



7 Tips: Faster and Better, for Less

by Alan Clark and James Crawford.

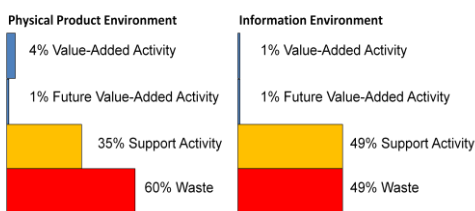
Have you any idea how much of your organisation's time is spent working on something valuable for customers? You would have thought most of it. However, shocking research by LERC discovered that it is usually less than 5% overall, and is worst in service organisations (public or private). You will never get to 100%, but just imagine how much time and money you could save by adopting a systematic approach to Service Improvement ... delivering faster service and better quality, for less cost.

Why service improvement?

Making sure your organisation is working at peak performance is always important and never more so than in the current economic climate. Significant sustainable advantage can be obtained by adopting a structured approach to engaging your people, removing waste and delay and delivering more of what customers and service users want. Conventional approaches miss many of the opportunities to achieve this. We are resigned to the peaks and troughs of business performance and we are too comfortable with the need to fire fight regularly. Business ends up being unsatisfactory for customers, stressful for staff and more expensive than necessary. But this should not be the case. Although it is relatively easy to reduce costs by cutting capacity, a far better approach is to reduce waste. The latter has the benefit of *reducing* costs while *increasing* capacity. The potential benefits are far larger than most managers appreciate as wasted effort and cost has accumulated in every corner of our organisations. Well executed Service Improvement based upon Lean Six Sigma always delivers a reduction in this waste at the same time as improving speed and quality. This paper draws on some of the thinking, tools and techniques of Lean Six Sigma and provides 7 tips that combine to form a systematic approach to service improvement for you and your organisation.

The Opportunity Provided by Waste

We can all see waste and inefficiency. Have you ever had to let down a client because something was not ready on time? How many of your staff are currently waiting for something else to happen? How many managers spend more of their time in meetings and on email than with front line staff or customers? Have you wondered why such a convoluted way of doing things persists? No one *wanted* it to be convoluted. It just got that way.



Hines, Sivi & Bartolini (2002.) *Lean Profit Potential*, Cardiff: Lean Enterprise Research Centre (p.9)

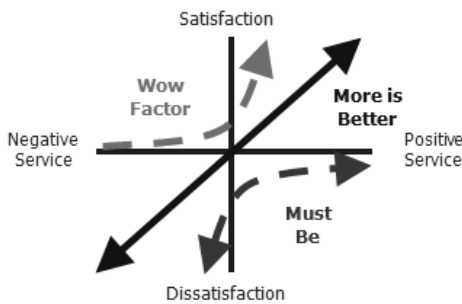
If you recognise that where you work, you are not alone. Research by Cardiff University (the Lean Enterprise Research Centre) shows that across a range of sectors *value-adding* work is actually a frighteningly small proportion – value is being added for less than 5% of the time. Waste of time and effort is almost everywhere and can be accepted as 'just the way things are'. That should not be the case.

Therein lies a huge opportunity to accelerate processes, reduce costs and improve quality. This will focus staff much more clearly on activity that customers would pay for – the 'value adding' work – which is frankly the most interesting part of people's job anyway.

In a typical organisation, when efficiency needs to be increased or costs cut, a common approach is to decree cuts across the board. This ignores the fact that some activity is vitally necessary to deliver service whereas other activity is simply moving information or people around from one place to another. It is a high risk strategy to reduce budgets and resource without this knowledge and without a systematic approach.

This paper, based on Lean Six Sigma, provides such a systematic way of tackling waste and at the same time improving the elements that customers want. It takes you from the foundation of speeding up service delivery through to waste elimination on to improving quality and consistency. It is also essential to involve all of your people in the journey. The inspiration and engagement of everyone in the organisation will ensure greater short-term and long-term success.

Tip 1 – Ask your customers to design your service



How well do you know what your customers value about your service? Would they fully agree with your assessment? Do you know their perception of you compared with other offerings and other providers?

