

Path To Healthy Results

STREAMLINED
CONSULTING

Introduction

For years, I have been interested in understanding what makes some businesses achieve better results. In 2007, I conducted a survey among U.S. businesses, across all industries and employee sizes. The purpose was to identify what, if any, “best practices” resulted in higher performance (**higher revenue growth and profitability**) than their industry peers.

The following report outlines the **seven key business capabilities** that were most closely associated with **better results**.



Why do some companies grow, while others struggle?

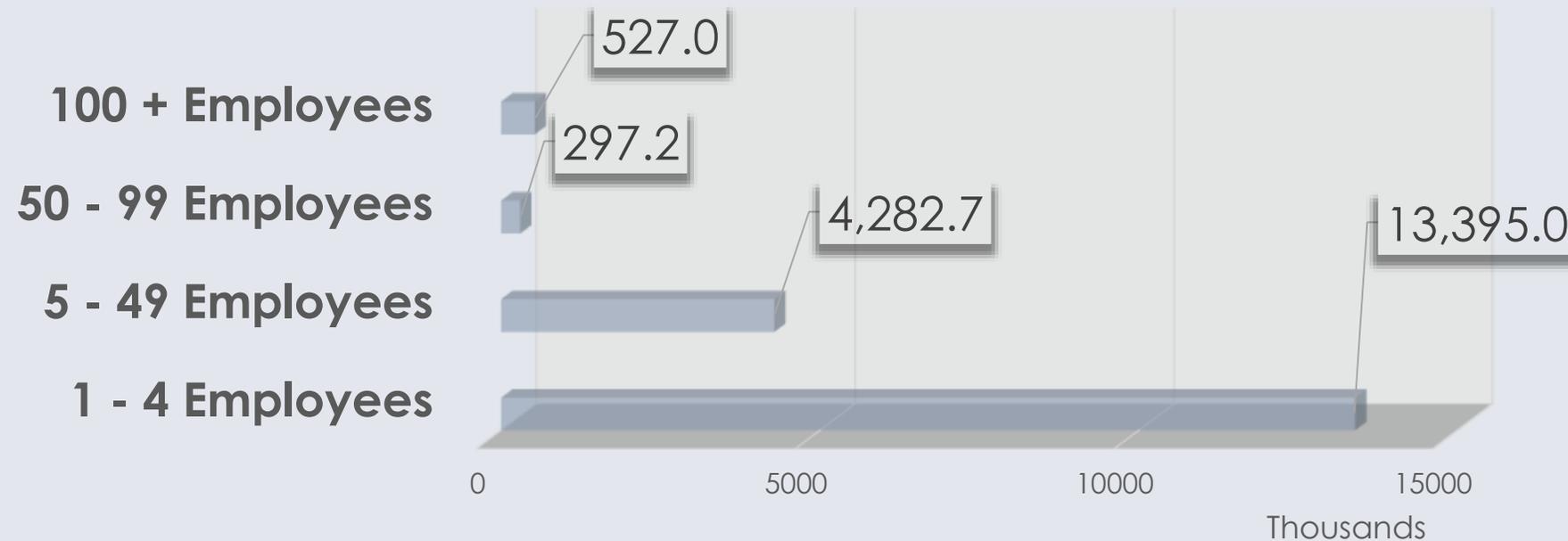
It's no surprise that small businesses, those with 4 or fewer employees, make up the vast majority of all businesses in the United States. But why such disproportion? Because it's hard to scale a business. Every time you add a product, a new employee or a new location, you're **exponentially increasing** the **complexity** of the business when you're only growing it incrementally.

You see, the byproduct of complexity is what some people like to call "growing pains". Equipment and systems that were great when you started the business are now failing or outdated and unable to keep up with your future needs. The same goes for some employees. They were qualified when you hired them, but now that your business has grown, they are suddenly unable to handle the future needs of the business.



98.7% of Businesses in US have fewer than 100 Employees

US Businesses by Number of Employees



97.1% of US businesses have fewer than 50 employees.

Why is it so hard to grow a business?

The short answer is "complexity". As you grow your business, whether you are adding locations, product lines, or employees, your **complexity** is **GROWING EXPONENTIALLY**.

