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**TOP 10 STUPID
POLICIES**

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STUPID POLICIES



*Recognizing excellence
in the quest to treat
employees like morons
and customers like
thieves.*

BY SEAN T. RYAN AND
RICHARD W. TATE



Illustrations by Catherine Rose Crowther

Here are the 10 dumbest policies and work rules we have encountered in businesses during the past year. How do we define dumb? Believe us, the criteria will become evident.

10 NO I.D. ... NO STRAW!

All right, maybe you don't really have to show identification to get a straw in this restaurant, but it sure seemed that way. During a recent visit, we noticed that every time an adult asked for a straw, the waiter or waitress would run to the other side of the restaurant to get one from the kitchen. However, when children needed straws the servers would just pull some from their belts.

When we asked our waitress what was going on, she replied, "Oh, it's part of management's latest effort to cut costs. They think we just give out straws to everyone whether they'll use them or not. So they created this new rule that we aren't allowed to carry straws for adults. If an adult asks for one, then we're allowed to go get it."

"But what about the children's straws?" we asked.

"Well, the kids always want straws so we can carry those."

Inconvenient for the customer? Certainly. Demeaning for the wait staff? Absolutely. Dumb? We think so. In most restaurants, minimizing costs is critical to success, and the front-line staff does play a key role in controlling costs. But this procedure is obsessive. And it sends an unmistakable message to the wait staff: You can't be trusted to refrain from handing out straws to adults who don't ask for them.

Naturally, the best waiters and waitresses were carrying the adult straws around anyhow. They knew that cus-

tomers are the ones who leave the tips, so they didn't want to look incompetent. Guess what? Now, they really *can't* be trusted to follow management's rules.

9 WHEN YOU GOTTA GO, YOU GOTTA ... WAIT

In the most populated areas of a large manufacturing plant, rest rooms were scheduled for cleaning between 6:45 a.m. and 7:15 a.m., exactly when shifts were supposed to change. This caused employees to sprint to rest rooms farther away, so those rest rooms were always overcrowded. Asked why the facilities had to be cleaned at this particular time, the janitorial staff responded as follows: "That's when we clean them."

8 SMOKE-AND-MIRRORS MANAGEMENT

In any number of retail establishments over the last year we have noted a curious policy for staffing. The number of labor hours for a store in a given week or month is allocated based upon the sales-per-labor-hour ratio from the pre-

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vious week or month. The result is that labor hours (staffing) are reduced in lock-step with declining sales. The practice is surprisingly widespread. Indeed, it seems to have become an accepted fact that labor costs in the retail industry must be managed this way.

Are drops in sales revenue the result of too many labor hours? Is there any evidence that lowering labor hours has ever caused an increase in sales revenue? We only ask because when a problem is attacked with a solution that has no relevance to its cause, the problem usually gets worse. And in virtually every case we know in which organizations stick to the rule dogmatically, they eventually *do* make the situation worse.

In the short term, of course, reducing labor hours makes profit margins look consistent and stable. When they're not making budget, store managers restrict labor hours hoping they will make up for the previous week's negative variance. Smoke and mirrors on the financials? Sure. Sometimes they get lucky and it works. At least as often, though, they merely perpetuate the cycle, because when stores cut labor hours, customers have a worse experience than they might otherwise have had. So they are less likely to come back.

7 SERVICE? IT'S IN THE BAG

A colleague of ours had just made a \$125 purchase in a department store. While everything she bought could fit in a single bag, she asked a

salesperson to split her purchases into two bags to make the load easier to carry. The clerk politely informed her that he could not give her an extra bag. When she asked why, he replied, honestly: "I don't know. That's just the rule. I can't do it."

Why did this rule exist? We can only speculate. Maybe it was a cost issue. Admittedly, these were nice bags. They had little rope handles. They certainly cost the store something. Hard to see why the store bought the fancy little doodads in the first place, though, if it didn't think of them as a worthwhile marketing expense—that is, an investment in the customer's future business.

Or it may have been a security issue. Perhaps the store was reluctant to give out extra bags on the assumption that customers might do some quick shoplifting. The reasoning: Our customers are not just crooks, but dumb crooks who show up in the store without the means to smuggle stuff out.

