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### **PAPER CLIPS DON'T GROW ON TREES- Add Value not Cost to Your Bottom Line... CATHERINEDEVRYE**

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## INTRODUCTION: FRET OR FOCUS FORWARD

*'Despite the increase in the cost of living, the demand for it continues.'* F Pegg

Concern about the economy is at the core of countless conversations in the world today. There is widespread worry from London to Los Angeles, Toronto to Tokyo, Durban to Dubai, Mumbai to Munich, Shanghai to Sydney. The latter is my home but during discussions with clients in those other cities, there seems a heightened sense of disquiet among small, medium and large organisations, alike.

In this increasingly global economy, none of us are immune from fluctuations in international financial markets. That was clearly evident during the Global Financial Crisis that gained momentum after September 29, 2008.

Expert opinions still vary on whether that is now behind us-or could ever occur again? It was-and maybe still is-is all too easy to throw up our hands in despair with cries of:

'But, what can we do?'

The ubiquitous 'they' should do something.

And, regardless of our political persuasion, of course the government should 'fix' things.

All seem sound enough arguments in one aspect but totally worthless in another.

Crikey! All this negativity. I was admittedly sometimes swamped by it, myself. What could I do to alter the economic climate? Frankly, not a damn thing! But, what I *could* indeed do was to critically re-visit my own business practices, consult with others and pen some pertinent points to help individuals and organisations feel more empowered; not to simply slash and burn budgets but to take positive steps about what they actually *can* do with finite resources. Rather than simply feel trapped in a hopeless situation, there might be gold in that dirt.

Fret or focus forward? This is always a choice we have-in good or bad times.

After decades of growth, the developed world had not witnessed such an economic slide since the Great Depression. From Wall Street to Main Street, times are still troubled and many adults remain nervous about personal finances and job security. What, if anything, *can* be done by the average man or woman in the workforce?

I believe it was, then, President Roosevelt who said:

'We can not protect the value of the dollar by passing the buck.'

The good news is that tough times offer a greater incentive to re-think our standard modus operandi.

I'm no fiscal guru but believe this simple to read book can indeed provide a basic blueprint to help move out of the red. It doesn't pretend to be a panacea for profitability but contains practical suggestions about what can be done to add value-not simply cost-to everyday operations.

I trust it will serve as a catalyst to prompt every employee to be more economically responsible and prudent (possibly through necessity in tough times) in order to gain both immediate-and much longer term-benefits for their organisation.

My working class parents lived through the Great Depression and frequently reminded me that we weren't wealthy.

'Money doesn't grow on trees, dear.'

As a youngster, I never did quite understand why it was called the 'great' depression. And, frankly, nor did I appreciate the other clichés that they espoused to justify why we couldn't afford some luxury. (which of course, I always thought was a necessity!)

You probably heard the same sort of things from your parents or grandparents...

'Look after the pennies and the pounds take care of themselves.'

'A penny saved is a penny earned.'

These days, a penny saved is...shrapnel! (unless you happen to be a rare coin collector!) But, even with no pennies in our currency system, it's still possible to save the equivalent of a cent to make a dollar.

'*Paper Clips Don't Grow in Trees*' contains practical examples of ways to cut costs, without sacrificing quality. It suggests some positive, viable options to consider. Even if just one *small* idea is implemented, it could make a *big* difference to any bottom line.

You'll see in Chapter X how the title evolved from a previous generational comment that money doesn't grow on trees.

It's important to point out that there is a real difference between being cost conscious and waste aware-or simply a cheapskate! Save where and when you can-so you have more to spend when and where you need to. Another age old adage of 'waste not-want not' is also consistent with today's growing environmental concerns.

I'm neither an environmentalist nor an economist-but a person who worked as an executive with IBM globally for a decade, a state government for nearly as long and briefly as CEO of not for profit organisation.

Now a small business owner for over 18 years, many assume the company name, CDV Management Pty Ltd, derived from my own initials. This is partially so but those three little letters, prompted by my time at IBM represent-not just Catherine DeVrye-but Clients Deserve Value.

That's what I've strove to deliver-implementing lessons learned in larger ones, lessons learned through my own mistakes (the most costly!) and also those gleaned as a teacher, tour guide, waitress, dishwasher and cook.

As an author who has spoken at conferences of leading organisations on five continents, I've also had the opportunity and privilege to gain first hand insight into what business practices contribute to their success.

The concept for this book arose when a television station approached me for an interview to shed some light on the GFC. I initially declined and told the producer that I had absolutely no idea what was happening and was as nervous as the next person. However she persuaded me that they weren't looking for an economist but wanted to discuss some principles contained in one of my earlier books titled, *Hot Lemon and Honey Reflections for Success in Times of Change*. These were indeed times of unprecedented change! So, I rather reluctantly did the interview. Below is a synopsis:

Q: What should businesses do in this credit crisis?

