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What Michael Dell Knows that You Don't

Efficiency Management Sounds Dull, Until You See the Bottom-Line Impact

By Jo Day and Kevin Day
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How much money are you spending on technology this year? What if you could get an additional 20 to 75 percent from your return on investment? While that is quite a range, your firm's specific ROI all depends on how you deploy the technology.

Many businesses outside of the financial services industry are very successful at deploying technology to become more efficient. Businesses such as Dell Computer and Southwest Airlines are legendary among their peers for efficiency management. While at first blush, manufacturing or travel may seem to have no parallels with the financial planning service model, think again. Dell's success is largely attributed to turning the purchase of hardware into a customized, service oriented experience. So, what are these other businesses doing that makes them wildly successful at efficiency? For one, they focus on time differently than you do.

Traditional Focus on Time

If asked to depict a typical workflow process in your firm, such as opening a new investment account, you might draw a diagram that looks like this.

If you subsequently assigned an employee to save time on the account opening process, their logic might go something like this:

1. We fill out 500 to 750 new investment account forms per year.
2. It takes us 15 minutes to create the paperwork for each form.
3. If we had a product such as Laserapp (**www.laserapp.com**) or Quik (**http://www.etiforms.com/home.aspx**) that would let us auto populate the account paperwork using client information we already have in our contact database, we could save ourselves 10 minutes per form.
4. That will save two to three weeks per year.

A Revolutionary Idea

Let's apply the concept of cycle time used by other industries and redraw the account paperwork workflow process using a time weighted diagram. Time weighting means each step is depicted relative to the amount of time it takes. For example, filling out the account paperwork takes 15 minutes, but it takes two days for the client to receive it in the mail, so these steps are depicted proportionately.

From the time-weighted illustration, you can see that the biggest contributor to cycle time is not the time it takes your staff to perform the work, but rather the "non-value added time" — the time when work is not being performed. You can also see how a mistake such as a client's missing signature dramatically lengthens the cycle time to 13 days.

What does cycle time have to do with improving efficiency and saving time? One widespread cause of inefficiency is the multi-tasking required by tracking outstanding to-do's. Think how much more efficient a planner would be if they could write financial plans for two clients from start to finish rather than juggle five or more at once. Efficiency plummets whenever someone on your staff must start and stop and restart work, particularly when the work such as plan writing requires time to re-familiarize yourself with the work before you can restart.

In the account paperwork example, when your staff sends account paperwork to the client, they must now track this to-do item and follow up with the client. Upon receipt of the signed paperwork, a missing signature causes additional follow up time and tracking, creating a big hit to the cycle time for opening the account.

What changes when we employ technology with the goal of reducing the process's cycle time (the overall time it takes to open a new account) as opposed to focusing exclusively on reducing the time it takes to perform work (how long it takes to fill out the paperwork)? We still employ a product to auto-populate our account forms, but given the new focus on cycle time, you deploy the technology in an entirely different way.

After reviewing your account opening process, you realize a majority of your new account paperwork is generated for new clients. Why wait until the client meeting to determine what new accounts need to be opened and mailing paperwork to the client after the meeting? Try these changes:

1. Ask new clients to fax or mail you their existing account statements prior to their meeting.
2. Your operations staff prepares new account paperwork for the client before their meeting.
3. One assistant is always "on call" to assist clients with account paperwork during their meeting. A computer in the conference room makes it easy for your staff and the client to generate this paperwork and helps ensure items are not overlooked.
4. Implement a two-level new review process. One assistant creates the paperwork and works with the client to complete it; a different person reviews the forms for accuracy before submitting them to the custodian.
5. If clients aren't meeting you in person, you can send new-account paperwork to them as secure e-mail attachments using password protected PDF files (**www.adobe.com**; **www.attachplus.com**). The client is more apt to sign and send in the paperwork if it's received promptly, rather than via mail a few days later.

The Ah-ha

By making these changes, the time to open a new account with your firm is reduced from 10 days to two. While the technology tool saved time on filling out forms, other changes — helping the client complete their paperwork and formalizing a review process — actually increased employees' time. Here's how these changes are saving you time.

Remember the overall accomplishment: Your firm has now eliminated a lot of to-do tracking and following up with the client. (Having to track something also means it can get *off* track; forgotten items can be costly.) Paperwork errors have all but been eliminated.

The client-service experience has improved due to more timely and personal service. Opening accounts in 80- percent less time reduces the cycle time on the transfer process. If you are paid by AUM, the money arrives in the account that much sooner. A noticeable shift is also occurring as your staff moves more toward working in "real time," as they become adept at looking for opportunities to handle requests when they occur rather than creating and tracking to-do items.

By strategically focusing on cycle time, (even if it requires you to increase employee time), you will increase the ROI of any technology tool you implement by orders of magnitude.

Creating a Culture Focused on Reducing Cycle Time

Pick a process, any process — be it generating quarterly reports, or a writing a financial plan. Instead of tracking time (which all entrepreneurs detest doing), simply enter the date a client enters and completes a process as shown.

Then make a goal to reduce cycle time by some agreed-upon percentage. Get your staff's opinions on what contributes to cycle time and brainstorm on how do reduce it. Don't accept such comments as "We don't have any control of when the client sends us their information" at face value. With innovative thinking, you will be amazed at how many ways you can impact cycle time, even when action is required from people outside of your firm.

Once you choose a cycle-time goal, show metrics in your weekly meetings so staff can see how each of the firm's clients are doing on cycle time. When a process for a given client is stuck, discuss how the changes your team implements can have direct impact on reducing cycle time, and show your progress.

By making cycle time a strategic focus and monitoring this scorecard with your staff, you might find — as we do — that cycle-time discussions are some of the most rewarding, innovative and lively parts of staff meetings.

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