

WHY YOU ARE NOT MEETING YOUR PRODUCTIVITY TARGETS....

and why you possibly never will.



As an operations manager you are almost certainly under pressure to deliver a better and faster service at a reduced cost. The reason for this is simple: in today's "me too" marketplace, you are increasingly becoming the company's key source of differentiation and are expected to provide your organisation with a competitive advantage. At the same time you are also managing a

dynamic environment which has to cope with fluctuating workloads, staff shortages and ever-increasing demands from the rest of the business.

Your success as a manager will depend on how well you can balance these conflicting demands - delivering more from fewer staff wishing to work more flexible hours, yet maintaining service KPIs while being pressured to deliver an

ever wider range of services. All in the face of never-ending budget constraints.

One thing is certain; you cannot address these demands simply by using the same solutions you have turned to in the past. You need to re-think your operations department from the customer back and from inside out. For a start, let's take a more detailed look at some of the problems you are probably facing right now.

3 COMMON PROBLEMS

Problem 1

The unpredictability of your workload

The variability and profile of incoming work has a significant impact on your ability to deliver against target service levels – whether these variations result from cyclical factors such as seasonality, or marketing imperatives such as new marketing and pricing campaigns, or business priorities such as the end of the financial year.

Looking at past demand patterns is a good place to start when forecasting work volumes, however this does not take into account the dynamic nature of what you do – the game changes each week, let alone each month or year.

To make matters worse, existing systems do not typically provide operations managers with the daily data required to manage a dynamic workload. Very few managers can tell, by individual or even by team, how much work has come in today, how much work has been produced and how much work is in progress. This is the type of information a factory manager would have at their fingertips, but it is seldom collated, analysed and utilised in a productive way in service industries. Little wonder operations managers are struggling to juggle their workload, let alone reduce unit costs and improve customer service.

Problem 2

Your capacity to react is constrained by staff and budget limitations

When under pressure to deliver results, most organisations focus on costs. In Operations, staff costs typically represent in excess of 50% of the cost base and, as a result, FTE targets are often capped or recruitment frozen.

An increasing complication unique to the 21st century is the high value currently placed on workplace flexibility and work / life balance. While workplace flexibility initiatives may result in lower staff turnover and absentee rates, they also impact on your ability to maintain customer service KPIs as the result is often either resource over-capacity (to compensate for flexibility in working hours) or lower service levels (as capacity is insufficient at periods of peak demand). To cope with problems resulting from fluctuating demand, managers often resort to hiring temporary workers or contractors to smooth out peaks in demand and maintain service standards. Whilst this might provide a stop gap solution, it further exacerbates the situation by pushing up the cost of delivery. Quality is also at risk as the lack of knowledge and experience amongst temporary employees or contractor staff may impact negatively on customer service. Even if you do have the ability to hire more permanent staff, you may find the “war for



talent” is a daunting challenge - making it critical to motivate and keep your best performers. In order to achieve this, it is essential to put in place organisation-wide initiatives to identify your best performers, but also to identify and nurture your high potential employees. Objective methods of quantifying performance are essential – you simply cannot rely on anecdotal evidence and your own perception to ensure you have every top performer and potential top performer identified.

A further problem experienced by many organisations is the difficulty of implementing an effective performance incentive scheme aligned to and supporting the company’s business objectives. For example, one of our clients had put in place a scheme which rewarded service staff for handling a higher number of calls per shift. This resulted in staff expediting calls causing a high degree of customer dissatisfaction – the very opposite of what it was designed to achieve.

Problem 3

Outputs are becoming more complex and difficult to deliver

Operations are routinely asked to introduce new services and/or customise their processes to support new products and satisfy individual customers’ needs, yet often the underpinning technology cannot accommodate such changes. The result is a high number of manual processes and workarounds. These, in turn, increase the

incidence of errors or under-delivery on customer expectations.

