Written by Bob Williamson, Contributing Editor
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"RACE TEAM FOR SALE: Complete shop, racecars, hauler and staff. Currently competing. Active sponsors. Owner forced to sell due to health reasons. Please call (555) 123-4567 for more information. SERIOUS INQUIRIES ONLY."

What a sad little ad. This race team had started out with such hope and promise. Let's go back to the beginning of the story...

Billy Ray had always dreamed of owning a racing business. This was his BIG chance. The budding entrepreneur met with a few of his buddies already in the business; did his homework; invited some investor friends to join him. He flaunted all of the perks in their direction: race-day passes, hospitality suites, celebrations at the tracks. "The thrill of the racing business is like no other," he told them, "and you can make some real good money."

Before long, 10 investors had caught Billy Ray's enthusiasm. Although they realized finances would be tight for a while, they all agreed the risk was well worth the likely results. Billy Ray's race-team dream was finally coming true! The new Billy Ray Motorsports signs he ordered looked so impressive! "Now, let's race to the checkered flag!" he cheered.

Billy Ray's pit crew was really focused: extensive training, practice and drill. Man, were they fired up! Crew members spent 40 hours a week training and fine-tuning their pit-stop techniques. Ready with all the right moves, they had the potential to be awesome!

Without missing a beat, the Billy Ray Motorsports team began qualifying and finishing races with no big problems. Coming in at 33rd, 25th and 20th is not too shabby. As for the investors, they didn't miss a beat, either. They were enjoying the race-day activities and the thrill of the chase. The race gods were clearly smiling (at least for a little while).

Sliding back in the field

After several months of racing—*including good races and a few unfortunate wrecks*—the financial manager announced that funds were running low and the team had to cut back.

Billy Ray and the new owners/investors said they would do their part and only use the corporate jet for the most distant races. (They would take corporate motor homes to all the others.) The team execs also agreed to conserve on travel expenses. Race-team management rallied as well.

The race shop would rein in overtime hours, and a few of the newer people would be let go—*te mporarily, of course*
. Time spent in meetings would be shifted to time spent on racecars. Some of the work done by outside shops was brought in-house and performed by the team's fabricators. And the hundreds of man-hours devoted to detailed post-race vehicle inspection were cut back a bit and refocused on obvious repairs just to ensure that the racecar was safe.

In the process, the team's management structure was also changed. Engineering was downsized and began reporting to the finance manager—*as did the parts room and fab and paint shops* . After all, the executives agreed, here's where lots of money was going. "They (the personnel in these areas) needed watching."

The race-ready shop (the individuals who put the racecars together for each race, the ones who set up the engines, the drive train and the suspension) would continue to report to the team manager/crew chief. As usual, this group's entire job was to focus on assembling competitive racecars.

Going forward, though, the pit crews would only practice three days a week, NOT every day. So what? How difficult could it be to remove and replace lug nuts, jack up cars, fill them with gas and make a few adjustments? Anyway, as the execs put it, "They (the crews) spend too much time watching movies and working out. They needed watching."

Furthermore, the pit crew coach would start reporting to human resources. That's because the "team things" that the crew did might fuel potential "personnel issues." Physical abilities were no longer to be considered when deciding who would do which jobs. "They (those typically involved in such decisions) needed watching."

Changes were being implemented throughout the Billy Ray Motorsports operations. It seemed that no area was to go untouched.

Take recordkeeping. It had been a big deal early on. Equipment changes were documented, parts carefully tracked, vendor quality verified and track setups noted in great detail. Compliance with all the rules and regulation changes, of course, was essential, and could never be compromised. Not any more! In this era of cost cutting, the time it took for managers and engineers to analyze all of the data had to be reduced. There was an easy and cheap solution. Why hadn't anyone thought of it before? An engineering intern from a local university took on the data analysis task, allowing the managers and engineers to focus on the "actual" racecar.

