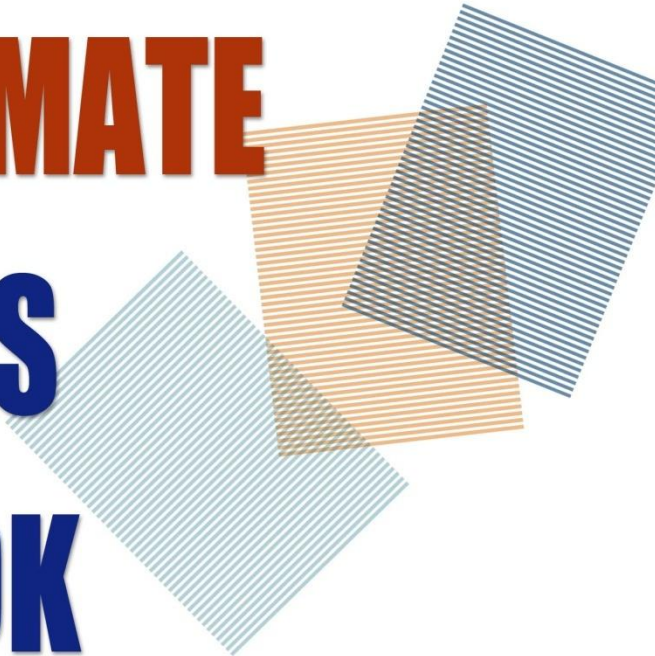


The Ultimate Business Playbook

WORK FLOW ANALYSIS
AND SIX SIGMA MADE EASY

THE **ULTIMATE** BUSINESS PLAYBOOK



Create a Winning Business

MIKE GRAYSON

WITH PAMELA K. BOOTH

CAROLE MCCORMICK

www.TheUltimateBusinessPlaybook.com

The Ultimate Business Playbook

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Mike Grayson is an entrepreneur and engineer with an IT and business background. After serving in the U.S. Army, he was directly responsible for the production of satellite communication equipment for Microdyne Corporation. After leaving Microdyne, he was responsible for producing mobile Computerized Axial Tomography (CAT) scanners. Mike then went on to develop systems for Air Force One and various signal intelligence gathering systems for the Department of Defense and various agencies – all computerized using the latest technology.

Mike founded FTI Global and has developed well over 1,000 different systems for a wide range of businesses. This book is the culmination of over 20 years of experience and study on workflow analysis. His methods have been used by the Dept. of Homeland Security, Financial Institutions and Fortune 500 companies. Working briefly with NFL teams inspired him to use the football analogy in implementing *The Ultimate Business Playbook* methods written about in this book.

He is a Certified Senior Manufacturing Engineer (SME) and CPIM and has won a Networld+Interop Product Award (Best of Show) for a security program he designed called Protocop™, the parent of the Computer Misuse and Detection System (CMDS) which influenced later security systems.

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Pam and her husband Mike have four children and one granddaughter.

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Before beginning her mortgage career, she worked for several years in the newspaper advertising business as well as serving as a consultant to businesses trying to find ways for their IT departments and their business departments to talk to each other.

Most importantly, she and her husband Jerry are the proud parents of three adults and 3.5 grandchildren - all of whom provide much joy!

The Ultimate Business Playbook

Dedication

This book is dedicated to my children Candace, Jon, Katie and Rachel.

Author's Acknowledgements

I am very happy to have finally finished this book and I could not have done it without the support of my family.

I would also like to thank my editor, who has been instrumental in bringing this book to completion, spending long hours marking up the manuscript and helping to bring clarity and cohesiveness.

I also want to thank Carole McCormick for her “case study” approach in writing the Coach’s Corner comments. I think they will help provide invaluable real-world insight to everyone working through the process using the playbook methodology.

Thanks also to all of the people who I have worked with over the past 20 years. It has sometimes been a struggle to find out what works and what doesn’t when it comes to business improvement. Testing different methods to improve team performance and systems is always a challenge, but also proves to be well worth the effort.

