

## *Business Process Improvement*

### **The Issue**

All organizations, big and small, advanced and start-up, public and private, service and manufacturing, are all operating following a set of processes that they have defined. These processes often are not documented and in many organizations are not universally followed. The truth of the matter is that even when they are documented, the rapid changing business environment makes them obsolete within two or three years. Most organizations define their operating procedures when they are founded, but from that time on they are virtually ignored. The only time that they are changed is when they fail and then a quick patch is put in place to solve the immediate problem. This causes them to be:

- ◆ Highly bureaucratic
- ◆ Out of date
- ◆ Overly complicated
- ◆ Not used
- ◆ Costly
- ◆ Time consuming
- ◆ Irritating

To survive today, organizations have to do more with less, at a higher quality level than ever before, and do it much faster. This presents a challenge that can only be overcome by a drastic improvement in the organization's critical business processes. The conservative approach of continuous improvement that results in a 5 to 10% improvement per year will no longer cut the mustard when the competition is improving at a rate of 20%. What is needed is a drastic breakthrough improvement in the performance of the organization's critical business processes.

### **The Solution**

The Business Process Improvement methodologies are the key to solving this problem. They consist of five different methodologies. They are:

- ◆ Systematic Breakthrough
  - Process Redesign
  - Process Reengineering
  - Benchmarking
- ◆ Rapid Breakthrough
  - FAST (Fast Action Solution Teams)
  - HIT (High Impact Teams)

**Process Redesign** is used when the present process needs drastic improvement, but is not so bad that some of the concepts cannot be reused. The methodology consists of twelve steps that are designed to streamline the present process and upgrading it to best practices. It is typically used when you want to reduce cost and cycle time from 20 to 60%, improve quality between 40 to 100%. It is probably the right approach for 60 to 80% of all the process improvement activity.

**Process Reengineering** is used when the present process is so obsolete that you don't want to contaminate yourself with this baggage. This approach challenges all of the paradigms that the present process is built upon. It is about 300-500% more expensive than process redesigning, but results in much better savings. It is used when cost and cycle time reductions of 60-90% are needed and quality improvements between 20-100%. It is a correct answer for approximately 10% of the processes as it usually has a cultural impact upon the organization.

**Benchmarking** is often used in conjunction with process redesign and process reengineering, although it can be effective by itself. It is typically used when cost and cycle time reductions of 20 to 50% are desired and quality improvements of 10-150% are needed. It is the correct answer for about 10% of the processes. The major drawback in using benchmarking is that you are following another organization's lead as you are adapting or adopting their processes.

**Fast Action Solution Teams (FAST)** are used to identify process changes that can be implemented in an extremely short period of time. Basically this is a one or two-day study project that defines improvements that the individuals performing the study can implement within the next 90 days. It is usually applied to sub-processes where rapid improvement of 15-20% is needed. This is a process that allows an organization to have many FAST engaged active at the same time.

**High Impact Teams (HIT)** are made up of 6-12 people that work fulltime for two weeks to focus on an individual's area processes. These teams usually focus heavily on workflow and layout. The HIT completes 70-80% of their activities during the two-week period. Often the target area is completely transformed over a weekend, resulting in an immediate effectiveness improvement to the area.



For a better understanding of Business Process Improvement methodologies, read Dr. Harrington's books entitled Business Process Improvement and Business Process Improvement Workbook published by Quality Press and McGraw Hill.

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