

Teaching Staff the Cost of Mistakes

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When I started out in an office job, I had the responsibility to input customer information to be processed by a computer. My number of processed transactions was quite high. However, my error rate was also high. One day my supervisor showed me how every error had to be manually retyped. In those days it created quite a bit of additional work for colleagues. Seeing the reality of the extra work and the consequences of my mistakes made a lasting impression. I began to focus more effectively and slowed down my speed to eliminate errors.

Later, when I was managing staff and they made a billing error, I would share the error cost with the staff. Interest rates were 9%, so a mistake on a \$5000 invoice could cost the company over \$700. In addition, it would take 60 days for the money to arrive. The graphic example made an impact.

I worked with a client whose business made custom windows. I learned they have over a hundred thousand dollars of mistakes as a result of poor measuring. I advised the owner to take the three individuals who measure and privately show them how much their errors cost the business. I counseled the owner to make it clear to the staff that every time a window was mis-measured, or the customer was dissatisfied because of late delivery; the company lost money. Over time two individuals reduced their error rate significantly. The third individual was ultimately let go.

When staff understands the problem and improves their performance, we need to give positive reinforcement. Staff needs to know that management recognizes their improvement. Besides, we all like a “well done” when it is warranted.

The Lord spoke of a vineyard and said, “I water it every moment.” (Isaiah 27:3, NASB). As business leaders, we need to “water” staff on a regular basis. Part of that watering includes making sure each person understands the cost of their mistakes, both in terms of what it means to the customer and how it results in financial loss to the business.

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