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Lunchtime lessons

A quick session with employees can improve company performance.

By Tim Smith, Principal

Would you be willing to invest an hour or so to vastly improve a critical process – any process you chose – that could help your bottom line?

Sure, you say. But what's the catch?

Well, you have to buy lunch, too. But I promise the end result will be worth it.

In today's business climate, all of us are focusing on tightening the proverbial belt. And I'm spending a good deal of time helping clients do more with less. You can see this shift reflected in our recent newsletter topics.

In October, we discussed the importance of focusing on the right customer, versus trying to be all things to all people.

In January, we described how to better manage receivables to keep cash flowing.

And in March, we shared some thoughts on delivering what you promise.

Like any business improvement, these elements require strong processes – the steps your employees take to get the job done – and good communication between team members. For example, in March we wrote:

“During your discussions with staff members, use process maps or flow diagrams to make workflows, relationships and problems visible. By charting how work moves through the company – a customer order, for example – you show employees their specific role, but more importantly, how their job interacts with everyone else.”

In an ideal world, every discussion like that would be led by a very smart, highly trained, good looking consultant with extensive experience troubleshooting business operations, using a detailed process map. But if budgets are tight, your team can still meet on its own and have an insightful, productive, focused conversation that can lead to improvements. You don't have to go on struggling with poor performance.

In fact, with the proper direction, any small company or individual department/function can streamline a critical process or solve a workflow problem in just an hour or so.



A lunchtime session can go a long way toward solving workflow process issues that give you headaches and keep your company from delivering on its promises.

Pizza and processes

The approach is radically simple. If there is a gap in performance that is holding your company back, schedule a lunch meeting with representatives from all of the departments that depend on each other to get the work done.

I recommend lunchtime because most people eat lunch every day, and anyone can be persuaded to attend a meeting if the food is free! So invest in a couple of pizzas or a handful of box lunches and bring everyone together to talk through the process that needs improving.

Give the team or teams the freedom to go over their allotted lunch hour if need be, and keep everyone focused by using the following agenda:

1. State the purpose and outcomes of the meeting.
 - Purpose: to establish a shared understanding of the basic operation and to identify the main issues that get in the way of flawless execution.
 - Outcome: a list of issues to address, of which some will have obvious solutions that can be implemented immediately.
2. Define the boundaries of the operation.
 - Visualize the operation in terms of a flow of steps. How does the work flow begin and end? What evidence do you see that tells you the work has started? That the work has been completed?
 - What are the basic steps (no more than 10-15) that turn what you have at the start into what you have at the end?
3. Review the steps.
 - Regarding the steps, identify where the work spends most of its time either waiting for someone to get to it (in a state of “delay”) or being worked on (in a state of “process”).
 - What causes the delays? Delays are often caused by inadequate notification that the work is waiting to be done, lack of resource capacity, lack of clarity about what needs to be done and when the work needs to be complete, how to do it, etc.
 - When the work is underway (when it is “in process”), what takes the most time? How can some of the steps be simplified or eliminated? How could technology be used to facilitate, speed up, or error-proof the process? Have the people doing the work been adequately trained on best practices?
4. Explore the handoffs.
 - Look at places where one department or person stops and another takes over. This is often a

major source of mistakes, tension and unproductive conflict in organizations.

- Which handoffs are cumbersome and require significant coordination and communication? Where do handoffs require the person on the receiving end to go back for clarification or additional information? In which instances does the party handing off the work feel compelled to “hover around” to ensure that the person on the receiving end takes possession and does what needs to be done?
5. Define the next steps.
 - What actions can you take immediately? Who is responsible for making those changes and by when?
 - What issues require additional investigation? Who is responsible for investigating those issues? When do they report their findings and recommendations, and to whom?
 - When will the group get together again to continue these discussions?

An example

To help you understand how this approach can work, let’s look at a real-life example. I’ve changed the names to protect the innocent.

Bill Bowers was the owner of We-Got-It Rentals, which rented everything you would need for a big event such as a wedding reception, bar mitzvah, fund raiser or graduation party.

After experiencing 10 percent annual growth for several years, We-Got-It implemented targeted marketing and sales programs that supercharged sales. Three years later, their annual sales were up 147 percent since the start of the campaign.

To accommodate the growth, they invested in more rental assets, leased two more trucks, upgraded to a new booking system (“Rent-it-Now”), hired more employees and acquired more warehouse space.

But like many companies that grow quickly, not all the news was good.

Sure, sales were healthy, but their reputation for flawless events was slipping away. Bill noticed the growing number of customer complaints, refund and discount requests, and increased finger-pointing between We-Got-It team members. Too often the left hand didn’t know what the right hand was doing. Bill was frustrated and didn’t hide it.

To solve their issues, Bill and his management team hosted a cooperative “lunch and learn” session,

designed to target the most pressing issues burdening the company. To start off, they defined the scope of the operation:

- The operation starts with a call or email from a potential customer, and the evidence of that is a rental quote.
- It ends with a signed rental contract and an invoice that the customer judges as complete and accurate.

Then they listed the basic steps that start with the customer's call and eventually produce a contract and an invoice:

- Step 1: Obtain Rental Information
- Step 2: Prepare Booking
- Step 3: Schedule Labor and Transportation
- Step 4: Stage Equipment
- Step 5: Generate Contract and Check Out Equipment
- Step 6: Deliver/Set-up/Operate/Strike/Return Equipment
- Step 7: Check In Equipment
- Step 8: Prepare Billing
- Step 9: Collect Payment from Customer

During the lunch meeting, the We-Got-It team talked through each of these steps and discussed recent problems. The informal give-and-take yielded a number of critical process breakdowns at each step along the way.