Mike Grayson

Table of Contents

CHAPTER 1 - THE OBJECTIVE OF THE TEAM IS TO WIN	1
WHAT PREVENTS BUSINESSES FROM WINNING?	1
HOW TO PREPARE A WINNING TEAM.....	3
FOCUSING ON THE IMPORTANT	4
TEAMWORK FOR A COMMON GOAL.....	5
COACH’S CORNER	7
CHAPTER 2 – DEVELOPING COACHES THAT WIN GAMES.....	9
WHAT MAKES A WINNING COACH?	9
THE COACH IS THE KEY TO WINNING.....	11
A WINNING COACH MEASURES PERFORMANCE.....	12
TOP 10 BUSINESS METRICS.....	14
A WINNING COACH ACCEPTS RESPONSIBILITY.....	16
COACH’S CORNER	17
CHAPTER 3 – DEVELOPING PLAYERS THAT WIN GAMES.....	18
TRAINING	18
DISCIPLINE	19
A FIRM BELIEF – GETTING THE RIGHT PEOPLE ON THE BUS	19
HOW TO IDENTIFY WEAK PLAYERS.....	21
WHAT HAPPENS TO A TEAM IF EVEN ONE PLAYER DOESN’T CARE?.....	21
THE VALUE OF EXPERIENCED PLAYERS	23
GOOD PLAYERS HELP OTHER TEAMMATES IN A SLUMP	23
COACH’S CORNER	24
CHAPTER 4 – DEVELOPING PLAYS THAT WIN GAMES.....	25
HOW IS A PLAY DEFINED?.....	25
A LITTLE ABOUT THE PROCESS.....	27
FUMBLES.....	28
THE DANGER OF GETTING LOST IN THE WEEDS	29
THE RIGHT PLAYER FOR THE RIGHT POSITION.....	29
FIXING BAD PLAYS - IS THE PROBLEM THE PLAY OR THE PLAYER?.....	31
COACH’S CORNER	32
CHAPTER 5 – CREATING THE WINNING PLAYBOOK.....	33
STEP 1 – ASSEMBLE THE TEAM	34
STEP 2 - PRESENT AN OVERVIEW AND HAND OUT WORKSHEETS	34
STEP 3 – DEFINE THE TOUCHDOWN AND THE BALL	36
STEP 4 – DEFINE THE PLAYS	37

The Ultimate Business Playbook

DON'T GET LOST IN THE WEEDS.....	37
STEP 5 - POTENTIAL FUMBLES (WHEN THINGS GO WRONG).....	38
STEP 6 - PLAY TIME, SPAN TIME AND ESTIMATED COST.....	39
ESTIMATED COST.....	40
STEP 7 - GENERAL OBSERVATIONS (TIPS TO THE PLAYER FROM THE COACH).....	40
HOW MANY PLAYS CAN YOU EXPECT?.....	41
EXPECT CHANGES –IT'S NEVER DONE!.....	42
COACH'S CORNER.....	43
CHAPTER 6 - WHY MAKE GAME TAPES?.....	45
GAME TAPES FOR WINNING COACHES.....	45
GAME TAPES FOR WINNING BUSINESSES.....	45
PLANNING FOR ACCURATE GAME TAPES.....	46
LIGHTS, CAMERA, TEAM BUILDING ACTION.....	47
YOU'VE GOT THE TAPES. NOW WHAT?.....	48
BASIC CAMERA, FILM AND RECORDING TIPS.....	49
COACH'S CORNER.....	50
CHAPTER 7 – INNOVATIVE PLAYS THAT SCORE TOUCHDOWNS.....	51
A DEFECT IS A TREASURE.....	51
YOU SEE BUT YOU DO NOT OBSERVE.....	52
PLAYBOOKS INSPIRE INNOVATION.....	53
IDENTIFYING A PROBLEM.....	55
COMPETITION IS A SOURCE FOR IMPROVEMENT.....	55
COACH'S CORNER.....	57
CHAPTER 8 – WINNING WITH SIX SIGMA.....	58
STEP 1 - DEFINE THE OBJECTIVE.....	58
STEP 2 – MEASURE THE BASELINE AND ONGOING PERFORMANCE.....	59
MEASURING WITH GANTT CHARTS.....	60
STEP 3 – ANALYZE THE RESULTS.....	62
STEP 4 – IMPROVE THE PLAY.....	62
STEP 5 – CONTROL THE PLAY TO INSURE HIGH PERFORMANCE.....	63
COACH'S CORNER.....	65
CHAPTER 9 - CELEBRATING THE VICTORY DANCE.....	66
DANCE IN THE END ZONE.....	66
HOW TO DO THE VICTORY DANCE.....	66
THE ART OF FULFILLMENT.....	68

