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Zingerman's Guide to Good Huddling Helpful Hints and Other Interesting Insights That are Guaranteed to Improve Results and Reduce Stress

NEWLY REVISED DRAFT

June 22, 2003

1) Mo People Mo Betta

There's no doubt about—effective, high involvement huddling can do more to improve our work than any single hour of your week. The more people we can engage and get into running the business (which is a lot what we're doing at an effective huddle), the more effective the business will run. Having high participation is in line with our guiding principles because we're actively sharing information and involving as many ZingerNauts as possible in creative and effective solutions and strategies to attain greater success.

We do understand that not everyone is going to be at every huddle—that's OK! We want to get a good number of folks to attend as often as possible but the nature of life in general and our business in particular is that someone will likely be "on the line" or out of town when the huddle happens. It's more important that the huddle happen on time every week than it is to wait until you can find a way to get "perfect attendance" because that day probably won't ever come. The reality is that when huddling is happening effectively, and the work is being done and people are into the "game" staff will want to be there because the huddles are where the action is, where our scores are reported and where the team comes together.

2) Build the huddles into existing meetings

We're not looking to create more meeting time, but rather to improve the effectiveness of those we already have. A good huddle is "THE meeting"—the place where people find out how we're doing, where the big decisions are made, where action steps are agreed upon and then followed up on. Because they should lead to improved performance results and enhanced communications, effective huddling actually should allow you to eliminate some meetings!

3) DORs are #1

Remember, as of today, the DOR, not the P&L is the #1 measuring tool for the business and department. An effective DOR shows you on a single page how your team is performing on all three bottom lines. And it gives you a quick glimpse (i.e., forecast) of where it thinks it's headed in the coming weeks.

4) Lines Up

Make sure to clear ownership of each line of the DOR for the huddling. Keep a posted copy of who's responsible for what line items next to your DOR whiteboard

That person is responsible for making sure that:

- a) The numbers/results are reported on the DOR whiteboard before the meeting
- b) The numbers are forecasted going forward
- c) There's a plan to beat plan

- That person owns all of the above, regardless of position, seniority, etc.

- Terms of "ownership" should be either six or twelve months to correspond with the fiscal year.

- New folks joining your team need to be oriented to the huddling process. They can be given a line to report on as soon as you think they're ready—remember though they need to be trained on how to handle their responsibility as per our training compact.

5) It's gotta tie out

The numbers on the DOR need to feed and correlate with other numbers we report elsewhere. For example:

- Business wide DORs need to flow from department DORs
- ZCoB wide DOR needs to flow from business DORs

Also the numbers on one line of the DOR need to tie out with other numbers on the DOR. For example, if we change our forecast for collecting accounts receivable from bringing in \$2000 to bringing in \$4000 then (all else being equal) there should be a corresponding increase in our cash-on-hand forecast to add the soon-to-be-collected \$2000 to that forecasted number.

6) Follow the 80/20 rule

The huddles are most effective if about 80% of the time spent is looking forward to forecast and plan action steps to get on course, and about 20% of the time doing reporting of what's already happened.

7) You Gotta Have Huddle Monkeys

Because so much of the focus is on forecasting and going forward there will always be action steps that come out of the huddle, hence, "huddle monkeys." Notes on the huddle monkeys and the DOR must be distributed to all involved in the operation in order to share information and help everyone get more involved and gain greater group success.

8) We Gotta Work on White Boards

We've learned the hard way that trying to do a huddle off paper versions of Excel spread sheets just doesn't work. (Imagine handing out the score at a football game on paper spread sheets instead of having it up on the scoreboard!). To make the huddling process work, Step #2 of great finance, means that we need to keep score on BIG WHITE BOARDS that hang on the wall where everyone can see them.

