

Business Speak 101

BY SUSAN DAVIS GRYDER

Overheard in the administrative building of the 21st Century School District:

“Hey, Jane. Have you heard anything about the school board’s decision to hire the new superintendent? I’ve been hearing rumors that the top candidate intends to change our process improvement program from TQM to Lean Six Sigma.”

“Hi, Bob. I don’t think they’ve made the offer yet; they want to make sure she’s a strategic fit.”

“From what I hear about her performance at Innovative School District, I am sure they will make an offer—and I, for one, can’t wait. We need someone who will empower us and our people to leverage our core competencies.”

“Yep—this effort is mission-critical. It’s the first step to right-sizing our different administrative programs and establishing some synergy among our principals. We’re going to create a whole new paradigm in this community!”

Process mapping,
benchmarking,
scalability, oh my!



Bring yourself up to
speed on management-level
business jargon with our
crash course.



Is your head spinning yet? If you've ever been stuck in a management meeting, nodding and smiling while mystified by the acronyms and business jargon being exchanged all around you, you're not alone. People in all professions, from manufacturing to government to education to school nutrition, quickly become accustomed to using their own unique sets of terms and abbreviations. This jargon can become so ingrained that it's hard for people who aren't clued in to understand what's going on. (Just think about how your family members glaze over when you reference "HAACP steps," "net-off invoicing," "prime vendors" and even "meal pattern.")

Often, business speak starts out as a useful way to talk about concrete concepts in a defined industry and then migrates into the general population, where it can get misused and abused. In many cases, the precise technical meaning of a term or concept is lost. These days, for example, people may use the term "2.0" to refer to the newest version of almost *any* product or service, but originally, 2.0 had a very specific meaning in software development.

But what about when business speak doesn't cross into popular culture, but *does* cross into your professional niche? Whether you're a seasoned school nutrition manager, supervisor or director—or recently have been appointed to that new role—you may be finding you need to run out and obtain a new dictionary in order to keep up with important concepts and conversations that are critical to you—and your team—being taken seriously by district officials.

Don't let your lack of awareness about

different management principles and approaches impede your being seen as the school nutrition expert that you are! Consider this primer on current business vocabulary a starting point. When you can literally "talk the talk," you'll have greater confidence—and more opportunities to fully engage and make your voice heard!

Eye on Improvement

Organizations spend a lot of time thinking about how they can perform better and adapt to current market conditions. For many businesses, this means determining how they can make more money! But for government entities and non-profits, the goal is just as important, as they seek to become more efficient. Improving efficiencies means making the most of financial and human resources so they can help more people, respond to more inquiries, get their message out more effectively—and even serve more lunches to hungry kids.

In this quest for better efficiency and effectiveness, organizations apply a wide variety of techniques and approaches. And these are defined and explained through specific terminology. Here are a few terms related to the area of *process improvement*.

Process. In business, a process is a set of structured activities or tasks that are related to each other and that produce a service or product for a customer. The customer could be external (the students eating school meals) or internal (your fellow school nutrition team members who read and use the reports produced by your department). A process can be managerial or operational, or it can *support* management or operations (such as accounting).

Total Quality Management (TQM). A management approach dedicated to success through the implementation of quality in every area of the business. In a business committed to achieving TQM, quality processes and standards don't come from "on high"; instead, *all* employees, departments, products and processes in the organization are involved. Proponents of TQM look to change the long-term culture of the organization and the process involves standardization, and *lots* of documentation.

Like many approaches for business quality, TQM was developed by academics and consultants in the United States, but it was implemented and refined by Japanese manufacturing companies starting in the Fifties and Sixties. TQM isn't the only quality-centric process around; in the U.S., it competes with Lean Six Sigma (*see below*) and other approaches. But it's still widely known and applied around the world.

Lean Six Sigma. A method of improving quality and reducing waste to increase efficiency and benefit the bottom line. Like TQM, Lean Six Sigma was first put into widespread practice in Japan but has been adopted by many companies and governments around the world. Lean Six Sigma uses data and statistics to improve processes following a prescribed set of steps: Define, Measure, Analyze, Improve and Control (DMAIC). Taking inspiration from the martial arts, Lean Six Sigma practitioners are classified by "belt" level: white, yellow, green and black.

Process Mapping. A method of breaking down and analyzing a defined

When you can literally “talk the talk,” you’ll have greater confidence—and more opportunities to fully engage and make your voice heard!



process, often through team events and brainstorming. The result is a graphic representation (which sometimes ends up being very detailed and complicated) of a process, showing decision points and workflow. This map is called a process map or “p-map.”

Cycle Time. The time needed to complete a process or task from start to finish.

Business Process Reengineering (BPR). A way of rethinking the processes in an organization in a fundamental and major way to improve quality, support customers and reduce costs. BPR can start with a basic look at the mission of an organization and move on to identifying, analyzing and redesigning specific processes. BPR often is more radical than techniques like TQM and Lean Six Sigma, which often concentrate on improving discrete processes; in contrast, BPR can result in redesigning the way an entire business operates.

