

Small Process Changes Increase Profits

For many small to midsized organizations the expense of implementing Six Sigma, Lean, TQM or any other process improvement methodology is cost prohibitive. However, these organizations can still achieve enormous results if they just implement the basic fundamentals of these disciplines along with managing the softer side of change.

All process methodologies build predictability by establishing a foundation of rigor, whereby repeatable, portable processes are defined, implemented and managed. This creates consistency within the organization of when and how tasks are completed which in turn is producing a baseline for measuring process activities. One of the greatest advantages to implementing a defined and documented process is that it provides visibility to problems. And, minimizing problem management is the most cost effective activity an organization can implement.

Think about it this way; each day that an order is unnecessarily delayed; it is costing the company money. Whether it is a product or service, not being able to process an order properly the first time is impacting profits.

Here are some quick implementation tactics to help with process and problem management:

- 1.) Assign an owner to the process. This person manages the entire cross-functional process. Any process changes made within a department need to be communicated to the process owner. This ensures that one change does not impact any upstream or downstream processing. They also own all problems within a process.
- 2.) Define metrics that identify Key Performance Indicators (KPI's) for the process so it can be measured. You can't improve on something that you don't know about.
- 3.) Plan for exceptions and manage them. Set limits on how long they can be outside of normal processing. Define an escalation path for timely resolution.
- 4.) Make the obvious changes. For example: If 20% of the daily workload is sent to an exception state, identify why and implement the change(s) needed. An example: An insurance company had outdated forms that did not ask all of the questions necessary to process an application immediately. This created a situation where 45% of the applications were put into an exception state. To resolve this, a forms management practice with version control was implemented. This provided a process in which forms were updated and distributed to the sales agents.
- 5.) Internally audit the process on a regular basis.
- 6.) Enable technology to assist in managing workflows. An example of this would be to invest in a content/document management system if your current process is paper centric. Paper gets lost and is costly to route throughout a process.

Any business process improvement professional will tell you the most difficult part of the entire project is the "softer" side: the human element. Esteem colleagues that have black belts in Six Sigma all agree that it doesn't matter what credentials you have or what methodology is being used; if you can't engage the human element in a process change, the project will always fail. It is important to encourage a culture that is comfortable with change. The following actions will assist in establishing a foundation of change:

- 1.) Make process review a part of the weekly team and management meetings. Identify strategic and tactical plans for improvement.
- 2.) Listen to employees- they know what the pain points are. They will also have ideas on how to solve them.
- 3.) Provide a visual document (high level) to all departments involved in the process so everyone understands the entire process, not just their piece.

Lastly, one of the most valuable assessments for an organization is to have an independent review of their current process(es). This does not have to be costly in time or expense. Typically a fresh set of eyes will unveil opportunities to increase profits. This will offset the cost of the assessment with an immediate return on investment.