A: I'm not an economist and can't prescribe what businesses 'should' or 'shouldn't' do as every situation is unique. However, I do believe that **every obstacle always presents some opportunity**. Now may be an opportunity (in disguise) to assess the strengths and weaknesses of your overall business and the individual operational aspects within it.

Running a business is tough in the best of times but when things go well, it's easy to be complacent. Now is an opportunity to look at what you're doing well in terms of adding value to your customers, clients and stakeholders and keep focused on that! Get rid of anything else.

Q: In an earlier book, you wrote that the seven most expensive words in any organisation were:

'We have always done it that way.' Is that still the case today?

A: That was written nearly ten years ago but remains at least as true today-maybe, even more so. Just like we floss our teeth, we need brain floss to remove the build up of intellectual plaque over the years.

Q: Does that mean that organisations need to adopt a radical new business model?

A: 'Of course not! It's important not to throw out the baby with bath water but to objectively assess what is-or is not working. It's important to balance a 'stick with your knitting' strategy along with innovation.

But, it's equally important to be *brutally* honest with what you need to do differently-or stop doing altogether.

Q: So, should we be making across the board budget cuts?

A: That's too much of a knee jerk reaction to implement across the board cuts. It's far better to take a more targeted approach; and there's not better time to take a good hard look at where money is wasted and how all your resources-capital and human-might be better employed.

We get bogged down in old patterns of behaviour when we're comfortable-and usually don't worry about paradigm shifts, until forced to do so by some external force.

Q: Are you saying this GFC could be a good thing?

A: I've never seen anything quite like it in my lifetime and am not saying it's good at all .It's fuelled fears (not unjustifiable) of losing one's job, home or savings. But maybe-just maybe-there are opportunities that we can't imagine.

British philosopher, William Hazlitt, once wrote:

'Prosperity is a great teacher-adversity a greater one.'

That was over 300 years ago-but remains a timely reminder. I don't wish to sound like Pollyanna because I am indeed personally extremely concerned. But, I'm not going to waste energy on what I can't control-and instead, stay focused on what I *can*.'

Q: 'You make it sound so easy?'

A: 'It's not easy at all. I'm as concerned as anyone because conference budgets are being cut, interest rates are uncertain; my bank has been taken over; and exchange rates seem to fluctuate like yo-yos when I commit to speak at an overseas conference.

At times like these, I remind myself that things work out best for the people who make the best of the way things work out. I then approach every 'challenge' more calmly-because as I said and it's worth emphasising- there is little point expending precious energy worrying about what we can't change-and all need to use our finite energy to focus on what we *can* do in any given situation.

The interview ended and I left the studio, well aware that it was easier to talk about than do!

But, something had to be done so I dedicated the next morning to look at potential cost savings in my own business; and then sent an email to my client base, containing the transcript of the interview. Many asked if they could reproduce it in their newsletters. A few suggested that the essence of the interview become the basis of a book; which would be timely to be released at the height of the GFC.

I'd actually already started to collect a thick file of information long before, as waste in organisations has been a pet peeve for many years. I thought I could quickly get a book to market to capitalize on the media and public interest. However, it seemed more responsible to pause and more carefully consider the format so that, hopefully, this information will stand the test of time.

I have no doubt that small and medium sized business will quickly identify ideas that can be readily implemented. It should also be of benefit to larger organisations in both the private and public sectors.

If only, I could conceive a formula to encourage every employee in a big organisation to think like a small business owner, I'd make a fortune bottling it! And, organisations would save a fortune implementing it! Sadly, there is no such elixir, magic wand or silver bullet. But, every cloud does indeed have a silver lining and tough financial times can assist in re-thinking old strategies for a new paradigm of whether individuals and organisations are adding value-or simply cost-to each process.

'*Paperclips Don't Grow on Trees*' has no quick fixes. It does not attempt to prescribe what individuals and individual businesses should or shouldn't do-because each situation is unique. It is not an economic essay, management manifesto or text book. It's more descriptive than prescriptive.

It is intended to be an easily digestible book containing real life examples along with simple, timely and timeless tips to help individuals help themselves and their organisation-not just survive during troubled financial times but to thrive over the much longer term.

Pages contain a stand alone idea, paragraph or mini essay to act as a thought starter. I don't expect that you'll agree with every thought as circumstances vary from industry to industry, region to region, case by case. Some examples may even appear somewhat contradictory. Not every concept will work for you but we guarantee that you'll get at least one cost saving idea that will more than recover your small investment in this book.

Read each chapter-preferably with a pen in hand to write down your *own* ideas specific to your organisation. As you do so, start to form a habit; to routinely and repeatedly ask one simple question. Ask this question with every purchase, with every hiring decision, with every allocation of time or resource...

Does this add value or cost? Value or cost- to my business? Value or cost-to my life? Value or cost-to the life of another?

