

The Tough Get Going: Ten Ways to Prepare for Recovery

Small business owners make things happen. It is contrary to the nature of the entrepreneur to watch and wait to see what happens. Many however are *hunkering down* during the current economic upheaval. Small businesses have the advantage of adaptability. Those that use that advantage enjoy a much better chance of survival in times like these, and the ability to recover quickly when the economic environment improves.

The Small Business Administration defines most manufacturers as small if they employ less than 501 people. Larger companies, and those who behave like them, will respond to hard times by consolidating shifts, reducing headcount, and focusing on low price volume driven sales. While these may be done out of necessity, the entrepreneur will look for opportunity to use these adverse conditions to advantage. Like a small running back in the NFL they will use speed and agility to turn a limitation into an asset.

The first hurdle to overcome is the limitation in the leadership team's mindset. Those left standing have already acted upon what they must do to survive and should now be planning what must be done to thrive. Get out of the conference room and take a walk with the other leaders. Look for advantages, look for opportunities to improve. It's a chance to interview employees and ask what policies or conditions make it difficult to do their best work. This is not the walk of shame where you assign responsibility for current conditions to scapegoats; it is a chance to see what you are tolerating; because you cannot change what you are willing to tolerate.

Leaders focused on preparing to thrive have taken that walk and are prioritizing and managing projects to improve in many ways. Here are ten ways they are lowering current costs and preparing to thrive when the economy improves:

1. **Audit.** Analyze the data from management system software with assistance from the vendor as needed. Look at safety, housekeeping, and quality audits to identify obstacles to safety and productivity. How effective are the audits? Does the data drive improvement? Do not audit to appease a regulatory body, improve the audit to gather data that will guide the business.
2. **Attack Bottlenecks with Cross-Functional Groups.** Recruit representatives of all the process stakeholders, (including suppliers and customers) to eliminate or reduce obstacles to the flow of information and materials at the speed of customer demand.
3. **Tighten Control of Incoming Materials.** Calculate the amount of material needed to produce the jobs in the backlog plus a buffer stock based on the length of the supply chain. Start with extra buffer and reduce it as confidence in the new levels improves. The goal is to make a plan for every part. This improves accuracy, use of space, and cash flow.
4. **Map the Order Entry Process.** The timeline from sales order (design request or estimate) to the production handoff is usually 3:1. Work with a cross functional team to map the current state of this process. Then create a desired future state and an action plan to remove delays, extra steps, and redundancies.
5. **Practice Changeovers.** As any team drills on fundamentals, crews should be assigned to practice changeovers. Video tape a changeover and watch game footage with the crew. Rethink the distribution of work as well as the readiness and availability of tools and materials. Cutting order change time in half gives the obvious advantage in downtime reduction, but will ultimately impact job cost estimates.
6. **Cross-Training.** While others are reducing headcount make employees more valuable and adaptive through cross training. Create a matrix for essential duties and use those trained in multiple processes to reduce overtime and the negative impact of vacations,

training, and absences. Consider a continuous run schedule even if shifts are consolidated.

7. Reduce Finished Goods Inventory. Use the time to set more aggressive min/max standards. Remove guesswork by using kanban (visual signals for reorder points) in the warehouse and in software. Organize the warehouse using the principle of first in first out. Find and remove FISH (First In Still Here) inventory and stop paying commissions on anything held past an agreed upon limit.
8. Institute Standard Work. Agree upon and build standard operating procedures for critical functions. Reduce variability in employee practices that waste time and effort by creating downtime duties that script and prioritize productive activities during unscheduled work stoppages.
9. Purge Tooling and Inventory. Create and enforce a system of identifying aged inventory, tools that have exceeded a set date or number of uses. Remove and/or replace the tooling. Automatically generate a letter informing sales or customers that the tool is being purged. Where appropriate, use the purge notification as a sales opportunity to visit wayward customers.
10. Organize for Success. Use the principles of 7S to make any administrative or production work center more effective. Make it easy to keep clean, orderly, and safe. Make expectations and measures of productivity clear and visible. Remove obstacles and be certain that the tools needed for the job are prepared and easily accessible.

The best measure of fitness is recovery time. Leaders that use the time afforded by current conditions to reduce operating costs and improve effectiveness will survive, recover more quickly than competitors, and thrive in the next economic environment.

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