The Ultimate Business Playbook

Chapter 1 - The Objective of the Team is to WIN

What Prevents Businesses from Winning?

It is alarming that over 80% of all businesses are dysfunctional to one degree or another. According to a study done by the Harris Poll and Franklin-Covey, which polled over 23,000 people, many companies have significant problems and need to take a closer look at their operations. Here is how the people responded to a small portion of the survey, known as the xQ Questionnaire¹:

- 91% of the people working in business do not understand the goals of the team or department they work with. They have no idea “why” they are doing their jobs or what success looks like.
- 84% said that their teams do not work together to plan or achieve their goals.
- 85% said they did not have the resources to perform their jobs.
- 90% said that team members do not hold one another accountable for their commitments. They fail to work together as a team.

What if this type of environment existed in a football team? Let’s examine what would happen.

If 91% of the team did not understand the goals or what success looked like, then only one player in ten would know when the team scored a touchdown. Everyone else would be running around the field fighting for the ball and expending a lot of physical and emotional energy but they would not know when they were successful. 91% of people polled responded that they do not understand what their goals are when they take the field and prepare to play the game in business. Is it any wonder that so many people hate their jobs? They are never fulfilled because they don’t know when they are successful and score a touchdown. It’s as though they are running on a “hamster wheel”, running like crazy but going nowhere fast. People get trapped in a routine and end up losing their enthusiasm, which results in half hearted efforts and poor service – not to mention the dread of Monday mornings.

Only 84% or two out of ten players are working together and running the same play. The rest of the team either don’t understand or don’t care about their position on the team. How can a team move the ball down the field if only two of them are working together? What might be worse is that the other members of the team are running different plays when the ball is snapped. 84% of people working in business say that their teams are not working together to achieve their goals. In the movie, “Cool Hand Luke”, the main character, Luke, is anything but a team player. He defies the prison environment he finds himself in because he knows it is broken. At one point, after a confrontation, the head prison guard tells Luke, “What we have here is a failure to communicate”. According to the survey, only 16% of the people surveyed feel that they are communicating and working together as a team; the other 84% feel disenfranchised in a broken environment.

The Ultimate Business Playbook

As well, only two players have invested the time to memorize and practice the plays. Everyone else is on the field but they are not prepared and may have even forgotten to bring the ball! They are not engaged or committed. When was the last time you walked into a store or restaurant and waited for a long time before they even noticed that you were there? According to the Harris Poll survey, you have close to an 80% chance of paying someone for service when they don't care or aren't involved in the process.

Imagine only two players on the football team having complete uniforms. The rest of the team is missing helmets, shoulder pads, etc. Can you imagine if you sat down to watch the Super Bowl and the team showed up on the field without the right equipment? Yet, only 15% of the people polled felt they had the resources to perform their jobs! Why have the coaches in our businesses allowed this happen?

Perhaps the saddest statistic of all is that only one player on the field, out of the entire team, is motivated to win and holds other team members accountable. Can you imagine how frustrating it would be if you were the only one on the football field who cared about scoring a touchdown?

