolved successfully. Rarely will a manager have all the information, experience, judgment, or knowledge needed to carry out the resolution process. And, even if others aren't needed during the process, their commitment may be critical during the implementation phase. Commitment is often difficult to obtain without some degree of involvement, so it may be wise to involve them from the beginning. Finally, resolution of priority concerns may be so urgent that it cannot possibly be accomplished by a single person. Often, responsibility for resolving concerns must be shared or assigned to others. Often, this is an opportunity to expose people to new situations and effective use of Rational Process. To ensure that resolution will be timely and successful, we ask the following questions:

➢ Who needs to be involved for:
➢ Information?
      Commitment?
      Implementation?
      Analysis?
      Approval?
      Development?
      Creativity?

➢ What needs to be done and when?

➢ Who will do it?

➢ Who will document our process and results?

At the conclusion of a formal Situation Appraisal session, or of any meeting in which the techniques are used as an outline for coordinated

discussion of concerns, the end result is that people leave with vital information. They know what concerns exist and what individual components make up these concerns. They know what the priority concerns are and why. They know what their own specific responsibilities will be. They know exactly what techniques they are going to use to attempt to resolve the concerns that have been delegated to them. They know the kinds of questions they need to ask to get started. They know how much time is considered adequate for the tasks they have been assigned. They know how and when to report their progress. They will get the greatest possible benefit from their use of the analytical Rational Processes because they have participated in the best possible use of the evaluative Rational Process.

SITUATION APPRAISAL IN PRACTICE

Knowing everything we need to know about a process is of little use if we do not put the process to use. The following discussion illustrates how some managers have used Situation Appraisal.

CASE HISTORY: "SUE'S REPORTS ARE LATE AGAIN"

We have said that every manager occupies a middle ground within the accumulated concerns of the past, the demands of the moment, and the problems of the future. Let us see how one manager used the techniques of Situation Appraisal to deal with a Pandora's box of complex and overlapping concerns.

A complaint reached the manager of the Data Processing Department for one of the largest banks in the United States: "Sue's reports are late again!" Along with the complaint came a cryptic suggestion: "Put some pressure on. We're getting tired of this."

"I asked Sue a few questions," said the manager. "She agreed that her reports were late, and increasingly so. So we began to break down the situation, going through all the kinds of reports for which she was responsible. That's when I found out that information for a certain customer was nearly always late in getting to her. The delay, in turn,

slowed up her output across the board. Now we were looking at a problem that was slightly different from the one presented to me."

Did Sue know why this information was slow?

"Sure, because of the high volume of transactions and errors in that account each week."

Why so many errors in that account?

"That was the next interesting discovery. She didn't know and felt it was none of her business, even though those errors were damaging her own reputation on the job."

What happened next?

"I dropped the 'Sue's reports are late again' problem to investigate the problems in that one account. My assistant and I called on everyone involved. We found twenty-seven separate concerns, including unclear instructions, equipment that couldn't read all the mark-sensing digits, and interference in the optical reader from a black border printed around the customer's checks. Each had to be dealt with on its own merits, and we had to set priorities on their resolution very carefully. Some concerns had to be resolved before others could be understood well enough to work on. A few were self-explanatory, but two problems required full use of Problem Analysis over a period of two weeks before they were understood. Several required Decision Analysis, or at least parts of the process. We did a lot of objective setting in order to come up with better procedures for some of the tasks on that account. If I had accepted the initial complaint, reacted immediately, and done what was asked—'Put some pressure on'—the situation would have been twice as bad in another month."

Today's complaint is often the last visible effect in a long chain of cause-and-effect events. When we use Situation Appraisal and ask specific questions, we can identify actions that appropriately address each of the many conditions that lead to that final visible link.

Case History: Crushed Cartons

It sounds obvious, even elementary, to say that anyone who is going to deal effectively with a complex situation must stop and think, not strike out immediately to set things right.

But people are inclined to want to do something decisive and dramatic. "Don't just stand there, do something!" expresses a mode of action that sounds better than it works. People also tend to panic, as the manager in the following example might well have done—but did not.

