

CRUSH THOSE ROCKS

Every organisation faces increasing demands - from customers, from owners, from shareholders, from everyone. Every individual working for a firm wants the firm to improve.

Most companies find this task daunting and very few find a way to continuously improve. They all end up fire fighting and trying various new tactics to improve. Few "improvements" however, actually lead to a major increase in profits.

What can you do about it?

Every day, everyone in the company, does something that they think will make the company operate better. He or she may look at new technologies, new practices, new processes, or something simpler such as a new way to answer the phone. All seems logical enough, as we strive to become "better" or "improve".

Logic tells us that if we improve elements of the business operation, all those changes and additions together will result in good improvements overall to the business. So, we all actively change, modify and try different strategies, tactics and ways of doing things throughout the company in the hope that it will all add up to overall improvement.

One of the major fallacies of modern business is that incremental improvement in all departments, functions and processes will invariably end up in overall improvement. Most improvement projects or changes are not very clear at the outset: what positive effect the improvement will have on overall profit. Let's change all that.

The problem?

Most of us are undertaking activities that don't add to overall profit.

That is because there is no method available to us to make sure that all those activities are prioritised and measured to ensure success. Here is one analogy - imagine a car that is made from the best available engine, with the best gearbox, the best modern conveniences and the best design. If you bought one, would it necessarily be the best car for you? No.

We all try to "grease" each activity. Make each process smoother. What if all our problems and challenges are linked within a company? Are some problems and challenges going to be bigger or more important than others? If some challenges lead from others, do you think that removing some problems, or dealing with certain key underlying challenges, would lead to the removal of other problems?

The trouble is we scurry around trying to address ALL problems as we see them.

What we need is a process to allow us to prioritise the major challenges and do nothing but address THOSE issues. Another analogy - if you look on your organisation as a chain of events, where is the point that would most likely break? If the chain breaks, then the process ends. So, where is the most important place in the chain? At the weakest link. All other points are less important, less of a priority.

If you follow my thinking - in that all problems are in some way linked, that there must be a few underlying problems and challenges that lead to the rest of the problems, there is only one weakest link at any one time, then why use valuable effort, resources and cash on as many problems as you can?

Focus

Focus on the ones that matter the most. In any one company, we have found, there is only one or a few links that have a burning need to "be fixed". A single problem or a single opportunity.

In terms of profit - which is why we are all doing what we do after all - they are the issues that result in the largest improvement to profit.

That is why we call this way of looking at things "Crushing Rocks" - tackling the big problems standing between now and where you wish the company to be.

Fire fighting is not a Strategy

We all know that the challenges that are faced up to are the ones that are today's.

The person that screams the loudest about their problems gets attention first. An example of this is the headlong dash towards "e-everything" - the Internet and Ecommerce. We don't know if it is our burning challenge or a major opportunity, we just assume that we need to spend time looking at it and hard-earned money adopting it in case we fall behind! We do need to know if anything we do, anything we spend valuable time and money on is not based on the tides of fire fighting.

Consider the following:

1. We all fire fight. Very rarely do we notice the real problems in the huge number of small problems that niggle away each and every day.
2. Standard accountancy procedures and business thinking drives us away from fixing the real problems. We think that every incremental improvement will mean an overall major change to profit. It doesn't. If you bolster and improve your web site service, yet you cannot shift products quick enough out of the door, then you won't get overall improvement.
3. What if, when you set off for work each day, you know for a fact that you will only be attending to the big problems that make profit for you? Makes a change from fire fighting, doesn't it? Focus on the weakest link gives you that edge.
4. If we were always addressing the main hurdles between here and profit and were "improving" in a way that was *meaningful* at last, we COULD have a major competitive advantage - and one that was sustainable! If you seek the weakest link, address it then move to the next, then you are able to sustain advantage and grow profits.

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Extracts from a Consultant's Casebook

A company was looking to improve their profit. They sought out the most up to date technology to answer the questions that every staff member and Director asked: "how can this new technology improve my lot - my operations and make me more efficient?"

