

Counter thoughts:

From The Six Sigma Way: *statistics are not as important for service process improvement as in manufacturing.*

Deciding that statistics aren't as needed is service process optimization is certainly the easier way out. In manufacturing, statistics are essential because the machinery can't tell you what's wrong; in service organizations there are always people with lots of ideas about causes and solutions. So why do you need data when the answers are so obvious? Because moving ahead without them is just as misleading and problematic as in manufacturing – but with two differences:

#1: discovery vs. confirmation.

Manufacturing process improvement involves a lot of discovery; people usually don't know what is causing the problem. Statistical analysis is essential to crack the puzzles. In service organizations people are the process and they will gladly tell you their ideas about causes. Statistics are essential not so much for discovery but for confirmation – to be sure that you're right.

#2: buy-in. Equipment and machinery don't argue (not really). People love to. And if they don't buy into the identified cause(s), they sure won't buy into the solution. Data are essential evidence to get buy-in. If people don't buy-in, you don't have improvement.

Effective use of data in service processes often requires less complex statistics; Pareto, trend, and scatter charts will do about 97% of the work. Getting much more powerful than that may likely lose the audience; and if you lose them, they aren't buying in. But data is every bit as important. Data gives you power: to make sure you are right and to get buy-in. In other words, without data, you are just another person with an opinion.

A Forum on Service Process Optimization, Change, and Management

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Ten Basic Revisionist Thoughts on Effective Change: Build an “op’s” team to manage large scale improvement

Any military officer knows that you can't win a war with strategic objectives and a bunch of battles. Strategic objectives must be carefully linked to tactical efforts, e.g. battles, through operational warfare, “op's.” Op's takes on the tasks of understanding the theater, the weaknesses and strengths of the enemy, where and what battles to fight, optimizing chances of winning, and making sure that winning the battles adds up to accomplishing the strategic objective (as well as minimizing the damage of a lost battle). This is called Campaigning™.

Why is all of that common knowledge news to performance improvement managers and consultants? Who knows; but it is news. From the “improvement everywhere” mayhem of TQM to the rigidly structured council and champion roles of six sigma – the point is consistently missed: large scale change requires an op's group that will take ownership of the strategic objective, create a broad level of knowledge about the “theater,” figure out optimal sites, times, approaches, etc., for first line projects, optimize chances of winning, and then make sure the wins are built upon and the losses are minimized.

What's the theater? The cross-functional, “strategic” processes (and their environment) essential to competitive position (discussed in [O&A #2](#)). Who's on the op's team? Mid-level managers from the different functional groups that own pieces of the process. Mid-level managers are the ideal resource for:

- creating and organizing needed knowledge about strategic (ie. core and support) processes. Process maps, performance measures, environment surveys; in most service organizations this knowledge just isn't readily available.
- bridging the gap between executive team goals and objectives and the details and rush of first-line work processes
- taking (and managing) the steps necessary to accomplish the strategic objective, including figuring out where to locate tactical projects, launching and supporting them, and then linking the results to the strategic objective. This does not happen by itself.

The steps needed are:

1. link strategic (or large scale) change objective to strategic processes
2. identify the functional groups that “own” major pieces of the processes
3. form and launch a middle management “Campaign” teams that take ownership of the objective and carry out the steps necessary to meet it
4. hold the team accountable for meeting the objective.

There are over 5.4 million middle managers in the US and Canada today¹ and in excess of 30 thousand companies that employ them¹. Working together as cross-functional, op's teams – trained, empowered, and held accountable – they can be a major driver for making change effective.

Quick thought: One way to explain random sampling

Admit it, how many times have you been embarrassed by being asked to justify taking a small sample in order to estimate characteristics of the population? Tired of trying to explain the law of large numbers in laymen's terms? Here is a simple explanation that even your kids will admire (well... maybe):

If you are cooking spaghetti for yourself, say 100 noodles, and you want to test for doneness, how many strands do you take? One. Why? Because they are all the same (i.e. little variation). If you are cooking spaghetti for 10, say 1000 noodles, how many do you take? One; why?, same reason, they are all the same; one will do.