9) The Numbers Need To Be Up Before The Huddle Starts

This seemingly small thing can make a huge difference in the effectiveness (or lack thereof) of a huddle. Please have your numbers posted before the huddle begins. It's imperative that when the huddle comes to order everyone's past results and forecasts are already written up on the board. This is an area that I highly recommend using creative consequences because if one person's numbers aren't up the efficiency and effectiveness of the huddle is radically reduced. (When you do huddling well, you'll start to see small groups of people going over numbers to prepare before the huddle—that's a good sign!)

10) You Gotta Huddle Regularly

It's imperative to this process that your huddles happen regularly—the same time and the same place every week. We've seen too many people wait for months trying to figure out the "perfect" time or place to have them and in the process never start actually huddling. To paraphrase from "Field of Dreams," "If you build a great huddle, they will come." One of our great successes at Mail Order last year was that we stuck to our huddle schedule even during the crazy busy weeks before Christmas. In truth, know that the most important times to be huddling are actually the times when you're the busiest and seemingly have the least time to huddle. Why? Because that's when people in the organization need information, when changes in forecasts can have huge impact on people's plans and work, and where effective coordination can help us avoid countless problems and pitfalls while increasing efficiency, reducing stress and enhancing the quality of everyone's work life. Irregular, inconsistent huddles are pretty much guaranteed to get you irregular, inconsistent results.

11) New Staff Need to Be Welcomed

Remember that any time a new staff person joins your team they need a careful and considered orientation to your huddle—in other words they need to understand that although they're new they—like everyone here—are responsible for effectively running the business. They need to learn the 3 Steps to Great Finance, specifically as they apply to your work. And they need to learn the logistics of your huddle—when, where, how, who, etc.—so that they can effectively participate.

If anyone is at the huddle that isn't familiar with everyone else in the group (could be an outside visitor or someone from another part of the ZCoB) it's very important to make sure that there's a quick round of introductions.

Note: If you're having trouble getting group engagement it's highly recommended that you start off with a quick round of check-ins. As Stas' says, "people aren't in the room 'til their voice has been heard."

Getting A Good Huddle Going

a) Start with a Vision of Success

Like any start up you need an inspiring and strategically sound vision of success. Our vision of a great huddle is below. Feel free to add to it to make it more relevant to your area's activity.

b) Understand That It Takes Time

From the time you first begin huddling you can count on about two to three months of seemingly painful and slow starting huddles. Some of the likely obstacles you'll have to overcome include:

- People don't understand what the numbers mean
- You'll quickly find out that different team members have been working with different definitions for the same terms (this will quickly help clarify why you haven't been getting the results you've been looking for—imagine how ineffective you'd be if everyone on the team has a different idea of what it means to run an off-tackle play)
- People will complain about having to come to another stupid meeting.
- Then they'll often act out (by not being prepared, not participating, etc) to prove how stupid the huddle is.

c) Be Prepared to Teach

It's imperative (especially in the early stages) that there be a huge amount of teaching going on. Effective leadership in the huddle depends a great deal on those at the top being able to teach people the tools that they need to run the business—remember that Step #1 of Great Finance at Zingerman's is about knowing and teaching the rules of ZCoB finance. I can't stress this enough because realistically, very few front line folks in our (or any) organization know the rules of finance—they don't understand the difference between sales and bookings, they don't understand what profit is, they don't know how they can impact financial performance. By actively teaching the Rules we give people the tools they need to succeed. (To get ready to really run an effective huddle I highly recommend (re-)taking as many of our ZcoB-finance classes as possible.)

d) Don't Give Up

To make it work you, the leaders, have to really stick to it and don't let up no matter how much everyone around you may try to opt out. Be patient – when you start to get frustrated that things aren't gelling as quickly as you'd like don't give up. Just go back to the basics above and make sure doing them well.

e) Get Help

There are many resources available to assist you and your crew in getting going.

- Ari and Ron
- Partners and managers in businesses and departments that are already running good huddles.
- Visiting other people's huddles to see what they're doing
- The Great Game of Business by Jack Stack
- We have a network of other businesses around the country that practice open book management like this. Most are happy to serve as sounding boards or to share experiences.