One of our clients manufactures cardboard containers for high-quality food packaging. One day, the sales manager received an urgent call from an angry customer, drove immediately to the customer's plant to investigate the complaint firsthand, and walked right into a blast of invective.

"Your cartons are no damn good!" came first out of the customer's mouth. "We're through doing business with you as of right now. My lines are held up because your cartons are bent and crushed. I've got three rush deliveries I can't make, and those customers have been on our phones yelling all morning. Get your truck over here and take this junk back!"

Is that enough to ruin a person's day? The sales manager counted to ten, took a deep breath, and began asking a few questions mentally:

- What actions will resolve this concern?

- What's going on?

- What is actually happening?

- What evidence tells us we must take action?

The questions yielded the following clarification:

- The customer is frustrated and mad. He's dumping a lot of emotion because he feels I'm the person who will listen to him and give him any real help.

- I must help him get some good cartons as soon as possible to get those rush deliveries out.

- He's losing money and reputation and needs assurance that he'll be protected.

- Something's wrong with those cartons, and the cause has to be found quickly.

- Whatever's causing the trouble must be corrected to the customer's satisfaction so that it doesn't happen again—or it's good-bye, contract.

- If the cause of the crushed cartons is in our plant, this is only the beginning of a major problem.

The sales manager told the customer he understood how serious the situation was and promised to straighten it out to the customer's satisfaction as quickly as possible. He got on the phone and got another truckload of carefully inspected cartons on the way—rush. He got clearance from his head office to cover the customer's losses if the cartons really were at fault. He reported these actions to the customer to assure him that something useful was being done.

Then the sales manager began to ask questions about the nature of the damage: what it looked like, where it had been recognized first, when it had appeared first, and so on. He learned that there had been no trouble until that very morning, and he knew that no other customer had reported any problems with the same carton.

He asked the customer whether there had been any change in material handling in his plant. Yes, as a matter of fact, they were using a new side-gripping forklift out on the loading dock.

The sales manager and his customer got to the dock just as the replacement cartons arrived. They saw that the lifters on the forklift were not aligned for handling the pallets on which the cartons were stacked. The lifters were crushing some of the cartons while unloading them. The customer was satisfied that the cause of his trouble had been identified and that it lay in his own shop, not with the container company. The forklift was adjusted and further damage was avoided. No cancellation of business, no return of goods. The sales manager and the customer parted good friends, the customer somewhat sheepishly affirming that he had received excellent service.

Before the sales manager took any action, he broke the situation into components and sorted it out. He identified six major concerns: customer frustration and anger, need for good cartons, need for protection against loss, need to find the cause of the damage, need to correct the problem to the customer's satisfaction, and need to ensure that the problem was not affecting other customers.

The sales manager quickly assigned priorities: First, do what is necessary to calm the customer's fears. A calm customer will help us resolve the other issues. Second, get good cartons to the customer so

he can make immediate shipments. Third, assure the customer that he is protected against wider losses. Fourth, find out what is causing the trouble and how to fix it.

The sales manager decided what kind of questions he needed to ask for each sub-concern *before* he started to resolve the overall concern.

He had saved himself and everyone else a lot of time by taking a little time to think through the situation, instead of jumping to cause for a lower priority concern. Imagine what might have happened if he had set out to find the cause of crushed cartons being sent out from his plant, or if he had stayed in his office while he dispatched an immediate replacement into the destructive arms of the new forklift on his customer's dock.

Case History: A Difference of Opinion

Confusion about the nature of a situation is always a prompt that more separation is imperative before the situation can be dealt with effectively. That is why, during the separation step, we ask whether there is disagreement over the cause or the nature of each situation under discussion. We want to avoid, for example, getting all the way to the point of specifying a deviation, only to find that there is a considerable difference of opinion as to exactly what information belongs in the specification. The following case demonstrates how such separation can lead us toward resolution.

