

Deliver Results, Focus on Your Client's Processes

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W. Edwards Deming, one of America's foremost quality gurus, stated that 85% of an organization's problems are attributable to variability in their processes, and the other 15% are related to people, equipment and tools. If your goal as an external domain expert (consultant) is to deliver visible, bottom line results for your clients, then focus on their processes! Why waste your time on the trivial 15% when you can deliver breakthrough results by focusing on the principle source of the organization's problems?

Deming's 85/15 Rule

Deming's theory states that problem areas fall into two categories: common causes (85%)—system or process problems found at production or organizational levels, owned and fully controlled by management. Management purchased the inputs, schedules the people and equipment to transform the inputs, and determines the precise method and use of every element in the process through delivery to the customer. Only management can change or fix the process. And there are also special causes (15%)—attributed to people, equipment, or tools.

What Is a Process?

Stated simply, a process is a group of activities that together achieve a specific goal. All work is a process. Every process has suppliers that provide input, which is transformed into an output that is delivered to customers. The transformation stage is the process. Suppliers and customers can be internal or external to the organization.

Processes that take place in almost every organization include, for example, order fulfillment, employee selection and staffing, and new product development. In most organizations, the critical or key processes are cross-functional in nature.

Proof of the 85/15 Rule

In client teams I have worked with, I have found the 85/15 rule tends to hold true. In working with one manufacturer of industrial magnets to reduce manufacturing scrap, I first met with the management team to brainstorm the causes of scrap. Not surprisingly, 90% of the reasons suggested by management were related to special causes (people, equipment, tools, and so on) and half of these were employee related. (Management often has the absurd need to pin the blame on someone and to be on record as disciplining that person.)

Since management had selected the problem—"scrap is too high"—I asked the management team to form a team of 6 – 10 employees and first line supervisors to brainstorm the causes of high scrap. I facilitated the team using the cause-and-effect/force field analysis (CE/FFA) methodology (see Sidebar). We exploded each cause into restraining and driving forces by using Force Field Analysis to determine why the cause existed. When all the force fields were completed,

Cause –and-Effect/Force Field Analysis

CE/FFA is an analytical tool used to define a problem and develop solutions. Management or a problem-solving team defines the problem it is encountering—the "effect." The team draws a cause-and-effect diagram, generates possible causes of the problem and analyzes each cause during force field analysis. This process comprises two steps:

- Brainstorming all the positive or driving forces that cause the action to happen.
- Brainstorming all of the negative or restraining forces that prevent the action from happening.

The team then determines solutions to diminish or eliminate restraining forces. (It is more effective to focus on ways to eliminate the restraining forces than ways to create new driving forces.) The causes are ranked in order of importance, which provides input for management consideration.

Those interested in reading source documents on cause and effect can refer to Kaoru Ishikawa's book, *Guide to Quality Control*. Kurt Lewin documents force field analysis in *Field Theory and Social Sciences*.

Deliver Results, Focus on Your Client's Processes

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I asked the team to indicate for each driving forces whether implementation was the responsibility of management or of the employee. We tallied all the driving forces to obtain a rough estimate of how many were management or process problems and how many were employee, equipment, or tool problems. The results—ninety-five percent of the problems were process related, and only 5% were due to special causes.

Needless to say, the management team was chagrined to find that many of the causes of high scrap were controllable by them. But once they accepted this conclusion, the organization was able to reduce scrap 50% in six months.

Why Focus on Processes?

Today's clients want a return on their investment. Since hiring an external domain expert is an investment in improving the business and achieving some measurable result, what better way is there to prove your worth than delivering a high impact or breakthrough result? Consider the following facts:

- Ineffective business processes cost organizations billions of dollars each year.
- The majority of white-collar effort in an organization is waste—it adds no value.
- Eliminating white-collar errors and bureaucracy can reduce overhead costs by as much as 50%.
- Process improvement can have a very positive effect on an organization's culture, especially in periods of downsizing.
- Time taken to respond to internal and external customers can be reduced by 50% or more.

Let's look at an example. A loudspeaker cone manufacturer had a new product development cycle of 18 - 24 months. This lengthy cycle prevented the company from participating in some new, highly profitable markets that demanded quick turnaround. By mapping the company's product development process, we were able to eliminate wasteful steps and reduce the turnaround time to six months. This breakthrough reduction in process cycle time enabled the company to increase its share of a very lucrative market.

The Process Improvement Technique

Improving a process is not something to be taken lightly. If the client is not willing to commit the time or resources to properly investigate the process, it is better to wait until the commitment is imminent. Quick fixes often make the process even more cumbersome and bureaucratic, which leads to more fire fighting and customer dissatisfaction. I have found the following steps to be effective in improving processes:

STEP 1: *Identify the Process Owner and Improvement Team*

- Each process must have an owner, someone who takes responsibility for the process, has a vested interest. And ensures its overall health. The owner takes charge of the improvement process and leads the process improvement team
- In the case of a single department. Ownership is clearly defined as the manager of the department or of sub-processes within the department.
- The team that works with the process owner is typically composed of 6-10 people from various functions or departments who represent different steps in the process. They have the ongoing responsibility of working with the leader of the team.

