

2023: 2nd Quarter

Zen & the Art of Weekend Warrior DIY Maintenance

By

John A. Lanier, DSL

Introduction

Modern society ignores skilled trade labor to its peril. My childhood was punctuated with practical learning encounters which both imbued me with an accountable work ethic and acculturated skills. I still tap into these abilities on weekends to address household repairs. Analogous skills are essential to a healthy economy.

I prefer outdoor aerobics to treading in other's gym sweat. I also find the experience cathartic. I do my best "noodling" on complex problems while burning calories on

manual activities. The rewards include Spring blooms, mechanical salutes from maintained sprinkler system risers, and problem-solving epiphanies. There are other benefits to my weekend warrior endeavors. I am reminded that

Modern culture appears to denigrate the value and virtues of tradespeople essential to our

those closest to the granular activity in my client's business models possess a wealth of productivity and risk mitigating tribal knowledge.

Remember when *Zen and the Art of Motorcycle Maintenance* was required high school reading? The book is the inspiration for this quarterly value-creation installment, both for the catchy title and some thematically intriguing holistic thinking. This article shares three do-it-yourself ("DIY") examples and dissects them for critical thinking value relevant to small business value-creation.

A Nod to Mike Rowe

Mike Rowe is one of those "celebrities" with whom I would enjoy visiting over a cup of coffee to confirm that he is as likeable and genuine in person as he appears to be on the air. Mike got my attention with the "Dirty Jobs" show on the Discovery Channel. Mike rekindled deserved respect for tradespeople. His episodes concurrently reminded us that you can be fulfilled and economically successful doing indispensable jobs which do

not require a college degree. A descriptive list of such trades includes, but is not limited to, electricians, plumbers, welders, HVAC technicians, steamfitters, and carpenters. The "Dirty Jobs" episodes reminded me of recurring encounters with machine operators on

"Dirty jobs" are essential to clean living.

extraordinarily complex micro scale precision production floors. I saw a pattern of people with advanced degrees whose earnings power as a tradesperson smoked their

"educated" options. Moreover, they sometimes lament that they could have read the classics at leisure with equal enlightenment and skipped the student loan debt.

Coincidentally, business models requiring "dirty jobs" skills attract private equity investors. These companies may also be less likely to become disintermediated by artificial intelligence.

Birdfeeders

Our household loves birds. Several birdfeeders grace our back yard. Our visitors include cardinals, blue jays, bluebirds, hummingbirds, doves, sparrows, titmice, finches, robins, and chickadees. The squirrels also love us! We do not object to squirrels eating the birdseed, but we prefer they not chew the bird feeders. Many birdfeeders claim squirrel-proof design. Balderdash! Anyone who buys a plastic or wooden birdfeeder in squirrel country is at best naïve. Even metal designs are vulnerable. The metal birdfeeders are the focus of this example.

Wire cage feeder designs have some preventative merit. The cylindrical cage protects an inner translucent plastic tube. Feeding ports pierce the tube. The outer cage wire mesh permits bird heads and beaks, but not squirrel

The genuine cost of bad products has an adverse multiplier effect in both cash and opportunity cost.

heads and forelimb reach. A removable metal cap sits atop the plastic tube which enables feeder replenishment.

Mixed birdfeed, including various seed and dried fruit varieties, appeals to a spectrum of avian visitors. Squirrels are interested only in a subset thereof—and regard birds as a nuisance. Squirrels are reincarnated purgatorial employees of the Army Corps of Engineers. They know how to bypass the cage and lift the metal lid atop the translucent tube for easy access to their preferences in the mixture. Gymnastically limber, the squirrels can immerse half their bodies in the cylinder without getting stuck. They protest their creative "necessity" by chewing off the top of the plastic translucent tube.

Ace Hardware is my secret weapon to outsmart squirrels. If Ace does not stock a part, it probably does not exist anywhere in the universe. The combination of my vision and Ace inventory resulted in placing a metal sleeve coupling (a plumbing SKU) atop the plastic feed tube. The metal coupling's gage is sufficiently thin to both fit snugly on the plastic cylinder and slip into the recessed circular groove of the metal cap. Salvaging the birdfeeder was cheaper than replacement and avoided more trash in a landfill. The birds wink in appreciation. The squirrels scowl. This is Pareto optimal!