A team that works together can accomplish great things. The military has understood the importance of teamwork for centuries. In 480 BC, 300 Greek Spartans held off almost 200,000 Persians at the Battle of Thermopylae because they were skilled and worked as a team. The Persian general Tigranes said of the Spartans, "Good heavens Mardonias, what kind of men have you pitted us against? It is not for money that they contend but for the glory of achievement." By the end of the battle, 298 Spartans lay dead (the two who survived were messengers) and 20,000 Persians died. That is a ratio of 1:67. There is no doubt that great things can be accomplished when people work as team and follow the same playbook.

On December 21, 1944, German forces surrounded the town of Bastogne that was being defended by the American 101st Airborne Division. Food was scarce, medical supplies almost non-existent and ammunition was so low that artillery crews were told not to fire unless they were certain they were firing on a large group of Germans. The Americans were freezing in foxholes in the bitter cold. After repeated attacks, the German commander sent a message to General Anthony McAuliffe, commander of the 101st. In it he said that if the Americans did not surrender, "six heavy A.A. Battalions are read to annihilate the U.S.A. troops in and near Bastogne. The order for firing will be given immediately after two hours. All serious civilian losses caused by this artillery fire would not correspond with the well known American humanity." The American General McAuliffe replied "Us surrender? Aw nuts!" If they wanted to take the Americans it would have to be by force. McAuliffe sent the message back to the Germans with one word, "NUTS!" A German major asked what the reply meant and he was told it meant, "Go to hell". When the Germans attacked in force, the Americans, at a significant disadvantage in every way, worked as a team and held out in the face of a bloody artillery barrage. The Americans worked together and became like a wall of steel, ultimately winning the battle.

The Ultimate Business Playbook

If an army at war fails to work as a team, they are doomed. The British commander, Montgomery said, "Teamwork wins battles and battle victories win wars." Yet only 10% of the surveyed workforce felt they were working as a team.

Your team does not have to be a victim of these statistics. You can build a team that is both motivated and resilient in the face of the most significant challenges. If a football team took the field without a playbook or if an army fought a battle without a plan, they would be doomed to chaos and failure. Yet there are many attempts to win at business without this valuable resource.

The purpose of this book is to give you the tools and methods that will take you step by step through the process of putting together a playbook where each person will know what their role on the team is, know what a touchdown looks like and will have identified, in advance, potential weakness that might result in a fumble. The playbook is a battle plan for winning. It will be a rewarding and interesting process that will bring new excitement to your team. The best part of the process is that your success will be felt by your families, team mates and your community as you achieve things as a team that cannot be achieved alone. You will be scoring touchdowns, winning battles and running your business at a whole new level.

How to Prepare a Winning Team

When an NFL player reports to training camp the first thing that happens is that the coach hands out the sacred playbook. The coach tells the player that they must memorize every play, not only for their position but for every position on the team. They are to protect the playbook with their life. If they fly on a plane, they do not check it with their baggage or put it in the overhead bin. They are to hold the playbook in their hands, protecting it at all times.

Think this is an exaggeration? Here's an excerpt of an article written by Elizabeth Merrill of ESPN.com:

"In the NFL, the playbook is a sacred hardbound diary of trust. It's an accumulation of decades' worth of knowledge, tweaked and perfected, sectioned off by scribbles and colored tabs. It's the first thing the fresh meat get when preseason workouts start in the spring and the last thing that is pried from a player's sweaty mitts when The Turk arrives and utters those dreaded 11 words.

Coach wants to see you in his office. Bring your playbook. "

It is a rite of passage. The player knows they are part of the team when they grasp the playbook in their hands and examine the game plans that will lead their team to victory. Coaches will be quick to

The Ultimate Business Playbook

tell you that the playbook is the best way to teach each player what they need to know and how to work as a winning team.

One quarterback who is known for memorizing every play in a playbook of over 700 pages feels it is important because defenses are always changes. By knowing the plays, he can recognize the different “look” of the opposing team’s defense and can adjust his offense to win.

If you ask any coach that has ever won a Super Bowl about the importance of the playbook in their victory, they will tell you that it could not have been done without it.

