

THE IMPROVING EFFICIENCY POCKETBOOK

2nd Edition

By Philip Holman and Derek Snee

Drawings by Phil Hailstone

“Retailing on the high street today is more competitive and more dynamic than ever before; if you're not efficient in all aspects of your operation then you won't be on the high street next year. *Improving Efficiency* provides managers with a uniquely comprehensive, practical and potent set of tools.”

Mark Tesseyman, Senior Brand Director, Bonmarché (The Peacock Group)

“A clearly presented set of tools, methods and guidelines for today's busy managers who are striving to get 'more from less'. It focuses on pragmatic and effective approaches, and provides invaluable advice for undertaking a wide spectrum of process improvements.”

Stuart Chambers, Lecturer in Operations Management, Warwick Business School

CONTENTS



INTRODUCTION 3
An overview of the route to efficiency improvement - or how to get more for less or more from the same level of resources



SET THE RIGHT OBJECTIVES 7
The importance of aligning objectives across the organisation and how to apply the Key Objectives Template



UNDERSTAND YOUR OPERATION 23
The relationship between inputs and outputs, how to identify customer and supplier links in the process chain, and the role of customer-supplier checklists



IMPROVE WORK PROCESSING 33
How to meet the needs of customers, the organisation and employees – a prerequisite for improving the efficiency of your process



INCREASE CAPACITY 63
How to ensure that your process has sufficient capacity to meet customer demand (forecasting, long-term planning, balancing resources and demand, measuring capacity)



CONTINUOUSLY IMPROVE 83
An incremental approach to improvement using the PDCA (Plan-Do-Check-Adjust) system and the Kaizen approach



CHECK CUSTOMER PERCEPTION 97
Customer surveys, why most fail and how to apply four tools for successful information capture

IMPROVE WORK PROCESSING

3 CLIENTS OF PROCESS IMPROVEMENT



Improving the efficiency of your processes means meeting the needs of three process clients – who will often press for change but will oppose it if it does not meet their needs.

Needs of the three process clients:

- 1 **Customer needs** = QSDFC (see page 10) 
- 2 **Organisation needs** = QSDFC and risks managed through controlled, value-adding processes 
- 3 **Employee needs** = less hassle, motivating jobs, safety and comfort 

In this section we will focus on Organisation and Employee needs, and we will introduce an extremely powerful tool (Operations Flow-Charting) that you can quickly use with your people to improve your work processing.



IMPROVE WORK PROCESSING

CUSTOMER NEEDS

PRODUCT BENEFITS



Customers buy the benefit(s) that your product or service can give them.

This is all-important. For example, a Toyota car may give benefits of high build QUALITY, DEPENDABLE dealerships, economic running COSTS, etc. These benefits are highly valued by repeat Toyota customers, so Toyota considers them in detail when designing its production and retail processes.

You must ensure you know the benefits **your** customers want. Once you know what they **actually** want (and that is often radically different from what you **think** they want) you can work towards a 'standardised', 'high value-adding' way of processing your work. We'll discuss this more later in this section.



'Systems (processes) should be designed to meet the customer's needs rather than the bureaucratic needs of the organisation.'



Customer Services, Lead Body, UK



IMPROVE WORK PROCESSING

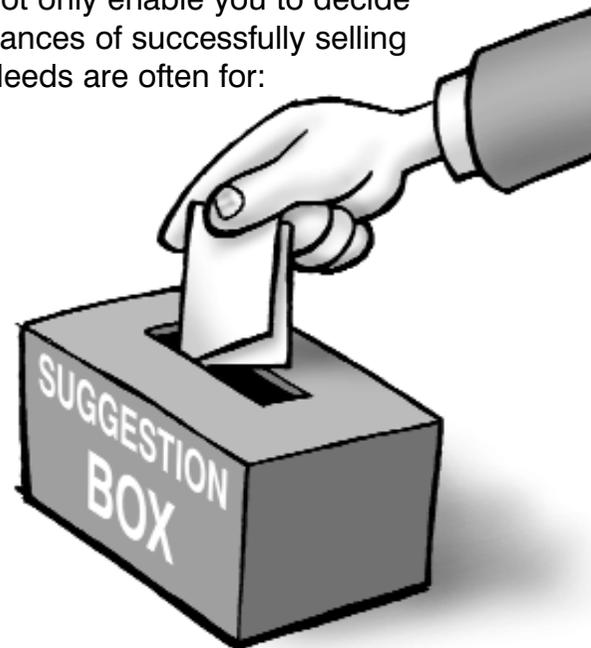
ORGANISATION NEEDS



A solid appreciation of the organisation's needs will not only enable you to decide what must be improved but will also increase your chances of successfully selling your ideas for improvement within the organisation. Needs are often for:

- Planning and control
- Effective controls
- Control through teamwork
- Visible measurement
- Measurements of failure
- Risk management
- Value-added activity
- Elimination of non-value-added activity
- Change control
- Standards
- Good housekeeping

We will now look at each of these in turn.





