

Can We Afford Single Point Accountability?

Single Point Accountability is costing companies millions today.

Single-point accountability is foundational to modern management. Executives often go to great lengths to avoid the appearance of undermining that accountability, and companies are constantly redesigning their organizations to create and maintain accountability.

The Goal: At its best, single point accountability empowers a leader -- a business executive, plant manager, or equipment operator (e.g. Drilling Supt., Frac Boss, Truck Driver, Boat Captain,..), to be intimately aware of their environment and to quickly make decisions that maximize the performance and profitability of their area of responsibility.

The Risk: However, we have all experienced failures of accountability. Detractors point out that individuals often look to avoid accountability and that aggressive revenue and profit targets may in fact encourage individuals to compromise their values and ethics.

In our business transformation work, we have observed considerable value destruction e.g.

- Plant managers who see the annual budget cycle as the time to maximize their capital authorization with limited regard for returns.
- Account managers who see their roles as responding to every customers' request rather than optimizing account value.
- Equipment operators who set operating parameters to minimize disruptions to their day instead of maximizing profits for the company.

These examples, and more, have the potential to cost companies millions ... and in some cases, could even threaten a company's very existence.

The Issue: Why is single point accountability failing in so many ways when companies have hired and promoted top performers?

We believe that executives have abdicated their responsibility to manage and coach their direct reports. Rather, they have bought into the belief

that the business can be managed via a monthly meeting with a handful of KPIs; thus, freeing them to address "more pressing concerns". What is more pressing than delivering value to customers?

This is akin to a football coach skipping all the practices and games and meeting once a month with his quarterback to review 4-5 statistics and then giving the team game plans for the next four weeks.

Companies do accountability well in some areas -- primarily, Health, Safety & Environment (HSE) and Finance. The processes are defined, the reviews are conducted and the results are usually in control. However, outside these functional areas, accountable individuals have broad authority to define the business models, processes and practices.

Solution: It's straightforward...

1. Become a Process-Centric Organization: Document the key processes and hold leaders responsible for ensuring process adherence, as well as continuous process improvement.
2. Get into the Field: Executives need to be coaching their direct reports. This can only be done where the work is happening, in the field, rather than corporate offices.
3. Leverage Data & Analytics: New data solutions, systems connectivity and powerful analytics are helping companies gain insights into farflung operations. The systems can now generate the monthly reports. And, good performance in one area will no longer mask shortfalls elsewhere.

By reclaiming responsibility for managing and developing their people and converting to a process-based operating model, business leaders can finally and consistently achieve the benefits of single point accountability.

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Lion & Stutz is dedicated to assisting the Energy sector to achieve its full potential.