The more manual processes and workarounds there are, the less time there is to spend on routine transactions. This increases backlogs and delays, generating follow-up calls from customers who are less and less satisfied with the service, thereby adding to the existing workload. Unless this cycle is broken (and this is not as straightforward as working longer hours to absorb the backlog) you will always be playing catch-up. While you are bogged down, you can be vulnerable to competitors less encumbered by legacy technology, product proliferation and manual processes. We have seen these companies score points for customer service and rapidly capture market share.

Although price is the easiest lever to engage when faced with rising costs, all service industries recognise speed and quality of service will in the long run deliver higher returns. This places a particular burden on Operations, which are under continuous pressure to maintain or even reduce their cost base whilst needing to support the organisation’s drive towards excellence in customer service.

What makes this challenge even more difficult is that you are often unable to determine what it is costing you to deliver each of your services. How can you make the right decisions if you don’t know what’s driving the unit costs, you don’t know how they’re changing month-to-month and you don’t have the data to engage the broader organisation in a fact-based discussion.

Why traditional approaches fail- a vicious circle

To address these issues of workload unpredictability, staff and budget restraints and the need for more complex systems most large organisations adopt traditional transformation approaches which are destined to under deliver. Does this cycle look familiar to you?

You need a “step change” in cost reduction and customer satisfaction

1. A transformation program is set in motion
2. The focus of the program is on automation – the “silver bullet”
3. If approved, the new solution typically takes longer and costs more than planned
4. Funding is limited, so your project is de-prioritised / de-scoped / scrapped
5. If eventually implemented, delivering the benefits is problematic
6. In the interim your focus turns to non-technology dependent solutions – more temporary hires, etc
7. Time for Program rescue - process re-design (BPR, Six-Sigma, etc.) becomes “the way forward”
8. You establish a team of “experts” to analyse the business
9. They design, blueprint and implement “new” efficient processes. The project team then moves on
10. Go back to step 1 above...and start again

...SO AFTER ALL THIS EFFORT, TIME AND EXPENSE, LITTLE CHANGES.

We believe there is one simple reason why all this effort and activity produces so little in terms of ongoing improvements in productivity and customer service. It's because your staff haven't been engaged or learnt anything.

The changes you have made have been event driven, there's been low skills transfer, the change has been from outside in and it's been top down.

We believe if you focus on building your operations management expertise through your staff you will achieve a substantial and sustainable increase in your productivity and customer service results. We know because this is a process which we have guided many clients through over the past twenty years.



Our goal is not to impose an external and theoretical way of managing operations, but to coach your team leaders providing them with world-class frameworks and tools

4 TIPS FOR SUCCESS

We have found that there are four key things you should consider before embarking on a transformation program to improve productivity and customer service.

TIP 1

A unique skill set is required to manage operations successfully

The specialised capabilities required to manage operations successfully are poorly developed in most organisations. Only by building operations management capabilities at the team leader and service centre level can the optimum results be achieved.

TIP 2

Automation is not a panacea

Our research shows re-engineering of processes or automation of poorly performing operations may well boost productivity but these approaches are expensive and, at best, deliver a one-off increase in productivity. They also tend to mask inherent issues and weaknesses in your business, failing to address the root cause of poor performance.

One of our clients believed that automation was the panacea to all process problems in their operations department. However they found that in reality the automation project ran over time and over budget, delivered a fraction of the initially scoped functionality and introduced a more fragmented process with increased manual work-arounds. In reality it didn't deliver improved productivity and had a significantly negative impact on staff morale and engagement.

TIP 3

It pays to get the basics right first

By optimising your operations within existing structures, processes and systems prior to embarking on process re-engineering or technological change you

will derive greater benefits sooner. Not only does our approach deliver many of the uplifts in productivity you were hoping to gain through re-engineering without the associated costs, it also equips your staff with the skills required to manage the business through these changes.

TIP 4

Don't expect corporate funding for operational initiatives

Corporate funding is not typically made available to operations managers for improving the productivity of their centres - this is essentially seen as a business-as-usual responsibility. As a result, any operational initiatives must be both self-funding and deliver results quickly.