The table on page 4 outlines the main issues they uncovered.

For example, when they reviewed Step 5 ("Generate Contract and Check Out Equipment") they discovered that no one was responsible for verifying that the equipment listed in the contract got loaded onto the delivery truck. The result? The set-up team too often got to the event location and found out they were missing several items.

They also discovered some causes of their strained cash flow. The paperwork given to the field team didn't state how the customer would pay, so they didn't know whether to ask for payment upon delivery or have Accounting bill the customer. And when they did invoice the customer, typically several weeks later, they often had lost vital backup documents (e.g., signed delivery ticket).

Sound familiar? The issues that were hampering We-Got-It are common to many types of businesses, because they can be boiled down to poor communication, confusion over responsibility, lack of accountability and weak hand-offs of work from team to team.

In We-Got-It's case, the new booking system they implemented was partially to blame. During the lunch, it

came to light that many employees were still uncomfortable with their knowledge of the system, and used it improperly. More training was needed to ensure that everyone involved was capable of using the system appropriately and maximizing its value.

In addition, the discussion allowed management to see where there was a lack of accountability for specific tasks, and to understand where mission-critical information was either not collected from the customer or not passed along as needed.

Working together with management's support, the employees created more streamlined processes, and ensured that everyone recognized their individual responsibilities and how those tasks fit into the big picture.

Lunch with a lesson

We-Got-It's issues were system-wide, but most companies can solve specific process breakdowns in an hour if everyone is committed to working together. Investing in a lunch-time session or two can return a list of practical solutions to the problems that result in mistakes, missed deadlines, unnecessary work, tension and conflict between employees and unhappy customers.

Addressing these issues now, even in an informal way, helps you do more with existing resources and deliver what you promise your customers – both of which lead to a healthy company. Healthy in terms of financial stability ... and the interpersonal relationships on which the organization operates.

Of course, if you'd like some outside assistance to guide a session or troubleshoot a business process, The Plaid Group is here to help. Just give us a call!

More Information? If you'd like to learn more about solving process issues, please send an E-mail to tim@plaidgroup.com, call us at (713) 627-3569, or visit our web site at www.plaidgroup.com. The Plaid Group publishes a free bimonthly e-mail newsletter filled with insights and ideas you can use to enhance your company's operational performance, spur growth and increase bottom-line profits.

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Author's Note: Tim Smith is a Principal with The Plaid Group. The Plaid Group helps companies become more focused, productive, and profitable.

Exhibit 1

We-Got-It Rentals: Issues Revealed at “Lunch and Learn” Session

**Scope and
Process Steps**

Scope of Operation

- Starts with a call or email from a potential customer, and the evidence of that is a rental quote
- Ends with a signed rental contract and an invoice that the customer judges as complete and accurate

The basic steps that start with the customer’s call and eventually produce a contract and an invoice are:

- | | |
|---|--|
| Step 1: Obtain Rental Information | Step 6: Deliver/Set-up/Operate/Strike/Return Equipment |
| Step 2: Prepare Booking | Step 7: Check In Equipment |
| Step 3: Schedule Labor and Transportation | Step 8: Prepare Billing |
| Step 4: Stage Equipment | Step 9: Collect Payment from Customer |
| Step 5: Generate Contract and Check Out Equipment | |

Current Issues to Address

1. Obtain Rental Information

- The driver has to ask the account manager where to deliver the equipment because the event location is often different from the billing address, but that address isn’t listed in the “Ship To” field on the contract or delivery ticket.
- The customer record doesn’t specify the method of payment, so the person delivering the equipment doesn’t know whether to ask for payment upon delivery or have Accounting bill the customer.
- Some customers require purchase order numbers, but the booking specialist usually doesn’t ask for a PO number.

2. Prepare Booking

- When we run out of certain items, we have to rent them from competitors. The warehouse frequently finds out about those shortages on the day they stage the equipment for loading.

3. Schedule Labor and Transportation

- No major issues.

4. Stage Equipment

- Warehouse personnel enter equipment identification codes by hand instead of using barcode readers. It takes longer to check equipment in and out, and mistakes are frequent as staff members enter wrong or transposed numbers.
- Nobody is assigned responsibility for ensuring that all of the required items are included on the equipment list and that the right items are pulled and staged.

5. Generate Contract and Check Out Equipment

- No one is responsible for verifying that the equipment listed in the contract matches what is on the truck. The set-up team gets to the location and doesn’t have the equipment that is listed.
- The items requested and associated prices listed on the contract frequently don not match the quote. When we bill customers, they dispute the charges.

6. Deliver/Set-up/Run/Strike/Return Equipment

- Sometimes customers need additional items and the driver returns to the warehouse after hours to get those items. There is no way of making sure that the customer gets billed for those items.

7. Check In Equipment

- Sometimes the customer doesn’t need items we think they need. There is no consistent procedure for adjusting the paperwork when the equipment returns, so the customer is often charged and disputes the invoice.

8. Prepare Billing

- It often takes the billing office several weeks to prepare invoices. In the meantime, backup documentation is lost and customers call asking when they will receive their bill.

9. Collect Payment from Customer

- The three most common reasons why our customers slow pay are related to the invoice.
 1. It does not match the contract.
 2. It does not include the customer’s reference information (e.g., P.O.).
 3. It is sent to the wrong address.
- No one is assigned clear responsibility for following up on overdue receivables.