

Is Process Documentation Worth It?

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A Hands-On Approach



"If I had two hours to chop down a tree I'd spend the first hour sharpening the ax." – Abraham Lincoln

"If you can't describe what you are doing as a process then you don't know what you're doing." – W. Edward Deming

These words sound a little harsh and I'm sure there are plenty of people reading this who are wondering what the heck they mean. After all you are in business, you are managing a team of people and therefore you must know what you are doing – *right?*

In construction many company owners and project managers get frustrated with people not being able to do things "The way I do it!"

The initial thought process is usually "I just need to find the right people and everything will work better." *That's the right answer isn't it?*

Finding the right people may be part of the solution but most likely you have been trying that for years and are still frustrated. *Could you be that bad at attracting the "right" people?*

Sometimes the best way to solve a problem is to start with a blank sheet of paper. What if the problem is not the people but rather the system or process?

Have you ever wondered why you get a consistently good cup of coffee at Starbucks even though they open approximately 5 stores per day? It is not because the founder of Starbucks could make a great cup of coffee. There are thousands of local coffee shop owners with the exact same expertise. It is because at some point they were able to describe making that perfect cup of coffee as a process. They documented that process clearly so that almost anyone could understand it and duplicate it. They were detailed right down to those markings on the side of your cup – there are a couple of pages in their training manual dedicated to how to mark the side of the cup properly. Every other detail of their business including management training, recruiting and even store openings are described at similar levels of detail.



As a statistician and later as a consultant with over 40 years of experience working with many of the largest organizations in the world W. Edward Deming argued frequently that over 90% of the errors that occurred in organizations were due to problems with the process, not problems with the people. Being a statistician all of his arguments were backed up by substantial data.

The first argument that usually comes up when talking about processes with contractors is the “explanation” that processes work OK for manufacturing and for “simple” businesses like a coffee shop.

Quite honestly this is a ridiculous argument. Do you really think that your construction business is more complex than opening up a new coffee store every five hours? Do you really think your business has fewer variables than manufacturing a jet engine? Is your business less complicated to run than a General Electric or Dell?

But let’s just assume for a minute that you are right and construction is far more challenging than running a coffee shop. A construction business is so much more complex, has so many more variables and there is so much more potential for loss. *Wouldn’t it then stand to reason that you should spend even more time documenting processes and training people on them?*

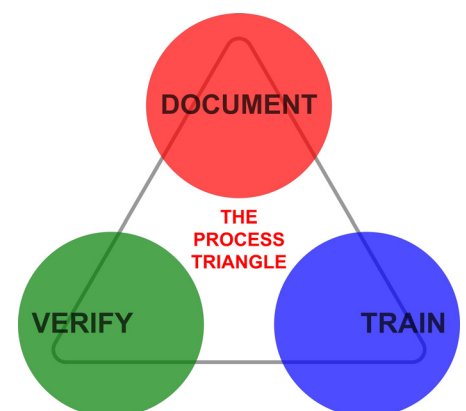
How to Receive Material on Your Jobsite

Starbuck’s feels it is necessary to document something relatively simple like the markings on the side of your coffee cup with a couple pages in a training manual.

- How many pages in your training manual are dedicated to how an apprentice receives and checks-in thousands of dollars worth of equipment?
- Is the process so obvious that you shouldn’t have to train someone?
- Is the process so unimportant that it does not matter whether it is done right or wrong?
- How much does it cost when you have to eat the bill for damaged equipment because that apprentice did not check in the material properly?
- How much does it cost when a crew is standing around without the right material because that apprentice did not notice that something was missing from last week’s order?

Let’s just dive a little deeper into this one. You are probably very good at checking in material. You know what to look for, what to do if it is not there, how to document damaged material, etc.

That in itself does not make a successful business. What makes a successful business is when you can describe very clearly how you



receive material as a process. This process would include a flowchart, a clearly written description, forms, checklists and possibly tools or software. The process also needs to include a formal method of training. Simply having the process documented and tools built is not enough. You need to have a system to make sure that the people who need to perform the process receive the proper training. In addition to the training system you should also have a system setup to verify that the process is being followed properly.

