
In this Issue:

- [Welcome](#)
 - [Using "5 Why's" & Proportional Investment to Fix Problems](#)
 - [Using your Strengths to Leverage your Opportunities](#)
 - [3 Key Ideas for Business Success in 2012](#)
-

Welcome

Welcome to our first Newsletter which we hope will become an ongoing and successful series of useful publications. In this month's newsletter we have a new take on a well-known Toyota Production System tool, suggestions on how to use your strengths to leverage your opportunities and finishing with some advice on key ideas for business success in 2012.

As you will see we have sourced articles from friends and colleagues for this newsletter and we plan to continue this approach as we go forward. So if you would like to contribute an article or a brief comment or advice that you think would benefit our readership don't hesitate to get in touch.

Using "5 Why's" & Proportional Investment to Fix Problems

By Andrew Downard – Director AD Supply Chain Group Pty Ltd



One of the most useful and widely applicable tools to come out of the Toyota Production System is "Ask Why 5 Times". This tool is aimed at finding (and fixing) the root cause of problems; the assumption being that most of the impacts on operations we see are just symptoms of a root cause. If only the symptoms are addressed and the root cause remains, then the symptoms will recur because the driving force creating the problems hasn't been addressed.

This tool is commonly applied in problem solving in manufacturing and similar operational activities. It can however be applied more widely. In the case of relationship failure with a supply chain partner it can be very useful in getting down to the fundamental reason for the failure. The following flow of "Ask Why 5 Times" illustrates the point:

"Supply Chain partner A is not meeting our requirements, they are a bad partner."

- Q1. Why are they not meeting our requirements?
 - A1. They are not completing paperwork correctly.
- Q2. Why are they not completing paperwork correctly?
 - A2. The need to fill our paperwork is not included in their process.
- Q3. Why is filling out our paperwork not included in their process?
 - A3. It was not included in the contract.
- Q4. Why was it not included in the contract?
 - A4. We don't have a list of all our requirements.
- Q5. Why don't we have a list of all our requirements?
 - A5. We don't allocate enough importance to contract generation.

Somewhat typically the final root cause for an external problem turns out to be a problem within our own organisation. The above example also highlights that asking why 5 times is an arbitrary number. In the above example you might be able to go for several more rounds before you found a root cause. In other cases you might find it in 3 rounds.

One criticism of the "Ask Why 5 Times" tool is that it prompts the user to spend time fixing deeply embedded failures while the symptoms continue to plague the organisation. This is a fair criticism, and can be addressed by applying a proportional investment in fixing each layer in the 5 Whys responses. Ford, for example, in the 8D problem solving tool had "Protect the Customer" as Step 1 in the process. By proportional investment we mean taking quick action to address each layer in the 5 Whys so that harm to the organisation is prevented or minimised. The root cause can then be tackled at a more thoughtful and logical pace.

In the example above, time would be spent explaining the problem to supply chain partner A, renegotiating the contract with partner A, halting and correcting current live negotiations with new contracts, fixing the contract creation checklists and finally initiating a review of all existing contracts to see if they need any additions or corrective action. Some of the actions are "quick fixes" admittedly but their aim is to protect against further loss, in other words a proportional investment against the potential losses that might occur. A big symptom in the middle of the 5 whys might need to have a large investment made in recognition of the impact it could have.

So to summarise, the "Ask Why 5 Times" is a tool for identifying and fixing the root cause of problems. It can be enhanced by adding proportional investment in addressing each layer in the 5 Whys so that ongoing harm to the organisation is minimised. Finally it can be applied widely, including fixing failures in supply chain relationships or other "soft" problems.

If you would like help in applying problem solving tools to soft problems such as business relationships then don't hesitate to get in touch:

Andrew Downard: 0419 581 705 email andrew.downard@adsupplychain.com.au

Or visit our website www.adsupplychain.com.au

Using your Strengths to Leverage your Opportunities

By Chris Mason, Founder - Mindshop



Mindshop has a unique way of conducting a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. The starting point of this process is to identify your strengths and opportunities. You then ask the key question, "How can I use these strengths to commercialize these opportunities?" I have used this part-process on a hypothetical manufacturing firm. The strengths and opportunities are as follows:

Strengths

- A large number of reasonably sized customers who like and trust us
- Owners and managers who know the customers and their needs well
- There are good skills in the production and service area
- The firm has a wealth of relevant experience in our industry

Opportunities

- Several of the customers need to exit their business within 5 years
- Some of our customers who sourced products from China now regret it
- Some customers are having difficulty in growing their business
- We have some great product ideas

By reviewing the strengths and looking at how they can be used to leverage the opportunities the following ideas emerge:

- Why not develop a product that solves a customer problem, helps them grow, and we sell more to existing customers?
- We should "hunt in packs" with those who know the customer teaming up with those more confident in selling
- Our website needs to reflect that we are good at creating innovation and success for our customers
- We need to contact our best customers at least monthly and do it on a structured basis
- Why don't we have some teams working on pulling waste out of our production processes?
- We need to train our people in profit improvement and growth creation
- We need to spend at least 25% of our time out of the office talking to customers about their needs and aspirations. You never know, we may better understand our customer's issues and needs.
- Our ability to close the sale needs improvement, why not coach all our key people in how to do this in a professional manner?

