
Pay Now, Fly Later with “Time Frame”

Why your long term business success is hidden in your organization chart

By John Kuypers, Performance Shift Organization Builders

General Motors is in dire straights. The world’s largest industrial corporation was officially one hundred years old in 2008. It may not live to see its next birthday. Hundreds of thousands of jobs are at stake. What went wrong? *Time Frame*.

Xerox nearly went bankrupt in the 1980’s. One day they realized that their biggest competitor, Canon, was selling their photocopiers at the same price as Xerox’s cost of goods! What went wrong? *Time Frame*.

Microsoft became one of the world’s largest and most profitable corporations in less than twenty years. Their software underpins most computers. What went right? *Time Frame*.

Canada’s banking system is now viewed as one of the most stable in a world banking system gone awry. What went right? *Time Frame*.

Former Canadian Prime Minister Brian Mulroney (’84-’93) was pilloried by voters for his new GST tax and free trade with the United States. Twenty years later, both policies are hailed as successes that drove great prosperity. What went right? *Time Frame*.

What is Time Frame? Time Frame is the ability of a leader to make painful, costly decisions now for the long term benefit of their cause. Their brilliance or lack thereof, only becomes apparent years later. In the 1990’s General Motors needed to shrink its brand line-up and dealer network. It never happened, resulting in a bloated, uncompetitive cost structure. GM’s leadership refused to pay the price twenty years ago when it had the time and resources to do it. We can readily imagine that quarterly earnings reports were a major obstacle.

In the mid-1990’s, Finance Minister Paul Martin refused to yield to tremendous pressure by Canada’s banking leaders to allow bank mergers. Canada’s banks were eager to compete globally and strongly believed they needed more size to do so. Mr. Martin’s decision ultimately limited Canadian banks from participating in what is now known as the global financial system meltdown of 2008. He paid the price at the time, so that the Canadian financial system could fly well through adversity later.

Does Time Frame only apply to large organizations? Not at all. My consulting work is almost entirely with small and mid-size companies whose present-day problems were caused by a failure to address strategic or structural issues that need two, three and even five years to solve. Two examples follow.

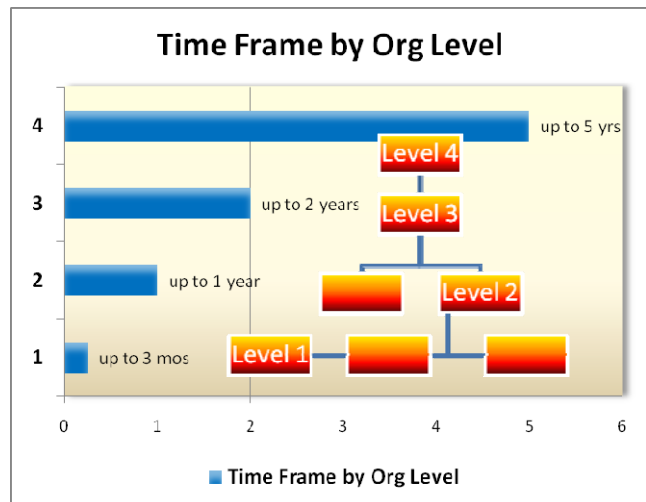
- A small charity receives a one million dollar legacy donation but fails to spend the money in a way that results in self-sustaining revenues. When the money runs out eight years later, the charity must shrink its operations dramatically.
- An innovative company develops and successfully markets a high tech, leading edge medical device. Twenty years later, the company has a wide, flat org structure with no middle or senior management. The company’s technical expertise resides almost entirely with the founders. Their ability to retire by selling the company proves to be very difficult as the company is not viewed as being self-sustainable.

Time Frame is an adaptation of the work of the late Elliot Jaques, developer of the Requisite Organization theory of management. Mr. Jaques determined in his research that the complexity of all work can be categorized by the ‘time span’ of the longest assigned task in a person’s job. Furthermore, the company’s organization structure and pay levels could then be organized to reflect this.

The result for large companies is a logical method with which to *reduce* the number of layers in the organization, thereby ending bureaucratic dysfunction while highlighting the long term responsibilities of senior executives. The result for small companies is a logical method with which to frequently *increase* their organization structure by at least one more layer. This missing layer causes them to ignore longer time frame tasks and remain buried in a sea of short term operating needs. Ignoring long term tasks is the cause of long term demise because competitors who do pay now to fly later, frequently establish an unassailable competitive edge, e.g. Toyota.

Time Frame can be summarized in the following charts:

Org Chart Level	Time Frame
Level 1	Same day up to three months
Level 2	Three months to one year
Level 3	One year to two years
Level 4	two years to five years
Level 5	Five years to ten years
Level 6	Ten years to twenty years
Level 7	Twenty years to fifty years
Level 8	Fifty years plus



Is your leadership willing to pay now so it can fly later? Oddly enough, the primary opportunity lies in examining the misunderstood simplicity of the good old fashioned “org chart.” Your org chart contains the key ingredients that predict your future success or failure. In it are captured the vision and conviction of today’s leadership for what they believe their organization must be doing now in order to thrive later.

The evidence is not only in the org chart but in the specific accountabilities that are assigned and achieved by the jobholders in each layer. A level 4 leader must have a three to five year task on his or her plate! This could include initiating new products or services, entering new markets, training next-level senior managers or expanding operations and systems. Senior leaders will then back this up with present-day investments in staffing and money to harvest these long term returns. Most importantly, they will assess the capability of each staff member to handle the complexity of the work at their level to ensure it gets done successfully.

The biggest Time Frame challenge for leaders is their willingness to embrace risk. The far-off future is unknown and its benefits may arrive long after today's leadership has moved on. Time Frame takes vision, courage and integrity. Here are three examples of longer time frame tasks that a leader might do with their company. There are, of course, thousands of examples one could choose from that illustrate Time Frame decisions of various lengths.

- They install a CRM (Customer Relationship Management) system, so they can effectively track and manage key clients. It takes up to a year to do the data gathering and design the software to fit, plus another year to begin harvesting the benefits. The two year benefit is a consistent approach to developing new business revenues, allocating expensive sales resources according to the size and speed of the available sales opportunities.
- They invest in process improvement and quality standards. This burdensome task takes two years and longer to install, requiring much effort to gather facts, design processes and document procedures. The three to five year benefits are a continuous reduction in costly errors and significant increases in customer satisfaction and trust. These are the hallmarks of a successful business brand.
- They build an organization that continuously aligns performance with company goals, provides timely feedback and develops talent bench strength. Employees become engaged in a tangible long term company vision that lifts them beyond seeking only personal rewards - growing their skills, their careers and the company's success.

Time Frame demands vision and conviction on the part of company leaders to do the right thing now - to pay the price today for the future benefit of the organization. In today's world of instant gratification, this requires a deep confidence by the leader in their vision for the future. When that vision is anchored in a desire to serve the long term interests of the organization's well-being, the future will take care of itself.

*John Kuypers helps leaders improve organizational performance. He is the founder of Performance Shift Organization Builders specializing in roles, accountabilities, structure, processes, productivity and quality. John is a consultant, coach, speaker and author of three books including the guidebook on leadership called, "**The 7 Performance Drivers: How Good Leaders Get Great Results by Shifting Power Near and Far.**" John is located in Burlington, Ontario, Canada and can be contacted at johnk@performanceshift.com*