

How Excellence Prospers (Part 2)

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Abstract:

The past issue of the Complexity Manager Journal examined the success factors for Process Excellence along the MOTION method. In this second part the authors describe the design principles on the road to Process Excellence as practiced by a leading medical diagnostics corporation.

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How Excellence Prospers (Part 2)

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Part 1 examined the root causes for failure of many process reengineering activities and change management projects.

The main conclusion was that true process excellence may only be achieved by employing the right methods, using clear guiding principles, utmost result transparency and pinning down clear management objectives.

The success factors were shown in use at a leading medical diagnostics corporation along the MOTION-method.

Part 2 describes the adequate principles that should be used to achieve true process excellence and implement it successfully.

Don't just Begin: Find the Right Starting Point

Unfortunately, Process Excellence activities oftentimes turn into mere process optimization in practice.

There seem to be die-hard opinions that describe process excellence as 1. Describing the current state

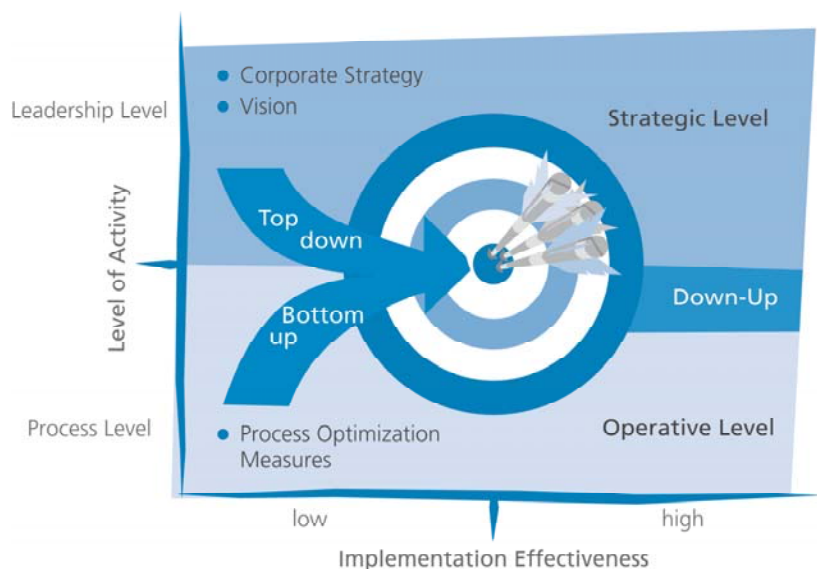


Figure 1: The Solution Optimum: Match Operational Process Optimization Measures with Guiding Principles Provided by Leadership

process, 2. Describing the future state process and 3. Deriving action.

It is out of the question that this will yield efficiency and effectiveness opportunities in processes for individual objectives or issues.

But the true core of Excellence, meaning the optimization of all abilities necessary to turn requirements into correct action, is only seldomly achieved that way.

A process which is truly excellent must meet far more requirements than just providing a defined service via a minimum amount of resource expenditure.

Don't Be Timid: Choose the Adequate Approach

A process is never just an isolated system dedicated to delivering a defined result. It encompasses more than just process steps and input/ output factors.

Each process is embedded in a system of elements that needs to be understood clearly in its interdependencies to any process change planned. It is not until then, that the correct optimization context is created in order to bring about true excellence.

Process Optimization endeavors are of limited value if one does not truly understand the process drivers. Their frequency of occurrence has fundamental influence on the resources absorbed.

In short, it is not beneficial to optimize processes without reducing the complexity drivers beforehand.

On the path to true process excellence it is mandatory to take a step back and to broaden the view and to not only include the process but also at the surrounding system of elements. Only by doing so, one is able to generate the adequate optimization context that will yield the full range of benefits along the value creation chain.

Don't Revert to Tunnel Vision: Keep Everything in Sight

Each process is characterized by 5 key elements. Each one has to be an equally important part of the optimization:

1. Value and Cost Drivers

Value and cost drivers trigger processes. Their occurrence and their structural complexity are decisive

for process efficiency. Thus, the drivers have to be optimized first, before the actual process optimization.

For example, no R&D process can be sensibly optimized if it is driven by 3,500 cost centers, of which only 1,200 are in use. Equally, optimizing a planning process before weeding out long dead products is of limited benefit.

2. Process Resources

Unfortunately, many process optimization endeavors only examine the amount of personnel resources.

On the path to true Excellence, however, one must also assess the resource quality. If a process is not run and controlled by the right personnel resources it is simply not excellent.

3. Involved Organizational Units

In practice processes are oftentimes optimized only within their relevant organizational units.

Being excellent, however, means overcoming existing organizational barriers and questioning them along the way. No process which is fragmented due to many and complex organizational interfaces with many handoffs will qualify as being excellent.

4. Compensation Key

Compensation keys regulate and measure the monetary relation between the recipient and the provider of a service as a result of a process.

Existing rules for compensation have to be questioned for every change made in a process. If the process is changed but no modification is made to the compensation key there will be no clearly visible cost effects to the process.

5. Influencable Resources

Driving Excellence also means knowing all the influencable resources in order to assess the full optimization opportunity beforehand.

Otherwise, chances are good that excellence activities become futile by not aiming at the processes with the greatest optimization opportunity.

For example, what good would it do to optimize a process in order to minimize capital lock-up if the process only has minimal influence on inventory?

Don't Do it for the Shelf: Commit and Assign

Only if the 5 elements described above are deliberately incorporated in the optimization, one can describe and yield the full benefits.

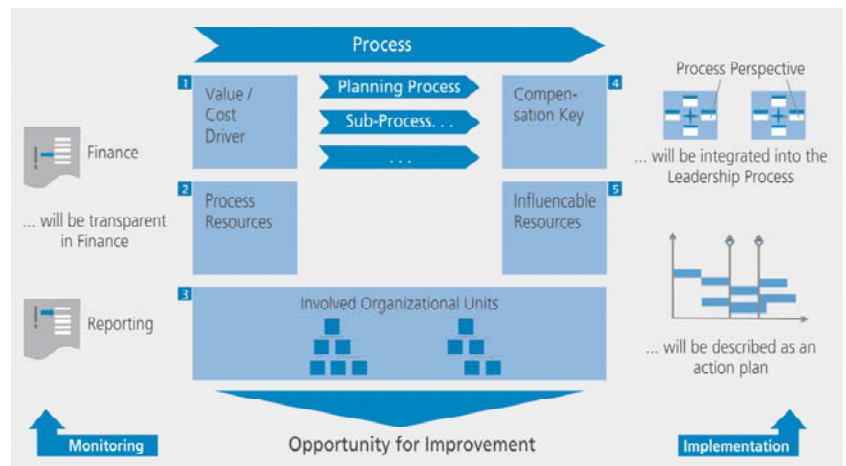


Figure 2: Processes are Clearly Characterized in 5 Dimensions. Optimization Measures are Referenced Transparently

These 5 elements are not only design principles but must also serve as guiding principles for pinning down clearly described optimization objectives for Management which can then be carried forward to implementation.

Conclusion

Many Change Management Projects fail or drift into insignificance. Mere process optimization just “doesn't do it” on the way to Process Excellence.

Only by employing the right methods, adequate design principles and full transparency on the results will lead to true excellence.

The well-proven MOTION method pursues a holistic approach by not only focusing on the processes but also taking into account all design elements surrounding the process. Thus, every process can be described explicitly in its optimization objectives, be driven into the Management targets and its implementation be monitored accordingly.

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