

Build
&
Battle

7 Solutions for 7 Problems That Kill Your Business Productivity



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INTRODUCTION

Businesses face different type of problems and challenges created by the dynamic of the markets and for the new social-economic and technological realities. These new realities have changed the context where people interact which have modified human behaviors that have impacted how organizations work in one way or another.

However, there are problems that remain the same through the time, but entrepreneurs, managers and leaders have forgotten them to face new realities and maybe this is a good time to go back to the basics.

This e-book has been created with the purpose of gathering basic problems that every business face and these problems are the ones that kill their productivity. I have identified these same problems based on my work experience in different organizations through different industries plus my academic background and academic research.

This e-book defines seven basic problems and seven solutions that maybe you know them and maybe you have implemented them. But, this e-book will assist you as a reminder of the basic problems we face as managers on a daily basis and remind us that for every problem, there is a specific solution to improve our productivity, our organizations and our lives.

1. BUSINESS PROBLEM: GOALS NOT BALANCED

One of the most common problems that businesses face is the lack of effectiveness. Businesses don't hit their targets and miss their performance, sales and financial goals.

The main reason for this is when goals are not balanced or aligned. When goals are not aligned, managers cannot reach them, and businesses cannot reach its strategic objectives. This problem causes issues through the whole supply chain such as poor quality, inconsistent processes, poor customer service, and poor performance, etc. and it looks like every business unit is performing in isolation and not as part of an entire system to reach the same goals.

Solution:

One appropriate tool to solve the problem of goals not balanced is the Balanced Scorecard (BSC) developed by Dr. Robert Kaplan and David Norton.

The advantage of the BSC is that provides managers the ability to see the big picture linking strategy and performance measures while goals are aligned and balanced. The BSC align goals and actions under four perspectives: financial, business processes, learning and growth, and customers.

For example, that means for every customer acquisition or retention objectives, there is a

financial goal for the business; which will create a business process target to hit and this will cascade in objectives in the area of learning and growth. That is the way, goals for each area are linked together.

On the other hand, managers can also use the BSC to chart their strategy. When charting strategy, managers have to state mission and vision of the firm, and set strategic objectives. The BSC links the strategic goals with operational goals of the company creating value under the four perspectives.

The next step is to design the strategy map that shows the strategic direction of the organization, then to identify and evaluate the cause – effect of the linkages between strategic objectives, functional goals, strategies, projects, and performance measurements for each one of the four perspectives: financial, business processes, learning and growth, and customers.

Managers can use the Balanced Scorecard to solve the problem of goals not balanced giving a clear direction to their team members, charting a clear path for the organization to succeed and at the same time to strength their strategy creation process.

2. BUSINESS PROBLEM: POOR EXECUTION

When companies plan their strategies to put them into action, there are problems caused for poor execution. In other words, a good strategy will fail due to lack of effective execution.

Execution is when things happen, and leaders know that if a strategy or operation doesn't work, they have to assess their execution. Great leaders know how to move from strategizing to executing.

Leaders need to understand that execution is about having balanced and aligned goals and people. We already know what to do to solve the problem of not balanced goals. Now, what about people? Leaders have the responsibility to select the right people for the right work. Every work, every process requires a set of skills and behaviors that not all people have.

That's why leaders have to select people based on talents and how those talents fit their strategy, their culture and their plan for execution.

Solution:

In order for managers to ensure the success of execution, they can count on an effective tool called Policy Deployment.

Policy deployment is the process that connects strategy to action. It is a method that promotes the effectiveness of the organization.

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Policy deployment starts with the strategic plan, objectives, selection of top level priorities, select targets to improve, take action through teams and projects, review and adjust through an annual policy breakthrough objectives.

Policy deployment allows your organization to assure objectives are aligned, actions are clear and linked to objectives. What is more, everybody in the organization is aware of his/her role and contribution, as well as assure that results are achieved.

As you can see, policy deployment is about focus on what matters most and about the strategic allocation of resources as well as give a clear role for each team member in the organization which make everyone accountable for the results.

Most of the time, managers have issues with holding their teams accountable for not “being the bad guy” that may hurt them in the present and in their future career. However, a well designed and executed policy deployment will help managers to have their teams accountable without compromising their reputation.

By the way, if you as manager are afraid of being the bad guy and avoiding to keep your teams accountable, it is better to rethink your career as manager.

3. BUSINESS PROBLEM: TOO MUCH FIREFIGHTING

Have you found yourself and your management team spending effort and time fixing issues on a daily basis?

Management teams fall in the trap on fixing issues daily that cause inefficiencies without identifying the root cause of the problems, which most of them are avoidable and predictable.

Managers spend their time firefighting issues instead of developing capable systems to identify and resolve the root cause of those issues. If you as manager and leader spend your time on too much firefighting instead of improving, growing and innovating your business, you are in trouble.

Solution:

The solution to the problem of too much firefighting is a Daily Management System.

A Daily Management System is a well-structured approach, a systematic, fact driven, goal oriented management style to achieve operational and performance excellence. In other words, it is the application of the PDCA framework to business processes.

