

Streamline & Slim Down

By putting your operations under the microscope, you can find new ways to trim the fat and excesses, and make your organization faster, leaner, and more competitive. In this economy, who wouldn't want that?

BY BETSY CUMMINGS

STREAMLINE YOUR OPERATIONS

Ever since they launched their At Home program in April 2006, the management team at *Counselor* Top 40 supplier SanMar has realized something they never knew before: Keeping employees out of the office can reduce absenteeism and office costs, while boosting morale and productivity at the same time. Turns out, demanding a constant workforce presence isn't necessary for a completely productive company – the same goals can be accomplished with a more remote staff.

And while SanMar made the change a few years ago, looking at new ways to cut costs and streamline business on the operations side of a business are key focuses for suppliers this year. Recent efforts by some companies are helping to reshape how some suppliers in the industry are approaching their staffing changes, production methods, and other workplace processes in 2009.

Remote Workers Stay Close

For SanMar, based in Preston, WA, that means continuing its At Home program, which now has more than 200 employees from the company's customer care center working full-time from home. To qualify, employees must complete the SanMar University training program, which "typically takes six to nine months," says Chantelle McCall, SanMar's customer care center manager. SanMar staffers provide their own high-speed Internet access from home, while SanMar provides computers and Internet phone service.

"All employees participating in the At Home program work from home permanently, full-time," McCall says. "It's only during rare occasions or technology issues where an at home employee may come into the office," she says. "After the initial onsite SanMar University training, all ongoing training, meetings and focus groups are performed through our internal network."

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– STEPHANIE MARINELLO,
GE CAPITAL SOLUTIONS

Trimming the Fat

Want to shave off unnecessary expenses and make your company more operationally efficient this year? Follow the tips below to do just that.

• **Keep Staff at Home.**

Employees who telecommute save companies money in overhead expenses. Workers are also more productive, since they have more flexible work schedules and can work at their own pace at home. Thanks to the Web, suppliers can easily monitor staff in home offices by having employees log in whenever they're working on various projects.

• **Cut the Power.** Not literally, of course, but suppliers who take even the smallest environmentally-focused operational measures (removing light bulbs, or turning off lights when bathrooms aren't in use, for example) see huge savings as a result.

• **Don't Push Paper.** Want to cut costs, free up staff time and make fewer mistakes on orders? Suppliers who create paperless ordering and production systems say they do all three when they eliminate the paper trail. Orders move through supplier systems faster, mostly, they say, because

distributors tend to respond to orders more quickly when proofs are sent via e-mail.

• **Itemize Inventory.** In a tough economy, inventory management becomes crucial to operating more effectively. Whether a supplier cuts down on products stored, converts to just-in-time inventory (where products aren't made until they're ordered) or works with other suppliers and distributors to alleviate storage costs, changes in inventory will be one of the most important operational shifts in 2009.

At World Emblem, implementing electronic invoicing has meant a \$5,000 monthly savings in postage, paper, envelopes and labor.

The result? Lower absenteeism, and improved productivity and quality among staff. “We’ve also saved on office space and furniture,” McCall says. With a recessed economy, she adds, employees are also saving on gas and vehicle wear and tear. More time at home means more time spent with families, which is a big morale booster. “In general,” she adds, “they feel less stressed by removing the daily commute of fighting traffic.”

Telecommuters always pose a supervisory problem, but, McCall says, by having employees log into a company network, management can see who’s online, what they’re working on and what kind of performance standards they’re meeting.

Small Changes Can Be Substantial

This year even the smallest changes are making a difference for suppliers. At Halls & Company, in Brooklyn Park, MN, seemingly insignificant office changes are drastically cutting expenses. After an energy audit in 2008 showed that the firm could reduce its daily operational energy uses, company executives decided to start making improvements everywhere, no matter how small. One of those included removing one of three light bulbs out of every office light fixture. That move alone cut the company’s electric bill more than 20% a month, and saved them thousands of dollars in new light bulbs.

Finding efficiencies wherever a company can will be crucial in 2009, as the economy is predicted to worsen, say experts. And businesses that find ways to streamline efficiencies will be the ones who not only survive the downturn but learn to thrive in it as well. “Anywhere between 50-80% of business processes do not offer a value add to the company or the customer,” says Stephanie Marinello, global Six Sigma lean leader for GE Capital Solutions in Danbury, CT. That’s an appalling statistic. In an economy where business is dipping even among the best run companies, finding places to tighten up daily operational procedures and become a leaner entity is key, organizational experts say.

Some of the worst areas of waste and inefficiency? Transportation and shipping, inventory management, and paperwork. At World Emblem International Inc., in Miami, the company

decided three years ago that the best and quickest way to save money and time and increase productivity was to eliminate excess paperwork. They started with invoices, says Erin Gallagher, the company’s business development manager. “Everyday the receptionist would get a huge pile of invoices, which she would have to stuff and send out,” says Gallagher. Today, 90% of the company’s invoices are sent out via e-mail.