Now for the challenge: What does this have to do with lower middle market value creation? Let us start with product development. The designers of birdfeeders let cheap eclipse value. Consequently, the actual cost of purchasing their products is at least two times the purported cost (i.e., a replacement purchase) because squirrels destroyed the first purchase. The flaw in such customer reasoning is that a second purchase of an identical item will solve the flawed utility of the first purchase. Remember the definition of insanity (i.e., doing the same thing repeatedly expecting different outcomes)?

Our professional travails often disclose the deficiency of relevant metrics—made worse by eschewing learning loops. Perhaps the manufacturer embraced a planned obsolescence strategy that harkens to the old way Detroit used to manufacture cars. However, the Japanese taught us a lesson using W. Edward Deming wisdom eschewed by the Big Three: quality matters and affects "real" cost. Avid birdwatchers

want value—the kind that facilitates watching, not repairing or replacing defective merchandise.

Had the manufacturers polled serious customers, they may have identified their design flaws. The fix is simple: something squirrel teeth cannot chew. In this case, a few inches of appropriate gauge aluminum atop the feed tube, complemented by a cap lock would be ideal. The fully burdened incremental cost might have been \$5 on a \$50 birdfeeder.

There is another angle on this scenario. The big box retailer procurement system is imperfect. Large retailers are more like gatekeepers to B2C customers. En masse they did not serve the interests of consumers. Whereas they may have backwashed a return to the manufacturer, they were co-conspirators in immeasurable bad will costs (i.e., the antithesis of goodwill) to consumers. Add that observation to the dearth of anyone on a big box retail floor who is familiar with their shelf stock, and you derive systemic dysfunction.

Water Pipes

This anecdote is a byproduct of auditing a water bill with an unfavorable variance. Conveniently, the utility provides year-over-year graphs. However, the root cause of the aberrant usage increase was not obvious. The little wheel on the street meter was spinning despite the absence of an obvious draw on the line. A leak or faulty meter were possibilities. Better detective work was required.

Three lines branch from the street watermain: two associated with outdoor usage; one

for inside. Each line was isolated. The outside lines were ruled out as the culprits. It had to be the inside line. All of the inside draws on the water line were eliminated: toilets, icemakers, sinks, dishwasher, and washing machine. The leak had to be between the street meter and the house basement wall. There

Anticipate, prepare, identify, react, mitigate, and inoculate. This is a holistic approach to robust productivity.

was no puddle in the yard pointing to an obvious leakage site. Yikes! The disruption to the yard and flowerbeds, not to mention our sidewalks and front porch, loomed large in my psyche.

Everyone should have an "old school" residential contractor on speed dial. They know the best subcontractors—both in terms of work quality and responsiveness. The sub engaged for this job repeated my exact steps to reach the same conclusions. This was gratifying as the sub corroborated my deductive decision tree. The silver lining was a minimally invasive process that approximates lateral boring common to fiber optic telecommunication installations. The technique snakes something through the existing pipe to simultaneously fracture it and create a sufficiently wider diameter hole through which to pull replacement pipe. The only yard blemish was a modest excavation site near the street. The cosmetic cost is mostly lost aesthetics until grass seeds do their job.

What are the take-ways for small business? One lesson is metrics. The water bill was a lagging indicator. The water meter is a leading indicator. A balanced scorecard has a

Occam's razor has its merits, but sometimes the root cause is not the obvious explanation. mixture of input, process, and output metrics. Small business tends to have insufficient balanced scorecard data. The common excuse is something tantamount to "we lack systems to produce such information." Wrong answer! Indeed, this type of

response is actually a leading indicator for information which dynamic systems SHOULD produce.

Another lesson is the conflation of tribal knowledge with deductive reasoning. Small business employees "closest to the action" know more about workflow issues than the people to whom they report. Chronically, these wise employees are not asked relevant questions, e.g., what is not working, what is causing it, and/or how could we improve it? It should be no surprise that these de facto managerial insults correlate with poor morale and higher turnover.

