Deploying a structured approach to Business Improvement

Our Guide for Businesses

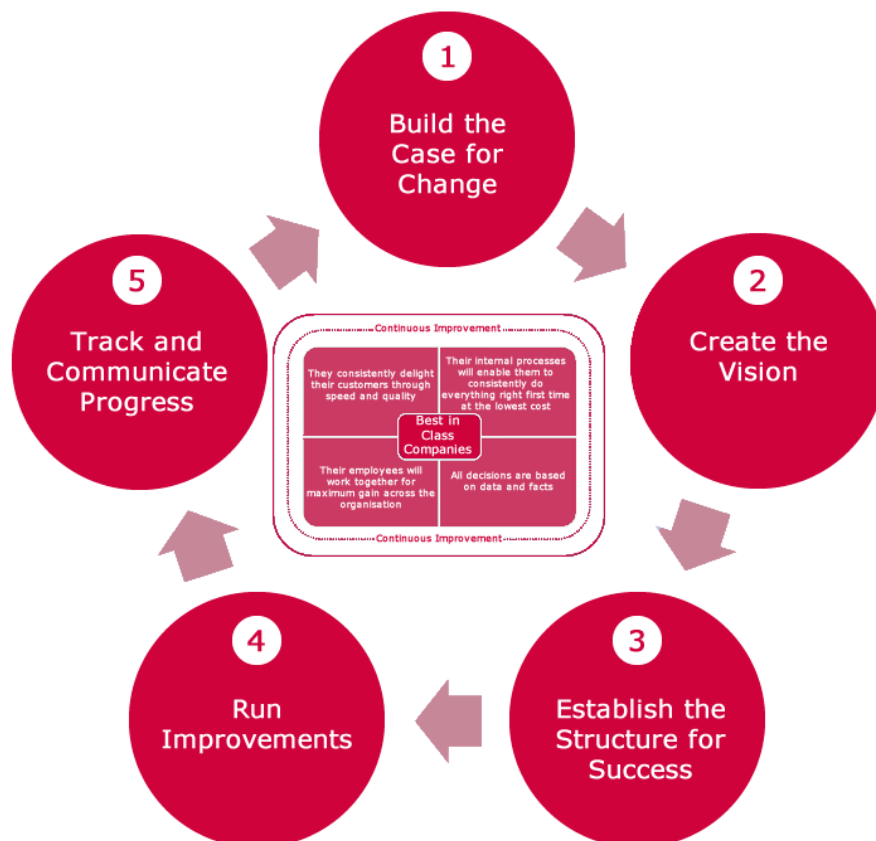## 100% Effective

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Introduction

Against an improving, but still uncertain economic backdrop, organisations are under increasing pressure to up their game. Only by striving to become Best in Class can businesses hope to achieve an edge over their competitors, consistently delight their customers, create a collaborative and constantly improving working environment and ensure decisions are based in fact.

However, while Best in Class status is the goal for many, there are no shortcuts. Furthermore, once companies achieve Best in Class status, they often face an even harder challenge to stay there.

The only way to achieve, and then sustain, being Best in Class is for organisations to have an in-built culture of continuous improvement but this is easier said than done. So how do UK organisations make the case for change, and then implement a brand new culture into their business?

Our years of experience and research have led us to develop a five stage process to achieving and maintaining excellence:

Continuous Improvement

1 Build the Case for Change

2 Create the Vision

3 Establish the Structure for Success

4 Run Improvements

5 Track and Communicate Progress

Best in Class Companies

They consistently delight their customers through speed and quality

Their internal processes will enable them to consistently do everything right first time at the lowest cost

Their employees will work together for maximum gain across the organisation

All decisions are based on data and facts

Continuous Improvement

Step One: Building the Case for Change

Businesses across the UK are facing unprecedented pressure. The instant gratification culture has led to a customer-base that demands more from its service providers. They want a better service, but they want quality to remain high and they want it all without delay.

At the same time, organisations are still facing financial constraints from economic uncertainty and increasing global competition. Businesses that have seen their margins squeezed since 2008 have already identified all of the low hanging fruit, forcing companies to look harder for ways to cut costs in order to deliver the improvements customers demand. In the UK, organisations are seeing less money available to invest, increasing legislative and administrative challenges and a dearth of talent resulting in a constant pressure on capacity, resources and time. This pressure is exacerbated for SMEs, which often face the addition burden of cash flow bottlenecks.