THE REVEAL GROUP SOLUTION

Workforce Improvement

Our solution to improving performance in Operations, which we call Workforce Improvement, is designed to deliver rapid and long-lasting results at a fraction of the cost of other methods. It is designed to:

- Build the capability of your staff, empower line management and embed an open, accountable and teaming culture
- Create a consistent yet flexible approach to operations management
- Enable managers to use factual data to drive measurable benefits
- Deliver a sustainable uplift in productivity quickly, at low cost and with minimal risk

Our goal is not to impose an external and theoretical way of managing operations, but to coach your team leaders providing them with world-class frameworks and tools. This best equips them to internalise the concepts and practices and implement them appropriately into their own environment for immediate and sustainable improvements.

OUR THREE STEP APPROACH

STEP 1.

In the initial step we benchmark and health check your current business across key dimensions including productivity and metrics, capacity and demand management, planning and reporting and performance management.

During this stage we often find that many clients measure outputs as a proxy for productivity, or underestimate the latent capacity of the workforce, or do not have rigorous planning processes in place, all of which are issues we address.

Most importantly, by understanding your current business we are able to quantify the productivity improvement opportunity and provide you with a recommendation detailing a series of pragmatic changes you could make to realise this opportunity.

STEP 2.

We design and implement a program to deliver the opportunities identified in Step 1. Typically this program runs for 3 to 4 months and is structured in a way to progressively build people capabilities and your operational management metrics.

Each week we introduce a new operations management concept, building on the previous week's work. This is reinforced through daily one-on-one coaching of team leaders and centre managers and supported by our user-friendly web-based tool.

Our program is conducted entirely within the workplace and is delivered in a way which does not affect the day to day running of the business, usually utilising existing weekly meetings and schedules. This method of learning empowers the team leaders to introduce what they have learned to their teams, immediately putting the skills they acquire into practice.

STEP 3.

Three months after implementation, we will return to your business and conduct a thorough Post Implementation Review. The purpose of this review is to ensure the benefits are continuing to be achieved and your staff are fully versed in improved operations management techniques. We will once again benchmark your performance and report back.

TAKING THE NEXT STEP

But, you ask, couldn't we do this ourselves?

Operations management isn't rocket science. However, there are two questions you should answer before you attempt to do this in-house.

Question 1: Do you realistically have the time, skills, experience, techniques and toolkits to develop these capabilities and embed a culture of continuous improvement that will live on long beyond the program?

Question 2: If the answer is "yes", then...why haven't you done so already? Selecting an outside advisor is not without risk. We would be the first to admit this

and we suggest you consider a number of consultants before you decide. But here are the questions we would encourage you to ask:

- Do they have experience with your situation and the pressures you face? And do they truly understand the uniqueness of your operations challenge?

- Do they have a process and a system for increasing your productivity rather than simply providing general advice?

- Do they have an emphasis on speed and results? And will they guarantee their results?

- Are they "your kind of people?"

- Will they commit to sustained improvements a year after implementation?

We provide a range of Operations related services:

- Performance Benchmarking
- Cost Reduction
- Organisation Re-design
- Service & Quality Improvement
- Workforce Improvement
- Process Re-engineering
- Operations Automation
- Pre and Post Merger Due Diligence
- Training and Development

We deliver rapid and sustainable results through our unique approach, tools and techniques. Our approach of working in small teams, side-by-side with our clients, ensures we embed a culture of continual improvement that lives long beyond the consulting engagement. Our consultants bring a wealth of experience



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.....if you are interested in increasing your productivity by 10%-20% in 120 days, then perhaps you should invest 45 minutes of your time to better understand how **reveal group** can help you be more successful.

We think you will find the meeting to be insightful and a good investment of your time.

ABOUT REVEAL GROUP

reveal group is a consulting company that helps large corporations and governments dramatically improve their business efficiency and effectiveness in the areas of Operations, Technology and Sales.

from careers in consulting and line management at leading companies. This has the advantage of bringing cross-industry insights and innovation to each assignment together with proven approaches and techniques developed at leading companies around the world.

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