

Maintaining Your Company Figure

By Rebecca A. Morgan
Inc.com • 2004

Staying in shape by focusing on effective flow every day will help keep your profits from slipping away.

EDS announced they would be cutting 15,000 to 20,000 jobs over the next 2 years. Gateway announced plans to continue their job cuts, resulting in an overall reduction of about 5,000 jobs since the beginning of 2003. Kodak announced layoffs approaching 20% of its workforce. How can that many employees sneak up on a company? Why not much smaller layoffs much earlier?

In some cases a major strategic shift and the resultant restructuring lead to the huge layoffs; in some it is the result of an unanswered prayer for the good times to return. But many of the cuts announced are the equivalent of corporate gastric bypass surgery. Just cutting the fat out.

The seeds of cumbersome labor-intensive processes are often planted during an unexpected busy time, or during the handling of unusual circumstance. Periods of growth and financial success provide the cover they need to grow. They are insidious, spreading throughout your operations. Before you know it, your company looks and feels more like a bureaucracy than a nimble responsive business. It can happen to the 10-person business, just as it happens to the large corporation. So what do you do?

As with most issues of organizational health, there is preventative medicine as well as post diagnosis treatment to consider.

If ineffectiveness and sluggishness have already infiltrated your business, it's treatment you seek.

- **Make organizational direction and goals crystal clear.** You may think they already are, but state them again and again and again. Some organizational fat is a function of confusion. It takes a lot of resources, without any resultant revenues, to wander aimlessly or change direction frequently.
- **Next, streamline your processes.** Streamlining means designing or building a form that offers the least resistance to flow. It is NOT the same as downsizing. Map your "as is" business processes. Map how things really do happen, not how they are supposed to happen. Then look for interrup-

tions to flow. Anytime a product, a piece of information, or a decision stops to wait for something – that's an opportunity to improve flow. Flow is when the value adding happens; interruptions to flow halt the value-added process. Your customers are only willing to pay for the value-added, not for the interruptions, and they don't like the waiting either.

- **Review your internal measurements for consistency, and change any that are motivating the wrong behavior.** Many measures intended to evaluate departments or people are inconsistent with overall company goals. For example, purchasing can get the lowest price, but do you always really want them to? Late deliveries and quality problems can quickly outweigh the savings. To evaluate purchasing personnel on lowest price or price reductions can motivate decisions costly to the organization. Make sure your metrics are consistent with the behavior you truly want.

Keeping your organization in shape is a constant effort. The daily regimen of good health should include:

- **Communicate company goals, objectives, and strategies regularly.** And then communicate them more. They can only drive consistent behavior and decision-making when your employees understand them thoroughly.
- **Keep your business process maps updated as processes change.** With your employees, look at them regularly. Review the goals of the processes, as well as the mechanics. Look not only for inefficiencies, but also for new and different ways to accomplish the intent of the process.

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• **Teach the concept of waste, and lead the effort to recognize and eliminate it.** Most everyone wants to spend the workday doing things of value. But it is easy to confuse all the hard work done with value-adding activities. For example, is the common practice of physically matching receiving documents against purchase orders against invoices really adding value for your customer? For most of you, the information is in your computer system, and the invoice from the supplier merely

redundant. Pay the price your purchase order indicates for the quantity your receiving transaction recorded, without any manual matching. If you don't trust the information your people input, fix that problem; just don't continue a matching process to cover it up. Just because an activity is "the way we've always done it" doesn't make it value-added. Constantly ask "why?" and encourage your employees to do the same.



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