These are just some of the ideas for using your strengths to commercialize your opportunities. There are many others. Why wouldn't you try this process on your own business for a three month period, with a monthly review of what you have achieved, what you have learned, and what you need to do differently in the following month? You can only fail if you stop trying.

If you have any questions, please contact me: cmason@mindshop.com

For more information on Mindshop, please visit www.mindshop.com

3 Key Ideas for Business Success in 2012

1. Own your Online Space

84% of your target market will now research you online before making a decision to buy from you based on recent research from Google. Your website is now just one very small part of a larger web of touch points your prospective customers can have to discover more about your business. What comes up when you search for your business name on Google? (Is it anything over and above your own website?) Do you know what questions your target market ask when researching using your services? (does your business come up in that search?) It's no longer an option to ignore joining the online conversation about your services regardless of whether you are selling whiteboards or cars. If you don't join in the conversation then your competitors will. Setup Google alerts, research online forums your target market are using and join in, write a Blog or record a YouTube video to answer the most pressing questions your target market is asking about your services.

2. Boosting the Energy Levels of your Team

Within an organisation you can spot a team with great energy a mile away. Their productivity levels are high, they are having fun, they solve problems rapidly and they collaborate effectively. So how do you boost energy within a team? Like most things in business there is no silver bullet but the key starting



point is having a great leader in place to drive the team. This is make or break for any team as you can provide all the motivation you like to team members but if the leader isn't right it will all be in vain. So assuming you have the right leader in place boosting team energy is then a combination of providing clear direction on a weekly / monthly basis to the team (through communication meetings), moving on so called "Energy Vampires" from the team that sap energy from others, as they say getting the right people in the right seats on the bus (so the right people in the right roles) and customizing the support you provide each team member (so that could be challenging some, micro managing others or just being a regular sounding board).

3. "Stop Doing" Lists a great way to start 2012

20% of what you do creates 80% of the benefit you provide to the business. The other 80% is potentially a waste of time or could be delegated. This is the question you should be asking yourself at this time of year as it helps clean out non-strategic activities that build up during the year. Create a list of the 80% of things you do that only create 20% of the benefit you are to the business and circle the 3 biggest areas of waste which could either be stopped or delegated. If you find this helpful start doing it quarterly and you will find your productivity lifts and you are freed up to do the 'right' tasks that create value for the business.

4. Ensure you Focus on what is important

Implicit in the item 3 above is the need to focus on what is truly important for success in your business. Now is an ideal time to review and refresh your strategy and focus on your key business opportunities for the year ahead. Our FREE GPS (Growth and Profit Solutions) Diagnostic is a simple and powerful way to help you gather that critical focus on your Top 3 Growth and Profit Opportunities for 2012. Click below to complete it and be sent a report at the end summarizing your results:

<http://adsupplychain.com.au/Diagnostic/Diagnostic.html>

For the past 12 months we have been collecting data through our alliance partner, Mindshop, from hundreds of businesses around the world via this GPS Diagnostic. The results of the last 12 months have been:

Business Growth and Profit issues:

1. Profit
2. People / Team
3. Sales / Marketing

Personal Development issues:

1. Life Balance
2. Time Management
3. Health

How does your business compare?

Changed trends to Business Growth and Profit issues over the past 3 months:

It has been interesting to note however some changing trends over the past 3 months from the over one hundred different businesses who have completed the GPS diagnostic. Personal Development issues have stayed the same with Life Balance by far the most critical issue but the Business Growth and Profit issues have changed slightly with Profit still the biggest issue but now followed by Vision and Growth. This is in line with what we are seeing in the market over the past 3 months where Business Owners have been seeking greater focus for 2012 from the myriad of directions they could be taking in their business. They are also adopting different Growth strategies by going back to basics and looking in many cases at more innovative ways to sell more existing products / services to existing customers.

Next Steps

After you have completed the GPS diagnostic we would welcome the opportunity to discuss your results with you personally. During this call or coffee meeting valuable suggestions to implement each strategy can be discussed and we can explain examples of how we have resolved similar issues with other clients.

We look forward to helping you achieve your Growth and Profit targets in 2012.

If you have any questions about the diagnostic or how having the right focus can help you achieve your goals don't hesitate to get in contact:

Andrew Downard: 0419 581 705 email andrew.downard@adsupplychain.com.au
