Do More with Less?

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It has been more than five years since the global economic crisis. Throughout this period, the world has been plagued by numerous events that continued to shake the confidence of many: the protracted negative/slow growth of the European Union, political instability in the Arab region, forthcoming US QE tapering, slowdown in China, the recent shutdown of the US government and whether US will breach its borrowing limits on 17 Oct 2013. The increased level of interconnectivity of the global markets has indeed lead to more uncertainties in the 21st century.

Conventional Reaction

Against this backdrop, it is not unusual for companies to cut budgets across business lines and demand that their departments do more with less. Very often, without clear guidance and directives, "do more with less" typically means slashing manpower budget that could results in a range of activities from downsizing, outsourcing, pay cuts, withholding bonuses/incentives to headcount freeze. In addition, companies are expecting retained employees to work harder and longer hours to deliver more while not being rewarded.

Looking beyond resources, should a company use cheaper materials? Make less marketing calls? Reduce promotional budget, cut travel expenses, curtailed staff training & development activities?

"Do more with less" are definitely being heard more often across industries during period of uncertainties. It is dreadful to those who have to execute those activities and worst for recipients of these initiatives.

Balancing Act

Are these "Do more with less" initiatives sustainable? Can a company that cuts corners meet customers' expectation, can employees that worked long hours on prolonged basis not burnt out?

During these difficult times, many companies will conduct internal assessment to see what worked in the past could be adapted to meet the present challenges; others would embark on strategic planning and operational reviews. Yet, others would seek external assistance but in many situations, the immediate focus is on addressing the symptoms through quick fixes instead of uncovering the root causes. After all, speed is of the essence and instant result is the new benchmark of success.

But can an organisation address only the symptoms through quick fixes and take on the reactive daily fire-fighting approach for the long term? Once all the fixed cost assets are reduced to the points that hurt, companies would have no choice but to rationalize their revenue streams.

Or should companies seriously consider other alternatives to eradicate the root causes through the development of problem solving capabilities as core competencies for the organisation? In this difficult and challenging environment, it is always not an easy decision to make given the constant pressure on delivering fast results with fewer resources. Nonetheless, let's examine three key considerations.

Process Improvements Again?

While there are many success stories about Six Sigma implementation and adopting Lean Six Sigma (LSS) as a structured framework to help companies, there are equally high percentages of failed process improvement projects. An understanding of project failures has been covered by this author earlier[1].

Notwithstanding this controversy, it must be acknowledged that inherently there will be wastage in any process group be it in manufacturing, installation, or even processing a loan application. As a first step, companies should look at how to reduce waste in its existing processes. Waste can present in many forms, e.g. redundant steps that were layered over original process over the years that do not lead to overall customer satisfaction, idle time during hand-off to the next process step, high incident of defective products or errors in processing, poor planning and control of inventory (excess printing of loan application forms), etc. The 7 Deadly Waste[2] can be found in many literatures but the 8th waste involves people. More specifically, this waste is about not motivating and empowering people. This often led to employees adopting a status-quo attitude with no desire even to attempt to improve. Some useful tips can be found at this site[3] on how to identify the different types of waste and their suggested remedies.

In short, eliminating or even minimising waste in processes and procedures would lead to cost reduction for the organisation.

Simplification

According to the book, *Simple*[4]; US homeowners spend an average of US$868 per year for homeowner's insurance without understanding what they have bought, a typical credit card agreement in the US contains 111 pages and the current income tax code in the States runs into 14,000 pages; no wonder tax preparation bureaus in the US are having a roaring business.

While there are companies that use complexities to confuse and hide non-equitable terms and conditions under fine prints, many processes in companies just got complex over time and nobody has the time or courage to clean them up. Others thought that furnishing more information means greater transparency and clarity. On the contrary, companies are losing money by not simplifying their communications with customers. In a survey cited in the book, *Simple*; 80% of the respondents said that banks should simplify their paper work for credit card and loans.

But making communication, processes, products or services simple is not as easy as it seems. The late British Economist, E. F. Schumacher and author of the book, *Small Is Beautiful: A Study of Economics As If People Mattered* once said, "Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius – and a lot of courage – to move in the opposite direction".

Besides iPhone App Store that has over 800,000 applications to choose from, the shelves on a typical US supermarket hold between 30,000 and 50,000 unique products, up from about 15,000 in 1991. Gone are the days where consumers have fewer choices on their restaurant menu, simplified features on their word processing software and straight forward user interface on their phones.

Recognising that complexity is here to stay, business consultants such as Accenture help their clients to deliver complex products in a more cost effective manner through standardisation and modularization[5].

But the ultimate goal for companies that want to have a sustainable profitable strategy should take heed from Leonardo Da Vinci who once said, "Simplicity is the ultimate sophistication."

Unleashing Talents

When confronted with the need to do more for less, many organisations start by reviewing the headcounts in their companies. When I was working on my first merger-acquisition project back in 1997, a senior consultant, a veteran in post-merger integration told me that the quickest way to achieve merger benefits is to slash head-count by at least 20% - this is on the premise that there would be significant overlap in both organisations. Years later, I learned that such quick wins are mostly non-sustainable and over time, the merged organisation ends up bloated in many aspects if fundamental issues are not addressed.

Indeed many organisations also hold the belief that since headcount forms a large part of operational costs for most service industries; the obvious choice is to reduce headcount to reduce operational costs. Contrary to this belief, operational costs can be reduced by reducing waste, putting in place improved processes and motivating the people involved.

Good and able leaders at the management level must not only able to inspire trust and confidence in their employee but the ability to motivate them to give their best to achieve the shared objectives. How often have one noticed the hidden and multi-talent displayed by employees during year-end functions or at community events. But very often too, these uninhibited talents are lost when they are back at their workplace.

In difficult and challenging times, those organisations that stand out amongst their peers are those with the leadership ability to unleash the talents and potentials of their people that are inspired to execute the organisation's strategic goals.

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