

Secrets of **High Performing** organisations



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Get *fast* and **effective** change
in your organisation

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The complete step-by-step guide to
dramatically boosting customer satisfaction,
building strong employee engagement and
slashing costs in your organisation

Check Phase

Foreword

Why write this book

The recent recession has led to unprecedented interest by managers in making their organisations 'leaner and meaner' operations. Organisations have been forced to look at trying to improve service whilst reducing costs and, although their intent is good, managers are still making fundamental errors in an effort to achieve this. I have written this book to help leaders develop a better way of working that delivers dramatic improvements in customer service, employee morale and organisational bottom line results.

Safe, quick & effective

What you need as a leader is a quick, safe and effective way of improving service, improving employee engagement and reducing costs. A difficult circle to square you might well be thinking but I will show how it can be, and has been, done.

As a leader delivering frontline service you can't afford to interrupt service whilst trying to improve it and neither can you afford to try out a range of different options to see 'what works best' (keeping your fingers crossed that it doesn't actually make it worse!). You need an evidence based approach that allows you to demonstrate that any proposed changes will deliver demonstrable benefits, and quickly. This book will show you how to do just that.

Systems Thinking

The book is built on the premise that there is a better way to design and manage work. That way is Systems Thinking. Although the roots of systems thinking lie with quality guru W. Edwards Deming, it was John Seddon in the mid 1990's who took the theories of Deming, Taiichi Ohno - creator of the Toyota production system and learning from occupational psychology and developed them into a practical method, using Systems Thinking to create change within service organisations.

John's research into organisational change has shown that most leaders ran and continue to run their organisations from a particular perspective. This perspective has been termed command and control thinking and is damaging to the very things that most organisations set out to achieve: better service, higher morale and low costs.

Command and control teaches leaders:

- to manage their organisation from the top down
- that design should be functional
- that decision making should be removed from the work
- that measurement is primarily target and budget driven

The underlying ethic is that the role of the manager is to manage and motivate people. Henry Ford proved that command and control works as long as the organisation operates under a monopoly, customers demand little variety and workers are willing to work in boring sweatshop like conditions. Of course very few organisations today can claim to be a monopoly or have customers that demand little variety! Nevertheless many still use the same organisational structures.

Systems Thinking takes a different view. Leaders discover that organisations work better if they learn to: look at the system from the customer's standpoint, design the work against the nature of demand, ensure all transactions are value adding, promote the flow of work through the system, use measurements which are related to the purpose of the system and show that systems capability integrates decision making into the work. It is the role of the leader to act on the system.

So this book is designed to answer the question "if you are a leader and you want to run your organisation according to the principles of Systems Thinking, how do you do it?"

It won't work here – we're different

The methodology outlined in the book can be applied in any service setting. I've used as wide a range of examples as possible to illustrate this but even so you may be thinking that your particular service is different and it won't work for you. Ron Skea and I have written a specific version of the book for call centres and I have also prepared case studies with worked examples of the methodology applied in range of other services. As a purchaser of this e-book you have free access to these case studies and you can access these by contacting us via our website.

What does the book cover?

The underpinning assumption of the Vanguard method is that in order to improve a system you have to understand it.

The knowledge gained about your system allows you to build a plan for improvement. Action can then take place to test the plan in a safe environment and build evidence for extending the change across the system. And then the cycle repeats, with the assumption being, that as the changing needs of customers and markets are never-ending, so is the need for improvement.

We call this continuous improvement cycle Check-Plan-Do. (See Figure 1)

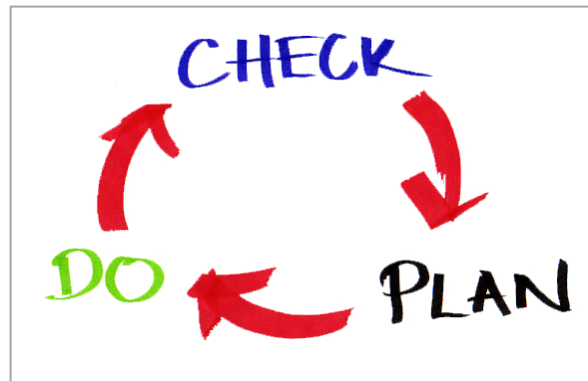


Figure 1: The Vanguard approach to change within an organisational system

Whilst the Deming cycle is Plan, Do, Study, Act, I have it on good authority from a direct colleague of Deming's that 'Plan' assumed the leader first had knowledge about their system before making a change.