You may remember a dozen years ago when the the U.S. Department of Agriculture’s Food & Nutrition Services applied BPR to the commodity program (now known as USDA Foods). The two-year process resulted in many progressive changes to the program, including national processing agreements, enhanced computer systems and expanded value pass-through systems.

Low-hanging Fruit. Easy-to-achieve improvements or opportunities.

Scalability. The relative ease in which a process can change or expand in order to accommodate increased output.

Metrics. This term is used in business settings to refer to set ways to measure things over time, to track performance or establish benchmarks.

Some of these terms may sound like a lot of doublespeak, but the concepts

behind them contain some pretty good ideas and resources. Even an online search for “process improvement,” for example, can lead you to helpful forms and templates that you can use to analyze and improve some of the processes you use in your everyday work. And you don’t need to know all the ins and outs of each particular method to identify certain techniques that you can implement easily with your team.

Getting Engaged

There is a considerable amount of specific terminology to describe how a business or operation is organized and how information flows. Unlike the concepts described in the previous section, following are slightly more generic *management* terms you might hear.

Strategic Planning. Long-term plans to align processes with a business’ mission and goals. Strategic planning answers the questions: “What do we want to achieve? How do we get there from here?” Business managers may employ brainstorming techniques and map their strategies using some of the process improvement techniques previously mentioned.

Silo Mentality. A mindset in an organization where different departments

or managers don’t share information or cooperate with one another. Silo mentality can decrease efficiency, stifle innovation and foster poor or uninformed decisions.

SWOT Analysis. SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis is a tool used in strategic planning and decision-making. To use the SWOT technique, create a rectangle divided into four. In the upper left hand box, write down your organization’s strengths (i.e., your competitive advantage)

relative to the situation you are trying to analyze. In the upper right hand box, write down your organization’s weaknesses (or liabilities). The lower boxes will contain opportunities (external conditions that could give you the advantage) and threats (external conditions that put you at a disadvantage).

SWOT helps you see a situation from more than one angle or perspective. If your SWOT matrix has an abundance of weaknesses and threats listed and only a few strengths and opportunities, that gives you pretty accurate feedback that this idea or project may not be the right choice right now. [Editors’ Note: For more on SWOT, see “SWOT’s Happening!”, December 2010.]

Benchmarking. Comparing your results (or measurements or standards) to others in your profession or industry. The term comes from the habit of shoemakers who marked the length of their customers’ feet on their workbenches. Nowadays, organizations use benchmarking to compare themselves to similar operations to see where their processes need improving or where they need to become more competitive.

Key Performance Indicators (KPI). A type of performance measurement.

Understanding financial terms is increasingly important for school nutrition employees at all levels, as you are being asked to be accountable to a strict bottom line.



KPIs may be used by an organization to evaluate the success of a particular activity or department. It also may be used as part of a system to evaluate employee performance. A KPI defines a set of values to measure against; these often are quantifiable numbers or percentages. KPIs might differ from one part of a business to another. In a school nutrition operation, for example, a school serving site might set a KPI for daily participation numbers, while the KPI for a central warehouse might involve minimizing end-of-the-year inventory.

Stakeholders. People, groups or organizations that are affected by or have an interest in an organization or an outcome. An organization's stakeholders can vary widely, from customers to employees to people who are affected by the organization's activities but aren't otherwise associated with it.

Succession Plan. Businesses and other organizations develop succession plans to determine which employees will step into the shoes of supervisors and leaders once such individuals leave the organization, especially if they leave urgently or unexpectedly. Succession plans ensure that organizations have qualified people to step up. They also help identify staffing weaknesses: If you don't have a logical successor to your key managers, you need to look at your organizational chart and take the necessary steps to train or hire people who can take on these roles. And when a succession plan inspires an organization to invest more in training, it becomes an important part of the employee development plan.

Core Competency. This frequently used phrase references the things that an organization does well as a main part of its

business or mission. The term also is being used to refer to the assets and skills of an individual and his or her contributions to the organization.

Raise Your Financial IQ

Confused by some of the jargon that's often used in financial discussions? Ask questions. Take notes and do some Internet research later. Understanding financial terms is increasingly important for school nutrition employees at *all* levels, as you are being asked to be accountable to a strict bottom line. *Every penny* counts in a school nutrition operation. Not only do you have to find a way to stretch budgets to serve your students, critics of the federal child nutrition programs are always looking for examples of fraud and abuse. Make time to improve your understanding of some of the *financial* terms that follow.

Return on Investment (ROI). A method for calculating the efficiency of an investment by using a formula that compares the investment's gains with its cost. Although this is a technical performance measure, it's often used in general business conversation to refer to how much profit or efficiency a major change of financial or human resources investment might make, without doing the actual calculation.

