

Abonar Newsletter



5 STEPS TO ELIMINATE WORK

STEP 1: EVALUATE

Define the mission of the organization. Define the stakeholders of the organization.

STEP 2: ELIMINATE

Inventory all tasks done by the organization. Eliminate every one that does not impact the mission or stakeholders.

STEP 3: TRANSFER

Take all tasks that can be done better and less expensively outside the organization.

STEP 4: AUTOMATE

Try to eliminate your own job. Assemble common questions into training materials. Delegate the other decisions with a statement like "keep the customers happy."

STEP 5: FIRE

Use Pareto's Law to identify bad customers, suppliers and employees. Let them fire themselves by setting conditions for further interaction. The bad actors will either comply or leave. Either way, you are better off.

Process Improvement No Time?

Today's labour market is very tight. One look at the classifieds section and online workplace sites shows that human resources are at a premium. Some companies have even resorted to bidding wars and a number of perks to secure and retain employees. The booming economy and expanding sales are supporting this inflation in salary but this cannot sustain indefinitely. What are managers to do? Without hiring more people, they are preventing growth and taxing themselves and their employees. If they hire more staff, they increase overhead that may need to be cut as soon as a downturn hits. In the mean time, managers are working long hours, running a treadmill to keep up but eventually falling behind. Customer satisfaction, employee morale and workplace safety all suffer. Not a pretty picture, is it?

Fortunately, there is another way to deal with all these demands without breaking the bank. The main idea is this: instead of growing the human resource to fit the work, shrink the work to fit to the people. This can be done in the following steps: evaluate, eliminate, transfer, automate and fire.

Step 1: Evaluate

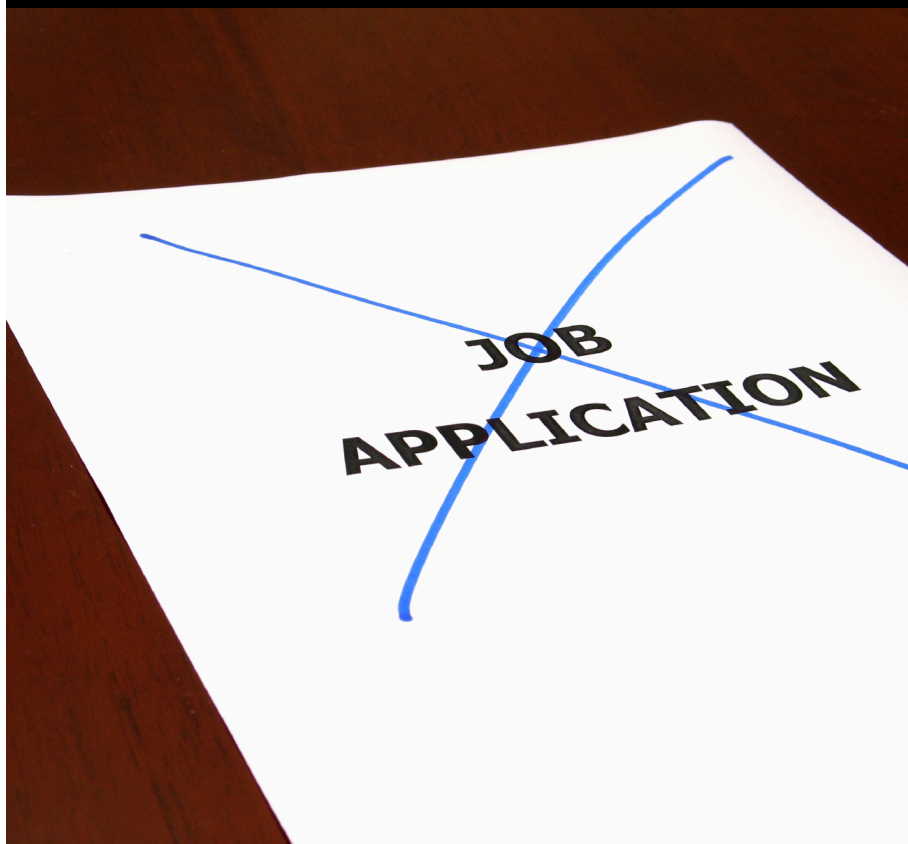
Many companies start out with a simple mission statement and do a good job of serving customers. As time goes on, these companies bring on more products and services in order to grow sales. Eventually, this trends towards bloated inventories and lackluster

customer satisfaction. Sales tapers off and complexity and effort continue to increase. At this point, a strategic evaluation of what the company or department's reason to exist is in order. This entails evaluating or writing a mission statement that clearly states the purpose of the department. A clear definition of all stakeholders – customers, suppliers, employees, managers and the general public is needed along with the needs of each stakeholder group of the organization. Once the mission and stakeholders are determined, the organization is ready for Step 2.