Let us get started. Or, lettuce get started.....

## LETTUCE-LET US HELP YOUR BOTTOM LINE

I've worked in government, big business with IBM and now run a small, indeed micro, business as an author and speaker. Over the years, I've learned that whether large or small, there are only two ways to boost the bottom line. Increase revenue or decrease expense. Sometimes, there is little you can do to increase revenue so there's a need to refocus on needless expense. I'm not talking about the slash and burn of staff but involving *all* staff in offering potential solutions.

For example, an airline made huge savings as a result of a suggestion from a new flight attendant. While clearing passenger meal trays into big plastic garbage bags, he noticed that most passengers didn't eat their lettuce and suggested the airline get rid of that garnish on the trays. Initially, this met with some resistance from the executive chefs but as the airline was trying to encourage employee participation, they implemented a three month trial of the removing the garnish, thinking it might only save a few hundred dollars but that they'd humour the employee who made the suggestion.

As they received no complaints from passengers they stopped the lettuce completely and during one year, were amazed to learn that this resulted in savings of over 1.5 million dollars!

Was the lettuce adding value or cost to the flying experience? Obviously, only cost. What is the equivalent of 'lettuce' in your organisation? What are you doing that you've always done that is adding cost-not true value to your customers?

Apologies to the lettuce farmers of this world-but it's not all gloom and doom for them if you think about how lettuce is now sold. Yes you can buy a head of lettuce-organic or otherwise in a supermarket or your local market. But these days, you can also just buy a handful of lettuce leaves, already pre washed.

Yes, it costs more to buy in this manner but many consumers are more time sensitive than cost sensitive-so those who sell lettuce in small, already clean quantities, with no wastage, add value to many time poor consumers. It could be argued that they are also adding cost (to both consumers and the environment) in terms of whatever extra packaging they use. However the point is that they are indeed adding value by giving a choice to that consumer who is happy to pay a bit more.

Again, I ask you to pause and reflect: 'What is the equivalent of *your* lettuce?'

## **FAIR FOR FARE**

American airlines saved \$40,000 (in 1987-a bit dated) by eliminating one-just one- olive from each salad served in first class.

With budget airlines these days, you'll likely receive no food at all! That's fair enough since the fare is accordingly reduced in alignment with lower customer expectations; and passengers are aware in advance that they need to bring their own food or purchase separately on board.

Some airlines advertise that celebrity chefs design their gourmet fare but if you don't pay a first or business class fare, few travellers expect a first class meal.

As for me, I know I'm probably travelling too much when airline food tastes absolutely fine!

I've noticed that some carriers, rather than give a standard amenity kit to passengers, now offer a selection of toothbrushes and toiletries from a trolley.

Expand that earlier question: What's the equivalent of your lettuce-or olive-or?

## **DON'T THROW IN THE TOWEL**

Think laterally and make sure that whatever you do is aligned with the values of your organisation and the expectations of your market place.

In most, hotels around the globe, there are now usually little signs in the bathroom, encouraging guests along the lines: 'We are committed to protecting the environment and by reusing your towel; it will save on water usage'. At the risk of being cynical, I doubt that the environment is the key reason that most hotels ask guests to reuse towels and suspect it may have more to do with economic than eco friendly reasons. However, let's face it-most of us don't have fresh towels at home every day, so it's not a big ask.

Some hotels are now extending the reuse of towels to the reuse of sheets-and have a similar tent card on your bed to give you the option of not having your sheets changed daily.

Frankly, it would be more of an incentive if hotels offered you a slight reduction on your bill if you chose not to have your room serviced every day.

I predict that it will only be a matter of time before this becomes the norm. After all, the suggestion to reuse towels, now fairly universal around the world, apparently started in a small way in a remote area of Tasmania many years ago. During the protests relating to the damming of the Franklin River, it's alleged that an accommodation operator near this remote wilderness area became one of the first (if not the first) to suggest guests reuse their towels. At the time, this was somewhat unheard of but because eco tourism was in its early stages and most visitors to that area were environmentally sensitive of the need to preserve water, it wasn't a big ask to reuse a towel-and was aligned with the values of the hotel plus the core value systems of most guests. They still had the choice to receive a clean towel every day but possibly felt a little guilty doing so in that location at the height of the debate on the dam. It's hard to be precise but over a long period of time, it's now common practice to give guests the choice to hang up their towel or throw it in the tub a fresh one.

To many hotels, the clean towels daily were the equivalent of their 'lettuce'-adding cost, not value to most customers? Don't throw in the towel in regard to cost savings but again, pause and reflect on the equivalent of your lettuce?

(and if we're always clean after a shower, in theory, maybe we should never need to wash towels! 😊 but let's not go there)

Of course, you knew that-didn't you?

