In a past life, I started using autopsies in loan officer training and development. We applied the methodology to evaluating sales calls, nonperforming loans and workout situations. Since then I’ve started using the same approach in management development.

Management autopsies involve dissecting and evaluating the results of key decisions, whether things went well or poorly. The process requires digging deep enough to determine why things turned out as they did. What was overlooked, what assumptions were wrong, what should have been done differently, were there mid-course adjustments that could and should have been made, and if external factors or conditions were a factor, are there any leading indicators or more detailed/timely information that needs to be considered in making future decisions? Most important, what was learned? The objective is to improve the odds of repeating successes and cutting down on repeating mistakes.

Autopsies are a key component of continuous management improvement, whether it’s the CEO, managers or front line employees. The continuous improvement concept is built upon the “5 Whys” principle. This principle says that on average you have to ask “why” five times to get to the real heart of an issue. The reason is that the first responses tend to be the obvious, the simplest, assigning blame, or accepting that the results were a function of outside forces over which the business manager/employee had no control. The best managers have learned that every complex problem has at least one answer that is simple, obvious and wrong. But, they have also learned that almost every problem contains the seeds of its solution.

For example, typical answers to the question of why net income dropped are: 1) commodity prices fell or were too low, and/or 2) input prices rose or were too high. That may be what happened; but, the questions should be directed at whether anything could have been done to change the outcome or mitigate the impact. Commodity prices may have been lower, or input prices higher; but, was there an opportunity or are/were there tools available that would have produced a better outcome? Of you sold near the top of the market or bought when input prices were lower, did you use an approach that is replicable or were you just lucky? Success isn’t absolute, it’s relative. Profits may be lower during cyclical downturns, but are you doing better than your competition?

Jack Welsh, the former CEO and Chairman of General Electric, has two quotes that have stuck in my head. The first is “The only truly sustainable competitive advantage is the ability to learn and adapt faster than your
competition.” The second is “Someone somewhere has a better way of doing things and everyone in the organization needs to be compelled to find it, adapt it and continuously improve on it.”

One of my biggest frustrations isn’t that I or anyone else makes mistakes. We all make them and they are necessary in order to grow and improve. The problem is when we don’t learn from them. As a manager, lender, consultant and board member, I’ve seen it again and again. We need to frequently remind ourselves that one definition of insanity is doing the same thing over and over, and expecting different results.