Appendix
Process-Improvement Models

Process-improvement models are proven ways to organize work. The following models are employed in enterprises across the spectrum and are useful as fire starters—to help teams to consider alternative ways of designing and building processes.

1. Eliminate Functional Silos: Expand the Scope of Process across Functions

Description

Contemporary enterprises are plagued by organizational boundaries that inhibit the flow of both work and information from one part of the enterprise to another. This can be mitigated by expanding the boundaries of the process improvement effort to include a larger scope of work and eliminating the need to manage handoffs between different business units/functions. The benefit of this approach is a smoother flow of work across the end-to-end process. On occasion, legal or regulatory rules prevent the implementation of an end-to-end process.

Real-World Examples
- Management of automobile production lines from an end-to-end perspective
- Single owner of a customer relationship who owns all facets of the customer's interactions with the enterprise

2. STREAMLINE PROCESSES TO ELIMINATE OR REDUCE NON-VALUE-ADDING ACTIVITIES

Description
Evaluate the process steps in order, and eliminate any steps that do not add value or do not contribute to the value appreciated by the end consumer. Use this approach to ensure that the process is operating efficiently. Non-value-adding steps add cost and time. Even worse, they divert attention from activities that add value. As a precaution, always confirm the steps that are eliminated are not adding value with other stakeholders.

Real- World Example
- Reporting and confirmation steps are often needed at the inception of a process, but their value deteriorates over time because no one bothers to review the reports and make adjustments.

3. PERFORM WORK IN THE BEST PLACE AT THE BEST TIME BY THE BEST RESOURCE

Description
Match the performer with correct skill sets to the process at the correct time. Do not use an overly skilled resource to perform jobs

that could be completed by another. In some instances, this means segmenting the work into what can be performed by one performer and pushing other parts of the process to a more skilled resource. Use this model when there is a variance in skill sets of performers, availability of resources, or availability of the facilities/equipment needed. One caution with this model is its inability to accommodate exceptions. The work performed must be fairly standard.

Real-World Examples

- Medical industry: Have nurses take vitals and basic information about a patient's condition prior to involving a doctor.
- Fast-food restaurants: Prepare food prior to its distribution to restaurants.
- Automobile servicing: Have apprentices perform simple jobs such as oil changes while seasoned mechanics address the more challenging jobs such as replacing an engine.

4. SINGLE PERFORMER

Description

Use a single performer to complete the work. The worker is responsible for all the steps in the process but may rely on business partners for inputs or added components to the end deliverable. The aim of this model is to reduce waste and inventory by allowing for a continual flow of work (i.e., consistent with Lean principles). This model is also effective when the process varies in inputs, outputs, or the steps in the process. An individual has the capacity to react faster than a team, and this eliminates the communication disconnects throughout the process. An alternative version of this model is to cross-train performers to enable them to play more than one role in a process, thereby increasing the flexibility to react to changes.

Real-World Examples

- Front desk service employee handles all forms of customer service but may hand off to others when necessary.
- Tool machinist completes process to create specialized components for an end product.

5. CASEWORKER/FACILITATOR PROCESSING

Description

This model uses a facilitator to manage the flow and execution of the process. Usually, this model includes the distribution of work to specialized performers and the return of the work when complete. The caseworker adds value by confirming that the work is completed correctly and that it flows to the next specialized performer for further processing. In some instances, the caseworker may execute components of the work. This model works well when the workflow requires adjustment for specific pieces of work (e.g., prioritization required on occasion to expedite certain customers' work) and when a number of specialized resources are required to complete the output. The keys to the success of this model are sufficient tracking of deliverables to allow the caseworker to monitor the flow of work and the availability of specialized resources to complete their component of the process.

Real-World Examples

- General contractor using subcontractors (e.g., architect, plumber, electrician, framer, etc.) to build a home.
- Private banker partnering with other banking specialists (e.g., investment adviser, mortgage banker, foreign currency buyer, etc.) to service a high-net-worth client.

