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Manage and Improve Processes

How things get done each day determines how effectively goals and objectives are achieved. As organizations grow larger, the importance of standardized processes grows too. The more consistently processes are followed, the better the chance of producing high-quality results. As a manager, you will oversee and review numerous processes for their success rate and their efficiency, and to make sure they produce the best outcomes.

It's also important to understand how people relate to processes, to be able to evaluate and create new ways of doing things, and to make sure that you are incorporating input from all key stakeholders. There are specific ways to review, monitor, and improve processes, and when they are applied, they can create a much smoother workflow for you and your group.

In this chapter, we will cover the following areas:

- ▶ Define and communicate expectations for quality outcomes
- ▶ Develop common process-management tools and methods
- ▶ Designate process owners who are accountable for successful execution
- ▶ Help others understand their work from a process perspective
- ▶ Help others understand the impact of variation and how to manage it
- ▶ Identify and implement the appropriate work structures and processes to accomplish goals
- ▶ Integrate input from stakeholders to prioritize process-improvement efforts
- ▶ Ensure currency of process standards and process documentation
- ▶ Identify ways to streamline and/or improve efficiency of work
- ▶ Manage quality by using data to identify trends and track progress
- ▶ Analyze process breakdowns to ensure that lessons are learned
- ▶ Investigate and adopt best practices and lessons learned from within and outside the organization

Define and communicate expectations for quality outcomes

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Ask people how they determine if they are delivering high-quality products and services. Check the connection between quality measures and actual requirements.

Quality standards are driven by current and anticipated customer requirements and the organization's positioning. In addition, teams need to simultaneously improve business processes so that the organization can meet a higher level of customer requirements and drive down costs. Consider the following suggestions:

- ▶ Identify "must have," "nice to have," and "want in the future" requirements. Manage to those levels.
- ▶ Ask customers about their requirements. Also understand how the product or service is used and by whom. Include:
 - ▷ Product specifications.
 - ▷ Service requirements.
 - ▷ Time considerations.
 - ▷ Cost considerations.
 - ▷ Delivery issues.
 - ▷ Previous problems or concerns.
 - ▷ Anticipated future needs.
- ▶ Ensure that everyone involved with the product or service (the value chain) knows and understands the requirements and expectations.
- ▶ Communicate standards and requirements to your vendors and suppliers. To develop quality partnerships with them, consider the following suggestions:
 - ▷ Communicate expectations and quality standards for your products and services with the vendors and suppliers who will be contributing goods or services to the creation of those products.
 - ▷ Select vendors on the basis of both quality and price. Poor quality at a low price is still poor quality, no matter how little it costs. Know the total cost of a sale, including rework and replacement costs.
 - ▷ Develop solid partnerships with your vendors and suppliers so you can count on each other. Let them know that if they deliver quality products and good service, you will give them your business.

- ▷ If you do not have a choice of vendors, determine how to expand your options. Many managers feel stuck because they are getting poor-quality products or service from suppliers or vendors, and they think they have nowhere else to go. Work with your team, the organization, and the industry to develop your options.
- ▷ Require that your vendors use process-improvement processes. Consider training or consulting with them to improve quality.

Develop common process-management tools and methods

When you have standardized work processes, you do not have to reinvent the wheel for each new project or situation. Instead, you can modify a standard process to fit each new initiative. Similarly, process-improvement methods can also benefit from standardization. Organizations focused on this area create improvement processes, train specialists to consult with and support process-improvement teams, and train employees on basic techniques and processes. Consider the following suggestions:

- ▶ Use resources available in your organization (such as individuals' learning and experience, books, online sources, and experts in process improvement) to identify improvement methods, processes, and tools.
- ▶ If your organization has standard process-improvement procedures, select a team to be trained on these procedures and then have them serve as the work unit's advisers in process improvement.
- ▶ If the organization has many different work processes, such as project-management methodologies, simplify and use one. Communicate the standard work process and process-improvement procedures and tools so that people are aware of them. Also, recognize and celebrate improvement successes.
- ▶ Some effective tools for standardizing work processes follows:
 - ▷ *Flow charts* convey the relationships of one process or person to another through visual descriptions of work cycles. They are tree-like diagrams that represent the work flow among process components. Standard symbols such as circles and squares are used to identify tasks, and lines are used to represent relationships. Flow charts are especially effective when there are complex process relationships

Share the process management tools that you have found helpful. Provide examples of how and when the tools can be used.

and when several tasks occur simultaneously. Using flow charts, you can identify critical paths and track progress.

