

THE WORLD'S GREATEST

BUSINESS TOOL REVEALED

Or metrics that matter---- the continuous improvement cycle

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Amazon stocks some 11,000 titles in the category "Small Business Management", and although I can't profess to have read them all, I am reasonably sure that very few will give you this simple bit of advice:

Experimentation and measurement are the most powerful business management tools any business owner can ever employ.

Did you ever hear your dad/ grand father/ uncle utter these words: "If a job's worth doing it is worth doing it well..."

Mine did, but now I disagree (respectfully of course). Instead I make this statement:

If a job is worth doing it is worth messing around with!"

Too often we feel stifled by the feeling that this or that problem is worth tackling if only we knew what THE answer was. We are afraid we won't get it right, that it won't work, we'll fail....

And of course we don't know THE answer.....

Good news and bad news:

- The Bad news:There is no answer!
- The Good news:There are lots of answers!

There are as many answers as there are businesses and business owners. This is not to say that there aren't a number of basic principles that apply to all businesses. There are important common principles of marketing or finance for example, but how those principles apply to you in your business is entirely dependent on the unique combination that is you and your business.

Somewhere in those 11000 books on Amazon you might find the answer to your particular problem appropriate for you and your business, although that is by no means guaranteed. Besides, if you have time to read even 1% of that library you don't need to read the rest of this article, your business is already running the way it should.

A much more useful approach is to look at the issue, pull it apart into as many component parts as possible and ask yourself: I wonder what I could try next? That is experimentation. Look at an issue and say hmmm...I wonder.... Big change can come from little experiments, and if the experiment doesn't work out...try something different.

The "But"

There is always a "But" and this article is no different, sorry to disillusion you. The "but" is this: Experimentation must be based on measurement, without relevant measurement, experimentation falls flat on its face, is frustrating for everyone and costs lost of money.

You can't manage what you don't measure.

It is the continual cycle of measurement, experimentation, more measurement and more experimentation that will have the greatest impact on the sustainable growth of your business.

Case in point

I am going to take you through a real world example that will demonstrate what I mean. The example comes from a client of mine who is an electrician. I have tried to reduce the story down to the bare essentials, and obviously it demonstrates a principle only. How you translate this principle into something that works for you and your business I can't say from here. My hope is that you will let it stew in your brain for a bit and ask yourself: "I wonder how I can experiment with that principle in my business?"

My client has a number of vans on the road, with a tradesman and apprentice in each van. One of his burning issues was the amount of (un-chargeable) time that his teams spent running to the local suppliers each week to pick up bits and pieces they needed for each job. The vans normally carried some stock (mostly stuff left over from previous jobs) but an enormous amount of time each week was lost because the vans were on the road, shopping. Over the years he had experimented with different ideas, but the issue persisted and he really didn't know how to make headway with it.

This is what we started working on:

First we set up a way to measure how much time each team spent travelling to buy the bits and pieces, day by day and team by team.

We learnt two things:

- On average he lost about 11 billable hours per week for all teams combined to "shopping time"
- One of the teams spent significantly less time shopping than the other three.

Armed with that information we decided to find out what was different for this team.

We found two differences:

- Their van was tidier than the other vans,
- They kept rough diary notes about some of the items they were running low on.

Clearly here was the beginning of a solution worth experimenting with.

We also decided to measure 2 other things:

- First we measured what the top 100 most common items were that were used on jobs.
- Second we worked out that 85% of jobs would require nothing else than those top 100 items.

This gave us some solid base lines to work from.

Stock lists

Putting together all this information we decided to make the top 100 items the standard inventory of each van. At the completion of each job, the team notes on a standard stock list how many of each item they used on that job. When they next pass one of the regular suppliers, they replace everything on the inventory list in the exact same quantity that they have used (and noted on the list) since the last time they went to a shop. And then they start a new list.

Now he is measuring again. The initial impact is significant; he has reduced the non-chargeable shopping time by 50% across the board. There is further work to do; the goal is to have no more un-chargeable shopping time at all, by the end of the current financial year.

Linda Evangelista

For now my client is able to take on an average of 3 extra jobs per week with the same resources. That equates to approximately \$25,000 extra profit per year.

Apparently even Linda Evangelista would get out of bed for that!

One of the benefits of working with a business coach is that you will be encouraged time and again to ask yourself that question: "I wonder what would happen if....."

Further reading:

- "The E-Myth series" by Michael Gerber
- "Re-Imagine" by Tom Peters
- "The Solutions Focus" By Paul Jackson and Mark McKergow
- "Solutions Focus Working" by Mark McKergow and Jenny Clarke
- "The One Minute Manager series" by Ken Blanchard et al