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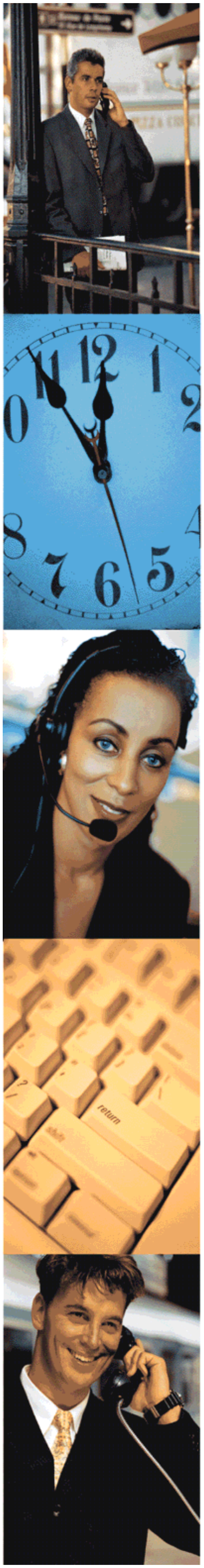

Driving Continuous Improvement Efforts

A guide to help you implement and manage improvement projects

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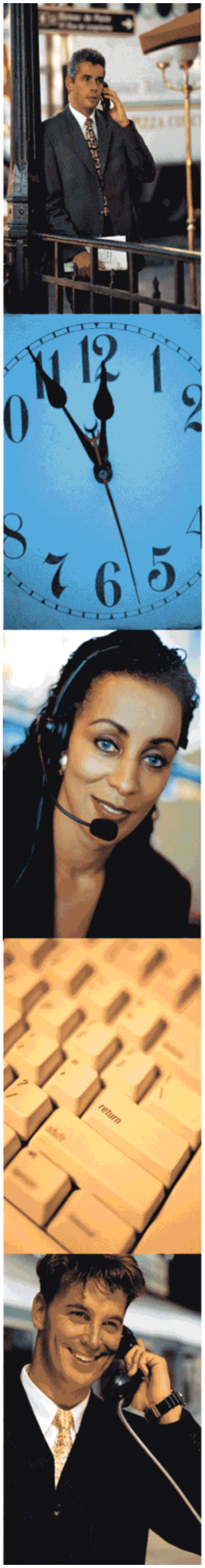


Driving Continuous Improvement Efforts

If your company is like most, you have identified opportunities for improvement, designed to close the gap between where you are and where you want to be. This list could have resulted from a change in the marketplace, customer feedback, 3rd-party assessment or your own good business judgment. You KNOW what needs to be done. Additionally, you have commissioned a team of internal resources to implement the required improvement programs.

In this white paper, we discuss both obstacles to implementing improvement plans as well as ways of better facilitating and managing these often long-duration efforts.

Obstacles to Improvement Projects

Too often, though, when you check on the status of these programs, you find they aren't progressing as well as you'd like. Delays can result from a number of causes, including:

- Lack of "outside the box" thinking
- Fear of change
- Turf battles
- Conflict with team member day jobs
- Lack of management / executive commitment

The project team, even if they recognize the reasons for the delay, may not share them with you directly. In this white paper, we will review some of the above challenges and provide approaches for addressing each.

Lack of "Outside the Box" Thinking

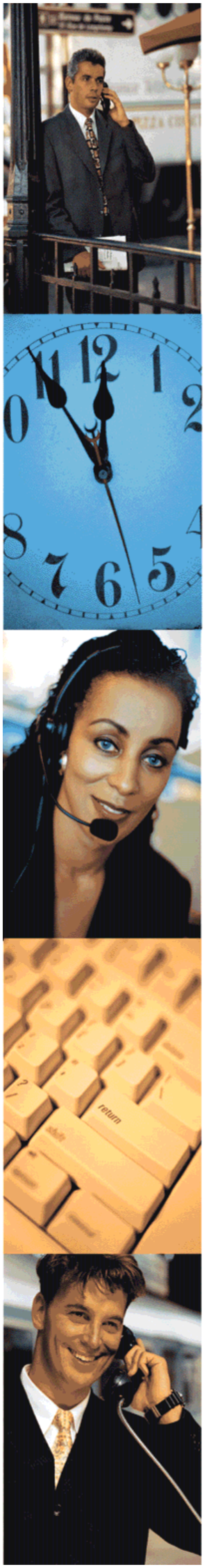
This issue often results from employees whose attitude is "this is the way we've always done things." To avoid this situation, you need to make sure that the employees involved in the change effort know specifically WHY this initiative is required. They need to have the same visceral understanding as executive management does. Is the long-term success and viability of your company at stake? Then tell them! "We either need to change the way we are doing business or we will each need to find another employer within X months." Treat your team as adults and let them know what the company is up against and the importance of the program that you have commissioned them to drive.