Behaviors that Drive Results

It turns out that “how” a company runs it’s business is just as important as “what” they do. Let me give you an example. Say you’re a plumber. As a plumber, “what” you do is install new plumbing systems, repair broken ones, etc. “How” you do it is the process you follow - from finding new customers to delivering your services. The “how” you run your business is based on your policies and procedures, or maybe it’s a lack of procedures.

In my research I found that companies who reported higher than average revenue growth rates and profitability rates all demonstrated proficiency across seven key organizational capabilities.

These capabilities, when properly in place, are what give these companies their competitive advantage, and results.

Next, I’ll go into more detail on each of the seven capabilities. I’ll provide you with examples of benchmark companies and their uses of each capability and I’ll discuss how you can use these capabilities in your own company or organization.

SEVEN KEY BUSINESS CAPABILITIES



Clear Vision

Have a clearly defined vision, that you actively communicate, and tie to your goals and rewards.



Organizational Rhythm

Have established regularly concise meetings or huddles among all employees to discuss current performance and issues.



Know Their Value

There is a clear understanding among all employees of how value is delivered to the customer.



Employee Empowerment

Create Systems that allow employees to gather and implement improvements and tie rewards to their efforts.



Process Orientation

Key processes and steps are well-defined and documented, and their impact on customer value measured.



Use of Standards

Have well-documented work procedures and standards that are regularly audited for consistency.



Proactive Problem Solving

All employees use standard methods for identifying root causes, and then pro-actively implementing corrective solutions.



CLEAR VISION

I found that organizations who have effectively developed a clear core vision or purpose—and who communicate it to their employees, customers and partners—are more likely to experience higher levels of success. These organizations tie their visions to tactical goals and include some component of employee compensation and reward to the achievement of those visions.

- ✓ **Clear vision statement exists**
- ✓ **Goals are driven from vision**
- ✓ **Vision is actively communicated**
- ✓ **Rewards are tied to vision**

In my own experience, my vision statements were most instrumental during challenging and uncertain times. When faced with a difficult decision, employees would choose the solutions that aligned with our vision. It was easier for them to decide what choice would lead them towards the company vision and which choices would lead them away.

Clear Vision

Vision, mission - who cares? The majority of small business owners I know are more focused on delivering their product or service to their customers than looking into some imaginary crystal ball and trying to “predict” where they’ll be in 20 years. This attitude is fine for contented entrepreneurs. But if you’ve got ideas, and you want to grow, then you may want to reconsider and adopt a Vision Statement.

Think of your vision as your company’s “mountain top”. If you’re going to climb a mountain, a big mountain, it takes time, preparation, and a plan. And when you’re hiking your gear up the mountain and get tired and discouraged, when you look up at the mountain peak you find the energy to carry on, until you make it to the top.



A Vision Statement is that peak your employees look towards for inspiration. It’s a beacon that motivates your staff to work hard, or reach farther. Let’s say your vision is “to provide the best customer service on earth”. When an employee is faced with a decision, say for example how to deal with a customer complaint, the choices become a lot easier.

Tips to Write an Effective Vision Statement

1. Be authentic, be authentic, be authentic!
2. Concise, keep it tight, avoid “buzz words”.
3. Focus on what your customers “value” about your products or services.
4. Ask a lot of questions, “what will my company be like in 20 years?”, “how big, types of customers, what it’s like to work there?”
5. It should not describe what your company is like today, think longer term, 20 years down the road.

Inspiring Vision Statements



To create a better everyday life for the many people.



To give customers the most compelling shopping experience possible.



To accelerate the world's transition to sustainable energy.



To spread the power of optimism.



Spread ideas.

Here are some excellent examples of simple, yet clear vision statements for some well-known brands. Personally, I've never found it an easy process to write my companies Vision Statements. What I have learned is that it takes time and many revisions to hone a good vision statement into it's simplest form.

Your Vision Statement should define :

1. What Value your company delivers to customers.
2. What your company does for your employees.
3. What your company does for its owners.