The inventory of parts used on the racecar—*repair parts, build parts and spares*—also had to be slashed. This caused considerable concern among those in the race-ready shop, not to mention those in the fab, drivetrain and suspension shops. The cuts still came. Moreover, purchasing found different suppliers that offered lower prices and could "guarantee" overnight delivery. This would help cut inventory in the on-site parts room–
significantly freeing up cash.

As changes took hold, the team's troubles intensified, starting with the fact that it now took longer to complete the racecar in the shop. Sometimes it had to be finished in the track garage. Structured weekly shop schedules suffered greatly. The driver was becoming irritated with the way the vehicle handled AND lost precious practice time at the track because the "guys" were still working to set up and finish the car.

Tempers were short. To help minimize and/or eliminate shouting matches, the team manager/crew chief took on the role of a "buffer" between the driver and the rest of the team. Friction was everywhere.

For example, despite racecar engine oil being very costly, 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. "Times are tough," the financial manager countered, "we have to reduce the amount of oil and filters we use, not to mention our oil disposal costs." This meant that the traditional five oil changes per race weekend would be cut to a maximum of two.

Lest we forget, an order also came down to drastically cut time spent on the backup racecar. This backup was to be thought of as something akin to a spare tire—*"just in case you need it," in the words of the financial manager*
. His directive? "The team's emphasis now had to be on the primary racecar, not on a car that would sit on the transport truck the entire race weekend."

Struggling to compete

In light of these operational "improvements," costs finally appeared to be under control. That made the owners/investors (and financial manager) very happy. Theirs was now a "lean race team," destined to show others how they could be competitive with less overhead.

In very short order, though, the team's performance at the track began to show signs of serious decline. "How could this be?" everyone asked. The Billy Ray car struggled just to qualify. In some races, it "broke" and failed to finish. At one track, when the primary racecar wrecked during practice, the team turned to its backup. To get that vehicle running, however, required "borrowing" parts off the wrecked car. Even then, it was pathetic—*barely able to keep up with the slowest racecar on the track.*

Sponsors started complaining. They put pressure on Billy Ray Motorsports executives to get better racecar performance OR ELSE their contracts would not be renewed. Fans stopped visiting the race shop and small gift shop. Merchandise sales plummeted.

Overnight shipping costs for parts and supplies were enormous! And, the quality of the parts from the new "cheaper" suppliers was NOT as promised—*parts were wearing out faster and failing frequently* . What was going on? Hadn't the new suppliers said their parts "were the same as what we used to use here?"

Some of its top mechanics and fabricators left the team for jobs with competitor teams that were losing some of their senior staff to retirement. Several of Billy Ray's engineers moved into key

positions with other teams as well—*it was easy, given the fact that engineers are in short supply across the entire race business*. Team performance dropped when experienced people departed and a few replacements filled their positions. Task schedules slipped, and the cutback in work hours and overtime, coupled with in-sourced work, led to shortcuts. Pride in workmanship evaporated. The shop was a mess.

The pit crew was in disarray. The front-tire changer and carrier left, and the new-hires didn't quite gel with the rest of the crew. Pit stops were awful—*which made the driver even angrier than he already was.* Pit-stop times and accuracy also suffered. To make matters worse, because of mistakes in the pit, penalties mounted.

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

Lessons learned

It had not taken long for the team's sliding back in the field and off the track to turn into a plunge over a cliff. While the new "lean" Billy Ray Motorsports business was certainly SAVING on various things, team performance had fallen drastically—*so much that the operation was actually LOSING money*. The hard truth of an old racing adage was finally hitting home: "If you want to make a small fortune in racing you have to start out with a BIG fortune."

Billy Ray was very embarrassed and deeply puzzled. How could this "wreck" have happened? What had gone wrong with his racing dream?

Truth be told, it's not easy to stay on top in the highly competitive racing business. Success doesn't just happen overnight. The same could be said about ANY business—especially one that relies on high-performing and reliable equipment to compete.

How could Billy Ray have avoided the mistakes that led him to put his team up for sale? Should he have learned and applied the "secrets" of top-performing race organizations? And what if WE were to apply these "secret" formulas for success to OUR own workplaces? Tune in next month for the rest of the story. **MT**

RobertMW2@cs.com