▷ *Project planning worksheets* provide overall snapshots of projects. A project planning worksheet breaks a project into specific tasks and steps, shows estimates of the time required and the cost involved for each task or step, and identifies the person or group responsible for carrying the task through to completion.

1. MAJOR GOAL/TASK What must we do?

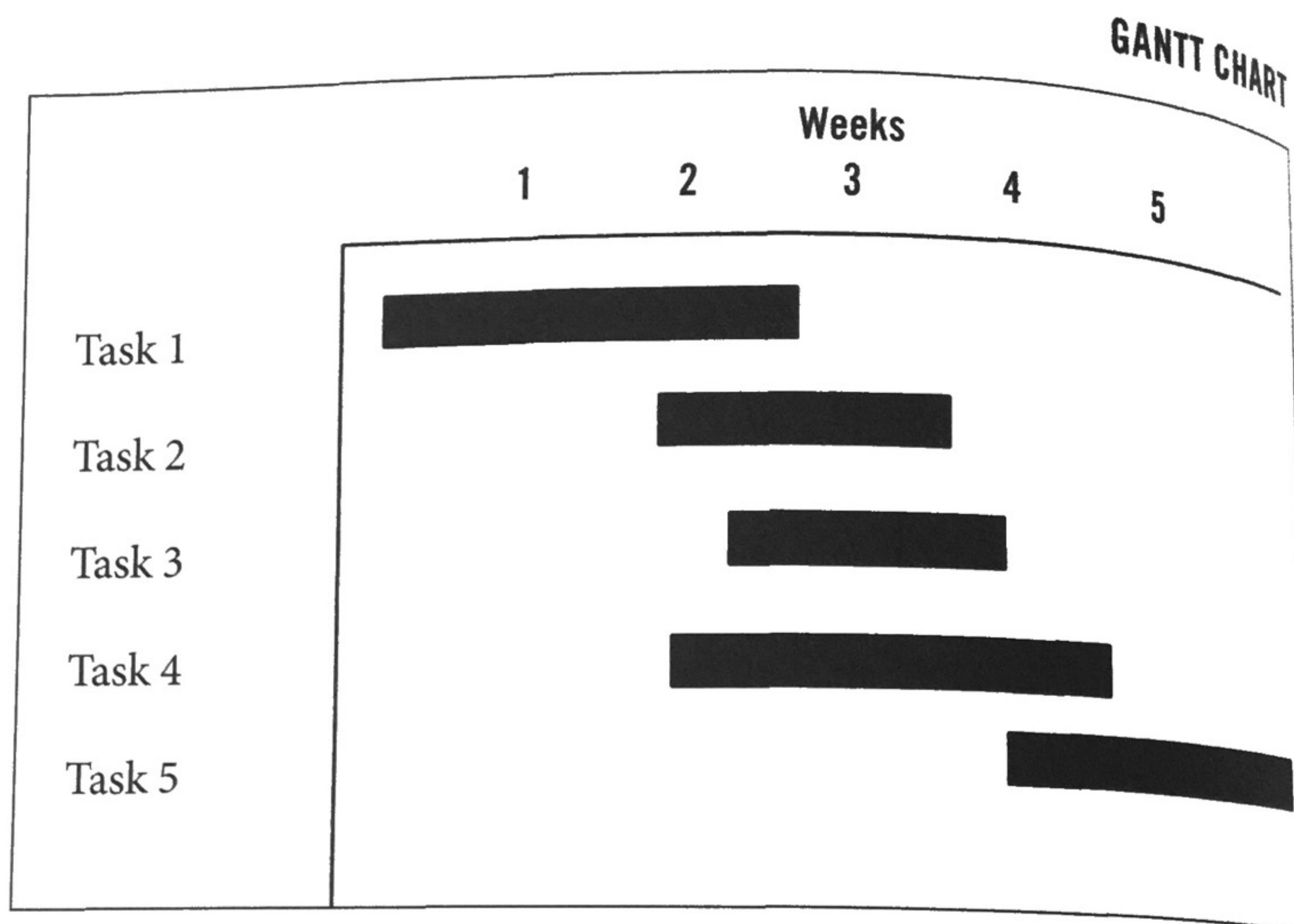
PROJECT PLANNER

| 2. ACTION STEPS What steps are needed to reach the goal or complete the task? | 3. WHEN Completion Date/Time | 4. WHO D=Do S=Support | 5. COST What costs are involved? | 6. TRACKING How/when will we monitor progress? |
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7. EVALUATION What went well? What didn't go well? What did we learn? Implications?