Each department that was asked for their opinion offered their perspective and their ideas. To summarise, they were as follows:

The Marketing Manager: how can I more efficiently speed up the process of conducting research with my customer base?

The Sales Manager: how can I increase sales to new Customers whilst maintaining the existing level of sales to existing Customers?

The Purchasing Manager: how can I reduce the price of individual items to help drive up efficiencies?

The Human Resources Manager: how can I keep a record of skills and improve skills within the workforce?

The Production Manager: how can I move more products through the factory without driving up the costs?

The IT Manager: how can I pull together the different strands of all the systems, hardware and software within the company to make it operate more smoothly?

The Quality Manager: how can I ensure that all company processes conform to the recognised standards and any technology that is introduced will reflect those needs?

The Finance Manager: how can I ensure that all the expenditure for the company is prioritised and that all budgets are used to best effect?

These were just a few, very disparate and different requirements, all just as reasonable and valid.

The IT Manager coordinated effort and the resulting draft specification recommended that a new system be put in place that meant that the individual systems and processes within the company all came under one system. It was anticipated that this would give very tangible benefits to all in that the whole IT structure would work in tandem and centralised data would be good for all functions and departments.

It soon became obvious however, that the new system was proving costly and questions were raised: would the system's cost continue to rise, would it actually meet the expectations of the original specification and would the value of the final system be greater than the money and effort put in?

The company worked internally with a Consultant and with their technology vendors, to answer the following:

- What core problem is the system going to remove?
- Is the value (i.e. increase in profit) significant enough to continue to spend time and money on the existing specification?
- What are the priorities that the system should be addressing, in order of value to the business?
- Is there any of the "old" technology that would solve some of those problems well enough so that the new system could concentrate on the core challenges?

The Result?

The result, rather than having a very expensive system that continued to swallow up resources and scarce goodwill of the staff; the system was amended and refocused towards

profit. everything else was made subservient to that goal and other smaller challenges overcome with existing technologies and indeed a change of policy.

Rather than cutting budgets and disappointing a very happy vendor who was receiving good payment for a very expensive system, the vendor was ultimately rewarded with a longer term contract - as once the major challenges were defined, the result was that over time, the next core challenge was requiring attention and so on.

- The vendor was therefore in a better position to offer a service that improved the profit of their Client.
- The vendor ended up with a more profitable relationship - and a lasting one.
- The Company ended up with the system they really needed - one that didn't add to the problems, but helped the Team identify the core problems and deal with it.
- Rather than having separate or holistic systems that tried to address every small problem, they ended up with a knowledge system that identified where profit could be made, prioritising activities.
- The first major problem identified using the Crushing Rocks process meant a marked improvement in communications - which was very readily agreed as the core problem that stood between it was and making more profit.
- Communications improved and as a result, so did sales, new product development, customer handling and new contracts.
- A win-win all round (which is not that common for this industry).

Tips List.

1. Think about how many activities you did today that could be described as attempting to overcome a problem or challenge, or address an opportunity. Quite a few? Think about how many your colleagues have undertaken today too. Add them all up. Quite horrific isn't it? Most, if not all of these activities will not result in an increase to overall profit.

2. Start to think how some challenge or hurdle prevents you from realising certain benefits. Also start to think how those challenges were created or what it was that resulted in their existence. Start to think how those chains of events may be linked.

3. Start to think about what BIG challenge stands out from the crowd. Question why most activities are undertaken and what ROI will result in terms of profit. PROFIT, not woolly statements about improvements, efficiencies, or streamlining.

4. Challenge the way you measure effectiveness. The likelihood is that the way you measure your operations stands in the way of really improving profit. Each and every department, function or activity battles with each other for the scarce resources within the company. Effectiveness is only seen if the overall process measures an increase in profit. If the result can be paid into your bank account, then you can call it effective.

5. Make sure that your Board or other main group of people who meet to discuss the big issues for the company only spend time looking at the most important issue. It is the best use of their skills and time and they will receive thanks - from the staff, the customers and the Financial Director...they will all profit.

As will you.