

Avoiding the Pitfalls of Business Process Improvement

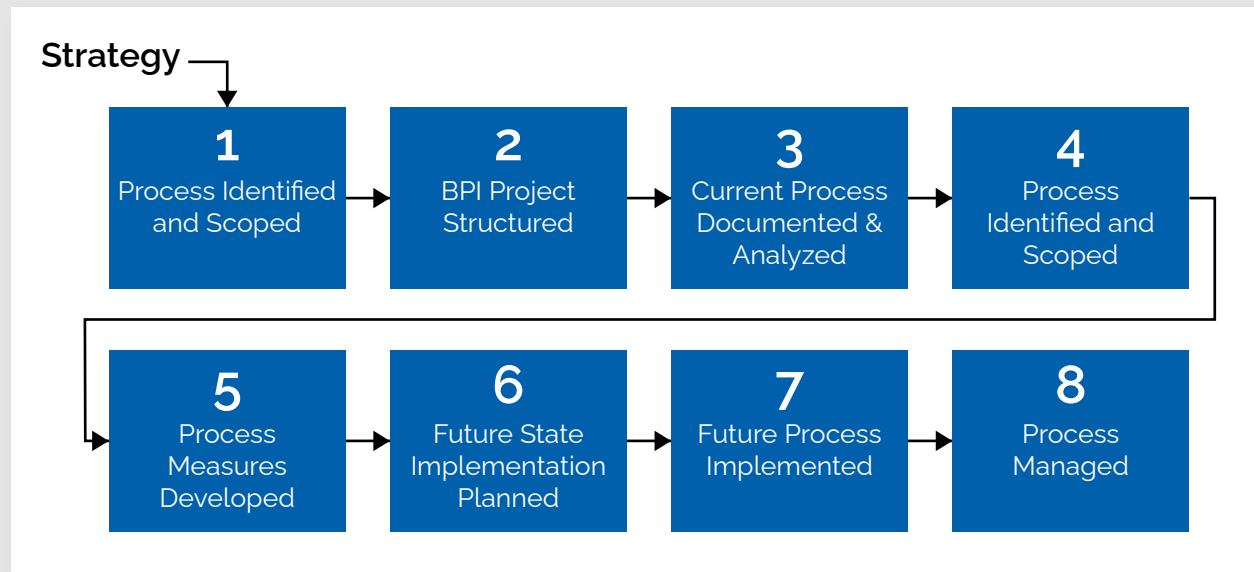


Business Process Improvement (BPI) — whether the focus is on improving quality, reducing costs, improving the customer experience, or introducing more innovative products — BPI projects are being taken on by virtually every organization and are full of risks that can ultimately jeopardize their success. Conducting a successful BPI project means understanding and managing these risks throughout each phase of the project.

It would be difficult to find—or even imagine — an organization today that has not undertaken any business process improvement (BPI) projects within the last several years. Whether the intent is to build quality, improve the customer experience, reduce costs, or introduce more innovative products, these endeavors have high expectations, accompanied by a significant investment of time, effort, and money.

Yet, too often BPI efforts produce mixed results. Lengthy or never-ending implementation periods, insufficient interest or acceptance by the organization, unrealized expectations... the tales of BPI project failures abound. Unfortunately, there is no single root cause for unsuccessful BPI efforts.

If your organization is not conducting activities that reasonably approximate the model below, stop reading now: you've found your problem. Your BPI project needs a process to adequately define, plan, and execute it.



Most organizations do take a structured approach to their BPI investment, but then fail to carefully manage the steps along the way. Based on decades of working with organizations to improve their business processes, here are some of the more common pitfalls and, more importantly, what organizations can do to avoid or remedy them at each phase of the project.

PHASE 1: Process Identification and Scoping

A lot can go wrong at the outset of a BPI journey. Making initial decisions consciously, rationally, and with strategic objectives minimizes future problems. The impact of a BPI project can be calculated in terms of the resources (human and otherwise), time, cost, and expected benefits. Using tools such as SIPOC (Supplier-Input-Process-Output-Customer) diagrams can help everyone agree on exactly what business process is the target (what's in, what's out) and on all of the surrounding organizational elements to consider before launching an improvement effort.