> A team of technical people at a tire company was attempting to specify what had been termed "The Sidewall Separation Problem." Rubber had separated from tire sidewalls during use, and now the team was trying to find out why.
>
> "But it's also on the foot of the tire," one person said. "To my knowledge, it isn't," countered someone else. Rather than wrangle over differences, two specifications were begun—one on the sidewall, the other on the foot.
>
> "It isn't separation of rubber that has adhered. It is failure to adhere properly in the first place," someone offered by way of clarification. "Not so!" was the immediate rejoinder. "It's torn away from the sidewall!" Non-adherence was a new factor, so it became a third deviation to be specified.

It became obvious within twenty minutes that the reason the side-wall separation problem had never been explained was that three separate deviations, each with its own distinct cause, had been woven together. Separated and individually described, the three deviations began to make sense. The introduction of a new, fast-acting solvent was correlated with the non-adherence complaints—a cause that was checked out and confirmed the next day. The other two deviations were explained within the week. None of the three deviations had been open to explanation as long as they remained locked together.

This example points out the usefulness of thinking through a situation before taking action. But if this team knew how to use Problem Analysis, why didn't they also know how and when to use the techniques of Situation Appraisal?

"We never even thought of it," said one member of the team. "We felt that this was one problem, and there was considerable pressure to get it resolved quickly. We didn't stop to think that people on the team might have differences of opinion as to what the problem actually consisted of, much less that we were dealing with three separate problems. Since then we have made it standard procedure to go quickly through separating questions at the outset of any discussion about a problem. Facts, evidence, effects, disagreements, actions already taken. All those questions. It only takes about five minutes, and it's worth it. It is not all that uncommon to hear more than one version of the same problem. I'd say, in fact, that the sidewall separation problem was fairly typical."

CASE HISTORY: "THE MADGE PROBLEM"

When we determine the analysis needed, we make judgments of the kinds of actions that should be taken to resolve high-priority concerns. The questions we ask lead to partial or full use of Problem Analysis, Decision Analysis, or Potential Problem (Opportunity) Analysis. It is important to remember that two equally critical factors must be considered in making this judgment: the nature of the concern and the kind of answer that is required.

Human resources first learned about "The Madge Problem" when her supervisor came to them and said that Madge was upset and unable

to work. Why? She felt that people were staring at her. This was so disturbing that she "couldn't stand it anymore." A visit to her workspace showed her to be no more exposed to public view than any of the other ten people in her section. What could be done next?

Was this a deviation from the expected? Yes. Was this a matter to be explained? Should Problem Analysis be used? Probably not. A personal or even psychological cause was possible, one beyond the competence of anyone in the organization (and certainly beyond any legal right of inquiry). Madge had been a good employee. Until the "staring problem," she had never given anyone cause for concern. Could some positive adaptive action be taken? Yes, easily. File cabinets were rearranged to give her more privacy. Feeling less visible, she was happy. The human resource specialist went on to other matters, matters requiring more time and effort than the moving of a few file cabinets.

Not all problem situations demand a precise explanation. Another example of a problem that does represent a deviation between expected and actual performance but does not require a search for cause in order to take appropriate action would be another rise in the price of gas. "Why the rise?" is irrelevant for most of us however irritating the fact may be. The questions that do matter for us are: "What do we do now? What choices do we have? What actions can we take?" In problem situations such as this, the sensible question is not "Why did this happen?" but "What can I do?"

It is also true that there are times when Decision Analysis techniques are not required in order to make a decision. A drive motor has just overloaded and burned out. Cause is known: An operator misused it out of ignorance. The only action to take is replace the motor with one that will work. No Decision Analysis or part thereof is needed. As for Potential Problem Analysis, that's another matter—preventive action has to be taken so another burnout doesn't occur.

Nearly every action has implications for the future. These implications should be explored. After using Potential Problem (Opportunity) Analysis, we may find that there are no serious threats or opportunities around the corner. This certainly is important for the manager to know. However, if something new is recognized, we are forewarned and forearmed. We have an opportunity to take control of the situation rather than have it control us.