6. ASSEMBLY LINE: SPECIALIZED PERFORMERS

Description

This model employs a number of workers, each of whom completes a component of work to build the end deliverable. A key contributor to the success of this model is the appropriate timing and execution of each task. This model works when the deliverables are standardized with minimal variance, when quality and consistency are prized in the deliverable, and when the performers are colocated.

Real-World Examples

■ The manufacture of automobiles on an assembly line.
■ Sandwich builders at fast-food restaurants, where each adds something to the sandwich.

7. CENTRALIZE

Description

Consolidate the performers of a process into a single functional area or geographic area to improve the performance. The aim of this model is to use economies of scale to drive down costs and increase the productivity of a group. Additional opportunities exist to drive down costs by eliminating overhead costs and driving down procurement costs. Use this model when there is limited to no variation in the process (e.g., standardization is possible) or there are limited resources (e.g., space, skill sets, machinery, technology and upgrade costs, etc.). When examining this option, always conduct a complete cost-benefit analysis of the opportunity.

Real-World Example

- Shared services (i.e., centers of excellence) to enable faster and more efficient processing of accounts receivable, accounts payable, sourcing, credit, and other functions.

8. DECENTRALIZE

Description

Use this model instead of centralizing processes when greater customization of the outputs is required, and there is a need for faster response times. In all instances, confirm the value of having rapid response or onsite solution delivery. In some instances, these are perceived as value enhancers but not valued by the customer. This model does increase the cost of the process because it requires the maintenance of additional locations in the field. Always confirm that the additional value delivered by field associates exceeds the additional cost by conducting a complete cost-benefit analysis including all additional costs.

Real-World Examples

- Staffing of loss-prevention specialists in the actual stores for large retailers.
- Onsite human resources assistance in manufacturing facilities.

9. CREATE HYBRID CENTRALIZED AND DECENTRALIZED ORGANIZATIONS

Description

Fully centralized or decentralized organizations may not be the correct approach to serve the customer. There are instances where a hybrid solution may be best. The decision on what to centralize or

decentralize often comes down to the specific situation. For example, a sales force may be allowed to set a price on certain bundles of goods but may require the input of a centralized pricing group for a more complex or specialized bundle. Use this approach when there are a set of consistent applications and a set of unknowns. The unknowns are best handled by a centralized group with access to greater information (i.e., across a larger population).

Real-World Example

- Servicing a banking customer—branch banking versus a specialized team.

10. Expand Product or Service to Create More Value for Customers

Description

In a highly competitive market, one competitive tactic is to expand the product or service to provide greater value for the consumer. This allows an enterprise to differentiate its offerings from those of the competition. When using this model, ask what customers value and what would make their experience more pleasant. Use this model when there are limited differentiators between the competitor's product and your own (i.e., product/service is a commodity). When using this model, make sure that the additional costs to deliver this tactic are covered by add-on revenue or new revenue streams.

Real- World Examples:

- Ability to book a hotel and transportation services when buying an airline ticket.
- Availability of delivery and installation services when purchasing a product.

11. Evaluate Whether Process Can Be Done More Efficiently in Another Way—Investigate Other Ways to Obtain Same Benefit or Function

Description

There are always alternative ways to complete the work performed by any process. By brainstorming new ways to provide the outputs, new processes can be created. Knowing what the customer wants and values, can you reengineer the processes to make the customer experience more valuable. Although this model is always appropriate, it is time-consuming and costly to evaluate every process using this technique. For this reason, use this tactic only on the most salient and valuable processes. On a smaller scale, process owners should continually reevaluate the processes in their area of responsibility with the goal of identifying more efficient ways to complete the same work.

Real-World Examples

■ Apple reinvented the market for portable music through creation of the iPod and an online music store.

12. Limit or Expand Consumer Options to Ensure that the Value of the Offering Exceeds Its Cost

Description

This model segments customers to provide customized solutions. In some instances, the offerings are expanded to broaden the market appeal, and in other instances, the offerings are limited to focus on

specific customer segments. Use this model when portions of the consumer market operate or purchase the offerings in a unique manner. In this way, pricing can be more closely correlated with the cost to service each segment of the consumer base.

