OPPORTUNITY KNOCKS – *twice!*

Martin Rombout is cleaning up in his franchise business


PHOTOGRAPHY: EXCHANGE MAGAZINE

BY BETH WILSON

Everyone loves a feel-good story, especially when it involves someone who takes a risk and comes out a winner. That's exactly what Martin Rombout did. After working for Bell Canada for twenty years, he took a buy-out and launched a whole new career. Since then, Rombout has become a very successful franchise owner.

Born in Holland, Rombout and his family came to Canada when he was six years old. The youngest of eight children, he recalls living in eleven homes in just fifteen years, finally settling in the Brantford area on a tobacco farm. Summers were anything but idyllic. Days were spent working the fields, often alongside other immigrants or town folk who used their vacation time from Massey Ferguson to earn extra cash. While many boys his age spent summers lazing on the beach in Port Dover, Rombout endured long hours of backbreaking physical labor. The experience helped to develop a strong work ethic that, later, would be instrumental in his success.

In high school, Rombout was not a star student, nor did he excel as an athlete. The expectation was that when he got off the school bus, he and his older brother, the only remaining Rombout children still in school, changed clothes and headed straight to the fields. There, they spent a couple of hours working, and then it was into the house for dinner and homework. With a crop sometimes as large as fifty to sixty acres, Rombout recalls that it was hard work, but he also says, it was fun.

Opportunity knocks

After high school, Rombout planned to become an architect but with 6,000 applicants and room for only 600 students, he decided to take a year off. By that time his father had gotten out of tobacco farming so he went to work for his brother-in-law. Then, one day a small ad in the Help Wanted section caught his eye. "Opportunity knocks," it read. That ad led Rombout down a completely different path; in 1975 he began to work for Bell Canada. Happy to do "anything that keeps me busy," he started out burying cable across the countryside. "I had lots of freedom and it gave insight to corporate culture. One day my boss came to see me at about 10 in the morning. I told him, 'This is my last order. I'll be done in about an hour. What else have you got for me?' He said, 'Nothing, so just lay low for the rest of the day.' Well, that just never happened on the farm. 'Okay,' I said. 'But how do I do that?' It was definitely an adjustment."

On his first day with the line crew he was working as a "go-fer" when a lineman asked him to fetch a bolt. Eagerly, he turned and started to run to the truck. The lineman yelled out to stop him: "Hey, we don't run here!" Rombout explains that if he was back on the farm, his father would have been yelling, "Hey, can't you go any faster?"

Rombout spent the next ten years in the construction department and got to know the area quite well. He spent time in the engineering department and then managed the sales office. Back then, there wasn't any competition and Rombout admits, "We really didn't sell anything. We just took orders."

Toward the end of his career at Bell Canada, Rombout transferred to Etobicoke and did "the daily commute." At that time Rombout's children were about 2 and 4 years of age, and he says, "They kind of wondered who that lump on the couch was." It didn't take long for the work to become just as monotonous as the drive. Although the company was using cutting-edge technology, the design process had become so simplified that he no longer felt challenged.


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Opportunity knocks - again

It's 1995. Steve Stavro buys Maple Leaf Gardens from Harold Ballard's estate. Direct-to-home satellite television is made legal in Canada. Mike Harris' PCs win a majority, defeating Bob Rae's NDPs in the Ontario election. The toonie is introduced. And in March of that year, Bell Canada announces major job cuts.

At the same time, Rombout saw another newspaper ad. It led him to John Simpson and Joe Imbrogno, founders of what is now called JDI Cleaning Inc., a commercial cleaning company that focuses mainly on small to medium-sized businesses. "We're a powerful force after dark! We provide high quality cleaning services that are tailored to our customer's needs. We do customized carpet care programs, stripping, sealing and waxing of floors, window cleaning as well as specialty services," says Imbrogno.

At that time Simpson and Imbrogno were looking for someone to oversee an established territory with three franchises in the Waterloo-Wellington area. They met Rombout and liked him so much that when they learned he was from Brantford, they figured that he might as well have that area, too. It was an offer that Rombout couldn't refuse. He accepted the buy-out from Bell and never looked back.

It was a smart move. Franchising is a multi-billion dollar industry in Canada. A recent report suggests that 48 cents of every retail dollar is spent in a franchised outlet. And it's not just restaurant and retail chains. It's many other specialty sectors, including home inspection, accounting, spa or fast food delivery services. Back in 1995, commercial cleaning was a franchise market that had virtually never been tapped.