Focusing on the Important

Knowing “how” to do something is important. But if you don’t know “why” you are doing something you are probably just going through the motions. Knowing “why” is an important part of developing a playbook.

Someone asked Albert Einstein what question he would ask God if he could. Einstein replied, “How did the universe start? Because everything after that is just math.” But after thinking about it for a while, he said, “Instead I would ask, ‘Why was the universe created?’ Because then I would know the meaning of my own life.”

Let’s try to understand the concept of “why” by breaking it down into its most primitive parts. Human beings have some very basic needs. First, they must have food and water to survive. Before the industrial age, our ancestors spent a great deal of time planting and harvesting food, raising animals and insuring they had a supply of water. Why? Because if they didn’t they would starve. Hunger is a tremendous motivator. Having food and water is winning out over death.

Once we have enough food, then our attention turns to shelter and clothing. Shelter and clothing are different from food. Whether a person is poor or rich, they basically need and consume the same amount of food in order to live. However, shelter and clothing are another matter. A rich person could live in the same amount of space as a poor person. But the rich usually choose to buy bigger houses, with more rooms, full of hand crafted furniture and possibly marble imported from halfway around the world. The propensity of the rich is to collect more and bigger stuff. They have huge closets full of clothing, but they can only wear one outfit at a time. They accumulate material things far beyond their own needs.

If you ask the rich person “why” they have such a large house or so many clothes, chances are they will not be able to give you a meaningful answer. The odds are high that they have bought those things to impress other people and/or stroke their own egos. They think this stuff will bring them happiness, satisfaction and fulfillment. But, you cannot go into a shopping mall and buy a box of

The Ultimate Business Playbook

happiness. Many people find they are lonely, miserable and unfulfilled because they thought they “won” in life, but failed to ask and answer the “why” question.

It is important for you to know why you are doing something. If you know the reason why, then you know when you have won and accomplished your goal. And you know why it was worth winning in the first place. This is what brings fulfillment and satisfaction.

For example, lets imagine a leader of a tribe in Africa (the coach) who is experiencing a drought and they do not have enough food or water for their tribe. The leader gathers the tribe together and leads them to a place where there is food to eat, grass for their herds and water to drink. This is a huge win. There is no doubt as to why the leader takes this action – to save the lives of his tribe. Can you imagine the fulfillment and satisfaction of saving the lives of your tribe?

Most of us are not so different. If you ask many men and women why they work as hard as they do, they will tell you that they are doing it for their families, to provide for them and give them a better life. This is important – where the rubber hits the road. Being able to win and provide a good life for your family is a huge motivator.

The bottom line is that, with the right reasons, winning can improve the quality of life for you, your family and the community in which you live.

As we go through the process of putting your business playbook together, one of the questions you’ll see later on the worksheet is, “How do you measure success or know when the play is finished?” Understanding “why” you are doing the job goes a long way to answering this question. For example, if you are working as a cashier at a fast food restaurant, success might be measured when you deliver the correct food that the customer ordered and it was properly prepared. By doing your job right, you provide a good experience to your customer and possibly make their day a little brighter. If you deliver the wrong food or it wasn’t properly cooked, you have just made your customer’s day a little more frustrating.

Winning in life at all levels is important since we are all interconnected and contribute to the welfare of one another.

Teamwork for a Common Goal

When a team works together for a common goal, whether in business or in sports, it usually wins. When an NFL team develops a playbook, the head coach, assistant coaches and possibly even key players like the quarterback, work together to come up with the best set of plays possible. The process is rarely done in a vacuum by only the head coach.

One coach may believe that they can win by having a team with the fastest players. A different coach might think that having the biggest and strongest players will result in wins. Both realize they

The Ultimate Business Playbook

must design the plays based on the strengths and weaknesses of their players. This is their strategy. They build the plays that will optimize the strengths of their players and exploit the weaknesses of their opponents. The better they understand capabilities and limitations of each player, the more accurately they will be able to determine the player's ability to execute the play.