Be sure to:

1. Look at least 10 years into the future, 20 is ideal.
2. Don't write something you're already achieving.



ORGANIZATIONAL RHYTHM

Those companies who have established a natural rhythm through concise meetings or huddles, and who include employees from all levels of the business, are more likely to succeed. These daily huddles include communicating key performance metrics and other data, as well as a discussion on what's not working. This rhythm allows employees and management to react more quickly to issues and implement corrective measures.

- ✓ **Basic meeting rhythms followed**
- ✓ **Daily meeting include metrics**
- ✓ **Meetings drive improvements**
- ✓ **Info from meeting used across the organization**

Although meetings may have gotten a bad name, the purposes of a daily huddle is to communicate three basic things, 1) what needs to be worked on right now, 2) the numbers from yesterday compared your goal, and 3) what's stuck (e.g. what won't come off the task list).

Meeting Rhythm

Here are the full range of meetings every organization should embrace. Even more so if your company is growing or unstable.

Daily Huddle

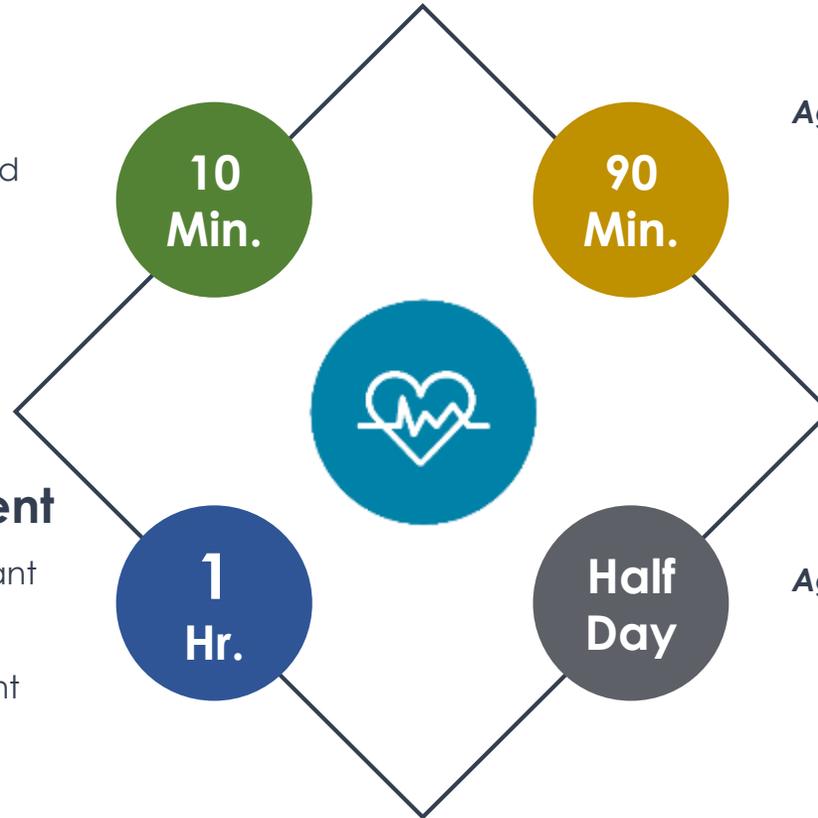
Agenda: Priorities for today, performance from yesterday and road blocks in our way.

Attends: All Employees

Weekly Improvement Event

Agenda: Make one small, yet significant improvement each week.

Attends: Cross-functional Improvement Teams.



Monthly

Agenda: Gap analysis of goals to actual performance.

Attends: Supervisors, Managers, Executives

Quarterly Strategy

Agenda: Gap analysis of goals to actual and re-alignment of future goals.

Attends: Supervisors, Managers, Executives

Organizational Rhythm

The most important meeting is your **Daily Huddle**. Everyone in the organization should be in a short, 5 minutes or less meeting where you set the day's priorities, review yesterday's performance (numbers and metrics), and discuss what's in the way today.

This ensures EVERYONE is on the same page in terms of today's priorities. Any issues, or off agenda items are added to your parking lot where they are dealt with in your weekly meeting.

One of the best examples I've seen is 1-800-got-junk? and their daily huddle at the Junktion, pictured here.