Real-World Examples
- Limiting the available installation offerings of a contractor to focus on the most profitable installations (e.g., garage door openers and screen doors) while eliminating the more challenging and less profitable offerings (e.g., replacement windows).
- Providing additional options to ensure younger, more risky drivers at a higher cost and providing a standard rate for drivers over the age of 21.

13. EXPAND PROCESS INTO CUSTOMER'S PROCESSES FOR GREATER EFFICIENCY

Description
In order to forgo the customer-queue bottleneck, certain steps of a process may be pushed to the customer for execution. This allows customers to perform these steps at their convenience and to perform them prior to the time they need to be completed—providing significant flexibility for customers. Use this model when a standard set of information is needed or activities are consistently executed and can be performed by the customer. If the cycle time to have the customer complete this step is less than or equal to the current turnaround time, having the customer complete these steps without assistance is an option. This process model commonly relies on technology to accommodate the interaction with the customer—bringing with it potential customer-service issues (i.e., lack of customer

connection), lack of connectivity between initial contact point and the remainder of the process (i.e., having to provide information multiple times)—and it eliminates a customer contact point and the opportunity to understand and react to the customer's other needs.

Real-World Examples
- Self checkout or check in at hotels.
- Self-service customer-service call centers.
- Front-end Internet interfaces to collect information for a transaction (e.g., mortgage or opening a brokerage account).

14. DELAY PROCESS DECISIONS BY MAKING PREDICTIONS OF CUSTOMER'S NEED

Description
By making predictions about customer behavior, prework can be done on elements that are common to a product to allow for less overall throughput time, permitting the remaining decisions to be made at a later date. Use this model when there is a long cycle time for a product/service and significant variability in customer purchases.

Real-World Examples
- Fashion purchases: Ordering a number of products, but delaying the decision on the color and other select details.
- Fast food: Getting burgers on the grill but not placing the toppings (i.e., cheese, ketchup, etc.) until after the customer order is placed.

15. Go Manual

Description

Eliminate the technology supporting the solution to use a tried and true, more efficient manual process. Use this model when the technology is unstable or accommodates the process in an inefficient manner (i.e., the process inputs, outputs, or actual process has a high number of variations). The downside of the manual approach is losing access to the data an automated solution provides. The benefit of this approach comes when the costs associated with technology are removed from the equation. This approach is counter to the prevailing business mindset today, but its potential is significant.

Real-World Example

- Manual workarounds when technology systems are unavailable or do not work as intended.

16. Use Parallel Processes to Minimize Delays

Description

Often a process includes steps that could be executed concurrently to eliminate the wasted time (and money) in waiting for pieces of the output to be prepared. This model is applicable where there is no direct dependency between steps. When using this model, be sure to identify all the outputs of the activities that are to be executed concurrently and ensure that there are no dependencies between the concurrently operating activities.

Real-World Example

■ Processing a mortgage loan application and sending off information to multiple specialists to complete their part of the process.

17. AUTOMATE THE PROCESS

Description

The goal of automation is to reduce complexity by automating the performance of a process. This model facilitates consistent execution of the process and an expanded capture of data. When investigating this model, consider the following questions:

■ Does better information lead to a better result?
■ Is the collected information used, or can the mechanism to capture the information be eliminated (and the associated costs)?
■ If the information obtained was captured earlier and at a higher quality, would this be useful?
■ Is the information disseminated through the process to all potential destinations (including individuals outside the process and other business partners)?
■ Is the information available from other parties who could provide it and enhance the process?
■ Is the information captured in multiple places, and can the cost of capture be eliminated if the data was shared?
■ Is the information aggregated centrally?
■ Is the information analyzed at periodic intervals (including feedback loops from customers and frontline associates)?

When evaluating this as an option, always incorporate all costs (especially technology support costs, cost of downtime, upgrades, time to evaluate new data available, etc.) into the business case and account for the fact that automated processes may lose flexibility because any change may require software adjustments.

Real-World Example

- All enterprise packages, including enterprise resource planning, marketing resource management, and sales management programs.

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Notes

CHAPTER 1

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CHAPTER 8

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