

## A Case for Process Improvement

James Harrington, the process improvement guru and consultant in his book, *Business Process Improvement*, reports that, in general, 40-70% of business processes add no value.<sup>1</sup> In an era of fierce competition, outsourcing, downsizing, and efforts to increase profitability, living with processes that have up to 70% waste is no longer acceptable. Examples of activities within processes that are non-value added or wasteful include:

- Creating and correcting errors or mistakes
- Performing multiple rework cycles
- Waiting for approvals
- Overproducing an output beyond what is needed for immediate use
- Redeveloping a product because customer requirements were ill-defined
- Attending nonproductive meetings
- Duplicating tasks in different departments
- Managing too many projects without effective priorities

These “problems” are merely symptoms of an underlying process that has not been defined or is not understood or being followed. The types of processes that may be causing these problems are as follows:

- The Design and Development Process
- The Supplier Selection Process
- The Project Management Process
- The Testing Process
- The Customer Requirements Gathering Process
- The Customer Service Process

A major service company has been training all of their IT personnel (over 3,000 employees) in process improvement strategies. One manager that attended the class, of which I was the instructor, said that he had originally been one of the biggest opponents of process improvement until he saw it actually work. He was involved with the SBR (Server-Based Releases) for the main agent quoting process. This process updates quotes for service rates for their main agents by state. The old process was handling approximately 40 enhancements (updates) per release and 2 releases per month. The process steps and their responsibilities had not been clearly defined which was causing communication problems, redundancies, inefficiencies and important items being missed during the enhancements. Because of the complexity of each release and problems with the process, they were experiencing an ever-increasing number of production issues.

The managers of each department decided to follow the Process Improvement Model to “fix” the process. The following outlines their activities:

1. First of all, they assembled a cross-functional team. At least one member from each department that was affected by the process was represented on the team.
2. Next, they assigned a Process Owner and Process Leader for the team. The Process Owner was the manager responsible for the entire process. Her responsibility was to guide the process improvement team and offer support and resources when needed. The Process Leader was someone familiar with the process and the Process Improvement Model. He facilitated the team meetings and kept management and the Process Owner abreast of the progress of the improvement project.
3. The initial priority of the team was to develop a scope statement. Their statement was “To fully define and improve the Server-Based Releases (SBR) for only the main agent quoting process and to reduce the production problems by 50% in six months.” This scope statement focused their efforts on one area of the business and kept the team on track.
4. During this initial analysis, they also evaluated the performance measures for the process. They determined what was being measured, if they were the correct measures to actually describe the process performance, and then established a base line for those measures.
5. Since the process was not defined, the team then brainstormed all of the tasks and activities of this process. Then, they analyzed each task and activity and looked for ways to streamline and improve the process. Looking for redundancies, bottlenecks, delays, inefficiencies, errors and decision points, inspired the team to develop new methods for the process.
6. Then they mapped the new and improve process using standard flowcharting symbols. They also assigned clear responsibility for each task and activity. This activity required the Process Leader to use conflict resolution skills and techniques to resolve who would be responsible for the task or activity.
7. Finally, they trained all of the process users on the new process. They also periodically audit the process to ensure that everyone understands and is following the improved process.

8. To guarantee that this process is functioning effectively over time, they have continued to track the process performance measures that were analyzed and established in Step 4. This ensures that the process is continuing to meet the needs of the customer and organization.

With the new process and the clearly defined responsibilities, they are performing more enhancements per release (over 50) and can achieve 4 releases per month with less people and less time. They also exceeded their goal by reducing the production problems by 70% rather than 50%. They also completed the process analysis and improvement in the 6-month deadline. The manager from the class is now one of the champions for process improvement. He believes that their organization should look at every key business-related process and make continuous improvements on each of these processes.

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<sup>1</sup>Harrington, H. James; *Business Process Improvement*; McGraw-Hill, Inc., New York, N.Y., 1991.

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