Process Improvement – Not Just Jargon For the Mighty

Economic conditions throughout the country are prompting businesses to step back and take a look at how they're operating in order to find cost saving alternatives. It's during these times you continually hear about companies downsizing, rightsizing and re-engineering. Even more popular are the efforts companies are making in the areas of TQM, continuous improvement, process re-design and business process reviews. You say these tactics are strictly the domain of large companies? Think again.

Once you get past the public relations spin and all of the management jargon, the basic concept common to all of these initiatives is the evaluation and streamlining core business processes – something even a one-person operation can engage in doing.

In the past, managers and business owners primarily focused on the vision for the company, strategies and the products and services offered while relying on the support staff to handle the execution and daily operations. Today, because of the critical need to optimize all of an organization's resources, senior managers are taking a more active role in these administrative and tactical areas in order to ensure the proper focus of business operations. For a very small company – the owners have done this all along, but there may be steps in the process of working with contractors or suppliers that should be more closely reviewed.

Effective and efficient business processes have assumed increasing importance as competitive *differentiators*. As such, business process reviews are typically driven by the need to:

- **Optimize** resources, improve service levels and eliminate non-value added or duplicate tasks.

- **Redesign** processes to meet/improve customer satisfaction levels not only to accommodate internal requirements.
- **Acknowledge** that quality is a *requirement* of doing business, not a service for which an extra charge can be assessed.
- **Eliminate** unnecessary hierarchies and appropriately empower employees, contractors and vendors to operate in the best interest of the customer.
- **Use** information technology not solely to automate existing processes but to enable new and better forms of service and communications. (This is particularly important for small one-or-two person operations.)

What You'll Gain

Within the promotional products industry, we're driven by the same competitive forces to improve the quality of our operations and enhance the level of service we provide to our customers, while at the same time being able to run a competitive and profitable business. Even though the thought of conducting a review of all internal processes can seem overwhelming, there are tangible benefits to be gained.

Companies who have undertaken this project have found significant improvements and cost savings. This is more than just eliminating a few forms and reducing printing costs; true process redesign is about cutting product development/delivery time, reducing order processing time, errors and costs, handling increased transactions without adding staff and optimizing the use of available technology.

How To Begin

To begin this type of assessment, you must determine the process you'll focus on first. Typically, this should be one that is essential to your business such as order processing. Enhancements in how both suppliers and distributors process orders could significantly improve service levels and ultimately reduce costs. Think about the amount of time that is spent handling orders and how many people are involved in the process. What if you

could reduce the number of times the order is handled or the amount of time required to process the order by 30-50%? What type of cost savings would that produce for your business? More importantly, what other functions could you and/or your employees be performing that would add more value for your clients?

It's important to remember, however, that the term "process" will not necessarily correspond to an individual or department performing a specific function. For example, the "order process" begins at the point in time an order is received by the company until payment is received for the order. So, the evaluation of this process would include how/where orders are received, their editing and entry, credit procedures, evaluation of customer artwork, production of the order, communication with internal and external customers, customer service, production, expediting, fulfillment, credit and collections and accounts receivable.

Map the Process

Once you've identified your starting point, the next step is called process mapping. While this may sound complicated, it's simply the exercise of documenting the flow of work, information and communication. It can be done in a narrative outline form or in a flow chart. This will be a working document for your organization, so select the format that will be best understood and accepted.

The goal of this phase is to identify all of the components of the process to ensure that you have a complete understanding of the inputs, outputs and hand-offs that occur.

Once you've defined and documented the process you want to evaluate how effectively it is operating by investigating the following issues.

- What is the goal of the process? What are we trying to accomplish and what is our criteria for success? How will we measure our results?
- How long does the process take? How effective is the process?

- What is the role of each person in the process? How long does it take them to perform each function? How many people "touch" the order at the different stages of the process?
- What are the obstacles to improving performance?
- Are there any areas where there is the opportunity for work/information to "fall through the cracks"?
- Are there any areas where there may be a duplication of effort?
- Are all of the tasks being performed adding value to the process?

Up With Effectiveness

Once you've documented and fully understand the scope of the process and how it's currently being performed, you're in the position to begin to evaluate how you can improve its effectiveness.

As you begin to look for your areas of opportunity, include the people who actually perform the functions in the discussions – these may be employees or contractors or even vendors. They're closest to the work so they'll often be more attuned to the obstacles and bottlenecks that are encountered in the process. Also, in most companies, these folks will be the ones with the best ideas on how to resolve the problem.

When you begin a business process review, you should include those involved in the aspects of business being affected early on. Let them assist you in defining the process and encourage them to share their observations and ideas. By involving them and soliciting their input, you'll also help to ensure their buy-in to any changes that will be implemented. If people believe they've been part of the process, they'll be more willing to accept the changes even when they impact their own jobs or scope of responsibility.

In October, I'll address implementing process changes, restructuring the organization and dealing with human resources issues – elements that, on some level, can touch even the smallest of firms.