



What Are Your People Doing With Their Time?

By Hugh D. Pinkus

Labor costs are high and only getting higher. With the recession having taken its toll on your newest and least skilled performers, now is a great time to improve labor output. Sooner or later this recession will end. You can make much more money by having the existing workforce absorb the additional load than by hiring inexperienced workers with their higher error rates and lower productivity.

Acting now to streamline processes puts you in a better position than your competitors to absorb increases in output for no or little additional labor cost.

Many companies now do process mapping and base improvement efforts on what needs to be changed. Processing mapping is a wonderful way to understand what people do. Unfortunately, it gives little insight into how much time is taken by those things your people are doing. Rarely do people document their time-consuming but non-value added activities (e.g. Walking to and from the tool crib, or trying to contact someone (anyone!) who could answer a customer's question).

Conventional wisdom holds that people do not like being observed at work. This is false! Most working people complain that management has no idea what they do. My teams have spent years following people and watching them and the near universal reaction to our presence is: "Finally someone is paying attention to the important work I do and is interested in my problems."

The easy way to get this appreciation is to be honest and upfront. When we are with clients who face the good problem of capacity constraints then we can explain the situation simply: "Your employer wants to be able to sell more with what they have." No one is threatened and no one objects.

When we are at clients with the bad problem of declining business, we are also always honest and upfront. "Is the employer considering reducing labor? Yes. They need to consider it because sales are down. Management wants to be smart about it so we do not create production problems and lose the remaining customers' business." No surprise here - your workers are smart and knew that management had to act.

Does it matter whether we are talking about productivity in an information-based company (e.g. insurance, finance) or in a factory with people in steel-toed boots?



Certainly people are doing different tasks! But the “how” to look at their tasks, their barriers, their supervision is similar.

You cannot follow everyone around nor do you need to. Similarly, you could spend months following people but you do not have to do that either. By following typical people in the common job functions for just a few days you will have a representative sample. Why? Because most people face similar barriers both across jobs and across time.

Time-consuming barriers to output often include:

- Insufficient training
 - Have you seen multiple people gathered round trying to figure out a solution?
- No goals set for daily output thus leaving the supervisor not knowing if something is hindering the worker
 - How does the supervisor know there is a problem if output variability is unknown?
- Lack of communication upon handoff of tasks to the next person in the chain leaving the latest worker having to spend time figuring out the status
 - Do your people ever ask: “What is going on here?”
- Improperly maintained equipment that keeps breaking down idling people
 - Does your equipment enjoy repair people with the right tools, the right spare parts, and the right knowledge?

The observation process starts with having a supervisor identify an average worker on a usual day. Every day has atypical moments but the key is to identify the large and common barriers to peoples’ output.

Have the observer be introduced by the supervisor and their presence explained. “We are not here to judge you but to understand the experience of someone trying to do their job as best they can.” The observer will have a notebook in which to record activities and observations. The observer must tell the worker that he or she can read the notes anytime. It is important that workers and observers review the notes together to be sure that the process descriptions are correct and the observers’ understanding makes sense.

The observer needs to keep detailed notes about what is being done and when it is being done. The easiest way is to describe the tasks at no more than five-minute intervals. What was being done in that chunk of time? (e.g. Trying to make sense of conflicting information on customer service order followed by calls to talk with the

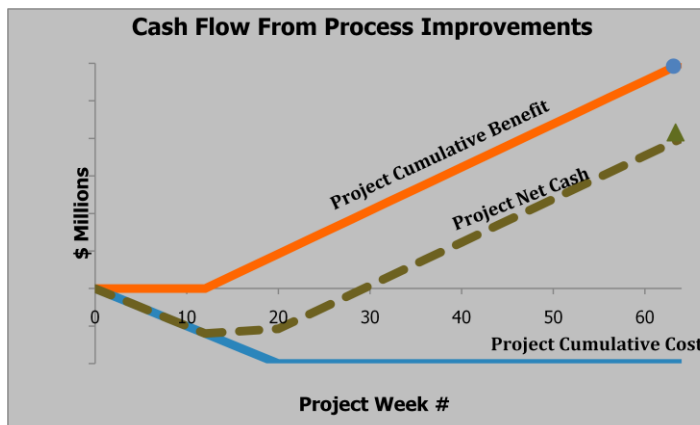


salesperson. Were they wandering the floor trying to find someone who might know the answer? Perhaps the worker was searching for a part that was supposed to be in the storage bins?)

How much time are your people spending on non-value added tasks? You should not be paying for a process improvement program focused on irritants but not on what is consuming your people's time!

Your process improvement programs should have a measurable payback. The benefit to the company may be reduced labor or increased output per worked hour. Be sure any outside help is rewarded based on approximately measured benefits you receive rather than the precisely measured hours they spent.

You should be seeing a return on your process improvement projects like the one graphed. Initially you have to spend time and money scoping the problem and planning the fix. Your labor benefits start with the implementation of the new processes. Your improvement teams needs to continue working on institutionalized the changes or they will not be sustained. Once they are mostly done then all the savings flow to your bottom line.



Source: Cedar Analysis

If your goal is to save people's time then you need to focus on their time. Focusing on processes alone may not have your continuous improvement programs focusing on what impacts your bottom-line.



Cedar Consulting is a global management consulting firm with 15 offices worldwide and over 800 clients across many industry sectors. Cedar has consulted to private equity and investment banking clients like Carlyle, KKR, Standard Chartered Private Equity, Chase Capital, Prudential UK, and Mitsubishi Capital. Our work includes competitive market analysis, writing IPO documentation, and performance improvement for companies with



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