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Proud to be Square

Sherleen Mahoney

Dave Thomas' founding principles permeate every aspect of Wendy's

When Dave Thomas opened the first Wendy's restaurant in Columbus, Ohio, in 1969, he set out to be a cut above his competition by preparing fresh—never frozen—made-to-order hamburgers for customers.

Fittingly, for a restaurant named after one of four daughters with a logo that bears her likeness, Thomas structured Wendy's around the traditional values taught to him by his adoptive grandmother: honesty, integrity and hard work. Most of all, Thomas was adamant about quality, so much so that he made "Quality is Our Recipe" a permanent part of Wendy's logo. He also liked to say Wendy's hamburgers are square because "We don't cut corners."

With these pillars driving the company's efforts, in 2011, Wendy's surpassed Burger King for the first time in U.S. sales and is now the second most successful hamburger chain in America. The company attributes its success to Thomas' staunch emphasis on quality, which he applied to every facet of the business.

So, it makes perfect sense for Wendy's to initiate new benchmarking processes to ensure the chain continues to meet high standards of efficiency and quality.

Measuring Up

In order for Wendy's restaurants to continue serving their world-famous hamburgers to millions of customers a day, they must always be operating at optimal levels. When equipment failures occur, the responsibility falls on 92 in-house technicians who service 1,280 company-owned U.S. restaurants.

Wendy's relies on in-house service technicians because of a simple equation: A technician who works for the company and is trained to work on the same equipment will be more productive. However, it's very expensive to maintain an internal work force like this, and if the team is not managed properly (i.e., not being used to their full potential), it's more cost effective to use outside resources, who are paid only when work is needed. Therefore, in order to justify the use of an in-house team, Wendy's must show the technicians are achieving a continuous high level of productivity. The new technician benchmarking process accomplishes this.

Two years ago, each technician was outfitted with a handheld device that runs a work order application from Corrigo.

When restaurant operators request service, they initiate a work order from a back-office computer. The work order is routed to a technician or vendor, depending on the market. When the work order is routed to a technician, the app tracks all work-order activity in real time, from the receipt of the work order, technician response time, processing time, labor costs and materials used to close out. At any time, the 11 supervisors who manage the 92 technicians can see in real time the status of work orders.

"Currently, our data shows using in-house technicians continues to be a good benefit for us from a cost- and service-level standpoint," said John Getha, Director of Facilities for Wendy's.

This data is then used to score and rank each technician on productivity and efficiency.

"The scorecard uses 20 metrics, and we use eight of them to give us the most insight into whether technicians are operating efficiently and effectively to rank all 92 technicians across the United States," Getha said.

Beyond a Simple Ranking

Each month, Getha sends a national scorecard of all the technicians to the supervisors, so they—and the technicians—know where they rank within the organization. And starting last year, the scorecards are directly influencing annual performance reviews and raises.

Prior to using scorecards, the management of technicians was localized. Supervisors would review their technicians based on anniversary dates, which meant the technicians were reviewed at different times of the year. Technicians were required to fill out a self-appraisal form, which required them to recall everything they had worked on throughout the year, and score themselves on performance. Without any metrics, it was difficult for the supervisors to fairly and accurately assess their technicians.

Today, thanks to data gathered from the real-time work order app and the scorecards, supervisors have solid information to accurately and fairly assess the performance of their technicians. In addition, because the technicians know where they rank among their peers, the scorecards spur friendly competition.

"I personally look forward every month to get the scorecard report," said Bob Mandes, a technician for Wendy's who currently ranks eighth among the 92 techs. "I'm excited to see where I rank and compare myself with others. I use the results to motivate and challenge myself. Anybody who takes pride of their job would like to be No. 1."

Mandes attributes his high ranking to being able to pinpoint his strengths and weaknesses.

"Knowing where I rank, I have an opportunity to improve my performance," he said. "For example, in 2011 my store visits per week averaged 13.31," he said. "This year, my store visits averaged 10.38 stores per week for the first six months. My productivity has improved by being in one less store per day."

Getha, a strong believer of transparency and two-way communication, says the scorecards clearly state the goals for each scoring metric, so everyone understands what is expected of them. He also encourages technicians to challenge their scorecard if they don't think it's accurate or reflective of their performance.

"They all know they have a voice to challenge it," he said.

And challenges do happen.

Restaurant operators who don't maintain their equipment well require more store visits, which can lower a technician's ranking. In these cases, Getha challenges the technician to work with the operator to improve how they handle their equipment. If the problem continues, he recommends they communicate the issue to their supervisors so they can take that into account during performance review time.

"We spent last year tweaking and fine-tuning the way we calculate the metrics and how we weigh them; we continue to evaluate that," Getha said. "At the end of this year, after a full year's worth of data, and now that these scorecards impact raises, it has raised the awareness and heightened the discussion about this even more."

Getha says it is important to truly understand and reward the technicians who are doing an excellent job.

"They help raise the bar for the entire organization," he said. "Rewarding people for being more effective and for making better work decisions is one of the biggest changes in Wendy's processes."

Making the Grade

In addition to the 92 technicians, Wendy's facility department also relies on vendors to service some restaurants.

"The average technician-to-store ratio is 14 stores to one technician," Getha said. "Some technicians have 10 restaurants; some have 17 restaurants. For those who have 17, we augment those restaurants with outside vendors."

In the fourth quarter of this year, the facilities department will also start benchmarking vendors on a national level by trade, using the same policies and procedures as the technicians.

