

GROWERTALKS

Growers Talk Business

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Your Plan Shouldn't Be a Secret

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We just finished two very rewarding days of company meetings in August as we reviewed Spring 2014 and set up the organization with communicating our 2015-2017 plans for the business. This used to be the time we just shared if the team achieved their bonus or if the company was meeting their internal goals. I say “internal goals” because we would share if we were hitting them, but we wouldn’t share what they were.

There's always been a sense of secrecy in the industry to sharing our financial results, as most of us are privately held companies where we're not required to share that info. Sharing your cost centers and where/how you spend money sounds daunting and intrusive. What business is it of anyone else how you spend your money?

We all go through moments like this, but our leadership team has seen nothing but better and stronger results since we made the decision in 2010 to start sharing our long-term plans and how we invest the resources we have more openly with our organization.

Additionally, we also have begun to share financial results and plans with our teams beyond just the typical sales figures that we'd shared in the past. We share our capital expenditure plans on a three-year horizon. We now share financial statements on all of our key cost centers and how they impact the business. Why do we do this? We've come to three conclusions on this:

1 Buy-In to the Plan | Most importantly, a plan has a better chance of working if everyone is bought into the formulation and execution of the plan. Rather than questioning the plan or blindly following the plan, our team is now engaged in the development and owns its execution. When the team knows we want to reduce spending on travel and entertainment by 10%, then they think about little things like what hotel. When the team knows that trucking is 14% of our costs and we want to reduce it to 12%, they work harder on assuring all routes are efficient and that every cart is maximized. Finally, when the team knows that 30% of our cost is labor and it's our highest cost center (many employees don't know that), then the team engages in finding ways for labor to be efficient.

2 Transparency/Accountability | As owners, it's okay if someone else holds us accountable. On the day-to-day activities, we don't always have someone to assure every activity we do provides value to the company. By having transparency in how we spend and invest in the business, we allow ourselves to be better leaders by being held to the same standards as our employees. The transparency of the goals and results leads to trust in the organization and that frees up an immense amount of brainpower to work on things that matter to the business.

3 Idea Generation | What we didn't expect when we started sharing financial results was the amount of idea generation that happened as a result. We now have more than one person coming up with ideas on how to make a process more efficient or how to deliver a result more cost effectively. This is a daily occurrence; not a surprise. Everyone's trying to find a better way and our internal mantra is "1% better everyday." What this means is that everyone can contribute to the plan and no one idea will deliver 100% of the goal. It takes 100 ideas that each make us 1% better to get to our goals.

This all sounds good, but where do you start and what do you share? We had five simple numbers to share with our team. First, every company should have a sales target. Second, sharing capital expenditure plans is key. Third, share labor costs and set targets for how to use your labor dollars most efficiently.

Fourth, set simple dump/waste goals. This is an easy metric to track, and once you start tracking it and sharing it with the team, you'll be amazed on how everything from forecasting to growing to shipping improves. Lastly, let your team know the cost of doing business on any items they can impact. If they know chemical usage was up 14% last year, then they can look for alternative methods to potentially lower that number.

On each one of these numbers, the key is to set a goal, track it monthly, keep the team informed and reward them if they accomplish the goals. **GT**

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