But say you are surprised by dinner guests one night and you don't have enough pasta, so you have to mix kinds, fettuccini, vermicelli, spaghetti, and linguini. How many will you have to pull out of the pot at any one time to test for doneness? Enough to ensure that you get one of each of the four in one grab (it hurts sticking your hand in that water!).

Sampling from other populations is not much different; if the units are all the same, e.g. little to no variation, the sample can be smaller. If they are different, then the sample must be big enough to sufficiently measure the difference(s), but not more (it's too expensive).

**Case Study: Wesley Jessen Corporation
From failure to recovery in order fulfillment**

WJ was the oldest manufacturer of contact lenses and the first to invent ones that change eye color. They were purchased by CIBAVision in 1996??

“When we introduced opaque (eye color changing) lenses we went from around eight thousand to 24,000 accounts in three to four months. We didn't understand that our infrastructure couldn't handle the extra load. In less than six months we lost about \$20 million dollars and 20% of our customers. We made order fulfillment, from taking an order through to shipping it, our first priority.”

Vice President, Sales, US and Canada

“One major discovery was just how strong the department silos were that order fulfillment had to move across. The departments each had their own accountabilities and priorities. We found that up to a third of our customers were on credit hold at one time because of our credit policies and because our processes wouldn't let returned lenses to be processed quickly for credit.”

Internal consultant

“[Campaigning™] gave us a way to take on the really big issues we were facing. We didn't make the big gains until we started looking at the whole process. The president was able to pay more attention to the strategic teams, someone was responsible for improving a process and he could hold them accountable.”

Vice President, Sales, US and Canada

Two tactical teams were launched initially; additional ones came later along with a variety of policy changes. One of the initial tactical teams was in distribution; the objective was to decrease errors in contents shipped. Technical changes were made to stop erroneously selected product from being included in an order. Additional improvements were made in training of staff as well as in audits of inventory to assess correctness of stock. Distribution errors decreased by about 66%.

“We started with over 130 steps in the overall process and pretty quickly got it down to 70 steps. We got the distribution error rate down to less than a quarter of what it was when we started. We went from 775 to 125 errors per million pretty quickly. We moved to second place in customer satisfaction ratings and we saved millions of dollars in cost avoidance.”

Vice President, Sales, US and Canada

A second was in customer service, the order taking part of the strategic process.

“At the tactical level the cross-functional approach allowed us to prioritize and to focus our energies where they were most needed. We were able to look at the whole process for the first time, decide which areas needed to be tackled now and which ones should be handled later or through day-to-day management.

“We were able to go from it taking 34 seconds to get a live operator on the line to about five seconds. During that time our head count decreased by about 35%. With the process changes we put in place, technical systems upgrades, training, as well as changes to employees' career path, we were able to deliver far greater level of service for less cost per order. And we decreased errors from about 775 per million transactions to 125 in 2 years.”

Tactical Team Leader

The results: regaining #2 in customer satisfaction; millions of dollars saved in cost avoidance; and survival.

Excerpted from Williams, D., Mining the Middle Ground: Developing Mid-level Managers for Strategic Change.” St.Lucie Press, Boca Raton, 2001, p. 107

Welcome to the third issue of WAI Observations and Advisories; a monthly forum for the exchange of information and professional opinions about process-based change execution. Our intended audience for this forum is managers and change agents who have to cope with the day-to-day challenge of accomplishing major change objectives in their organizations. Our goal is to present a mix of ideas and perspectives; to challenge some common held ones; always with an emphasis on making process based change projects effective in the real-world work place. This is a broad field; articles will range from setting goals to the details of statistical process control and six sigma. We hope that, in all cases, right or sometimes wrong, that you will find reading this release to be thought provoking, informative, and interesting. We invite your input.

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