Fear of Change

The reality is that people may fear for their jobs. When employees are assigned to your continuous improvement efforts, they must each possess a high degree of confidence since a possible outcome is the dramatic change or loss of some jobs (including those of the team members). However, if you have assigned the "best and brightest" of your resources to this team, then the reality is that another meaningful role will very likely be identified for them. As such, a ground rule to consider for this effort is for each team member to assume that their job is gone prior to getting started. This will help to free the team members up to design the processes, roles and responsibilities that are best suited to meet the needs of your customer base and business. Finally, you will need to consider providing a reward or some form of commitment that "they will be taken care of" regardless of how the changes prescribed by the team impact their job.

Turf Battles

Too often "managers" look at the number of employees in their organization as a basis of power and prestige. However, what your company may need is a redeployment of resources to better meet the



needs of your customers. Use great care when assigning personnel to this team. You require "leadership" qualities, people who aren't trying to hang on to their "power base" but are willing to apply the available resources in the best way to meet the objectives of the initiative. As such, it will make sense to set the stage in the beginning that team members may come out with more or fewer people on their team, and that this is NOT necessarily a reflection of how each of them is valued individually.

Conflict with Team Member "Day Jobs"

Regardless of the business environment, when your personnel are participating in change initiatives, their primary job still needs to be done. If there is a choice between attending the next project meeting or addressing a burning customer issue, they will and must address the customer issue. In a phrase: "production must prevail." To address this issue, you need to consider identifying a dedicated resource from each function to participate in the change effort. Each person identified must COMPLETELY hand off his/her job to a subordinate or peer who will have complete authority to perform the necessary duties. The only permissible distractions from the project would be due to finance, human resources or personal matters that must be attended to immediately.

Lack of Management / Executive Commitment

Make no mistake, significant change must be openly supported by executive management. This begins by the executive team "hand-selecting" the participants of the team. You want to make sure that you have the right mix of personalities on the team who are open to change, not afraid to speak their mind, and are willing to listen to the perspectives of others. The executive team should receive frequent (weekly or bi-weekly) updates from the project team. Finally, management must honor the assignment of dedicated resources to the team by leveraging the team members' "stand-ins" to address day-to-day issues instead of continuing to call upon personnel that are assigned to the change effort.

How to Drive Continuous Improvement

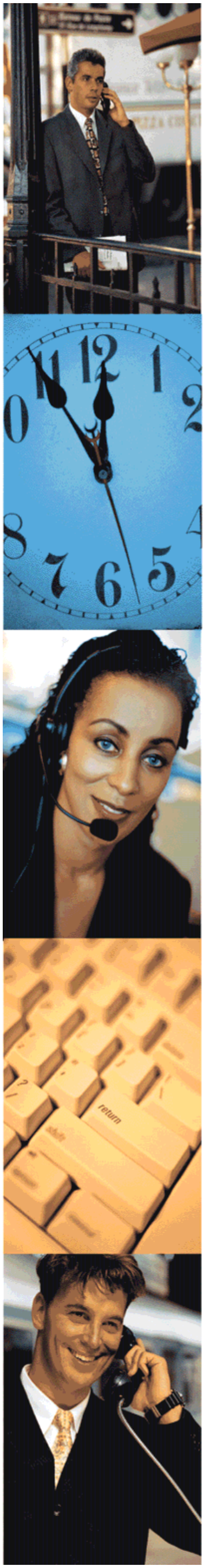
We have just discussed the challenges and barriers to driving improvement projects, but all is not lost. You CAN drive continuous improvement projects if you are thoughtful in your approach and create an environment in which change is accepted and even welcomed. We have broken these recommendations down into following areas:

- Use an Outside Facilitator
- Establish an Effective Working Environment
- Facilitate Effective Change Efforts
- Making a Continuous Improvement Project a Success

Use an Outside Facilitator

Engaging the skills of an outside facilitator is often a very effective approach to improving the success of your continuous improvement efforts. An outside resource has no hidden agenda or individual loyalty, but rather cares only about the success of the project. Equally important, an external resource has no other commitments and can be completely dedicated to your change efforts. Tasks a facilitator would be responsible for include:

- Defining the detail plan and keeping the team on track
- Capturing key thoughts, ideas, decisions and issues
- Ensuring daily deliverables and results are achieved



- Blowing the whistle – That is, if/when ANY of the above issues or obstacles are getting in the way of the change effort, this person would make team members and (if necessary) executive management aware of it and provide direction on how to proceed.

Establishing Effective Working Environments

If you have followed the approaches described in previous sections, you have assembled a dedicated team of resources that will be assigned to this project. Now you need to set up the working environment to achieve the maximum output from the brain-power on your team. Remember, you will have several people working together for long periods of time daily and potentially for several weeks. What follows are steps you can take to keep the team engaged, fresh and productive in your working sessions.

A Room with a View

You will want to select a room big enough for the team, with plenty of natural light and a view to the out-of-doors. Productivity dwindles quickly if people are cooped up in an area that is too small and offers no opportunity to see the light of day. Additionally, to avoid distractions, you should try to arrange a room that is off the beaten path.

A Wired Room

Your change team will need access to resources that exist on the corporate network and their own laptops. Additionally, there may be questions that need to be asked via email to non-core team members. To support this access, you should pick a room with network connectivity, with enough ports for all team members. Encourage team members to bring their laptops to the working sessions, but enforce strict rules about their use. Specifically, the use of laptops and email should be restricted to meeting-related tasks; all other uses are distracting and should be prohibited. Your project facilitator should be watching this closely, as people can easily become disengaged and impact the progress being made by the team.

Additionally, it can be VERY effective for you to have a laptop projector in the room at all times. This can be used to display documentation that is being developed during the course of your working sessions and/or review materials as a team.
A room that you can write on

When selecting a room to hold your working sessions, ensure that there is plenty of whiteboard space. You should also obtain flipcharts. Flipcharts can be very effective in presenting the daily agenda as a focal point for the team, with the whiteboards used to support brainstorming.

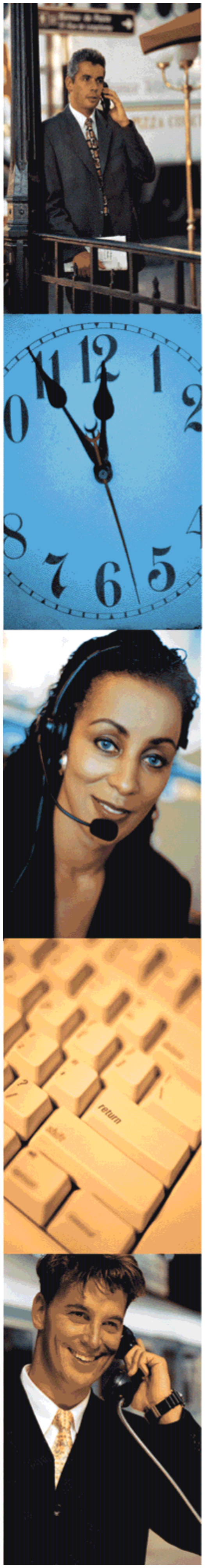
Thinking Toys

Finally, to ensure productivity and creativity remain at high levels during working sessions, you are encouraged to provide toys. Toys? Yes, toys. Request that each team member bring thinking toys to one of your working sessions. Examples of thinking toys include: Silly Putty, Legos, hand-exercisers, paddles and balls. You can leave these in the project team room for use throughout your change effort. You may be surprised at how mature adults take to these toys. It is just another way to keep people engaged and it makes for a more enjoyable working environment.

