



From the GBMP Lean Case Study Library (CS No. 101)

“Go See, Ask Why, Show Respect”*

Transforming An Accounts Receivable Process at Geiger

(The words of Toyota Chairman Fujio Cho, "Go see, ask why, show respect" have become basic lean principles and, with thanks to Mr. Cho, have been borrowed to help frame this case study.)*

Geiger is the largest family-owned and managed distributor of promotional products in the United States. The company, founded in 1878, is based in Lewiston, Maine. About 500 employees support a sales force of some 450 promotional consultants serving a worldwide customer base that exceeds 50,000.

In mid-2010 Geiger began to work with Pat Wardwell, COO of GBMP, to learn and apply lean principles across all its divisions. After some initial training, many different small groups have taken on a wide range of projects to make improvements to their daily work processes. Recently, a team of Accounts Receivable associates and their manager took on a project to review and standardize the company's existing past due invoice notification process. Or so they thought....

The team began their first meeting by demonstrating and process mapping how they each handled the creation and distribution of past due notification letters to customers. Not surprisingly, there was quite a bit of variation in how the different AR associates were carrying out the process and the discussion was lively as they observed one another flip through computer screens, log notes in customer files, and send customer letters to printers. However, there was one universal point of agreement among the team; no one liked the process and they dreaded the time and effort regularly put in to perform it.

The teachings of Toyota suggest that it is important to always ask, “*What is the purpose?*” about a process or activity. After watching and mapping with the team, Pat posed the ‘purpose’ question to the AR team about the past due invoice notification process and was told “we send these letters after 30 days in hopes customers will pay their past due invoices.” The follow-up question was “does the letter work in getting people to pay?” Silence for a moment, then a flurry of responses such as “not really”, “NO!”, “I don't think so.” Question 3 to the team: “What does cause them to make a payment?” The speedy reply from the team: “They mostly pay when we personally call them after 45 days.”

Next came the math. The team was asked to give input on how many past due invoice notifications they performed each day and how much time it took to perform the process. Using conservative estimates, here's what they figured out: the process consumed about 2 hours per day and was costing the company almost \$30,000 per year! That's equates to about 2.5 person weeks of work per year. Never having considered it in this manner, both the Associates and the Manager were astounded by the numbers.

The follow on conversation between the associates and their manager went something like this: “So I guess we are saying we spend all this time and effort and are costing the company a lot of money doing a process we hate that doesn’t get us the result it is supposed to!” Another point of agreement by the team, and a good segue for the team to begin discussing “what can we do instead?”

The conclusion they came to? Eliminate the wasteful process altogether and focus more on the phone calls to customers with past due balances and start making the call at 35 days instead of 45 days. The positive energy in the room at this point was through the roof and the team began to layout their problem and proposed target condition on an A3 document.

When they eloquently presented the A3 document and their proposal to Geiger’s lean steering team a short time later, they were asked, “When can you implement this change?” The answer: “tomorrow if we have approval.” Geiger CFO, Bob Blaisdell, immediately piped up and said, “Yes, do it! We don’t want to keep doing something that does not make sense.”

So instead of standardizing a “bad process”, what they originally thought they were getting together to do, the Geiger team did something much better. They made the process better, and at the same time provided benefits to the customer, Geiger and themselves!

“Unfortunately, many employees are faced with these kinds of frustrations in their daily work and they don’t always have the forum Geiger has established to address them”, said GBMP’s Pat Wardwell. “Bringing this team together with their manager provided a perfect opportunity to take a step back and really examine the work through the employees’ eyes, and to tie it to its higher purpose. The “Go See” step opened the door for a rich conversation surrounding the “why” of the process as well as what it means to have employees engaged in “value added activities”. Helping the team look through a new lens, but doing it in a way that respects their experience and encourages their creativity is so important. When you couple this with a supportive management environment that allows employees to question the status quo, this is how you begin to build a foundation for ongoing improvement and can get people to become the creators, implementers and owners of some amazing ideas.”

For more information about Geiger please visit www.geiger.com

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