Indeed, our own research reveals that 90% of businesses polled consider improving customer service to be one of their highest priorities for 2014, followed by 85% which are focusing increasing profits.

What key areas are a priority for your business in 2014?
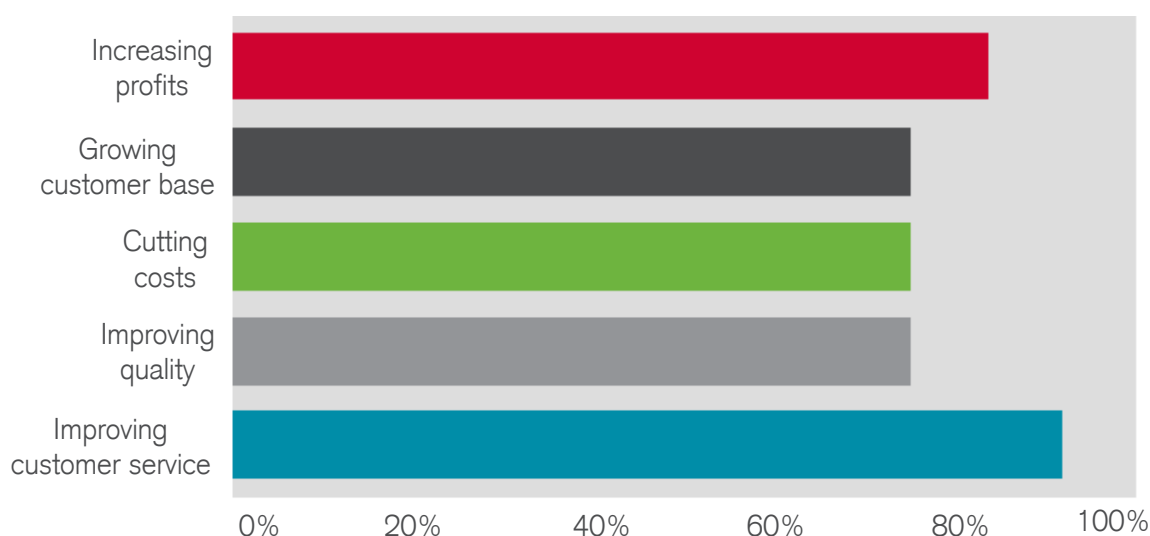
How this shows itself

These challenges are faced by all organisations, irrespective of size and they tend to present as specific symptoms. Businesses facing these pressures can find that there is a culture of firefighting; that quality is secondary to getting the task done. Pressure on time forces people to find their own way of performing a process, causing variation, mistakes and often creating a situation where work cannot be completed if an individual is absent. Training and improvement is put on the backburner as there is no available resource to review existing processes or identify potential cost savings.

Most organisations will experience these symptoms at some point, but many fail to take corrective action because the challenge looks too large to overcome. Instead, a common

strategy is to dismiss it as a phase that will pass, and the business will once more begin to improve. However, while ignoring each symptom on its own might not be a disastrous decision, companies that ignore the warning signs risk sleepwalking into a perfect storm of poor customer service, low morale and sluggish sales.

How Business Improvement can help

Business Improvement methodologies provide organisations with the tools they need to put their company back on the path to success. The core benefits to businesses are time and visibility.

With a focus on data, business improvement methodologies such as Lean Six Sigma provide organisations with the information they need about their company to begin to make great decisions. Companies are provided with a clear baseline, providing them with a view into how the organisation is currently performing, but also a benchmark from which to measure future success.

This increased visibility also highlights where resources are being wasted, so that employees have more time to focus on customer service and quality. Lifting time pressure from staff and providing them with the power to implement change engages and empowers them, reducing frustration and boosting morale.

As bottlenecks and blockages are removed, productivity and quality improve leading to clear cost savings and reduced risk. In short, companies are reinvigorated, staff are happier and customers are more satisfied.

