

## **Business Essentials: Your Most Important Asset** ***Use Education Resource Planning to maximize employee performance***

by Fred Heintz, CPIM CIRM

**E**very business person knows that it requires planning to achieve a goal. You can't just wake up and say, "Today, we'll cut costs by 10 percent." You need to create a plan to achieve the target, or there is no hope of ever getting there. So businesses create production plans, maintenance plans, capital plans, and strategic plans — but few ever create an education & training plan. Many companies assert that their employees are their most valuable asset, but if that is really true, why is so little thought given to maintaining and improving that asset? (See our Sept. 2008 Newsletter for information on better planning through the PDCA Cycle.)



Almost all organizations know they need to continually improve to stay competitive, whether through becoming a Lean Enterprise (a step we heartily endorse), or just making continuous process improvements. Employees are key to making and maintaining improvements in the business. Without invest-

ing and training for employees, an organization cannot expect them to lead change, or for that matter, even follow through with change.

Can change come from the top? Continuous improvement programs must be supported by top management, but it is the people working "in the trenches" who will know how to improve the processes they use every day. Let's face it, management rarely knows the details of each process. Those people who do the work are the ones who know; however, they need training on how to look outside the current process. Management plans for tomorrow and sets the direction for the organization. Line staff find ways to get there.

Money spent on education can bring as high a return as capital expenditures. For example, some members of the Sixth Floor team worked in a manufacturing facility as planners in the past. There was one old bottling line that ran well and could produce what was needed to meet demand. When the mechanic

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## **A Valuable Resource — for Finding Resources!**

by Tom Dzialo, CPIM CIRM

The resources page on our website ([www.sixthfloorconsulting.com](http://www.sixthfloorconsulting.com)) has links to resources on the Internet to help your organization's continuous improvement journey. To visit our resources page, just click on the Resources tab on our home page, or to go there now, click [here](#).

The Resources page is divided into six (what a clever idea) useful sections:

- 1) The "Business Partners" section lists organizations Sixth Floor Consulting Group has worked with over the years. These are people we can recommend to help you, whether you need assistance in determining the best way to move freight or help starting/continuing your lean enterprise journey.
- 2) We work with companies and in industries that are fervent users of jargon and acronyms. Our ever-expanding Glossary page will help explain these terms.
- 3) The latest addition to the Resources list is our review of Inexpensive ERP systems. We've taken the time to study a couple of options, and the site shows the trade-offs (i.e., good and bad) of these systems. Watch for future additions as we expect to include other systems.
- 4) Our "Links to Other Resources" may be the most important page on the site. This area has links to industry specific sites for Aerospace, Healthcare, and Beverage industries. In addition, there are links to government funding

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on that line went on vacation, however, the orders were that no major changes could be done on that line, as no other mechanic could properly set up the line. For two weeks, customer demand was ignored because no one had the knowledge (education) or practice (training) on how to change over that equipment. Eventually, rather than invest in educating one or two other mechanics, the equipment was "upgraded" to match the other bottling lines. The cost of buying new equipment was ten times what the cost of training would have been, but there was a capital budget for equipment and no budget for education and training.

Isn't it time to look at an education plan? Many companies have an education and training budget, but few have a plan on what the education is supposed to accomplish or what result it is expected to deliver to the organization. The budget is con-

sumed on a "first come, first served" basis with little regard to achieving a goal. Just as a business should not purchase equipment unless it leads to improvements in the bottom line, the same should be true for education.

***Why should society feel responsible only for the education of children, and not for the education of all adults of every age?***

- Erich Fromm

So what does your company need? Perhaps it is more cross training to better utilize the people and equipment in the business. Or maybe you need better computer skills both in the office and on the factory floor. Skills Matrix & X-training plan?

Every organization will have its own requirements for education and training, based on its own needs and goals. While the needs are different, all businesses must start with a plan. How are you going to deliver these goals? Where and when will the train-

ing occur? What are the expected improvements in the organization?

