

Special Considerations for Rapid Improvement in Office Kaizen

A Kaufman Global White Paper

Kaufman Global
Tele: +1 317 818 2430
www.kaufmanglobal.com

KaufmanGlobal®
ACCELERATING PERFORMANCE

The Rapid Improvement Event (RIE) is an effective implementation technique that is regularly employed as a mechanism for accelerating results. It is a fundamental approach that must be part of any successful change initiative. Also known as a Kaizen Event or Accelerated Change Process, RIEs are usually a one-week “small project” that focuses a dedicated team on an under-performing process or function.

RIEs address one of John Kotter’s Eight Reasons Why Transformation Efforts Fail: Planning For and Achieving Near Term Wins.¹ One critical outcome of the RIE are immediate and measurable results. Another critical activity and outcome is team-based problem solving. RIEs quickly get results, engage the organization in a structured way and create Kaizen momentum, all of which are fundamental to an organization’s performance imperative.



Kaizen: Small, ongoing incremental improvement (continuous improvement).

RIE methods can be applied in a variety of settings, from factories to business processes and supply chain initiatives. Implementation approaches must be adapted, especially outside of the production environment. Fixing offices is not the same as fixing factories, and special considerations must be made for success in the application of RIEs to business process opportunities, including:

- Scope
- Sponsorship
- Resource Allocation
- Measurement and Metrics
- Disciplined Follow-up

Scope

Defining the scope and sponsorship of the event is the all-important first step to a successful RIE. This is an area where skill and experience can reduce frustration later on. Scope definition for a RIE in the factory is relatively straightforward because when the work is confined to a work area or cell, as it often is, then the scope is naturally limited. For example, cost reduction within a certain area is usually achieved through traditional mechanisms such as inventory reduction, quality improvement, or cycle time reduction (such as standardizing set-up or reducing change-over steps, etc.).

Scope definition for a RIE in business process improvement is more complex. Often the scope of a single event must be defined within the context of an extended value stream and not just within a “cell” or natural workgroup. For example, a RIE involving the quotation process for a family of products must accommodate other major functions and processes within the total sales-order-to-cash value stream, including sales, operations, finance and, sometimes, product development.

Sponsorship

Sponsorship level and span of control are important organizational considerations. In a production or field operation, decisions regarding process changes usually reside with local leadership, perhaps the Operations or Plant Manager. A single sponsor, with the authorization of the site leadership team, can remove barriers and make decisions quickly. The results of those decisions are usually self-contained, and the outcome is something good that the customer (internal or external) receives.

Business process change decisions often involve individuals and organizations with more ambiguous roles and accountabilities. Conflicts of interest may arise due to competing priorities. Examples include:

- Sales wants to satisfy the customer now with ever-ready products and services, while Operations wants no excess inventory. Forecasting and forecast accuracy is a natural point where data-driven compromise must be reached.

- The Quality Organization wants to improve service quality, but only the functions that actually touch the product or service have the ability to truly impact that measure.
- The organization wants to reduce the days to get an invoice paid. This is a metric ultimately owned by Finance but one that crosses many functions and multiple businesses (within a multi-business unit enterprise.) The single decision point for making dramatic change here often resides with the CFO. The list goes on.

To ensure the best outcome, include all appropriate leadership contingents where process issues cross functions. The more functions that are involved, the more sponsorship, consensus building and leadership alignment is required. Strong sponsorship is essential, either with a cross-functional group or with individuals high enough in the organization to remove barriers. To achieve cohesion and consensus while still making fast decisions, a governance body or Executive Steering Committee (ESC) is required—even for something as small as a one-week RIE. Without this, even the most promising improvement event can be derailed.



Resource Allocation

Traditionally, RIEs are designed as a one-week focused effort by a dedicated team. In factories, this is not difficult to accomplish since moving resources on the shop floor is routinely done to help smooth production. Allocating resources to the event can be achieved in many ways, from using temporary workers to fill in gaps, to overtime, to utilizing excess

A workably narrow and achievable scope is a better target than a functionally broad scope which can result in border disputes and numerous open action items. For enterprise-level value streams or processes, a broader analysis that defines multiple, well-scoped and connected improvement events is the way to go.

people freed because of production schedules. In more advanced improvement environments there are often resources specifically designated to augment improvement initiatives.