Benefits of Daily Huddles

1. Provides transparency across the entire organization, e.g. everyone knows how the company did yesterday, what's a priority today, and what's stuck or in the way of reaching goals today.
2. Cross-pollination of information, e.g. marketing and accounting on the same page.
3. Problem solve real-time.
4. Clear expectations across the organization.

The second most important meeting is your **Weekly Improvement Event**. This is where your team identifies and solves a single issues that is impacting your ability to deliver your value proposition to customers. The key is to break down big issues into smaller pieces, so you can see progress each and every week.



KNOW YOUR VALUE

Companies who experienced the high levels of growth and profitability can identify where in their processes they add customer value. Customer value, in this case, is defined as anything the customer is willing to pay for. These companies focus on adding additional value and eliminating any processes or steps that don't add value.

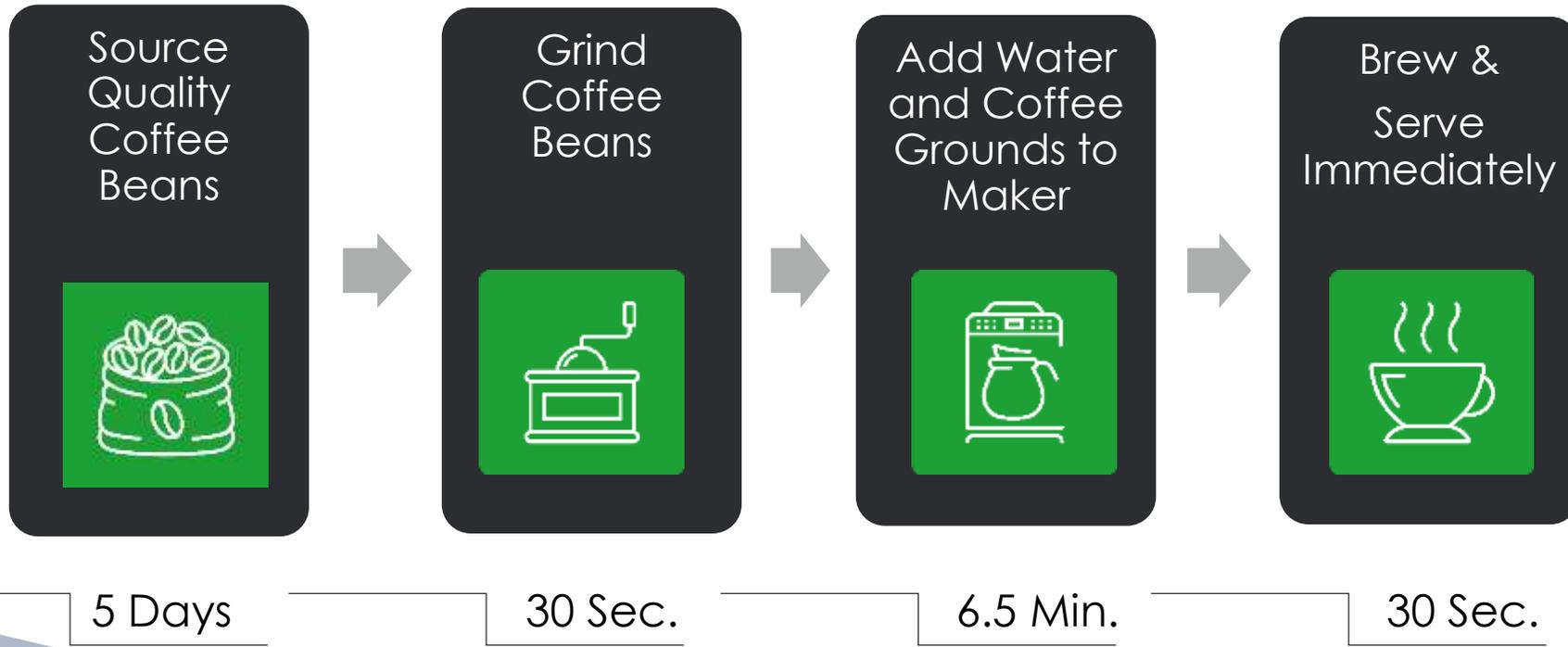
- ✓ **All employees can identify where customer value is added**
- ✓ **Employees eliminate any non-value added activities**
- ✓ **Customer feedback and rewards programs are in place**
- ✓ **Delivering customer value is tied to employee rewards**

Growth companies often must rely on high levels of repeat business and customer referrals in order to reach their growth goals. This can only happen if the organization is delivering an extraordinary level of value in the eyes of the customer. Think of it as a distinct path along which your employees' activities, information and resources flow.

