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Bringing best practices to African management

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Two issues scream for attention from South African executives. First is the need to improve their firms' competitiveness and second, the need to embrace diversity. The fact that these may pull in opposite directions is a major concern, but no reason to focus on one or the other. Both are essential to any company located in this country.

Though economic conditions in SA look fair, the world economy is slowing. Even if local growth stays on an upward path, selling almost anything anywhere is sure to get harder. Competition will increase as companies everywhere hussle for turnover.

The most recent World Competitiveness Report shows SA making progress. Overall, the country's ranking has risen one place to 42nd out of 49 – hardly where we want to be, but an improvement nevertheless.

For all the talk by local companies about being "world class", and for all the efforts that have so far gone into getting there, most are nowhere near that standard. And the path they are following will not take them there, for they are using tools and management ideas that will not produce the results they expect.

At the same time, their task will be complicated by the need to change the complexion of their organizations, to employ more women and disabled people and to be more aggressive about "affirmative procurement" and empowerment deals.

Government has made clear its goal to economically empower previously disadvantaged people. Yet as the Black Economic Empowerment Commission and BusinessMap have reported, progress is slow. So the pressures are sure to rise.

Racial transformation is not an optional extra. It is not an issue that can be ignored or put off. The fact that there is a legal case for it is the least of the reasons to do something about it. More important are the business and social cases. Quite simply, firms that do not mirror this society will have no place in it in the future; and without concerted efforts to uplift people economically, this environment will become increasingly hostile to business.

Managers would do well to see that paradoxes offer huge opportunities for competitive advantage. Companies that choose either-or strategies will be hurt by those that embrace opposites and find creative ways to do both. The "horns of a dilemma" can turn out to be powerful competitive weapons.

Shareholding and procurement arrangements begin with a firm decision to make them happen, with deadlines for action and a detailed action plan. There are no easy answers and there will be hiccups and setbacks, but once the course has been set it must be pursued.

Improving competitiveness requires the same clear commitment. It also requires a more rational strategy than many companies are using.

Across corporate SA, people assumed to have both skills and valuable experience are being displaced to make room for others who were "previously disadvantaged". This leads to a loss of "corporate memory" and is causing many young whites to emigrate. While it might be argued that amnesia is just what many companies need, and that new recruits with better skills are available, there is no question that the whole process is costly or that the outcome is questionable.

The first question, then, is how to bring in new thinking and at the same time preserve valuable experience. Secondly, how can the performance of new teams be enhanced?

Answers to both questions are closer to hand than most managers think. They lie not in ill-defined notions of "African management" or drawn-out diversity training, but in much more pragmatic "strategic conversation".

The same management tools work across the planet, so there is little point in trying to reinvent the wheel. Executives in countries as diverse as the US and South Korea, Germany and Chile now apply the same techniques, so copying them is smarter than seeking nirvana in some new fad.

Teams fail not because people don't like each other, belong to different race groups or are of different genders, but because their members do not have common goals. So it makes little sense to waste time on team-building when an organisation's strategy, priorities and working methods are unclear to most of its people. And this, by all accounts, is the situation in most companies worldwide – and more so in SA.

For people to deliver value, it is essential that they understand how firms compete, what their own employer's business recipe is and how they can make a difference. These can all be explained in a few hours.

The longer-term challenge is to keep raising a company's "strategic IQ". The only way to do this is to involve people continually in the company's "big" conversation, rather than just in the more convenient "small conversation" that most of them are allowed to share. This ensures that they hear first-hand what is going on, have their assumptions and opinions tested and are given the chance to contribute their opinions and ideas.

In the past, many SA companies tried and abandoned participative management. In many cases, managers felt they lost control and gained little by way of productivity, quality or profit improvement. But their failures were mostly failures of leadership.

Strategic conversation cannot be left to chance. The idea is not to manage by committee or to seek consensus on every issue. Rather, it is to provide a context in which people are able to do their best.

The best global leaders know that if they cannot reduce their strategies to a few key themes, they will not become reality. They also know that implementation only happens when there is pressure for it to happen. So their conversations are simple, clear and consistent. And they push constantly for results.

In this kind of climate, people learn to work together, to think carefully about what they say and to listen to others. Best of all they discover respect for each other. That, surely, is the goal we should all strive for.

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