Phase 1 Pitfalls

Choosing an “easy” or “simple” business process to improve that has little strategic value to the organization

When target processes are selected because they have very few steps, involve relatively few people or functions, or can demonstrate marked improvement with very little effort or pain, they may provide little strategic value. To evaluate an improvement, consider how the ultimate customers (especially external customers) of that process's outputs will see the value. If customers see no obvious benefit, spending time, money, and effort produces little value—even if the organization feels like it is making improvements. Choosing the level of effort instead of value-delivered to the internal and/or external

customer can make an organization feel like it is making improvements while only wasting scarce resources.

Choosing the “obvious” business process to improve without an accurate understanding of how that improvement contributes to strategic objectives

Success is best realized by understanding how a future-state improvement will positively contribute to a product or market segment and how it aligns with the organization's core vision and values. For example, reducing lead-time across the entire base of products for all markets and customers may seem “obvious,” but are we sure that all customers, for all products, would consider that a competitive advantage and cause them to buy from us? What if only segments of markets for some products would really value that service? It is critical to know what customers value before going to all the trouble of conducting a BPI initiative and being surprised when customers don't care and don't provide the expected organizational benefits.

PHASE 2: BPI Project Structuring

Every BPI initiative is a journey. A successful journey begins with everyone agreeing on where they want to go, how they want to get there, and that there is value in reaching the destination.

Phase 2 Pitfalls

Not securing the strategic process (or issue) owner's agreement and involvement

While senior management sponsorship is an imperative, equally important is ensuring early on that the owner of the current process (or the person responsible for resolving the current issue being addressed by improving the business process) be aligned with the goals, approach, and expected value to be delivered by the BPI effort. They need to understand the existing conditions that are the impetus for the effort. This often requires that objective, fact-based information be gathered, synthesized, and agreed to prior to launching the project. They need to understand their role and responsibilities throughout the effort. Regardless of how well the issues are framed, the project is structured, and the stakeholders are engaged, there will be roadblocks and barriers. It is critical to involve the process/issue owners who are best positioned to remove them.



Leaving the planning and work to external consultants or internal “business improvement” groups

Never delegate responsibility entirely to individuals who will not live with and execute the implemented improvements. When considering those best equipped to shoulder the biggest burden of the BPI work, it is tempting to outsource to external consultants or internal BPI groups. After all, that is what they do and the knowledgeable people responsible for the processes are busy running those processes. Resist this temptation! There is a time and a place to abdicate some of the work required to complete the BPI journey.

It is perfectly valid and useful to employ external or internal consultants to provide a proven methodology or approach to the project, use specific tools and techniques to help complete BPI activities, gather and analyze objective, fact-based information about the current process performance, facilitate objective conversations and decisions so that consensus is reached, and help structure and manage the BPI project to ensure successful completion. But at the end of the day, it is the people who know, understand, own, and ultimately need to execute the process improvements that should commit their time and understand that commitment before the project begins. Gaining their involvement is crucial to successfully navigating the BPI journey.

Silencing or ignoring critics

Among those who will live with the process improvements, there are bound to be individuals who loudly focus on problems, not solutions. Usually viewed as obstacles to BPI project success, they are actually people who should be actively involved. It is likely that they have been complaining about problems with the process for a while and they have ideas about how to fix them. Why dismiss potentially valuable insight and information? Giving these individuals a role within the project, a voice to express what they believe can be done, and a forum equipped to affect positive changes will provide an opportunity for the organization to benefit and for them to excel.



Viewing the BPI effort as a series of meetings or a committee

The work necessary to design and implement business process improvements does not happen in meetings attended by a project team. BPI project meetings are best reserved for making project decisions and building consensus around those decisions. The work necessary to have the requisite information for making decisions and building consensus is typically accomplished outside a conference room. Subject matter expertise beyond the core project team is often necessary to successfully complete the tasks. It is best to employ formal project management techniques to define and plan all the work required, and use that plan to identify, estimate, recruit, and make allocations for all necessary human resources.