Identifying your true starting point

While Business Improvement implementation can help, there is a lot of work between deciding to deploy Lean Six Sigma and the first day of implementation. Businesses first need to get a baseline of how the organisation is performing now, and how receptive the culture is to Business Improvement.

Company leaders should ask themselves about the level of fire fighting, the volume of customer complaints and the amount of overtime currently essential to get tasks done.

From there, barriers and risks to Business Improvement need to be discussed and goals set.

It is not uncommon for there to be resistance to change; for employees to warn about a lack of time, funding and resources to dedicate to Business Improvement or for staff to appear unmotivated. However, businesses should not be asking themselves whether they can afford to change, but rather whether they can afford not to.

Key questions and considerations

The checklist below covers some key questions and considerations. Taking some time to think about your answers will provide a telling insight into how much Business Improvement could transform your organistion.

1	How many of your processes are truly standardised so that everyone does them in the same way?
2	How much time is wasted in each key process?
3	How many tasks do you have where only one or two people know how to do them?
4	How many customer complaints do you have?
5	How much overtime and extra effort is put into completing your tasks?
6	Would you say you are great at firefighting?
7	Is there internal frustration at not getting what you want from other staff members?
8	In the last year what % of staff have suggested ways to improve the business?
9	In the last year what % of staff have suggested and implemented improvements?
10	How well does each level in the organisation understand the importance of Business Improvement and how the business is deploying?
11	Is Business Improvement a key measure for every person in the business? What % of staff have this as a measure?
12	Is there a clear and understood process for suggesting, investigating and implementing improvements in the business?
13	Is Business Improvement a stated goal of the business
14	If so, are these goals cascaded and visible for each function and level in the business?
15	Does the agenda for board or very senior management meetings feature Business Improvement issues?
16	How many people and % have been trained in the importance and awareness of basic Business Improvement issues?
17	How many people and % have been training in Business Improvement and to what level?
18	What savings were generated last year through Business Improvement?
19	How do managers motivate people to engage in Business Improvement?
20	What % of time do people spend on Business Improvement?
21	How are projects/improvements communicated so that others can learn from them and implement them in their area?

Step Two: Create the vision and prepare

Imagine a company where customers are delighted on a daily basis, that outperforms competitors by a large margin, and has staff that actively look for new ways to make customers' experiences even better. Where they are happy, work in teams and understand the importance of outstanding customer service.

Imagine a company that works collaboratively with suppliers to get a mutually beneficial outcome. Where there are no processes that only one or two people can deliver. A company where there is a standard way of running processes based on best practice and everyone adheres to them. Where wasteful steps that add no value are identified and removed so the business becomes more profitable and effective. Imagine a business that has education, training and personal development of its staff as a central goal.

To us, that sounds like a great organisation, with innovation and customer service as core goals. However, the first step on a journey to Business Improvement deployment is to identify your own end-goal. It is important to be as specific as possible and to communicate this throughout the entire organisation, so that everyone is pulling in the same direction. Business Improvement deployments are only truly successful if full buy-in is achieved across the company, at every level.

Engaging everyone at the outset

Total engagement is necessary for improvements to be as effective as possible, but how do you change the existing culture within an organisation? They key lies in clear communication, continued support and leading by example. Unsurprisingly, therefore, the buy-in of senior management is absolutely vital.

Do you currently use Lean Six Sigma or other Business Improvement processes?
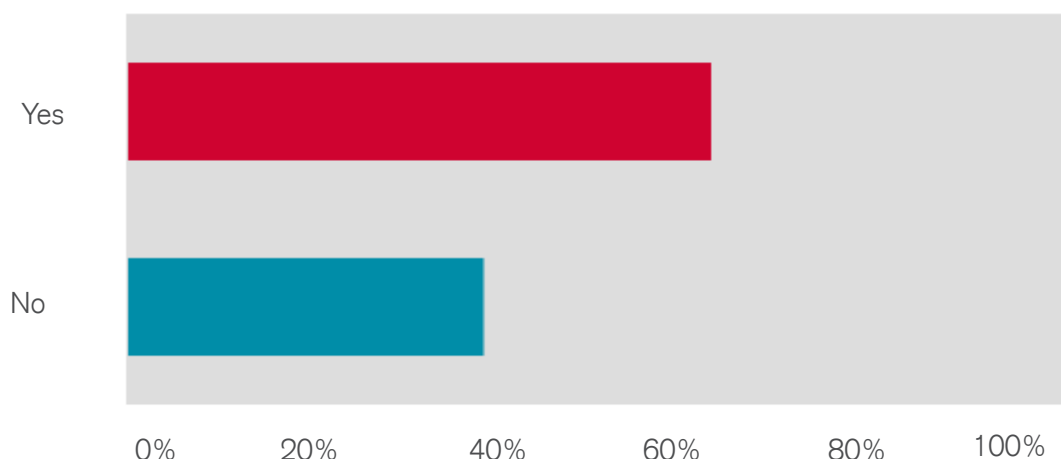
Unfortunately, this essential step is often overlooked. Our research suggests that over 60% of businesses are using Business Improvement methodologies. However, of these, 50% said that very few people within the organisation know about Lean Six Sigma and a further 25% said only one or two people were aware of the methodology.