STEP 2: *Describe the Process to Be Analyzed and Explain Why It Was Chosen*

- Briefly describe the process in one or two paragraphs that others in the organization will understand

Deliver Results, Focus on Your Client's Processes

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- Describe why the process was chosen for analysis. Among the reasons to consider:
 - This process is most in need of improvement
 - Senior managers complained about the process
 - This is a regular process review
 - A new manager has taken over the process
 - The process received a poor rating during an external or internal audit
 - A change in the business has caused the process to be outdated
 - Too many short-term fixes have been applied to the process
 - Inadequate measures of process effectiveness
 - New tools and techniques are available to improve the process
- List symptoms of problems associated with the process
- Determine if the process is effective
- Determine if the process is efficient
- Quantify the extent of the problems in order to later determine how much they have been reduced

STEP 3: *Establish External Process Boundaries*

State where the process begins and ends. Document it as it is understood now—the “as is” state. This definition of boundaries highlights the critical external interfaces of the process. Typically, problems affecting a process lie at these external interfaces.

STEP 4: *List the Key External Inputs and Suppliers*

- Identify the key inputs of the process—those that provide the most volume or the most work and that are most representative in the process flow—material, data, information, procedures, equipment, and so on.
- Identify the suppliers of each input—the sources of input from outside the process that provide materials, data, or information to you in order to conduct the process.

STEP 5: *List Key External Outputs and Customers*

- Identify the key outputs of the process—those that provide the greatest volume, have the strictest requirements, or are most important to the customer.
- Identify the customers or users of the output—departments, individuals, or category.

STEP 6: *Document the Flow of Activities Within the Process Boundaries*

- Conduct a preliminary documentation of the process. Describe the flow of activities that transform the inputs into outputs in narrative form.
- In documenting the flow of the process, be specific and include action verbs and nouns.

STEP 7: *Construct a Process Map*

Take the narrative documentation and arrange it in a process map that shows visually how inputs enter the process, undergo transformation, and exit the process as outputs to some other process or end customer.

Deliver Results, Focus on Your Client's Processes

Willie L. Carter

STEP 8: *List Requirements for Key Inputs and Key Outputs*

Requirements are defined as “what the customer wants, needs, and/or expects as a measure of the process.” These requirements can be spoken or unspoken needs,

- Define input and output requirements for each activity in the process. What do you need as an input for each activity, when do you need it, and where do you need it?
- Define outputs. What requirements must you meet to satisfy the customers of each activity, when must you do it, and where must you do it?

STEP 9: *Ensure That There Are Appropriate Measures for Each Requirement*

Establish appropriate measures for all key inputs and outputs. Measurements should relate specifically to the requirements of the end user or customer of the information, material, or product being produced. These measurements help to determine whether the process is meeting customer requirements.

STEP 10: *Analyze the Process by Asking Eight Key Questions*

- Does each activity/task add sufficient value?
- Can the activity/task be eliminated?
- Can the activity/task be completed in less time?
- Can the activity/task be completed at less cost?
- Could another person better perform the activity/task?
- Can the activity/task be simplified, reduced, or changed?
- Are suitable customer requirements in place?
- Are suitable controls and measures in place?

Once these questions have been answered, the process owner and process improvement team will be able to make the process more effective by ensuring that appropriate requirements and measurements are in place.

STEP 11: *Commit to Improvements—Plan, Do, Check, and Act (PDCA)*

- Identify and define changes/improvements to be made.
- Obtain agreement from those affected by the changes.
- Plan an introduction of the changes.
- Introduce the changes.
- Measure and verify the changes.

Process Mapping

Process mapping is one of the key tools in process improvement, and it will help you graphically identify the suppliers, inputs, outputs, and customers as well as the flow of activities in the process. Many times a graphical representation of the process will reveal vividly all of the non-value-added and time wasted steps. I've found, for example, that the biggest time waster is performing steps sequentially rather than in parallel.

In my work helping clients improve their business processes, the number of sequential steps is mind-boggling. When I ask why, the answer is “that’s the way we’ve always done it.” To which I respond, “If you

Deliver Results, Focus on Your Client's Processes

Willie L. Carter

do what you always did, you get what you always got.” In most cases, they always had lengthy process cycles. Sometimes doing nothing but reducing the number of sequential steps will deliver breakthrough results in cycle time and process improvement.

Finally, a word of caution: Before you have a client pour money into software and technology to automate a process, map the process and sub-processes to address inefficiencies. Automating an inefficient process just “gets what you always got” faster.

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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