I Don't Have Enough Time...

This is the next argument and it is probably true. After all you have a very busy day. You have to re-dispatch a crew to another job because the equipment they were supposed to install was damaged in shipping and missing some critical parts. You also have to call the supplier and argue with them about who is responsible for paying for the damage. Then you have to meet with the customer and explain to them why the job is going to be delayed by a few days while the equipment gets repaired.

The bottom line is that everyone in the world has the exact same amount of time in the day. It is how you spend that time that determines how successful you will be. Try keeping a log for a week and see where you spend your time. I'd be willing to bet that you spend a significant amount of time either trying to fix problems or doing things that "no one else can do correctly."

The only way you will improve your business and your life is if take the time to clearly define your business as a series of processes and to document those processes.

Personally this is an issue I struggle with constantly. I don't think it is natural for anyone to want to document a process to the Nth level of detail rather than just getting to work. I'd like to think that I win the struggle with myself often enough but really wish I could win that battle more often because it would improve my life significantly.

I usually procrastinate quite a bit until a problem festers one too many times and then I spend a late evening or long weekend thoroughly documenting the process, designing tools and training materials. Every time I have done this it has worked out extremely well and yet I still struggle with myself constantly about process documentation. These successes make it easier to win the struggle.

I am confident that once you see the results in your own company you will find it easier to win that internal struggle as well.

Are the Results Really Worth the Cost?

This is the next question. Process documentation takes time and costs money. It takes a lot of time and costs a lot of money. Is it really worth it? Let's take a quick look at the example discussed above for receiving material. This process is relatively simple so you will probably not need to collaborate a lot with your team when it comes to designing the process. Just the same the process will still cost quite a bit as shown below.

DESCRIPTION	QTY	UNIT	RATE	EXTENDED
Flowchart the process showing all parties involved and all decision or action points. This takes a lot of thought to really get all decisions documented logically on a flowchart.	2	HRS	\$ 100	\$ 200
Make a material receiving / backorder tracking form	2	HRS	\$ 100	\$ 200
Make a damage reporting form	2	HRS	\$ 100	\$ 200
Clearly document the process in writing. Document every step in detail. Explain every decision clearly. Use examples from your company of good and bad decisions to reinforce the decision making. Show how to fill out the forms. Include examples of pro	6	HRS	\$ 100	\$ 600
Give the process to a couple foremen, a project manager and purchasing agent to review and make notes on. Assume they will spend about an hour each reviewing the process.	5	HRS	\$ 50	\$ 250
Make revisions to the process and finalize forms	2	HRS	\$ 100	\$ 200
Have forms printed	2	EA	\$ 150	\$ 300
Print copies of the process including a binder to hold the forms. Assume you have 10 foremen, 3 project managers, 15 apprentices that might be receiving material on jobsites and 1 purchasing agent.	30	EA	\$ 10	\$ 300
Have training meeting with everyone involved in the process. Assume the meeting will take away about 2 hours of production for everyone at an average cost per hour of \$35 because of the apprentices.	60	HRS	\$ 35	\$ 2,100
Follow-up with each foreman to make sure they are following the process for the next 6 weeks which is about the amount of time it takes to form a habit.	20	HRS	\$ 100	\$ 2,000
TOTAL PROCESS COST				\$ 6,350

This is a significant cost – especially in your time. Because of this perceived high “cost” it is understandable why you would not want to take the time to document the process and follow-up with it.

Let's just take a look at what the current costs probably are. The table on the following page outlines a few of the potential costs. Looking through the list I'm sure you will realize that those are all very probable costs and there are actually far more hidden costs that are not shown.

- What about the customer relationships?

- What about the cost of extended jobsite overhead if the project is delayed by days or weeks due to the problem?

Even the cost to your time is actually more but the difference is that this is *reactive* time and it is naturally easier to “make” time for dealing with problems.

