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Houston, We Have a Problem: *Use Diagnostic Tools and Stop Fighting Fires*

Realizing there is a problem with your business is easy in most cases. The hard part is identifying the cause of the problem, and then creating a plan to address it. Unfortunately, most managers spend too much time "fighting fires" without regard to their causes. In some cases, firefighting has become an accepted part of day-to-day operations. While it's understandable that some issues arise that require immediate attention, business shouldn't be about fighting fires. Well-run businesses build in the necessary time to identify and handle problems before they burst into flames.

Problem–solving Tools
A number of diagnostic tools are available to business managers that are useful to help identify the sources of problems, and many of them have even been organized into complete disciplines like Six Sigma, Lean and Theory of Constraints. But you don't need to be an expert in any of them to do what those disciplines teach.

Essentially, they are all based on the same thing — a rigorous pursuit of identifying the root cause of problems.

Six Sigma utilizes statistics and incorporates detailed data capture with the goal of reducing variances in your process and minimizing defects.

Lean is a production philosophy that creates value by minimizing waste and utilizing fewer resources. Its goal is to achieve uninterrupted work flow by focusing on the completion of one step at a time to produce ultimate efficiency (one widget, one loan application, one marketing forecast, etc.)

Theory of Constraints is an organizational change method that seeks the bottleneck of a process, then improves and manages it to make the whole system more efficient and profitable.

These descriptions are, of course, gross simplifications and not intended to offend their champions, but to reveal the common thread: find the root cause of the problem.

Most corporate firefighting simply treats the symptom. Unless the underlying problem is solved, it will reoccur, often with regularity. For example, every time you flip the breaker in your house, you aren't fixing the damaged wire that is causing the breaker to trip. The goal is to dig in and find the problem. In business, this can be accomplished by designing a process that incorporates a diagnostic tool. Consider using these valuable tools to identify and fix the problem:

- **Failure Mode Effect Analysis (FMEA).** Take each process step-by-step and rank it on a 1 to 10 scale in three categories: Severity, Probability and Detectability. Multiply the three scores for each step. Then

Return to Mo-Adv

compare the totals for each step to rank them. The highest score deserves the most attention. The Severity score represents how much trouble the problem will cause and, more importantly, whether or not it will lose you sales. Probability measures the likelihood that the problem will occur. Detectability is your ability to see the problem happen. If you can't see it happening, then the problem is even worse. The lower your ability to detect the problem, the higher the detectability score.

- **Five Whys.** In analyzing a problem, ask yourself or your team "why" at least five times and you will typically get to the root cause. Yes, it can get annoying, but once there are no more answers, you should be at or close to your root cause.

- **Process Maps.** Draw your process. Most people are visual learners and if you can't draw it, then you don't understand it, or it's too complicated. I routinely scribble all over whiteboards in client offices and take pictures with my phone to capture the process flow. The great thing about drawing the process is you can draw the solution that serves as a roadmap to follow.

- **Time Studies.** The amount of time spent doing a task is a mirror of its cost. Break tasks down into basic steps and measure how long it takes to accomplish each step. For example, if it takes an employee about 10 minutes to pack a particular item for shipment, focus on the step that takes longest first and determine what can be done to reduce time or resources to make the process faster, more efficient and ultimately more profitable. Time studies are also useful to estimate overall labor costs and set performance standards and goals. And any activity that gets managers out onto the floor usually results in a better first-hand understanding of what is actually happening.

Systemic review using diagnostic tools should be part of everyday business, just like paying the bills or ordering inventory. Routine analysis enables business managers to identify problems and solve them, rather than succumbing to the chaos of fighting fires. In the long run, you will experience less downtime due to unexpected problems and surprises, more efficient workflow and reliable output, which all lead to a healthier bottom line.