Value Stream

A common way companies identify and document their customer value is through a process called **Value Stream Mapping (VSM)**, a visual map of all the steps (and time) needed to make your product or service, from start to finish. Below is a simple example of a VSM for making a cup of coffee.

4 Steps to Brew a Cup of Coffee



Benefits of Knowing Your Value

Here are a few of the key benefits of mapping your company's value stream.

- ✓ Provides employees and management a visual image of the steps and time needed to produce your product or service.
- ✓ Categorize which steps "add value" in the eyes of the customer and which do not, showing you where to find waste in your processes.
- ✓ Produce a "future state" VSM for employees to work toward.
- ✓ Identify potential areas of waste resulting in increased profits, more satisfied customers, improved overall performance and lower risk.

EIGHT TYPES OF WASTE (**DOWN TIME**)



Defects – Products, services or information are incomplete or inaccurate.



Over Production – Making something earlier or faster than needed; making more than what is needed.



Waiting – Idle time while waiting for materials, equipment, parts, people or information.



Non-Utilized Talent – Not fully utilizing the experience, skills, knowledge or creativity of your team.



Transportation – The unnecessary movement of products, equipment or materials.



Inventory – Over-accumulation of stock beyond what is necessary to serve the customer.



Motion – Any movement by the team that is not of value to the customer.



Extra Processing - Any additional steps in a process that do not add value to the customer.



EMPLOYEE EMPOWERMENT

High-performing companies have created systems that allow them to gather and implement ideas that are generated across all levels of the organization. The entrepreneurs behind these businesses support their employee-improvement programs by integrating improvements into training and support systems, as well as rewarding and compensating their employees when they generate and implement improvements.

- ✓ **Employee feedback is gathered & tracked**
- ✓ **Empowerment is tied to business performance improvements**
- ✓ **Training provided for development beyond job skills**
- ✓ **Employees are recognized and rewarded for improvements**

The benefit of having an empowered and engaged workforce is invaluable, especially when you're trying to grow exponentially. You'll always get better results when you work through your people.

Keys to Employee Empowerment

“If you want to go fast, go alone. If you want to go far, go together.”

African Proverb

Leverage Employee Abilities

When you make best use of each employee's abilities, you send a clear message to your workforce that they are valued and needed.

01 02

Give Credit

Always give credit to your employees when credit is due. Nothing will stifle your workforce faster than a supervisor who steals the thunder of employees.

03 04

Informed Workforce

Employees who are informed of changes and how they may affect their jobs are more engaged and effective.

Gather Feedback

Two-way feedback is a must. Constantly show employees how they are doing and create systems that collect on-going employee feedback.

Best Practices in Employee Empowerment



Zappos.com is an online retailer known for their innovative approaches to business and

delivering customer value. The CEO has given all employees the freedom to do whatever they feel is right to help the customer. Instead of spewing policies, employees are encouraged to do things like offer free exchanges, send gifts to customers, or provide free expedited shipping.

In fact, every year the company publishes The **Zappos Culture Book** which details how people feel about the Zappos culture and how they reinforce and develop the culture every day.

Zappos gives these culture books to anyone who tours the company or writes an email to the company and asks for a copy.



THE RITZ-CARLTON

The Ritz-Carlton, a luxury hotel brand, is known for its award-winning customer service. They empower their employees

by allowing ANY EMPLOYEE to spend up to \$2,000 per incident to solve customer problems without having to get approval from a supervisor. In fact, there's no limit to how many customers an employee can use this incentive on, giving unhappy customers things like free stays, upgrades, and gifts. Does it work? Absolutely, employees are happy, and Ritz Carlton customers are extremely loyal to the brand.