Step 2: Eliminate

This step can be the most difficult and benefits from outside help. Organizations tend to pick up work easily but have a hard time eliminating work. Conscientious employees want to stay busy and will invent activities to keep them working throughout the day. Sometimes, an urgent request comes from a stakeholder and the group takes up the task. The problem is that the product or service is often still provided long after it was needed or wanted. The result is an overworked, understaffed organization that doesn't have a good sense of priority of work.

The work in this step is to inventory all the functions of the organization along with the amount of time/money allotted to it. Once all tasks are inventoried, the fun begins. This part of the exercise benefits from having outside help because of impartiality. Each task



“INSTEAD OF GROWING THE HUMAN RESOURCE TO FIT THE WORK, SHRINK THE WORK TO FIT THE PEOPLE.”

will be subjected to the question: What happens if we stop doing this? If there is not a significant impact on the mission or the stakeholders of the organization, stop doing it. It's as simple as that. “We've always done it that way” has nothing to do with how you will do work in the future. This is where the outside help comes in. The outside participant makes the employees communicate the value of a task. The difficulty comes in eliminating things that have become part of an established routine. This change can cause stress as employees are shaken out of their routines. After the first round of elimination, the organization is left with the tasks that need to be completed to satisfy the mission and the stakeholders. For many organizations, this step is sufficient to free up enough resources to meet present challenges. There are much more benefits to be gained with the other steps.

Step 3: Transfer

This is the classic “make or buy” decision. In the past there were only a

few functions and products that were available for outsourcing. Now, with advances in shipping, the internet and communications, almost any product or service can be outsourced. From the list generated in step two, the work in step three is to transfer the work that can be done better or more cheaply than be done in house.

There are a number of problems that can arise in this stage. The first is finding capable and cost effective outsource resources. A number of books, including *The 4-Hour Workweek* by Timothy Ferris tells how to navigate through this project. The second problem comes with employees taking issue with losing work. This can be a big hurdle when working with unions. The only way Abonar has seen this succeed in these circumstances is when no layoffs are attached to the outsourcing of the work. The third issue comes with the moral argument of “exploiting” low wage countries for gain in North America. We in Abonar see this as being no different than searching a number of stores to find

the right product at the right price. We feel that exporting work to developing countries helps them to develop economic activity and a thriving middle class. This does more to help such countries than any aid package can. Another argument is some people think that exporting work outside of Canada is unpatriotic. For these people, there are ample opportunities within Canada to outsource activities. Others see supporting Canadian businesses that can't compete as artificially propping them up. In addition, such activity reduces Canadian business' ability to compete in the world economy.

At the end of step three, the organization has gotten rid of unimportant work and farmed out the work that can be done better elsewhere. The real fun starts in step four.

Step 4: Automation

If you have skipped to this section to learn to automate your existing processes, forget it. If you automate an inefficient process, you end up multiplying the

inefficiency. This process only works when the prior three steps are in place. For any manager of an organization, the goal of automation is to eliminate the need of the manager. There are several ways that technology can help you automate procedures and your employees can be of great assistance in doing this.

The non-technological aspect to automation concerns decision points and delegation. The manager can start this process by noting every decision point in a regular business day. The manager can ask employees for help by getting them to email questions to her/him. After a couple of weeks, organize the questions in the categories that come out. You will find that the majority of questions come in three to five main questions. A training manual/FAQ section is written to give employees direction. This is a very powerful tool in freeing up time. The manager does not need to spend time on decisions that can be made by employees. Equally as important, employees don't need to wait to get approval for decisions they are in a better position to make.