A third lesson regards contingency planning. Identify likely scenarios relative to your operating environment and pre-vet rapid response resources.

Mitered Molding

If you live in one place too long, renovation is inevitable. Under our roof, this is a perpetual endeavor. Much of the remediation is done by our own hands. Once a weekend warrior, always a weekend warrior! A recent experience regards the trim molding atop the kitchen cabinets.

As it turns out, the molding hid (as it often does) carpentry imperfections. In this case, overlapping levels of corner trim ruled out options for a singular piece of trim. This meant two pieces, but still presented a challenge for navigating offset 90-degree corners. Nineth grade geometry came in handy!

A two-piece option materialized as the solution. I bought a new miter box to improve the precision cuts for the corners. Clamps and other techniques were utilized to assess

snug fits. Next, the complementary trim pieces were screwed together. Then, the sections were hung by anchoring them into the framing studs behind the panel boards.

When execution risk is high, planning and piloting before full implementation is an investment—not a cost.

Finally, the sunk screw holes were puttied and sanded ahead of painting. The finished product passes both aesthetic and structural muster.

The experience entailed flashbacks traceable to fire suppression business model engagements. A replacement plan ahead of removing the old molding would have proved useless because what hid behind the old molding was unknown. It is similarly common when older commercial buildings are renovated that the exterior walls hide things which the upgraded building codes disallow. Wisely architected contracts from these vendors have "escape clauses" for such surprises. The "fair" solution is a changeorder reflecting the new reality instead of a rigid fixed price agreement which compels the vendor to eat the cost of the surprise.

Decades of DIY seasoning paid dividends. In the background, tribal knowledge loomed large that the inevitable "deal killer" inspector would represent an eventual buyer. Once

Error-proofing any process moderates growing pains.

context was understood, a practical solution materialized. Load-bearing studs were identified upon which screws could confidently be anchored. Several types of materials options and dimensions were

considered. The right kind of equipment was on hand to do the job. A modest, isolated section of cabinets was "piloted" to confirm macro satisfaction. In short, meticulous milestones were rewarded with a robust result.

Summary

How did I approach DIY solutions? First, I applied a borrowed maxim from a terrific book (hint) which is considerably shorter than the book title. The aphorism: Plan slow[ly]; execute fast. The book: *How Big Things Get Done: The Surprising Factors That Determine the Fate of Every Project, from Home Renovations to Space Exploration and Everything in Between*, by Bent Flyvbjerg and Dan Gardner. The dictum has first cousins, e.g., measure twice, cut once; get it right the first time; and haste makes waste.

I lack Mike Rowe's charm and reach. However, I appreciate his ability to respect and relate to the blue-collar army of value-creators. One of my favorite "Zen" poems is "If" by Rudyard Kipling. There is a line about the ability to walk with kings without losing the common touch. This is a worthy reminder to change agents about appreciating a broad spectrum of perspectives and stakeholders. In truth, I identify more with the proletariat than the bourgeoisie. Each constituency benefits by the specialties of the other. When those core competencies are choreographed, they catalyze the value-creation which undergirds enterprise value.

My experience with line workers in business models is that they commonly possess more credible knowledge about how things work—or do not—and how to improve the value chain than is typically the case for leadership or the board of directors. The rationale is simple. While water seeking its own level is common knowledge, those who get wet first are paying more attention.

M3's approach is direct engagement with those possessing the most granular perspectives. I respect their experience and provide aircover for raw candor. This dynamic mirrors one of Stephen R. Covey's 7 *Habits*: "seek first to understand, then to be understood." We collaboratively verify root causes, rationalize remedies, and

Value-Creating Solutions in Private Equity

implement solutions. This robust sustainability is essential to both the foundation of our economy and scalable value creation.

Long live the contributions of tradespeople toward keeping both the big and small wheels in the economy reliably turning!

Middle Market Methods™

Our firm offers a value-creation toolbox of growth, productivity, and cultural solutions to portfolio companies of private equity firms. The premise is that best practice adoption correlates with a smoother investment hold period, resulting in higher exit multiples. Consequently, deal team time is liberated from operational surprises to invest in new transactions.