

Taking Process Excellence to the Next Level

Many firms are actually quite good at improving performance on projects of small scope within traditional organizational boundaries. While most have the appetite to take Process Excellence to the next level, many firms struggle in improving and sustaining improvements to large business processes such as order fulfillment and new product introduction.

Success in executing enterprise-wide process excellence (PE) projects requires a dramatically different set of leadership behaviors. Let's start with the basic premise that value is created for customers and for the company via the flow of work that crosses organizational boundaries. While projects of small scope within functional departments can be useful as the means to reduce costs, these can produce local optimum and yet sometimes sub-optimize end-to-end performance. That is the single most compelling reason for taking process excellence to the next level.

Unlike projects of small scope where the senior manager of a department has clear authority and control, larger improvement efforts invariably require that leaders act to assure broader cross functional collaboration, more discipline in measuring performance for customers, craft a more compelling case for change that resonates with different and broader audiences, and due to a higher level of complexity – pay more attention to pacing.

Since most end-to-end business processes such as “inquiry to order”, “order to delivery” and “idea to launch” are customer touching, setting up for success in redesigning end-to-end business processes starts with measuring what matters to customer. This requires an estimate of current performance in terms of the timeliness and quality of products and services provided. Examples of the type of measures needed are such as perfect order delivery (on-time, complete, error free) and perfect new product introduction (when promised, meets customer expectations, and works right first time). Companies often find that collecting such customer focused, blended metrics are challenging due to a lack of data in their information systems. Yet, taking the time to estimate current performance, even if it is via the use of random samples, is essential in setting realistic performance improvement goals and providing data that will be useful in crafting a compelling case for change.

When taking PE to the next level, leaders need to create and communicate a compelling case for change and orchestrate the deep commitment of people at various levels and in various departments such that major improvement action can be taken. A compelling case for change is typically built on either an imminent threat or a perceived major opportunity.

The best test of a compelling case for change is whether people step forward as willing followers and whether they are motivated to act with urgency. This is where viewing operations from the customer's point of view becomes important. In building a compelling case for change, highlighting the gap between current and desired performance for customers can be a powerful way to touch people's emotions. In this respect, the factors that motivate employees to act are often different from those that resonate with the members of the senior leadership team. Factors such as growth, profit, and competitive advantage are likely to capture the attention of

executives, while other factors such as customer satisfaction and pride in their work may do more to engage employees in the case for change.

Success at executing improvement projects of large scope also requires more attention to pacing. Due to higher levels of complexity, the right pacing is essential. Leaders must assure that project teams do not dive into too much detail in the early stages of an improvement project in terms of the time and effort needed for modeling and measurement. Similarly, it's important to maintain momentum by way of early wins and since projects of larger scope invariably require some change to information systems, it's essential to form a strong partnership with IT.

Measuring what matters to customers, crafting a compelling case for change, paying attention to pacing and capturing early wins are just a few of the critical tactics needed for success whether you are just about to move to the next level in process excellence or if you have already attempted and struggled with improvement projects of larger scope.

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