6 WE SHALL SERVE NO BREAD BEFORE ITS TIME

While we were conducting a focus group with the staff of a restaurant, a heated argument broke out among the employees concerning when they were supposed to serve bread to the patrons. They had been saddled with a seven-page list of rules describing when bread was to be served to dinner guests under every conceivable circumstance.

The fact that this restaurant had the high turnover rate typical of the industry was almost irrelevant; not even long-time staffers could understand the bread-serving regulations, much less remember them.

The focus group participants never did reach any consensus about what the rules actually said. Later, we asked the restaurant's food and beverage director to tell us his interpretation of the policy. He read the first three paragraphs in the manual, closed the cover, and admitted he hadn't a clue what it said.

From this experience we formulated the Paradox of Really Stupid Rules: "The most stupid rules perpetuate the behavior they are trying to prevent." On the assumption that the wait staff wasn't smart enough or interested enough to figure out for themselves when the bread should be served, the company created a policy so complex that no one could figure it out. So the staff served bread whenever they felt like it, which is precisely what the rule was designed to avoid.

The customers, of course, never noticed—a pretty good sign that no rule was necessary in the first place.

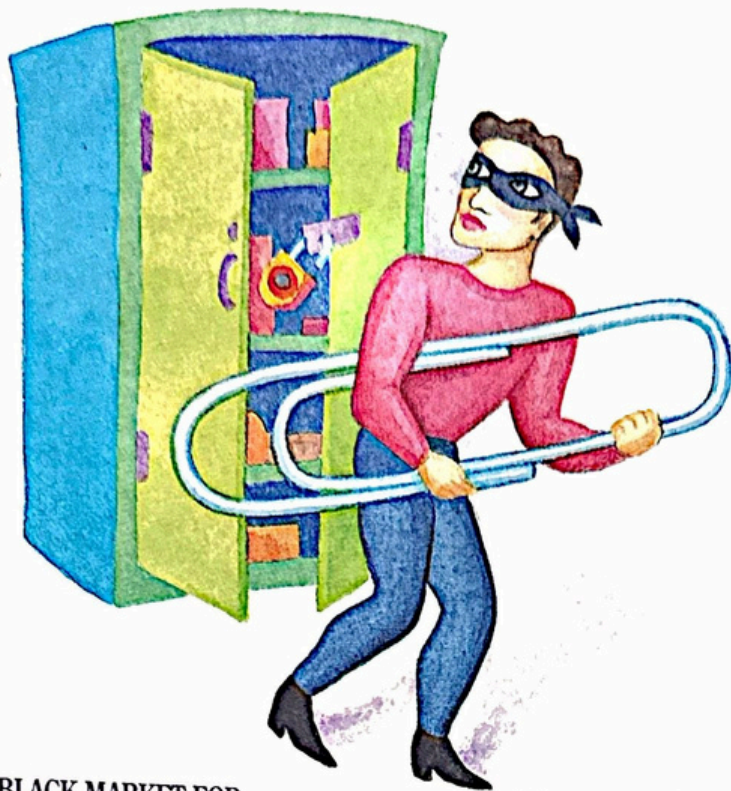
5 LETTUCE DO IT OUR WAY

A few months ago, we were in a fast-food restaurant that was advertising a new sandwich. It looked appealing. The only problem was that the beautiful, glossy pictures of the sandwich showed that it came with lettuce on it, and one of us doesn't like lettuce on sandwiches. It may be a weird sort of quirk, but customers are entitled to be weird.

We attempted to order the sandwich without lettuce. The person who took our order thought that was a reasonable request and entered it into the terminal. A few minutes later the manager came over and announced that she couldn't give us the sandwich without lettuce. Why not? She explained that they have to make all of their sandwiches ahead of time to be prepared for the lunch rush.

We looked around. Yes, it was just after noon, but the "rush" consisted of us and one other person. Given that there wasn't much of a rush, we asked if she could let somebody make one sandwich for us prior to the onslaught of customers she was expecting. "Can't be done," she said. Furthermore, she also would find it impossible to take the lettuce off a sandwich that had already been made. Finally, we worked out a compromise: We removed the lettuce from a sandwich ourselves right there on her counter, and somebody on her staff had to take the time to clean up the mess.