Aside from acquiring a software program to manage the invoices electronically, moving to an electronic billing system was relatively easy and inexpensive, Gallagher says. The most difficult part, she acknowledges, was educating clients and vendors about the change, which they did through in-person client calls and a coordinated e-mail campaign.

The changes not only free up the company’s receptionist to perform other office tasks, but free up the accounting staff as well. In addition, the company’s automated e-mail invoicing system also includes the ability for customers to view their invoice history online as well as past packing slips. So much information at their fingertips cuts down on calls to the customer service department. For World Emblem, the changes have meant a \$5,000 monthly savings in postage, paper, envelopes and labor previously needed to send out the invoices.

Rein in the Road Warriors

In the coming year, figuring out ways to cut down on travel expenditures will be a huge concern for companies. To cut back on travel costs, World Emblem started an aggressive teleconferencing program less than six months ago, so that managers could still have face-to-face meetings, so to speak, but at a very reduced cost. Now, “most managers have cameras at their desks,” Gallagher says. “Groups that have weekly meetings, like production meetings, can see and talk to each other.”

With seven World Emblem locations worldwide, the teleconferencing system has helped to cut down on frequent trips between office locations, and saved the company \$3,500 a month in travel expenses. In addition, the company, which has a training program for customers, now does so through Glance software and WebEx conferencing. Now, “we can just

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train them through our computers,” she says. “In the last two weeks, I trained over 300 people on our new catalog. That was all through my computer.” Plus, training online means there’s a recording of the session, so clients can go back and review certain sessions when they have questions or get stuck.

In addition, the company also scans all documents (about 1,500 a month) and stores them electronically. Before doing so, “everybody would have file cabinets everywhere to keep up with an increasing mountain of documents,” Gallagher says. “That was several years ago. Eventually, we just stopped buying more file cabinets, since the thousands of papers previously filed are now all scanned and held electronically.”

Complacency is the Enemy

The key, once companies embark on the streamlining processes, is to not become complacent with their most recent process improvement. Over time “quality erodes,” says Marinello. “We always consider being lean as a continuous improvement cycle.”

The same philosophy holds true at Leed’s, owned by *Counselor* Top 40 supplier Polyconcept. Like World Emblem, the company is making a concerted effort in 2009 to go completely paperless. That’s been on the company’s agenda for several years, says Sharon Willochell, COO, but in the past two months the company has made a huge push to market their paperless services to clients.

A month ago, the company sent an e-blast to tens of thousands of distributors letting them know that they could log on to Leed’s Web site and tailor electronic communications to their needs, receiving order confirmations, proofs, invoices and other communications electronically. In a move to encourage more electronic communications, Leed’s even created a separate URL, www.mypromoproof.com, a site without Leed’s logo in which product proofs are viewable by end-users. “What we find is that those proofs get approved much more quickly,” as much as 30% faster, says Willochell.

Electronically-approved proofs also get sent directly into Leed’s production system, making the process for producing them that much more seamless.

In an economy where whittling business costs to nothing can seem like an art form, some companies are investing as much time in minimizing excess as anything else. Bravo Awards Inc.,

in Toronto, has focused its attention in recent years on inventory reduction.

Rather than house pre-cut crystal awards, plaques and other items in its warehouse, the company simply invests in the most popular materials needed to make those supplies. That way, it’s sitting on raw materials, not finished products that may or may not sell.

By doing so, “we’ve reduced our costs by 25%,” says Brian Starke, a company partner. It’s been a key business strategy, he says, since most of Bravo’s business involves custom orders.

Those companies who insisted on stocking up over the past year in various award products? “I would think they’re getting slaughtered right now,” Starke says. “I see all the e-mail blasts where they’re fire-selling everything. The competitive advantage is that I’m ready to make whatever my customer wants next week.”



By reevaluating
its inventory, Bravo
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by 25%.

Be Nimble

That kind of just-in-time inventory management can be a smart move, says Andrew Miller, president of ACM Consulting, an organizational efficiency consulting firm in Toronto. Small businesses that are better able to control inventory are far more nimble in a slow economy.

More to the point, Miller says, suppliers should use “common sense” and constantly scan inventory (even if just by sight) to keep a running sense of what’s selling and what’s not. “Just because you ordered 20 of a certain item in the past doesn’t mean you should order 20 every time,” Miller says.

Readjusting minimum/maximum orders may be necessary for the coming year, he says, and suppliers will be smart to talk with clients now to see how much end-users may be cutting their budgets for the year. That, more than anything, might be the best indicator of how inventory levels might flux over the next six to 12 months. In addition, Miller says, suppliers looking to lessen warehouse loads should start talking to business partners about collaborative efforts – storing product overflow in a vendor’s warehouse, for example, rather than renting a whole new facility.

By scrutinizing costs and taking the time to evaluate areas in which operations can be cut, smart suppliers can give themselves more resources to shore up their bottom line in a shaky economy.  

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