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Creating Successes Out of Ideas

Good intentions can pave the road to productivity, growth, and profitability — if you know how to implement ideas.

The first step is to identify the pitfalls along the current road so that you can focus on appropriate ideas to address them. To determine what issues are blocking your business performance, interview frontline employees confidentially.

Once you have a clear idea of your most significant problems, brainstorm with key performers in the affected processes to establish priorities for improvement.

Including influential employees at this stage is an important step in creating a sense of ownership in the problem-solving process. Employees who help to identify problems are much more likely to buy in to solutions to those problems.

Key Indicators

Once you have identified the problems you are going to focus on, determine the key indicators, or performance metrics, to track your progress. Depending on your improvement goals, the metrics you choose to monitor may focus on time, quality, or cost involved in the targeted process.

After you have determined the indicators to measure, take a baseline reading against which to judge your process. Next, establish a benchmark measurement of performance that you hope to achieve, usually determined by best practices in the industry.

To get from the baseline to the benchmark, you need a detailed action plan built around measurable stages of progress. Depending on the complexity of the issues being addressed, you may need to break problems down into many parts.

Small Pieces

Dividing the challenge into smaller pieces not only makes each step more manageable but also eases the task of measuring progress.

Make sure that your measurement plan sets specific timelines, establishes a clear structure of accountability, and details a systematic method of monitoring progress.

Timelines set goals for completing each element of the plan and the overall project. Accountability can be provided with a network of project champions, assigned specific responsibility for achieving each step. On assigned dates, project champions report on progress in meeting the goals that have been set for those dates.

Continual monitoring of activities can be facilitated by specially designed project management software. These programs generate reports that keep decision makers, project champions, and other participants up-to-date on project status. Reports chart the champion, task, priority, date for task achievement, and progress toward the benchmark goal.

A Case Study in Implementing Ideas

The recent experience of a manufacturing firm seeking to halt the sharp upward climb of delivery costs offers an illustration of strategies for implementing ideas.

The alarm bells began to go off for management as it watched delivery expenses increase from 8 percent of net sales to 12 percent over the course of just a few years.

The growth in expenditures occurred during a period marked by relatively flat sales combined with a significant increase in the reliance on independent haulers to augment delivery efforts by company drivers.

The company paid its own drivers by the hour at a rate set in a union contract. Pay for independent haulers, however, was linked to delivered units.

Unclear Causes

It was not clear how this difference in compensation might relate to the increased delivery expenses or what other factors might be in play.

To gain insights into the root causes of the increased costs and the overall delivery operation, management interviewed the dispatcher, company drivers, and independent haulers.

The next step for the management team was to establish a way to assess the productivity of company drivers and independent haulers.

The team devised a measurement system tracking equivalent units delivered by company drivers versus independent truckers and took a baseline measurement.

Startling Findings

What it found was startling — the independent haulers delivered more than twice as much as the company drivers, given similar delivery routes and time frames.

From this information, management identified the goal of increased productivity by the company's union drivers to reduce the need for independent haulers.

All employees involved in delivery were tapped for service on a task force to devise methods of achieving the goal. For the first time, management shared formerly closely held financial information outside its inner circle, and disclosed to the task force details of the delivery cost problem.

Once employees understood the impact of spiraling delivery expenses on the company's future — and their own livelihoods — the importance of reducing those expenses became clear to them.

With the baseline information at hand, the task force worked with management to develop delivery benchmarks and goals — both financial and nonfinancial.

The plan included performance incentives tied to specific goals. To encourage a spirit of competition in meeting goals, performance statistics achieved by individual drivers were posted in the dispatcher's office for everyone to see.

Successes to Celebrate

Successes in meeting goals were recognized and celebrated. As cumulative individual successes led to increased delivery productivity for the company, independent haulers were eliminated.

Even though the company increased its compensation for company drivers significantly with the incentive payment plan, overall delivery expenses have dropped to 6 percent of net sales — better than the rate before the alarm bells began to ring.