Facilitating Effective Change Efforts

Dedicated - 4 Days / Week

As stated in previous sections, a highly effective change effort requires DEDICATED resources. This cannot be overstated. The reality is, however, that even though each team member has empowered someone else within the organization to cover his or her “day” job, some level of work is still piling



up. If completely unattended, this can cause stress for the team members and/or may have impact on your company. Team members may try to stay on top of things during breaks, or at night, so that things don't fall between the cracks. To avoid this, we have found it to be very effective to schedule the team members to be 100% dedicated to the project for only four days per week, allowing them to return to their "day" jobs on the fifth day. This dramatically reduces team stress and minimizes disruption to the business while at the same time ensuring that a significant portion of the week is allocated to the change effort.

Daily Agenda

A daily agenda is a critical project management tool, serving to focus and direct the efforts of the team members, to achieve the desired project outcome. This well-thought-out agenda should include reviewing what was accomplished since the last time the team was together, where the team is relative to the overall plan, the objectives to be accomplished for the day, and the upcoming milestones. This ensures that the team remains in-synch with what has been completed and what still needs to be done.

No Hidden Agendas

If it is determined that a team member is operating with a hidden agenda, it is the responsibility of the project manager/facilitator to discuss this with the person, in private. The objective is to determine what is at the heart of the matter, and how it can be either addressed in the overall project or dismissed as something that is out of scope (will not be impacted). If confronting the individual team member does not resolve the issue, the team member may have to be replaced. Leaving the situation unresolved will hinder progress of the project.

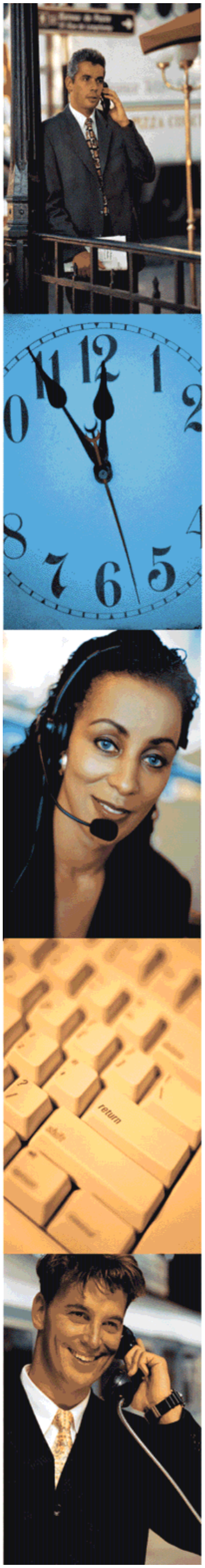
Obtain 3rd-Party Input

As part of defining the new business methods and processes of your change effort and the approach for achieving its goals and objectives, it can be highly beneficial to obtain input from people external to your company. This should include customers and/or partners, both of whom have a vested interest in your success. You can do this by conducting a simple 20-minute interview with these 3rd-parties, asking leading questions within the scope of your change effort, such as: What is working well in your interactions with our firm; What isn't working to the level of your expectations; and, If you were in charge what would you do differently. These leading questions will open the door for a deluge of useful input that can serve to guide your change effort.

Making Continuous Improvement a Success

Break-Outs

As discussed previously, having a dedicated team of resources working together over an extended period of time brings a lot of focus to the effort. However, not all of the activities of the project team must be done during the working sessions. The facilitator should "mix it up." That is, there should be a good balance of group working sessions and opportunities for sub-teams and/or individuals to go off and work on a specific aspect of the project. Expectations and deliverables of each assignment should be clearly articulated so that time is not wasted and forward progress can be made when the team reconvenes. The most effective items to handle within a group setting are things that require consensus. Items that are prime candidates for break-out sessions include detail-level analysis and/or documentation of a specialized area within the scope of the project. It may make sense to have a specialist of a particular area team up with someone who is a novice, so that as they perform the project assignment, the novice has the opportunity to ask lots of "why should we do things this way?" questions, which can help to minimize the specialist's "inside the box" thinking.



Case-Study

A key exercise that you should consider doing is that of "processing" one or more case-study examples through your newly defined operating practices. Examples should range from simple, to ensure that there is not undue burden on simple transactions, to complex, to test the flexibility and/or rigidity of the new practices. Additionally, you should examine the most frequent transactions to confirm that the most common examples are handled effectively. Case-study examples can be a key to winning over those that you will be selling the new concepts and ideas to. That is, you will be able to demonstrate the benefits of the new operating practices and show "real-live" examples of transactions that have passed through your new processes.