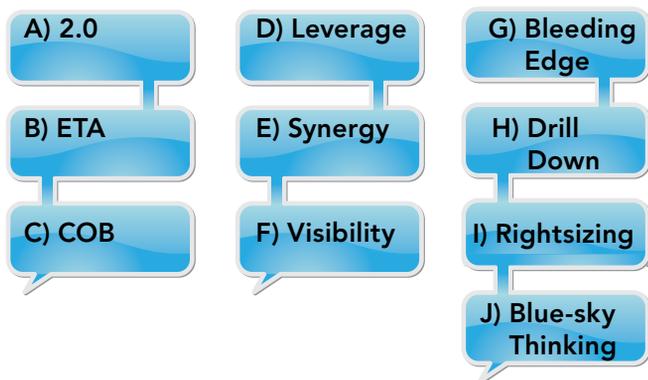
Profit & Loss (P&L) Statement. An operation's financial statement that indicates how revenue is transformed into the net income, after all revenues and expenses have been accounted for. The statement usually references a specific period, such as a month or a year. This shows whether the operation made or lost money during the reporting period.

Value-Added. Enhancements, extra features or services that are added to a basic product or service to increase its basic value to the customer.

Cost and Price. In a business setting, the cost of something is what it costs to make or produce it, while the price of something is what it is sold for. The difference between these two numbers is *gross profit*. *Net profit* is equal to gross profit, minus overhead costs and minus interest payable for a given time period.

Direct and Indirect Costs. *Direct costs* are costs that are charged directly to a particular project. In school nutrition, examples of direct costs would be such expenses as food, equipment and the salaries of your staff. *Indirect costs* are costs that are allocated indirectly; in school districts, these might include utilities and custodial services.

In December 2010, President Obama signed the "Healthy, Hunger-Free Kids Act," which includes a provision that directs USDA to issue guidance regarding child nutrition program rules that pertain to indirect costs, including an explanation of allowable indirect costs that may be charged to the nonprofit school foodservice account. In addition, USDA is directed to conduct a study to analyze the indirect costs that schools and districts participating in the federal school meal programs have been charging to the school nutrition department. The results of this study will lead USDA to identify the



Answers: 1. D, 2. C, 3. F, 4. A, 5. B, 6. E, 7. J, 8. G, 9. I, 10. H

What's the Buzz?

Some words and phrases have become over-used hallmarks of corporate conversation—and have seeped into general conversation or references in magazines or on television, as well. How familiar are they to you? Test your business speak skills and decide which over-used business buzzwords fit best in the following sentences.

1. "We're going to ____ our strengths as nurturing parents in our marketing efforts to cast school meals in a positive light."
2. "I need this report completed by ____ ; don't wait until tomorrow!"
3. "Make sure that you are on the agenda and make a presentation to the board of education, so we can increase our ____ ."
4. "It's time for us to scrap this approach completely and implement a Marketing ____ plan."
5. "What's your ____ ? The meeting starts in 15 minutes."
6. "I like the way we work together. We have a certain ____ ."
7. "As we start identifying our goals for the year, let's engage in some ____ ; let's pretend there are no obstacles. Nothing is impossible!"
8. "This software is so ____ , it produces report line items that no one's even looking for yet!"
9. "The department engaged in ____ the teams at each school serving site in order to achieve a better bottom line."
10. "We've just reviewed the process, and now it's time to ____ to the basics to figure out what's going wrong."

specific types of costs that are deemed reasonable and necessary to provide meals within the federal programs, and regulations may be developed to ensure that school food authorities are permitted to cover only those particular costs.

Meals Per Labor Hour (MPLH). A method of determining the productivity of a foodservice operation by looking at the average number of meals produced by each hour of labor. An MPLH calculation uses meal equivalents (with different weights for breakfast, lunch or snack), as well as a la carte sales. Operators can budget MPLH at the beginning of a school year and track actual MPLH to make sure that their staffing plan is correct.

Capital Investment. Technically, capital investment is money spent with the expectation of income in the future, as distinguished from day-to-day operational expenditures. People use this term to refer to all long-term, permanent purchases (kitchen equipment as opposed to disposable utensils, for example).

Depreciation. The decrease in the value of a tangible asset over time. In accounting, depreciation refers to the way the cost of an item is allocated over its useful life and is counted as an expense. In other words, depreciation is a way to convert the cost of something you buy, such as a new computerized POS system, into an operational expense by portioning it out over time.

Accrual. In accounting, an expense that must be accounted for but for which there is no supporting documentation. For example, the estimated amount of an invoice that will be charged to a specific month but that hasn't yet been received can be accrued in that month, so that the approximate amount appears in the right place. When the actual invoice is received, the amount can be adjusted if necessary. Accrual helps accountants accurately estimate cash flow, profit and loss.

Winning Words

Of course, these terms are just the tip of

the iceberg: Poke your head into any management meeting and you're likely to hear dozens more. But don't let that stop you from improving your business vocabulary! With greater understanding comes greater confidence. You will feel more at home in your next meeting, and you will be better able to sort out the valuable ideas and techniques that are sometimes hidden behind unfamiliar words and concepts. And when you understand the language used on the business side of school nutrition, you'll feel even more prepared and empowered to help serve your most important customers—your students! **SN**

Susan Davis Gryder is a freelance writer in Silver Spring, Md. Illustrations by **iStockphoto.com**.

TO YOUR CREDIT: For CEUs toward SNA certification, complete the "To Your Credit" test on page 46.