Whilst the above example gives an overview of the change cycle, further diagrams are needed to explain how to do the individual elements of check, plan and do.

The model for check was developed by John Seddon whilst he was consulting for IBM, the full story of which is told in chapter six of his book, *Freedom from Command and Control*. The abridged version of the story is that IBM were using the Baldrige quality model for analysing their organisation and not getting very far. When John commented that the model provided little to help managers understand how the system worked, he was challenged to provide a better one. So he did!

In our Model for Check (See Figure 2) leaders seek to:

1. Define the purpose of an organisational system from the perspective of the customer
2. Study the nature of demand coming into their system
3. Learn how the system responds to the demand
4. Understand why it responds that way
5. Identify what policies or measures cause problems in a flow
6. Identify the thinking behind the design and management of the system

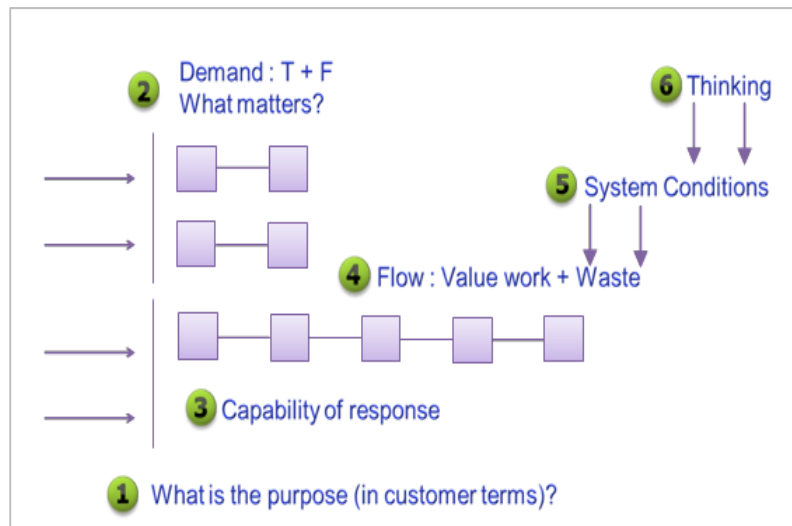


Figure 2: Model for Check

Section one of the book covers the model for Check. The next two sections cover how to redesign an organisation (Plan), how to set up and test the redesign and how to work with leaders to sustain the change (Do).

Who is the book written for

The book is written for two audiences, both of which should be working to achieve the same end. The first audience is leaders who want a step by step guide to leading and creating change. The second audience is internal consultants who wish to work with leaders and who need to learn how to facilitate Systems Thinking change. At some stages I talk about the role of the consultant but if you are a leader seeking to implement the ideas in this book then you would also carry out these steps. More simply put, a reference to one is applicable to the other.

Simple versus easy

Our model is a simple and powerful one but some of the concepts are challenging and require a CHANGE IN THINKING.

The book covers all the steps that need to be followed but if you find that you need some assistance then you may wish to contact Vanguard Scotland to discuss options for consultancy back up.

You can contact us via our website: <http://www.systemsthinkingmethod.com>

I hope you enjoy the book

Stuart Corrigan

Chapter 1:

How best to launch a change programme? ...with 'Scoping'

Sir Alan Sugar once remarked that *to be a success in business you need to know everything about your operation, right down to the nuts and bolts that hold everything together*. He's not wrong about that.

Some managers strive to transform their organisation simply by throwing money at change programmes. But herein lies the problem; do they really understand the basis on which the programme is designed and are they clear on what needs to happen to ensure the programme's success?

For both the leader and the consultant, not knowing the answer to these questions can be **costly**. Some years ago, and a few months into a large change programme, a chief executive met with our consultants to review its results. The programme was a success but it was clear there were still greater gains to be had. However, achieving these would require even larger scale changes to existing policies and measurements.

But the chief executive was reluctant to tackle the bigger policy issues. He therefore realised only a small fraction of the potential benefits of overall change in his organisation. With the wisdom of hindsight he later admitted that he simply hadn't realised the extent of the change required or his level of involvement.

How could this have happened?

The answer, as with most problems in change programmes, was because the leader had decided to opt out of the design phase of the programme – 'Scoping'.

What is scoping?

Scoping is a process of collaborative design. It uses the Vanguard model for check to clarify the nature and scale of the problems and the leader's commitment to solving them. It starts with a meeting between the leader and the consultant.

The leader's role is to explain their assumptions about the perceived problem and choose a core process for the initial analysis. The leader also has to commit time to the change programme and together with the consultant agree where to focus the initial analysis.

