

Becoming a Process Focused Organization

By Willie L. Carter

Becoming a process-focused organization requires a sustained effort, and for most industrial and service organizations that is a difficult task. Failure to improve the performance of your processes leads to a failure to improve the organization and results in improperly managing the business. All major business initiatives, quality, lean, six sigma, innovation, etc., must be targeted at improving those processes that have the greatest impact on the critical success factors of the organization. These critical success factors are the essentials, and the key processes that impact them should be the primary focus of management.

Focused process improvement is a fundamental requirement to sustain initiatives like quality or lean and to generate positive results. Organizations succeed or fail based on what happens within specific key business processes. Many organizations don't sustain their quality or lean efforts because they are not focused on improving critical business processes. Instead employee improvement teams are left adrift and end up working on trivial, inconsequential projects that matters least to improving the business.

WHY MAJOR CHANGE INITIATIVES FAIL

There are three fundamental reasons why major change initiatives like quality and lean fail and do not achieve important business goals. First, they are not focused, meaning the improvement initiative is sporadically implemented with insufficient regard for what is important.

Second, senior managers are not intimately involved in managing the improvement initiative. They labor under the old "bubble-up theory." Senior managers send lower level managers and employees to training, create lots of teams, and wait for a host of ideas and improvements to bubble-up. Top management thinks that quality, customer satisfaction, cycle time, etc., will automatically improve and that they will realize lower costs and higher profits. Sadly, it does not work that way. Bubble-up is like a bottle of carbonated water all fizz and no long lasting taste.

The third reason is that many organizations have a vision, but lack the discipline needed to realize the vision. Their lean or quality initiatives struggle because they lack the discipline to:

- Focus on the critical processes necessary to achieve the vision
- Include senior management in the selection process to identify specific process improvement projects
- Provide for continual management review to ensure that implementation produces the planned results

In my many years of experience in Corporate America and as a consultant the few times I have witnessed successful improvement initiatives is when the leadership was involved and focused on improving the "vital few" cross-functional business processes that provide a product or service to the customer.

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OBSTACLES TO PROCESS IMPROVEMENT

There is a lot going on in any good organization today beyond getting a product or service into the hands of the customer. Any number of different themes and visions—globalization, innovation, competitive strategy—are competing for a share of a manager’s attention and some of these themes seem, especially to senior management, more concrete and more manageable than process improvement. Also, improving processes may sound as if it can be delegated to operating managers. But even among operating managers, it’s easy to live with the status quo and just maintain the current process with all of its inefficiencies and work-arounds. Managers deal with inefficient processes every day, but they rarely stand back and consider a more robust process as a key to competitive advantage and customer satisfaction. It takes a special effort for executives to focus routinely on process improvement as something to be managed.

Another obstacle to process improvement is “stability.” Most managers and employees like to have stability in their working procedures and social patterns, serious efforts at process improvement disrupt both. Cross-functional process improvement teams breakup existing departments and routines. Process improvement sweeps away deep-rooted crutches, such as quality inspections and redundant data entry, which exist only because the process is poorly designed. Some valued specialists are exposed as the constraint, while others become completely unnecessary. It doesn’t take rocket science to figure out you don’t need sophisticated short-term adjustments to the sales forecast, for example, if your process can respond immediately to any change in the level of demand.

Even if senior management does get excited about process improvement as the dominant source of competitive advantage, it is difficult to keep people throughout the organization focused on it for very long. Management programs come and go in Corporate America, and unless top management stick to the message of process focus consistently, the organization will take the attitude “this too shall pass.” When employees see a strong theme coming from on high that they can’t relate directly to their daily work, they discount it. TQM, Lean, and Six Sigma have died in many companies because top management did not walk the talk.

As strong as these internal constraints to process improvement are, however, the compelling external fact that process improvement is a competitive necessity can overcome them. It is also easy for employees to relate process improvement to other problems they are concerned about, such as high costs and poor quality. Looking for inefficiencies (non-value-added steps) will lead to the root causes of quality and cost problems in the organization. Reducing lead time, for example, has personal meaning to many employees. To a product development engineer, it means maybe management is serious about eliminating all the unnecessary reviews that slows down his work. To a mortgage lending officer it means getting an answer back to a loan applicant before she gets impatient and runs off to another lender. To the admitting nurse in the hospital emergency room it means improved patient flow and reduced delays.

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HOW DO YOU GET FOCUSED?

The first step is preparation. This is where the leadership team gets organized and develops vision, value, and mission statements and identifies key processes. They then conduct an assessment of these processes to determine the current state and what the future state might look like. The next step involves planning—developing tangible plans for improving the key business processes and the organization as a whole. The third and most important step is deploying process improvement teams to carry out the improvements. Finally, sustaining the effort—institutionalizing process improvement as the way business is done every day in the organization.

PROCESS IMPROVEMENT METRICS

Process improvement is relatively straightforward to measure inside an organization especially when couched in terms of time. Time is captured explicitly in measures like lead time, cycle time, time to market and so on—and implicitly in metrics normally used in manufacturing and finance—machine uptime, product yield, changeover, inventory turnover, etc. When all these time related measures are brought together with process or value stream maps showing the organization's main flows and interaction patterns, a robust picture of the organization's problems and opportunities becomes visible.

There is no fixed set of time metrics managers should use to assess process performance those discussed here, lead time, cycle time, uptime, and so on simply illustrate what can be done depending on the situation. Some examples of process metrics may include:

- Customer Service Process
 - Customer response time to an inquiry, order or complaint
 - Delivery lead times
 - On-time delivery
 - Customer wait time between order and delivery
- New Product Development Process
 - Time to introduce new products to market
 - Time it takes to move a new idea from concept to market
- Production Process
 - Cycle time
 - Process cycle efficiency—percentage of value added time to total elapsed time
 - Inventory turnover
 - Production cycle variance
- Decision Making Process
 - Time it takes to make decisions regarding design, manufacturing, or customer service
 - The number of people involved in key decisions
 - The length of time awaiting a decision

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CONCLUSION

Unfortunately many of today's companies are addicted to fire-fighting and crisis management leaving little time to focus on their processes. As such they engage in worshipping the “hero or heroine”—the person who always rides in to save the day. But when you overcome these common barriers and effectively execute process improvement in your organization you cease to have fires to fight. Your organization just runs the way it should and hero worship is non-existent because everyone contributes to the company's overall well-being.

When you start focusing on your processes you'll experience improved quality, reduced cycle times, lower costs and a predictable and manageable workload. At that point you not only enable the organization to provide more value for your customers but also increase the distance between you and your competitors.

The opinions expressed in this article are those of the author only and do not represent the views of the Techman/Kanata or of any of its directors, officers or employees. The author, Willie L. Carter, can be reached at wcarter@quantumassocinc.com or by phone at 847-919-6127.

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