Simply put, workflow analysis is observing, evaluating and improving the work that people (players) and/or systems do over time. The objective, or goal, of workflow analysis should be to provide your customer with a rewarding and positive experience (a win). It is important for the coaches (managers, supervisors and key employees) to work together as a team during the analysis process.

There is an easy way to implement workflow analysis and create a business playbook. The first step is to have the people who actually know how to run the play (or perform the work) write the play down on a Playbook Worksheet. Then, the head coach can review the plays to see if they make sense and plays can be validated using Game Tapes. Next, we use a simple, yet sophisticated process to apply Six Sigma to innovate and improve each play. All of these processes are covered in detail in the chapters that follow.

The Ultimate Business Playbook

At the end of each chapter, we will follow a “real life” case study of this process in action. We will be reviewing the Playbook Methodology implementation at a national mortgage lender to demonstrate what we learned, as well as the challenges they faced as the company embraced this process. The Coach’s Corner is being written by Carole McCormick, a seasoned professional and one of the best coaches I have ever had the good fortune to know.

Mike Grayson

Coach’s Corner

A quick overview of where we were in our life cycle when Mike Grayson introduced this process into our company. We were about a year old – still in the middle of building our infrastructure, our technology solutions and our processes. Organizationally, we had one corporate office and three regional operating centers (ROCs) serving brokers in about 25 states. The company was funded by a major Wall Street firm and two smaller hedge/equity funds. The senior management team and the three general managers at each ROC had worked together at a previous company so there was trust, familiarity and excitement about creating a new company together.

As we continued to grow in both employees and production, it became clear that our current process of trying to figure out what enhancements/improvements we needed to make to the main system – our loan origination system (LOS) – was starting to waste time and money. In our effort to create a culture of inclusion, and because we were fortunate to have managers with years of experience, we wanted to make sure that everyone had a voice in how we would continue to make improvements to the system. Unfortunately, it became clear that when employees are asked, “what do you need/want the system to do” they often give answers that may bring them some relief in the part of the system they worked in, but they didn’t have the tools to stand back and think through the whole lending process. We had never broken down each person’s job responsibility nor documented what they actually did while performing their jobs. We had basically left the internal processes up to each individual ROC to figure out. This lack of documented information and individualized processes meant that often we responded to a suggested change in the system only to find out that in reality the new change (which cost time and money) didn’t solve the problem for another user after all.

The other issue we had been struggling with was that we believed in order to deliver on one of our core business drivers – low cost with high productivity and quality, we needed to change the underwriting process to eliminate as many of the back and forth handoffs that normally occur whenever a loan is being evaluated. We wanted to provide the best customer service to our brokers, which for us meant competitive pricing, quick and complete turnaround of their loan submissions and excellent communication throughout the process.

It was these challenges that led Mike to suggest that before we made any more changes to the systems we needed to step back and evaluate each player, each play, the workflow at each ROC and at corporate. This suggestion and the work that followed was at times frustrating, eye-opening, thought

The Ultimate Business Playbook

provoking and ultimately it provided a process to create a road map toward where we were headed in building a cohesive, well functioning organization.

In choosing who was invited to participate in this process, we knew we needed the top three managers from each ROC: The general managers who had overall responsibility for the center, the operations managers who managed the day-to-day processes and people in the loan processing areas, and the sales managers who managed both the inside and outside sales teams. One of the major changes that we expected as an outcome of this process was that all three ROCs would now operate using the same processes and players. We believed we needed to make this fundamental operating shift in order to ensure quality loans.

We also wanted to include senior risk and credit people and then departmental experts – sometimes these were managers, but often times they were employees who had demonstrated expertise and the willingness to offer suggested improvements. We wanted to create a core team of people who wouldn't be afraid to dissect every process and answer some tough questions that FTI threw our way.

As the person who chooses the players, you will want to make certain that you don't surround yourself with the people in your organization that will wait for the senior person to make decisions and then just follow. I believe in order for this process to provide the most value, you need people who will challenge each other so the best solutions can come forth.