PHASE 3: Current Process Documented and Analyzed

Current performance levels can drive an organization to consider taking on a BPI initiative, often highlighting performance gaps that can be eliminated or closed. However, existing performance metrics rarely are useful for understanding the cause(s) of the gaps that they reveal. Before undertaking a BPI initiative the current process must be documented and then analyzed to accurately identify improvement opportunities.

Phase 3 Pitfalls

Designing improvements based on a review of process performance levels



When assessing the “why” of inadequate process performance, two things are typically overlooked. First, the summary nature of the typical performance reporting masks the “micro” reasons for poor process performance. Knowing that there were 100 defects last week may be interesting, however, it does not indicate the different reasons why those defects occurred. Second, asking and answering the same old questions that most performance reporting systems provide leads to the same old conclusions and actions. Truly improving process performance usually requires asking new questions and gathering new data.

Believing that existing procedures and workflows document how work is actually performed

Often organizations believe that they fully understand their current-state processes because they have been documented in standard operating procedures and process flows. A robust analysis of current state performance often requires putting temporary, often “manual,” control points in place to make detailed measurements of process performance. This can narrow the search for cause, identify specific deficiencies in actual v. intended performance, and quantify problems that may be lost in reporting more aggregate information. Observations of real-time process execution may identify previously unreported or unrecognized sources of process waste.

Over-documenting and analyzing the current state to a time-consuming “ISO 9000 level” of perfection or rehashing what is already known

The intent of this portion of the BPI work is simply to gain a level of confidence that supports decisions regarding how gaps may best be closed. If consensus can be reached to prioritize the most advantageous direction to proceed with less than perfect or precise information, and the risks for proceeding in that direction can be mitigated, there is little value in spending more time than necessary and getting bogged down in current state analysis and documentation.

PHASE 4: Future Process Designed

Determining how the “boxes and arrows” of the business process will be constructed comes before selecting new tools or making any changes or improvements. Elements of the process can reveal what is executed well and focus changes on the best opportunities for improvement.

Phase 4 Pitfalls

Using changes to the organization structure, a new software application, or a continuous improvement program as a starting point

Many organizations are convinced that they can achieve marked business process improvement by simply installing a new software package, changing their organization structure, or embarking on a "program" such as Lean, Six Sigma, or other common, culture-change journeys. Software and organization structure need to be selected based on how well they improve the execution of the desired, business-process design. Continuous improvement programs are important for on-going sustainability of well-designed business processes but are ineffective at making transformational changes to core business processes. A well-structured BPI engagement ought to identify where these approaches fit within the overall objectives and use them to assist in achieving objectives, not leading the charge.



Believing that the more complex the "solution," the more valuable the result

Complexity does not equate to better. It is amazing what can be achieved simply by focusing on making positive changes to the basic "blocking and tackling" required to execute effectively. While more intricate, cutting-edge solutions are attractive, getting better at the fundamentals often improves process performance. When a more complex solution is needed, consider reaching that ultimate state in incremental stages. This can be accomplished through a variety of approaches. For example, interim "manual" solutions can accomplish similar results while an automated solution is being fully executed. For BPI efforts looking to improve highly cross-functional processes, some subprocesses can be improved to provide a portion of the value that ultimately will come with improvement of the entire process. It is wise to weigh the incremental, lesser-value solutions, before making a large investment in a complex design that achieves all of the BPI objectives.

Thinking that a "best practice" solution is one-size-fits-all and can be implemented in turnkey fashion

There are varying opinions on the value best-practice models of business processes bring to successful BPI initiatives. Without a doubt, they are fodder for innovative thinking and future-state process designs that leverage the lessons learned by others who have faced similar challenges. However, a best practice implemented in one organization rarely transfers in turnkey fashion and with similar results to another. In the end, most need to be tailored to fit another organization. Whether the process improvement draws on the concepts of a best practice or an entirely new approach, it will have to function within an existing organization. That requires future-state design work that considers how the new process will interface with other business processes, how the organization structure and the information and knowledge systems need to be modified to support the new process, and what human capability deficiencies need to be addressed in order to execute the new process.

