

BUSINESS PROCESS MANAGEMENT

Delivering consistently performing processes

Variability in process performance is the enemy of delivering a successful customer experience, reports **David Winders**



Consistent performance with little variation from the norm helps deliver customer expectation, creating an impression of reliability and comfort. Even if the performance is below what would

ideally be received, a consistent performance is easier to work with than one that is erratic.

Taking proposal submission as an example, the ability to be reliable and predictable in underwriting a group of similar transactions is more valuable than fluctuating from cases that take a few days to those that take weeks. It would be much better if underwriting always happened as expected. This concept of reducing variability is represented by increased sigma, i.e. the number of standard deviations within the population between minimum and maximum error thresholds; it is the backbone of the six sigma methodology.

Six sigma is an extremely ambitious target to set oneself particularly in the service industries. It represents 3.4 defects per million opportunities (DPMO), or delivery of a yield of perfection at 99.99966 per cent - a defect being defined as anything failing to deliver measured customer expectation. With the appreciation that this concept originates in manufacturing, where component manufacturing tolerances within a six sigma performance can be achieved, we need to accept the concepts and adjust the goals accordingly. Most service industries can plan and achieve a sigma level of 3 i.e. 66800 (DPMO) or 93.32 per cent yield and can aspire to 4 sigma 6200 (DPMO) - 99.38 per cent yield.

Variation in the vendor channels

In the vendor markets of asset finance, the delivery of consistency is vital to de-

veloping and maintaining manufacturer and dealer relationships. Even a few cases of slow underwriting or slow pay out can lose a valuable relationship that has taken years to acquire. The issue of error in the vendor channels is heightened because the finance element of the sale is only part of an end-to-end complex supply chain, which is, therefore, so much more vulnerable to error and poor performance.

The "stove piping" found in all vendor supply chains, accentuated by different cultures and staff skills, serves to make end-to-end process performance a substantial challenge. In business-to-business vendor channels it is not uncommon to see errors on finance documents running at 30 to 40 per cent; the more complex the asset and the application of that asset the worse it gets. This not only creates a potential relationship breaking issue between vendor and finance provider, but creates disgruntled lessees that then decide to organise the finance themselves or, worse still, buy someone else's equipment!

How to deliver consistently performing processes?

How do we go about improving our business process, particularly those all important new business processes that have become almost a "hygiene" requirement?

To develop process improvement, we first need to create consistency within the process; this requires that processes be mapped with the best practice identified, documented and embedded in a documented way. The processes are then operating with process measurement in place. From this we can determine how variable the process is and where it needs to be improved. This approach is often called Define Measure Operate (DMO).

With a process managed approach in place, performance can be measured and continual improvement made, driven by the goal of delivering against

"voice of the customer". This will deliver a series of hard measures based on what the customer has said that is important to him or her; not what, traditionally the business internally thought was important. Voice of the customer must be regularly updated, as often what today is regarded as exceptional in a product or service offering becomes the norm of the future; take air conditioning in cars as an example.

On identifying specific problems, attention can be given to identifying specific root causes and making changes to the change controlled processes to address those particular issues.

Six sigma uses a method called DMAIC - define, measure, analyse, improve and control. By following the steps, albeit sometimes a little unwieldy, a beneficial result is usually obtained. Sometimes it is quicker and less costly to use somebody who has enough experience to choose appropriate tools to apply to crack particular problems; methodology for methodology's sake is not always the best approach and is often the way of the inexperienced.

The end game is to have the core business processes clearly understood, mapped, documented, measured and operationally controlled statistically. The process architecture is then subjected to a regular programme of continual improvement driven by voice of the customer. This approach, intertwined within an organisation and aligned to business process management within its organisational design and culture, is the way forward for improving consistency and delivering the all-important service levels expected by vendor partners and customers alike.

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