It is a rare manager indeed who uses Potential Problem (Opportunity) Analysis to the point of overkill. On the other hand, our experience tells us it is extremely unwise to assume that everything has been fixed once and for all by the most recent corrective action or the most recent decision. Just because Problem Analysis or Decision Analysis has been used skillfully to resolve a high-priority concern does not mean that nothing bad will ever happen again.

Two basic functions are served when focusing on a given situation. First, we clarify in our own mind where we are going. This enables us to allocate our time and energy most efficiently. Second, we know immediately the kinds of questions we need to ask and the kinds of information we need to gather. Everyone reading this book has sat in meetings where the discussion went round and round—now touching on why something happened last week, then on what to expect next, then on what to do about it this week, then back to speculations on the "something" that happened last week. This type of meandering may be expected when people have no pattern to follow, no process for gathering, handling, and directing information toward specific purposes.

Once we have determined we need to know why something has happened, then for the present we are concerned only with questions that will lead us to cause. These will be Problem Analysis questions: WHAT, WHERE, WHEN, and EXTENT, to begin with. All other kinds of questions, speculations, and general commentary should come later, in the proper place and time.

If the answer we require is which alternative should be chosen, or which course of action adopted, then for the present we are concerned only with questions that will lead to a balanced choice: What are the objectives for the decision? Which are MUSTs? Which are WANTs? What alternatives are available? And so on through the Decision Analysis line of questioning.

If the concern represents some possible future threat, then we need to discover what specific potential problems exist, and we need to identify actions that can be taken in the present to avoid or minimize trouble in the future. The questions we ask will focus entirely on the nature of any potential problems and on the actions we can

take to preclude them or lessen their effects should they occur. Only Potential Problem Analysis will be used as long as this future-oriented concern is being addressed.

If the future concern revolves around an opportunity, then only Potential Opportunity Analysis will be used.

When a team agrees that this is the most efficient and productive way to handle the concerns for which it is jointly responsible, everyone—using the same process—respects and contributes to the line of questioning that suits the subject at hand. It is a far more efficient and productive way to proceed than the usual ad hoc approach. This is how one executive in a pharmaceutical company put it: "Some of our groups use a Rational Process format for their meetings, some don't. The difference between the approaches is clear. When I walk into a meeting where people are discussing something in that format, I can tell within a very short time where they've been so far and where they're going next. I do not need a twenty-minute rehash of the meeting in order to figure out what's going on."

Case History: Replacing Obsolete Equipment

Sometimes, as a last resort, a forbiddingly complex situation that has resisted resolution for months or years becomes the subject of Situation Appraisal. This is what happened in a mining company located in the Philippines.

This open-pit mine depended upon a great many vital pieces of equipment that were obsolete, badly worn, and in need of replacement. Yet the company's top managers, 350 miles away in Manila, had failed repeatedly to appreciate this situation. They had never produced a long-term plan for updating equipment. Because the company recently had embarked on an extremely, and increasingly, expensive new mineral development in another location, corporate attention was focused on the new venture. What was desired of the old open-pit operation was a minimum number of problems and an uninterrupted flow of profits. This defined which pieces of equipment had top priority for replacement: those which, if lost, would directly interrupt the generation of revenue.

The operations people at the mine felt that their backs were up against a wall. A formal Situation Appraisal session was convened. Its purpose was to address the overall concern of "convincing top management in Manila to set up a program for phasing out and replacing equipment that is obsolete and no longer economical."

This "basket concern" was separated into three components:

- What equipment are we talking about?

- Why hasn't this problem been solved before?

- What does the head office really want from this mine?

Priorities were established. The top-priority question was the second: "Why hasn't this (to us, overwhelmingly obvious and important) problem been solved before?" What has gone wrong with previous requests? Why doesn't top management see the situation the way we do? Since cause was unknown, this called for a Problem Analysis. In short order, several contributing causes were developed:

- Top management had never been given any coherent, overall picture of the situation that could have led to appreciation of its true importance.

