

Last week, I discussed profit performance management and indicated that, if you want to continue to have a successful business, you can't follow past practices. In fact, I stated "if it aint broke, break it". Treat your business as if it's alive and it will stay that way.

This week, I want to focus on how to get employees to compete in a new economy by executing. It's an easy statement, but a very difficult process. In order to continue to compete in an ever challenging economy, you must first;

- Get employees to work together productively;
- Creatively, and;
- Toward common purposes.

All the big picture stuff; the vision, the mission, the strategy and everything else, is critically dependent on getting individuals working together. In business, execution is what happens (or doesn't happen) every day in offices, trucking companies, logistics and warehouses, in management meetings and on sales calls and the "front" lines.

Execution is about what people do on the job every day. It's what they think about and how they work together.

What I have noticed in my practice, is that successful companies continue to strive towards the development of new management techniques. They begin to operate to a new set of principles – pioneering. I began to ask myself what was happening.

In reality, some trucking business owners came to the realization that their people had some ideas that had value...how to do jobs easier, cut costs, reduce overhead, improve quality and so on! Previously, these ideas were being stifled by management. Now, it appeared that owners took the time to listen and learn.

Then, employees began to offer written suggestions and management began to empower some of their employees. They were not only allowed to voice ideas, but to take part in decisions. Slowly but surely, a transformation began to take place. Not in all companies, but in some of the companies that I work with. The idea of specialized work; do your job and nothing else, went out the window with certain groups of employees. Employees in departments were encouraged to team together to get the job done.

Then, these employees began to see themselves as partners in the business; not on the opposite side of the labor management fence. Also, they felt when they helped the company do well, everybody should do well. Conversely, when things were tough, everyone should know it.

# THE AHERN ADVISORY

in this issue

Profit Performance  
Management Part 2



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**Finally, owners began to realize that, if employees are to be motivated, they need to understand what the business is all about.** They need information, tons of it, on a regular basis just as company managers do.

**Many times, when I'm reviewing a company to improve its overall operating performance,** I review the interaction or lack thereof, between operations, dispatch and sales. As we all know, dispatch, sales and operations are the arteries to the heart; yet, sometimes the right hand doesn't know what the left hand is doing.

**How can you effectively manage a business if everybody is not working towards the same goal?** Dispatchers just want to get trucks dispatched, regardless of profitability. Sales want to get the sales; regardless of what the impact is on profitability. Management wants to earn the highest rate of return, but doesn't realize that the more information dispatch, sales and operations have the better off everyone will be.

**I recognize that 60% - 70% of trucking companies are less than 100 trucks. I also recognize it's very difficult to run a small company because your employees are spread thinly.** However, it should not be unusual to take care of the people that take care of you. **When times are difficult, if an employee excels, you should do something nice for them or their family.**

**Part of the process is letting valued employees know that you appreciate their efforts.** How many times have you provided your administrative assistant with a free dinner? How many times have you rewarded a dispatcher that excelled? **How many times have you told your safety department what a great job they're doing? Besides telling them what a great job they're doing, provide some type of economic benefit.** Maybe it's only a \$25 gift certificate, or maybe it's a weekend getaway to a Holiday Inn – **include the family!** Let the family know that you appreciate their support. **This is what profit performance is all about. There is nothing mysterious about profit performance management.**

**Numerous times I've stated; if you have an employee that is not an asset to the business, get rid of the liability.** At the same time, when you have an asset to the business, make sure that that employee understands that they are an important component of the business.

**Employees don't need to understand the fine points of accounting, they simply need to know that:**

- If they find ways to reduce your cost;
- **Then they're appreciated, not only through a thank you, but also some type of compensation.**

**It's amazing what companies accomplish when they stumble upon this principle.** Companies have gone from an operating loss to an operating profit with no big infusion of cash, no huge customer, no new fancy technology, no expensive consultants, just a new system of management.

**Success requires other attributes, but there is no doubt in anybody's mind that teaching employees to think and act like business people is a central element to their success.** Rewarding employees for making money teaches them what business is all about. **They can then begin figuring out how to make more money for you.**

**In closing, there is no "cook book" for implementing profit performance management.** When you begin the process, you have to determine what you're trying to achieve;

1. Is your company doing poorly?
2. Has your company experienced adversity due to poor employee's performance?
3. Are you profitable but you want your profits to increase?
4. Are you concerned about competitors moving into your specific niche or geographic territory?
5. Have you had a setback because of poor accounting?

6. Do you have specific problems that need solutions?
7. Do you need to keep a tight rein on costs that are rising? Or;
8. Do you just want to sleep better?

**All of the above are situations which need to be changed, in your business, in order to maximize your profits.** Don't forget that it takes perseverance.

**In the beginning, it's a long journey; both arduous and frustrating. In order to be successful, you must be prepared. Don't kid yourself that it's going to be quick and easy – be patient.** However, based upon my experience, you can teach employees to rebuild a machine in a short time. Teaching them to understand business can take a couple of years.

## **QUOTE OF THE WEEK:**

**“The ability to simplify means to eliminate the unnecessary so that the necessary may speak”.**

(Author: Hans Hoffmann)