"The first few years were lean," admits Rombout. "When I started doing sales I just put a list together of about 4,000 business names from manufacturers and then started cold calling, but at JDI we approach it a little differently. Here, before we approach any business, we ask permission. So cold calling included a brief introduction and 'Would you be interested in some more information?' I would send out 20 to 40 packages each week and then call back the next week."

In the early days, the success rate was about 50 to 1. Today, it's 30 to 1. People are resistant to change and don't really want to think about the cleaners until they're unhappy. "Our primary role is to see the problem and address it before the customer. A customer brings in a service like ours so they don't have to deal with it. We're very much behind the scenes," says Rombout.

JDI services everything from the professional offices of doctors, dentists and lawyers and insurance companies to multi-site manufacturing facilities and warehouses. Rombout has also been successful at redefining the business: "We've become the guys you call when you have a job that no one else wants or is capable of doing." A portion of the business now includes cleaning up the grease and grime from industrial and food processing plants. They're also the ones to call to clear away all the debris once the construction crew has moved on. "It's not easy to find someone who will do that kind of work," he says, adding that his nearest competition comes from Toronto.

What is the attraction?

It's clear that Rombout doesn't think like franchise owners who measure success by growth – particularly quick growth. It's not just about the numbers,

Martin Rombout with Tracy Morency, Regional Assistant, "Our primary role is to see the problem and address it before the customer."

he believes, because that kind of mentality can lead to signing on the wrong people. When franchisers sign franchisees who don't fit or who don't possess the qualities needed to be successful, they reduce the overall success of the system. Then extra resources are needed to help the franchisee survive or to simply get them to comply with the franchise agreement. In addition, the franchiser inevitably has to deal with a high rate of turnover. More energy and resources are spent on problem solving and conflict resolution, diverting them away from initiatives aimed at achieving growth and greater profitability.

To Rombout, success is measured by the success of others. He is adamant about selecting and nurturing what the sees as his most important asset – his franchisees. Whether they have been in business before or not, people are attracted to the support and training JDI offers its franchisees. A one-week training session at head office "teaches everything from how to dust a desk to marketing your business."

Dale Meinzinger, a recent grad from JDI's training session, previously owned his own cleaning business. He says he is quite happy that he's no longer a "Mom and Pop operation".

"When you join JDI, you now have the support of the whole team of franchisees as well as head office. If I need to lean on someone for support, I can. When you're by yourself, you don't have anyone else." Not only is Meinzinger a franchise owner, but he has a full-time job and a young family. Finding a balance is difficult: "Right now there is no balance but eventually there will be. The goal is to be one of the top five franchisees, be self-employed and secure. I took this direction to be in control of my future. I love it."

John LeGault originally owned a Dempster's franchise. He confesses that he never really was a morning person and when he got tired of getting up at 3 a.m. he sold his bread business, moved into the cleaning business and became a night owl. Now, after eleven years with JDI, LeGault says he's quite happy. Partnering with his wife, Vi, he admits they weren't looking to grow the business. "It's just something to keep us comfortable in retirement." People choose JDI because "we keep in touch with our customers, call them up to see how everything looks. This is what you've got to do. You've got to follow up. It keeps them happy."

He chuckled when asked about loyalty: "We've had some places, well, they moved. They got different prices and we lost them... for what? Six months? But they came back. They came back." Ultimately, clients want to protect their real estate investment so they see value in the service that JDI provides, he says.

What's next?

Today, Rombout is the Regional Director of 15 franchises. Some are just starting out in their own business. Some have been with JDI since the beginning. And some are building their businesses and have eight to 10 full-time employees. JDI has implemented sales awards for their franchisees.

"You can get as big or small as you want really. It depends on the owner, their management skills, how their motivation is and how they view their business. Do they want to work hard and make a lot of money or is it just a hobby?" 2001 was JDI's first million-dollar year. At time of writing, they're aiming for $2 million by year-end. Rombout says they are well on their way. "From there we'll shoot upward."

Currency in the Board Room

Why "trust" is the essential asset among board members

BY JIM BROWN

"What makes him think he even understands that part of this business? ... Is she saying that because she believes it or because she thinks Jack expects her to agree? ... The last time he was this sure about his "statistics", he was dead wrong; why expect it to be different this time? ... I don't know whether to challenge that or bite my lip?"

Thoughts like these are not uncommon for people working around a board table. And given the havoc at Hewlett-Packard, apparently some board members even wonder who around the table is the snitch! The problem is, these thoughts betray a deficit of trust. And that comes at a higher cost than we imagine. One of the seven disciplines of governance excellence, explained in my recent book, "The Imperfect Board Member," is to "connect" for healthy board relations. Trust is both an input for, and a product of, board members connecting positively. But building trust seems to be a mystery to many people; they think you either have trust or you don't.