- Top management had always been given lists of complaints, but never a sound plan for replacement of specific equipment in a specific sequence. Managers at the mine had waited, instead, for corporate staff to turn the lists into a plan and then act. This expectation, it was decided, had not been realistic.

- A documented cost justification specific to the units to be replaced had never been presented to management.

- No credible Potential Problem Analysis had ever been presented to management to show the predictable costs of not instituting an equipment replacement program.

Put differently, no comprehensive recommendation for specific action had ever gone to Manila. The real, and serious, issues the mine faced, as a result, might well be interpreted in Manila as a collection of ill-defined and endless complaints—an assumption that was subsequently verified.

The third priority—"What does the head office really want from this mine?" —led to a discussion of the needs and objectives of the cor-

poration. The subject of the new mineral development was discussed fully. Top management clearly was not going to be deflected from that project to react in any major way to the plight of the old mine—unless that plight were presented in an organized, accurate, and credible report. The report not only would have to describe the mine's problem but it would also have to offer a sound, persuasive, organized plan for meeting its needs.

Thought was given to what should be communicated to the head office and how it should be presented. Through a Decision Analysis, it was decided that a written report of the situation at the mine should be drawn up immediately. This report would contain the following:

- A thorough Potential Problem Analysis of present vital equipment, indicating the effect of breakdown on productivity, profit generation, and administrative attention.

- A proposal for establishing standards and measures of obsolescence.

- A listing of equipment to be replaced, with order and priority of replacement indicated.

- A plan and schedule for orderly replacement of equipment, including lead times, production requirements, labor, and other pertinent factors.

- Documented cost justification for each piece or type of equipment to be replaced.

- A Potential Problem Analysis of the proposed replacement plan, with actions indicated to ensure that it would be carried out as stated.

The report was forwarded to Manila. Top management gave it plenty of attention. While they did not agree to every single element of the plan, and not all recommendations were accepted, a positive, orderly phase-out and replacement policy was established.

The mine's managers did not get everything they wanted, but they did get what they wanted most. In a situation in which operating managers had felt powerless, a way of achieving progress had been found. Little or no progress could have been made until they were willing to give up their old definition of the situation—"Top management will not support us"—and replace it with the factual, specific,

separated components of the situation. Phrasing the components as questions helped them to clarify the situation further. Priorities were set. They then compiled factual answers to why the problem hadn't been solved before, what the head office really wanted from the mine, and what equipment was of concern. The answers were not entirely palatable in that they pointed directly to deficiencies in the mine managers' previous handling of the situation. But they also pointed to productive actions that could be taken to resolve the situation. These actions produced the top-management response sought unsuccessfully for so long.

CHAPTER SUMMARY

Far too much time and effort are wasted in trying to make sense of concerns that are unactionable collections of concerns, each with its own unique features and requirements. Far too many fruitless attempts are made to resolve these concerns, either because of poorly set priorities or because no one asked questions that would have surfaced both the need to act and the type of action required.

The formal and informal use of Situation Appraisal techniques can significantly cut down the amount of time and energy wasted on misunderstanding and misusing information. By using these techniques, managers set priorities more rationally, even under pressure, and work more effectively because they pay greater attention to the most appropriate answers. As a result, they work more productively in every situation they face. Finally, these techniques enable managers to make the best possible use of the analytical Rational Processes on a continuing and systematic basis.

Situation Appraisal is the starting point for any effective team action. For how can a team of well-intentioned people function if they have not reached agreement about where they are going and which concern to deal with first? Using Situation Appraisal techniques can weld a group of disparate people into a concerted team, with the efforts of all its members focused on a common cause. It brings together

the best thinking of all its members and organizes their actions so there is minimum duplication and misunderstanding and maximum effectiveness in dealing with priority matters.

The benefit of Situation Appraisal is preparing an individual or team to take rational action. It results in an enhanced understanding of concerns and an accurate identification of time-efficient, appropriate actions for resolving those concerns. Such results can bring a manager as close to starting fresh each day as reality permits and, over time, can help keep efforts focused on priority issues.