How would you describe the current level of knowledge of Lean Six Sigma in your organisation?
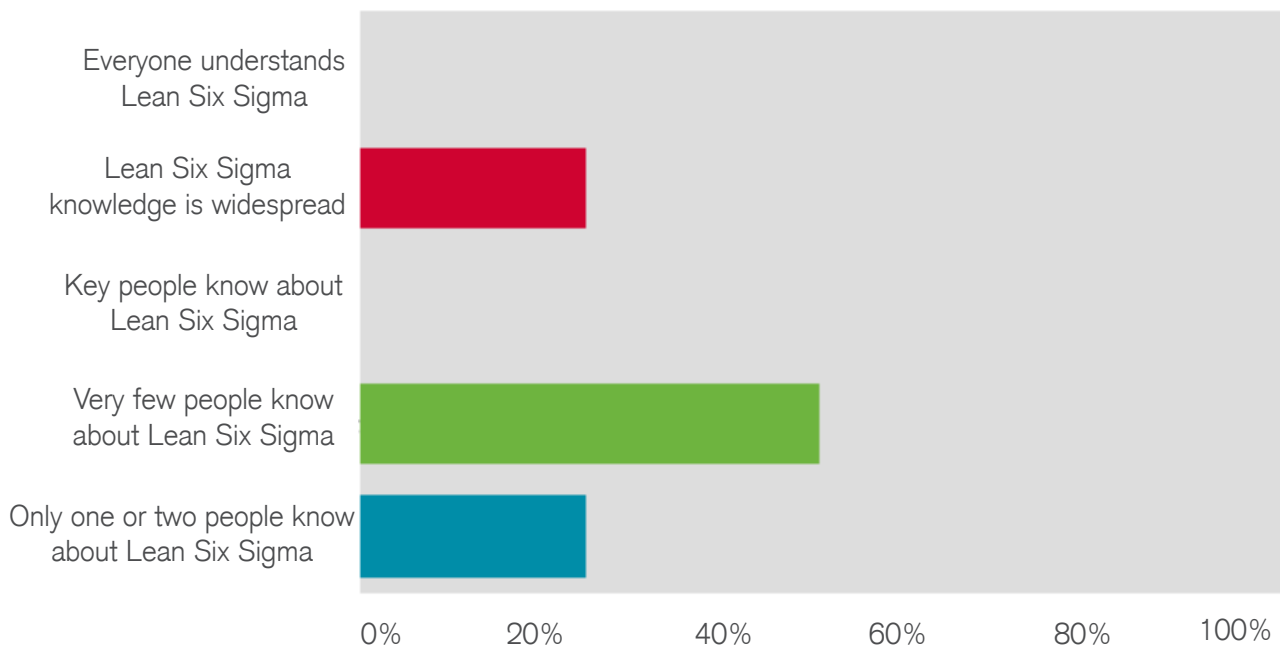
Business Improvement such as Lean Six Sigma is not a magic bullet, so senior managers must be aware that improvements will not happen overnight, and ensure that expectations are carefully managed throughout the company. Structurally, the company must make changes so that the strategic business goals are aligned with the Business Improvement goals, and ensure this change in focus becomes the new normal.

