Silver bullets backfire

James Reyes-Picknell

In my work with hundreds of client companies I see plenty of failed improvement programs. Consultants are called in to help rescue a failing program, clean up the mess after a failed program attempt or start a new program afresh. For those that are making their second (or more) attempt there are many reasons for the failure, some technical, many related to company culture and, almost always, things were rushed.

This is an era of instant gratification. We want silver bullet results. Things happen fast all around us and so we expect to see similar changes where we work. Indeed, some quick wins are usually possible but they will have a cost and they usually only scratch the surface when it comes to overall payback potential.

Quick wins are like the tip of an iceberg – 90 per cent remains hidden. They come from the "low hanging fruit." The rest of the benefit will take more effort to realize and at some point there will be a diminishing return on efforts and investment.

In most cases the "low hanging fruit" is well-known to your employees and they wonder why no one has acted on it before. Companies just don't listen to their own employees as well as they listen to outsiders. When that happens more is lost than the quick wins. The employees get a strong subliminal message from their employer that their observations, opinions and suggestions don't count. When that happens they stop offering up their ideas. Innovation, creativity and good company spirit are stifled. This happens fast – the first time someone has a really good suggestion that is ignored, is about all it takes. No more ideas flow. Not only do you miss out on the benefits of the quick wins, but the remaining 90 per cent of the iceberg remains hidden because people stop looking for it. When this happens, it takes an expensive "expert" to come along from outside to point out what you already had at your fingertips.

Self-directed improvement was stifled and lost. Later, after the consultants have deposited their extensive report with an impressive and expensive business case, there will be a rush to "realize the value." After all, it is now necessary to justify the fees you just paid to get that report. The rank and file who already knew much of what the consultant reported will challenge the consultant's credibility. After all, they don't know your operation and they got most of their material from your own workforce. Your implementers won't be impressed or motivated by that. Nevertheless, finance, operations and the general manager will recognize that value right away. A rush ensues and it can create a toxic cocktail leading to doomed improvements. Seemingly simple improvements that require process changes supported by training and other "change management" activities will be rushed. It may sound harmless enough but here's what can happen.

In one case, process improvements that could save tens of millions, ultimately led to a reduced workforce. Some of the payback came from the reduced workforce but the bulk of it came from the process improvements and what they could generate. If the process redesign had been done appropriately, then natural attrition would have taken numbers down before the improvements were fully in place. No one would have been laid off and some replacements would have had to be hired. The new processes would have had time to become habit and attrition would barely be noticed. But the company didn't wait.

Right away, it laid off hundreds to get the financial benefit with an expectation that the process benefit would follow magically. To the accountants this probably made sense – part of the benefit came from reduced numbers and they could do that quickly. Needless to say, the formerly inefficient workforce was now smaller, just as inefficient and demoralized. The process changes began but were carried out half-heartedly. Survivors didn't change their practices despite what the new process maps said. That company put itself in a very bad situation with a demoralized and disinterested workforce, working inefficiently with old practices on newly designed but only partially implemented processes. And all to save some payroll. Everything bogged down including work order execution, purchasing speed, payments to vendors, security processing for visitors.... Costs went up because of overtime, but more importantly, performance tanked, production dropped, quality suffered and market share was lost. Those payroll savings started to look pretty feeble in comparison.

Similarly, RCM and CMMS programs can often suffer from the desire for rapid benefits. Invariably, rushing to get analyses overshadows the need to get benefits. But as attractive as quick wins are, they often reveal only one side of a two-edged sword. They are a result of our desire for a magical solution. And almost always backfire. **PEM**

James Reyes-Picknell of Barrie, Ont.-based Conscious Asset Management is a certified management consultant, professional engineer and CMRP specializing in helping companies safely produce more with less. You can reach him by phone at 705-719-4945 or email at james@consciousasset.com.