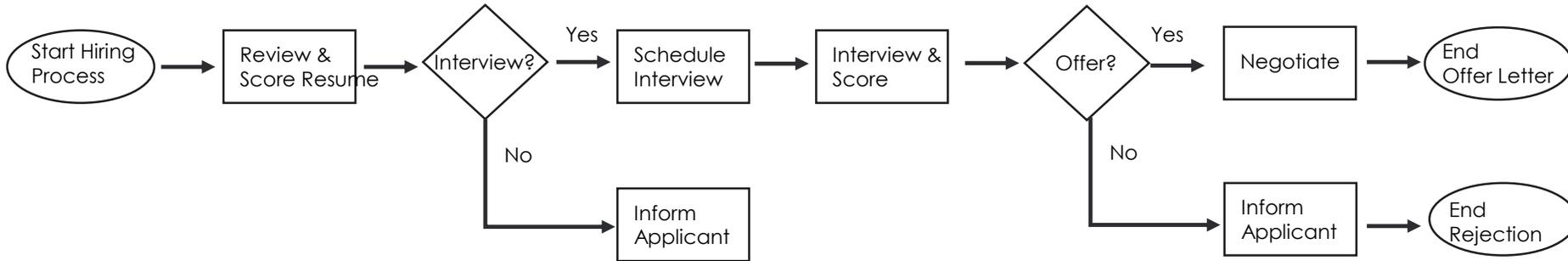
PROCESS ORIENTATION

Through my research, I discovered that you can achieve better alignment within the organization when key processes and steps are well-defined and documented, and when there is a clear understanding of how value is delivered to the customer. This provides a collective knowledge across all levels of the business, and it helps everyone see where value is added and waste exists.

- ✓ **Processes are well defined**
- ✓ **Improvements within processes are made on a regular basis**
- ✓ **Employees know where customer value is added in each process**
- ✓ **Employees improve processes proactively**

Having a process orientation will increase employee engagement and moral. When the organization is focused on identifying and removing any unneeded steps or processes, your employees will love their jobs even more.

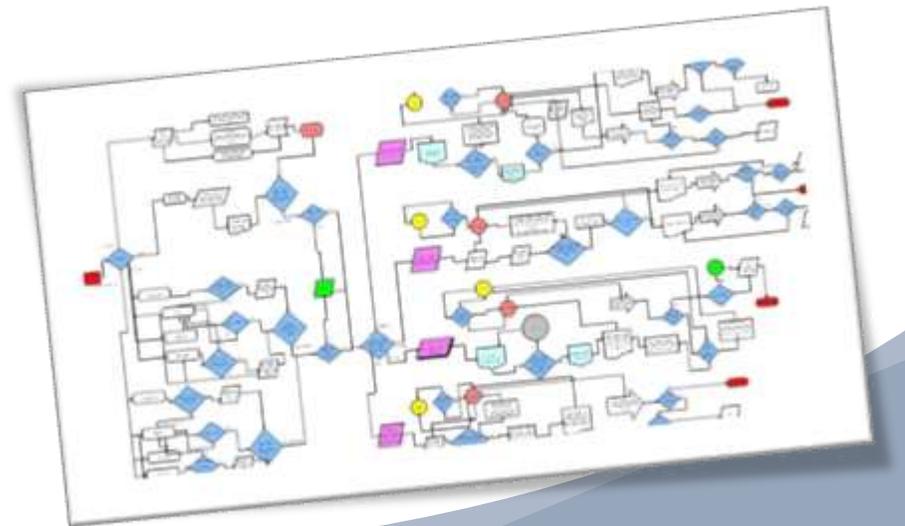
Example – Hiring Process



Above is a simple example for a Hiring Process. Simply, it's a step-by-step picture of the steps needed to complete a specific process. This will give your employees a starting point, where they can work on streamlining their processes, saving time, money and resources.