What's the Vision of an Effective ZCoB Huddle?

SCENE: You walk into a room in the ZCoB. Early July 2004. There are 12 people in the room. 9 front line staff, of whom two have started only recently. One assistant manager, a manager and a managing partner. Three other staff people aren't there but called ahead to say that they were bummed to miss the huddle but just

couldn't make it today due to other commitments—they'll be there next week though. Some people are sitting on the floor, some are lying on the floor doing yoga poses, and some are sitting. One is pacing anxiously. Another is punching keys on a calculator, obviously trying to figure something out.

On the wall is a white board on which has been drawn a grid in black marker. It has columns for each week of the fiscal month, for annual plan totals for the month, and also for forecast for the month.

The first three weeks of the month have been filled in—various people (not the managing partner) have reported their numbers and someone (not the managing partner) is calculating the totals.

As soon as the totals are calculated everyone in the room with the possible exception of the new arrivals can see that they're likely to fall short on sales if current trends continue. The compelling reason for change is clear—they aren't going to hit their goals. The vision is also fairly clear, if not fully agreed upon just yet—they are going to beat those totals if at all possible. They immediately begin to discuss actions steps they can take in order to beat the targets. Someone calls for a three-minute consultative brainstorm to get some ideas for her area's sales building. The group complies.

The managing partner reminds the group they have only fifteen more minutes to go and asks to list up action steps. They do. The meeting ends w/a recap of coming actions and then appreciations.

After the meeting is over most of the people in the room head out into the business. They begin to informally share the results and the action plans with their peers to bring them up to speed. The action plan steps are written on the white board where they can be reviewed at next week's meeting.

CUT TO THE END OF THE QUARTER:

- We've successfully hit our targets
- Bonuses are getting paid out
- There's money in the bank
- Cash flow looks good
- Capital expenditures can be made when needed

ADDENDUM:

Zingerman's 3 Steps to Great Finance

#1 - Know and Teach the Rules

#2 - Keep Score

#3 - Share the Success

LONG TERM, HOW WILL WE KNOW IT'S HAPPENING

- 1) Bottom line goals are attained! Effective huddling is effective management in the ZCoB—by involving others, by forecasting well, by teaching our rules of finance, by holding ourselves accountable for our commitments, by assimilating new folks more quickly into the ZCoB . . . we're better able to get the results that we've targeted. (The alternative is managers working harder and harder and harder and getting less and less results and staff being more and more frustrated . . . I've done it that way and, for me at least, it got old.)
- 2) You walk up to any front line person in the ZCoB by the end of 2004 and ask them how their department did the previous week they'll be able to give you real data and know what it means.
- 3) When you ask managers what their businesses' current ratio is they'll, a) know how to calculate it, and b) know what it is right now, and c) know what the year end target is
- 4) Our 3 steps to great finance are taught, lived and known by all the leadership folks in our organization.
- 5) We're doing consulting, writing and teaching on how to make these financial systems work.

WHAT'S OUR ROLE AS LEADERS?

- 1) Consistent messages. Make sure that the classes in our financial training curriculum are consistent with the rest of our work in this area. Maggie, this is one of your specialties—what do you think?
- 2) Clear terminology. Make sure our classes have clearly defined terminology and that everyone in the ZCoB uses those same terms so we have common language. We may already have it—I'm not sure. But we should have written definitions that we can use as training materials.
- 3) Get the huddling process going, shifting the focus to forecasting and doing only a minimal amount of historical reporting. It's clearer to me now that not everyone at SRC actually goes to the huddle. However, all the info from the huddle—for us basically, the DOR plus a few keynotes—is distributed to everyone ASAP after the huddle and posted as well. I really like the emphasis they put on using the forecasting to minimize surprises.
- 4) Make sure when we do that that we don't lose key measures for food and service.
- 5) Get line item accountability to happen so that more people than partners and accountants are involved in this. Emphasis on how each person "really can make a difference."