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▷ *Gantt charts* represent time relationships in a project. A Gantt chart works particularly well for projects that involve simple, repetitive tasks, projects that will not go through many process changes, and projects for which the plan needs to be communicated simply and directly to others. Gantt charts do not work well for highly interdependent steps.



- ▷ *Control sheets* are simple spreadsheets that list due dates, designate responsibilities, and serve as a communication tool to both manager and employees.
- ▷ *Error logs* (or process breakdown logs) track information about specific incidences. Reviewing them over time reveals trends that indicate process weaknesses.
- ▷ *Work plans* are used to assign and prioritize work and to communicate estimated time standards for individuals or work groups on a daily, weekly, or monthly basis. They can also be used to track estimated versus actual time for job completion. Actual times that differ significantly from estimated times might indicate a need for further analysis of the process for completing that job.
- ▷ *Standard Operating Procedures* (SOPs) spell out the steps for completing a task. SOPs are very useful as a training/cross-training tool if employee turnover is high. They are also useful for activities that are long, complex, or done infrequently.
- ▷ *Checklists* can be used when documentation is important or when it is crucial that no step be overlooked.

Standard versions of these tools are available in both paper and electronic formats. Many organizations create their own versions for internal use. If you do not know where to locate such resources, consult process-improvement literature, check with your improvement teams or quality-process people, or talk with a manufacturing or customer service group. They typically use these tools regularly.

- ▶ In addition to standard tools, use a standard method—a specific way in which something is done. The following are common, useful standard methods:
 - ▷ *Cross-functional teams* consist of people who work in different departments. A temporary team might be formed to develop and implement a new process. Permanent teams might form for processes that depend on many different groups working together cohesively.
 - ▷ *Meeting management guidelines* provide a standard way to conduct meetings. They usually cover agendas, start and stop times, how to handle conflict, and so on.
 - ▷ *Brainstorming protocol* provides guidelines for effective brainstorming in groups.
 - ▷ *Project initiation meetings* trigger the start of a project. Participants include project owners from various functions, the customer, and other groups. The meetings are used to clarify requirements, work processes, and how teams will work together.
 - ▷ *Vendor meetings* allow you to review vendors' abilities, determine what they need from you, and discuss ways of serving each other better. Vendors often can suggest how to serve customer needs better.
 - ▷ *Customer reviews* provide a standardized process for gathering information from customers to improve customer relationships and satisfaction.

Designate process owners who are accountable for successful execution

The manufacturing industry is aware of the importance of process owners who are responsible for the continuous improvement of their processes. Other industries can also benefit from the dramatic improvements and increased productivity that come from process improvement. Responsibilities of process owners may include the following:

- ▶ Create and maintain documentation about the process, including flow charts, SOPs, and checklists.
- ▶ Collect feedback from internal and external customers to monitor potential areas for improvement.
- ▶ Communicate to stakeholders to make them aware of process changes.
- ▶ Follow up on process improvements after they are implemented.
- ▶ Suggest where gaps in training may exist.
- ▶ Maintain and report on the measurements relating to the process.
- ▶ Regularly review and update all documentation and measurements that relate to the process.
- ▶ Keep abreast of trends or technology that could improve work flow.

Ask people to take responsibility for process improvement. Set specific effectiveness targets for them and challenge them to figure out how to reach those targets.

Help others understand their work from a process perspective

People who understand the concept of work processes can see how their work fits into the overall picture and understand its impact on delivering value to customers. This also makes them more knowledgeable when they participate in efforts to improve processes. Consider the following suggestions:

- ▶ Help people understand that the work of the unit is composed of tasks that result in an output. The way these tasks are put together is a process. Each person in the work unit is part of one or more business processes that deliver value.

Have people look at a process to see if it is sufficiently linked with other parts of the organization, including with internal customers.