In practice this means appraisals and KPIs will need to be adapted to drive the correct behaviour; the benefits of the change must be clearly and effectively communicated in a way that highlights the relevance to employees; and there must be a defined process established for collecting, monitoring and solving the problems raised across the business.

Senior managers can start to influence behaviours very quickly by subtly changing how they act and talk to the business.

Examples of Senior Manager influence:

- Start asking people for data
- Set rules and stick to them
- Don't demand solutions without data
- Ask people to quantify the cost of a problem
- Ask people to share their ideas for standardisation
- Spend time talking about quality, customer service and business improvement and reiterate the importance of them at every opportunity
- Put Business Improvement on the monthly agenda at the board meeting

As the saying goes failing to prepare is preparing to fail. Organisations often launch a Business Improvement programme without developing a clear and coherent vision of what the future needs to look like. It is only when a company vision that everyone can work towards has been created and properly communicated that it can begin in earnest.

Step Three: Establish the structure for success

Core to the success of Business Improvement, is training and education. Without the correct tools, employees will be unable to effectively identify problems, make changes and track progress.

However, the degree of training required will vary depending on your starting point and your end-goals. Lean Six Sigma is one of the most widely used and well-known Business Improvement methodologies, and the approach we recommend. There are a number of key roles within every Lean Six Sigma deployment, these are:

The Sponsor or Champion are the people who are paving the way for the project, ensuring efforts are focused in the right area and that resources are made available.

Black Belts run large-scale complex projects and manage teams of people, so they need to have a robust technical understanding of Lean Six Sigma and the softer communication and influencing skills.

Green Belts run smaller, more departmentally focused projects and often work on larger scale projects under the instruction of Black Belts. They need a good technical understanding and must have the soft skills required to work closely with people at all levels.

Yellow Belts may help out on smaller projects, but this level of training is usually given to anyone who could benefit from an awareness of Business Improvement in their daily role.

We recommend that all staff have training in the basics of Business Improvement such as waste and variation; that middle managers are given a clear understanding of the goals of Business Improvement and reassured about its purpose; and that senior managers have an awareness of the concepts to help with strategic planning and deployment.

The Ten Step Deployment Plan

Once they have been trained in the key concepts, senior managers must spend time developing a plan for the steps needed to deploy change in the business - starting with how they will cascade the goals/KPIs of the business. There are ten areas to consider in any deployment plan:

1. Cultural Change

One of the biggest changes following the deployment of Business Improvement is to the company culture. It is essential that an environment is cultivated where blame is not the knee-jerk reaction when something goes wrong and where people feel happy and encouraged to identify problems. A deployment plan needs to discuss how the current culture will be addressed to pave the way for this new approach.

2. Leadership Changes

To ensure culture of a Business Improvement is embedded successfully, the roles and attitudes of leaders need to change as it is essential to lead by example. Leaders should spend time working on improvement projects, motivating others who are engaged on Business Improvement, monitoring performance, and focusing on strategic rather than tactical tasks. Any plan needs to address this in terms of time and resources.

3. Rewards and Recognition

Reward and recognition systems need to be designed and created to encourage customer service improvement and business improvement. This means implementing new KPIs which drive more than just functional excellence in a chosen role.

4. Systems

As Business Improvement is so heavily reliant on data and visibility, deployment plans must address how systems will be put in place to track projects, monitor engagement, measure the benefits, as well as new ways to identify issues such as complaints, website activity and problems flagged by employees. All data must be joined up so trends can be identified.

5. Processes and procedures

Standard processes need to be in place for every aspect of the business to eliminate variation. Processes should be put in place to validate issues, prioritise problems and assign them to members of the team who will have the capacity and skills to solve them.

6. Team Working

Team working is vital to obtain the real root cause of a problem, develop the best solution and implement the solution quickly and permanently. Steps to cultivate a culture of team work ought to be taken, particularly if significant changes to attitude are necessary.

7. Management

Managers play a vital role in successful Business Improvement as motivators, communicators and coaches to their teams. Managers should work to smooth the way if problems arise, and support people as they challenge and develop the business so absolute confidence in Business Improvement is essential.

8. KPIs

KPIs should be developed as part of a deployment plan as the focus of managers' roles will change from day-to-day tactics, to more long-term strategic tasks. Managers should be measured on how many ideas their teams have generated, and the benefits these have generated, while staff must be asked to identify and find solutions for problems.