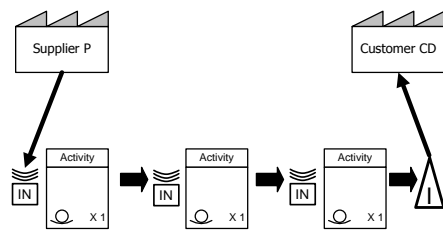
Central to service improvement is an understanding about what customers value – what is delivered and how it is delivered. This is often a surprise. It is crucial in determining what is waste (which is any of your activity that a customer would not really want to pay for).

There is one type of service feature that they will most easily talk about – the ‘More is Better’. They will rarely talk about the ‘Must Be’ features

because they expect them to be there, like the air con on a car. Finally there is the ‘Wow’ factor that may be uncommon or innovative. Often they will not be able to say what they want until they see it so your innovative ideas must be tested out as regularly as possible. When did you last ask your customers what they value and dig down to uncover what their underlying needs are? When done thoroughly, you will always find a gap between what you discover and what you already do for them. Therein lies an opportunity to serve them better.

Tip: Use a Kano Matrix (as in the picture) to understand the different levels of value from your customers’ perspective. Involve them on a face to face basis to really gain a meeting of minds.

Tip 2 – Manage business processes from your supplier’s supplier to your customer’s customer



The series of activities required to fulfill a customer's need is known as the Value Stream. It is a simple fact that it runs all the way through the supply chain, from the people who help your suppliers do what they do through to your customers and what they do once you have served them. It includes both those activities that add value and those that currently do not.

Mapping out the current value stream (internally at first, then working with suppliers and customers) provides a baseline against

which proposed changes can be compared. The initial mapping of the current state should have identified all the process steps in some detail together with the waiting, delays and loops of rework. It enables initial identification of the value-added and non-value-added activities as well as where the problems, delays and waste are. Your people can then decide what are the most valuable improvements to make, where to start and how not to screw up somebody else upstream or downstream.

Tip: Record what is happening now in the value stream by using a Current State Map to understand the end to end process, the flow of work and the opportunities for change. Use this to engage a wide variety of people in a discussion about improvement.

Tip 3 – Slow it down to speed it up



Work in progress

The smoothing of the flow of work should be a major focus of improvement activity. We often see process steps being undertaken quickly, but the work then has to stop and wait for the next step. There is a saying, “if it stops it sticks”. As soon as a piece of work experiences batching, queuing, sorting or reworking, the lead times escalate, the costs rise and much management activity is required to get it going again. Ask what can be done to keeping the work flowing smoothly and steadily all the way through the organisation – straight to the customer, right first time?

It will become clear that some activities need to be engineered out, others combined or co-located and others improved. It needs a collaboration right across the organisation, following the path of the work. This ‘end-to-end’ view sometimes collides with the ‘top down’ view of an organisation structure or budget allocation but is a fundamental

building block of service improvement. It must become the predominant view of the organisation over time. That can require a culture change in itself!

Tip: Identify the opportunities for eliminating queues, waiting and delays with the Current State Map. Then create a Future State Map that defines a simpler value stream with a faster and smoother flow. Quality improvements and cost reductions are almost inevitable.

Tip 4 – Schedule your work backwards



Signal Folder

In service organisations, work-in-progress costs time and money. Whether visible, maybe on paper, or invisible, in a computer system, the costs are huge and usually unknown. Therefore in the search for faster service delivery at less cost the aim should be to radically reduce work-in-progress by synchronising the activity with customer demand. By definition this serves customers more quickly so it provides a better service at the same time as saving money.

A thorough understanding of the pattern of customer demand enables resources to be deployed to match it. By doing the analysis you will probably find that much of the variation in demand is caused by you! Peaks in marketing or communication activity, opening hours, poor written material, poor service quality all make variation far worse and must be addressed. Responding quickly to the genuine customer peaks and troughs is then much easier and it makes you more responsive to your customers.

Where a number of people or teams are involved in delivering the service, work should be scheduled backwards – the people at the end of the process (closest to the customer) setting the rate of flow of work, similar to a production line. At each stage in the service delivery, do only what is required to maintain continuous workflow to meet the rate of customer demand. At first this approach may not work easily, but use the problems it throws up to redesign the flow. Eventually it will work like a dream and managers can focus on further improvement instead of fire fighting.