In office environments, resource allocation is more difficult. Business process resources typically have functional expertise, knowledge or information that makes movement more difficult. Even in currently flawed processes where effectiveness and prioritization are in question—and where a RIE would be an ideal solution—it can still be difficult to free-up resources since everyone is very busy “running the business.”

One solution is to leverage external or internal Continuous Improvement (CI) resources for the extra planning and preparatory work that must go into identifying and making available the right knowledge-holders for a successful RIE. At the same time, a willingness to adjust the event format can help to make attendance and retaining participants’ full attention easier.

For example, it is possible to run two smaller RIEs in half-day sessions with a staggered start (see **Figure 1** on the following page). One RIE team might meet each afternoon starting on Monday, while a second team meets in the morning each day starting on Tuesday. Both teams could then have their report-outs on Friday afternoon. Of course, this modification means that the scope of the RIEs must be reduced,

	Monday	Tuesday	Wednesday	Thursday	Friday
Team 1 AM		Intros Training Readiness	Data Collection Current State	Problem Solving Future State	Final Report Development
Team 2 PM	Intros Training Readiness	Data Collection Current State	Problem Solving Future State	Final Report Development	Report-Out Teams 1 & 2

Figure 1 - Example schedule for holding two smaller RIEs simultaneously in half-day sessions.

since half the time for the work is being eliminated. Although it seems obvious, it's worth pointing out that it's better to get full attention half of the time than half attention all of the time!

Plan ahead and carefully identify the resources that will drive success across functions and don't be afraid to modify the format to accommodate people's regular jobs. At the same time, full attention and participation for the allocated time is an absolute requirement.

Metrics

Metrics in the factory are straightforward. After all, we have been accounting for material and labor hours since the industrial age began—and certainly long before that. Lean manufacturing and Kaizen have made us look at inventory in new ways and helped us better understand its true carrying cost. The interface of man, machine and process shed light on the true cost, and potential of labor.

Business process metrics are more elusive for a number of reasons. Standard and well established micro-process measures such as those found in the factory (e.g., productivity, quality, safety, delivery, inventory, etc.) are typically not well developed for the office.

Office metrics at the workgroup level are often non-existent, especially when CI initiatives are just starting or are in their early stages. For example, a common business metric is "Days to Close" financial books at month end. But, if you ask a workgroup in Accounting how long it takes to complete revenue accrual, payroll close, or inter-company reconciliation (all elements of Days to Close), you may not get an immediate answer.

Metrics that are effective for a workgroup or process step, such as those needed for a business process RIE, are usually more "micro" in nature. Typical operational metrics are usually broader or more "macro" in nature. The following examples from a call center and product quotation system illustrate typical macro- and micro-process metrics:

- Call center
 - o *Macro metric:* Calls received and dispositions per operator.
 - o *Micro metric:* Calls abandoned by shift, by hour of the day, and ultimately by operator. Time on phone / total issues resolved.
- Product quotation system
 - o *Macro metric:* Quotes processed per day or week or quotes won versus lost.



- o *Micro metric:* Cycle time per function required to complete a quote (engineering, purchasing, sales, finance, operations, etc.).

“Smaller” metrics are often not initially available or thought of because they are not directly linked to costs or revenue. However, they are critical because they are in fact the metrics over which a natural work team has direct influence and control. Cycle time, quality and customer (external and internal customer) satisfaction at a micro-process level are often the focus of business process excellence and related improvement efforts.

Appropriate micro-process metrics are not usually intuitive or natural for workgroups within a business process. Organizations often rely instead on the interaction of workgroups and individuals over time to evaluate and slowly improve effectiveness—the “organic approach.”

Disciplined Follow-up

A system of disciplined follow-up is a paramount consideration in all forms of rapid improvement and is a logical extension of event implementation. In factories and offices alike, there is a natural tendency for the organization to attempt to put things back the way they were before the event. It's simply human nature.

Everyone witnesses this “organizational resilience,” yet to prop up the changes until they become the new norm, only the most insightful organizations actually do something systematic about it. Instead of falling haplessly into the trap of “We did the improvement event, but it didn't sustain,” leading environments have leadership (ESC) and workgroup



(LDMS) structures in place that cause (yes: cause) sustainment. Offices sometimes view these structures as more common to the production environment but they work just as well inside enterprise functions operations.

Business process changes generally require more follow-up steps before results can be fully realized. Even with a cross-functional governance structure, process changes that span multiple functions will require more checks and approvals before they can be changed. No matter how well you plan, some decisions, policy modifications and skill developments are going to be left for later. This makes disciplined follow-up even more essential.

