

Operation Excellence

December 19, 2012



A potpourri –

I've had a couple of issues on my list to share with readers that each, by itself, doesn't seem big enough to devote an entire newsletter to. So, after procrastinating, I'm going to combine them here. Hopefully, each of you will find at least one "nugget" that will cause you to reflect and think about how to make your work, your life, and your family better! I have previously shared a couple of these items with a very small number of readers that I communicated with prior to publishing this newsletter. This newsletter's audience has grown to several hundred readers. I know all most all of the readers first hand as they are associates in work and/or life, and they represent employees, employers and organizations that range from a small handful of employees to folks that work for the much larger Fortune 100 companies.

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Do you remember what a special person Jimmy Valvano was?

Coach Valvano was coach at North Carolina State when, against very long odds, they won the NCAA men's basketball tournament in 1983. The Wolfpack won that game on a last second shot by a score of 54–52. In that victory NC State beat a top seeded University of Houston team that was on a 26-game winning streak. At the buzzer, Coach Valvano crazily jumped on the floor and seemingly tried to hug everyone in the arena. I remember watching that game and seeing the emotion that team felt in pulling off such a long shot victory. It was special.

Some 10 years later, Coach "Jimmy V" was awarded the ESPN "ESPY" award. The other day, I came across the YouTube video of his acceptance speech that was taped, on March 3, 1993 --only about 8 weeks before he died of cancer. The theme of that speech was "Don't Ever Give Up!" That speech was just as special. It will take you about 11 minutes... but as we approach the New Year (which will include the 20th anniversary of that event)... it is worth it to watch and reflect on. Every time I watch this video, it still makes my eyes get blurry.

<http://www.youtube.com/watch?v=HuoVM9nm42E>

He was one heck of a guy... such an inspiration.

Reflections... it is what makes you special.

[I can't give credit to anyone for the following... I don't know where it came from... so my apologies to the originator... and I thank you, whoever you are.] But in the spirit of the reference above, it is that time of the

year where we tend to reflect and I do think that helps make each of us special. I have had this sequence of quotes saved in my data "pile" for a few years... If I've sent it to some of you before, I apologize, but I don't think that I've forwarded this particular one until now.

"By three methods we may learn wisdom: First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest." ~ Confucius

"Education begins the gentleman, but reading, good company and reflection must finish him." ~ John Locke

"I love those who can smile in trouble, who can gather strength from distress, and grow brave by reflection. 'Tis the business of little minds to shrink, but they whose heart is firm, and whose conscience approves their conduct, will pursue their principles unto death." ~ Leonardo da Vinci

"The perfect man uses his mind as a mirror. It grasps nothing, it rejects nothing. It receives but does not keep." ~ Chuang tzu

"People usually fail when they are on the verge of success. So give as much care to the end as to the beginning; Then there will be no failure." ~ Lau Tzu

"What the caterpillar calls the end of the world, the master calls a butterfly." ~ Richard Bach

"We must be the change we wish to see in the world." ~ Mahatma Gandhi

"What is to give light must endure burning." ~ Viktor Frankl

"Without accepting the fact that everything changes, we cannot find perfect composure. But unfortunately, although it is true, it is difficult for us to accept it. Because we cannot accept the truth of transience, we suffer." ~ D.T. Suzuki

"Only this actual moment is life. Don't be attached to the future. Don't worry about things you have to do. Don't think about getting up or taking off to do anything. Don't think about departing." ~ Thich Nhat Hanh

Finally, a bit about what I am finding lately, in the business world!

QuickBooks doesn't help you manage.

Many small firms are utilizing QuickBooks to provide their accounting and tax accounting needs. It can do that. It does it well. But accounting and tax requirements are usually not sufficient for management information needs. QuickBooks is not able to help you manage your business. QuickBooks can tell you if you have enough cash in your account to make payroll, but it can't help you figure out how to generate cash for payroll.

Lately, at a couple of companies, I've been asked to help determine "how can we do better (make more money)?" After going through somewhere between 20 and 100 questions and taking reams of "data" and converting it to "information", we have been able to put together some pretty simple systems that are pretty good at telling owners and managers, the vital benchmarks that can, and should be measured every day. In every instance we strive for "one sheet of paper" that gives us a daily (or weekly) management report on what went well, and where we have opportunities.

How do we do this?

- We determine where they are making their money now? (Products and Services)
- We determine where they are losing money now? (again, review products and Services)
- What activities bring value? Where are we spending our most precious resources and what value are they bringing to our customers?
- What activities dilute value?
- Is our entire supply chain efficient and flowing as well as it can?
- What customers are most profitable? Who are the “best” customers?
- What customers should be fired? -- There are always some... don’t believe me? Do a Pareto analysis on what % of your customers generate what % of your gross margin? I’ll bet you will find that about 20% of your customers generate 80% of your margin and conversely, 50% of your customers generate about 10% of your margin... take a look at the least profitable 25% of your customer base... by serving them are you hurting your ability to take better care of your “best” customers... I call this analysis, “Save the Whales!”

The key of this effort is to determine those few performance measurements and indicators that align with the goals and talents of the organization. QuickBooks may have some of this data, but it certainly doesn’t present it as information... As an outsider, we can take a fresh look at your business and help you determine ways to provide more value and profits!

We’ve been able to help these companies generate better results! Sometimes your “data” (whether from QuickBooks or some other ERP system) doesn’t provide you the vital information... We can help that!

If you are having concerns about your organization’s current results, or your intuition is causing you to have thoughts about your organization’s potential results, please give us a call. We can help you with the process.

“Profound knowledge must come from outside the system – and it must be invited in.”

--W. Edwards Deming

All the best!

Jim Covington

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