Let's be frank. Most businesses don't simply implement better environmental practices because they just want to be a 'do-gooder'-but increasingly think of doing good for the environment to boost their bottom line.

Don't just take my word for it. Here's a short excerpt from the 2007 Harvard Business Review in an article by Charles Lockwood, titled 'Building the Green Way':

'Just 5 or 6 years ago, the term green building evoked visions of tie dyed granola munching denizens walking around barefoot on straw mats as wind chimes dangled near open windows. Today the term suggests lower overhead costs, greater employee productivity, less absenteeism and stronger employee attraction and retention....green is not simply getting respect; it is rapidly becoming a necessity.'

He goes on to claim that green buildings can also boost employee productivity up to 15% because they use materials that don't emit toxins.

The Qantas in flight magazine of February 2010 announced awards for excellence in sustainable tourism; consideration was given to more than just the buzz words of 'being green' or 'carbon neutral'. It is not the intent of this book to explore those obviously important aspects-although of course, the book is indeed printed on recycled paper! What was relevant about these awards in the context of value and cost were many of the initiatives being introduced that reduced cost without reducing value to the client.

The South Australian winner was the Hilton Hotel in Adelaide which had impressive major reductions in water, gas and electricity use despite an increase in hotel numbers. They engaged guests by donating \$5 to Trees for Life every time a room was not serviced. It's a great initiative but I suspect that if they also offered a \$5 reduction to the actual guest, they'd have even further savings on servicing fewer rooms each day. Hilton also recycled food with a local shelter and sourced 97% of the hotel's produce from South Australia.

The Victorian winner was the Alto Hotel which used 100 per cent wind-generated electricity and rain water for some cisterns, gardening and cleaning. They eliminated plastic bottles for toiletries and promoted seasonal foods. Yes, all of which makes them a good corporate citizen but also boosts their bottom line long term. The article goes on to quote one of Alto's directors who claims occupancy has been in excess of 90% during the height of the Global Financial Crisis-and that their fastest growth market is in corporate and government organisations with 'green procurement' policies; closely followed by environmentally conscious European leisure travellers.

Many hotels have now replaced small bottles of shampoo and lotions with dispensers; saving money and reducing waste. One establishment apparently saved nearly \$370,000 per year after installing dispensers at a cost of \$91,000

Eco-friendly makes long term eco-nomic sense. As someone who invested a considerable amount of money building an eco friendly home, my motive was not just philosophical to contribute in a small way to save the planet but to ultimately save on costs when I become a pensioner on a fixed income!

## PAPER CLIPS DON'T GROW ON TREES

Our notions of cost and value change over the years, as do our value systems and circumstances.

About 20 years ago I was a member of Sydney Rotary Club and met many delightful people through that association. One such gentleman was Paul Cotton, the then New Zealand Consul General.

He was dignified, urbane and successful – at the top of his profession; which is probably why over two decades later, I vividly recall a story that seemed somewhat out of character with his distinguished diplomatic posting.

One day at lunch, he proudly proclaimed that he had never spent a cent on the purchase of paper clips.

'I figure that as many paper clips must come into the office as go out of the office so I insist that staff remove them, prior to throwing the paper in the bin.'

Remember, this was long before the days of recycling being popular. At the time, I must confess that I thought this was a rather odd, penny pinching practice. After all, I was an IBM executive, during a stage of rapid growth, and felt that the cost of paper clips was pretty inconsequential to a larger organisation.

How wrong I was!

Many years later, I still think of that story and now view both the principle and the person in a totally different light. Paul was certainly not an eccentric and thrifty bureaucrat but a visionary – both economically and ecologically.

Even such a small saving actually signalled a much bigger shift in the mindset of every employee. Just like Mum often chastised me that money didn't grow on trees, likewise... paper clips don't grow on trees!

This made me curious about the origins of the paper clip.

A Google search proved fascinating but confusing, as there was little agreement on Wikipedia and other sites as to who invented the paperclip! It seems there were several patents filed in the late 1800s and early 1900s in Norway, the UK and the USA. I'll leave the ownership debate to others but the paperclip has certainly has been around for a long time.

Its prime purpose was to replace paper and string when bundling piles of paper. Today, these ubiquitous office supplies are so versatile that there are even claims on the internet that only one in 10 paper clips are used for their intended purpose. They are commonly called on to clean out crevices, re-set electronic device, hold up hems and twiddle into various shapes as a form of stress relief!

It became far more than a fastener in Norway during World War II. Prohibited from wearing anything with the king's initials, Norwegians wore paper clips on their lapels to show national unity and opposition to the German occupation.

Let's show international unity to put paper clip thinking into practice and cut unnecessary costs. Let's adopt paperclip productivity and pursue paperclip profitability. Like the humble paperclip, this concept can, literally, help hold our organisations together. Of course, this means I'll never be invited to address the Paper Clip Manufacturers conference – but c'est la vie!

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