PHASE 5: Process Measures Developed

When changing a business process, the way it is measured and monitored often needs to change in lock step.

Phase 5 Pitfalls



Relying on the existing performance measurement system to monitor the effectiveness of the new process. Don't assume that the metrics that were important for the old process will still be important for the new process. While the end-of-process metrics may remain the same, in-process measurements, at least in the short term, need to be considered. While some measures may not stay in place permanently, keeping a keen eye on how the initial acceptance and performance of the new design are progressing will catch problems and issues early. The expected behaviors, execution standards, interim cycle time, and other indicators help ensure that the new process is able to produce the desired, tactical results.

Focusing on lagging indicators to help manage future process performance

Implementing a new process provides an opportunity to install leading indicators that are predictive, not historical, in nature. While many of the permanent measures will be lagging indicators that report how things went, leading indicators can support proactive monitoring and management. Trending of leading indicators can alert process owners of results that lagging indicators will not report until tallied at the end of a reporting period. Are there places in the early part of the process where a bottleneck indicates that end-of-period expectations will suffer? Can you capture behaviors or activities, which—by inclusion or exclusion—predict if the process is working well? Before the new process is implemented is the time to ask similar questions and put in place the means for capturing valuable information.

Over-measuring the process

Some organizations have a tendency to over-engineer measurement systems and dashboards for capturing and reporting process metrics. To avoid the “we can measure everything” syndrome, focus on measures with a simple numerator (number of widgets) and denominator (per hour), that can be easily used as indicators and linked to actions that should be taken in response to that measure falling above or below a prescribed control limit (x widgets/hour). For example, if the number of widgets per hour falls below “ x ,” indicating that production rates are too low, the supervisor is required to do “ y .” With just numerators or just denominators, chances are the information may be interesting but not actionable.

PHASE 6: Future State Implementation Planned

While it is critical that the process improvement design is clearly thought out and communicated, it is equally important to plan for how the future-state design will be implemented and become the way work is done.

Phase 6 Pitfalls

Relying too heavily on the same people to implement the improvements and affect the future state changes

One of the most common, but well-intentioned, approaches to BPI is to rely on a small group of highly capable individuals to shoulder the implementation. While it is understandable why this is so common, this jeopardizes the acceptance and success of the BPI project. Bringing in people not greatly involved in the design to assist in the implementation planning, encourages greater communication and acceptance across the organization. Rather than a core group of “disciples” attempting to reach the entire organization, an expanded implementation group reduces the amount of time required for a BPI project. Not only does this approach provide an opportunity to relieve some of the burden on the core group, it also provides a chance for other, high-potential individuals to shine and expand their horizons and exposure to the business.



Allowing the need to “do something” to short-cut decisions and initiate actions

At this point in the BPI journey, the experience often feels like a great deal of talk with very little action. The temptation to just “do something” becomes strong. While it may be tempting to go after low-hanging fruit, this can drain valuable implementation resources. Weigh the benefits of capturing short-term opportunities against the value that the full implementation will produce. Without careful consideration, short-term, quick fixes can contradict or hinder the ultimate improvements. Thinking rationally and making conscious decisions before springing into action helps avoid sabotaging the hard work that has helped an organization arrive at this point.

Assuming that stakeholders will see the value of the planned improvements

Of all the work that goes into implementing business process improvements, perhaps the most important category is communication. It cannot be stressed enough that the need to over-communicate is imperative to implementation success. Different audiences and populations throughout the organization may need different messages. Many will be skeptical and at least initially uninterested in changing. Some will feel threatened.

For each of these unique audiences, the most important thing that needs to be overcommunicated is the “what’s in it for me” element. Key messages include not only why it is important to the organization, but also why it is considered an improvement, how the planned change will affect each group, and what benefit either directly or indirectly will each group receive as a result of making the change. Simply assuming that everyone will see the benefits on their own is a risky proposition and, in many cases, the reason for the limited success or limited lifespan of the improvement.