9. Work Climate

The working environment will be enjoyable and people must feel they have enough time to identify and solve problems. It is essential to create an atmosphere free of blame to generate honest feedback to help individuals grow, customer service to improve and business performance to flourish.

10. Motivation

In an environment where people are permitted to give honest feedback, feel able to flag problems and empowered to create a permanent solution, all staff will feel more ownership of their role. People will motivate and drive each other to identify and solve issues, leading to a healthy competition to further improve.

Governance and control

The final structure organisations need in place is a system to ensure that progress is kept in check, is aligned with business goals and the focus is on strategic improvements rather than ad-hoc. This function is usually performed by a Steering Committee, comprised of the senior leadership team who meet at least once a month to track progress.

Senior managers must identify the supporters, advocates and potential blockers to their cultural change, and then develop a strategy for roll-out for different functions, individuals and processes.

Every improvement in the company can be driven through the governance of the Steering Committee, this way only prioritised, important activities are worked on and monitored in the business. This important step prevents individuals working on projects that have limited scope or financial benefit and have not been approved, and thereby wasting valuable time and resources.

Step Four: Run improvement projects

Once all the processes are in place, the only thing left to do is to start running projects. But first, you need to generate ideas – What are the problems? What are the priorities? What would see the biggest impact on customer service?

It's often simple to identify the first batch of problems, but for a business to continuously improve there needs to be a regular flow of issues that can be categorised, prioritised and dealt with accordingly. The systems put in place during the deployment stage will be an integral part of this process as they will deliver a constant flow of data, trends, demands and issues.

Further ideas will come from the regular reviews by the Steering Committee, customer feedback and working closely with suppliers. Suppliers and customers provide a huge resource of opportunities, so their views should be captured and closely reviewed.

Problems can be broken down into three main types of improvement projects:

1. Quick Win Projects

These are simple fixes, which can be put in place straight away with little to no further exploration. They are often local to an area or function, are low risk and quick impact.

2. DMAIC Projects

Projects suitable for the DMAIC process are those where the root cause and solution are unknown, the problem is systemic and the fix needs to be permanent. Typically these kinds of projects will require some analysis and investigation. These are problems that need data to validate them and time spent to resolve them.

3. Kaizen Events

Kaizen events or Kaizen Blitz are intense sessions used to identify a permanent solution for a problem that would normally require a DMAIC project where a solution is necessary in a very short period of time.

	Quick Win Projects	DMAIC improvement projects	Kaizen Events
Purpose	To implement simple ideas or changes quickly	To solve complex issues permanently using a structured problems solving process	Solve issues permanently and quickly
Run by	The local area team	Trained lean six sigma personnel – Yellow, Green or Black Belts	Trained lean six sigma personnel – Yellow, Green or Black Belts
KPIs	How many ideas raised and by whom How many ideas closed The benefits of each idea How many ideas have been rolled out to other areas of the business	Number of projects completed Number of projects to achieve their SMART goals Running total of benefits achieved in this way	Number of projects completed Number of projects to achieve SMART goals Running total of benefits achieved in this way How many ideas have been rolled out to other areas of the business