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Stephen M. R. Covey has just published a superb book called "The Speed of Trust". Son of the celebrated author by the same name, Covey is no stranger to the corporate world. With penetrating insight and practical applications, he lifts trust out of the "soft," intangible zone and shows it to be a concrete commodity that undergirds every exchange we make in our lives – business and beyond.

In an argument apropos for board leaders, Covey illustrates the cost of mistrust with the example of Sarbanes-Oxley legislation. Horrified by the abuses at Enron, WorldCom, and other scandalous companies, the public and government lost their trust in corporate America. The imposed regulations now slow business operations and increase costs. A recent study cited in the book estimates the expense of implementing just one section of the Sarbanes-Oxley Act at $35 billion.

The good news – surprising to some people – is that trust can be created, restored, and increased. Covey presents thirteen behaviours that can enhance trust in every relationship. We'll look at three, though all of them are applicable to board members.

To talk straight is to tell the truth and leave the right impression. Imagine that management just made a presentation about a new acquisition. Francis, a relatively new board member, is worried that the motive to buy the company may be tainted by the CEO's prolonged competition with the

The good news is that trust can be created, restored, and increased.

target company's chief executive. Francis is tempted to beat around the bush, to ask if the CEO has run all the numbers, to butter up the CEO with "I know you have the skills to lead a company twice our size."

But what Francis needs to do – and what will best serve everyone on the board, including the CEO – is to talk straight. "I'm wondering if your years of scrapping with Angelo could be making this take-over attractive for some of the wrong reasons. What have you done that can assure yourself and the rest of us that this is entirely professional, and not personal?" When we say what we really think, tactfully, and expect that the response will be genuine, we create an atmosphere that engenders trust.

Another behaviour that enhances trust is to create transparency. No hidden agendas. No diverting attention away from the truth. No pretending. If a committee of the board has been tasked with researching options for a matter, it relays all of its findings (rather than filtering to "prove" its preferred option is best). Management communicates the good and the bad, resisting the temptation to "put make-up on the pig." Transparency shines light on the issues, and the more light we shine on our path, the faster we can travel.

The need to confront reality is ever increasing for boards, and this behaviour builds trust and boldness around board tables. Too often, there are meetings in the parking lot after the official meeting took place because issues or perspectives that ought to be considered were avoided. In a brief interlude during a recent meeting with an entirely new slate of directors brought in for awkward reasons, the CEO turned and spoke to me quietly. "They still haven't talked about the elephant in the room. Somebody needs to bring up the question of whether I should stay in my role."

I was thrilled with the willingness of this CEO to face the matter head on, and I raised it on his behalf. The board members were taken aback for a moment, but soon engaged in meaningful discussion on what surely was the most uncomfortable topic of the meeting. And it was obvious that the CEO's courage to respond to their questions in a calm, informative, and open manner enhanced every director's trust in him.

Trust is the glue that holds boards together. I call it the currency of the boardroom. If you're seriously interested in improving your board's effectiveness through healthy board relations, you will benefit by learning and applying the wisdom of Stephen M. R. Covey in his book, "The Speed of Trust: The one thing that changes everything."

Look for Jim Brown's book, The Imperfect Board Member, published by Jossey-Bass.

Crisis Prevention Management

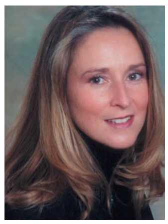
Practical suggestions for preventing and fighting corporate fires

BY LINDA GREGORIO

Last issue, I wrote about "Corporate fire fighting," and asked why organizations spend so much time putting out fires. Now, let's consider practical suggestions for preventing and managing crises.

Crisis Prevention

Focusing on "Crisis Prevention" (aimed at minimizing issues which could otherwise be left to spark and later burn uncontrollably) versus relying on "Crisis Management", (which tends to be reactive and ineffective, especially if left to inexperienced and untrained 'fire-fighters') may be a better place to place our energy and resources, but both will always be needed.



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Crisis prevention should minimize the number of fires, and lessen the intensity of any that occur. What kinds of preventions do you have in place? Here are questions to get you thinking about 'prevention' compared to 'management':

Precautions – Eliminate the conditions for sparks to occur. What kinds of meetings/communication methods does your business have to table issues and clarify them early in the game? Do you know your teams well enough to ensure that their make-up won't cause undue friction and sparking? Are there contentious issues you are aware of going into an initiative that should be removed and identified as a 'crisis' matter from the get-go, and should you consider tasking it to someone experienced and capable of managing such?

