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Inc.

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The No. 1 Productivity Killer

What is the one thing that distracts our smartest people, adds no benefit to business, and makes us less competitive?



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Anxiety about the fiscal cliff last fall and the sequester this winter fomented great uncertainty for business. Washington often seems indifferent to its impact on the business climate, as if its mission is all a game and all about itself. But even if the two (or is it three?) squabbling camps in the nation's capital stop manufacturing a crisis every quarter or two and somehow overcome their mutual distrust to chart a path forward, one drag on American business that seems unyielding and impervious to whoever is in charge is numbing regulation.

When it comes to regulatory hurdles, it hasn't seemed to matter who's occupying the White House or Congress. The bureaucracy answers to itself. Its appetite is unlimited. There's always a new form to be navigated, a line on a form daring to be understood, a government file cabinet hungering for paper, a hoop to be traversed, an ambiguity to be concocted. Typically, the rationale for all the documentation is barely evident. It too often feels like a competition--not against your actual competitors in business--but against the referees. And the rules are continually changing. You may be smart enough to run a business, but you can't grasp the need for the paperwork. It's a bureaucracy thing--you wouldn't understand. Talk about "streamlining" recurs from time to time, but the system seems to regard the goal as an imposition, and it never sticks for too long.

How Business Suffers

Federal requirements for statistical information about our business--financial or operational--often compel us to mine for data that is not easy to retrieve, such as energy usage in kilowatt/hours or commodity consumption in pounds. As a small manufacturer, we do not have the manpower or the systems to comply with these requests without disrupting activities that create value for our business. Even if we could afford to hire someone specifically to push through this paper jungle, I'd much rather hire a productive steel worker. We've had to get outside help in filling out the forms, at a cost of hundreds of thousands of dollars over the years. The robots on our factory floor have propelled our productivity and helped us win jobs from our peers in China and Germany--bending wire forms 100 times a minute and slicing through sheet metal a foot per second--but they can't help fill out these forms.

We export material handling containers to 36 countries, but it takes about 20 minutes of paperwork for each shipment we make to a country that isn't part of the North American Free Trade Agreement. (Paperwork for the NAFTA shipments takes three or four minutes, so that's some progress.) We had an anxious event two years ago when we were fined \$15,000 for overlooking a signature line on a form that we had correctly signed in two other spaces. That omission should have warranted a follow-up call or a letter for the missing signature, at best, not a hefty fine (which we were eventually able to negotiate down, but not out.)

The Big Picture

Regulations impede job creation. They focus us on the wrong things. The regulations never seem to sunset, only multiply. They force us to invest resources into unproductive tasks. Our smartest people become distracted with chores that add no benefit and make us less competitive. Our clients do not care how good we are at filling out forms. Our economic rivals aren't as encumbered. We're energized by the challenges of designing and building innovative solutions for the materials handling needs of our customers. We relish vying for jobs in a global economy. We don't fear our able competitors around the world. We shouldn't have to fear so much regulation and bureaucracy at home.

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***Drew Greenblatt** is the president of **Marlin Steel**, a U.S.-based manufacturer of wire baskets and sheet-metal fabrications. Marlin has grown 25% over the past three years and has a record of 1,422 days without a safety problem.*

<http://www.inc.com/drew-greenblatt/true-cost-of-bureaucracy.html>

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