KPIs		How many ideas have been rolled out to other areas of the business	Number of projects completed in the allocated time frame
Controlled by	Area team leader, manager or supervisor	Steering Committee, sponsors and champion	Steering Committee, sponsors and champion
Mechanism	Charts, spread sheets or simple websites to consistently track and update	An improvement/issues hub should be created which captures all the areas to be worked on from a number of sources. After filtering they will be allocated as a DMAIC project.	These problems have the same selection characteristics as a DMAIC project, and Kaizen event would be run when there is a need for quick solutions.
Process	Idea is raised by individual, customer, supplier or audit of the area Weekly team leader gathers appropriate people for meeting and each idea is reviewed and classified as: 　Rejected – with feedback provided as to why 　More information required – team leader needs more information from the person who raised the idea 　Obtain data – team leader will collect some data to review the idea 　Implement –implement the idea and collect data on the improvement so that it can be reported 　Escalate idea to BI board – if the idea is seen as needing more resource, time or analysis the idea will be put into the ideas hub and reviewed as below.	Ideas, issues or opportunities are entered into the ideas hub. Deployment Champion or Master Black Belt filters the ideas. The originator of the idea or issue is kept up to date with progress. Steering Committee discusses and prioritises the issues with the help of the prioritising tools and the Deployment Champion. Assign a sponsor and belt to complete the project. The Deployment Champion or Master Black Belt completes 75% of the project charter and assigns the project to the Yellow, Green or Black Belt. Belt runs the project until completion. Completed ideas summarised for the monthly KPI	Ideas, issues or opportunities are entered into the ideas hub. Deployment Champion or Master Black Belt filters the ideas. The originator of the idea or issue is kept up to date with progress. Steering Committee discusses and prioritises the issues. Assign a sponsor and belt to complete a Kaizen event. The Deployment Champion or Master Black Belt assigns the project to the Yellow, Green or Black Belt. Belt then runs a Kaizen event in the traditional manner After the event, the Kaizen has 30 days to complete the actions and close off the project Completed ideas summarised for the monthly KPI
Review completed ideas and pass on those with scope elsewhere in the business			
Potential Issues	Ensure that ideas are not at odds with other projects, will fix the issue and progress is accurately reported	Ensure that the scope of the project is not too large Ensure feedback to person who raised the issue Ensure that data is accurately collected Don't rush the project to solutions	Ensure that the scope of the project is not too large Ensure feedback to person who raised the issue Ensure that data is accurately collected Ensure the actions are completed in 30 days

Throughout the projects, the most important tool is data. So it is essential that progress is meticulously tracked and that this is communicated. If it is impossible to prove the impact a project has had, it is much easier to slip back into bad habits.

Step Five: Rigorously track and communicate progress

The importance of monitoring and tracking cannot be overstated. Regular reviewing of projects serves several purposes – to illustrate to all employees it is a business priority, to ensure all projects are carried through to completion and to measure the success of a Business Improvement implementation.

Without this tracking, it is easy for day to day tasks to take precedence and progress on improvement to be side-lined or abandoned. To be successful, it must become a priority. At every stage of the process, tracking should be in-built; it is a function of the Steering Committee, of the Business Improvement Champion and should be reflected in the KPIs of all relevant staff members.

To prevent focus on Business Improvement slipping, each person should ideally have at least one KPI related to Business Improvement. This makes continuous improvement the responsibility of everyone as part of their specific role, rather than resting accountability on a few key people's shoulders. We suggest managers have a broader range of KPIs linked to Business Improvement as they will act as a driving force within the company, and that the organisation has strategic goals with associated KPIs.

Individual KPIs

- Number of ideas, issues and opportunities raised in the year
- Benefits generated by their ideas or solutions in the year
- Number of ideas implemented or teams involved in

Manager KPIs

- Percentage of their direct reports who have engaged in business improvements
- Number of ideas generated in their area
- Number of projects run in their area
- Benefits generated in their area as a result of sucessful projects

Company KPIs

- Benefits of BI in the business
- Percentage of people who have engaged in BI
- Number of Kaizen, DMAIC projects, quick wins implemented
- Improvement in customer service
- Number of suppliers who have contributed to Business Improvement

As with all change within a business, communication is vital to maintain momentum. The benefits generated through the efforts of the whole staff should be regularly and clearly communicated to reinforce engagement and encourage others to take part.

Conclusion

This document sets out the five deployment stages that we take our clients through on their journey to becoming Best in Class. However it is critical to remember that continuous improvement is always a journey and never a destination.

Laid out plainly, this step by step approach can appear daunting or intimidating. However, there is no shortcut to success and we know from experience that this formula, if followed correctly, leads to an infinitely better business.

Business Improvement doesn't have to be all or nothing. A continuing series of small changes will eventually add up to a big leap forward, and this is why enshrined in the DMAIC approach is the principle of appropriateness. The tools, techniques and philosophy are there to guide and assist. The best approach is make improvements gradually and sustainably to build on each new success.

At 100% Effective we understand the practical challenges in deploying Business Improvement so we are ideally placed to help you identify where to start, the level you should aspire to and the speed at which you should go. We also have the necessary experience to design a deployment strategy and approach that will suit your culture, needs and capability.