Tip: Simple tools like Signal Folders at each activity can provide a temporary short-term storage point to smooth a continuous flow. A new piece of work, such as a case file, should not be started until the proceeding one has been moved on appropriately.

Tip 5 – Take everyone off the job to improve productivity



For service improvement activity to have the maximum impact it must be continuous, it must involve everyone in the value stream and it must be focused on what matters for customers. Deming said that 95% of problems are ultimately caused by the design of the system of work. Hence individual best efforts are not enough to compensate – everyone must work together to design and redesign a better way of working together.

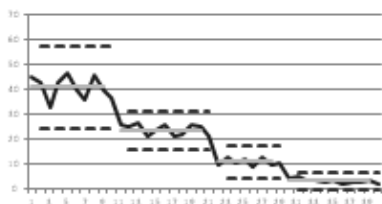
This requires a certain level of commitment, with everyone having the opportunity during the working week to step back, think about the problems they experience, contribute their ideas and agree how to change the way they work – in both small and large ways. Not all of these ideas will work – it is a learning process so staff must have the space to try things out to determine the best approach. Continuous improvement may only yield 1% of quality and productivity improvement per month, but over 1-2 years this makes a huge impact, and often with little capital investment required.

Tip: Plan to engage all of your people, but in a phased way. New approaches will need to be evaluated and tested, key staff trained in them and managers adapt the focus of their job. This change will need decent plan, clear leadership and just a bit of patience.

Tip 6 – Be systematically creative

Setting business objectives without having a structured method for achieving them is an exercise in wishful thinking. Facts in the form of performance and quality data measures provide the basis for making better decisions. All organisations already do this in various ways, but how can you distinguish the signals in the data (denoting action to be

taken) from background noise (random fluctuations)? And how do front line staff decide whether a change for their own team is actually an improvement overall?



Six Sigma provides the process, tools and techniques you need. A central tool is the Control Chart. Performance data (of the delivery of customer value) is displayed against time, which makes it easier to link what the chart is showing to actual events. Then three decision lines are calculated that highlight the most important messages within the data – the overall performance of the process, whether any immediate action signals are present and whether a previous change really has been a sustained improvement. By improving the consistency of a process you paradoxically improve performance, quality and

cost. This is the result of better active management, improving communication between those involved, providing an early warning system and fostering creative problem solving.

Tip: Six Sigma provides a structured approach to problem solving and improvement – DMAIC (Define, Measure, Analyse, Improve and Control). Use this combined with Control Charts, Histograms, Pareto Charts, Cause & Effect diagrams and Value Stream Maps to focus and monitor improvements.

Tip 7 – Put theory straight into action



Too often improvement initiatives are built around internal or external consultants. Unless their role is to facilitate a learning-by-doing approach to improvement projects the knowledge will walk out of the door once a particular project is complete. Improvement needs to be part of everyone's everyday work.

By engaging the people in the processes there is a greater possibility to sustain the gains and build on them further. This is because the service improvements are more likely to be owned by the people working in the processes.

Tip: Involve and train the people in service delivery and support processes in service improvement thinking, tools and techniques.

Conclusion

These 7 tips are at the heart of a systematic approach to service improvement. They are based on the lessons of Lean Thinking and Six Sigma. Together offer the opportunity to achieve significant improvement and not only to sustain it but to build on it continually:

1. **Ask your customers to design your service**
2. **Manage business processes from your supplier's supplier to your customer's customer**
3. **Slow it down to speed it up**
4. **Schedule your work backwards**
5. **Take everyone off the job to improve productivity**
6. **Be systematically creative**
7. **Put theory straight into action**

Contact us to discuss these tips further. Discover how the DPG Service Improvement Programme (accredited by the Institute of Leadership & Management and delivered in partnership with specialists Touchpoint Change) could put these methods and tools into your hands and help you engage everyone in your organisation in service improvement.

To speak to us about this, call James Crawford on 0777 55 90192 or email james.crawford@touchpointchange.co.uk.

DPG, specialists in people development, has partnered with Touchpoint Change to bring you this programme. Touchpoint Change helps your people transform your business through training, coaching and specialist advice. They develop skills, processes and confidence in service improvement. Working together we offer a comprehensive range of learning programmes.