- ▶ To understand a process, ask people who are involved in it to map the steps in the process. Ask them to identify the inputs and outputs for each step.
- ▶ Ask people to specify the inputs necessary for their work, to describe the work they do, and to identify the outputs. Help them understand what is done with their outputs by asking who receives their outputs and what difference the quality makes to the recipients.
- ▶ Distinguish between core processes and support processes. Core processes deliver value to customers directly, with assistance from support processes. Core processes include customer support, product development, and distribution. Support processes often include HR, legal, and finance.
- ▶ Suggest that upstream teams interview downstream teams to understand how upstream work affects downstream work. For example, order entry people could interview customer fulfillment people to understand how unclear specifications and lack of customer information affects fulfillment.

Help others understand the impact of variation and how to manage it



The clearer and more standardized the work process is, the more likely that quality will be consistently high. Without clarity and standardization, you are likely to have a higher rate of variation in the work process. Consider the following suggestions to help your group and organization understand the impact of variation:

- ▶ Create a flow chart of the processes in your area. Then explore with the team what happens when variations—accommodating last-minute requests, not following established communication steps, adjusting for employee absences—are introduced into the process.
- ▶ Look at specific examples of how clients were affected when people did not follow established processes. Have the team keep track of these types of situations so the group can discuss how to better manage them. Sharing feedback from internal and external customers can be a powerful learning tool.

Discuss the impact of variation and how to manage it, including when variation is justified as a business need.

- ▶ Explore the value of saying no to requests for variations. Sometimes people don't feel empowered to refuse extreme requests. You may need to coach them on how to address a customer need without significant variations.
- ▶ Log customer requests for variation so you can recognize new customer needs. It is far better to respond to new customer needs with new processes than to have each request become a variation.
- ▶ Show that variations are not cost effective in terms of both quantifiable and nonquantifiable costs. Quantifiable costs include rework time, employee overtime, extra equipment maintenance, increased overhead costs, and product profit margins. Nonquantifiable costs include longer work hours and cycle times, increased employee frustration, and lower productivity.
- ▶ Understand that frequent process variations make training and cross-training more difficult. In fact, training in areas with high variation can be time consuming and can reduce the productivity of both trainer and trainee.
- ▶ Explore trends in variations that indicate that other work groups may need to improve a process. Do your employees consistently have to change the way things are done to make up for another department's poor planning, unrealistic turnaround times, or miscommunication? Use this information to help other teams improve their efficiency and effectiveness.

Identify and implement the appropriate work structures and processes to accomplish goals

▼ An organization's structure, which includes the roles and relationships among people in the organization, must be dynamic. What once worked well may no longer work due to changes in expectations, people, and so on. Effective managers regularly review and adjust the structure of their part of the organization to meet changing work processes, changing internal and external needs, and the skills of employees. Consider the following suggestions:

- ▶ Don't focus solely on changing structure. Identify the business processes before you work on structure. Without a clear understanding of the value chain and business processes, you will not get the structure right.
- ▶ Identify the critical roles needed to perform the business processes of the team. Then look at which roles are linked to one another. This will help you create a structure that makes sense.
- ▶ Design your structure with empowerment in mind. Whenever possible, create a structure in which people do the whole job, not just a piece of it.
- ▶ Ensure that your organization's structure is current, especially if you have just experienced reorganization, downsizing, significant growth, or product or service changes. Reevaluate job descriptions and reporting relationships.
- ▶ Look at how employees in remote locations, contract workers, and alliance partners fit into the structure. These staffing methods can work effectively as long as the reporting relationships are clear, people know how they connect to the organization and who they connect with, they have access to technical resources, and there is a clear understanding that these individuals are part of the team.
- ▶ When you are developing a new product or initiating an interdepartmental project, create a cross-functional task force to determine work processes and make recommendations for structure. Include participants at several levels of the organization.
- ▶ When you are working on recurring problems, staff the team with representatives from groups that were not previously involved in order to get new perspectives. For example, include customer representatives and administrative support people.

Discuss ways to evaluate whether a process or structure is suitable for the situation.

Integrate input from stakeholders to prioritize process-improvement efforts

When you have decided which parts of a process to change, make sure you and your team understand how people outside the team will be affected. To help integrate input from stakeholders and prioritize process-improvement efforts, consider the following guidelines:

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When people want to change their work structure, ensure that they are involving people who can help them understand the effect the change will have.