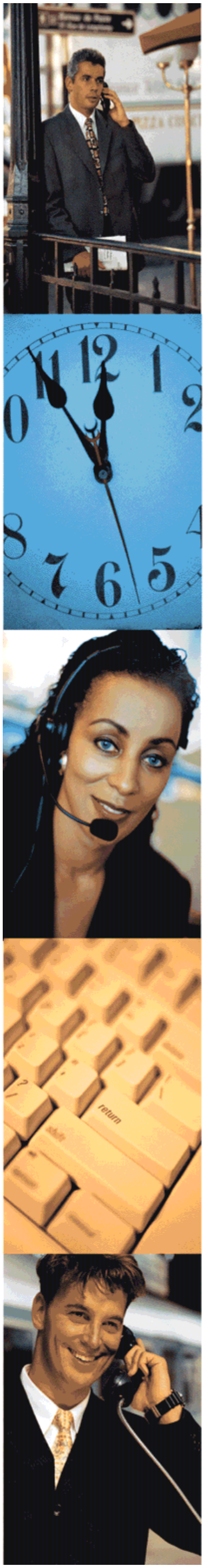
Company-Wide Communications

In these times of corporate downsizing and restructuring, it is not uncommon for employees to be fearful of their jobs, or of an uncertain future. When you assign a group of senior resources to a "special project" rumors will immediately begin to fly. As far as continuous improvement efforts go, there is no such thing as "over-communication." You must clearly articulate to the employee population what the scope and objectives are, who is assigned to the project and why, and what the high-level timeline looks like. You must also indicate what is NOT in the scope of the project. Subsequent to the initial communication, you should provide timely updates commensurate with the duration of the project. Anxiety grows in a vacuum. If you communicate frequently, using varying medium (town halls, corporate emails, etc.), you will minimize organizational anxiety.

Work Expands to Consume the Available Time

An important aspect of any change project is a realistic but challenging time-frame for completion. When establishing your time allocation, it is important to define the project scope, expectations and deliverables. It is common for the project team to develop anxiety when they learn of the milestones that they must achieve. However, with firm and focused project facilitation, daily progress can be made towards the achievement of the defined milestones. It is very likely that the team will come across issues or obstacles that were not originally planned for, that must be handled within the allotted timeframe. The reality is that the project team will deal with the issues and the project will complete on time. However, a word of caution: *work expands to fill available time*. Don't let the project team get caught up in "polishing bullets," spending undue time on items that just don't add that much value. This happens frequently when the team holds a "group" discussion on a topic that would be better handled by 1-3 of the team members discussing it in a break-out and coming back to the team with their recommendations.

In closing, change is constant. You are either taking steps to continuously improve, or you are falling behind. Your company CANNOT simply coast. Effectively leading change efforts to achieve the desired outcomes can be very challenging. By taking the appropriate steps in the preparation and execution of your change effort, you will ensure that you achieve the desired results.



More About Customer Centricity, Inc.

Customer Centricity, Inc., is a business consulting firm that works with companies to align their resources to exceed customer expectations in the most efficient and effective manner possible. We leverage our real-world experience to help our clients continuously improve their service delivery and management capabilities to:

- Increase profitability
- Improve customer satisfaction and retention
- Increase operational efficiencies
- Improve employee satisfaction

Customer Centricity optimizes the interaction between people, process and technology in several ways:

- Comprehensive assessment methodology to identify the actions that will yield our clients the greatest return
- Skills Training to enable customer-facing personnel to deliver exceptional levels of customer service
- Design and Implementation of business processes to serve the customer and manage corporate resources in efficient, effective and consistent manners
- Identification of the appropriate business processes to automate, enabling companies to get the most from their investments in technology

Customer Centricity's approach is to work closely with our clients to help them understand what they are doing right, and their opportunities for improvement. We provide pragmatic recommendations that provide immediate benefits, and we drive continuous improvement programs help our clients realize significant return on investment in a very short period of time (measured in weeks, not months or years).

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