PHASE 7: Future Process Implemented

As planning gives way to implementation, communication plays an increasingly vital role. In addition, as the process is implemented, BPI teams need to be prepared to address the inevitable delays and problems that can arise.

Phase 7 Pitfalls

Believing a “kickoff” meeting and monthly progress reports constitute adequate communication during implementation



While planning for communication is one way to avoid difficulties during implementation, it is the actual communication conducted that makes or breaks implementation success. Underestimating who needs to hear what and when can sabotage BPI implementations. Communication needs to take several forms. Kickoff meetings explain the changes and how they will be implemented while progress reporting keeps implementation focused and on-track. Additional communication is valuable via on-job coaching, performance feedback, lessons learned, and discussions regarding design issues, use of the tools, and other issues throughout the implementation. As the project progresses, the need for specific conversations will arise and will vary from one group or individual to the next, demanding constant monitoring and adjustment.

Viewing a transformational improvement as a “linear” event.

No perfect process was ever designed in a conference room and no perfect project plan was ever devised in a project war room, so anticipating and reacting to issues throughout the implementation is crucial. There will be stops and starts, bugs in the design, discoveries during implementation that uncover even better ideas, and unknowns that make implementing some changes impractical or impossible without modification. Identifying when circumstances have changed, deciding how to react to them, and adapting the process design or project plan to accommodate new information is a critical component of successfully managing the implementation and achieving the BPI objectives.

Allowing unanticipated events to unnecessarily distract from the improvement efforts.

Occasionally, unanticipated or unavoidable business issues override the best-laid plans. Most BPI implementations rely, at least in part, on the same resources who are responsible for maintaining day-to-day operations and responding to changing business conditions. When reacting to “unique” events or a sudden “fire,” BPI implementation priorities can change. If possible, fire fighting can be delegated and provide a growth opportunity to other resources to allow the implementation to stay on track. If necessary, the implementation plan can be modified to accommodate temporary delays or reduced levels of efforts without losing momentum. Before adjourning to deal with an event, a firm timeline for when and how the implementation effort will be restarted should be negotiated. Not doing so can leave the project unfinished and efforts wasted.

PHASE 8: Process Managed

People will only “do it because they are told” for so long, eventually reverting to old behaviors and activities if the process is not managed. Ignoring the “world” in which people are required to perform without removing barriers to performance can drive problems and issues underground and significantly erode the expected value of the changes.

Phase 8 Pitfalls

Underestimating what is required in order to ensure changes are sustainable in the long term.

Without attention, processes and behaviors can revert to previous performance levels. Proactively establishing process ownership, articulating and securing agreement on performance, and monitoring and coaching when performance falls short of expectations help sustain performance. Creating leading indicators to provide feedback when performance problems occur and assigning responsibility for investigating and correcting poor performance are necessary in retaining the gains made during implementation and adopting changes permanently.



Not equipping the organization to effectively manage the process after implementation.

Finally, to make active management of the process the new normal, requires creation of new process management tools that allow those responsible to spot opportunities for coaching and feedback. A dashboard that supports clear and objective interpretation of how well the process is working enables users to identify issues as they arise. Positive reinforcement and rewards encourage the adoption of new roles in relation to process performance. Ultimately, a successful implementation will seamlessly transition into a new, improved status quo—if the tools and systems are in place to manage it on a daily basis.

Conclusion

Improving business processes is a tough journey, easily sidetracked or derailed. At the core of successful BPI initiatives is a shared approach that focuses on making decisions consciously, following a methodology, planning meticulously, involving the right individuals throughout the organization, preparing for a somewhat iterative process, communicating throughout, and proactively planning for and managing issues as they arise and after implementation is concluded. Incorporating these principals and avoiding the multitude of pitfalls described, helps ensure that a BPI initiative will reach its goals and sustain its improvements.



About Kepner-Tregoe

Kepner-Tregoe is the leader in problem-solving. For over six decades, Kepner-Tregoe has helped thousands of organizations worldwide solve millions of problems through more effective root cause analysis and decision-making skills. Kepner-Tregoe partners with organizations to significantly reduce cost and improve operational performance through problem-solving training, technology and consulting services.