Only by creating and implementing a plan can a company be assured an education budget isn't just frittered away on unnecessary seminars that don't affect organizational goals. The plan should address the initial questions, "What, Why, and How." What education is needed? Why is it needed? How will it be accomplished?

Start looking at what education and training is required in your business. Start thinking about the best way to get that training done. For 2010, build an education and training plan that aligns with the other plans in your business. It is money that will bring higher returns than you can imagine!

Please contact us for assistance with setting up an education and training plan or for help in delivering education and training to your organization. ■

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sites for help in funding continuous improvement projects. Lean and System sites have tools for help in these two areas. There are also links to Personal/Professional Development sites to help the individual better themselves.

5) The SFCGI Newsletter Archive has all the newsletters we've done over the last year and a half. If you've missed any of our exciting issues, you can still catch up and wow your colleagues with your erudite knowledge.

6) Recommended Reading is a sampling of business books we've read over the years and can recommend as being well worth the time to read.

So check out the Resources page on the Sixth Floor Consulting Group website. We think you'll find it extremely helpful. ■





# QuickBooks: Is It Enough?

The easy accounting software might not be right for everyone

by Lori Modifica

Quick Books has become one of the best selling financial packages for small business today. In fact, according to the box, it is the “#1 Best Selling Business Financial Software” — and I have no doubt that this is true. Quick Books is published in three versions and can meet almost all small business needs.

While no software is perfect, Quick Books may have one important flaw. It is too easy. Its ease of use can give a false sense of accuracy and can actually mislead some people into thinking that they do not need an accounting professional. It is important to remember that a business depends on its financial information to manage the business, to file tax returns, to pay employees, to track inventory, accounts receivables and payables, etc. Incorrect information can lead to very serious consequences, including the closure of the business and loss of business or personal assets. Even if errors only result in penalties, fines or a lower credit rating, it is damaging to your reputation.

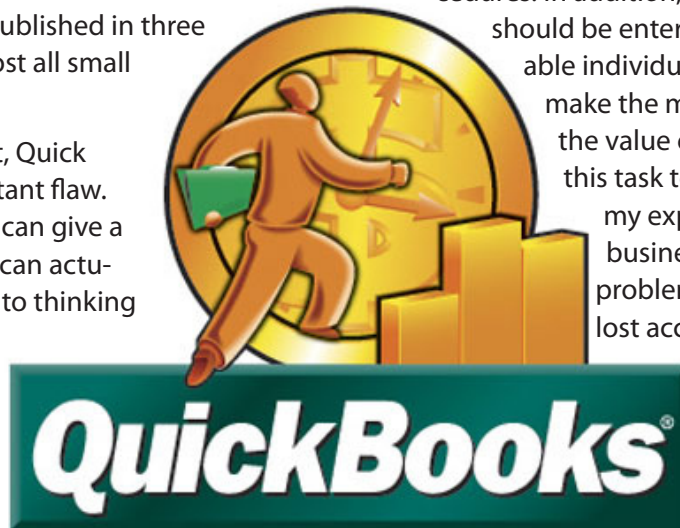
At a minimum, a good financial software product should provide the following benefits:

- Handle day-to-day transactions accurately
- Provide accurate information to business owner
- Maintain information on customers, sales, inventory, employees, vendors, fixed assets, and bank accounts.

The key to a good system is a trained and informed user community. A trained accounting professional who is familiar with Quick Books should be involved with the initial company set-up and the design of company procedures. In addition, the day-to-day transactions should be entered or reviewed by knowledgeable individuals. Many small businesses make the mistake of under-estimating the value of this knowledge and assign this task to any lower-level employee. In my experience, almost 50% of small business have encountered serious problems like unreported income or lost account receivables (or worse), because they chose to use an unskilled “bookkeeper.”

