

Billy Ray Motorsports: A Parable

“Race team for sale: Complete shop, racecars, haulers, and staff. Currently competing. Active sponsors. Owner forced to sell because of health reasons. Call 555-123-4567 for more information. Serious inquiries only.”

Billy Ray always dreamed of owning a racing business. This was his big chance. The race gods were smiling upon him. This budding racing entrepreneur met with a few of his friends already in the business. He did his homework. He invited his investor-friends to join him. He flaunted all of the perks: race day passes, hospitality suites, celebrations at the tracks, the thrill of the racing business are like no other, he told them. And he could make some real good money along the way.

Soon, there were ten investors who caught Billy Ray’s enthusiasm. While they knew finances were going to be tight for a while, the investors all agreed, the risk was well worth the likely results. Billy Ray’s race team dream was coming true! The new signs for *Billy Ray Motorsports* looked impressive! “Now, let’s race to the checkered flag!” he cheered.

Their pit crew was really focused: extensive training, practice and drill. They were fired up! They spent 40 hours a week training and fine-tuning their pit stop techniques. They had all the right moves. They had the potential to be awesome!

Without missing a beat the *Billy Ray Motorsports* race team continued to qualify for races and finished races with no real big problems. Finishing 33rd, 25th, 20th is not too shabby. They were holding their own, but they sure needed to get better. The investors were enjoying the race-day activities and the thrill of the chase. The race gods were smiling on them again.

After several months of racing – good races and a few unfortunate wrecks – the financial manager announced that funds were running dangerously low and the team had to conserve, to cut back. Billy Ray and the new owner/investors said they would do their part and only use the corporate jet for distant races and use corporate motor homes for closer tracks. The race team execs agreed to join with the investors and likewise conserve travel expenses.

The race team management rallied too. The race shop would cut back overtime hours, and a few of the newer people would have to be let go, temporarily of course. Time spent in meetings had to be shifted to time spent on racecars. Some of the work that was done by outside shops was brought in-house and performed by the team’s fabricators. And the hundreds of man-hours spent on detailed post-race racecar inspection was cut back a bit and refocused on the obvious repairs just to make sure that the racecar was safe.

The race team’s management structure was also changed. Engineering was downsized and now reported to the finance manager as did the parts room, fab shop, and paint shop. After all this was where a lot of money was being spent and they needed watching.

The race-ready shop – the guys who put the racecars together for each race, the guys who set up the engines, the drive train, and the suspension – would continue to report to the team manager/crew chief. As usual, their entire job was to focus on assembling competitive racecars.

The pit crews would practice three days a week instead of every day. After all, the executives reasoned, how difficult could it be to remove and replace lug nuts, jack up cars, fill them with gas, and make a few adjustments? “They spend too much time watching movies and working out.” And the pit crew coach now reports to human resources because the “team things” there were doing had some potential “personnel issues.” They could no longer use physical abilities to decide who would do which jobs on the pit crews. “They needed watching.”

Record keeping was always a big deal. Equipment changes were documented, parts carefully tracked, vendors quality was verified, race track setups were all noted in great detail. Compliance with the rules and regulation changes of course was essential and could never be compromised. But in this era of cost cutting, the time spent analyzing all of this data by the team managers and engineers had to be reduced. An engineering intern from a local university was singled on to free up the team to focus on the “actual” racecar.

The inventory of parts used on the racecar, repair parts, build parts, and spare parts had to be cut back too. This caused considerable concern among the guys in the race-ready shop as well as the fab, drive train, and suspension shops. But cut they did. The purchasing folks also found different suppliers who had lower prices and could “guarantee” overnight delivery. This would help reduce the amount of inventory in the team’s on-site parts room – significantly freeing up cash.

As these changes were being made, the team started struggling with the racecar: It was taking longer to get the racecar completed in the shop. Sometimes, it had to be finished in the garage at the track. Their structured weekly shop schedules suffered a lot. The driver was becoming irritated with the way the car handled and he lost time practicing at the track because the guys were still working on getting the car set up and finished at the track. Tempers were short. The team manager/crew chief became the “buffer” between the driver and the rest of the team to avoid shouting matches that often resulted.

Racecar engine oil was very costly, they reasoned. But, the engine guys knew that different oils were needed for qualifying and racing, and that fresh oil and filters needed to be installed several times during a race weekend. “But in tough times,” the financial manager said, “we have to reduce the amount of oil and filters that we use. Besides, the cost of disposing of all that used oil is also increasing.” This meant that the five oil changes would be cut to no more than two oil changes for each race weekend.

The backup racecars are like a spare tire – just in case you need it - or so they reasoned. The time spent on the backup racecar was cut to a bare minimum. “The team’s emphasis now had to be focused on the primary racecar, not a racecar that would sit on the transport truck the entire race weekend” was the new directive.

With all of these improvements, *Billy Ray Motorsports* costs were finally under control. The investor/owners were happy once again. They were now a “lean race team” destined to show others how they could be a competitive team with a lot less overhead cost – a new business model.

In a short time, the team performance at the track showed signs of serious decline. “How could that be?” they questioned. Their racecar struggled to qualify. A few races they never finished because their car “broke.” They missed qualifying for a race and had to go back to the shop with their “sorry racecar” – as the driver called it. At one race when the primary racecar was wrecked during practice,

they had to use the backup racecar. The team had to “borrow” parts off the wrecked car to make the backup car run. It was a pathetic racecar – barely able to keep up with the slowest car on the track.

Sponsors started complaining. They put pressure on *Billy Ray Motorsports* executives to get better racecar performance or else their sponsorships would not be renewed. Fans stopped coming to visit the race shop and the small gift shop. Merchandise sales dropped off big time.

Overnight shipping costs for parts and supplies was huge! And the quality of the parts from the new suppliers was not what was promised. They were wearing out faster and even failing frequently. “What’s going wrong here? The suppliers said they were the same as what we used to use here.”

Some of the top mechanics and fabricators started leaving the team for jobs with other teams who were losing some of their senior staff to retirement. Engineers being in short supply in the entire race business led to some of the team’s engineers going elsewhere.

The team performance suffered when experienced people left the team and a few replacements filled their positions. Their task schedules slipped. The cutback in work hours and overtime coupled with in-sourced work led to shortcuts. Pride in workmanship suffered. The shop was a mess.

The pit crew struggled. The front tire changer and carrier left and the new guys didn’t quite gel with the rest of the crew. Pit stops suffered. This really made the driver angry. Pit stop times and accuracy also suffered. Penalties mounted up because of pit stop mistakes.

Communications suffered as barriers grew from disagreements, and arguments that infected the organization. Enthusiasm turned into frustration. Excitement turned into boredom.

The downhill slippery-slope slide turned into a plummet over the edge of a cliff. While the “lean” race team was saving money, their performance suffered. They were actually losing money, too. Ouch!

The hard truth of an old racing adage was actually hitting home: “If you want to make a small fortune in racing, you have to start out with a big fortune.” Billy Ray was puzzled. How could this be happening to him, to *Billy Ray Motorsports*? What went wrong?

It’s not easy to stay on top in the highly competitive racing business. It just doesn’t happen overnight. Well, think about it. It’s true not only in racing. It’s not easy to stay on top in any business, especially one that relies on high-performing and reliable equipment to compete.

How could *Billy Ray Motorsports* have avoided the mistakes? Could he learn and apply the “secrets” of top-performing race teams? And what if we could apply their formulas for success, their “secrets” to our business, and in the places where we work?

Tune in next month for the rest of the story... and see if *Billy Ray Motorsports* can turn their big losses into big wins.

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