- ▶ Determine which process is most critical and should receive the highest priority. Ask teams, vendors, and customers for their points of view.
- ▶ Describe the most critical process from beginning to end as it is now and define how you want it to look in the future. Use “as is” (current) and “to be” (desired) process flow charts to articulate changes and explain them to others.
- ▶ When a process is long or complex, involve people from different functional areas to organize issues related to the change and to keep people informed. Involve stakeholders who have a vested interest in what is happening, including external customers, internal customers, and vendors. Use stakeholder meetings to:
 - ▷ Understand broader issues between teams.
 - ▷ Discuss how changes will affect various stakeholders.
 - ▷ Determine priorities to work on, resources needed, appropriate people, and so on.
 - ▷ Identify ways to manage change to minimize negative effects.
 - ▷ Agree on how to communicate what is happening during change.
 - ▷ Talk about individual or group habits that may need to be addressed.
- ▶ When it is necessary to involve a large group, begin with some initial fact-finding in smaller groups or one-on-one meetings. This will help ensure that everyone’s time is used effectively.
- ▶ To gain the most value from process-improvement meetings, consider these suggestions:
 - ▷ Set an agenda for the meeting.
 - ▷ At the beginning of the meeting, discuss expectations, parameters for the discussion, and norms for the group.
 - ▷ Select a strong facilitator who is respected by the group. Provide training for people who want to become facilitators.

Ensure currency of process standards and process documentation

Standards exist so that business processes work smoothly, and so that you can maximize the probability that customer needs will be met. Process documentation helps you ensure that standards are known, followed, and improved. However, if the documentation is never reviewed, standards could become an administrative burden rather than a management tool. Consider the following guidelines to help you ensure that standards and process documentation are current:

- ▶ Update documentation as one of the steps in executing a process improvement. When a team completes an improvement project, ask to see the documentation for the new part of the process.
- ▶ Review situations in which process variation was caused by unclear or inadequate documentation. Use these examples to illustrate the importance of communicating expectations and work process steps throughout the value chain.
- ▶ Work with process owners to review and update all documents. Team members who are new to the process can help you identify steps that are unclear or inadequate.
- ▶ Update documentation when:
 - ▷ New technology is employed.
 - ▷ Organizational, departmental, or process changes occur.
 - ▷ Roles or assignments shift within the team.
 - ▷ People are unavailable due to illnesses, sabbaticals, unforeseen departures, or other reasons.
 - ▷ Customers' needs change.
 - ▷ Certain functions become obsolete.
- ▶ Choose a central location for storing both paper and electronic documentation. If people can't access documentation, they won't use it, let alone update it.

Talk about barriers that keep people from updating documentation. Pick one and discuss steps the person could take to address it.

Identify ways to streamline and/or improve efficiency of work

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Challenge people to identify ways to streamline and/or improve the efficiency of their work. Ask what they are going to work on first.

Inefficient work processes lead to wasted time and effort. Often, work can be done in a smarter way if people eliminate or modify inefficient procedures and systems, or create new approaches. Consider the following suggestions:

- ▶ Gather the people involved in the work process. Map current processes and identify problem areas, bottlenecks, and recurring problems. For example:
 - ▷ Identify duplication of effort.
 - ▷ Note places where the formal process is often circumvented.
 - ▷ Highlight internal and external customer service problems.
 - ▷ Examine the level at which decisions are made.
 - ▷ Include what is working well. Examine why.
 - ▷ Determine if any steps can be eliminated or combined to save time.
- ▶ Investigate the cost of the constraint or problem areas. Do the problem areas result in customer needs not being met, higher costs, or a longer cycle time? Before deciding on priorities, understand the impact of each bottleneck.
- ▶ Prioritize areas to address based on customer priorities and internal considerations. For example, if part of the process takes a long time and creates unnecessary conflict among team members, you may want to put this high on the priority list. Eliminating inefficiencies might allow team members to concentrate on meeting other customer needs.
- ▶ Establish goals and desired outcomes for the process-improvement effort. Team members should not be working on process-improvement projects without clear goals and deliverables.
- ▶ Once you have decided which part of the process to address, investigate it in detail. What is working and what is not? Generate and review alternate procedures that would meet the same objective. It may be possible to combine the best elements of several alternatives to obtain one outstanding solution.
- ▶ Arrange for a pilot program to test a new process. Measure the success of the pilot against the criteria established for the new process.

