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PASSIVE ACTIVITY

Passive House building standards give a glimpse into the future.

Avoid zero-sum thinking



by Rich Porayko

My next-door neighbour is a world-renowned neuroscientist and engineering science professor at a well-known university based in Greater Vancouver. Over dinner recently, Steve mentioned he was also acting as the temporary Dean of Science while the dean was on holidays. Steve, who is an award-winning researcher and educator, was telling me that being dean is a complicated role because it is difficult to make everyone happy. Under the faculty of science, there are 12 departments including biological sciences, biomedical, physiology & kinesiology, chemistry, earth sciences, mathematics, physics and more. All of the departments are vying for a finite piece of the science department's operating budget. If Physiology applies for funding and the dean grants it, it means less for the remaining departments and people get upset.

Change the names on the org chart to operations, sales, finance, customer service and HR and it is probably a lot like your shop. A Ph.D graduate from John Hopkins University, Steve's solution is simple: win-win. When possible, always seek a solution that works for all parties.

When thinking win-win, many people's first reaction is to look at the relationships they have with their A-accounts, believe they are mutually beneficial and pat themselves on their backs for a job well done. Don't get me wrong, treating your top customers the same way you want to be treated is great, but how do you treat your B-customers? With the right strategic partnering, B-customers can become A-customers. I always feel sorry for a sales representative who chases a new or former customer to come on board only to have the credit department treat them like a supplicant as opposed to an applicant. The all-powerful credit department then has the say on if they will allow the lowly customer to purchase and at what terms. Almost immediately the culture of win-lose rears its ugly head. Yes, protecting your receivables has never been more important, but assuming everyone is a deadbeat and treating them rudely until they are proven

otherwise is the wrong approach. It undoes everything that sales and marketing did to bring the customer onboard.

An influential mentor early in my career, Carey Mobius, president and CEO of Garibaldi Glass Industries, teaches anyone who will listen that it can't just be win-win with your company and your customer. It must be win-win-win where the entire supply chain – primaries, manufacturers, dealers and end users – win. As soon as someone gets greedy, it becomes win-lose and dogs begin eating dogs.

Vendors are also key strategic partners. We all seek suppliers who offer the best service, pricing and turnaround. Keeping them honest is one thing, grinding them is quite another. We don't like it when our customers squeeze us for pennies and then pay us late, so why do so many companies do it? It's not smart business. No one can get you into or out of a jam like a supplier especially in times of material shortages. In the new normal, the company with the best supply chain wins.

Enter bonuses and incentives, the win-win killer. Depending on the structure, a company can actually inadvertently reward managers for making win-lose decisions. If a company pays bonuses based on reducing expenses, bonuses encourage managers to make decisions that are in their own personal financial interest rather than that of the department, company, vendor or customer. It ends up crippling innovation and efficiency improvements. I've heard stories of managers delaying processing invoices to make their departments look leaner than they actually are. Imagine, in the university example, if the dean received bonuses simply for cutting funding of the various faculties. It is extremely short-term thinking and the institution would end up being the biggest loser.

Sounds like common sense, however, as Carey's brother Chris Mobius would say, "common sense is not common." What is even more uncommon is rewarding manager-based on performance such as increased throughput and improved efficiencies. Canadian fenestration leaders need to stop immobilizing their businesses by eliminating improvement.