Preventions – Should a spark occur, despite your precautions, how do you prevent it from becoming a full fire? What kinds of escalation processes or checks and balances do you have in place with your team so they are comfortable coming to you early in the cycle should they see sparks occurring? How do you hold your employees accountable to their own tasks, while ensuring they are vested enough in overall tasks so as not to have them fuel fires in departments outside of their own? Have you taught your employees what they should do/say or to whom they should go to for help if they see a small fire start up – are they are comfortable to deal with it should one break out?

Detection – Are your detectors equipped and current? The "detectors" should be your senior managers – are they functioning well enough to detect the sparks and the fuel that can create chaos in your business? How are your managers trained to recharge so they can be well rested and better prepared to recognize the subtle signs of pending fires? Have you equipped your managers with the right tools, thought processes, proper positioning, or face time with their staff, so they can detect potential fires? Have you trained them to differentiate between fire and smoke?

Know your people and how they will react.

Crisis Management

Crisis management is about staying level headed and focused to make good, timely decisions that are in sync with a) the situation; b) the elements that can affect the situation, and c) the decisions of others involved, so as to extinguish the flames once and for all.

Here's a Stop, Regroup, Collect, Decide and Execute method for crisis management:

Stop – That means both you and your team – don't let team members run around frantically without any direction; get them calm.

Regroup – Know your people and how they will react. Reign everyone in using a way that works for them; align your resources correctly; manage your team well so they don't add fuel to the fire; don't give the worriers time to worry themselves to death; don't give the thinkers time to think about all that might happen; give the helpers something to help with; give the doers something to do as soon as you can, but make it first about regrouping, not about fighting the fire.

Collect – Ensure you know all you can about the problem; include input from as many sources as you can; identify what you know, and create a list of what you know you don't know.

Decide – Take everything into account, but don't get stuck. At minimum, decide on severity – how bad is the situation – assess it accurately, keep level headed and focused; decide on system – how will you address the problem, with which people, methods, resources; decide on safety – how will you assess the safety and sanity of your people, and build in a way to get them out if it becomes too much for any of them

Execute – Only when you are ready and when your team is being deployed in a methodical, calm and rational manner should you approach the fire.

I work with individuals who are making significant contributions to their organizations, who are committed to continued personal and professional development and high performance results. One common trait is that despite the amount of time they put in fire fighting, they remain committed to their primary functions and they work long and hard to get them both done. But no matter how committed these employees are, there comes a time when they will lack the endurance necessary to fire-fight continually. They may become discouraged if they are constantly fighting the same blaze with no end in sight, or they may lose sight of their real job or of the real value they bring to the organization. They're left feeling disenchanted, tired and questioning executive decisions and situations that fuel the very fires they are diligently trying extinguish. Effective crisis prevention and crisis management are key to keeping these performers engaged, enthusiastic and contributing without being overburdened and over-extended.

Is Quality Free?

Have we reached the limit of practical improvement?

BY DOUG CATER

From a manufacturing perspective, plenty has changed since 1979, when Philip Crosby wrote the book "Quality is Free." We've lived through, and in some cases implemented, TQM, Just in Time, Lean Manufacturing and Six Sigma. One could argue that we should have increased quality dramatically since then.

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In fact, many of the products and services we buy today are better, but how much better relative to our increasing expectations? One argument against continuous improvement back in the 80s was that the "Law of Diminishing Returns" says there is a limit to what should be spent on quality. "Eventually our improvements will cost more than they save." So, have we reached those limits – is quality still free?

The demands of the most successful businesses over the past 30 years have increased significantly.

The demands of the most successful businesses over the past 30 years have increased significantly. Many of today's companies have been successful because they have made major changes and improvements in their own businesses. Many of these companies are also suppliers to very demanding companies. Together they set very high expectations for the entire supply chain. They know from experience that quality can be improved, and they know it is free, so they do not expect to pay more for higher quality products – they probably expect to pay less!

To illustrate, I present the following fictitious pump company, Pumps-r-Us:

The company has been a leading supplier to the pool and spa market for many years. It has however been coming under continued pressure for shorter delivery cycles and lower prices. At the same time, the past few years have seen increasing rework and warranty costs; and rising in-process and finished goods inventory levels.

Strangely, Pumps-r-Us' managers remain supportive of the conventional "early buy" program that has been prevalent in the industry for years. And despite push-back from their customers, they continue to forecast and build product for up to 50% of their annual sales during the winter months, in anticipation of the summer peak.

The company seems unable to make the link between their current practices and their ever-rising quality costs. Also, they are so focused on building inventory they cannot see how this impairs their ability to meet customer expectations for shorter lead times and lower costs. Here's how it often plays out:

The organization is price conscious throughout. Purchasing buys large quantities of raw materials and components to get the next price break. Because every year there are one or two major quality problems, they like to have extra material on hand to cover for emergency runs in the press room or the machine shop – they can always use any surplus next year.

