

Micromanagement - The Path to Mediocrity

I've posted frequently about the deleterious effect I believe time sheets have on professional knowledge workers and professional knowledge firms. Regardless of the origin, or the use for which they were originally intended they have become at once a measurement of productivity, value, worth and efficiency. And I don't believe they do any of those things particularly well. Granted they can generate useful and important information for reactive decision making but the costs of that information to the culture of the user far outweigh any marginal benefit derived. They are a very efficient tool for micromanaging. There are other very efficient micromanagement tools as well. There are performance evaluations - which we've previously posted about. How about 'checklists'?

The purpose of using checklists is to 'standardize'. By standardizing our engagements we believe we can reduce risk and simultaneously improve efficiency. Checklists are tools for 'control' (micromanagement). The paranoia that drives the need for control has resulted in a mechanical system that attempts to drive out risk but in fact drives out professionalism and diminishes quality. Audit programs are an example. When I began my career with the BIG 8 as an auditor, we were assigned a half dozen or so manuals. Personnel / Audit / SEC / Reporting / Admin. The audit manuals outlined the objectives of auditing each financial statement account, e.g. accounts receivable, accounts payable, equity, revenue, etc. There were no canned audit programs included, with the exception of 'cash' (which as I recall was a pre-printed two sided mess sold by the AICPA.) We were charged with writing custom programs for each client based on their systems and the objectives outlined in the audit manual.

Six years ago during the exit interview for our peer review, the reviewer criticized us for not using 'canned programs' in favor of the custom programs we wrote for each client. He agreed our programs were better than canned programs but if we used PPC or Cch or some other canned programs we would by default be

considered in compliance with all the professional standards. (I now realize he was just lazy). We immediately converted to canned programs.

In the mid 1970's we had very few checklists. I recall a reporting checklist, an internal control evaluation guide (ICEG), and a post issuance review checklist (PIRCL). There were probably a couple more. We used them after the fact as a double check. We understood the audit process and the objectives very thoroughly. Today, even the simplest assurance engagement requires no less than a dozen check lists, each with up to 30 pages of single spaced, ubiquitous, multi-part questions, the vast majority of which are answered 'n/a' for any specific engagement. And they've replaced the necessity to analyze and understand. Correspondingly, I believe audit skills have degenerated as well.

We are evaluating the process necessary to eliminate canned programs and checklists - at least until the engagement is complete, and then using them as a 'double check' only. (I'll let you know how that goes. I can already hear the crying, moaning and gnashing of teeth by the audit teams at the prospect of losing their security blankets.)

It's not just the audit process. Look around your firm, at the checklists you use. I'll bet you lunch, that in most cases your knowledge workers would be more effective after a short period of time if they didn't rely on them, because they would have to understand what they were doing and why, rather than just being able to check off steps.

You hire and pay for intelligent, motivated, conscientious, creative minds and then smother all those characteristics with a business model based on control and doom your professional knowledge workers to be only as good as the checklist they fill out. Does that make sense