

Significant Process Improvement is Achievable -- Even During These Tight Financial Times

Today's scary economy is causing many companies to scale back their operational improvement efforts. Increased efficiency and effectiveness during these times is something most every company is seeking, but many are now fearful of investing millions of dollars in new systems or other, comparable upgrades. What they need instead is meaningful improvement that generates a greater annual return on a much lower investment.

In response, we thought it would be helpful to share some thoughts about how to achieve – and sustain – significant process improvement *without* that system upgrade. The key is in the way process improvement is pursued.

Most improvement efforts companies undertake are triggered by the accumulation of unnecessary, redundant and non-value-adding activities that develop over time in their operational areas. That's where most of the processing is done, and where most of the people and expense are; therefore, that's where the opportunities lie. So, as if cleaning the garage, they make workflow the target and clearing it of accumulated 'junk' the objective. And automation is almost always part of the solution.

There's no denying that this approach produces results. Unfortunately, when this is all that is done, new junk begins to appear almost immediately and before long another cleanup is needed. The results that justified the effort just don't last.

The reason results don't last is because companies attack the wrong thing, or, more accurately, not all of the right things. The processing junk they seek to eliminate surfaces and becomes visible in workflows, but its source is elsewhere. And if it's not eliminated *there* – *at its source* – it continues to grow and quickly reappears.

What are the sources of processing junk? Some of the more common include:

Narrowly defined jobs – that limit staff understanding of how they contribute to and impact service outcomes. They only see what they do, not the delivered outcome. So, without a broader perspective, they seldom do anything different. And, if they do, it's not likely to produce a better outcome because they have no way of knowing what better means. More likely it's simply change that complicates and slows things down -- junk.

Excessive control – that further limits staff ability to do things differently and better and make a difference. It's zero tolerance for deviating from policy; it's the lack of decision-making authority; it's limited access to people and information. What it generates is wrong actions with good intentions – more junk.

Absence of a real customer – which focuses staff inwardly on *what* they do, rather than outwardly on the *value* it provides. We're not referring to a customer as the next position in a workflow sequence. We mean someone that is served at the end of the process and is owed quality service, whatever it might be. Without a real customer, there's no sense of responsibility or accountability for meeting, let alone, exceeding, needs; only for following policy – even when it's the wrong thing to do – still more junk.

Measuring activity and things – rather than what they accomplish. It's harder to do, but outcomes and results are the only things that really matter. If work that is done was measured this way -- on the customer value it delivers – closely monitoring work volume, the time it takes to do it, error or failure rates and other transaction-related measures wouldn't be as critical and wouldn't be as labor intensive. If results are not what they should be, customer dissatisfaction will expose it and require it to be fixed. This is especially meaningful when multiple roles and disciplines are collectively responsible for and serve common customers.

Automating things that shouldn't be done – like the elaborate tracking of work through its processing flow, and paying people to keep the tracking accurate as workflows change, and others to monitor, evaluate and respond to the outputs it generates, and more. The amount of processing junk this creates is tremendous. Instead, minimize the places work can be done. Put it in the hands of staff that understand what good means and can deliver it; that measure the outcomes it generates; and that rely on and use customer feedback to fix it when it is deficient. When you achieve this, elaborate and expensive tracking mechanisms become unnecessary. Focus on selling and servicing insurance.

The wrong people in leadership positions – keep things the way they've always been instead of continuously improving. Every company has too many managers that operate this way. To get progressively better, you need leaders who stretch boundaries and set world-class as a standard. You have them too. You just haven't looked for them.

An ineffective, unsupportive organization structure – that separates and fragments service delivery. In some companies, individual service areas are so isolated they can't even talk to one another. If they can't talk, they certainly won't share or collaborate and find the best solutions. It's not likely that they will impress your customers either.

And there are others.

Most are cultural; all create obstacles to what should occur naturally and without force. Their cost is huge and no amount of automation can fix them. A skilled, impartial eye is needed to see these impediments and evaluate their impact. If you think you have some of the junk described here accumulating in your garage, give us a call. We can help you eliminate the sources of your junk and realize the improvement they are preventing.

Also, please visit our website at McDonaldConsultingGroup.com, where you will find interesting case studies and further explanations of this and other exciting ideas in our Concepts and Ideas section.