There are a number of unique situations that come up. The way to deal with these situations is delegation. This could come under a blanket statement of "make the customer happy and spend under \$100 to do so." This should change the frequency of decisions from a constant barrage to a small list of infrequent, unusual questions.

At this point you may think that it is foolhardy to try to get rid of your job. This flies in the face of conventional wisdom where you demonstrate your value by working hard and doing lots of tasks. This thinking is backwards. Businesses thrive or fail based on results; there is no "E" for effort section reflected in stock prices. A manager that has the desire to eliminate his/her job shows the organization an orientation to improve the business through increasing the efficiency and productivity of people and assets is vital.

Once the organization has gone through this automation, the work now fits the people. This is enough for many organizations. The last step is the "graduate studies" step. This is high risk/high reward territory, so step out if you dare!

Step 5: Fire

The total quality revolution of the 1980's and 1990's were a great time for customers. Organizations transformed themselves to be able to satisfy customer needs. The great things that came out of this era were better quality and service in almost everything that is bought or sold. One unfortunate artifact of this revolution was the notion that "the customer is always right" and the compulsion to do anything to satisfy any customer.

Sadly, there are good customers and bad customers. Ferris in *The 4-Hour Workweek* says to use Pareto's Law to separate good customers from bad customers. Here we will define "good" customers as ones who order and pay reliably and any feedback is thoughtful and well founded. In contrast, "bad" customers are always trying to erode price and use tactics like complaining, bullying and threatening to revoke orders. Pareto's Law can be simply stated by 80% of the problems can be attributed to 20% of the customers. This is also known as the 80/20 rule. The 80% and 20% are just numbers for example. They could be as extreme as 95/5 or higher.

For example, if a customer makes up 1% of revenue but 70% of customer complaints, does it make sense to keep doing business with this customer? Any lost revenue is easily made up in the savings in time to deal with the customer. You can use this extra time to find more "good" customers.

Making a list of bad customers and acting on it are two different things. How do you fire a bad customer? The answer is quite simple – you transform him into a good customer or a former customer. The way to do this is to remove any

special treatment they have rung out of you in the past. Tell him that it is a change in policy. If the customer is abusive, tell him that you will not tolerate that behaviour and give him the standard ordering information. This puts the decision with the customer. Either he starts to act like a "good" customer or he takes his business elsewhere. Either way you are much better off.

This technique works equally well with suppliers. In fact, this technique can be used to evaluate employees. Because of the finality to this step, it should be done with caution.

The End?

When these steps are complete, you will notice a number of changes around the workplace. The first is the work atmosphere. Employees will come to work charged up to improve the company as a result of their new information sharing and authority. The stress level will go down, as "bad" customers, suppliers and employees will be dealt with. Employees see themselves as key in the success of the company through their work and decisions – they go from the "bench" to the "starting lineup." When employees have time to think about their work, a rush of innovations will result. It's been the experience of Abonar that employees will surprise you with great new ideas if given the chance.

The second thing you will experience is a drop in phone calls and emails. In fact, you may go unnoticed in the workplace. If your ego can accept this, it can be very liberating. Use the extra time to find the next big thing for your organization. You might be asked to do this same transformation for other parts of the organization. Or better yet, spend time outside of the office. Take up a hobby, get involved in your children's activities – you know, get a life!

Once the system is set up, maintaining it is easy. Before taking on new tasks, establish the value, who will do it and when it will stop being done. Customer, supplier and employee



monitoring can be done at your own chosen frequency.

This newsletter sums up Abonar's philosophy for human resource and strategic management. If you'd like to find out how to put these techniques to work for you, let us know. Let your competition deal with the recruiting, turnover and training merry-go-round that you used to endure.



We offer innovative and customized solutions to enhance organizational and business performance. We work together with our clients to turn ideas into successful business practices.

Sean McAlpine
(306) 291-3241

sean.mcalpine@abonarconsultants.com

Nav Khinda
(780) 862-0282

nav.khinda@abonarconsultants.com

Scott Kopelchuk
(306) 290-2174

scott.kopelchuk@abonarconsultants.com

Mailing Address

3110 8th St. E. Unit 8B-376
Saskatoon, Saskatchewan
S7H 0W2