Scoping occurs from the point of the first meeting through to the decision to start the change programme. It involves a few days fieldwork studying customer demand, the organisation's capability to respond to demand, the design of the processes as well as management policy and thinking i.e. the model for Check.

Scoping will identify what's going wrong and where, the most important points for change and who should be part of an analysis team. By the end of the process the leader and consultant should be aware of what's going wrong, how to fix it and who is needed to bring change.

So how is it done? Scoping follows eight steps.

Step 1: Prep.

Two heads are better than one. The leader briefs the consultant on the perceived problem and what has been done to address it and then selects a core process to study based on the larger system. As we will see later, a core process is identified by studying customer demand and identifying the largest value demands. To ensure they both agree on the real problem the leader must be present during the initial fieldwork.

Step 2: Roll up your sleeves and get into the work

Take a sample of demand from the core process. The aim is to identify the ratio of value to failure demand (demand caused by a failure of the organisation to do the right thing for the customer), what matters to the customer and the level of value created at the point of transaction.

Step 3: Get knowledge about what is going wrong

Take a sample of data to check how the process works and that it is achieving what customers want. The data should be displayed in a control chart to highlight the extent of variation in performance.

Step 4: Know why it's going wrong

Now the analysis starts to shift from what's going wrong to why? Study the type and frequency of non-value adding activity.

Step 5: Get to the root

Now establish the root cause(s) of the problems in the process. For example an investigation of a Criminal Justice System showed recently that police reports are frequently submitted late. The reason for late submission was that some officers didn't start working on the report until near the submission date, 28 days away. Management believed a target date would assure timely submission. In fact it turned out to do the reverse.

Step 6: Take control

As the leader, ensure you have the authority and willingness to make policy changes. For example, in the case above of the police stopped the target and replaced with measures of capability).

Step 7:

Pick the right team

Now agree the makeup of the analysis team, the boundaries of the project and the type of benefits that can be expected. Then layout the timetable required for the full analysis and the support required for the analysis team, i.e. at least one day per week from the sponsor and full time from an operational manager.

Step 8:

Communicate

The leader works on the communication plan establishing who needs to know about the analysis, when it will start, what it will look like and the type of co-operation required.

There is a non-negotiable point during scoping.

The leader must be present during the fieldwork because going to the 'coalface' provides context and a greater understanding of what's needed for successful change.



For example, an Operations Director of a sales company had almost given up trying to reduce customer complaints and loss of revenue because 'nothing else could be done about it', but was able to see the real problem instantly during scoping.

Scoping showed him that the company incentive scheme had caused staff to only handle calls when the customer indicated that they wanted to buy a product. Those who only wanted information were being passed on to different parts of the business even though the first person they spoke to could have given them the information.

Many customers were unprepared to hold on the line. They dropped out during the transfer, presumably to shop elsewhere. Seeing what really happened in the work showed him exactly how to fix the problem and the incentive scheme was later removed. The Operations Director believed the greatest benefit of scoping was in knowing the extent of the change required to really make a difference to customers, staff and the bottom line.

His drive, which was the result of better knowledge, provided much needed enthusiasm for the renewal of the business.

Providing Focus

In change programmes, time, money and patience are always in short supply. Another benefit of scoping is that it also helps the leader to focus the analysis on the fastest results. Because the scoping model studies a microcosm of the whole system, it is assumed that whatever is driving the behaviour here will be the same in the larger system.

This means that the leader will know in a very short time what will be needed to achieve large-scale change. In a public sector change programme for servicing gas boilers it was identified that first time access to customers' homes was only 60%. Today, first time access is now at over 95%. Scoping showed exactly where to focus the in-depth analysis and saved time and money for the organisation.

Choosing the best drivers for the change team

It is important to remember that scoping is a vital stepping stone to a full change programme. The lynchpin of this work is deciding who should be involved on the team conducting the full analysis. Like a new Prime Minister or President choosing their cabinet, the change team needs to be carefully handpicked.

Picking the wrong team will lead to problems in a change programme. The change team needs to be composed of front line people who represent each function in the core processes.

The team should include people who are enthusiastic about change but for balance, one cynic should also be included.

In addition, each team member must be widely respected within the organisation.

Reaching the Finish Line fast...

Scoping enables a leader and consultant to discover the best talent to drive the change team forwards. The scoping process is frequently overlooked in change programmes. But with a robust method and a committed leader it makes the difference between programmes failing or thriving.

Get it wrong and both the organisation and the leader will suffer. Get it right and they, the staff, clients and shareholders have much to gain.