A BLACK MARKET FOR PAPER CLIPS?

Over the last year we've run into several organizations that require stationery supplies to be stored in a locked cabinet and made available to employees only at prescribed times. Employees needing supplies must fill out forms, have them signed by someone in authority, and show up when the stationery locker is open. Needless to say, the prescribed times rarely coincide with the times employees actually need the supplies to do their jobs. And, of course, if an employee happens to be dealing with customers or co-workers during "locker hours," either the employee or the customer is simply out of luck. Presumably, people should have managed their work schedules around the operating hours of the locker.

The goal is to control the cost and the inventory of office supplies. But the message to employees is, You are a crook and we don't trust you. The obvious question: Is employee theft or negligence regarding office supplies really a significant cause of cost overruns, especially in companies that have to trust these same employees with customers, computers, vehicles, machinery and money?

The Paradox of Really Stupid Rules applies here in spades. Every organization in which we've found this rule winds up with more inventory out. People take extra supplies when they have the opportunity to do so because they want to be able to do their jobs. They store the extra stuff in their desks or cars or at home—and some of it gets lost. In cases of extreme need, they buy what they require from a local office-supply store (at a greater cost to the com-

pany) and then get reimbursed through their expense accounts.

The crowning glory of this policy is that it doesn't even prevent theft. The 2 percent of employees who are going to rip off the corporate paper clips will find a way, lock or no lock.

KNOW YOUR PLACE, LOW LIFE

We ran into an executive secretary in one organization who couldn't get any business cards. She had a high-profile job with a great deal of responsibility. She was in hourly contact with senior-level business and government leaders who had dealings with her company. The company *wanted* these key customers and stakeholders to regard her as extremely credible. But she couldn't be issued any business cards because she was, well, a secretary. And in this place, secretaries didn't get business cards.

Show us a company where the resources available to people are defined entirely by their job titles rather than the requirements of individual jobs, and we'll show you a place where stupid rules will thrive.



JUNGLE RULES

At yet another restaurant a policy required the wait staff to adhere to the traditional serve-from-the-left, take-from-the-right style of service. This rule makes sense: It keeps the waiters from falling all over one another while serving the tables, and the guests quickly became conditioned to the serving process.

In this particular establishment, the policy made sense at every table except one. The restaurant had some decorative plants scattered throughout the dining area, and at one table a plant was placed just to the left side of one seat. To serve someone sitting in that chair in the required fashion, the server had to pass the plates through the branches and leaves of the plant.

We learned of this rule when we asked our waiter why he was trying to stuff our food through the foliage. We agreed that it sounded like a perfectly good rule, but wondered why an exception wasn't made in the case of this one table. So he explained the real reason the rule was followed so explicitly: "You're right. But last week the general manager of operations for the restaurant was in here. He saw one

of the other waiters serve the person sitting in that spot from the right. He came unglued. He ripped that server in front of the rest of the staff for not following the right procedure. So now, we follow the rule, no questions asked."

Ah, we reflected. Nothing like a little public humiliation to wipe out any rash attempts to exercise common sense.

THOU SHALT NOT SPILL!

Employees in the construction department of a utility company were prohibited from carrying full or even partially full coffee cups from their office area across the construction yard to their trucks. This was to prevent the crews (who were trusted daily to work with high-voltage electricity) from spilling coffee on themselves while they walked.

So every morning they dutifully emptied their coffee cups outside the office, then strolled across the yard to their vehicles. And as they drove out of the parking lot, almost to a person, they opened thermoses of scalding hot coffee and poured it into cups balanced between their legs, while their trucks lurched all over the road.

EPILOGUE

Organizations love to pass out pamphlets and hang up signs that say things like, "Our employees are our greatest asset," or "Customers are the key to our success." But sometimes, one look at the policies in effect is enough to tell you that management really operates under some very different beliefs:

- Our customers can't be trusted.
- Our employees can't be trusted.
- Our employees aren't very smart.
- Our employees can't function without being told exactly what to do, when to do it and how.
- If it's convenient for us, our customers and our employees both will just have to live with it.

Maybe business leaders believe that as long as they don't print *those* slogans on banners and hang them on the walls, nobody will notice. But neither the employees nor the customers are as dumb as they think. [7]

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