

## **Why Does My Business Feel Like a Mousetrap?**

Do your business processes remind you of the children's board game Mousetrap®? You catch a mouse by turning a crank that rotates a gear that pushes a lever that swings a boot that kicks a marble out of a bucket that – well, you get the idea. Things used to be much more efficient. What happened?

Ideally, companies perform comprehensive reviews of their business processes periodically, or whenever significant change occurs. In reality, companies often try to adapt by developing workarounds to existing processes, rather than taking a step back and assessing whether or not entire processes need to be reengineered. As a result, companies end up collecting different spreadsheets from multiple sources, performing Excel acrobatics to consolidate them, manually keying the results into another application, and again, you get the idea. Letting these workarounds proliferate for a few years can create quite the convoluted contraption.

So how do you address the overextended processes problem and bring your firm back to the high-firing, efficient engine it once was? Solving these problems can be difficult, and determining their underlying causes is only half the battle – you also have to fix them.

### **Identifying the Common Paths to Inefficient Processes**

#### *Rapid growth*

In many cases, companies simply outgrow their processes over time, but don't notice because the day-to-day changes are so small. For example, a process that works well for a six-person firm will often break down as it grows beyond a few multiples of that size. A few years go by, and one day you look around and wonder how things got so difficult.

#### *Mergers and acquisitions*

Companies that have gone through numerous mergers and acquisitions often end up with separate fiefdoms that each cling to the business processes used when they were on their own. Multiple teams working from different playbooks can cause numerous inefficiencies, particularly at a corporate level when back office staffs try to consolidate information from disparate sources into various accounting and reporting systems.

#### *Change in company direction*

Companies often do a good job of reorienting their businesses to take advantage of changing market conditions, but sometimes make inadequate adjustments to their internal business processes. For example, a company focused on selling software that gradually shifts focus to selling services will need to develop new data collection and billing processes in order to avoid getting bogged down in a lot of manual, labor-intensive work.

### **Objective Assessment**

It is often difficult for insiders to provide an objective assessment of these problems, and it can be helpful to enlist an outsider to offer a fresh perspective without any preconceived notions about how things should be done. The outsider can provide valuable insight by applying the experience of working with multiple companies to diagnose process deficiencies and reengineer new ones. Here's what a typical process might look like:

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## Process Efficiencies

- Meet with the executive team to discuss a vision for desired process changes, and to understand their assessment of the situation.
- Meet with a sample of employees from all levels involved in the process to understand what is currently happening (this may not dovetail with what the executive team thinks is happening), and to understand what they actually need.
- Interview the sample group for feedback on how they would fix the problem. They may not all be good ideas, but a lot can still be learned from the responses.
- Create a design team culled from key people involved in the process.
- Work with the design team to collaboratively engineer a new process they can all get behind. This provides an opportunity to cross-sell necessary changes to various levels – e.g., the executive team may want to know why managers are asking for certain information, and the managers need to understand what information the executive team is looking for and why.
- Build the new process, with frequent review and feedback from the design team and end-users.
- Help the design team build and execute a plan for communicating the changes to everyone involved, including information on how they will benefit.
- Train everyone on the new process, preferably with executive team's involvement to show buy-in from the top.

Deploy a short-term, rapid-response team for handling questions and providing assistance during the first few months of the transition. This helps overcome resistance to change, develops positive attitudes about the change, and ensures that everyone learns the new process correctly.

### **Processes in Action**

Here are the types of results you can expect with help from an outside perspective:

#### *Professional Services Firm Reduces Monthly Billing Timeline and Saves Money*

A consulting firm had grown to about \$20 million in annual revenues, with about a hundred employees and sub-contractors located all over the country. Many of their consulting projects are billed on a time and materials basis, which requires consultants to submit detailed timecards with information about how much time they've spent on each project, with additional breakdowns by task. Their old process consisted of consultants emailing Excel timecards to the accounting department, who then collated that data in another Excel spreadsheet, and applied negotiated billing rates from another spreadsheet. The results were then printed as supporting detail for invoices produced by their accounting system.

The invoices were created by manually keying the spreadsheet totals into their accounting system. All of this information was then emailed to project managers for approval before being sent to clients. If changes were requested, those changes had to be worked through the same manual process.

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## Process Efficiencies

This process worked fine when the company was small, but they had gradually become more and more unwieldy as the company grew. After reviewing the situation, we helped them implement an integrated system that allows consultants to submit web-based timecards.

Those timecards generate emails to project managers that ask them to approve the timecards via a web interface. The approved timecards are automatically forwarded to the accounting system, which applies the correct billing rates and generates client invoices. Project manager adjustments are able to flow through this same process. The company was able to reduce their monthly billing timeline from 8 business days to 2, and reduce the related accounting staff hours from 40 to 6.

### *Automated Invoicing and Shipping Implementation Reduces Labor Costs and Improves Communication*

A \$40 million wholesale distributor had a dozen salespeople located in large metro areas around the country. They were phoning in customer orders to office staff, who keyed them into the order entry system. Orders averaged over 20 lines each, and prices were spot-negotiated for each order. This resulted in numerous data entry errors for SKUs, quantities, and prices. The negotiated prices resulted in having to print each order for management review and approval. Order confirmations were printed and faxed to customers and salespeople for review. Over a thousand invoices were printed and mailed each month.

After assessing the situation, we helped build a system that equipped salespeople with tablet PCs configured with wireless internet connections. Their pricing matrix was standardized, eliminating the manual review process. Orders are now submitted electronically, eliminating manual labor and data entry errors, and allowing data entry staff to be redeployed to more productive tasks. Order confirmations, shipment notifications, and invoices are automatically emailed to customers and salespeople, resulting in reduced labor and postage costs and faster communication.

Sometimes it's tough seeing the forest through the trees, and an unbiased outside perspective can be the perfect solution to solving your process inefficiencies. An expert analysis can help you pinpoint your trouble areas, reengineer processes to improve performance, and ultimately build a better mousetrap.

[See the mousetrap game in action!](#)

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