The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Are You Happy With Your Administrative Director?

By Pavel Volkov

July 04, 2011





Pavel Volkov
Administration Manager Russia
DHL Express

During the recent Moscow Times conference for administrative directors and on countless occasions before, I heard from several colleagues that their performance is measured by the savings they deliver. On the one hand I envy them. If this were the case for me, it would mean that I had the biggest say on the cost base of my company, directly influenced its profit and could be very proud of myself (and the infinite power I wielded over my colleagues). On the other hand, this sort of key performance indicator creates a very dangerous motivation for an administrative director to always opt for the cheapest solution.

I am lucky in my current role to have my performance measured first and foremost by the quality of the work I deliver, with cost used as a secondary indicator. For example, the quality of our fleet management, a critical component of our business, is measured firstly by the number of cars on the road every day, and only after this do we look at the repair and maintenance costs per car. We check that our corporate wear supply is being managed effectively by looking at whether all our couriers are dressed in seasonal uniforms, and only then, when we're sure that no one is stepping out in January onto the ice-coated streets of St. Petersburg in yellow-and-red shorts do we measure the uniform cost per courier. Wherever possible, I link my team's performance to real business indicators of the company, i.e. the unit cost per shipment or unit cost per vehicle on the delivery route, etc. By doing this, our administration team always has in mind what they are here for — that is, not to reduce your suppliers to quivering wrecks who hand over "bargain" products at prices that bring you in under budget every year and earn you a slap on the back from the CFO (while your internal customers weep in despair as their performance indicators go through the floor and an angry CEO looks on). Instead, they recognize that their job is to help the business deliver its results.

This focus on performance rather than cost also gives your administrative director enough freedom with his budget to react to change and be judged appropriately. For example, we once

had a customer whose budget for express delivery was set in absolute figures for the year. Either it was calculated wrongly one particular year or the business had grown faster than expected, but somewhere close to September, their express delivery budget had been fully spent, and the customer stopped shipping. It took some time for the administrative department of the customer to get an extra budget approved, and while this was happening, their goods were not being shipped. Of course, the customer was managing its costs with an iron grip, but one can only imagine what the opportunity cost to the customer was of not being able to ship its goods to its clients.

During my career, I have sometimes (only very occasionally, of course!) been slapped on the wrist for not delivering the expected quality of service or product to the business, but there hasn't been a single occasion when I have found myself under fire for overspending against our budget if the quality we delivered was good. I would caution any company from setting budget adherence or savings as their single or even primary KPI for their administration director, as you run the risk of possibly achieving savings while probably losing quality. One of my colleagues has given an excellent example related to setting an administrative director's KPI. Selected employees in a company were given a monthly survey that contained just one question: "Are you happy with what your administrative director is doing?" I bet that none of the respondents, when considering whether to answer "yes" or "no," ever even thought of budget savings. For me, apart from business-related KPIs, this very simple question represents the best quality performance check that an administrative director or any of his team members can easily and regularly perform to make sure that their job is relevant and meeting the expectations of the business.

Original url:
https://www.themoscowtimes.com/2011/07/04/are-you-happy-with-your-administrative-director-a8046