PDCA stands for Plan, Do, Check, and Act.

Plan: Managers have to understand demand, organizational capabilities, and how to schedule staff to plan the daily production processes in a more effective and efficient way.

Do: Managers have to communicate the plans, expectations, and systematic ways to solve problems to their teams. In other words, train their teams to understand the system and comply with standards.

Check: Managers have to set clear standards, write procedures, and set key performance indicators to monitor operations and keep them visible to their teams through visual boards.

Act: Managers have to take immediate action to get operations on track. Managers have to develop permanent and preventive actions to fix recurring problems. The development of a CAPA system (Corrective Action and Preventive Action) is critical for the success of the management system and the success of the organization.

In a nutshell, managers have to assess demand, assess organizational capabilities, schedule staff efficiently, standardize processes, write procedures, train their teams, post a daily management board that includes value stream maps, flow charts, key performance indicators as well as problems with their respective corrective and preventive actions to manage operations in a systematic way to achieve operational excellence.

The benefits: you will have efficient and effective operations, a productive workforce, and an enhanced competitiveness. In few words, you will achieve business excellence.

Remember that this daily management system requires discipline and a firm commitment for its execution. It requires that managers are well-trained for them to train their team members on this system. This is a team work effort and consistency is critical for its success.

I have seen how businesses lose opportunities to improve their processes because of the lack of consistency, discipline and commitment to execute this system on a daily basis. However, as you can see the benefits can be greater. That means the effort is worth it.

4. BUSINESS PROBLEM: POOR DISCIPLINE

If you have found that your team members don't follow procedures or standards are not complied, and there are unorganized places and departments, you have a problem of poor discipline and an unorganized work place.

This lack of discipline brings messy operations, delivery delays, high process variations, quality issues and inefficiencies that kill your business productivity.

Solution:

The solution for this business problem is the 5S.

The 5S is a program to eliminate wastes that contribute to errors and inefficiencies. The 5S is also a tool that Japanese companies use in the implementation of Lean because they found that wastes and lack of cleanup procedures hide other business problems. The 5S create a workplace suitable for visual control. The 5S stand for:

1. **Sort:** This activity separates items that create value from unneeded items. It is based on value creation. This means that you only keep items that create value and whatever doesn't create value, you have to remove it.

2. **Set in order:** It is the efficient arrangement, placement and labeling of items, equipment and materials. This provides order and it is easy for you and your teams to find something. Even, it will help you take control over your inventory. Order means control.

3. **Shine:** It sets cleaning standards including frequency and owners of this process. Managers have to document them for future reference. These type of standards will help all team across the organization to adapt the same principles of order and cleanness.

4. **Standardize:** Design a system to maintain and monitor the previous activities. Managers have to write the processes in place and identify the procedures that team will follow for keeping the organization organized and clean.

5. **Sustain:** Develop operational discipline to make this program an ongoing process for operational improvement. Managers have to use audits to prevent the level to drop. Sustain your gains, be consistent and you will get positive long term results.

The 5S is easy to implement, but it requires consistency and management support to gain the benefits of an increased discipline and a well-organized workplace. At the end, it will bring positive results and efficiency.

5. BUSINESS PROBLEM: POOR STANDARDIZATION

Organizations face operational challenges such as failures in machines, inconsistent outputs and outcomes, defects on materials, poor discipline, inconsistent processes and variations that cause wastes, high costs, low morale, and low productivity.

These problems are due to poor standardization. Standards allow organizations to comply with organizational and customers requirements. Standards allow team members and management to mirror one each other and set the tone on how operations are executed.

Solution:

The solution for poor standardization is a Quality Management System (QMS).

A QMS is a set of standard activities to manage an organization in order to continually improve the effectiveness and efficiency of its performance. A well documented QMS will ensure that customers' requirements and organization's requirements are met.

A good QMS will achieve the following benefits:

1. Set strategic and operational direction
2. Improve process control
3. Achieve process excellence

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4. Reduce wastage
5. Lower costs
6. Increase market share
7. Facilitate people development
8. Employee involvement
9. Raise morale

Managers have to ensure that an effective and efficient QMS has:

1. Strong customer focus
2. Unity of purpose reflected in a quality policy
3. People are involved at all levels in the organization
4. A Process approach as its core
5. To be a strategic tool to deliver organizational results
6. A Systems approach to management

An effective and efficient Quality Management System will help organizations to achieve performance and organizational excellence, and generate a sustainable competitive advantage.

You can find more information about QMS in the website of the International Organization for Standardization which offers certification for organizations that really want to take a serious commitment and take the journey to business excellence.

6. BUSINESS PROBLEM: WASTE

Organizations face daily challenges within their processes. There are activities that do not create value, which brings problems such as low productivity, prolonged cycle time, increased costs, wastes, and dissatisfied stakeholders.

Managers have to identify what activities don't create value and do something about them. Activities that don't create value hurt the current performance and will hurt the future of the organization.

Solution:

Any activity that does not create value is a waste and in order for managers to resolve this issue, they need to implement Lean Management. Lean management is the process that maximizes customer value by the reduction of wastages in work process.

