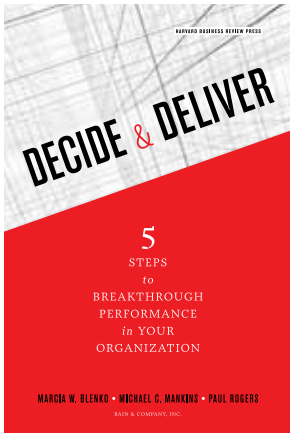


Decision Insights

Committees that work

By James Hadley and Jenny Davis-Peccoud



Committees that work

Executives' visions of liberation:

- A truck manufacturer cuts its committees in half, from 30 to 15. Before, said one manager, "We didn't have a clue which committees we had to send our people to in order to get a final approval."
- A mining company does even better: It eliminates more than 40 committees, leaving just 10. "We used to have a 'Red Book' that listed all the committees. We burned it—literally—and started over."
- "I spend almost all my day in committee meetings," complains a deputy director at an investment fund. Then the fund agrees to a new policy: No member of the leadership team can sit on more than three committees, and the time spent attending and preparing for committee meetings should not exceed 20% of total working hours.

Committees can be the bane of an executive's life. They eat up countless hours. Many don't accomplish much. And they proliferate like rabbits. Key leaders can wind up serving on six, eight, even 10 committees. Trouble is, committees are indispensable. From the CEO-led executive committee to product-development committees and so on, committees enable a company to get its work done. At their best, committees are an efficient way of assembling people. They facilitate debate on important issues, and they can be effective forums for decision making. So the challenge is to manage committees well: to get the most out of them while nipping their dysfunctional traits in the bud.

Gather facts, then establish procedures

Any review of a company's committees needs to start with a solid fact base. How many committees are there? How much time do people spend on them? What role does each one play? Listing all the committees on a single page is usually revealing. Quantitative data helps too. One company, for instance, uses Outlook data to calculate time spent in meetings and thus to quantify the cost.

Facts in hand, you can tackle the tyranny of bad committees. In our experience, good committee management turns on three central precepts.

1. Design committees like an architect. Form follows function, architects like to say. First, identify the function you want a committee to perform—typically, a specified role in a well-defined set of critical decisions. Then establish the committee and give it an appropriately defined charter. The investment fund mentioned earlier, attempting to rationalize a host of ill-defined committees, adopted a handful of ironclad rules. A committee should exist only if it plays an explicit role in decisions that have a material impact on the company's performance and objectives, and only if good recommendations or decisions require diverse perspectives from departments and functions. Only about 40% of the investment fund's committees survived such screens.

2. Assign people to committees carefully—and set them up to succeed. The makeup of any committee obviously has to match the committee's functional requirements: the right skills, seniority levels and representation from relevant functions or departments. But that's only the start of getting the committee composition right.

Size, for instance, is a critical variable. Though some committees may need more members, Bain research suggests that six or seven people is usually the best number for a committee. More than that and the committee's effectiveness is likely to drop sharply. The group has to include at least one respected, experienced individual who can serve as chair and another who has the communication and attention-to-detail skills required for a recording secretary.

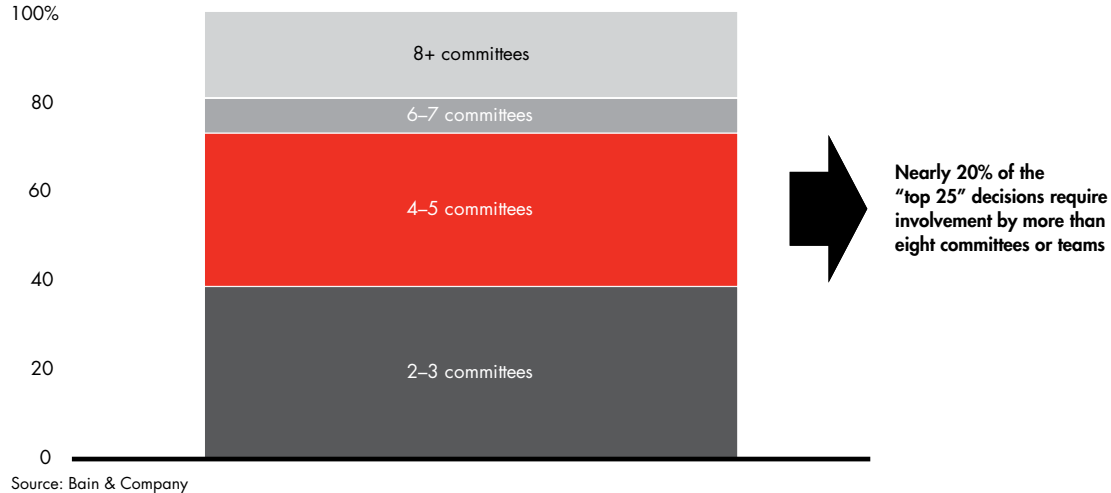
Equally important: a reasonable *workload*. Committees can't function when their members are spread too thin. We favor the investment fund's approach: Put strict limits on the number of committees executives can serve on. Spell out expectations about how much time the committees will require. It's often helpful to have term limits on individual committee service. Term limits not only spread the responsibility, they ensure that the same people aren't always required to be on every committee.

3. Run committees using best-practice disciplines. Some committee meetings quickly degenerate into talk fests and socializing. Even those that ostensibly focus on business matters can get on the wrong track. An insurance

Do you have a “committee opportunity?”

One pharmaceutical company measured how many committees were involved in each of its top 25 decisions and graphed the results. What would such a chart look like in your company?

Breakdown of decisions by number of committee or team reviews




company we worked with found that its executive committee devoted 40% of its time to “informing” members of new developments and only 20% considering decisions.

One antidote to this lack of focus is to build agendas around the key decisions. The most effective companies typically draft agendas prior to the meeting that specify the purpose of the meeting and the time allocated to each item. Meeting organizers circulate the agendas and supporting documents at least 48 hours beforehand.

At the meetings themselves, the chair ensures good discipline, often including the use of symbols and reminders that help keep everyone on track. (See our previous article, “Refresh, refocus, remind: Nine practical tips to keep meetings centered on decisions and action.”) The chair also has to help the group clarify by its decision-making mechanism. Is it participative, with the chair gathering input and then making the decision? Is it consensus? Majority vote? Finally, the

secretary has to record decisions, communicate the relevant action items and time frames to all concerned and ensure follow-up.

A well-functioning committee system, like liberty, requires eternal vigilance. We hesitate to suggest a committee to manage committees—that might be overkill—but we do think it’s essential to track how committees and their members perform over time. Some companies, for instance, incorporate committee contributions into individual performance reviews. Also, it’s worth remembering that committees function best when every other element of the organization—its structure, processes, culture and so on—is clearly focused on decisions.

Committees can be time sinks and morale killers, but they don’t have to be. Effective committees make decisions, see that those decisions are executed and give every member the well-justified feeling that they are actually getting something done. 

James Hadley is a partner in Bain’s Dubai office and is a leader in Bain’s Global Strategy practice. Jenny Davis-Peccoud is the senior director of Bain’s Global Organization practice. She is based in London.



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