IMPROVE WORK PROCESSING

ORGANISATION NEEDS

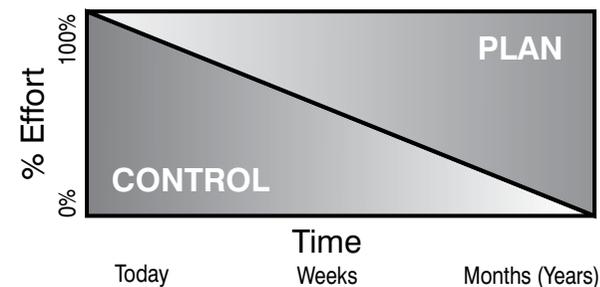
PLANNING & CONTROL



Planning plots a course for operations across future timeframes (eg: next quarter, next year, etc). Operational plans result from the efforts of middle and senior management, who are less involved in daily operation controls and more concerned with how operations should change to meet the volume and type of future customer demand.

Control is more concerned with short-term timeframes (eg: this afternoon, tomorrow, next week). The operation and maintenance of controls accounts for most of the efforts of first line managers and supervisors.

Efficient processes require relevant and effective controls, which in turn require effective plans. Failing to plan risks ineffective controls and inefficient processes – and hence an inability to meet customer need.





IMPROVE WORK PROCESSING

ORGANISATION NEEDS

EFFECTIVE CONTROLS



Effective controls help you to meet your key objectives. They consist of three elements: Measurement, Appraisal and Action.

Think about how a thermostat works in your home...

- **Measurement** – room temperature is measured. This is compared to the desired temperature (the thermostat setting) which is the objective to be met.
- **Appraisal** – calculates the divergence between the actual and desired temperature. Two decision options are considered: to *take action* to alter the temperature (turn the heat up or down) or to *do nothing*. A decision rule may be employed such as ‘if actual temp is within 5 degrees of the objective, then do nothing’. The outcome of appraisal is a decision.
- **Action** – implements the decision. Note: doing nothing is only acceptable **if** the objective is being met.

How do your controls ensure that you:

- Process work right?
- Process work on time?
- Process work economically?
- Process work fast?
- Process work when customers change their minds?



IMPROVE WORK PROCESSING

ORGANISATION NEEDS

CONTROL THROUGH TEAMWORK



Are your outputs meeting the needs of your customers? If not, do you need to improve control of your inputs? Or control of your processes? Or both?

You alone will probably not have full control over everything that impacts upon your operations, so seek help and offer help. Control is a team effort. Follow the example of leading companies such as Toyota and Wal-Mart:

- **Visit suppliers** – ‘walk through’ their process. Do they have the right controls to meet your needs? What can you suggest? How can you encourage them to change?
- **Invite suppliers to visit** – show them how you use their product/service. They may have suggestions for improving your controls/processes, or may take back ideas on how they can give you a better product/service.
- **Invite customers to visit** – show how you make their product/service. Invite their ideas.
- **Visit customers** – how is your product/service used? Can you help each other?

Tip

Always involve your staff. Make regular supplier/customer visits. Take as many of your team as possible – make it a part of their development and your team culture.



IMPROVE WORK PROCESSING

ORGANISATION NEEDS

VISIBLE MEASUREMENT



Measurements are indicators. Clearly visible measurements help to show progress and prompt action (eg: the display on a petrol pump).

The run chart is a straightforward line graph and perhaps the simplest and most powerful way yet to show progress. Use graph paper or a computer spreadsheet package to draw a run chart. The left vertical axis (y) can be used to plot your performance against an objective (eg: the number of items which did not conform to standard) while the bottom horizontal axis (x) can be used to record time periods (eg: hours/days/weeks, etc).

Actual performance can be plotted against any key objective. The most commonly used charts show levels of unsatisfactory *Quality* (eg: errors), *Speed* (eg: excess process time), *Dependability* (eg: number of delays) and *Cost* (eg: excess expenditure).

Tip

Wall-mount run charts for your team; they are a highly useful way to demonstrate where a process is going wrong.

About the Authors

Philip Holman MBA, MA is a Director of Awaken Consulting Limited, a UK based consultancy that works globally to improve operations and risk management.

Tel +44 (0)1584 891578 E-mail: phil@awakenconsulting.com

Derek Snee MBA, FRSA is a management consultant with over 20 years experience of managing operations in retail, financial services, and higher education sectors. He serves a diverse range of clients (services and manufacturing) in the UK and internationally.

E-Mail: derek@awakenconsulting.com

Published by: **Management Pocketbooks Ltd**

Laurel House, Station Approach, Alresford, Hants SO24 9JH, U.K.

Tel: +44 (0)1962 735573 Fax: +44 (0)1962 733637

E-mail: sales@pocketbook.co.uk Website: www.pocketbook.co.uk

All rights reserved © Philip Holman and Derek Snee

First edition published 2000 ISBN 1 870471 77 6.

Second edition 2007 ISBN 978 1 903776 85 8 Printed in the U.K.

British Library Cataloguing-in-Publication Data – a catalogue record for this book is available from the British Library