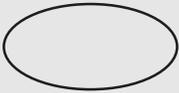
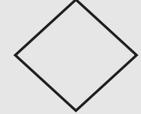
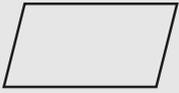
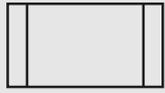
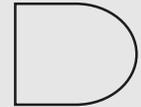
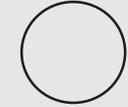
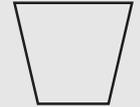
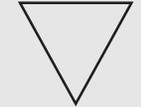
Companies who have WELL document processes, across ALL their functions and processes are more likely to

experience higher revenue growth rates and profitability. This usually includes non-production processes like accounting and Human Resources.



Process Symbols

Below is a list of the more common symbols used in documenting processes. The goal is to determine what your “current state” is so you can identify ways to make it more efficient. Generally, you’re looking to **Eliminate**, **Combine**, **Rearrange** and **Simplify** your processes, making them simpler and more efficient.

	Start/ Finish		Task / Activity		Decision		Flow		Online Activity
	Data Input/ Output		Sub- Process		Delay		Electronic Storage		Process Connector
	Manual Input		Manual Task		Manual Filing		Document		Prep Work



Eliminate



Combine



Rearrange



Simplify



USE OF STANDARDS

Successful companies use standards to control variability within the workplace. By effectively documenting how the work is done and regularly auditing work to ensure standards are consistently used, business owners can confirm that the variability in output is minimized, allowing the organization to run more smoothly. This includes areas of the business focused on non-production items, such as finance and sales.

- ✓ **Standards are well documented**
- ✓ **Standards are tied to training**
- ✓ **Standards are used consistently**
- ✓ **Applied to non-production areas**

High growth companies consistently use standardization of work to ensure a consistent output and maximum results.

How to Create Work Standards

Major Steps:

Any logical segment of the operation that...

- ✓ Advances the Work
- ✓ Changes form, fit or function
- ✓ Adds Value
- ✓ **Action phrases or verb**

WHAT



Key Points:

Important issues to know to make the job better...

- ✓ Safety
- ✓ Quality (Makes or breaks the job)
- ✓ Knack or trick that makes the job easier
- ✓ Special Information
- ✓ **Adjective or adverb**

HOW



Reasons Why:

Any logical segment of the operation that...

- ✓ Always goes with the key point
- ✓ Makes the job easier to learn and remember
- ✓ Supports Quality, Cost, Delivery & Safety objectives

WHY



But how do you create work standards? When you follow this easy, step-by-step **Job Breakdown** process, you can take any complex operations, break it down into smaller functions, and then down into individual steps.

By breaking down each key job into it's Major Step, Key Points, and Reasons Why, you will produce **work standards** that deliver consistent, high quality output from everyone in the organization.

Where to Start

Like most everything new, it takes a little practice to get good at creating **Job Breakdowns**. Let's use our "How to Brew a Cup of Coffee" example from earlier and create an example **Job Breakdown**.

MAJOR STEP (How) Logical step that advances the work	KEY POINTS (What) Tips that will: Make or break Avoid Injury Make it easier	REASONS WHY (Why) Reason for Key Point
1. Source quality coffee beans.	1.1 Set up a "cupping" event to sample coffees before placing order.	1.1.1 There's variation between roasts and roasters. 1.1.2 Always taste before you buy in bulk.
2. Grind coffee beans.	1.1 Adjust grind for type of maker and filter type.	1.1.1 Using the wrong grind can ruin your pot of coffee.
3. Add water and coffee grounds to maker.	1.1 Coffee grounds should be at room temperature.	1.1.1 Cold grounds can cause under-extraction.
4. Brew and serve immediately.	1.1 Brew between 120-140F.	1.1.1 Maximizes the extraction from the beans.

Process Improvement

Use this four-step method to create better processes and improve performance.

Document

Document your job from start to finish, capturing each step along the way

01

Assess

Look for areas you can eliminate, combine, rearrange or simplify.

02

Improve

Focus on these three key areas: quality, efficiency but most importantly, customer value.

03

Standardize

Once you've improved a process, be sure to update your standard work to include the changes you implemented.