The scheduler, conscious of the organization's focus on efficiency, schedules large runs. She doesn't mind doing this because if she runs out, or if there is a quality problem during the busy season, it will be almost impossible to get back in and satisfy customers. Besides, by mid-

May every year they are already having trouble keeping up with customer orders. With a little luck this year she'll have enough finished goods on the shelf she can ship from stock.

Supervisors, focused on departmental and local efficiencies, consume large quantities of raw materials, making large runs of press parts, painted goods, subassemblies, etc. They don't spend too much time worrying about the schedule because with that number of planned changes, they would be forever explaining labour variances. Ninety percent of what they make goes to WIP stores, to be used in assembly over the next few weeks and months.

The assembly lines also like to maximize efficiencies. They do this by pushing out changeovers and making even larger runs of finished goods than scheduled. Worse yet, when they do

They do not expect to pay more for higher quality products – they probably expect to pay less!

make changes, they often have everything but one component necessary to complete the assembly. Sometimes this is due to a part not available (paint line didn't follow the schedule), or because of a quality problem on the 10,000 impellers made during the last run in the press department, or because the machine shop consumed all the material running a part that was "running good," and the supervisor didn't want to change over.

All the while, WIP inventory levels rise, rework and scrap levels balloon, orders start to ship late, and pretty soon this year looks the same as all the other years. Sound familiar?

Six Sigma and Total Quality Management are business strategies based on Quality. Lean Manufacturing and Just in Time espouse continuous improvement and single piece flow, which cannot be achieved without good quality. Organizations that don't understand the link between quality and productivity; quality and delivery; and quality and customer satisfaction, are doomed. Yes quality is free ... and it's not an option.

The Value of Good Service

You don't have to be a high-end establishment to offer world-class service

BY PAUL KNOWLES

I'm a nut about good service. If you read this column on an regular basis, this will probably not come as a great shock. When I list the things that are important to me in a retail outlet, restaurant, or supplier of goods and services of any kind, my "most important" items just may be: 1) good service, 2) good service and 3)… well, you get the point.

Sometimes, we equate exceptional service with exceptional – by this I mean, "high" – prices. When we pay a lot, we expect a lot. That is not wrong, but there is no reason any business cannot focus on serving the customer.

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This was driven home to me, a couple of months ago, as during the course of a single day I spent time in a high-end establishment, and in an everyday venue, as well.

The elite locale was the Mount Washington Resort at Bretton Woods, New Hampshire. Think "Banff Springs" in the midst of the White Mountains of New England. It's a great resort hotel, renowned as the site of the founding of the International Monetary Fund – admittedly, an organization which lately receives mixed reviews at best, but that is not the fault of its once-upon-a-time host.

The Mount Washington has the classic real estate advantage of location, location, location – it is in an area of spectacular natural beauty, a great place for hiking in the warm months and skiing in the cold. But it is what takes place inside the walls of the hotel that marks it as something special.

Service is superb. Guests are warmly greeted everywhere they go; live music plays in several venues; wait staff in all of the seven restaurants (okay, I didn't make it to all seven) are well-trained and attentive. Their reception and concierge staff make it seem that no question is a dumb question – and as someone who has asked dumb questions in hotels all over the world, this is a major asset, let me tell you.

Of course, accommodation at the Mount Washington ain't cheap, so you would hope the service would be superb. The good news is, it is. In fact, they attract interns from all over the world – we met young people from Argentina, Poland, Columbia, and Germany, among other countries, who had come here to learn the fine art of service.

But shouldn't service be good, anywhere one is a customer or potential customer? A few miles down the 302 from the Mount Washington is the village of Bartlett. Fans of The West Wing will guess at a connection. In Bartlett, there is a less than high end, bit-of-everything store. You need groceries? They got 'em. A lunch to take out or eat in? They'll make it on the spot. Beer? Yep. Washrooms? Out back.

We were seeking provisions for a day of hiking. Every question we asked received a warm and friendly answer. The sandwiches were fresh and full. The service was delightful. We were sent on our way replete with compliments and good wishes by the clerk – who was probably also the owner, the purchaser, the accountant and the janitor.

We bought our foodstuffs and left the Bartlett convenience store feeling every bit as well-served as we had by the maitre de and the concierge at the Mount Washington Resort.

Good service costs virtually nothing. It may require a day or two of training for new staff, even those simply making sandwiches or running a cash register, but I guarantee that investment will be paid back within moments. Because while good service may cost nothing, bad service can cost you your business.