

## Management Article - Are Your Sharing Teeth in Your Operation? – October 2009

Three old men are at dinner. They have a splendid meal: steaks, baked potatoes, veggies. But they have a problem. They have only one set of teeth. It's going to take them a while to eat. I'll let you imagine whether they share a little at a time or one finishes before passing the teeth on. Gross, I know.

Sharing teeth is not efficient. It creates a bottleneck at the dinner table. How many of your employees are sharing teeth? In the recycling industry, we tend to be cheap because we're bootstrappers. And many of us have had little training in decoding the financial and operating metrics that could show the costs of sharing teeth. Couple that with our aversion to debt, and it's easy to see why many of us have employees sharing teeth.

How can this help you make more money?

When I was an auto recycler, we shared teeth for a long time. For years, we had three dismantlers and one forklift. The dismantlers always wanted another forklift. They often waited for 30 minutes or more because the forklift was tied up unloading a transport truck or doing other duties. While they waited, they would divert their efforts to a lower productivity task or just take a break.

They had asked for the forklift and I had dismissed their request as whining. Eventually, however, I listened, and I studied how long they waited to use the forklift.

I asked them to tell me how many additional cars they could process per week with a second forklift. When I reconciled their numbers against how many minutes were lost per day per employee, buying another forklift was an easy decision. The forklift decision was good because we could dismantle the extra cars using our existing bays more efficiently since we could not add any more.

Doing this exercise with my employees and considering how a second forklift might alter the other metrics of my business is part of doing bottom up budgeting. (Learn more about bottom up budgeting on [www.MrMissionPossible.com](http://www.MrMissionPossible.com)'s industry specific discussion boards or in an upcoming article here.)

I used the same method when we were struggling to hit sales targets. Using bottom up budgeting helped me see that sales growth required hitting delivery targets. Eventually, we realized we needed another truck. Later we improved per driver deliveries by changing compensation from hourly to pay per stop. After these changes, our dismantlers and drivers made more money, and we earned a higher return on assets.

Understanding metrics and changing my employee compensation plan helped my business grow at the expense of my local competitors. Where did I learn to use metrics and get the pay per stop idea? I belonged to a group of auto recyclers that met twice a year to compare metrics and discuss successful business growth techniques specific to our industry. One of the other members had much better metrics for per driver deliveries than the rest of us. He shared the idea with the group, and I made a lot of money applying it.

If your business could benefit from fresh ideas to lower costs, raise revenues, and increase profits, join an industry specific Peer Benchmarking Review Group. If you would like to learn more about how to

use metrics to manage your business better, I will be facilitating these groups for recyclers and other industries in coming months. To make certain that these groups are made up of non-competitors, we are limiting participation to one business owner in each market. Make sure it's you by visiting [www.MrMissionPossible](http://www.MrMissionPossible) today.

Visit Mr. Mission Possible ([www.mrmissionpossible.com](http://www.mrmissionpossible.com)) to learn more about industry specific [peer benchmarking review groups](#). From personal experience, I will tell you they work to generate the extra business required to grow a small business in tough times. Our next Peer Benchmarking Review Group meeting for recyclers is Thursday November 19, 2009, though we host meetings for other small businesses year round.

Visit [www.greenweenies.com](http://www.greenweenies.com) to learn all the backroom business terms in Ron's book *Green Weenies and Due Diligence*. There are 1,200+ terms in over 300 pages, with hilarious illustrations by world famous artist Gahan Wilson. Register for your free weekly "green weenie" by e-mail. If you want to know what a three fingered booger is, or what's in a train wreck envelope, **greenweenies.com** the only place to go!

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