



Create an Efficient Organization

By Betsi Bixby, Meridian Associates

An owner once remarked that his company had recently added a process improvement component to each employee's job requirements and pay. He was amazed at the positive results. Yet he was also a little dismayed by a long-term employee. This person had gone along for seven years being perfectly content with a major inefficiency that wasn't disclosed until the reward system was put in place.

The trouble with inefficiency is that it creeps silently into an organization, often largely unnoticed. Because change is painful and no one wants to rock the boat, everyone goes along with the existing system until the reward to change it exceeds the pain of tackling the change. While we may like to think that efficiency is foremost on our employees' minds, unless we put our money where our mouth is, until we walk the talk as owners, it just doesn't happen as this owner discovered.

Welcome to the world of pay for performance or what's more commonly known as, "What's in it for me?" If you want to create an efficient organization, which likely will be key to your company's survival over the next decade, you need to get everyone in your company excited about efficiency. Paying for efficiency, sharing in your company's savings is the most effective way to get your people excited.

Where do you start to tackle inefficiency? You likely know your company's Achilles Heel, but if you don't, ask your employees.

At Meridian, one of our specialties is helping companies pinpoint sources of costly waste and inefficiency through a flowcharting process of the entire organization. Using a diverse, bottom-heavy employee team, we identify all of the company's major processes, pinpoint what's not working smoothly, then allow employee teams to redesign the workflow in those troubled areas. During this process, we also develop critical targets for improvement and encourage owners to compensate employees for implementing profit-enhancing efficiencies within the organization. While this bottom-up approach is in progress, we also use a more top-heavy team to clearly identify and put in a logical, sequenced order a series of steps the company will need to take to achieve excellence in their marketplace.

The sad facts are that only the most efficient family businesses will survive the next decade. Somehow you must get that word out to your employees and demonstrate management commitment to efficiency. Those employees who question company processes constantly strive to make your organization better and even question owner decisions must be more valued (yes, that means higher pay) by your organization than those that sit in the corner silently putting up with inefficient procedures.

One of the simplest ways to get started towards process improvement is with a reward system for profitable ideas. Consider a reward of 10% of the savings for the individual or team with the idea paid over a matching time frame. If you are ready to more formally tackle incentive compensation, we invite you to one of Meridian's annual live events. While there is no one right answer for every company, these seminars will give you a blueprint to develop a truly successful compensation strategy that will put your company on the road to efficiency. To stay in business, you can't afford to wait, visit AskMeridian.com for more information.

Meridian Associates has been partnering with family-owned businesses for over 30 years to remove barriers, accelerate business growth, build their legacy, and reduce stress levels. With three, high-impact business events each year, The CEO Exchange, Women in Family Business, and The Family Business Intensive, we continually provide best practices & proven strategies that keep multigenerational businesses thriving. Discover how Meridian can help your business thrive through our combination of high impact business coaching, advisory, M&A, and precision company valuations by visiting www.askmeridian.com or calling us at 817-594-0546.