Lean identifies seven specific types of waste: excess transportation, inventory, motion, waiting, overproduction, over processing, and defects.

The Lean principles are:

1. Focus on the customer and eliminate waste
2. Automate process
3. Continuously improve
4. Empower the team
5. Build quality in
6. Plan for change
7. Optimize the whole

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Since Lean focus on eliminating wastes, it also reduces efforts, defects, costs, and time spent in processes. Companies that have implemented Lean management, have gained 25% in productivity, wastages were reduced by 90%, floor space shrunk by 50%, and motion was reduced by 75% in average according to reports published in lean management guides.

There are different tools and techniques to apply Lean. Some of these techniques are flow charts, value stream mapping, workplace redesigning techniques, Total Productive Maintenance, Total Quality Management and Just in Time.

Applying Lean has to be a collaborative effort among functions, areas, and teams. Lean is a wide company effort to better performance, reduce waste, increase profit, and achieve process excellence.

In the book *Toyota Production System*, Taichi Ohno explains the effort on improving efficiency that can apply in a Lean System:

“Improving efficiency only makes sense when it is tied to cost reduction. Look at the efficiency of each operator and of each line. Then look at the operators as a group and then at the efficiency of the entire plant (all the lines). Efficiency must be improved at each step and at the same time, for the plant as a whole”

Lean has to be part of an effective and efficient Management System to achieve operational and organizational excellence.

7. BUSINESS PROBLEM: KNOWN AND UNKNOWN CAUSES

Managers face problems that have simple solutions and others that require a more structured approach for their complexity.

Managers have to deal with problems that have known and unknown causes, which will require different solutions. One of the key points is to identify what problems have known causes and what problems don't.

Whether we know the causes or not of the organizational issues, we know that there is always room for improvement. Managers can start with small improvements instead of large ones. At the end, it is not about how large is the improvement, but it is about making improvement to solve the known and unknown causes of issues that kill your business productivity.

Solutions:

1. For root cause known: Managers should use a Kaizen approach.

The kaizen approach is a continuous small or large improvement. Kaizen is a Japanese word that means "change for better". Managers have to see how their processes work, and identify what works and what doesn't work in each process, it is simple. Managers who adopt a Kaizen approach knows that every process can be improved.

Each improvement will be incremental and will bring huge benefits over the long term and for sure will take your business to the next level.

2. For root cause unknown: Managers should use the DMAIC (Define, Measure, Analyze, Improve, Control) methodology.

Define: Managers have to be specific and define the problem or the opportunity for improvement. Managers Have to be clear on what the problem to attack is or what the improvement to achieve is. Clarity in the definition of the problem or opportunity will help managers to communicate clearly to their teams and will help managers to continue with this methodology in an effective way.

Measure: Managers have to set a performance measurement system for them to monitor not only the performance of the process, the development of the problem or opportunity, but also the performance of their team members.

Analyze: Managers have to analyze the process and its performance indicators to identify the root causes of poor performance and process variations. Managers analyze the results or the outcomes of the measures set in the previous phase to identify what the cause of the problem defined in the first phase is. Once the problem has been analyzed and the unknown causes are now identified, managers move to the next phase.

Improve: Managers have to identify the opportunities to improve process performance by

eliminating the root causes of the organizational issues.

Managers have to create projects that will help the organization to resolve the causes of its problems once and for all. This will be progressive and will be a continuous team effort.

Control: Managers have to set a control system to monitor and control the process that has been improved and control the future performance of the business process. This phase is important because it is not about only control but also it is about sustaining the gains of the improvement. It is about building momentum and expose the benefits of the improvement for proper documentation and replication of the improvement and gains through the organization.

CONCLUSION

You can find these problems in almost any business, but the good news is that for every problem, there is a solution.

The aim of this e-book is to present a reminder of the problems that kills business productivity and what the solutions to solve them are. Leaders, managers and supervisors have to be aware of these problems and implement the solution that best fit for each problem.

Leaders and managers have to understand that for any solution to be successfully implemented have to build a great team. People are the critical resource for any successful execution. What is more, this e-book has demonstrated that any solution is well-coordinated team effort. In other words, problems and solutions are not only about processes or business models but also and mainly are about people.

I hope this content provides value to you and your teams. I am honored to have you as reader and as part of my network.

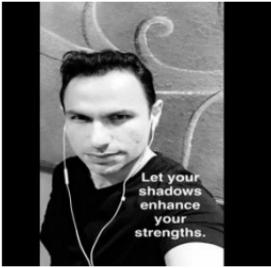
All the Best,

Freddy G.

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ABOUT THE AUTHOR

Freddy Guevara is a practitioner that combines management-leadership experience, academic research and a strong passion for exploring the shadows of leadership to develop great leaders-followers relationships and build better teams and organizations. Freddy G. pulls together trends in Leadership research and practices.



Freddy Guevara has held positions for different businesses and business units over 18 years between Ecuador and United States of America. Freddy G. has broad management and team leadership skills across many functional business areas: sales, promotions, operations, shipping, logistics and quality.

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