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- ▶ Continually look for ways to improve processes, products, and services and set up a regular schedule to examine how things are working and how they could be improved. Gather data regularly from stakeholders and customers and set up brainstorming sessions with those involved in the process to generate fresh ideas and perspectives.

Manage quality by using data to identify trends and track progress

Measuring your work against defined standards is essential to a high-quality process. *What* you measure is determined by your goals. *How* you measure determines whether you get practical, useful information. Consider the following suggestions:

- ▶ Observe the process and then develop measures for describing what you observed. Measures may be taken continuously or discretely. When you develop continuous measures, you are able to see patterns faster than when you have to make many discrete measurements.
- ▶ Select measures based on their usefulness and feasibility. A useful measure is closely linked with high-priority customer requirements, is accurate, is comparable to other data (such as industry data), addresses a potential improvement area, and can be an ongoing measure. Measures are feasible when there is a high probability that you can get the data, the collection methods are relatively easy, people are likely to cooperate, and the measures are not too complex.
- ▶ Learn about a variety of measurement techniques. Make sure people on your team are trained on several techniques.
- ▶ Select measurement strategies that are user friendly and appropriate for the process.
- ▶ Be sure to measure the *right* criteria in the *right* way. Make sure that the criteria and measures are focused on the customer.
- ▶ Use both qualitative and quantitative data. Qualitative information might include employee morale, attitude, motivation, and level of frustration. Quantitative data might include measures such as time to market, number of customer compliments, and error rates.
- ▶ Display data in formats that make it easy to see trends and meaning. If people can see the data and understand the meaning and relevance,

Ask people what they learned from the trend data. Discuss how they used the data to make decisions.

they will be more likely to cooperate with data gathering and support data-based process improvement.

- ▶ Develop a measurement baseline before you implement your changes.

Analyze process breakdowns to ensure that lessons are learned

Quality and service are moving targets—what is considered exceptional quality today will probably become routine tomorrow. Because expectations constantly change, continuous improvement is a must. Use process breakdowns and quality problems as opportunities for learning.

- ▶ The following is an example of a standard process-improvement procedure:

After process breakdowns, ask people to analyze lessons learned and determine what they plan to do differently.

1. When a problem occurs, determine whether it has occurred before and if it is likely to happen again. If the answer is yes or maybe, form a team to examine why it might happen again. Ask the team to focus on three to five levels of “why” to clearly identify the steps in the evolution of the problem. Often, simply asking why will identify causes and suggest options.

2. Ask the team to look at the cause of the problem and ask how it could have happened or, if it is a recurring problem, how it does happen.

3. Ask the team to determine an improvement plan that addresses each possible cause.

- ▶ Apply the lessons learned from analyzing process breakdowns. Ensure that the necessary changes are implemented.

Investigate and adopt best practices and lessons learned from within and outside the organization

An effective leader of system and process improvement makes a point to learn from others, gather best practices, and share learning with others. To assist you in learning from your organization and others, consider the following suggestions:

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- ▶ Identify areas in which you want the team to improve and organizations that excel in these areas. Invite people from these organizations to talk with you about their work.
- ▶ Check with your value chain partners to see if any are willing to train and develop parts of their value chain in process management.
- ▶ Communicate the results of process-improvement efforts so others can learn from them as well.
- ▶ Ensure that team members use the lessons they have learned. When you initiate an improvement project, ask what principles or learning from other projects are being applied. Also ask about risks the team identified based on previous lessons learned. Asking these questions will draw attention to the fact that you want people to use what they learned.

Encourage people to identify a lesson learned by another group and describe how they will apply it in their area.

INTENDED ACTION:

ACTION ANALYZER

| EXPECTED REWARDS Based on lessons learned | PROBABILITY |
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| POSSIBLE RISKS Based on lessons learned | PROBABILITY |
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Action taken and result:

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Manage and Improve Processes

- ▶ Attend leadership and management development programs, webinars, and conferences that include people from other organizations so that you can hear about and learn from their experiences.
- ▶ Ensure that teams use best-practices models as a starting place for their work. Then, to gain competitive advantage, improve upon those practices.
- ▶ Use your company's intranet to post and exchange information about process improvements.
- ▶ Read articles, blogs, white papers, and newsletters to keep up with current trends in quality management, particularly those that address issues your company is facing. Use the articles to illustrate effective and ineffective implementation.