

A Five Year Goal For ALL Companies

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It's 2013 and your company is paying the highest wages in your industry, affording you the ability to attract and retain the best talent. Yet you have the lowest cost structure, so you have huge flexibility in pricing your competitors out of the market. Revenues have quadrupled while gross margins have increased almost 50%, generating record profits as a reward for all your hard work – and, by the way, you're now dominating your industry.

This is precisely what Simon Lim, CEO of Kuala Lumpur-based Maclean Services, achieved the past five years. And he did it in one of the toughest industries in the world – janitorial services. By focusing on improving productivity by almost 40%, as measured by square feet cleaned in a nine hour shift; and raising overall wages 25% (15% for frontline; almost 30% for supervisors), he was able to become the number player in his industry in five years.

PEOPLE

The company's transformation began with Lim's frustration with their inability to attract and retain quality people. He started by attending a hiring workshop. "Five years ago our management team attended Geoff Smart's Topgrading program," recalls Lim. As a result of this workshop Lim launched a series of investigations:

1. HR ran a background check on all their employees searching for a personality profile of their best performing operations staff.
2. Operations conducted a survey asking their staff two questions: "How do you wish to be rewarded?" and "What do you think you can contribute above your current role & responsibilities?"
3. Marketing & Operations determined the productivity of the operators & that of their competitors as measured by head count per area ft².
4. Management went down to the floor to chat with the operators on their well-being, problems and obstacles preventing them from getting their jobs done.
5. HR & Operations compared the roles & responsibilities of the janitors, team leaders, supervisors, and managers with the Job Description sheets in their respective appointment letters.

What these investigations found were clear pattern of attributes that distinguished their best performing operations people from the rest of the team. These included being the sole bread winner in their family; a Mr. or Mrs. Fix-It at home; having a positive approach towards life; and having participated in some form of disciplinary group or team activity like boy scouts, cheerleading, football, or served on a police force or worked as a security guard – attributes any firm can discern about their own best performing people.

In turn, they discovered from their operations people a desire for:

1. **Higher income** – overwhelmingly over 80% said that their current compensation system is not driving performance, and 100% of them were not satisfied with the current income, not only in Lim's company but also the entire industry. Given a chance, they would move to other better paid industries.
2. **Respect** -- they wished that the management team would step forward to protect them against unreasonably demanding or abusive customers.
3. **Appreciation** -- a simple "Thank you" note or some recognition -- to be the "hero".
4. **Training** – work knowledge focused on understanding the reasons why certain processes are in place.
5. **Social Activities** -- company sponsored employee events; quarterly get-togethers; annual family day; and group vacation trips.

PRODUCTIVITY

Lim's investigations on the productivity side found that the market norm was 1 head count per 10,000ft² on a 9-hour working shift. And for a building built-up area of 250,000ft² the standard was 1 supervisor, 2 team leaders and 22 janitors (do you know the market norms for productivity in your industry?).

To improve on this productivity, Lim's team implemented a dozen initiatives that started with new Roles and Responsibility worksheets to replace the outdated job descriptions. They also created a new recruitment checklist that focused on the attributes of their best performing people.

They also created a series of new cleaning operations checklists in monitoring & controlling performance, with a focus on capturing critical numbers that not only drive service performance but also have a direct impact on the bottom line. Notes Lim, "We increased our gross profit margin from 13% five years ago to 18% today."

To support morale and respond to one of the staff desires, the company started a Maclean Fun Club which collects minimal monthly contributions of RM10 to RM30 (\$3 to \$10) from the staff with higher ranking staff contributing more and the company matching the funds 2:1. Contributions to the Fun Club account are used for organizing social activities including an annual company vacation trip.

They also introduced a Maclean basic, intermediate & advance certification and they included not only cleaning methodology training, but also an annual refresher one-day induction program emphasizing company core values, vision, mission, codes of conduct, expected behavior, safety rules & regulations, performance based appraisal system, and all the “WHY’s” of the procedures or processes in place as they align with their customer’s expectations and challenges.

I particularly liked their simple, yet effective, campaign to create awareness on how one individual’s non-performance can ruin the day for the rest using the power of peer pressure to self police performance.

Last, notes Lim, “We focused on educating our customers on our new changes and establishing mutual respect for our janitors.” They also convinced their customers and prospects to accept a new performance based service level contract instead of the industry-standard head count-based service contract, assuring customers that their lower head count (15 janitors vs. 22 for the same 250,000 ft²) can deliver the service expected thru better trained and better performing janitors now that .

Concludes Lim “The major challenges we face everyday are maintaining sustainability and disciplining ourselves to get rid of non-performing staff fast enough to prevent the ‘cancer’ from spreading across the company. And we are blessed with a committed management team ready to embrace new learning and a passion for to driving thru the changes in our company -- it has been an awesome rewarding adventure, but also a tough challenging five years.”