DESCRIPTION	QTY	UNIT	RATE	EXTENDED
Let's say that each foreman has at least 2 material related problems per year (not that bad) which require some of your time to straighten out, write letters, etc. Assume each of these takes you about 2 hours to square away.	40	HRS	\$ 100	\$ 4,000
Assume that each time there is one of these material related problems it impacts the foreman and apprentice who are handling the material by at least a couple hours.	40	HRS	\$ 35	\$ 1,400
About 50% of the time or 10 times per year this problem will cause 2 other crew members to lose productivity because they do not have the right material. Assume they lose just a couple of hours while they get laid-out on a different portion of work.	40	HRS	\$ 35	\$ 1,400
To resolve 50% of these problems (about 10 times per year) you end up paying expedited freight to resolve the problem.	10	EA	\$ 200	\$ 2,000
25% of the the problems involved damaged or missing equipment which due to failure to document them properly you end up paying to replace.	5	EA	\$ 500	\$ 2,500
TOTAL PROBLEM COST				\$ 11,300

The return on investment for this single process with relatively conservative assumptions is 78% for the first year!

If you had the opportunity to invest \$6,350 in a stock and have it grow into \$11,300 over the course of the year you would jump at the chance.

Now, since we are on the subject of investing let's take a look at how this investment looks after two years. You will likely have to invest another \$2,000 or so in the process to train new people as you hire them and to spot check people to make sure they are following the process. Because your company grew the amount saved by not having the “normal” material receiving problems will also go up to perhaps \$13,000. Now you have a return of 191%!

- How would your investment portfolio look if you were to make this type of investment on a regular basis?
- How would your company look if you made the investment in process documentation on a regular basis?

There Are Too Many Processes to Document...

If you are still reading this and are at least partially convinced of the logic then your mind is probably quickly getting overwhelmed with the sheer amount of processes you would have to document.

Quite frankly the project just seems too big. It is difficult to imagine a complete binder and training program with all of the processes for a Project Manager, Superintendent or Foreman and then realize that you can not build it overnight.

We work regularly with contractors helping them document their processes. Depending on the detail level and complexity of the business the entire process of managing and administering the construction of a project can be broken down into 25-40 separate processes.

- Only about five of these are “big” processes that will require a significant amount of time to document including group facilitation to work out the best overall method. These include processes such as project pre-planning, buyout, change orders and subcontracts.
- About twenty of these are “medium” processes that can be documented pretty easily like the material receiving. These include processes such as RFI’s, claim notification, billing, etc.
- The remaining processes are general and very simple to document and train (a few hours each). These include how to print, where to file documents, how to login to the company network, etc.

Here is a quick plan for getting your project processes documented:

- Document and train one “big” process every quarter. Have a special meeting specifically for this process.
- Each month document one “medium” process and do the training during your regular monthly project meetings.
- Work a long weekend and document all the small processes sometime along the way – you should be able to do all these in a day or two even though they are very tedious and will require a lot of coffee.

This will get all of your “Project Processes” documented and trained in about two years.

- What would your business look like today if you started this a couple years ago?
- What opportunities would you be working on if you were not putting out fires?
- Would you feel more comfortable going after more work knowing that you could hire a new project manager, superintendent or foreman and quickly train them on the way you do things?

Going further could you document your estimating process? Marketing process? Accounting processes? Purchasing process? Equipment management process? Recruiting process?

It will take time – and a lot of hard work but it is worth it. Just look at the return you would get from one simple process like material receiving. Imagine the return you would have if your entire business were documented as a series of processes.

Should Process Documentation Be Delegated?

This is one of the questions we get asked the most. Our belief is that while some work can be delegated there are a lot of benefits to doing a lot of the work yourself. Going through the process of documenting a process will force you to think through all the details. It will force you to become a better trainer; a better communicator. Making a detailed flowchart will make you more aware of the complexity of your business – even those pieces that seem very simple.

D. Brown Management has successfully helped a variety of different contractors document their processes. Our services include facilitating meetings to help streamline cross-company processes, process documentation and the actual training. We always take a collaborative approach so that you build process documentation skills in-house. Learn more at:

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