04



PROACTIVE PROBLEM SOLVING

Organizations that are better at solving problems achieve better results than those who use reactive methods for solving problems. By systematically identifying the root cause and the probable solutions to the problem, employees report higher levels of job satisfaction, resulting in lower turnover and higher employee engagement.

- ✓ **Teams conduct problem solving**
- ✓ **Problem solving include employees from all levels**
- ✓ **Teams use standard problem -solving tools regularly**
- ✓ **Rewards are tied to vision**

Imagine for a moment what your organization could achieve if ALL of your employees were constantly evaluating job methods to determine if there are any steps that can be combined, eliminated, or otherwise streamlined.

4 Step Problems Solving Method

Problems Happen, Get Over It

When does a supervisor have a problem? Whenever the work assigned fails to produce the expected results.

Causes of Problems - 4 M's

Materials – Must be available

Machines – Must be proper and be in place

Method – The “know-how” must be provided

Manpower – Everyone's performance must be satisfactory and complete

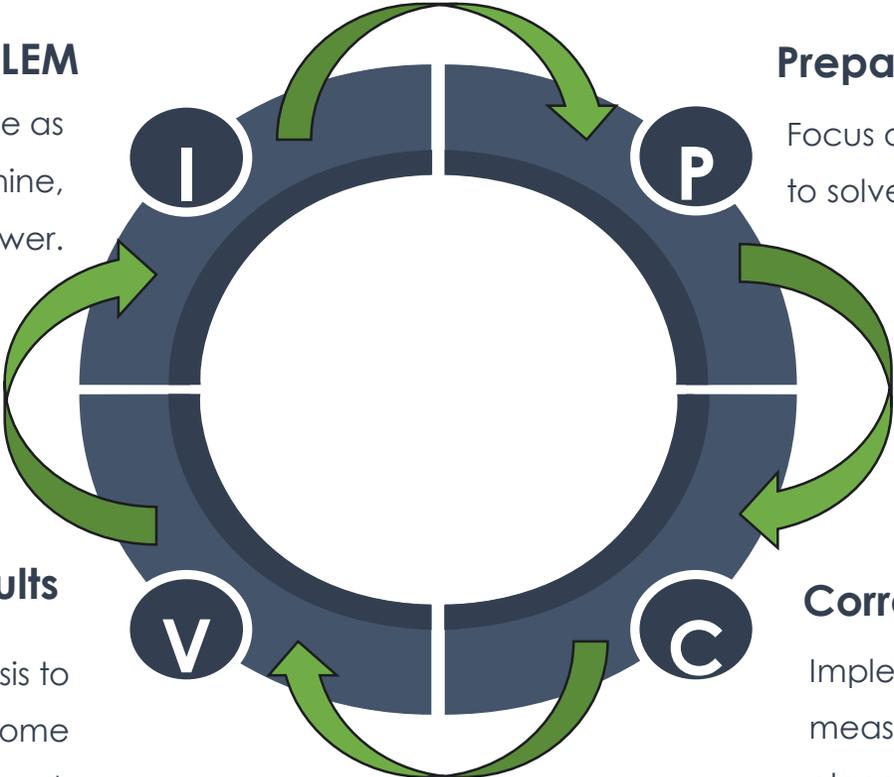
A problem is a gap between what should be happening (standard) and what is actually happening (current situation). Here's a proven four step method for solving problems.

ISOLATE THE PROBLEM

Isolate root cause as material, machine, method, or manpower.

Prepare for Solution

Focus on what must be done to solve the root cause.



Verify Results

Perform GAP analysis to determine if desired outcome was achieved.

Correct the Problem

Implement corrective measures tracking results along the way.

About the Author

John Stepleton



Founder

Recognition & Awards



John is a serial entrepreneur with a **passion for business** and a **thirst for knowledge**. His desire for making things better is at the core of who John is. His first business, a “boot-strap” market research firm, grew into a three-time ***Inc. 500 Growth Company***, growing it into a ***500 employee firm***.

John’s success in business is a direct result of his passion for understanding and his obsession with measuring and assessing. Over the years John’s interest in benchmarking and his involvement in researching best practices have led to a depth of knowledge as to what makes organizations tick that’s unseen.

Thank You

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