



## Throughput Consulting, Inc. Article – for Publication

### Efficiency vs. Effectiveness

At the risk of appearing to be a wordsmith or a hair splitter, I'd like to suggest that "Efficient" and "Effective" are distinctly different assessments of an effort. But because the two can easily be confused, let's do a little wordsmithing and split a few hairs.

If a football team scores from forty yards out on a double reverse, nobody cares that the ball carriers involved covered more than sixty yards because they scored. They were effective, if not too efficient.

In the opposite vein, if a heat treater accumulates direct hardening orders so that he can run a full furnace load, his customers could care less that he was efficient because he was not effective in turning around their work. This would be akin to an airline announcing that the flight will leave only when all the seats are sold.

The simple truth is that we are judged on our effectiveness day in and day out, but in the long haul, we must become increasingly efficient or the bottom line will suffer.

"OK, this is all rather obvious. So what, then, is the problem?" you say. Well, the problem is that we get so focused on being effective – pushing the hot orders and putting out the fires – that we defer and neglect doing those things that make us more efficient. An even more insidious problem is this: many of the things that need to be done to improve efficiencies are difficult, if not downright impossible, to justify financially. So we have a "good" reason to do nothing!

Here are a couple of measures that should prove useful in assessing your opportunity here. First, do you find yourself expediting work – perhaps with special furnace runs – because a promise was missed? So you pull out all the stops and get the order shipped, and the pain goes away. But does the problem go away? Has the reason the orders missed been identified and corrected? In the most general terms, the reason nearly always relates to order visibility and communications. You need to ask, "Do I need to make improvements in how we administrate our business?"

Second, how do you and your staff typically spend time? Are they focused on the work flow? Combining orders? Adjusting schedules to meet promises? Looking for operations where the work is backing up and getting extra attention to that area?

Or, are they taking phone calls from customers? Walking the shop looking for orders, making a list and checking it twice? Taking care of a request to re-fax a lost certification? Calling your driver? "Dave, can



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you for back to ABS Tool. They forgot to give you an order.” I would suggest that if your managers and supervisors are not doing enough of the former, it is because they are doing too much of the latter.

You see, like water, efficiency seeks it’s “own level” – we are either being proactive to increase our efficiency along with our effectiveness and market share, or we may very well be efficiently going out of business.

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