As a business owner/manager, you should understand all your financial statements, including the Profit and Loss Statement, the Balance Sheet, and Cash Flow. You know your business best, and if you don’t understand a number on the Balance Sheet, then there is a good chance it is wrong. Hire a professional, even a few hours a week, to ensure that your system is accurate and balanced. ■

*Lori Modifica is a successful financial professional with significant experience in a consumer-product manufacturing environment including traditional operating and cost accounting roles, system design, and compliance reporting. She assists Sixth Floor Consulting’s clients with projects including SAP implementations and Lean Accounting projects.*



“THE WISE MAN BRIDGES THE GAP BY LAYING OUT THE PATH BY MEANS OF WHICH HE CAN GET FROM WHERE HE IS TO WHERE HE WANTS TO GO.”

– JOHN PIERPONT MORGAN

# IWT Incumbent Work Training: It's Worth the Time

by Tom Dzialo, CPIM CIRM

The acronym IWT stands for Incumbent Working Training. As part of the Federal Stimulus package (the American Recovery and Reinvestment Act, or ARRA), the Department of Labor has released funding for this program. IWT funds can be used for any type of training except mandated training (for example, OSHA training is excluded).

This gives businesses a great deal of flexibility on how to use the money. Training dollars can be used for cross training on equipment, basic computer skills, Spreadsheet (Excel), ERP (Enterprise Resource Planning) Systems skills, English proficiency, and more. This flexibility allows you to concentrate training on the areas that will most improve your business.

In Connecticut, CT Works (a part of the CT Department of Labor) administers IWT. There are five regional offices, and you would need to contact one of the following Works Boards depending on where your business is located. (See the Resources page on our website for the links to their websites.)

- Capital Workforce Partners
- EWIB – Eastern CT Workforce Investment Board
- NRWIB – Northwest Regional Workforce Investment Board
- The Workplace (Southwest CT)
- Workforce Alliance (South Central CT)

To confirm which board administers the funds for your location, contact the office nearest you.

These funds are earmarked for small to medium sized business (typically with fewer than 500 employees). The proposed training must meet at least one of the following criteria:

- Projects that will result in demonstrable job retention, job growth or increased wages.


- Projects where training would make a difference in the company's productivity, competitiveness, and ability to do business in Connecticut.
- Projects the company itself is willing to invest in; company must be able to articulate how the training fits into its business plan.

The funds are granted directly to the company and cover 50% of training costs. The company's 50% match can include the wages of their employees being trained.

The training proposals are judged based on the following criteria:

- Comprehensiveness and soundness of the plan
- Clear, measurable training objectives, and likelihood of achieving those objectives
- Cost reasonableness
- Correlation between the training and the company's business plan
- All training is job-related and is focused on skills upgrade
- Training completed by June 30, 2010
- Business will pay at least half of the total cost of training
- Prior year funding provided to applicant by EWIB or other state sources will be considered, with appropriate priority given to applicants that have received little or no funds from these sources in the past.
- The business and workers trained must agree to complete an evaluation of the training provided.
- Priority will be given to companies training in Science, Technology, Engineering, & Math (STEM) skills as well as Information Technology, Energy Management, Instrumentation, and training incorporating innovative thinking & entrepreneurial skills.

Sixth Floor Consulting Group believes that an Education and Training plan is one of a company's best investments. An educated, well trained workforce will yield a higher return than any capital investment in equipment a business can make. An investment in education will not only give a com-



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pany a skilled workforce, but also a better motivated workforce. A person who feels appreciated is willing to work harder, better, and smarter.

Sixth Floor Consulting Group can help you put together your Education and Training plan along with justification for IWT funding. We can also provide training in:

- Inventory Control
- MRP I and MRP II
- Shop Floor Control
- Maximizing ERP System Utilization
- Lean Manufacturing and Lean Office (with our partner Leanovations)
- QuickBooks
- Microsoft Office Suite (including Excel, Word, PowerPoint, Access, Visio, and Project)
- eVSM – electronic Value Stream Mapping

Contact us today for further information and assistance with IWT. ■