Some of the metrics for vendors include satisfaction scores, ontime response and on-time invoicing.

The goal is to use these vendor scorecards for regular business reviews to ensure consistent and quality service. The vendors will be able to see where they rank among their competitors who service Wendy's restaurants. Supervisors who contract with consistently low-ranking vendors will be able to re-evaluate whether they want to work with them to improve their scores or discontinue service contracts. Like with the technicians, the facilities

team hopes this will encourage vendors to compete to be the vendor of choice within the Wendy's organization.

"By having benchmarking processes in place, we can constantly evaluate if we're using our internal resources in the right places," Getha said. "If we have vendors who are more efficient or cost effective in a given trade or area, we may decide to use the outside vendor."

For example, Wendy's decided to outsource HVAC filter replacements because the metrics proved it was more cost-effective to use a vendor due to the frequency of the job.

"While our guys are highly trained and outfitted technicians for HVAC/refrigeration/cooking equipment, we found a company, even with their markup, can do it for less than we can," Getha said.

Perpetual Inventory

Wendy's facility technicians operate approximately 92 service vehicles filled with thousands of various service parts. These service vehicles carry all the parts necessary to repair and maintain all refrigeration, cooking, holding, HVAC, plumbing and electrical equipment found in a Wendy's restaurant. The idea of cataloging and counting all of these parts is daunting, but Wendy's facilities department squared its shoulders for this task.

They started by identifying a vision for parts management. They wanted a way to ensure accurate inventory accounting, establish minimum/ maximum levels for all truck inventory, enable automated parts replenishment to improve technician efficiency and ensure that only the safest OEM parts are being used for service calls.

With the help of Parts Town, a restaurant parts supply company in Addison, Ill., Wendy's has spent the last few months rolling out a national inventory process that satisfies each item on their wish list.

Parts Town helped Wendy's develop and implement a system that allows technicians to know exactly what they have in their vehicles. It also lets supervisors gain insight into the actual dollar value of parts in all 92 vehicles and know which parts are going into which restaurants for which pieces of equipment.

The robust system, which is monitored by Parts Town on a realtime basis, provides a thorough and accurate inventory of every service vehicle. When technicians use a part, they type the part number and quantity used into their handheld device. The system deducts the number of parts and adds the data to the work order.

When the inventory reaches a minimum number, the system flags the part for automatic reorders. When parts are delivered, technicians simply enter the order number into their handheld device, which automatically replenishes the inventory. Wendy's calls this a perpetual inventory.

"Wendy's desired the added element of technology to innovate in both the management of corporate technician inventory and restaurant operator experience," said Steve Snower, President of Parts Town. "The perpetual inventory allows Wendy's to leverage technology to maximize technician performance, optimize inventory and simplify parts purchasing. "

"From a financial perspective, we're much more accurate and our reporting on the parts level has become extremely robust," Getha said. "For example, if we wanted to see how many of a particular type of thermostat were replaced on fryers, we can run a report to see that."

In fact, Getha recently ran a 51-page report that detailed 32,281 parts.

"Parts Town has a passion for innovative solutions, and we viewed John's vision as unique and inspiring," Snower said.

Challenges and Lessons Learned

Achieving this perpetual inventory required a lot of work. Using a kit prepared by Parts Town, the technicians spent 40 to 70 hours bagging and tagging all the parts in their service vehicles. Once this was finished, a crew from Parts Town was dispatched to calculate and enter the actual inventory of each and every part into their system.

As with any breakthrough innovation that was rolled out on a national level, some issues were encountered.

One challenge was identifying older and unlabeled parts. To resolve this, Parts Town developed a comprehensive catalog with parts images. Additionally, the inventory was conducted by an average of four experienced team members who relied on the company's website, the catalog and their own expertise to accurately identify parts.

Adjusting to the automated replenishment process was unnerving for some technicians, who are accustomed to managing their own purchase orders. Parts Town worked through this by communicating directly with each technician prior to releasing orders automatically. Once a technician understood how the process worked, they

were able to stop worrying and relinquish that duty to Parts Town, allowing them to focus on more critical job responsibilities.

Parts Town also encountered some training issues. Some technicians were not applying the parts to a work order when they were used. This caused a discrepancy between the system's inventory and the physical inventory. To combat this, Parts Town team members reminded technicians about the correct procedures. Additionally, Getha reviewed work order reports to identify individuals who needed additional training.

"These issues are expected given the scale of the Wendy's facilities department," Snower said. "Through this process, Wendy's demonstrated a commitment to innovation, technology and its team members. This was a massive undertaking, and the dedication of these technicians and leadership was critical to its successful implementation."

With an account of the exact number of parts, and each part tied to work orders, the facilities department can analyze parts usage, improve efficiencies, control costs and flag consistently failing parts.

For example, last year, Wendy's spent the most time and money repairing ovens. Because Getha has the data to create detailed reports to prove this, the executive team was motivated to apply resources through the equipment team, research and development team, and manufacturer to redesign the oven to address the failures. This year, Wendy's is upgrading their ovens to this new design. Getha will once again rely on the metrics to determine whether the new design is working better.

Dave's Way

Wendy's continues Dave Thomas' legacy of quality by focusing on efficiencies. By benchmarking in-house technicians and vendors to ensure the company is applying resources in the best way and developing a perpetual inventory of service parts, Wendy's is harnessing information as power. Gaining the insight into what elements are driving costs gives Wendy's a unique ability to stay a cut above their competition.

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