

How to fix inefficient processes

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Sigi Osagie describes how good processes can affect employee and customer satisfaction and increase a company's effectiveness overall

One of my staff was once chasing up an overdue expenses claim. The finance department responded to his enquiry, asking if he had sent in the formal white envelope normally used to attach receipts to expenses claims. He had not, as he was only claiming for mileage and did not have any receipts. This was met with the following reply:

"You will still need to send in an empty envelope for audit purposes."

Unfortunately this was indicative of the process problems across this organisation, where I worked as supply chain director at the time.

It is surprising how many established businesses limp along with ineffective processes. Poor processes have ripple effects in an organisation, creating further ineffectiveness and inefficiencies that drain resources. It's not a coincidence that having robust processes is one of the defining hallmarks of a best-practice organisation.

The example demonstrates the impact poor processes can have on employees. Added to other dissatisfaction, staff get fed-up and demotivated, and might even end up leaving.

More damaging is the poor product or service quality customers could experience as a consequence. Accenture's global customer satisfaction survey identified service quality experience as the leading reason customers leave a provider; more important than price. Products and services are outputs of business processes, and ineffective processes will create such undesirable business outcomes.

The empty white envelope may have cost only a few pence. But a hundred of these make a pound or dollar, and a few hundred of those across an organisation add up to massive waste – whether it's envelopes, raw materials or man-hours.

So what can businesses do to avoid such costs? Companies must impose "process discipline".

A lot is spoken about the need for "process excellence", but most businesses do not need to be excellent. All that is required is understanding and effectiveness in process thinking, discipline in defining and enforcing agreed systems, and a large dose of common sense. When a purchasing manager in an organisation can approve purchase orders to the value of £100,000, but contracts worth more than £50,000 need to be approved by the finance director, that's a lack of common sense, not a lack of process excellence.

Of course, process discipline is not appropriate for all situations. It could stifle growth in a small, entrepreneurial business for example. But for mature businesses, process discipline in the key areas of an organisation is a prerequisite for sustained success.

Organisations should start by identifying what those key areas are. They may not only relate to the company's products or services. The envelope example indicates how other areas may be just as important, especially those related to employee or leadership issues.

Process mapping should be applied to each critical business activity, starting with a clear definition of the desired process outcome - "what do we want as the output of this process if it works well?"

Based on that, the "process definition" can begin, covering:

- The specific process steps
- Organisational responsibilities for each step

- Key inputs and outputs of each step, and the related acceptable standards
- Any associated systems or technology enablers.

It may also be necessary to specify a 'process leader' – a single individual in the organisation responsible for the overall process. This is particularly useful for multi-functional processes or organisations with unclear lines of accountability.

Many definition efforts fail to deliver the robust processes desired. One of the main reasons is the personnel involved get too carried away and start adding steps that add no value to the output. Sending an empty envelope adds no value to the desired outcome of reimbursing someone for his business expenses. Process definition must be ruthless to be effective. Only activities that actually add value to the output should be included.

An often-overlooked step in developing good processes is to simulate the process as it would operate in real life. Pretend you have a real sales order to test out your order management process or a real production order to test out your manufacturing process. Even when you think your process is perfect, don't rush to implement it. Instead, run a real-life pilot first. These two steps usually flush out process flaws that would otherwise go unnoticed.

Documenting the process in a formal 'process specification' is the final element of robust definition. Specification documents should be communicated to people in the organisation who are impacted by it, and stored electronically where everybody who needs to can reach them. Amendments should be controlled and recorded.

Tips for process success

- Processes should always reflect the organisation's policies, strategies and values. Adherence to defined processes should be rigorously enforced, augmented by appropriate leadership behaviours. This ensures operational practices are in line with the organisation's ethos
- Process development should involve the key stakeholders impacted by the process. The people doing the job are usually a key source of tacit knowledge that may be lost or overlooked. But development should not become a democratic activity. Someone, usually the process leader, must make the key decisions on the design when there are opposing views
- Keep it simple. People find it easier to understand and follow simple processes. Most ordinary folk are turned off by specifications that contain incomprehensible jargon or symbols
- Publicise the launch of a new or amended process, so people are fully aware.

But remember, effective processes are not a panacea, they simply optimise an organisation's operations and working practices. Having robust processes is just one aspect of building and nurturing effective and efficient organisations. Sadly, it is an aspect many businesses still overlook.

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