

Listen to the Locals: Small Projects Can Lead to Big Changes

The ideas of local leaders who handle the day-to-day management of operations can be successfully applied by corporate leadership to the rest of the company.

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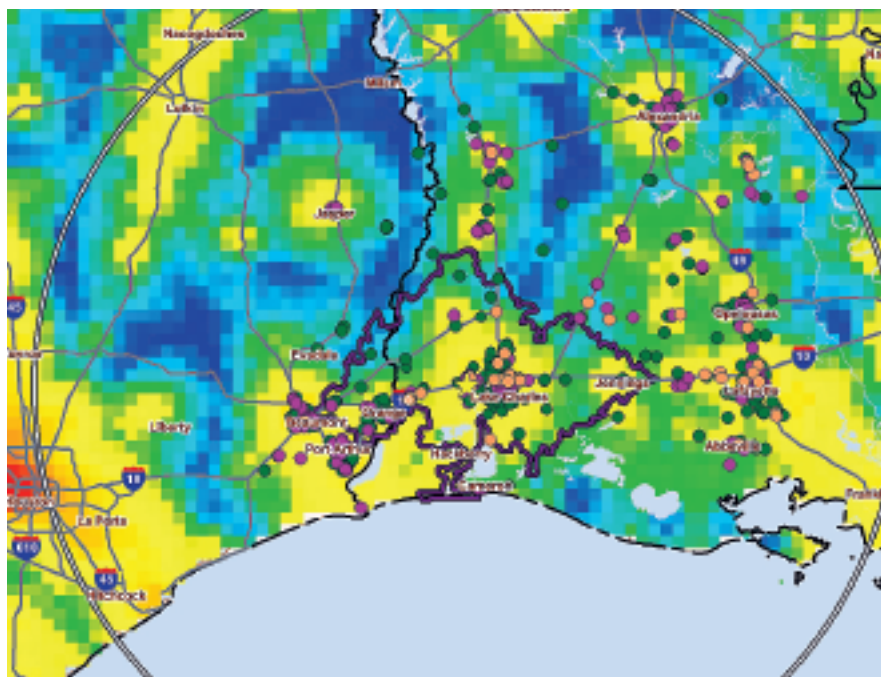
The corporate mothership isn't the sole source of good ideas. Local operators can bring major improvements to the rest of the company. This is especially true with location selection — national strategy can combine with on-the-ground sense of local markets. If leadership can avoid the “not-invented-here” syndrome, with care, these practices can spread.

Let's look at an example from our consulting practice: A local manager of a national manufacturing company was preparing to open a new parts depot. This store would sell spares, accessories, and maintenance materials for its product line. He asked a simple question: Based on the locations of my customers and competitors, where is the best spot in town to reach them? We conducted a straightforward study.

A Simple Request

First, we worked with a local commercial broker to identify three clusters with strong access and available buildings. Next we viewed each cluster through three lenses: residential density, population growth, and employment density. To this we added the company's contractor customers, the institutions that use their equipment, and their competitors.

Next, we plotted 10- and 20-minute drive time “amoebas” showing how many customers they could reach from each of several possible locations.



This also provided tabular data on demographics, number of customers and competitors for each location, and drive time. Together, these pointed to an area adjacent to an interstate.

Corporate Gets Involved

Things got interesting when the local managers showed the report to regional leaders who immediately requested a plot of active customers in the region. The regional leaders asked us to generate the same maps, zooming out to consider the larger sales territory that included our starting point.

The locals had done a nice job of identifying a facility, but the maps also raised the question, “What about those customers and all the other towns that also appear on this map? Are we sure the depot should even be in your city?” Our early conversation with the local leader had not mentioned that this facility would serve the region and neighboring states.

Regional leaders provided customer and competitor data from their national database. At this point, local knowledge kicked in. Though this was a national database, local leaders

REVISING THE PROCESS

Initial data request

- Start with the national organization, for customer, sales, facility and competitor data
- Perform a structured review with local leaders
- Prepare scrubbed regional data

High-level review

- Map at a regional level, without drive time calculations or proposed locations
- Organize a team conference call, with onscreen support — bringing together local and national decision-makers
- Select potential site locations

Targeted mini-studies

- Identify local proxy sites (based on real estate availability and local broker knowledge)
- Conduct micro-analyses of sites, using the master data set — using local drive times
- Conduct a macro-analysis of same location, using longer drive times

Final review

- Present analysis and location selection

did not use it consistently. In some cities, “customer” included everyone who had ever bought something. In others, the data included sales levels, and were scrubbed to remove inactive customers. Likewise, the industries they served varied by region — hospitals, casinos, and schools all had varying degrees of importance. Through a series of laborious interviews with local leaders, we standardized the data set to arrive at a targeted result.

From this, we generated maps targeting potential parts facilities locations in multiple locations in the region, essentially replicating the original exercise in each city. This showed geographic distribution that was relatively even across the territory, not focused in the target city. For customers who were not near a particular city, a 60-minute radius seemed more appropriate. Ultimately, the client selected a location well east of the original market, but reaching another major market as well.

Fine-Tune and Repeat

Then, it happened again. These regional leaders showed our report to their counterparts in other regions, who then decided to get on the bandwagon. At this Kaizen-driven (focused

on continuous improvement) organization, they paused to fine tune our approach to the question. They sought to reduce cost and repetition, while retaining the local involvement that makes the process work.

We were asked to utilize this revised process for five other regions. The result? A formal plan for evaluating and siting parts facilities in multiple regions.

This process happens everywhere in strong companies. Ideas arise from local leaders responsible for day-to-day management of operations, and continuous improvement processes apply them to the rest of the company.

For instance, a lean warehouse operations strategy — born in a local warehouse operations team — converted the Toyota production management system from its manufacturing focus and applied it to warehouse operations. Piloted in a Midwest facility, it used value stream mapping to find the best processes to tackle. After that proved successful in the Kaizen event, the locals continued to hold Kaizen events throughout the facility.

These process improvements succeeded in driving out waste, lowering cost, and improving the client service. The locals presented results to the management team of the industry ver-

tical. Applying a Kaizen process, the strategy was documented and rolled out to other sites in the vertical. Within a very short time, it became a major thrust of the entire organization and is still in place today, years later.

Lessons Learned

When a good idea shows up at the local level, how can we assure that it continues to make a difference?

- **Start with a good prototype** — Don't get involved too early, and allow the first attempt to run its course and prove its effectiveness.

- **Involve the right people** — Include local and regional leaders, and those affected by the strategy, especially cross-functional teams.

- **Get support and funding if required** — Management must commit to carrying the process forward.

- **Pause to think** — In taking a local process to a national application, break it into pieces and allow for input and redirection.

- **Communicate** — Use graphics, online collaboration, and process documentation to keep a multilevel, cross-functional project on the same page.

- **Project into process** — Invest in documentation, process improvement, and communication so that the same results can be replicated elsewhere. Start with “copy exactly” and consider improvements. ■

In 27 years in the real estate field, Noah Shales has advised international banks, utilities, manufacturing companies, railroads, universities, and state governments on corporate real estate strategy for a diverse client base. He has also taught at the graduate level and overseas, and has extensive background in real estate-related computer applications.

More than 35 years of experience have provided Tim Feemster with a variety of hands-on problem solving situations in logistics, distribution, and marketing. In addition to his work at Grubb & Ellis, Feemster was a senior manager in three manufacturing companies, a general manager, a consultant, and an executive in two third-party logistics providers. He created and leads the logistics specialty practice group at Grubb & Ellis.