Guidelines for full implementation include:

- Ensure the top sponsor remains in place, as well as the team leader of the RIE.
- Follow-up regularly with leadership to review open items. Weekly review of the CI initiative is essential. A monthly review is too long to wait between steps.
- Encourage leadership to require regular workgroup meetings to review open items and to measure metrics. A brief, daily review (10 minutes) is best. Organizations must be innovative in this area when geographies and functional boundaries are involved.
- Allow no more than 90-day action steps, and even this is a stretch. For best results, 30 and 60-day closures are recommended. Open items like this are only acceptable for the RIE if the review, accountability and closure mechanisms described here are functioning.

Disciplined follow-up is a leadership issue and is the critical success factor for the RIE in the business process environment. Leadership must require CI structures (workgroup interaction, visual metrics, leadership involvement and cross-functional teams) that cause the organization to stay attached and maintain accountabilities.

Conclusion

Rapid Improvement Events are one of the most effective implementation tools for the skilled CI practitioner with powerful and useful applications in the realm of business process. Successful transition from factory to office is essential for an enterprise-wide transformation; however, it is not a one-for-one translation. The traditional tools and techniques of operational improvement must be augmented with robust facilitation, change management, and consensus building skills and approaches. Recognize and account for some of the key differences, and you will achieve significant, reliable and sustainable results.

End Notes

¹ Kotter, John P (1996). *Leading Change* (1st ed). Harvard Business School Press. ISBN: 0875847471

² Lean Daily Management System® (LDMS®) is Kaufman Global's proprietary management system for small workgroups and the primary means of sustaining and expanding the results of implementation. There are seven key elements of LDMS. The first five are for the intact workgroup and the last two are for their supervisors / area leaders.

- a. *primary visual display*: A large, permanent bulletin board that operates as a daily status and improvement planning display for a single intact workgroup. It displays key indicators of the group's performance (e.g., productivity, defects, customer satisfaction, attendance, skill versatility and safety), posted and updated on a daily basis.
- b. *daily workgroup meeting*: A tightly facilitated, loosely scripted, structured, daily, stand-up meeting held by members of an intact workgroup held in front of the group's primary visual display and lasting no more than ten minutes. This meeting does several very critical things: (a) it brings the workgroup together as a team; (b) it provides every person in the workgroup with the same picture of what is going on; (c) it focuses each person on the metrics and key performance indicators that are critical to management; and (d) it generates a sense of ownership among the team about their area and processes.
- c. *Kaizen action sheet system*: A method for capturing small, low-tech improvement ideas within an intact workgroup that they can control and implement with little or no support
- d. *20 Keys® long-term improvement plan*: A method for focusing an intact workgroup on the 20 most important elements of how it is operating versus world-class (or better) standards. The method provides an assessment of current status, management-determined future performance levels and a month to month plan for improvement. It also provides a vision for the future to align each workgroup, operation and function.
- e. *weekly one-hour continuous improvement meeting*: Each intact workgroup requires a weekly problem-solving, process improvement meeting. The group needs time to implement their improvements / 5S and solve problems.
- f. *short-interval leadership*: The process whereby a workgroup's leader visits each workgroup member several times a day to see how things are and collect critical metric data and / or provide encouragement.
- g. *midshift supervisor / area lead coordination meeting*: Conduct meeting in front of a PVD for 15-30 minutes

About Kaufman Global

Kaufman Global is a proven implementation partner that focuses on accelerating performance. For 20 years we have worked with clients around the world to drive enterprise-wide change initiatives and cultural transformations. Leveraging Lean, Six Sigma and proprietary change management techniques, Kaufman Global delivers structured implementation and transformation projects that enable sustainable operational and financial results.

©Copyright Kaufman Global. All rights reserved.

This document is provided for information purposes only and is the property of Kaufman Global. It may be reproduced or disclosed in whole, without modification, for your personal use (but not for resale) with all copyright and trademark attributions included.

20 Keys®, Lean Daily Management System®, LDMS®, Lean Leadership®, SLIM-IT®, WIn-Lean®, and the Kaufman Global logo are registered trademarks of Kaufman Global. Other company, product or service names may be trademarks or service marks of others.

Questions regarding appropriate usage and attribution of Kaufman Global materials, copyrights and trademarks may be sent to marketing@kaufmanglobal.com.